UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(AMENDMENT NO. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 1, 2023

Nasdaq, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-38855	52-1165937
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

151 W. 42nd Street, New York, New York	10036
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: +1 212 401 8700

No change since last report
(Former Name or Address, If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	NDAQ	The Nasdaq Stock Market
4.500% Senior Notes due 2032	NDAQ32	The Nasdaq Stock Market
0.900% Senior Notes due 2033	NDAQ33	The Nasdaq Stock Market
0.875% Senior Notes due 2030	NDAQ30	The Nasdaq Stock Market
1.75% Senior Notes due 2029	NDAQ29	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

In a Current Report on Form 8-K filed on November 3, 2023 (the “Initial 8-K”), Nasdaq, Inc., a Delaware corporation (“Nasdaq”) disclosed, among other things, that it had completed on November 1, 2023 its previously announced acquisition of Adenza Holdings, Inc., a Delaware corporation (“Adenza”), pursuant to the Agreement and Plan of Merger, dated as of June 10, 2023 (the “Merger Agreement”), by and among Nasdaq, Argus Merger Sub 1, Inc., a Delaware corporation and a direct wholly owned subsidiary of Nasdaq (“Merger Sub 1”), Argus Merger Sub 2, LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Nasdaq (“Merger Sub 2”), Adenza and Argus Seller, LP (f/k/a Adenza Parent, LP), a Delaware limited partnership (“Seller”). Pursuant to the terms of the Merger Agreement, Merger Sub 1 merged with and into Adenza (the “First Merger”), with Adenza surviving the First Merger (the “Surviving Corporation”) and continuing as a wholly owned subsidiary of Nasdaq. Immediately following the First Merger, the Surviving Corporation merged with and into Merger Sub 2 (the “Second Merger” and, together with the First Merger, the “Mergers”), with Merger Sub 2 surviving the Second Merger and continuing as a wholly owned subsidiary of Nasdaq.

This Amendment No. 1 amends the Initial 8-K to include (1) the historical financial statements of Adenza and the unaudited pro forma financial information of the combined company required by Items 9.01(a) and 9.01(b) of Form 8-K, which were excluded from the Initial 8-K in reliance on the instructions to such items and (2) a presentation relating to Adenza’s historical financial results. This Amendment No. 1 does not amend any other item of the Initial 8-K.

Item 7.01. Regulation FD Disclosure.

On January 17, 2024, Nasdaq posted a presentation relating to Adenza’s historical financial results on the investor relations section of its website at http://ir.nasdaq.com/. The presentation includes information not previously made publicly available and will be used in connection with meetings with investors, analysts and other parties from time to time and for general marketing purposes.

The information set forth under this Item 7.01 Regulation FD Disclosure is intended to be furnished pursuant to Item 7.01. Such information shall not be deemed “filed” for purposes of the U.S. Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference into any of Nasdaq’s filings under the U.S. Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired*.

The audited consolidated financial statements of Adenza as of and for the years ended December 31, 2022 and 2021, and the accompanying notes thereto, are attached as Exhibit 99.1 hereto and incorporated herein by reference.

The unaudited consolidated financial statements of Adenza as of and for the three and nine-months ended September 30, 2023 and 2022, and the accompanying notes thereto, are attached as Exhibit 99.2 hereto and incorporated herein by reference.

(b) *Pro Forma Financial Information*.

The unaudited pro forma condensed combined balance sheet of the combined company as of September 30, 2023 and the unaudited pro forma condensed combined statements of income of the combined company for the year ended December 31, 2022 and the interim period ended September 30, 2023, and the accompanying notes thereto, are attached as Exhibit 99.3 hereto and incorporated by reference herein.

(d) *Exhibits*.

Exhibit No.	Exhibit Description
23.1	Consent of BDO USA, P.C., independent registered public accounting firm of Adenza.
99.1	Audited consolidated financial statements of Adenza as of and for the years ended December 31, 2022 and 2021, and the accompanying notes thereto.
99.2	Unaudited consolidated financial statements of Adenza as of and for the three and nine-months ended September 30, 2023 and 2022, and the accompanying notes thereto.
99.3	Unaudited pro forma condensed combined financial information of Nasdaq for the year ended December 31, 2022 and as of and for the interim period ended September 30, 2023, and the accompanying notes thereto.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 17, 2024	NASDAQ, INC.	
	By:	/s/ John A. Zecca
	Name:	John A. Zecca
	Title:	Executive Vice President and Chief Legal Officer

Exhibit 23.1

Consent of Independent Auditor

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-255666) and Form S-8 (No. 333-239891, No. 333-225218, No. 333-196838, No. 333-167724, No. 333-167723, No. 333-110602, No. 333-106945, No. 333-76064, No. 333-72852, No. 333-70992, and No. 333-265824) of Nasdaq, Inc. of our report dated August 15, 2023, relating to the consolidated financial statements of Adenza Holdings, Inc., which appears in this Form 8-K/A of Nasdaq, Inc.

/s/ BDO USA, P.C.

New York, NY

January 17, 2024

Adenza Holdings, Inc. and Subsidiaries

Consolidated Financial Statements
Year Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by
BDO USA, P.C, a Virginia professional corporation and the U.S. member of BDO
International Limited, a UK company limited by guarantee.

Consolidated Financial Statements
Year Ended December 31, 2022 and 2021

Adenza Holdings, Inc. and Subsidiaries

Contents

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BDO
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Independent Auditor's Report

Board of Directors
Adenza Holdings, Inc.
New York, New York

Opinion

We have audited the consolidated financial statements of Adenza Holdings, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

New York, New York
August 15, 2023

Adenza Holdings, Inc. and Subsidiaries

Consolidated Balance Sheet

(USD 000)	December 31, 2022	December 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	185,469	190,657
Restricted cash	916	517
Accounts receivable, net	125,991	101,061
Unbilled receivables	126,273	103,129
Prepaid expenses and other current assets	10,469	8,329
Deferred contract costs	3,618	1,778
Prepaid income taxes	5,724	5,707
Total Current Assets	458,460	411,178
Unbilled receivables, noncurrent	32,155	44,832
Goodwill	3,679,682	3,679,682
Intangible assets, net	1,943,620	2,094,412
Property and equipment, net	8,745	8,494
Right-of-use assets	17,037	29,967
Deferred contract costs, noncurrent	11,194	6,496
Deferred tax assets	2,865	2,793
Restricted Cash	986	674
Prepaid expenses	327	418
Equity Investment	2,498	2,389
Other long-term assets	2,220	3,016
Total Assets	6,159,789	6,284,351

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Balance Sheet

(USD 000)	December 31, 2022	December 31, 2021
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of long-term debt	21,027	20,475
Accounts payable	6,363	2,481
Income taxes payable	9,540	3,974
Accrued expenses	54,750	60,234
Deferred revenue	176,949	161,124
Lease liabilities	4,954	5,390
Total Current Liabilities	273,583	253,678
Long-term debt, less current maturities	1,958,471	1,971,048
Lease liabilities	17,877	24,526
Other long-term liabilities	2,597	2,257
Deferred revenue, net of current portion	12,272	2,554
Deferred tax liabilities	358,707	427,174
Total Liabilities	2,623,507	2,681,237
Contingencies (Note 10)		
Stockholders' Equity		
Capital Structure		
Class C common Shares, $0.001 par value, 100,000 shares authorized, 23,989 and 24,028 shares issued and outstanding as of December 31, 2022 and 2021, respectively, aggregate liquidation value $2,764,221	— *	— *
Class A common Shares, $0.001 par value, 100,000 shares authorized, 10,416 shares issued and outstanding as of December 31, 2022 and 2021, respectively, aggregate liquidation value $1,317,321	— *	— *
Class B common Shares, $0.001 par value, 11,000,000 shares authorized, 8,857,511 shares issued and outstanding as of December 31, 2022 and 2021, respectively	9	9
Class D common Shares, $0.001 par value, 100,000,000 shares authorized, 7,019,028 and 6,378,538 shares issued and outstanding as of December 31, 2022 and 2021, respectively	7	7
Additional paid-in capital	3,705,119	3,709,405
Accumulated deficit	(134,384)	(90,058)
Accumulated other comprehensive income	(34,469)	(16,249)
Total Stockholders' Equity	3,536,282	3,603,114
Total Liabilities and Stockholders' Equity	6,159,789	6,284,351

* *Represents value less than $1,000*

The accompanying notes are an integral part of these consolidated financial statements.

Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Operations

(USD 000)	Year ended December 31, 2022	Year ended December 31, 2021
Net Sales	513,725	293,609
Cost of sales	96,707	58,059
Cost of sales – Stock Appreciation Rights (SARs) and stock-based compensation	—	4,897
Amortization of Developed Technology	61,068	34,516
Gross Profit	355,950	196,137
Research and development	56,856	45,412
Selling, general, and administrative	75,882	57,031
Depreciation and amortization	101,709	62,700
SARs and stock-based compensation	—	13,575
Re-organization costs (Note 11)	18,083	9,457
Transaction Costs	1,097	6,804
Income from Operations	102,323	1,158
Other (Expense)/ Income		
Interest expense	(172,980)	(91,223)
Interest income	711	143
Loss on foreign currency transactions	(701)	(14,947)
Other Income / (Expense)	1,210	(53)
Loss Before Provision for Income Taxes	(69,437)	(104,922)
Benefit for Income Taxes (Note 12)	25,111	32,204
Net Loss	(44,326)	(72,718)

The accompanying notes are an integral part of these consolidated financial statements.

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Loss

(USD 000)	Year ended December 31, 2022	Year ended December 31, 2021
Net Loss	(44,326)	(72,718)
Other Comprehensive Expense		
Unrealized loss on foreign currency translation	(18,220)	(23,360)
Comprehensive Loss	(62,546)	(96,078)

The accompanying notes are an integral part of these consolidated financial statements.

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

(USD 000)	Class C common Shares	Class A common Shares	Class B common Shares	Class D common Shares	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
Opening Balance, December 31, 2020	—	— *	9	—	1,271,412	(17,340)	7,111	1,261,192
Shares issued	— *	— *	—	7	2,440,124	—	—	2,440,131
Net loss	—	—	—	—	—	(72,718)	—	(72,718)
Repurchase of class C common shares	—	—	—	— *	(2,131)	—	—	(2,131)
Unrealized loss on currency translation	—	—	—	—	—	—	(23,360)	(23,360)
Balance, December 31, 2021	— *	— *	9	7	3,709,405	(90,058)	(16,249)	3,603,114
Net loss	—	—	—	—	—	(44,326)	—	(44,326)
Repurchase of class C common shares	— *	—	—	— *	(4,286)	—	—	(4,286)
Unrealized loss on currency translation	—	—	—	—	—	—	(18,220)	(18,220)
Balance, December 31, 2022	— *	— *	9	7	3,705,119	(134,384)	(34,469)	3,536,282

* *Represents value less than $1,000*

The accompanying notes are an integral part of these consolidated financial statements.

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(USD 000)	Year ended December 31, 2022	Year ended December 31, 2021
Cash Flows from Operating Activities		
Net loss	(44,326)	(72,718)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	3,183	2,014
Amortization of debt issuance costs	7,898	4,490
Amortization of deferred contract costs	2,625	675
Amortization of intangible assets	159,594	95,202
Impairment of leasehold improvement	1,201	—
Impairment of right-of-use assets	5,735	—
Deferred income tax	(67,628)	(49,836)
Changes in assets decrease / (increase):		
Accounts receivable	(25,025)	(51,538)
Unbilled receivables	(11,788)	456
Prepaid expenses and other current assets	(1,960)	(36)
Deferred contract costs	(9,178)	(7,919)
Prepaid income taxes	(17)	2,047
Other assets	515	(647)
Changes in liabilities increase / (decrease):		
Accounts payable	3,910	(1,705)
Income taxes payable	6,087	3,477
Accrued expenses	(4,520)	(3,744)
Other current liabilities	—	(3,029)
Other long-term liabilities	662	497
Deferred revenue	26,398	92,994
Net Cash Provided by Operating Activities	53,366	10,680
Cash Flows from Investing Activities		
Capitalized software development costs	(20,377)	(9,625)
Capitalized software implementation costs and other intangibles	(2,580)	(2)
Purchase of property and equipment	(5,017)	(1,851)
Disposal of property and equipment	2	—
Payment to previous owners on the Merger	—	(438)
Business acquisition, net of cash acquired	—	(3,815,349)
Net Cash Used in Investing Activities	(27,972)	(3,827,265)
Cash Flows from Financing Activities		
Issuance of long-term debt	—	1,550,000
Issuance of common stock	—	2,422,315
Repurchase of class C common shares	(4,286)	(2,131)
Payments made for debt issuance costs	—	(36,053)
Payments of debt	(20,475)	(12,738)
Net Cash (Used in) / Provided by Financing Activities	(24,761)	3,921,393
Effect of Exchange Rate Changes on Cash and Cash Equivalents and Restricted Cash	(5,110)	(2,992)
Net (Decrease) / Increase in Cash and Cash Equivalents and Restricted Cash	(4,477)	101,816
Cash and Cash Equivalents and Restricted Cash, beginning of period	191,848	90,032
Cash and Cash Equivalents and Restricted Cash, end of period	187,371	191,848

(USD 000)		
Supplemental Disclosure of Cash Flow Information		
Contribution of rollover equity in exchange for common stock	—	17,816
Increase in lease liabilities from obtaining right-of-use assets - ASC 842 adoption	—	9,097
Increase in lease liabilities from obtaining right-of-use assets	2,907	23,914
Reduction in lease liabilities due to remeasurement and termination	(4,652)	—
Cash paid during the period for income taxes	36,245	10,952
Cash paid during the period for interest	164,502	89,810

Reconciliation of Cash and Cash Equivalents and Restricted Cash

(USD 000)	*December 31, 2022*	*December 31, 2021*
Cash and cash equivalents	185,469	190,657
Current, Restricted cash	916	517
Non-current, Restricted cash	986	674
Total Cash and Cash Equivalents and Restricted Cash	**187,371**	**191,848**

The accompanying notes are an integral part of these consolidated financial statements.

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1. Nature of Operations and Principles of Consolidation

Business Activity

Adenza Holdings, Inc. and Subsidiaries (collectively, the Company) provide software solutions for enterprise risk management, data management, regulatory reporting, and compliance requirements of financial institutions. The Company's software provides a comprehensive solution for all levels of regulatory and management financial reporting, and complete integration, and provides a data-warehousing platform for risk data, market data, front/middle/back-office data, reference data, and operational loss data. It enables clients to automate and streamline business operations while optimizing processes, systems, data enrichment, and transparency to enhance decision-making and reduce operational costs. This is offered on-premises or in a software-as-a-service model.

Consulting services of the Company include systems specification, design, resource scheduling, project management, and regulatory reporting and integration.

On October 17, 2020, Adenza Group, Inc. (Group), a subsidiary of the Company, entered into an Agreement and Plan of Merger (as amended and restated on November 4, 2020, the Agreement), whereby Project Agile Parent, LLC (Adenza Parent) agreed to acquire Group, pursuant to the terms and conditions of the Agreement through a merger of Project Agile Merger Sub, Inc. with and into Group (the Merger). The Merger closed on December 3, 2020, pursuant to the filing of a Certificate of Merger with the Secretary of State of the State of Delaware.

On March 19, 2021, Group entered into an Agreement with shareholders of Calypso Group Lux S.C.A. to acquire Calypso Group Lux S.C.A. and its subsidiaries (collectively, the Calypso Group) through its subsidiary Capri Bidco Limited (as amended and restated on July 22, 2021, the Agreement), pursuant to the terms and conditions of the Agreement (the Acquisition). Stock transfer forms for the change of ownership were executed on July 22, 2021, the date of acquisition.

Impact of war between Russia and Ukraine

Following the invasion of Ukraine by Russia, Adenza concluded that its ongoing presence in Russia was inconsistent with its values as an organization and discontinued all operations in Russia by the end of 2022. All employment contracts and contracts with Russian customers have been terminated. The Company recorded a $6.4 million loss in revenue in 2022 due to the contract terminations.

Adenza has two Russian subsidiaries, one has been placed into liquidation in February 2023 and the other is dormant pending liquidation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand (USD 000), except when otherwise indicated. The consolidated financial statements provide comparative information for the previous period. The current year results are not comparable with the previous period since current year results include the operations of the Calypso Group for the entirety of the year ended December 31, 2022 while the prior year results include the operations of Calypso Group subsequent to the acquisition date.

Certain amounts in prior year's financial statements have been reclassified to conform to current year's financial presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates, judgments, and assumptions in these consolidated financial statements include those related to the valuation of goodwill and intangible assets, useful lives of assets for calculating depreciation and amortization, valuation of long-lived assets, allowances for doubtful accounts, valuation of deferred tax assets, provisions for uncertain tax positions, assumptions used for the valuation of stock-based compensation, and in the allocation of a transaction price to distinct performance obligations in connection with revenue recognition.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations are based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations are based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations are based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At December 31, 2022 and 2021, the fair value of the Company’s financial instruments, including cash and cash equivalents, accounts receivable, unbilled receivable, accounts payable, and accrued expenses, approximated book value due to the short maturity of these instruments. The carrying amount of restricted cash approximates fair value because, as the restrictions expire, the carrying value represents the amount that the Company will receive. Liabilities are shown net of any discounts.

At December 31, 2022 and 2021, the Company does not have assets or liabilities required to be measured at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents are related to funds deposited into money market funds and other short-term certificates of deposit.

Restricted Cash

Amounts included in restricted cash as of December 31, 2022 and 2021 pertain to certain customer and lease deposits.

Accounts Receivable

Accounts receivable consists of trade receivables recorded at the original invoice amount less an estimate made for uncollectible accounts. The Company analyzes the collectability of trade accounts receivable by considering historical bad debts, client creditworthiness, current economic trends, changes in client payment terms, and collection trends when evaluating the adequacy of the allowance for doubtful accounts. Any change in the assumptions used in analyzing a specific account receivable may result in an allowance for doubtful accounts being recognized in the period in which the change occurs. Trade receivables are net of allowances for doubtful accounts of $1.1 million and $1.6 million as of December 31, 2022 and 2021, respectively. In certain instances, in accordance with ASC 606, the Company will not recognize revenue when there is uncertainty as to the collectability of amounts due under the contract. Such occurrences have been infrequent and immaterial to the consolidated financial statements.

Property and Equipment

Property and equipment are stated at cost. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Furniture and fixtures, computer equipment, and leasehold improvements are depreciated over the shorter of the remaining term of the related lease or the estimated economic useful life of the improvement.

Foreign Currency Translation

For all foreign operations, the functional currency is their respective local currency. Transactions in foreign currencies are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in Consolidated statements of operations.

At the time of the Acquisition, the Company entered a forward cover to purchase EUR 270 million to pay off the EUR debt of the Calypso Group. This resulted in a loss of $11.8 million shown as part of “Loss on foreign currency transactions” in the Consolidated Statements of Operations for the year ended December 31, 2021.

Assets and liabilities of these operations are translated into U.S. dollars using the exchange rates in effect at the consolidated balance sheet date. Consolidated statements of operations accounts are translated at the average rate of exchange prevailing during the year ended December 31, 2022 and 2021. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive loss.

Impairment of Long-Lived Assets

Long-lived assets consist primarily of Intangibles, property and equipment. The Company evaluates these long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows. No impairment loss was recorded for the year ended December 31, 2022 and 2021.

Equity Investment

Associates are those entities over which the Company has significant influence (defined as the ability to participate in the financial and operating decisions of the investee but not control over those policies) but are not subsidiaries. The results of associates are incorporated in these consolidated financial statements using the equity method of accounting, under which investments in associates are carried in the consolidated Balance sheet at cost as adjusted for post-acquisition changes in the Company’s share of net assets of the associate less any impairment in the value of individual investments.

As part of the Acquisition, the Company acquired an investment in Sernova Financials Limited (“Sernova”) at a value of $2.4 million in which the Calypso Group held 19.5% of outstanding share capital. For the years ended December 31, 2022 and 2021, the Company recorded its share of Sernova’s profit $0.1 million and $0.01 million respectively in Other (Expense)/ Income in the consolidated Statements of Operations.

There is also a Subscription agreement between Calypso Technology Inc and Sernova wherein Calypso provides cloud-hosted software to Sernova, which Sernova uses for the sole purpose of providing a fully managed service to its end clients. Sernova pays subscription fees to Calypso for using the cloud-hosted Calypso software and such subscription fees are a percentage of the fee charged by Sernova to its end clients.

The subscription fee percentage is 50% of Sernova’s revenue from its customer up to $6.0 million annually and then it reduces by 5% for each incremental million-dollar annual revenue up to 35% for revenue above $8.0 million. For the years ended December 31, 2022 and 2021, the Company recorded subscription revenue of $4.25 million and $1.1 million, respectively. The Company had unbilled receivables outstanding of $0.9 million and $0.8 million as of December 31, 2022 and 2021, respectively.

Accumulated Other Comprehensive Income

FASB ASC Topic 220, *Reporting Comprehensive Income*, establishes rules for the reporting of comprehensive income and its components. Comprehensive income is defined as all changes in equity from non-owner sources. For the Company, comprehensive loss consists of net loss and changes in the cumulative foreign currency translation adjustments.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718, *Stock-Compensation*. Under the fair value recognition provisions of this accounting guidance, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is the vesting period.

As stock-based compensation expense recognized in the Company's consolidated statements of operations is based on awards ultimately expected to vest, the amount of expense has been reduced for forfeitures as they occur, as permitted under FASB ASC Topic 718.

Pre-Merger share appreciation rights

Prior to the Merger, Group had granted share appreciation rights (SARs) to employees in 2019 and 2018. The vesting for these SARs and corresponding expense recognition was dependent on a "Milestone Event", as well as time-based vesting conditions, which stipulate the on-going service of the recipient to Group. Once both criteria were met, Group would recognize an expense consistent with the fair value of the vested portion of the award, with a corresponding liability as awards are satisfied in cash. Further information regarding SARs can be found in Note 9.1.

Post-Merger incentive plan

Adenza Parent, L.P. ("Adenza Parent"), the ultimate holding company, implemented a management incentive plan in which it issues Class B Units of Adenza Parent ("Class B PIUs") or Class B equity appreciation rights (the "Class B EARs" and collectively with the Class B PIUs, the "Awards") to the Company's employees for the performance of services. In 2023, 2022 and 2021, Adenza Parent allocated the awards to certain employees ("the Participants").

Since the value of these awards were estimated to be insignificant at the time of the grant, there is no stock based compensation recognized within the Company's consolidated statements of operations. The fair value was arrived using a discounted cash flow analysis and the market implications of the Merger transaction.

Developed Technology

The Company's Developed technology includes the costs of internally developed software technology and software technology purchased through acquisition. In accordance with FASB ASC Topic 985, *Software*, the Company capitalizes costs incurred to develop software once technological feasibility has been reached which for the Company is defined as the earlier of when a detailed program plan is established, or a working model is created. Capitalized costs include costs to design the software configuration and interfaces, coding, installation, and testing, as well as development costs related to software enhancements that add functionality.

During the years ended December 31, 2022 and 2021, the Company capitalized such costs of $20.4 million and $9.6 million, respectively. These capitalized costs are amortized over the software's expected useful life, which is generally five years. Amortization expense related to the Developed technology for the years ended December 31, 2022 and 2021 amounted to $61.1 million and $34.5 million, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between financial statements carrying amounts of assets and liabilities and their respective tax basis. Deferred taxes are calculated using currently enacted income tax rates for the year in which they are recognized. The effect of a change in income tax rates on deferred tax asset and liability balances is recognized in income in the period that includes the enactment of such rate change. A valuation allowance, if necessary, is recorded against deferred tax assets if utilization is not likely.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Should tax laws change, the Company's tax expense and cash flows could be materially impacted.

401(k) Retirement Plan

Two subsidiaries of the Company in the United States maintain a qualified 401(k) plan for its eligible employees, who may elect to contribute voluntarily through payroll deductions, subject to certain statutory limitations as mentioned in the table below. One of the subsidiaries has elected to provide for a matching contribution while the other subsidiary has elected to not provide for a matching contribution. The Company contributed $0.5 million and $0.1 million towards employer contributions for the year ended December 31, 2022 and 2021, respectively.

		(USD 000)
Year	**Basic Contribution Limit**	**Catch-Up Contribution (50 or older)**
2022	20.5	6.5
2021	19.5	6.5

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Revenue Recognition

The Company derives substantially all of its revenues from selling licenses and maintenance for a fixed fee, and from providing consulting services. The Company's agreements for licenses and maintenance generally have annual or multi-year terms. The Company typically invoices customers annually at the beginning of each annual contract period but may also invoice customers on a quarterly or monthly basis. Payments are generally due and payable upon receipt of invoice by the Company's customers or within 30 days of the stated billing date.

The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its arrangements:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligations in the contract.
- Recognize revenue as the performance obligation is satisfied.

The Company's contracts may include one or any combination of the following products and services.

License and Solutions Reporting Templates

Licenses for on-premise software provide the customer with a right to use the software as it exists when made available to the customer. Customers may purchase perpetual licenses or subscribe to time-based licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenue from distinct on-premise or time-based licenses is recognized upfront at the point in time when the software is made available to the customer as this is the point the user of the software can direct the use of and obtain substantially all of the remaining benefits from the software license.

Solutions Reporting Templates provide customers with one or more "Software Components" of the Company's Regulatory Solutions software that are being licensed by a customer. Solutions Reporting Template contracts include two performance obligations: a term license to the on- premise software, and associated maintenance to provide technical support, bug fixes, and unspecified updates on a stand-ready basis.

When contracted with customers for on-premise use, license and solution revenue is recognized at a point in time when control is passed to the customer upon receipt of the license and solution. License maintenance and solution maintenance revenue is recognized over the contract term.

Cloud Services

The Company offers cloud services arrangements whereby the software is hosted and managed for certain customers. When contracted simultaneously with the Company's software, there is a single performance obligation of the Company to maintain the use of the software. Revenue is recognized for such arrangements ratably over the duration of the contact.

Consulting Services

Consulting is comprised of two types of services, implementation, and training. Implementation consists of services to implement the Company's software for the client, including software installation, environment set-up, configuration of data sources, and models for uploading into the software, systems testing, and user testing. The Company offers training sessions for client users. Consulting services are typically billed on a time and expense basis. These are provided based on hourly or daily rates and revenue is recognized based on actual hours incurred. The Company also offers fixed price contract agreements and revenue is recognized using the input method to measure progress towards complete satisfaction of the services, because the customer simultaneously receives and consumes the benefits provided by the Company. In contracts with multiple performance obligations, we account for individual performance obligations separately if they are distinct. The input method is based upon hours consumed relevant to the total project.

For certain Regulatory Solutions, the Company allocates the transaction price to each performance obligation based on our relative standalone selling price out of total consideration of the contract. Standalone selling price is determined utilizing observable prices to the extent available based on a grouping of recent contracts with similar performance obligations. If the standalone selling price for a performance obligation is not directly observable, we use an estimate based on observable inputs.

For certain Capital Market Solutions, the Company determines standalone selling prices for professional services and software maintenance services for perpetual licenses using observable pricing as these are sold separately to its customers. As pricing for perpetual and time-based licenses is highly variable, the Company applies the residual approach when determining the standalone selling price of the perpetual license and time-based license and maintenance services bundle and does so by deducting the sum of the observable standalone selling prices of the other performance obligations in the contract from the transaction price.

Disaggregated Revenue Information

The following table provides the timing of revenue recognition of disaggregated revenue:

	(USD 000)	
December 31,	2022	2021
Over time	393,615	206,591
Point in time	120,110	87,018
	513,725	293,609

Deferred Contract Costs

The Company capitalizes commission expenses paid to internal sales personnel that are incremental to obtaining customer contracts. Costs related to the initial signing of contracts are amortized over the average customer life, which has been estimated to be five years. The Company determined the period of benefit by taking into consideration the length of terms in its customer contracts, including renewals and extensions, the average customer life, and the expected useful life of the Company's technology. Amounts expected to be recognized within one year of the balance sheet date are recorded as deferred contract costs, and the remaining portion is recorded as deferred contract costs, non-current in the consolidated balance sheets.

Amortization expense is included in selling, general, and administrative expense in the consolidated statements of operations.

The following table represents a roll forward of the Company's deferred contract costs:

	(USD 000)
Balance, December 31, 2020	1,079
Additions to deferred contract costs	7,870
Amortization of deferred contract costs	(675)
Balance, December 31, 2021	8,274
Additions to deferred contract costs	9,163
Amortization of deferred contract costs	(2,625)
Balance, December 31, 2022	14,812

Contract Assets (Unbilled Receivables) and Contract Liabilities (Deferred Revenue)

The Company records unbilled accounts receivable related to revenue recognized in excess of amounts invoiced as the Company has an unconditional right to invoice and receive payment in the future related to those fulfilled obligations. The Company records contract assets as amounts related to the contractual right to consideration for both completed and partially completed performance obligations that may not have been invoiced. The Contract asset balance was $158.4 million and $148.0 million as of December 31, 2022 and 2021, respectively, of which $126.3 million and $103.1 million are included in current assets as of December 31, 2022 and 2021, respectively. The remaining balance is presented within long term assets.

The Company records contract liabilities to deferred revenue when the Company receives customer payments in advance of the performance obligations being satisfied on the Company's contracts.

The following table represents a rollforward of the Company's contract liabilities (deferred revenue):

	(USD 000)
Balance, December 31, 2020	5,304
On acquisition of Calypso	65,277
Additions to deferred revenue	307,887
Reduction of deferred revenue	(214,790)
Balance, December 31, 2021	163,678
Additions to deferred revenue	436,950
Reduction of deferred revenue	(411,407)
Balance, December 31, 2022	189,221

Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue and the remaining portion is recorded as deferred revenue, net of current portion on the accompanying balance sheets.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term and low-value leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of- use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Amortization of the right- of-use asset is calculated as the difference between the predetermined straight-line rent expense and the imputed interest on the lease liability.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of Properties i.e., those leases that have a term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption to leases that are low in value. Both of the above type of lease payments are recognized as expenses on a straight-line basis over the lease term.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired in business combinations. The Company's annual impairment assessment is performed at the end of each fiscal year or performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. ASC 350, Intangibles – Goodwill and Other state that if an indicator of impairment exists then an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. ASC 350 also states that a reporting unit with a $0 or negative carrying amount is not required to perform a qualitative assessment. The Merger resulted in an acquisition of Goodwill of $1,125.0 million in 2020, which was increased by $0.4 million in 2021 due to the forfeiture of SARs. Further upon the Acquisition of Calypso, additional Goodwill of $2,554.3 million was recognized.

The Company analyzed its operational structure for the purpose of identifying reporting units in accordance with ASC 350 and determined that the Company's operations comprise a single reporting unit. There were no indicators of impairment during the year and hence, the Company performed only the annual evaluation of the impairment. Such evaluation did not result in any impairment charge during the year ended December 31, 2022 and 2021.

Intangible Assets

Definite-lived intangible assets are amortized over their respective estimated useful lives to their estimated residual values, in a pattern that reflects when the economic benefits will be consumed and are reviewed for impairment under the provisions of ASC 360-10-35, *Property, Plant and Equipment/Overall/Subsequent Measurement*. The Company reviews intangible assets subject to amortization for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized in an amount by which the carrying amount of the asset exceeds its fair value.

No impairment loss was recognized for intangible assets with definite lives during the year ended December 31, 2022 and 2021.

Intangible assets are amortized on a straight-line basis over their useful finite economic lives, as noted below, and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The assessed useful life of customer relationships requires a high degree of management judgment and estimation. Such estimates are, in part, predicated upon assumed attrition and growth rates applicable to existing customers at the time of acquisition. If actual results deviate from these assumptions, it could result in an impairment or change in the estimated useful life that could have a material impact on future operating results.

		(USD 000)	
December 31,	Useful lives	2022	2021
Trademark	8-10 years	130,763	130,616
Developed technology	5-7 years	391,223	372,639
Customer relationships	18-21 years	1,675,053	1,688,273
Purchased software	1.5-5 years	3,900	1,475
		2,200,939	2,193,003
Less: accumulated amortization		(257,319)	(98,591)
		1,943,620	2,094,412

Amortization on Intangible assets for the year ended December 31, 2022 and 2021 is $159.6 million and $95.2 million, respectively. The expected amortization expense for each of the fiscal years 2023 through 2027 and for periods thereafter is as follows:

Year ending December 31,	(USD 000)
2023	162,820
2024	162,729
2025	162,469
2026	162,187
2027	138,822
Thereafter	1,154,593
Total Intangible Assets, Net	1,943,620

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3. Purchase Accounting and Business Acquisition

The following table summarizes the fair values of the assets acquired and liabilities assumed on July 22, 2021, in connection with the Acquisition of the Calypso Group and is inclusive of all related acquisition accounting in the Company’s consolidated financial statements:

	(USD 000)
Assets	
Cash	58,333
Restricted Cash	1,049
Accounts receivable	21,286
Unbilled receivable	108,885
Prepaid expenses and other current assets	6,496
Prepaid income taxes	10,547
Property and equipment, net	6,379
Intangible assets- Purchased software	1,473
Intangible assets	1,583,700
Right of use assets	21,417
Goodwill	2,554,292
Other assets	5,484
Deferred tax assets	1,655
Total Assets Acquired	4,380,996
Liabilities	
Accounts payable	3,466
Deferred revenue	65,277
Accrued expenses	37,897
Income tax payable	639
Other long-term reserves	1,875
Other liabilities	318
Lease liabilities	21,173
Deferred tax liabilities	356,889
Total Liabilities Assumed	487,534
Total Purchase Consideration	3,893,462

The purchase price for the Acquisition was allocated to intangible assets as follows: $80.0 million of trademarks, amortizable over a period of eight years, $1,247.5 million of customer relationships, amortizable over a period of twenty-one years, and $256.2 million of developed technology, amortized over a period of six years. The fair value of the acquired customer relations was determined using an excess earnings method. The fair value of the trademarks and developed technology was determined using a relief from royalty method.

The Acquisition resulted in the recognition of $2,554.3 million of goodwill. Goodwill largely consisted of the value of the acquired assembled workforce, the fair value of expected synergies, not including those available to market participants and premiums paid by the merging entity. As part of the purchase accounting, the Company recognized deferred tax liabilities resulting from temporary differences between the book and tax basis of acquired intangible assets.

Transaction costs included in the accompanying consolidated statements of operations is $1.1 million and $6.6 million for the year ended December 31, 2022 and 2021, respectively.

During the year ended December 31, 2021, the Company adopted ASU 2021-08, which enables the Company to recognize deferred revenue acquired in a business combination as if it had originated from the contract. This accounting treatment was applied to the deferred revenue acquired in the Calypso Group acquisition.

4. Concentration of Risks Related to Credit, Foreign Operations, and Foreign Currencies

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents, deposits with banks and financial institutions including restricted balances as well as exposure to customers including accounts receivables and unbilled receivable. The Company maintains cash balances in several United States financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000 per institution. Beyond the United States of America, the Company has cash balances covered by comparable insurance based on local regulations. From time to time, the Company's balances may exceed these limits however balances are held with financial institutions with high credit standing.

The Company performs ongoing evaluations of its customers' financial condition and maintains an allowance for uncollectible accounts receivable based upon the expected collectability of all accounts receivable, using the provision matrix and the specific identification method. The Company does not require collateral from its customers. The Company is not able to predict changes in the financial stability of its customers. In cases when a delinquency in payments occurs, the Company may withhold services delivery under current implementation, discontinue support or limit the right to use its software.

As of December 31, 2022, and 2021, there is no geographical concentration of credit risk as the Company's customer base is internationally dispersed and no individual customer represents more than 10% of the Company's outstanding trade and other unbilled receivables balances or more than 10% of the Company's revenue in any of the periods presented.

At December 31, 2022 and 2021, geographic concentrations of net assets by countries outside the United States were as follows:

	(USD 000)	
December 31,	2022	2021
United Kingdom	35,429	20,992
Netherlands	207,775	230,663
Singapore	14,662	14,380
	257,866	266,035

The Company is also subject to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of the foreign affiliates and intercompany loans, as well as transactions denominated in foreign currencies.

5. Property and Equipment, Net

Property and equipment, net is summarized as follows:

December 31,	(USD 000) 2022	2021
Furniture and fixtures	602	617
Computer equipment	6,450	5,447
Leasehold improvements	5,383	4,300
	12,435	10,364
Accumulated Impairment	(1,201)	—
Accumulated depreciation	(2,489)	(1,870)
	8,745	8,494

Depreciation and amortization expense related to property and equipment for the year ended December 31, 2022 and 2021 amounted to $3.2 million and $2.0 million, respectively.

6. Leases

The Company has lease contracts for its office premises which are operating in nature as per ASC 842. Leases of property generally have lease terms between 12 months to 10 years depending upon the importance of a particular location and other factors such as the number of customers and employees in that country. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use assets recognized for operating leases and the movements during the years then ended:

(USD 000)	2022	2021
As at January 1,	29,967	—
Effect of adoption of ASC 842 Leases at January 1, 2021	—	9,258
On account of acquisition of Calypso	—	21,417
RoU assets obtained in exchange for new operating lease liabilities	2,907	2,742
Termination of lease	(1,740)	—
Remeasurement of lease term	(2,888)	—
Impairment of RoU assets	(5,735)	—
Amortization for the year	(5,474)	(3,450)
As of December 31,	17,037	29,967

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Set out below are the carrying amounts of operating lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	(USD 000) 2022	2021
As at January 1,	29,916	—
Effect of adoption of ASC 842 Leases at January 1, 2021	—	9,097
On account of acquisition of Calypso	—	21,172
Additions on account of new lease contracts	2,907	2,742
Termination of lease	(1,766)	—
Remeasurement of lease term	(2,888)	—
Accretion of interest	2,055	1,375
Payment of lease liabilities	(7,393)	(4,470)
As of December 31,	22,831	29,916
Less: current portion	4,954	5,390
Total non-current lease liabilities	17,877	24,526

The following table presents a maturity analysis of expected undiscounted cash flows for operating leases on an annual basis for the next five years and thereafter:

Year ending December 31,	(USD 000)
2023	6,466
2024	6,449
2025	4,684
2026	3,828
2027	2,752
Thereafter	2,777
Total Operating lease payments	26,956
Imputed Interest	(4,125)
Total	22,831

The following table presents the weighted-average lease term and discount rate for operating leases:

	(USD 000) 2022	2021
Weighted-average remaining lease term	4.58 years	5.88 years
Weighted-average discount rate	7.48%	7.31%

Amortization and interest expense on the Capitalized Operating leases for the year ended December 31, 2022 and 2021, amounted to $7.5 million and $4.8 million, respectively.

The Company has non-cancellable minimum operating lease commitments for short-term leases and low-value assets as of December 31, 2022 and 2021 totaling $0.07 million and $0.7 million respectively.

Impairment of Leases and related assets

During the year ended December 31, 2022, the Company decided to exit and seek sublease for two leased facilities predominately due to a remote work model for a significant number of employees arising from the COVID-19 pandemic and synergies arising from the Acquisition. The Company recorded a non-cash impairment charge of $5.7 million related to operating lease right- of-use assets for the affected facilities and an impairment charge of $1.2 million for associated leasehold improvements. The impairment was determined by comparing the fair value of the impacted right-of-use asset to the carrying value of the asset as of the impairment measurement date, as required under ASC Topic 360, Property, Plant, and Equipment. The fair value of the right-of-use asset was based on the estimated sublease income for the affected facilities taking into consideration the time it will take to obtain a sublease tenant, the applicable discount rate and the sublease rate which represents Level 3 unobservable inputs. The impairment is presented in the Re-organization costs on the Consolidated Statements of Operations. No impairment was recorded during the year ended December 31, 2021.

Sublease

During 2022, the Company sub-leased office space where the Company is the tenant to several surplus non-cancellable leases. Total sublease income for the years ended December 31, 2022 and 2021 was $1.0 million and $0, respectively. Total estimated aggregate sublease income to be received over the term of the sub-lease arrangement from January 01, 2023 and ending August 31, 2029 amount to $6.9 million.

7. Long-Term Debt and Line-of-Credit

On December 3, 2020, in relation to the Merger, Group entered into a term loan agreement with the principal amount of $500.0 million (the “Term loan”). The loan matures on December 3, 2027 and requires quarterly principal payments of $1.3 million and interest payments of 7.50% on the outstanding principal amount. In connection with the term loan agreement, Group incurred $14.3 million of debt issuance costs.

In connection with the Acquisition, Group increased its existing term loan agreement by $1,650.0 million including $100.0 million of Delayed Draw Term Loan (DDTL) with the same maturity date of December 3, 2027. As of the year ended December 31, 2021, Group had drawn $1,550.0 million towards term loan and DDTL was not drawn. The quarterly principal payments were revised to $5.1 million and interest rate was reduced by 50bps to 7.00% on the outstanding principal amount. The interest rate applicable is made up of two components which are LIBOR with a floor of 1% and a credit spread of 6%. During the year ended December 31, 2022, Group paid off principal to the extent of $20.48 million and credit spread ranged between 6% to 5.75% depending upon Group’s leverage ratio.

Until such time that the DDTL is utilized, a commitment fee of 1.00% is payable on the committed amount of $100.0 million. As of December 31, 2022 and 2021, Group has no outstanding borrowings against the DDTL.

During the year ended December 31, 2021, Group evaluated the amendment to the debt arrangement in accordance with ASC 470-50, Debt – Modifications and Extinguishments, and determined it represented a modification. Group incurred $33.8 million of debt issuance costs for increase in limits which are recognized as deferred financing costs offsetting the debt balance and amortized as interest expense through the maturity date.

Principal payments required to be made under the terms of the term loan agreement are as follows:

Year ending December 31, 2022	(USD 000)
2023	20,475
2024	20,475
2025	20,475
2026	20,475
2027	20,475
Thereafter	1,914,413
	2,016,788

The loan balance reported in the consolidated balance sheet is presented net of the unamortized balance of debt issuance costs of $37.8 million and $45.7 million as of December 31, 2022 and 2021, respectively. Amortization of these costs is calculated by the straight-line method, which approximates the effective interest method, and reported as interest expense in the accompanying statements of operations. The interest expense representing amortization of loan issuance costs for the year ended December 31, 2022 and 2021 was $7.9 million and $4.5 million, respectively.

Group also maintains a $150.0 million revolving credit facility (RCF) which matures on December 3, 2025. Interest on amounts borrowed are payable at the same rate as applicable to the Term loan and, until the facility is utilized, there is a commitment fee of 0.50% is payable on the total amount of the facility. As of December 31, 2022 and 2021, Group has no outstanding borrowings against the facility.

The term loan and credit facilities are subject to certain financial and affirmative covenants. As of December 31, 2022 and 2021, Group was in compliance with all required covenants. The term loan and credit facilities are secured by the assets of Group.

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8. Capital Structure

Pursuant to the Merger, all issued and outstanding equity of Group (the Equity Instruments) was canceled and converted into the right to receive Merger Consideration as defined in the Agreement. The Equity Instruments included Series A-1 Preferred Stock, Class A Voting Common Stock, Class B Non-Voting Common Stock, and options to acquire Class B Non-Voting Common Stock. Certain holders of Class A Voting Common Stock and Class B Non-Voting Common Stock (the Rollover Securities) agreed to rollover their securities into the acquiring structure. This was accomplished on December 3, 2020 through a contribution of the Rollover Securities to Adenza Parent, L.P. (the Ultimate Parent) in exchange for partnership units in the Ultimate Parent. The Ultimate Parent contributed the Rollover Securities to the Company and further to Project Agile Parent, LLC, and the Rollover Securities were cancelled in connection with the Merger (without the payment of further consideration therefor).

In connection with the Acquisition, the Company received capital amounting to $2,350.0 million from the Ultimate Parent to complete the acquisition of the Calypso Group. Additionally, certain shareholders of the Calypso Group agreed to rollover their securities amounting to $17.8 million into shares in the Ultimate Parent and this was accomplished in the same manner as described above on July 22, 2021.

During the year ended December 31, 2021, additional capital contributions were made to the Company by the Ultimate Parent amounting to $72.2 million.

8.1 Number and Type of shares of the Capital Stock

As of December 31, the Company's capital structure is summarized as follows:

8.1.A Class C Common Stock

Class C Common Stock	2022	2021
Authorized	100,000	100,000
Outstanding	23,989	24,028
Par	$ 0.001	$ 0.001
Aggregate liquidation value	$ 2,764,221	$ 2,508,344

8.1.B Class A Common Stock

Class A Common Stock	2022	2021
Authorized	100,000	100,000
Outstanding	10,416	10,416
Par	$ 0.001	$ 0.001
Aggregate liquidation value	$ 1,317,321	$ 1,176,121

8.1.C Class B Common Stock

Class B Common Stock	2022	2021
Authorized	11,000,000	11,000,000
Outstanding	8,857,511	8,857,511
Par	$ 0.001	$ 0.001

8.1.D Class D Common Stock

Class D Common Stock	2022	2021
Authorized	100,000,000	100,000,000
Outstanding	7,019,028	6,378,538
Par	$ 0.001	$ 0.001

8.2 Terms and conditions of the Common Stock

Dividend rights

Class C Common Stock

When and as declared by the Board and to the extent permitted under the General Corporation Law of Delaware, holders of Class C Common Stock are entitled to preferential dividends. Dividends on each share of Class C Common Stock accrue on a daily basis at the rate of 10% per annum on the sum of the Liquidation Value thereof ($100,000.00 per share) plus all accumulated and unpaid dividends thereon from and including the date of issuance of such share to and including the first to occur of (i) the date on which the Liquidation Value of such share (plus all accrued and unpaid dividends thereon) is paid to the holder thereof in connection with the liquidation, dissolution or winding up of the Company or the redemption or repurchase of such share by the Company or (ii) the date on which such share is otherwise acquired by the Company. Such dividends accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends and such dividends shall be cumulative such that all accrued but unpaid dividends shall be fully paid or declared with funds irrevocably set apart for payment before any dividends may be declared or paid with respect to any shares of Class A Common Stock, Class B Common Stock, or Class D Common Stock.

To the extent not paid on the last business day of March, June, September and December of each year, beginning September 30, 2021, all dividends that have accrued on each share of Class C Common Stock outstanding during the relevant three-month period are accumulated and shall remain accumulated dividends with respect to such share until paid to the holder thereof.

Class A Common Stock

When and as declared by the Board and to the extent permitted under the General Corporation Law of Delaware, holders of Class A Common Stock are entitled to preferential dividends (subject to the preference rights of the Class C Common Stock). Dividends on each share of Class A Common Stock accrue on a daily basis at the rate of 11.5% per annum on the sum of the Liquidation Value thereof ($100,000.00 per share) plus all accumulated and unpaid dividends thereon from and including the date of issuance of such share to and including the first to occur of (i) the date on which the Liquidation Value of such share (plus all accrued and unpaid dividends thereon) is paid to the holder thereof in connection with the liquidation, dissolution or winding up of the Company or the redemption or repurchase of such share by the Company or (ii) the date on which such share is otherwise acquired by the Company. Such dividends accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends and such dividends shall be cumulative such that all accrued but unpaid dividends shall be fully paid or declared with funds irrevocably set apart for payment before any dividends may be declared or paid with respect to any shares of Class B Common Stock or Class D Common Stock.

To the extent not paid on the last business day of March, June, September and December of each year, beginning December 31, 2020, all dividends that have accrued on each share of Class A Common Stock outstanding during the relevant three-month period are accumulated and shall remain accumulated dividends with respect to such share until paid to the holder thereof.

Class B Common Stock

Holders of Class B Common Stock are entitled to receive, ratably, on a per share basis and *pari passu* with holders of Class D Common Stock, such dividends as may be declared by the Board from time to time out of funds legally available therefor. The rights of holders of Class B Common Stock to receive dividends are subject to the provisions of the Class A Common Stock and Class C Common Stock. If and when dividends on the shares of Class B Common Stock are declared and payable from time to time by the Board, the holders of shares of Class B Common Stock shall be entitled to share equally, on a per share basis and *pari passu* with holders of Class D Common Stock, in such dividends.

Class D Common Stock

Holders of Class D Common Stock are entitled to receive, ratably, on a per share basis and *pari passu* with holders of Class B Common Stock, such dividends as may be declared by the Board from time to time out of funds legally available therefor. The rights of holders of Class D Common Stock to receive dividends are subject to the provisions of the Class A Common Stock and Class C Common Stock. If and when dividends on the shares of Class D Common Stock are declared and payable from time to time by the Board, the holders of shares of Class D Common Stock shall be entitled to share equally, on a per share basis and *pari passu* with holders of Class B Common Stock, in such dividends.

Liquidation Preference

Class C Common Stock

Upon any liquidation, dissolution or winding up of the Company (whether voluntary or involuntary), including any merger or similar transaction under the General Corporation Law of the State of Delaware, each holder of Class C Common Stock is entitled to be paid, before any distribution or payment is made upon any shares of Class A Common Stock, Class B Common Stock, or Class D Common Stock, an amount in cash equal to the aggregate Liquidation Value of all shares of Class C Common Stock held by such holder (plus all accrued and unpaid dividends thereon), and the holders of Class C Common Stock shall not be entitled to any further payment.

Class A Common Stock

Upon any liquidation, dissolution or winding up of the Company (whether voluntary or involuntary), including any merger or similar transaction under the General Corporation Law of the State of Delaware, each holder of Class A Common Stock is entitled to be paid, before any distribution or payment is made upon any shares of Class B Common Stock or Class D Common Stock, but subject to the preference of the Class C Common Stock, an amount in cash equal to the aggregate Liquidation Value of all shares of Class A Common Stock held by such holder (plus all accrued and unpaid dividends thereon), and the holders of Class A Common Stock shall not be entitled to any further payment.

Class B Common Stock

Subject to the provisions of the Class A Common Stock and Class C Common Stock, in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, including any merger or similar transaction under the General Corporation Law of the State of Delaware, the holders of Class B Common Stock are entitled to receive, ratably, on a per share basis and *pari passu* with the holders of Class D Common Stock, all of the remaining assets of the Company available for distribution to its stockholders.

Class D Common Stock

Subject to the provisions of the Class A Common Stock and Class C Common Stock, in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, including any merger or similar transaction under the General Corporation Law of the State of Delaware, the holders of Class D Common Stock are entitled to receive, ratably, on a per share basis and *pari passu* with the holders of Class B Common Stock, all of the remaining assets of the Company available for distribution to its stockholders.

Voting Rights

Each class of Common Stock is treated equally and entitled to one vote per share on all matters to be voted on by the Company's stockholders.

Redemption Rights

None of the shares of Common Stock are redeemable at the option of the holder.

So long as any Class A Common Stock remains outstanding, without the prior written consent of the holders of a majority of the Class A Common Stock at the time such action is taken, the Company shall not, redeem, purchase or otherwise acquire directly or indirectly any shares of Class B Common Stock or Class D Common Stock, nor shall the Company directly or indirectly pay or declare any dividend or make any distribution upon any shares of Class B Common Stock or Class D Common Stock.

So long as any Class C Common Stock remains outstanding, without the prior written consent of the holders of a majority of the Class C Common Stock at the time such action is taken, the Company shall not, redeem, purchase or otherwise acquire directly or indirectly any shares of Class A Common Stock, Class B Common Stock, or Class D Common Stock, nor shall the Company directly or indirectly pay or declare any dividend or make any distribution upon any shares of Class A Common Stock, Class B Common Stock, or Class D Common Stock.

Notwithstanding the foregoing, the Company may redeem or repurchase shares of Common Stock from present or former employees, directors or consultants of the Company, usually when they leave the employment in the Company, in accordance with the provisions of the equity repurchase agreements entered into with such employees, directors or consultants approved by the Board.

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9. Management incentive plan

9.1 Pre-Merger Management incentive plan

Stock Appreciation Rights

Pursuant to the Amended and Restated AxiomSL 2017 Equity Incentive Plan, the Company granted SARs to employees in 2019 and 2018. The SARs vested over a period of three years and upon the occurrence of a milestone event, such as a merger with a person or group resulting in a change of control of the Company. In December 2020, in relation to the Merger, 2,986,955 SAR units had a payment of 50% of the per share of $9.04 less the Base Price identified in the applicable SAR Agreement of approximately $2.37 per share. In December 2021, the remaining 50% of the SAR's balance was paid, reduced by forfeitures and accelerated payments.

Total SARs and other stock-based awards expense recognized in the Company's consolidated statements of operations is $0 and $18.5 million for the year ended December 31, 2022 and 2021, respectively.

9.2 New Management incentive plan

Adenza Parent L.P., the ultimate Parent, implemented the Amended and Restated Adenza Parent, L.P. Incentive Equity Plan and the Adenza Parent, L.P. Equity Appreciation Rights Plan (collectively, the "Plan") pursuant to which Adenza Parent issues awards of incentive equity to employees of the Company and its direct and indirect subsidiaries. Pursuant to the Plan, incentive equity may be issued in the form of Class B Units of Adenza Parent ("Class B PIUs") or Class B equity appreciation rights ("Class B EARs" and collectively with the Class B PIUs, the "Awards"). Adenza Parent issued Class B PIUs and Class B EARs to certain employees and directors of Adenza Parent ("the Participants") for no cash consideration in March and April 2021 and again in December 2021. Since the value of these Awards was immaterial at the time of the grant, there is no compensation expense recognized during the year ended December 31, 2021. The estimated valuation of the awards was determined using a discounted cash flow analysis.

A summary of activity is as follows:

	Class B EARs	Class B PIUs	Total
December 31, 2020	—	87,138	87,138
Granted	1,558,099	8,613,550	10,171,649
Cancelations	—	(1,214,709)	(1,214,709)
December 31, 2021	1,558,099	7,485,979	9,044,078
Granted	316,445	769,404	1,085,849
Cancelations	(91,232)	(671,842)	(763,074)
December 31, 2022	1,783,312	7,583,541	9,366,853

Class B PIUs are equity in Adenza Parent. Subject to a participation threshold, if any, each holder of Class B PIUs is entitled to its pro rata share of proceeds from a Change in Control of Adenza Parent after satisfaction of all liabilities and payment to the holders of Class A Units of the Class A Unreturned Capital and Class A Unpaid Yield, each as defined in the Second Amended and Restated Limited Partnership Agreement of Adenza Parent.

The Class B EARs have a financial right to consideration upon a Change in Control. The Class B EARs are not actual equity interests in the Adenza Parent or any entity but represent a hypothetical unit of measurement maintained by the Adenza Parent in a bookkeeping account for the Participant's benefit, entitling the Participant to a cash payment subject to the terms and conditions of the Plan and assuming for these purposes that each Class B EAR is economically equivalent to one Class B PIU.

The Awards are subject to certain restrictions, including vesting restrictions, transferability restrictions, repurchase rights, and rights of first refusal. Some or all of the Awards may be subject to cancellation or repurchase upon the Participant's termination of employment with the Company.

Awards granted in March and April 2021 were subject to two types of vesting:

1. Type I – time-based vesting – 25% of the Awards would vest on the first anniversary of the acquisition of AxiomSL by Thoma Bravo (i.e., December 3, 2021), and the remaining 75% of the Type I Awards will vest in equal amounts monthly over the next thirty-six (36) months.
2. Type II – performance-based vesting - These Awards will vest depending upon Adenza meeting the EBITDA-based targets set by the Board for the relevant years 2021-2024. If the EBITDA-based target for a period is met, then 25% of the Type II Awards will vest as of December 31 of the relevant year.

Holders of Awards issued in March and April 2021 were offered the option to switch to the following vesting terms, which applied to all Awards issued in December 2021 and all awards issued in 2022, except for those under the Sales Vesting Plan described below. Some holders opted to switch to the terms of the awards issued in December 2021 however the value of both the awards is insignificant resulting in no impact on consolidated statements of operations.

Vesting can be divided into 3 types that are as follows:

1. Type I - time-based vesting - 25% of Type I Awards will vest on the first anniversary of the acquisition of Calypso by Thoma Bravo (i.e., July 22, 2022), and the remaining 75% of the Type I Awards will vest in equal amounts daily over the next thirty-six (36) months.
2. Type II - performance-based vesting - These Awards will vest depending upon Adenza meeting the EBITDA-based targets set by the Board for the relevant years 2022-2025. If the EBITDA-based target for a period is met, then 25% of the Type II Awards will vest as of December 31 of the relevant year.
3. Type Ill - will vest upon a change of control.

Participants may have the right to acceleration upon a Change in Control, as set forth in the applicable Grant Agreement. Upon termination of employment, unvested Awards are cancelled. Vested awards may be subject to cancelation or repurchase, depending on the terms of the applicable Grant Agreement and the circumstances of the Participant's termination.

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In May 2022, the Ultimate Parent issued Awards to Participants who are Sales Executives of the Company and its direct and indirect subsidiaries (the "Sales Vesting Plan"). Each Award is divided into three equal annual tranches. Vesting is determined based on each Participant's sales quota as set forth in the Participant's Sales Compensation Plan, and is determined as follows:

1. 0% to 65% Quota Achievement: No vesting of the annual tranche. All amounts in the annual tranche are forfeited.
2. 65% to 80% Quota Achievement: No vesting of the annual tranche, however 40% of the annual tranche carries over to the next year.
3. 80% to 100% Quota Achievement: Minimum 40% vesting of the annual tranche. The remaining 60% vests based on proportionate achievement between 80% and 100%. Unvested amounts carryover to the following year.

Quota overachievement entitles the Participant to additional vesting from the subsequent year's tranche. Amounts carried-over from a prior year tranche are available for the next year only.

Awards granted under the Sales Vesting Plan are subject to the same restrictions and other terms and conditions as the other vesting plans.

10. Contingencies

The Company, from time to time, may be involved in various claims and lawsuits, both for and against the Company, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Company's financial position, operations, and cash flows.

11. Re-organization costs

Re-organization costs are summarized below:

(USD 000)	Year ended December 31, 2022	Year ended December 31, 2021
Restructure - *Severance and office relocation on account of Axiom & Calypso merger and Russia operations windup*	5,433	8,638
One time projects - *Internal entities reorganization post-merger and other realignment projects*	3,038	—
Systems - *Implementation of Finance and Customer Relationship Management systems*	1,487	819
Others - *Calypso acquisition and Cyber security*	1,199	—
Impairment of Right of Use Asset	5,725	—
Impairment of Leasehold improvement	1,201	—
	18,083	9,457

12. Income Taxes

The Benefit for income taxes for the year ended December 31, 2022 and 2021 is summarized as follows:

(USD 000)	Year ended December 31, 2022	Year ended December 31, 2021
Current tax		
Federal	26,349	6,317
State and local	3,209	1,761
Foreign	12,206	9,338
Total Current	41,764	17,416
Deferred tax		
Federal	(53,444)	(26,161)
State and local	(11,607)	(18,094)
Foreign	(1,824)	(5,365)
Total Deferred	(66,875)	(49,620)
Total Income Tax Benefit	(25,111)	(32,204)

The effective income tax rate differs from the amount computed by applying the U.S. federal statutory income tax rate to income before income taxes approximately as follows:

December 31,	(USD 000) 2022	2021
Loss before tax	(69,437)	(104,922)
Income tax benefit at statutory rate of 21%	(14,582)	(22,034)
State and local income taxes net of federal tax benefit	(6,635)	(13,182)
Non-deductible/non-taxable items:		
Transaction costs	—	1,652
Non-deductible foreign exchange loss	—	2,470
Stock based compensation	—	583
Non-taxable income and gains or non-deductible losses	(101)	—
Non-deductible expenses	125	119
Tax credits related to research activity	(1,307)	(1,297)
Effect of U.S. tax inclusion from foreign subsidiaries	669	204
Deduction allowed for export sales and services	(4,695)	(3,028)
Foreign tax rate differential	(731)	1,285
Withholding and other taxes — net	3,311	435
Prior period, rate changes, and other adjustments	(438)	365
Unrecognized tax position	(829)	269
Change in valuation allowance	117	29
Other adjustments	(15)	(74)
Income tax benefit	(25,111)	(32,204)

December 31,	2022	2021
Income tax benefit at statutory rate of 21%	21%	21%
State and local income taxes net of federal tax benefit	9.56%	12.56%
Non-deductible/non-taxable items:		
Transaction costs	—	(1.58%)
Non-deductible foreign exchange loss	—	(2.36%)
Stock based compensation	—	(0.56%)
Non-taxable income and gains or non-deductible losses	0.15%	0.00%
Non-deductible expenses	(0.18%)	(0.11%)
Tax credits related to research activity	1.88%	1.24%
Effect of U.S. tax inclusion from foreign subsidiaries	(0.96%)	(0.19%)
Deduction allowed for export sales and services	6.76%	2.89%
Foreign tax rate differential	1.05%	(1.22%)
Withholding and other taxes — net	(4.77%)	(0.41%)
Prior period, rate changes, and other adjustments	0.63%	(0.35%)
Unrecognized tax position	1.19%	(0.26%)
Change in valuation allowance	(0.17%)	(0.03%)
Other adjustments	0.02%	0.07%
Income tax benefit	36.16%	30.69%

The tax effects of temporary differences and related deferred tax assets and liabilities as of December 31, 2022 and 2021, are presented below:

	(USD 000)	
December 31,	2022	2021
Deferred Tax Assets		
Net operating loss, interest, and tax credit carryforwards	56,740	33,442
Accruals and reserves	3,607	7,370
Transaction costs	1,688	1,879
Lease liabilities	5,328	7,016
Other	47	21
Total Deferred Tax Assets	67,410	49,728
Deferred Tax Liabilities		
Depreciation and amortization	(408,520)	(455,855)
Deferred revenue	(253)	(325)
Capitalized expenses	(3,015)	(1,038)
Right of use assets	(3,885)	(6,945)
Other	(83)	(82)
Total Deferred Tax Liabilities	(415,756)	(464,245)
Gross Deferred Tax Liabilities	(348,346)	(414,517)
Valuation allowance	(7,496)	(9,864)
Net Deferred Tax Liabilities	(355,842)	(424,381)

The Company's effective tax rate differs from the statutory tax rate primarily due to state taxes, non-deductible expenses and losses, foreign rate differential, Foreign Derived Intangible Income (FDII) deduction, Global Intangible Low-Taxed Income (GILTI) inclusion, and credits and incentives.

The Company generally considers the earnings of its foreign subsidiaries to be indefinitely invested outside the United States and estimates that future domestic cash generation will be sufficient to meet future domestic cash needs. However, there are certain limited jurisdictions from where the company does plan to distribute its unremitted earnings. The Company has estimated that no additional material tax provisions are required for the planned remittances from those jurisdictions in the foreseeable future. As of December 31, 2022 and 2021, taxes are generally not provided on income of the Company's foreign subsidiaries. If, in the future, the foreign earnings are repatriated to the United States, or if the Company determines that the earnings will be remitted in the foreseeable future, additional tax provisions may be required. It is not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the weight of all available evidence, which includes the historical operating performance and the recorded cumulative losses or credits in prior fiscal periods, management does not believe that it is more likely than not that the Company will realize its net deferred tax assets in its Netherland holdings subsidiary as of December 31, 2022 and 2021, and its unused R&D credits in the state of California as of December 31, 2022 and 2021. As a result, a valuation allowance of $7.5 million and $9.9 million has been provided as of December 31, 2022 and 2021, respectively. The valuation allowance decreased by $2.4 million from December 31, 2021.

As of December 31, 2022, the Company's net operating loss carryforwards primarily relate to state tax loss carryforwards that will begin to expire in 2035 if not utilized. As of December 31, 2022 and 2021, the Company had nil federal net operating loss carryforwards, and net operating loss carryforwards for various state tax purposes of approximately $9.3 million and $6.1 million respectively. The Company's Netherlands holdings subsidiary has loss carryforwards of $1.5 million and $1.0 million as of December 31, 2022 and 2021, which may be carried forward indefinitely.

US GAAP provides that the tax effects from uncertain tax positions can be recognized in the financial statements only if the position is more likely than not of being sustained on audit, based on the technical merits of the position. On December 31, 2022 and 2021, the Company had $4.5 million and $4.9 million of unrecognized benefits recorded, respectively.

The Company recognizes interest and penalties related to uncertain tax positions in its income tax provision. On December 31, 2022 and 2021, approximately $0.1 million and $0.4 million of interest and penalties related to uncertain tax positions was accrued.

The Company does not expect any material changes in the amount of unrecognized tax benefits within the next twelve months.

The Company files income tax returns in the United States, various state jurisdictions, and various foreign jurisdictions. The United States, state, and foreign jurisdictions have statutes of limitations that generally range from three to five years. To the extent utilized in future years' tax returns, net operating loss carryforwards as of December 31, 2022 and 2021 will remain subject to examination until the respective tax year is closed.

Under the Tax Cuts and Jobs Act of 2017, research and development costs are no longer fully deductible and are required to be capitalized and amortized for United States tax purposes effective January 1, 2022. The mandatory capitalization requirement increased the deferred tax assets and the cash tax liabilities of the Company. On August 16, 2022, Congress passed the Inflation Reduction Act of 2022. Management does not anticipate the tax provisions of the newly introduced act to impact the financial position of the Company and will continue to monitor as new information and guidance becomes available.

13. Subsequent Events

The Company evaluated events occurred after December 31, 2022 through August 15, 2023, the date when the consolidated financial statements were available to be issued, and there are no subsequent events that met recognition or disclosure criteria, other than as disclosed below:

On June 10, 2023, Adenza Parent, L.P. entered into a definitive Agreement and Plan of Merger to sell the entire share capital of the Company to Nasdaq, Inc. a technology company serving the global financial system. Completion is subject to various regulatory and anti-trust reviews and approvals.

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Financial Statements
as of and for the three and nine-months ended
September 30, 2023 and 2022

Consolidated Financial Statements
as of and for the three and nine-months ended September 30, 2023 and 2022

Contents

Adenza Holdings, Inc. and Subsidiaries

Consolidated Balance Sheet

(USD 000)	September 30, 2023 (unaudited)	December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	110,965	185,469
Restricted cash	913	916
Accounts receivable, net	68,618	125,991
Unbilled receivables	116,390	126,273
Prepaid expenses and other current assets	10,423	10,469
Deferred contract costs	4,882	3,618
Prepaid income taxes	6,157	5,724
Total Current Assets	318,348	458,460
Unbilled receivables, noncurrent	43,888	32,155
Goodwill	3,679,682	3,679,682
Intangible assets, net	1,835,524	1,943,620
Property and equipment, net	7,759	8,745
Right-of-use assets	15,312	17,037
Due from related parties	27	—
Deferred contract costs, noncurrent	13,060	11,194
Deferred tax assets	3,127	2,865
Restricted Cash	986	986
Prepaid expenses	—	327
Equity Investment	3,711	2,498
Other long-term assets	2,448	2,220
Total Assets	5,923,872	6,159,789

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Balance Sheet

(USD 000, except share amounts)	*September 30,* 2023 (unaudited)	*December 31,* 2022
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of long-term debt	21,101	21,027
Accounts payable	4,843	6,363
Income taxes payable	12	9,540
Accrued expenses	55,492	54,750
Deferred revenue	107,874	176,949
Lease liabilities	6,006	4,954
Total Current Liabilities	195,328	273,583
Long-term debt, less current maturities	1,949,038	1,958,471
Lease liabilities	14,492	17,877
Other long-term liabilities	2,592	2,597
Deferred revenue, net of current portion	2,004	12,272
Deferred tax liabilities	295,203	358,707
Total Liabilities	2,458,657	2,623,507
Contingencies (Note 9)		
Stockholders' Equity		
Capital Structure		
Class C common Shares, $0.001 par value, 100,000 shares authorized, 23,986 and 23,989 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively, aggregate liquidation value $2,975,822 as of September 30, 2023	— *	— *
Class A common Shares, $0.001 par value, 100,000 shares authorized, 10,416 shares issued and outstanding as of September 30, 2023 and December 31, 2022, aggregate liquidation value $1,433,908 as of September 30, 2023	— *	— *
Class B common Shares, $0.001 par value, 11,000,000 shares authorized, 8,857,511 shares issued and outstanding as of September 30, 2023 and December 31, 2022	9	9
Class D common Shares, $0.001 par value, 100,000,000 shares authorized, 7,400,145 and 7,019,028 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	7	7
Additional paid-in capital	3,704,793	3,705,119
Accumulated deficit	(202,555)	(134,384)
Accumulated other comprehensive income	(37,039)	(34,469)
Total Stockholders' Equity	3,465,215	3,536,282
Total Liabilities and Stockholders' Equity	5,923,872	6,159,789

* *Represents value less than $1,000*

The accompanying notes are an integral part of these consolidated financial statements.

Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Operations (unaudited)

(USD 000)	Quarter ended September 30, 2023 (unaudited)	Quarter ended September 30, 2022 (unaudited)	Nine months ended September 30, 2023 (unaudited)	Nine months ended September 30, 2022 (unaudited)
Net Sales	138,300	126,362	393,019	384,503
Cost of sales	27,902	24,338	83,575	73,834
Amortization of Developed Technology	16,461	15,401	48,479	45,519
Gross Profit	93,937	86,623	260,965	265,150
Research and development	14,418	13,184	42,889	43,798
Selling, general, and administrative	21,135	18,246	61,556	58,899
Depreciation and amortization	25,703	25,223	77,055	76,393
Re-organization costs (Note 10)	760	2,588	4,852	14,114
Transaction Costs	1,757	36	4,729	1,064
Income from Operations	30,164	27,346	69,884	70,882
Other Expense/ (Income)				
Interest expense	59,245	44,833	170,701	121,480
Interest income	(810)	(72)	(2,013)	(476)
(Gain)/ loss on foreign currency transactions	(126)	2,315	1,522	7,071
Other Income	(569)	(307)	(2,464)	(559)
Loss Before Provision for Income Taxes	(27,576)	(19,423)	(97,862)	(56,634)
Benefit for Income Taxes (Note 11)	(8,662)	(4,671)	(29,691)	(13,619)
Net Loss	(18,914)	(14,752)	(68,171)	(43,015)

The accompanying notes are an integral part of these consolidated financial statements.

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Loss (unaudited)

(USD 000)	Quarter ended September 30, 2023 (unaudited)	Quarter ended September 30, 2022 (unaudited)	Nine months ended September 30, 2023 (unaudited)	Nine months ended September 30, 2022 (unaudited)
Net Loss	(18,914)	(14,752)	(68,171)	(43,015)
Other Comprehensive Expense				
Unrealized loss on foreign currency translation	(7,189)	(19,750)	(2,570)	(41,664)
Comprehensive Loss	(26,103)	(34,502)	(70,741)	(84,679)

The accompanying notes are an integral part of these consolidated financial statements.

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
(unaudited)

(USD 000)	Class C common Shares	Class A common Shares	Class B common Shares	Class D common Shares	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
Opening Balance, June 30, 2023	—	— *	9	7	3,704,793	(183,641)	(29,850)	3,491,318
Net loss	—	—	—	—	—	(18,914)	—	(18,914)
Unrealized loss on currency translation	—	—	—	—	—	—	(7,189)	(7,189)
Balance, September 30, 2023	—	— *	9	7	3,704,793	(202,555)	(37,039)	3,465,215

(USD 000)	Class C common Shares	Class A common Shares	Class B common Shares	Class D common Shares	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
Opening Balance, June 30, 2022	— *	— *	9	7	3,706,070	(118,321)	(38,163)	3,549,602
Shares issued	—	—	—	— *	— *	—	—	— *
Net loss	—	—	—	—	—	(14,752)	—	(14,752)
Repurchase of co-invest shares	— *	—	—	—	(87)	—	—	(87)
Unrealized loss on currency translation	—	—	—	—	—	—	(19,750)	(19,750)
Balance, September 30, 2022	— *	— *	9	7	3,705,983	(133,073)	(57,913)	3,515,013

* *Represents value less than $1000*

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity (unaudited)

(USD 000)	Class C common Shares	Class A common Shares	Class B common Shares	Class D common Shares	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
Opening Balance, December 31, 2022	— *	— *	9	7	3,705,119	(134,384)	(34,469)	3,536,282
Net loss	—	—	—	—	—	(68,171)	—	(68,171)
Repurchase of co-invest shares	— *	—	—	—	(326)	—	—	(326)
Unrealized loss on currency translation	—	—	—	—	—	—	(2,570)	(2,570)
Balance, September 30, 2023		— *	9	7	3,704,793	(202,555)	(37,039)	3,465,215

(USD 000)	Class C common Shares	Class A common Shares	Class B common Shares	Class D common Shares	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
Opening Balance, December 31, 2021	— *	— *	9	7	3,709,405	(90,058)	(16,249)	3,603,114
Shares issued	— *	—	—	— *	— *	—	—	— *
Net loss	—	—	—	—	—	(43,015)	—	(43,015)
Repurchase of co-invest shares	— *	—	—	—	(3,422)	—	—	(3,422)
Unrealized loss on currency translation	—	—	—	—	—	—	(41,664)	(41,664)
Balance, September 30, 2022	— *	— *	9	7	3,705,983	(133,073)	(57,913)	3,515,013

* *Represents value less than $1,000*

The accompanying notes are an integral part of these consolidated financial statements.

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Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

(USD 000)	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash Flows from Operating Activities		
Net loss	(68,171)	(43,015)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	2,342	2,370
Amortization of debt issuance costs	5,923	5,923
Amortization of deferred contract costs	3,220	1,813
Amortization of intangible assets	123,192	119,542
Impairment of leasehold improvement	—	1,113
Impairment of right-of-use assets		3,650
Deferred income tax	(63,383)	(50,765)
Changes in assets decrease / (increase):		
Accounts receivable	57,363	24,062
Unbilled receivables	(1,953)	(25,394)
Prepaid expenses and other current assets	1,060	(39)
Deferred contract costs	(6,380)	(6,216)
Prepaid income taxes	(515)	6,898
Other assets	(1,478)	47
Intercompany with related party	(27)	(55)
Changes in liabilities increase / (decrease):		
Accounts payable	(1,525)	(19)
Income taxes payable	(9,440)	3,222
Accrued expenses	655	(8,771)
Other long-term liabilities	(1,219)	(910)
Deferred revenue	(78,952)	(62,008)
Net Cash Used in Operating Activities	(39,288)	(28,552)
Cash Flows from Investing Activities		
Capitalized software development costs	(16,788)	(16,146)
Capitalized software implementation costs and other intangibles	(260)	(145)
Purchase and disposal of property and equipment	(2,067)	(1,782)
Net Cash Used in Investing Activities	(19,115)	(18,073)
Cash Flows from Financing Activities		
Repurchase of common shares	(326)	(3,422)
Payments of debt	(15,356)	(15,356)
Net Cash Used in Financing Activities	(15,682)	(18,778)
Effect of Exchange Rate Changes on Cash and Cash Equivalents and Restricted Cash	(422)	(8,982)
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(74,507)	(74,385)
Cash and Cash Equivalents and Restricted Cash, beginning of period	187,371	191,848
Cash and Cash Equivalents and Restricted Cash, end of period	112,864	117,463

Adenza Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

(USD 000)	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Supplemental Disclosure of Cash Flow Information		
Increase in lease liabilities from obtaining right-of-use assets	2,024	2,866
Reduction in lease liabilities due to remeasurement and termination	(122)	(1,764)
Cash paid during the period for income taxes	42,985	26,568
Cash paid during the period for interest	164,686	115,642

Reconciliation of Cash and Cash Equivalents and Restricted Cash

(USD 000)	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash and cash equivalents	110,965	116,119
Current, Restricted cash	913	358
Non-current, Restricted cash	986	986
Total Cash and Cash Equivalents and Restricted Cash	**112,864**	117,463

The accompanying notes are an integral part of these consolidated financial statements.

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1. Nature of Operations and Principles of Consolidation

Business Activity

Adenza Holdings, Inc. and Subsidiaries (collectively, the Company) provide software solutions for enterprise risk management, data management, regulatory reporting, and compliance requirements of financial institutions. The Company's software provides a comprehensive solution for all levels of regulatory and management financial reporting, and complete integration, and provides a data-warehousing platform for risk data, market data, front/middle/back-office data, reference data, and operational loss data. It enables clients to automate and streamline business operations while optimizing processes, systems, data enrichment, and transparency to enhance decision-making and reduce operational costs. This is offered on-premises or in a software-as-a-service model.

Consulting services of the Company include systems specification, design, resource scheduling, project management, and regulatory reporting and integration.

On June 10, 2023, Adenza Parent, L.P. ("Adenza Parent"), the ultimate holding company entered into a definitive Agreement and Plan of Merger to sell the entire share capital of the Company to NASDAQ, Inc., a technology company serving the global financial system.

On November 1, 2023, NASDAQ, Inc. completed the acquisition of the Company.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand (USD 000), except when otherwise indicated. The consolidated financial statements provide comparative information for the previous period. In the opinion of management, the accompanying unaudited Consolidated Financial Statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the Company's financial position as of and for the three and nine month periods ended September 30, 2023 and 2022. The results for interim periods are not necessarily indicative of the results that may be expected for a full fiscal year or for any other future period.

Certain amounts in prior year's financial statements have been reclassified to conform to current year's financial presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates, judgments, and assumptions in these consolidated financial statements include those related to the valuation of goodwill and intangible assets, useful lives of assets for calculating depreciation and amortization, valuation of long-lived assets, allowances for doubtful accounts, valuation of deferred tax assets, provisions for uncertain tax positions, assumptions used for the valuation of stock-based compensation, and in the allocation of a transaction price to distinct performance obligations in connection with revenue recognition.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations are based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations are based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations are based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At September 30, 2023 and December 31, 2022, the fair value of the Company's financial instruments, including cash and cash equivalents, accounts receivable, unbilled receivable, accounts payable, and accrued expenses, approximated book value due to the short maturity of these instruments. The carrying amount of restricted cash approximates fair value because, as the restrictions expire, the carrying value represents the amount that the Company will receive. Liabilities are shown net of any discounts.

At September 30, 2023 and December 31, 2022, the Company does not have assets or liabilities required to be measured at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents are related to funds deposited into money market funds and other short-term certificates of deposit.

Restricted Cash

Amounts included in restricted cash as of September 30, 2023 and December 31, 2022 pertain to certain customer and lease deposits.

Accounts Receivable

Accounts receivable consists of trade receivables recorded at the original invoice amount less an estimate made for uncollectible accounts. The Company analyzes the collectability of trade accounts receivable by considering historical bad debts, client creditworthiness, current economic trends, changes in client payment terms, and collection trends when evaluating the adequacy of the allowance for doubtful accounts. Any change in the assumptions used in analyzing a specific account receivable may result in an allowance for doubtful accounts being recognized in the period in which the change occurs. Trade receivables are net of allowances for doubtful accounts of $1.2 million and $1.1 million as of September 30, 2023 and December 31, 2022, respectively. In certain instances, in accordance with ASC 606, the Company will not recognize revenue when there is uncertainty as to the collectability of amounts due under the contract. Such occurrences have been infrequent and immaterial to the consolidated financial statements.

Property and Equipment

Property and equipment are stated at cost. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Furniture and fixtures, computer equipment, and leasehold improvements are depreciated over the shorter of the remaining term of the related lease or the estimated economic useful life of the improvement.

Foreign Currency Translation

For all foreign operations, the functional currency is their respective local currency. Transactions in foreign currencies are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange differences arising from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in Consolidated statements of operations.

Assets and liabilities of these operations are translated into U.S. dollars using the exchange rates in effect at the consolidated balance sheet date. Consolidated statements of operations accounts are translated at the average rate of exchange prevailing during the nine months ended September 30, 2023 and 2022. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive loss.

Impairment of Long-Lived Assets

Long-lived assets consist primarily of Intangibles, property and equipment. The Company evaluates these long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows. No impairment loss was recorded for the nine months ended September 30, 2023 and 2022.

Equity Investment

Associates are those entities over which the Company has significant influence (defined as the ability to participate in the financial and operating decisions of the investee but not control over those policies) but are not subsidiaries. The results of associates are incorporated in these consolidated financial statements using the equity method of accounting, under which investments in associates are carried in the consolidated Balance sheet at cost as adjusted for post-acquisition changes in the Company's share of net assets of the associate less any impairment in the value of individual investments.

In connection with the Company's acquisition of Calypso Group Lux S.C.A in March of 2021 ("the Acquisition"), an investment in Sernova Financials Limited ("Sernova") was acquired at a value of $2.4 million for 19.5% of outstanding share capital. In accordance with the Share subscription agreement, on October 18, 2023, the Company executed an agreement ("the redemption agreement") requiring Sernova to redeem the Company's shares, with the redemption expected to be completed in multiple tranches by the third quarter of 2024. The amount to be received from the redemption will be the original investment in Sernova plus dividends at the rate of 8% from the date of investment until the relevant redemption date on any amount of unredeemed investment. In accordance with the ASC 323, the investment is carried at investment value plus dividend accrued. The Company has recognized dividend income of $0.1 million and $1.2 million during the three and nine months ended September 30, 2023, respectively.

There is also a Subscription agreement between Adenza Inc. (previously known as Calypso Technology Inc.) and Sernova wherein Adenza Inc. provides cloud-hosted software to Sernova, which Sernova uses for the sole purpose of providing a fully managed service to its end clients. Sernova pays subscription fees to Adenza Inc. for using the cloud-hosted software and such subscription fees are a percentage of the fee charged by Sernova to its end clients.

The subscription fee percentage is 50% of Sernova's revenue from its customers up to $6.0 million annually and then it reduces by 5% for each incremental million-dollar annual revenue up to 35% for revenue above $8.0 million. For the nine months ended September 30, 2023 and 2022, the Company recorded subscription revenue of $3.5 million and $3.3 million, respectively, and for the three months ended September 30, 2023 and 2022 $1.0 million for each period. The Company had unbilled receivables outstanding of $1.0 million and $0.9 million as of September 30, 2023 and December 31, 2022, respectively.

Accumulated Other Comprehensive Income

FASB ASC Topic 220, *Reporting Comprehensive Income*, establishes rules for the reporting of comprehensive income and its components. Comprehensive income is defined as all changes in equity from non-owner sources. For the Company, comprehensive loss consists of net loss and changes in the cumulative foreign currency translation adjustments.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718, *Stock-Compensation*. Under the fair value recognition provisions of this accounting guidance, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is the vesting period.

As stock-based compensation expense recognized in the Company's consolidated statements of operations is based on awards ultimately expected to vest, the amount of expense has been reduced for forfeitures as they occur, as permitted under FASB ASC Topic 718.

Incentive plan

Adenza Parent, L.P. ("Adenza Parent"), the ultimate holding company, implemented a management incentive plan in which it issues Class B Units of Adenza Parent ("Class B PIUs") or Class B equity appreciation rights (the "Class B EARs" and collectively with the Class B PIUs, the "Awards") to the Company's employees for the performance of services. In 2023, 2022 and 2021, Adenza Parent granted the awards to certain employees ("the Participants").

Since the value of these awards were estimated to be insignificant at the time of the grant, there is no stock based compensation recognized within the Company's consolidated statements of operations. The fair value was arrived using a discounted cash flow analysis and the market implications of the Merger transaction.

Developed Technology

The Company's Developed technology includes the costs of internally developed software technology and software technology purchased through acquisition. In accordance with FASB ASC Topic 985, *Software*, the Company capitalizes costs incurred to develop software once technological feasibility has been reached which for the Company is defined as the earlier of when a detailed program plan is established, or a working model is created. Capitalized costs include costs to design the software configuration and interfaces, coding, installation, and testing, as well as development costs related to software enhancements that add functionality.

During the nine months ended September 30, 2023 and 2022, the Company capitalized such costs of $16.8 million and $16.1 million, respectively, and during the three months ended September 30, 2023 and 2022 such capitalized costs amounted to $5.0 million and $5.2 million, respectively. These capitalized costs are amortized over the software's expected useful life, which is generally five years. Amortization expense related to the Developed technology for the nine months ended September 30, 2023 and 2022 amounted to $48.5 million and $45.5 million, respectively and for three months ended September 30, 2023 and 2022 amounted to $16.4 million and $15.4 million, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between financial statements carrying amounts of assets and liabilities and their respective tax basis. Deferred taxes are calculated using currently enacted income tax rates for the year in which they are recognized. The effect of a change in income tax rates on deferred tax asset and liability balances is recognized in income in the period that includes the enactment of such rate change. A valuation allowance, if necessary, is recorded against deferred tax assets if utilization is not likely.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Should tax laws change, the Company's tax expense and cash flows could be materially impacted.

401(k) Retirement Plan

Two subsidiaries of the Company in the United States maintain a qualified 401(k) plan for its eligible employees, who may elect to contribute voluntarily through payroll deductions, subject to certain statutory limitations as mentioned in the table below. One of the subsidiaries has elected to provide for a matching contribution while the other subsidiary has elected to not provide for a matching contribution. The Company contributed $0.5 million and $0.4 million towards employer contributions for the nine months ended September 30, 2023 and 2022, respectively.

	(USD 000)	
Year	**Basic Contribution Limit**	**Catch-Up Contribution (50 or older)**
2023	22.5	7.5
2022	20.5	6.5

Revenue Recognition

The Company derives substantially all of its revenues from selling licenses and maintenance for a fixed fee, and from providing consulting services. The Company's agreements for licenses and maintenance generally have annual or multi-year terms. The Company typically invoices customers annually at the beginning of each annual contract period but may also invoice customers on a quarterly or monthly basis. Payments are generally due and payable upon receipt of invoice by the Company's customers or within 30 days of the stated billing date.

The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its arrangements:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligations in the contract.
- Recognize revenue as the performance obligation is satisfied.

The Company's contracts may include one or any combination of the following products and services.

License and Solutions Reporting Templates

Licenses for on-premise software provide the customer with a right to use the software as it exists when made available to the customer. Customers may purchase perpetual licenses or subscribe to time-based licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenue from distinct on-premise or time-based licenses is recognized upfront at the point in time when the software is made available to the customer as this is the point the user of the software can direct the use of and obtain substantially all of the remaining benefits from the software license.

Solutions Reporting Templates provide customers with one or more "Software Components" of the Company's Regulatory Solutions software that are being licensed by a customer. Solutions Reporting Template contracts include two performance obligations: a term license to the on-premise software, and associated maintenance to provide technical support, bug fixes, and unspecified updates on a stand-ready basis.

When contracted with customers for on-premise use, license and solution revenue is recognized at a point in time when control is passed to the customer upon receipt of the license and solution. License maintenance and solution maintenance revenue is recognized over the contract term.

Cloud Services

The Company offers cloud services arrangements whereby the software is hosted and managed for certain customers. When contracted simultaneously with the Company's software, there is a single performance obligation of the Company to maintain the use of the software. Revenue is recognized for such arrangements ratably over the duration of the contact.

Consulting Services

Consulting is comprised of two types of services, implementation, and training. Implementation consists of services to implement the Company's software for the client, including software installation, environment set-up, configuration of data sources, and models for uploading into the software, systems testing, and user testing. The Company offers training sessions for client users. Consulting services are typically billed on a time and expense basis. These are provided based on hourly or daily rates and revenue is recognized based on actual hours incurred. The Company also offers fixed price contract agreements and revenue is recognized using the input method to measure progress towards complete satisfaction of the services, because the customer simultaneously receives and consumes the benefits provided by the Company. In contracts with multiple performance obligations, we account for individual performance obligations separately if they are distinct. The input method is based upon hours consumed relevant to the total project.

For certain Regulatory Solutions, the Company allocates the transaction price to each performance obligation based on our relative standalone selling price out of total consideration of the contract. Standalone selling price is determined utilizing observable prices to the extent available based on a grouping of recent contracts with similar performance obligations. If the standalone selling price for a performance obligation is not directly observable, we use an estimate based on observable inputs.

For certain Capital Market Solutions, the Company determines standalone selling prices for professional services and software maintenance services for perpetual licenses using observable pricing as these are sold separately to its customers. As pricing for perpetual and time-based licenses is highly variable, the Company applies the residual approach when determining the standalone selling price of the perpetual license and time-based license and maintenance services bundle and does so by deducting the sum of the observable standalone selling prices of the other performance obligations in the contract from the transaction price.

Disaggregated Revenue Information

The following table provides the timing of revenue recognition of disaggregated revenue:

(USD 000)	Quarter ended		Nine months ended	
Nine months ended September 30	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Over time	108,654	99,474	323,093	297,256
Point in time	29,646	26,888	69,926	87,247
	138,300	126,362	393,019	384,503

Deferred Contract Costs

The Company capitalizes commission expenses paid to internal sales personnel that are incremental to obtaining customer contracts. Costs related to the initial signing of contracts are amortized over the average customer life, which has been estimated to be five years. The Company determined the period of benefit by taking into consideration the length of terms in its customer contracts, including renewals and extensions, the average customer life, and the expected useful life of the Company's technology. Amounts expected to be recognized within one year of the balance sheet date are recorded as deferred contract costs, and the remaining portion is recorded as deferred contract costs, non-current in the consolidated balance sheets.

Amortization expense is included in selling, general, and administrative expense in the consolidated statements of operations.

The following table represents a roll forward of the Company's deferred contract costs:

	(USD 000)
Balance, December 31, 2022	14,812
Additions to deferred contract costs	6,350
Amortization of deferred contract costs	(3,220)
Balance, September 30, 2023	17,942

Contract Assets (Unbilled Receivables) and Contract Liabilities (Deferred Revenue)

The Company records unbilled accounts receivable related to revenue recognized in excess of amounts invoiced as the Company has an unconditional right to invoice and receive payment in the future related to those fulfilled obligations. The Company records contract assets as amounts related to the contractual right to consideration for both completed and partially completed performance obligations that may not have been invoiced. The Contract asset balance was $160.3 million and $158.4 million as of September 30, 2023 and December 31, 2022, respectively, of which $116.4 million and $126.3 million are included in current assets as of September 30, 2023 and December 31, 2022, respectively. The remaining balance is presented within long term assets.

The Company records contract liabilities to deferred revenue when the Company receives customer payments in advance of the performance obligations being satisfied on the Company's contracts.

The following table represents a rollforward of the Company's contract liabilities (deferred revenue):

	(USD 000)
Balance, December 31, 2022	189,221
Additions to deferred revenue	255,225
Reduction of deferred revenue	(334,568)
Balance, September 30, 2023	109,878

Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue and the remaining portion is recorded as deferred revenue, net of current portion on the accompanying balance sheets.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term and low-value leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Amortization of the right-of-use asset is calculated as the difference between the predetermined straight-line rent expense and the imputed interest on the lease liability.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of Properties i.e., those leases that have a term of 12 months or less from the commencement date and do not contain a purchase option. The Company also applies the lease of low-value assets recognition exemption to leases that are low in value. Both of the above type of lease payments are recognized as expenses on a straight-line basis over the lease term.

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Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired in business combinations. The Company's annual impairment assessment is performed at the end of each fiscal year or performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. ASC 350, Intangibles – Goodwill and Other state that if an indicator of impairment exists then an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. ASC 350 also states that a reporting unit with a $0 or negative carrying amount is not required to perform a qualitative assessment.

The Company analyzed its operational structure for the purpose of identifying reporting units in accordance with ASC 350 and determined that the Company's operations comprise a single reporting unit. There were no indicators of impairment during the nine months ended September 30, 2023 and 2022. The carrying value of Goodwill as of September 30, 2023 and December 31, 2022 was $3,679.7 million.

Intangible Assets

Definite-lived intangible assets are amortized over their respective estimated useful lives to their estimated residual values, in a pattern that reflects when the economic benefits will be consumed and are reviewed for impairment under the provisions of ASC 360-10-35, *Property, Plant and Equipment/Overall/Subsequent Measurement*. The Company reviews intangible assets subject to amortization for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized in an amount by which the carrying amount of the asset exceeds its fair value.

No impairment loss was recognized for intangible assets with definite lives during the nine months ended September 30, 2023 and 2022.

Intangible assets are amortized on a straight-line basis over their useful finite economic lives, as noted below, and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The assessed useful life of customer relationships requires a high degree of management judgment and estimation. Such estimates are, in part, predicated upon assumed attrition and growth rates applicable to existing customers at the time of acquisition. If actual results deviate from these assumptions, it could result in an impairment or change in the estimated useful life that could have a material impact on future operating results.

			(USD 000)
	Useful lives	September 30, 2023	December 31, 2022
Trademark	8-10 years	130,972	130,763
Developed technology	5-7 years	407,497	391,223
Customer relationships	18-21 years	1,671,822	1,675,053
Purchased software	1.5-5 years	4,894	3,900
		2,215,185	2,200,939
Less: accumulated amortization		(379,661)	(257,319)
		1,835,524	1,943,620

Amortization on Intangible assets for the nine months ended September 30, 2023 and 2022 is $123.2 million and $119.5 million, respectively, and for the three months ended September 30, 2023 and 2022 is $41.4 million and $39.9 million, respectively.

The expected amortization expense for each of the fiscal years 2023 through 2027 and for periods thereafter is as follows:

Year ending December 31,	(USD 000)
2023 – From October 1 to December 31	42,061
2024	166,000
2025	165,647
2026	165,293
2027	142,004
Thereafter	1,154,519
Total Intangible Assets, Net	1,835,524

3. Concentration of Risks Related to Credit, Foreign Operations, and Foreign Currencies

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents, deposits with banks and financial institutions including restricted balances as well as exposure to customers including accounts receivables and unbilled receivable. The Company maintains cash balances in several United States financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000 per institution. Beyond the United States of America, the Company has cash balances covered by comparable insurance based on local regulations. From time to time, the Company's balances may exceed these limits however balances are held with financial institutions with high credit standing.

The Company performs ongoing evaluations of its customers' financial condition and maintains an allowance for uncollectible accounts receivable based upon the expected collectability of all accounts receivable, using the provision matrix and the specific identification method. The Company does not require collateral from its customers. The Company is not able to predict changes in the financial stability of its customers. In cases when a delinquency in payments occurs, the Company may withhold services delivery under current implementation, discontinue support or limit the right to use its software.

As of September 30, 2023 and December 31, 2022, there is no geographical concentration of credit risk as the Company's customer base is internationally dispersed and no individual customer represents more than 10% of the Company's outstanding trade and other unbilled receivables balances or more than 10% of the Company's revenue in any of the periods presented.

Geographic concentrations of net assets by countries outside the United States were as follows:

	(USD 000)	
	September 30, 2023	December 31, 2022
United Kingdom	48,055	35,429
Netherlands	193,982	207,775
Singapore	13,712	14,662
	255,749	257,866

The Company is also subject to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of the foreign affiliates and intercompany loans, as well as transactions denominated in foreign currencies.

4. Property and Equipment, Net

Property and equipment, net is summarized as follows:

	September 30, 2023	(USD 000) December 31, 2022
Furniture and fixtures	619	602
Computer equipment	6,881	6,450
Leasehold improvements	6,225	5,383
	13,725	12,435
Accumulated Impairment	(1,201)	(1,201)
Accumulated depreciation	(4,765)	(2,489)
	7,759	8,745

Depreciation and amortization expense related to property and equipment for the nine months ended September 30, 2023 and September 30, 2022 amounted to $2.3 million and $2.4 million, and for the three months ended September 30, 2023 and September 30, 2022 amounted to $0.8 million and $0.7 million, respectively.

5. Leases

The Company has lease contracts for its office premises which are operating in nature as per ASC 842. Leases of property generally have lease terms between 12 months to 10 years depending upon the importance of a particular location and other factors such as the number of customers and employees in that country. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use (RoU) assets recognized for operating leases and the movements during the years then ended:

(USD 000)	September 30, 2023	December 31, 2022
As of January 1,	17,037	29,967
RoU assets obtained in exchange for new operating lease liabilities	2,024	2,907
Termination of lease	(22)	(1,740)
Remeasurement of lease term	(101)	(2,888)
Impairment of RoU assets	—	(5,735)
Amortization for the year	(3,626)	(5,474)
Ending balance	15,312	17,037

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Set out below are the carrying amounts of operating lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	(USD 000)	
	September 30, 2023	December 31, 2022
As of January 1,	22,831	29,916
Additions on account of new lease contracts	2,024	2,907
Termination of lease	(20)	(1,766)
Remeasurement of lease term	(101)	(2,888)
Accretion of interest	1,262	2,055
Payment of lease liabilities	(5,498)	(7,393)
Ending balance	20,498	22,831
Less: current portion	6,006	4,954
Total non-current lease liabilities	14,492	17,877

The following table presents a maturity analysis of expected undiscounted cash flows for operating leases on an annual basis for the next five years and thereafter:

Year ending December 31,	(USD 000)
2023 – October 1 to December 31	1,168
2024	6,980
2025	5,214
2026	4,379
2027	3,326
Thereafter	3,012
Total Operating lease payments	24,079
Imputed Interest	(3,581)
Total	20,498

The following table presents the weighted-average lease term and discount rate for operating leases:

		(USD 000)
	September 30, 2023	December 31, 2022
Weighted-average remaining lease term	4.21 years	4.58 years
Weighted-average discount rate	7.85%	7.48%

Amortization and interest expense on the Capitalized Operating leases for the nine months ended September 30, 2023 and 2022 amounted to $4.9 million and $6.0 million, respectively, and for the three months ended September 30, 2023 and 2022 amounted to $1.7 million and $1.9 million, respectively.

The Company has non-cancellable minimum operating lease commitments for short-term leases and low-value assets as of September 30, 2023 and December 31, 2022 totaling $0.2 million and $0.07 million, respectively.

Impairment of Leases and related assets

During the nine months ended September 30, 2022, the Company decided to exit and seek sublease for one of its leased facilities predominately due to a remote work model for a significant number of employees arising from the COVID-19 pandemic and synergies arising from the Acquisition. During the nine-month period ended September 30, 2022, the Company recorded a non-cash impairment charge of $3.6 million related to operating lease right-of-use assets and an impairment charge of $1.1 million for associated leasehold improvements. No impairment was recorded during the three months ended September 30, 2022 and for the corresponding periods in the current year. The impairment was determined by comparing the fair value of the impacted right-of-use asset to the carrying value of the asset as of the impairment measurement date, as required under ASC Topic 360, Property, Plant, and Equipment. The fair value of the right-of-use asset was based on the estimated sublease income for the affected facilities taking into consideration the time it will take to obtain a sublease tenant, the applicable discount rate and the sublease rate which represents Level 3 unobservable inputs. The impairment is presented in the Re-organization costs on the Consolidated Statements of Operations.

Sublease

The Company sub-leased office spaces where the Company is the tenant to several surplus non-cancellable leases. Total sublease income for the nine months ended September 30, 2023 and September 30, 2022 was $1.2 million and $0.3 million, respectively, and for the three months ended September 30, 2023 and September 30, 2022 was $0.4 million and $0.2 million, respectively. Total estimated aggregate sublease income to be received over the term of the sub-lease arrangement from October 1,2023 and ending August 31,2029 amounts to $5.8 million.

6. Long-Term Debt and Line-of-Credit

In 2020, the Company entered into a term loan agreement with the principal amount of $500.0 million (the "Term loan"). The loan matures on December 3, 2027 and requires quarterly principal payments of $1.3 million and interest payments of 7.50% on the outstanding principal amount. In connection with the term loan agreement, the Company incurred $14.3 million of debt issuance costs.

In 2021, the Company increased its existing term loan agreement by $1,550.0 million with the same maturity date of December 3, 2027. As of September 30, 2023, the Company had fully drawn the term loan. The quarterly principal payments were revised to $5.1 million and interest rate was reduced by 50bps to 7.00% on the outstanding principal amount. The interest rate applicable is made up of two components which are LIBOR with a floor of 1% and a credit spread of 6%. During the nine months ended September 30, 2023 and 2022, the Company paid off principal to the extent of $15.4 million in each period and credit spread ranged between 6% to 5.75% depending upon the Company's leverage ratio.

In 2021, a Delayed Draw Term Loan facility (DDTL) of $100.0 million was added to the term loan agreement with a term of 2 years. Until such time that the DDTL is utilized, a commitment fee of 1.00% is payable on the committed amount of $100.0 million. As of December 31, 2022, the Company has no outstanding borrowings against the DDTL. During July 2023, the tenure of the DDTL expired and no further commitment fee is payable on the DDTL.

During 2021, the Company incurred $33.8 million of debt issuance costs for the increase in limits which are recognized as deferred financing costs offsetting the debt balance and amortized as interest expense through the maturity date.

Principal payments required to be made under the terms of the term loan agreement are as follows:

Year ending December 31	(USD 000)
2023 – From October 1 to December 31	5,119
2024	20,475
2025	20,475
2026	20,475
2027	20,475
Thereafter	1,914,412
	2,001,431

The loan balance reported in the consolidated balance sheet is presented net of the unamortized balance of debt issuance costs of $31.9 million and $37.8 million as of September 30, 2023 and December 31, 2022, respectively. Amortization of these costs is calculated by the straight-line method, which approximates the effective interest method, and reported as interest expense in the accompanying statements of operations. The interest expense representing amortization of loan issuance costs for the nine months ended September 30, 2023 and 2022 was $5.9 million in each period and for three months ended September 30, 2023 and 2022 was $1.9 million in each period.

The Company also maintains a $150.0 million revolving credit facility (RCF) which matures on December 3, 2025. Interest on amounts borrowed are payable at the same rate as applicable to the Term loan and, until the facility is utilized, there is a commitment fee of 0.50% is payable on the total amount of the facility. As of September 30, 2023 and December 31, 2022, the Company has no outstanding borrowings against the facility.

The term loan and credit facilities are subject to certain financial and affirmative covenants. As of September 30, 2023 and December 31, 2022, the Company was in compliance with all required covenants. The term loan and credit facilities are secured by the assets of Group.

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7. Capital Structure

7.1 Number and Type of shares of the Capital Stock

As of September 30, 2023 and December 31, 2022, the Company's capital structure is summarized as follows:

7.1.A Class C Common Stock

Class C Common Stock	September 30, 2023	December 31, 2022
Authorized	100,000	100,000
Outstanding	23,986	23,989
Par	$ 0.001	$ 0.001
Aggregate liquidation value	$ 2,975,822	$ 2,764,221

7.1.B Class A Common Stock

Class A Common Stock	September 30, 2023	December 31, 2022
Authorized	100,000	100,000
Outstanding	10,416	10,416
Par	$ 0.001	$ 0.001
Aggregate liquidation value	$ 1,433,908	$ 1,317,321

7.1.C Class B Common Stock

Class B Common Stock	September 30, 2023	December 31, 2022
Authorized	11,000,000	11,000,000
Outstanding	8,857,511	8,857,511
Par	$ 0.001	$ 0.001

7.1.D Class D Common Stock

Class D Common Stock	September 30, 2023	December 31, 2022
Authorized	100,000,000	100,000,000
Outstanding	7,400,145	7,019,028
Par	$ 0.001	$ 0.001

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7.2 Terms and conditions of the Common Stock

Dividend rights

Class C Common Stock

When and as declared by the Board and to the extent permitted under the General Corporation Law of Delaware, holders of Class C Common Stock are entitled to preferential dividends. Dividends on each share of Class C Common Stock accrue on a daily basis at the rate of 10% per annum on the sum of the Liquidation Value thereof ($100,000.00 per share) plus all accumulated and unpaid dividends thereon from and including the date of issuance of such share to and including the first to occur of (i) the date on which the Liquidation Value of such share (plus all accrued and unpaid dividends thereon) is paid to the holder thereof in connection with the liquidation, dissolution or winding up of the Company or the redemption or repurchase of such share by the Company or (ii) the date on which such share is otherwise acquired by the Company. Such dividends accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends and such dividends shall be cumulative such that all accrued but unpaid dividends shall be fully paid or declared with funds irrevocably set apart for payment before any dividends may be declared or paid with respect to any shares of Class A Common Stock, Class B Common Stock, or Class D Common Stock.

To the extent not paid on the last business day of March, June, September and December of each year, beginning September 30, 2021, all dividends that have accrued on each share of Class C Common Stock outstanding during the relevant three-month period are accumulated and shall remain accumulated dividends with respect to such share until paid to the holder thereof.

Class A Common Stock

When and as declared by the Board and to the extent permitted under the General Corporation Law of Delaware, holders of Class A Common Stock are entitled to preferential dividends (subject to the preference rights of the Class C Common Stock). Dividends on each share of Class A Common Stock accrue on a daily basis at the rate of 11.5% per annum on the sum of the Liquidation Value thereof ($100,000.00 per share) plus all accumulated and unpaid dividends thereon from and including the date of issuance of such share to and including the first to occur of (i) the date on which the Liquidation Value of such share (plus all accrued and unpaid dividends thereon) is paid to the holder thereof in connection with the liquidation, dissolution or winding up of the Company or the redemption or repurchase of such share by the Company or (ii) the date on which such share is otherwise acquired by the Company. Such dividends accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends and such dividends shall be cumulative such that all accrued but unpaid dividends shall be fully paid or declared with funds irrevocably set apart for payment before any dividends may be declared or paid with respect to any shares of Class B Common Stock or Class D Common Stock.

To the extent not paid on the last business day of March, June, September and December of each year, beginning December 31, 2020, all dividends that have accrued on each share of Class A Common Stock outstanding during the relevant three-month period are accumulated and shall remain accumulated dividends with respect to such share until paid to the holder thereof.

Class B Common Stock

Holders of Class B Common Stock are entitled to receive, ratably, on a per share basis and *pari passu* with holders of Class D Common Stock, such dividends as may be declared by the Board from time to time out of funds legally available therefor. The rights of holders of Class B Common Stock to receive dividends are subject to the provisions of the Class A Common Stock and Class C Common Stock. If and when dividends on the shares of Class B Common Stock are declared and payable from time to time by the Board, the holders of shares of Class B Common Stock shall be entitled to share equally, on a per share basis and *pari passu* with holders of Class D Common Stock, in such dividends.

Class D Common Stock

Holders of Class D Common Stock are entitled to receive, ratably, on a per share basis and *pari passu* with holders of Class B Common Stock, such dividends as may be declared by the Board from time to time out of funds legally available therefor. The rights of holders of Class D Common Stock to receive dividends are subject to the provisions of the Class A Common Stock and Class C Common Stock. If and when dividends on the shares of Class D Common Stock are declared and payable from time to time by the Board, the holders of shares of Class D Common Stock shall be entitled to share equally, on a per share basis and *pari passu* with holders of Class B Common Stock, in such dividends.

Liquidation Preference

Class C Common Stock

Upon any liquidation, dissolution or winding up of the Company (whether voluntary or involuntary), including any merger or similar transaction under the General Corporation Law of the State of Delaware, each holder of Class C Common Stock is entitled to be paid, before any distribution or payment is made upon any shares of Class A Common Stock, Class B Common Stock, or Class D Common Stock, an amount in cash equal to the aggregate Liquidation Value of all shares of Class C Common Stock held by such holder (plus all accrued and unpaid dividends thereon), and the holders of Class C Common Stock shall not be entitled to any further payment.

Class A Common Stock

Upon any liquidation, dissolution or winding up of the Company (whether voluntary or involuntary), including any merger or similar transaction under the General Corporation Law of the State of Delaware, each holder of Class A Common Stock is entitled to be paid, before any distribution or payment is made upon any shares of Class B Common Stock or Class D Common Stock, but subject to the preference of the Class C Common Stock, an amount in cash equal to the aggregate Liquidation Value of all shares of Class A Common Stock held by such holder (plus all accrued and unpaid dividends thereon), and the holders of Class A Common Stock shall not be entitled to any further payment.

Class B Common Stock

Subject to the provisions of the Class A Common Stock and Class C Common Stock, in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, including any merger or similar transaction under the General Corporation Law of the State of Delaware, the holders of Class B Common Stock are entitled to receive, ratably, on a per share basis and *pari passu* with the holders of Class D Common Stock, all of the remaining assets of the Company available for distribution to its stockholders.

Class D Common Stock

Subject to the provisions of the Class A Common Stock and Class C Common Stock, in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, including any merger or similar transaction under the General Corporation Law of the State of Delaware, the holders of Class D Common Stock are entitled to receive, ratably, on a per share basis and *pari passu* with the holders of Class B Common Stock, all of the remaining assets of the Company available for distribution to its stockholders.

Voting Rights

Each class of Common Stock is treated equally and entitled to one vote per share on all matters to be voted on by the Company's stockholders.

Redemption Rights

None of the shares of Common Stock are redeemable at the option of the holder.

So long as any Class A Common Stock remains outstanding, without the prior written consent of the holders of a majority of the Class A Common Stock at the time such action is taken, the Company shall not, redeem, purchase or otherwise acquire directly or indirectly any shares of Class B Common Stock or Class D Common Stock, nor shall the Company directly or indirectly pay or declare any dividend or make any distribution upon any shares of Class B Common Stock or Class D Common Stock.

So long as any Class C Common Stock remains outstanding, without the prior written consent of the holders of a majority of the Class C Common Stock at the time such action is taken, the Company shall not, redeem, purchase or otherwise acquire directly or indirectly any shares of Class A Common Stock, Class B Common Stock, or Class D Common Stock, nor shall the Company directly or indirectly pay or declare any dividend or make any distribution upon any shares of Class A Common Stock, Class B Common Stock, or Class D Common Stock.

Notwithstanding the foregoing, the Company may redeem or repurchase shares of Common Stock from present or former employees, directors or consultants of the Company, usually when they leave the employment in the Company, in accordance with the provisions of the equity repurchase agreements entered into with such employees, directors or consultants approved by the Board.

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8. Management incentive plan

Adenza Parent L.P., the ultimate Parent, implemented the Amended and Restated Adenza Parent, L.P. Incentive Equity Plan and the Adenza Parent, L.P. Equity Appreciation Rights Plan (collectively, the “Plan”) pursuant to which Adenza Parent issues awards of incentive equity to employees of the Company and its direct and indirect subsidiaries. Pursuant to the Plan, incentive equity may be issued in the form of Class B Units of Adenza Parent (“Class B PIUs”) or Class B equity appreciation rights (“Class B EARs” and collectively with the Class B PIUs, the “Awards”). Adenza Parent issued Class B PIUs and Class B EARs to certain employees and directors of Adenza Parent (“the Participants”) for no cash consideration in March and April 2021 and again in December 2021. Since the value of these Awards was immaterial at the time of the grant, there is no compensation expense recognized during nine months ended September 30, 2023 and 2022 and three months ended September 30, 2023 and 2022. The estimated valuation of the awards was determined using a discounted cash flow analysis.

A summary of activity is as follows:

	Class B EARs	Class B PIUs	Total
December 31, 2022	1,783,312	7,583,541	9,366,853
Granted	392,211	381,117	773,328
Cancelations	(17,983)	(22,628)	(40,611)
September 30, 2023	2,157,540	7,942,030	10,099,570
December 31, 2021	1,558,099	7,485,979	9,044,078
Granted	316,445	769,404	1,085,849
Cancelations	(88,882)	(525,593)	(614,475)
September 30, 2022	1,785,662	7,729,790	9,515,452
June 30, 2023	2,159,861	7,942,030	10,101,891
Granted	—	—	—
Cancelations	(2,321)	—	(2,321)
September 30, 2023	2,157,540	7,942,030	10,099,570
June 30, 2022	1,866,429	7,769,894	9,636,323
Granted	—	87,095	87,095
Cancelations	(80,767)	(127,199)	(207,966)
September 30, 2022	1,785,662	7,729,790	9,515,452

Class B PIUs are equity in Adenza Parent. Subject to a participation threshold, if any, each holder of Class B PIUs is entitled to its pro rata share of proceeds from a Change in Control of Adenza Parent after satisfaction of all liabilities and payment to the holders of Class A Units of the Class A Unreturned Capital and Class A Unpaid Yield, each as defined in the Second Amended and Restated Limited Partnership Agreement of Adenza Parent.

The Class B EARs have a financial right to consideration upon a Change in Control. The Class B EARs are not actual equity interests in the Adenza Parent or any entity but represent a hypothetical unit of measurement maintained by the Adenza Parent in a bookkeeping account for the Participant's benefit, entitling the Participant to a cash payment subject to the terms and conditions of the Plan and assuming for these purposes that each Class B EAR is economically equivalent to one Class B PIU.

The Awards are subject to certain restrictions, including vesting restrictions, transferability restrictions, repurchase rights, and rights of first refusal. Some or all of the Awards may be subject to cancellation or repurchase upon the Participant's termination of employment with the Company.

Awards granted in March and April 2021 were subject to two types of vesting:

1. Type I – time-based vesting – 25% of the Awards would vest on the first anniversary of the acquisition of AxiomSL by Thoma Bravo (i.e., December 3, 2021), and the remaining 75% of the Type I Awards will vest in equal amounts monthly over the next thirty-six (36) months.
2. Type II – performance-based vesting - These Awards will vest depending upon Adenza meeting the EBITDA-based targets set by the Board for the relevant years 2021-2024. If the EBITDA-based target for a period is met, then 25% of the Type II Awards will vest as of December 31 of the relevant year.

Holders of Awards issued in March and April 2021 were offered the option to switch to the following vesting terms, which applied to all Awards issued in December 2021 and all awards issued in 2022, except for those under the Sales Vesting Plan described below. Some holders opted to switch to the terms of the awards issued in December 2021 however the value of both the awards is insignificant resulting in no impact on consolidated statements of operations.

Vesting can be divided into 3 types that are as follows:

1. Type I - time-based vesting - 25% of Type I Awards will vest on the first anniversary of the acquisition of Calypso by Thoma Bravo (i.e., July 22, 2022), and the remaining 75% of the Type I Awards will vest in equal amounts daily over the next thirty-six (36) months.
2. Type II - performance-based vesting - These Awards will vest depending upon Adenza meeting the EBITDA-based targets set by the Board for the relevant years 2022-2025. If the EBITDA-based target for a period is met, then 25% of the Type II Awards will vest as of December 31 of the relevant year.
3. Type Ill - will vest upon a change of control.

Participants may have the right to acceleration upon a Change in Control, as set forth in the applicable Grant Agreement. Upon termination of employment, unvested Awards are cancelled. Vested awards may be subject to cancelation or repurchase, depending on the terms of the applicable Grant Agreement and the circumstances of the Participant's termination.

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In May 2022, the Ultimate Parent issued Awards to Participants who are Sales Executives of the Company and its direct and indirect subsidiaries (the “Sales Vesting Plan”). Each Award is divided into three equal annual tranches. Vesting is determined based on each Participant’s sales quota as set forth in the Participant’s Sales Compensation Plan, and is determined as follows:

1. 0% to 65% Quota Achievement: No vesting of the annual tranche. All amounts in the annual tranche are forfeited.
2. 65% to 80% Quota Achievement: No vesting of the annual tranche, however 40% of the annual tranche carries over to the next year.
3. 80% to 100% Quota Achievement: Minimum 40% vesting of the annual tranche. The remaining 60% vests based on proportionate achievement between 80% and 100%. Unvested amounts carryover to the following year.

Quota overachievement entitles the Participant to additional vesting from the subsequent year’s tranche. Amounts carried-over from a prior year tranche are available for the next year only.

Awards granted under the Sales Vesting Plan are subject to the same restrictions and other terms and conditions as the other vesting plans.

9. Contingencies

The Company, from time to time, may be involved in various claims and lawsuits, both for and against the Company, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Company’s financial position, operations, and cash flows.

10. Re-organization costs

Re-organization costs are summarized below:

(USD 000)	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Restructure - *Severance and office relocation on account of Axiom & Calypso merger, Russia operations windup and NASDAQ, Inc. acquisitions related cost*	118	4,434
One time projects - *Internal entities reorganization post-merger and other realignment projects*	3,124	1,789
Systems - *Implementation of Finance and Customer Relationship Management systems*	1,412	2,610
Others - *Calypso acquisition and Cyber security*	198	528
Impairment of Right of Use Asset	—	3,640
Impairment of Leasehold improvement	—	1,113
	4,852	14,114

11. Income Taxes

The Company determines the tax provision for interim periods using an estimate of its annual effective tax rate. Each quarter, the Company updates its estimate of annual effective tax rate, and if its estimated tax rate changes, the Company makes a cumulative adjustment.

The Company's effective tax rate increased from 24.05% during the three and nine months ended September 30, 2022, to 31.41% and 30.34% during the three and nine months ended September 30, 2023. The Company recorded income tax benefit of $8.7 and $29.7 million for the three and nine months ended September 30, 2023 and $4.7 and $13.6 million for the three and nine months ended September 30, 2022. The increase in income tax benefit was primarily a result of an increase in pre-tax loss and in the projected annual effective tax rate during the three and nine months ended September 30, 2023, compared to the three and nine months ended September 30, 2022. The increase in the projected annual effective tax rate is driven, primarily, by an increase in the projected foreign derived intangible income benefit and creditability of foreign withholding taxes. The benefit is partially offset by an increase in the statutory tax rate in the UK effective April 1, 2023, and a projected reduction in GILTI and research tax credits.

Effective for taxable years beginning after December 31, 2021, Internal Code Section 174, Amortization of Research and Experimental Expenditures, provides that research and experimentation expenses can no longer be currently deducted, and instead are required to be capitalized. Such capitalized expenses are to be amortized over a period of five and fifteen years for the U.S. and foreign research, respectively. Although this change has no impact on the income statement due to offsetting current tax expense with corresponding deferred tax benefit, the change has resulted in an increase in the current and deferred tax balances as of September 30, 2023 and 2022.

12. Subsequent Events

The Company evaluated events occurred after September 30, 2023 through November 16, 2023, the date when the consolidated financial statements were available to be issued, and there are no subsequent events that met recognition or disclosure criteria, other than as disclosed below:

On November 1, 2023, NASDAQ, Inc. completed the acquisition of the Company. Pursuant to the merger of ARGUS Merger Sub 1, Inc. with and into the Company, and the subsequent merger of the Company with and into ARGUS Merger Sub 2, LLC (now named Adenza Holdings, LLC), the Company was discontinued as of November 1, 2023, with Adenza Holdings, LLC as its successor-in-interest. Further, the term loan was repaid in full on November 1, 2023 in connection with the acquisition of the Company by NASDAQ, Inc.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information combines the historical condensed consolidated balance sheet and statement of income of Nasdaq, Inc. (the "Company" or "Nasdaq") and the historical consolidated balance sheet and statement of operations of Adenza Holdings, Inc. and subsidiaries ("Adenza"), after giving effect to the Acquisition (as defined in *Note 1 – Description of the Acquisition and Financing Transactions*) and the pro forma effects of certain assumptions and adjustments described in "Notes to the Unaudited Pro Forma Condensed Combined Financial Information" below.

On November 1, 2023, we completed the acquisition of Adenza. At closing, 85.6 million shares of Nasdaq common stock, at a closing price of $48.71 per share, were issued to Thoma Bravo, the sole shareholder of Adenza, and represented approximately 15% of the outstanding shares of Nasdaq.

The unaudited pro forma condensed combined financial information has been prepared to give effect to the following:

- Application of the acquisition method of accounting under the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification 805, *Business Combinations* ("ASC 805") where the assets and liabilities of Adenza will be recorded by Nasdaq at their respective fair values as of the date the Acquisition was completed;
- Adjustments to conform financial statement presentation of Adenza to those of Nasdaq, based upon preliminary assessment by Nasdaq;
- Adjustments to reflect the following variable-rate financing transactions (collectively, the "Variable-Rate Financing Transactions") and other related adjustments:
    - Nasdaq's commercial paper issuances; and
    - Nasdaq's term loan facility;
- The transfer of purchase consideration comprised of approximately $5,770 million in cash (which is subject to customary post-closing adjustments) and 85,608,414 shares of Nasdaq common stock issued, in exchange for the right, title, and interest in and to all the outstanding shares of Adenza; and
- Adjustments to reflect transaction costs in connection with the Acquisition.

The Variable-Rate Financing Transactions along with Nasdaq's offerings of U.S. dollar denominated and Euro denominated senior notes issued in June 2023 (as discussed in *Note 1 – Description of the Acquisition and Financing Transactions*) are collectively referred to as the "Financing Transactions."

The following unaudited pro forma condensed combined balance sheet as of September 30, 2023 and the unaudited pro forma condensed combined statements of income for the year ended December 31, 2022 and the nine months ended September 30, 2023 are derived from and should be read in conjunction with (a) Nasdaq's (i) audited historical consolidated financial statements filed in the Annual Report on Form 10-K of Nasdaq for the year ended December 31, 2022 and (ii) unaudited interim condensed consolidated financial statements filed in the Quarterly Report on Form 10-Q of Nasdaq for the nine months ended September 30, 2023 and (b) Adenza's (i) audited historical consolidated financial statements for the year ended December 31, 2022 and (ii) unaudited interim consolidated financial statements for the nine months ended September 30, 2023. The unaudited pro forma condensed combined financial information gives effect to the Acquisition and the Variable-Rate Financing Transactions as if they had occurred on (i) September 30, 2023 for purposes of the unaudited pro forma condensed combined balance sheet, and (ii) January 1, 2022 for purposes of the unaudited pro forma condensed combined statements of income for the year ended December 31, 2022 and the nine months ended September 30, 2023.

The unaudited pro forma financial information has been derived from the financial statements of Nasdaq and Adenza after giving pro forma effect to the Acquisition and the Variable-Rate Financing Transactions. The unaudited pro forma condensed combined financial statements have been prepared by Nasdaq's management for illustrative purposes only and are not necessarily indicative of the consolidated financial position or results of operations that would have been realized had the Acquisition and the Variable-Rate Financing Transactions occurred on the dates indicated, nor are they meant to be indicative of any future consolidated financial position or future results of operations that Nasdaq will experience. Pro forma adjustments reflected in the unaudited pro forma condensed combined financial statements are based on available information and certain assumptions that we believe are reasonable and supportable, and do not reflect any cost savings, operating synergies or revenue synergies that may result from the Acquisition or the costs to achieve such synergies. The financial statements of Adenza used to prepare the unaudited pro forma condensed combined statements of income were prepared for the purpose of the unaudited pro forma condensed combined statements of income for the nine months ended September 30, 2023.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under U.S. GAAP, which requires all of the following steps: (a) identifying the acquirer; (b) determining the acquisition date; (c) recognizing and measuring the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; and (d) recognizing and measuring goodwill or a gain from a bargain purchase. For the Acquisition, Nasdaq is determined to be the accounting acquirer of Adenza. The identifiable assets acquired, and liabilities assumed, and goodwill are measured and recorded at their acquisition date fair value, with limited exceptions. The results of operations for the combined company will be reported prospectively after the Acquisition date. Nasdaq intends to finalize the valuations, other studies, and the purchase price allocation as soon as practicable within the measurement period, but in no event later than one year following the closing date of the Acquisition. The assets and liabilities of Adenza have been measured based on various preliminary estimates using assumptions that Nasdaq believes are reasonable based on information that is currently available. Accordingly, actual adjustments may differ from the amounts reflected in the unaudited pro forma condensed combined financial information and the differences may be material. We therefore caution you not to place undue reliance on the unaudited pro forma condensed combined financial information. An initial review of the accounting policies was completed to determine material differences and Nasdaq will continue to review the accounting policies and practices of Adenza, and as a result, may identify differences between the accounting policies and practices of the two companies that, when conformed, could have an impact on the financial statements of the Company after giving effect to the Acquisition.

As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analysis is performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of September 30, 2023
($ in millions)

	Nasdaq Historical As of September 30, 2023	(Note 3) Adenza Reclassed As of September 30, 2023	(Note 5) Transaction Accounting Adjustments – Acquisition	(Note 5) Transaction Accounting Adjustments – Financing	Pro Forma Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 5,340	$ 111	$ (5,982) (a)(b)	$ 797 (a)	$ 266
Restricted cash and cash equivalents	25	1	—	—	26
Default funds and margin deposits	5,935	—	—	—	5,935
Financial investments	272	—	—	—	272
Receivables, net	595	185	—	—	780
Other current assets	184	21	(5) (c)	—	200
Total current assets	12,351	318	(5,987)	797	7,479
Property and equipment, net	542	8	—	—	550
Goodwill	7,988	3,680	2,148 (d)	—	13,816
Intangible assets, net	2,446	1,836	3,244 (e)	—	7,526
Operating lease assets	397	15	—	—	412
Other non-current assets	626	67	(13) (c)	—	680
Total assets	$ 24,350	$ 5,924	$ (608)	$ 797	$ 30,463
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	$ 286	$ 60	$ —	$ —	$ 346
Section 31 fees payable to SEC	19	—	—	—	19
Accrued personnel costs	211	—	—	—	211
Deferred revenue	451	108	—	—	559
Other current liabilities	146	6	—	—	152
Default funds and margin deposits	5,935	—	—	—	5,935
Short-term debt	—	21	(21) (f)	200 (i)	200
Total current liabilities	7,048	195	(21)	200	7,422
Long-term debt	9,703	1,949	(1,949) (f)	597 (i)	10,300
Deferred tax liabilities, net	509	295	817 (g)	—	1,621
Operating lease liabilities	412	14	—	—	426
Other non-current liabilities	199	5	—	—	204
Total liabilities	17,871	2,458	(1,153)	797	19,973
Commitments and contingencies					
Equity					
Nasdaq stockholders' equity:					
Common stock, $0.01 par value	5	—	1 (h)	—	6
Additional paid-in capital	1,394	3,705	464 (h)	—	5,563
Common stock in treasury, at cost	(585)	—		—	(585)
Accumulated other comprehensive loss	(2,102)	(37)	37 (h)	—	(2,102)
Retained earnings	7,755	(202)	43 (b)(h)	—	7,596
Total Nasdaq stockholders' equity	6,467	3,466	545	—	10,478
Noncontrolling interests	12	—	—	—	12
Total equity	6,479	3,466	545	—	10,490
Total liabilities and equity	$ 24,350	$ 5,924	$ (608)	$ 797	$ 30,463

See the accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
For the Year Ended December 31, 2022
($ in millions, except per share data)

	Nasdaq Historical Year Ended December 31, 2022	(Note 3) Adenza Reclassed Year Ended December 31, 2022	(Note 6) Transaction Accounting Adjustments – Acquisition	Transaction Accounting Adjustments – Financing	Pro Forma Combined
Revenue:					
Market Platforms	$ 4,225	$ —	$ —	$ —	$ 4,225
Capital Access Platforms	1,684	—	—	—	1,684
Adenza	—	514	—	—	514
Anti-Financial Crime	306	—	—	—	306
Other revenues	11	—	—	—	11
Total revenues	6,226	514	—	—	6,740
Transaction-based expenses:					
Transaction rebates	(2,092)	—	—	—	(2,092)
Brokerage, clearance and exchange fees	(552)	—	—	—	(552)
Revenues less transaction-based expenses	3,582	514	—	—	4,096
Operating expenses:					
Compensation and benefits	1,003	181	—	—	1,184
Professional and contract services	140	12	—	—	152
Computer operations and data communications	207	16	—	—	223
Occupancy	104	10	—	—	114
General, administrative and other	125	11	—	—	136
Marketing and advertising	51	1	—	—	52
Depreciation and amortization	258	163	227 (a)	—	648
Regulatory	33	—	—	—	33
Merger and strategic initiatives	82	1	168 (b)	—	251
Restructuring charges	15	18	—	—	33
Total operating expenses	2,018	413	395	—	2,826
Operating income	1,564	101	(395)	—	1,270
Interest income	7	1	—	—	8
Interest expense	(129)	(172)	—	(164) (d)	(465)
Other income	2	1	—	—	3
Net income from unconsolidated investees	31	—	—	—	31
Income before income taxes	1,475	(69)	(395)	(164)	847
Income tax provision (benefit)	352	(25)	(100) (c)	(41) (e)	186
Net income	1,123	(44)	(295)	(123)	661
Net loss attributable to noncontrolling interests	2	—	—	—	2
Net income attributable to Nasdaq	$ 1,125	$ (44)	$ (295)	$ (123)	$ 663
Weighted Average Common Shares Outstanding—Basic	492.4		85.6 (f)		578.0 (f)
Weighted Average Common Shares Outstanding—Diluted	497.9		85.6 (f)		583.5 (f)
Earnings per share—Basic	$ 2.28				$ 1.15 (f)
Earnings per share—Diluted	$ 2.26				$ 1.14 (f)

See the accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
For the Nine Months Ended September 30, 2023
($ in millions, except per share data)

	Nasdaq Historical Nine Months Ended September 30, 2023	(Note 3) Adenza Reclassed Nine Months Ended September 30, 2023	(Note 6) Transaction Accounting Adjustments - Acquisition	(Note 6) Transaction Accounting Adjustments - Financing	Pro Forma Combined
Revenue:					
Market Platforms	$ 2,813	$ —	$ —	$ —	$ 2,813
Capital Access Platforms	1,309	—	—	—	1,309
Adenza	—	393	—	—	393
Anti-Financial Crime	265	—	—	—	265
Other revenues	30	—	—	—	30
Total revenues	4,417	393	—	—	4,810
Transaction-based expenses:					
Transaction rebates	(1,377)	—	—	—	(1,377)
Brokerage, clearance and exchange fees	(262)	—	—	—	(262)
Revenues less transaction-based expenses	2,778	393	—	—	3,171
Operating expenses:					
Compensation and benefits	777	151	—	—	928
Professional and contract services	92	7	—	—	99
Computer operations and data communications	168	14	—	—	182
Occupancy	99	6	—	—	105
General, administrative and other	62	11	—	—	73
Marketing and advertising	30	1	—	—	31
Depreciation and amortization	198	125	168 (a)	—	491
Regulatory	27	—	—	—	27
Merger and strategic initiatives	51	5	—	—	56
Restructuring charges	49	5	—	—	54
Total operating expenses	1,553	325	168	—	2,046
Operating income	1,225	68	(168)	—	1,125
Interest income	86	2	—	—	88
Interest expense	(174)	(171)	—	(8) (d)	(353)
Other income (loss)	(6)	2	—	—	(4)
Net loss from unconsolidated investees	(8)	—	—	—	(8)
Income before income taxes	1,123	(99)	(168)	(8)	848
Income tax provision (benefit)	262	(30)	(42) (c)	(2) (e)	188
Net income	861	(69)	(126)	(6)	660
Net loss attributable to noncontrolling interests	1	—	—	—	1
Net income attributable to Nasdaq	$ 862	$ (69)	$ (126)	$ (6)	$ 661
Weighted Average Common Shares Outstanding—Basic	490.7		85.6 (f)		576.3 (f)
Weighted Average Common Shares Outstanding—Diluted	494.2		85.6 (f)		579.8 (f)
Earnings per share—Basic	$ 1.76				$ 1.15 (f)
Earnings per share—Diluted	$ 1.74				$ 1.14 (f)

See the accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1 - Description of the Acquisition and Financing Transactions

The Acquisition

On June 12, 2023, Nasdaq announced that it had entered into an Agreement and Plan of Merger (the “Merger Agreement”), dated as of June 10, 2023, by and among Nasdaq, Argus Merger Sub 1, Inc. (“Merger Sub 1”), Argus Merger Sub 2, LLC (“Merger Sub 2”), Adenza and Argus Seller, LP (f/k/a Adenza Parent, LP) (“Seller”) to acquire Adenza for cash consideration of $5,750 million (subject to customary closing adjustments) and 85,608,414 shares of Nasdaq common stock. On November 1, 2023, Nasdaq completed the acquisition of Adenza for a total of purchase consideration of $9,940 million, which is comprised of $5,770 million in cash consideration (subject to customary post-closing adjustments) and the issuance of 85,608,414 shares of Nasdaq common stock at a price of $48.71 per share. A portion of the cash consideration was used to settle the existing indebtedness of Adenza and its subsidiaries. In connection with the consummation of the Acquisition, (i) Merger Sub 1 merged with and into Adenza with Adenza being the surviving entity (“Surviving Corporation”) and continuing as a wholly owned subsidiary of Nasdaq, (ii) Surviving Corporation merged with and into Merger Sub 2 with Merger Sub 2 being the surviving company (“Surviving Company”) and continuing as a wholly owned subsidiary of Nasdaq.

The unaudited pro forma condensed combined financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of Adenza based on Nasdaq management’s best estimate of fair value. The final purchase price allocation may vary based on final valuations and analyses of fair value of the acquired assets and assumed liabilities. The actual results of Adenza for periods subsequent to September 30, 2023 may result in material differences to the pro forma results had they been prepared on the basis of subsequent periods. Accordingly, the pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The Financing Transactions

In June 2023, Nasdaq issued six series of notes for aggregate proceeds of $5,016 million, net of debt issuance costs of $38 million, with various maturity dates ranging from 2025 to 2063. During the third quarter of 2023, we incurred an additional $5 million in debt issuance costs, for total net proceeds from the issuance of the six series of notes of $5,011 million as of September 30, 2023.

In June 2023, in connection with the financing of the Acquisition, we entered into a term loan credit agreement (the “Acquisition Term Loan Agreement”). The Acquisition Term Loan Agreement provided us with the ability to borrow up to $600 million to finance a portion of the cash consideration for the Acquisition, for repayment of certain debt of Adenza and its subsidiaries, and to pay fees, costs and expenses related to the transaction. On November 1, 2023, we borrowed $599 million, net of fees, under this term loan towards payment of the cash consideration due in connection with the Acquisition.

The unaudited pro forma condensed combined financial information includes additional financing adjustments related to (i) our borrowing under the Acquisition Term Loan Agreement and (ii) the issuance of commercial paper.

The net proceeds of the Financing Transactions were used to finance the Acquisition as well as for repayment of Adenza and its subsidiaries’ existing indebtedness and to settle transaction related fees and expenses.

Note 2 – Basis of Presentation

The unaudited pro forma condensed combined financial statements are based on the historical consolidated financial statements of Nasdaq and Adenza, respectively, as adjusted to give pro forma effect to the Acquisition and the Variable-Rate Financing Transactions.

The unaudited pro forma condensed combined balance sheet as of September 30, 2023, the unaudited pro forma condensed combined statement of income for the year ended December 31, 2022, and the unaudited pro forma condensed combined statement of income for the nine months ended September 30, 2023 presented herein are based on the historical financial statements of Nasdaq and Adenza. The following financial information was combined:

- The unaudited pro forma condensed combined balance sheet as of September 30, 2023 is presented as if the Acquisition and the Variable-Rate Financing Transactions had occurred on September 30, 2023 and combines the historical unaudited condensed consolidated balance sheet of Nasdaq as of September 30, 2023 with the historical unaudited consolidated balance sheet of Adenza as of September 30, 2023.

- The unaudited pro forma condensed combined statement of income for the year ended December 31, 2022 has been prepared as if the Acquisition and Variable-Rate Financing Transactions had occurred January 1, 2022, the first day of the beginning of Nasdaq's fiscal year 2022 and the beginning of Nasdaq's annual period presented, and combines Nasdaq's historical audited consolidated statement of income for the year ended December 31, 2022 with Adenza's historical audited consolidated statement of operations for the year ended December 31, 2022.
- The unaudited pro forma condensed combined statement of income for the nine months ended September 30, 2023 has been prepared as if the Acquisition and Variable-Rate Financing Transactions had occurred on January 1, 2022 and combines Nasdaq's historical unaudited condensed consolidated statement of income for the nine months ended September 30, 2023 with Adenza's historical unaudited consolidated statement of operations for the nine months ended September 30, 2023.

Pro forma adjustments reflected in the unaudited pro forma condensed combined financial statements are based on available information. The Company is still in the process of aligning Adenza's revenue with Nasdaq's segment presentation. Therefore, the Company has presented Adenza's revenue separately in the unaudited pro forma condensed combined statement of income for the year ended December 31, 2022, and the unaudited pro forma condensed combined statement of income for the nine months ended September 30, 2023.

The Acquisition is accounted for as a business combination using the acquisition method of accounting under the provisions of ASC 805 and using the fair value concepts defined in ASC 820, Fair Value Measurements. Under ASC 805, all assets acquired and liabilities assumed are recorded at their acquisition date fair value, while transaction costs associated with the business combination are expensed as incurred. The excess of acquisition consideration over the estimated fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill. The determination of the fair values of the assets acquired and liabilities assumed (and the related determination of estimated useful lives of amortizable identifiable intangible assets) requires significant judgment and estimates. The estimates and assumptions used include the projected timing and amount of future cash flows and discount rates reflecting risk inherent in the future cash flows related to the businesses acquired. The preliminary fair value estimates of the net assets acquired are based upon preliminary calculations and valuations, and those estimates and assumptions regarding certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired, income taxes, and goodwill are subject to change as the Company obtains additional information during the measurement period (up to one year from the Acquisition date). Although the Company believes the fair values assigned to the assets acquired and liabilities assumed from the Acquisition are reasonable, new information may be obtained about facts and circumstances that existed as of the date of the Acquisition during the twelve-month period following the Acquisition which could cause actual results to differ materially from the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial statements do not include the realization of any cost savings from operating efficiencies, synergies or other restructuring activities which might result from the Acquisition.

Note 3 – Reclassification Adjustments

Reclassification of historical Adenza financial statement line items was required as of September 30, 2023, for the year ended December 31, 2022 and the nine months ended September 30, 2023 to conform to the expected financial statement line items of the combined company following the Acquisition.

Pro Forma Combined Balance Sheet reclassification adjustments as of September 30, 2023 included the following (in millions):

Adenza Historical Consolidated Balance Sheet Line Items	Nasdaq Historical Consolidated Balance Sheet Line Items	Adenza Historical Consolidated Balances as of September 30, 2023	Reclassification		Adenza Reclassed as of September 30, 2023
Restricted cash	Restricted cash and cash equivalents	1	—		1
Accounts receivable—net	Receivables, net	69	116	(a)	185
Unbilled receivables		116	(116)	(a)	—
Prepaid expenses and other current assets	Other current assets	10	11	(b) (c)	21
Deferred contract costs		5	(5)	(b)	—
Prepaid income taxes		6	(6)	(c)	—
Unbilled receivables, noncurrent		44	(44)	(a)	—
Right-of-use assets	Operating lease assets	15	—		15
Deferred contract costs, noncurrent		13	(13)	(b)	—
Deferred tax assets		3	(3)	(d)	—
Restricted cash – non-current		1	(1)	(e)	—
Equity investment		4	(4)	(f)	—
Other long-term assets	Other non-current assets	2	65	(a) (b) (d) (d) (e) (f)	67
Current maturities of long-term debt	Short-term debt	21	—		21
Accounts payable	Accounts payable and accrued expenses	5	55	(g)	60
Accrued expenses		55	(55)	(g)	—
	Other current liabilities	—	6	(h)	6
Lease liabilities		6	(6)	(h)	—
Long-term debt, less current maturities	Long-term debt	1,949	—		1,949
Lease liabilities - non-current	Operating lease liabilities	14	—		14
Other long-term liabilities	Other non-current liabilities	3	2	(i)	5
Deferred revenue, net of current portion		2	(2)	(i)	—
Deferred tax liabilities	Deferred tax liabilities, net	295	—		295
Accumulated deficit	Retained earnings	(202)	—		(202)

(a) Reclassification of $116 million of Unbilled receivables to Receivables, net;
Reclassification of $44 million of Unbilled receivables, noncurrent to Other non-current assets;
(b) Reclassification of $5 million of Deferred contract costs to Other current assets;
Reclassification of $13 million of Deferred contract costs, noncurrent to Other non-current assets;
(c) Reclassification of $6 million of Prepaid income taxes to Other current assets;
(d) Reclassification of $3 million of Deferred tax assets to Other non-current assets;
(e) Reclassification of $1 million of Restricted cash -non-current to Other non-current assets;
(f) Reclassification of $4 million of Equity investment to Other non-current assets;
(g) Reclassification of $55 million of Accrued expenses to Accounts payable and accrued expenses;
(h) Reclassification of $6 million of Lease liabilities to Other current liabilities; and
(i) Reclassification of $2 million of Deferred revenue, net of current portion to Other non-current liabilities.

Pro Forma Combined Statement of Income reclassification adjustments for the year ended December 31, 2022 included the following (in millions):

Adenza Historical Consolidated Statement of Operations Line Items	Nasdaq Historical Consolidated Statements of Income Line Items	Adenza Historical Year Ended December 31, 2022	Reclassification		Adenza Reclassed Year Ended December 31, 2022
	Compensation and benefits	—	181	(a) (c) (d)	181
	Professional and contract services	—	12	(a) (d)	12
	Computer operations and data communications	—	16	(a) (c) (d)	16
	Occupancy	—	10	(c) (d)	10
	General, administrative and other	—	11	(a) (c) (d) (e)	11
	Marketing and advertising	—	1	(d)	1
Cost of sales		97	(97)	(a)	—
Amortization of developed technology		61	(61)	(b)	—
Research and development		57	(57)	(c)	—
Selling, general, and administrative		76	(76)	(d)	—
Depreciation and amortization	Depreciation and amortization	102	61	(b)	163
Transaction costs	Merger and strategic initiatives	1	—		1
Re-organization costs	Restructuring charges	18	—		18
Loss on foreign currency transactions		1	(1)	(e)	—
Benefit for income taxes	Income tax provision	(25)	—		(25)

(a) Reclassification of $97 million of Cost of sales, of which $79 million to Compensation and benefits, $8 million to Professional and contract services, $8 million to Computer operations and data communications and $2 million to General, administrative and other;

(b) Reclassification of $61 million of Amortization of developed technology to Depreciation and amortization;

(c) Reclassification of $57 million of Research and development, of which $52 million to Compensation and benefits, $3 million to Computer operations and data communications, $1 million to Occupancy and $1 million to General, administrative and other;

(d) Reclassification of $76 million of Selling, general and administrative, of which $50 million to Compensation and benefits, $4 million to Professional and contract services, $5 million to Computer operations and data communications, $9 million to Occupancy, $7 million to General, administrative and other and $1 million to Marketing and advertising; and

(e) Reclassification of $1 million of Loss on foreign currency transactions to General, administrative, and other.

Pro Forma Combined Statement of Income reclassification adjustments for the nine months ended September 30, 2023 included the following (in millions):

Adenza Historical Consolidated Statement of Operations Line Items	Nasdaq Historical Consolidated Statements of Income Line Items	Adenza Historical Nine Months Ended September 30, 2023	Reclassification		Adenza Reclassed Nine Months Ended September 30, 2023
	Compensation and benefits	—	151	(a) (c) (d)	151
	Professional and contract services	—	7	(a) (d)	7
	Computer operations and data communications	—	14	(a) (c) (d)	14
	Occupancy	—	6	(c) (d)	6
	General, administrative and other	—	11	(a) (c) (d) (e)	11
	Marketing and advertising	—	1	(d)	1
Cost of sales		84	(84)	(a)	—
Amortization of developed technology		48	(48)	(b)	—
Research and development		43	(43)	(c)	—
Selling, general, and administrative		61	(61)	(d)	—
Depreciation and amortization	Depreciation and amortization	77	48	(b)	125
Transaction costs	Merger and strategic initiatives	5	—		5
Re-organization costs	Restructuring charges	5	—		5
Loss on foreign currency transactions		2	(2)	(e)	—
Benefit for income taxes	Income tax provision	(30)	—		(30)

(a) Reclassification of $84 million of Cost of sales, of which $69 million to Compensation and benefits, $4 million to Professional and contract services, $9 million to Computer operations and data communications and $2 million to General, administrative and other;

(b) Reclassification of $48 million of Amortization of developed technology to Depreciation and amortization;

(c) Reclassification of $43 million of Research and development, of which $41 million to Compensation and benefits, $1 million to Computer operations and data communications and $1 million to General, administrative and other;

(d) Reclassification of $61 million of Selling, general, and administrative, of which $41 million to Compensation and benefits, $3 million to Professional and contract services, $4 million to Computer operations and data communications, $6 million to Occupancy, $6 million to General, administrative and other and $1 million to Marketing and advertising; and

(e) Reclassification of $2 million of Loss on foreign currency transactions to General, administrative and other.

Note 4 – Preliminary Purchase Price Allocation

(a) Purchase Consideration

The total purchase consideration is calculated as follows:

Purchase Consideration *(in millions, except share data)*	**Amount**
Shares of Nasdaq common stock issued	85,608,414
Closing price per share of Nasdaq common stock on November 1, 2023	$ 48.71
Fair value of equity portion of the purchase consideration	$ 4,170
Cash purchase consideration (1)	5,814
Aggregate purchase consideration	$ 9,984
Less: Adenza closing indebtedness as of September 30, 2023 settled by Nasdaq	(2,002)
Less: Adenza transaction costs settled by Nasdaq	(65)
Total consideration to shareholders	$ 7,917

(1) Includes acquired cash of $44 million.

(b) Preliminary Purchase Price Allocation

The aggregate purchase consideration allocation to assets acquired and liabilities assumed is provided throughout these notes to the unaudited pro forma condensed combined financial statements. The following table provides a summary of the aggregate purchase consideration allocation by major categories of assets acquired and liabilities assumed based on Nasdaq's management's preliminary estimate of their respective fair values:

Preliminary Aggregate Purchase Consideration Allocation *(in millions)*	**Amount**
Total aggregate purchase consideration	$ 9,984
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Net book value of assets acquired	5,436
Write-off of preexisting Adenza goodwill and intangible assets	(5,516)
Adjusted net book value of assets acquired	(80)
Identifiable intangible assets at fair value	5,080
Less: Elimination of capitalized commissions for purchase accounting	(18)
Less: Transaction costs to be paid by Adenza prior to transaction close	(9)
Less: Deferred tax adjustments	(817)
Net assets acquired	4,156
Pro forma goodwill	$ 5,828

The preliminary aggregate purchase consideration allocation above reflects preliminary estimated goodwill of $5,828 million as of the Acquisition date. Goodwill represents the excess of the aggregate purchase consideration over the preliminary estimated fair values of recorded tangible and intangible assets acquired and liabilities assumed in the Acquisition. The actual amount of goodwill to be recorded in connection with the Acquisition is subject to change once the valuation of the fair value of tangible and intangible assets acquired and liabilities assumed has been completed. The final valuation of such assets and liabilities is expected to be completed as soon as practicable but no later than one year after the consummation of the Acquisition.

Note 5 – Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet

Acquisition Accounting Adjustments:

(a) The change in cash and cash equivalents was determined as follows:

Cash and Cash Equivalents *(in millions)*	**Amount**
Transaction accounting adjustments – Acquisition	
Uses for Acquisition of Adenza:	
Cash consideration transferred, net	$(3,812)
Settlement of Adenza's existing debt (See (f) below)	(2,002)
Nasdaq transaction costs (See (b) below)	(94)
Settlement of Adenza transaction costs (See (b) below)	(74)
Pro forma adjustment – acquisition to Cash and cash equivalents	$(5,982)

Cash and Cash Equivalents *(in millions)*	**Amount**
Transaction accounting adjustments – Financing	
Sources for Acquisition of Adenza:	
Proceeds from the Variable-Rate Financing Transactions	$ 800
Less: Capitalized debt issuance costs and transaction costs for financing	(3)
Pro forma adjustment – financing to Cash and cash equivalents	$ 797

(b) Represents $94 million of total Nasdaq contingent transaction costs incurred in connection with the closing of the Acquisition on November 1, 2023. See (a) above. The adjustment reflects a reduction in cash of $94 million and a reduction to retained earnings of $94 million. Approximately $43 million of transaction related expenses are included under merger and strategic initiatives in the Nasdaq historical statement of income for the nine months ended September 30, 2023, of which $27 million relates to expense incurred to obtain the bridge term loan facility for which the Company had obtained commitments (the "Bridge Loan Financing"). The Bridge Loan Financing was not drawn, all commitments were terminated and had no further impact on the pro forma financial statements.

Represents $74 million of total Adenza transaction costs expected to be incurred in connection with the Acquisition, which will result in a reduction to cash and a reduction to retained earnings for the year ended December 31, 2022. Approximately $65 million of the $74 million total transaction costs were settled at close as a distribution from the purchase consideration. Approximately $4 million of transaction related expenses were included in the Adenza income statement for the nine months ended September 30, 2023. The following provides a reconciliation of transaction costs to be incurred by Adenza related to the Acquisition and paid by Nasdaq as a reduction to purchase consideration:

Adenza Transaction Costs *(in millions)*	**Amount**
Adenza transaction costs to be incurred	$ 74
Less: Transaction costs settled by Adenza prior to transaction close	(9)
Adenza transaction costs settled by Nasdaq (1)	$ 65

(1) See Note 4(a).

(c) Represents the removal of assets related to capitalized commission expenses that are not part of the net assets acquired at the closing of the Acquisition. The total historical Adenza capitalized commission expenses of $18 million included a short-term portion of $5 million in Other current assets and a long-term portion of $13 million in Other non-current assets.

(d) Represents the elimination of Adenza's historical goodwill and the recognition of the preliminary goodwill for estimated purchase consideration in excess of the fair value of the net assets acquired in connection with the Acquisition:

Goodwill *(in millions)*	**Amount**
Fair value of consideration transferred in excess of the preliminary fair value of assets acquired and liabilities assumed	$ 5,828
Removal of Adenza's historical goodwill	(3,680)
Pro forma net adjustment to Goodwill	$ 2,148

The adjustment to goodwill is calculated based on Adenza's historical goodwill as of September 30, 2023.

(e) Represents an adjustment of $3,244 million to intangible assets acquired from Adenza in connection with the Acquisition, consisting of the following:

Intangible Assets *(in millions)*	**Amount**	**Estimated Useful Life (in years)**
Customer relationships	$ 3,760	18
Acquired technology	960	6
Trade name	360	20
Removal of Adenza's historical intangible assets, net of accumulated amortization	(1,836)	
Pro forma net adjustment to Acquired intangible assets	$ 3,244	

The fair value estimates for all identifiable intangible assets are preliminary and are based on assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). The final fair value determination for identifiable intangible assets may differ materially from this preliminary determination.

The estimated fair value of Adenza's preliminary identified intangible assets includes customer relationships, acquired technology and trade name. The adjustment to intangible assets records identifiable intangible assets acquired at their fair value based on preliminary estimates. For purposes of estimating the fair values of the intangible assets, benchmarking information, publicly available information as well as a variety of other assumptions, including market participant assumptions, were used. The fair values of the intangible assets were valued using the market comparable approach.

(f) The following table reflects the settlement of Adenza's existing indebtedness as of September 30, 2023, resulting in the decrease in debt balances as follows:

Settlement of Historical Adenza Debt *(in millions)*	**Amount**
Use of proceeds:	
Settlement of Adenza's outstanding indebtedness	$ 2,002
Less: Write-off of capitalized debt issuance costs	(32)
Settlement of existing Adenza's indebtedness, net	$ 1,970
Pro forma net adjustment to Short-term debt	$ (21)
Pro forma net adjustment to Long-term debt	$(1,949)

(g) Reflects deferred taxes resulting from pro forma fair value adjustments based on the estimated blended statutory tax rate of approximately 25% as follows:

Deferred Tax Adjustment *(in millions)*	Amount
Deferred tax	$1,280
Less: Adenza's historical deferred tax liabilities	(463)
Deferred tax adjustment due to PPA adjustments	**$ 817**

The effective tax rate of the combined company could be significantly different (either higher or lower) depending on post-acquisition activities, including cash needs, the geographical mix of income and changes in tax law. Because the tax rates used for the pro forma financial information are estimated, the blended rate will likely vary from the actual effective rate in periods subsequent to completion of the Acquisition. This determination is preliminary and subject to change based upon the final determination of the fair value of the acquired assets and assumed liabilities.

(h) Represents the elimination of Adenza's historical equity balances. The pro forma net adjustment to Additional paid-in capital consists of the following:

Additional Paid-in Capital Adjustment *(in millions)*	Amount
Elimination of historical Adenza Additional paid-in capital	$(3,705)
Fair value of equity portion of the purchase consideration, less $0.01 par value	4,169
Pro forma net adjustment to Additional paid-in capital	**$ 464**

The adjustment of $1 million to common stock reflects the issuance of 85,608,414 shares of Nasdaq common stock with a par value of $0.01 per share to satisfy the equity portion of the purchase consideration. The closing price per share of Nasdaq common stock on November 1, 2023 was $48.71 per share. See Note 4(a).

Financing Adjustments:

(i) Represents drawdowns on our term loan and commercial paper as well as additional debt issuance costs that were not included in the Nasdaq historical balance sheet as of September 30, 2023, as follows:

Debt, net *(in millions)*	Amount
Proceeds from the term loan	$ 600
Proceeds from the issuance of commercial paper	200
Less: Capitalized debt issuance costs	(3)
Total debt, net	$ 797
Less: Short-term debt	(200)
Long-term debt, net	$ 597

Note 6 – Adjustments to the Unaudited Pro Forma Condensed Combined Statements of Income

Acquisition Accounting Adjustments:

(a) Represents an adjustment to reflect an increase to amortization expense for the estimated fair value adjustment of acquired intangible assets on a straight-line basis over the remaining useful life as follows:

Amortization of Technology-Based Intangibles *(in millions)*	**Estimated Useful Life**	**Estimated Fair Value**	**For the Year Ended December 31, 2022**	**For the Nine Months Ended September 30, 2023**
Acquired technology	6	$ 960	$ 160	$ 120
Less: Adenza 's historical amortization in Depreciation and Amortization			(67)	(53)
Pro forma net adjustment to Depreciation and Amortization			$ 93	$ 67

Amortization of Customer-Based Intangibles *(in millions)*	**Estimated Useful Life**	**Estimated Fair Value**	**For the Year Ended December 31, 2022**	**For the Nine Months Ended September 30, 2023**
Customer relationships	18	$ 3,760	$ 209	$ 157
Less: Adenza's historical amortization in Depreciation and Amortization			(83)	(62)
Pro forma net adjustment to Depreciation and Amortization			$ 126	$ 95

Amortization of Trade Name-Based Intangibles *(in millions)*	**Estimated Useful Life**	**Estimated Fair Value**	**For the Year Ended December 31, 2022**	**For the Nine Months Ended September 30, 2023**
Trade Name	20	$ 360	$ 18	$ 14
Less: Adenza's historical amortization in Depreciation and Amortization			(10)	(8)
Pro forma net adjustment to Depreciation and Amortization			$ 8	$ 6

(in millions)	**For the Year Ended December 31, 2022**	**For the Nine Months Ended September 30, 2023**
Total pro forma net adjustment to Depreciation and Amortization	$ 227	$ 168

The amortization related to these amortizable identifiable intangible assets is reflected as a pro forma adjustment in the unaudited pro forma condensed combined statements of income. The identifiable intangible assets and related amortization are preliminary and are based on management's estimates after consideration of similar transactions as well as an analysis of the net present value of the projected cash flows for Adenza over the weighted-average estimated useful lives. For purposes of the pro forma adjustment for the amortization of the intangible assets, the estimated useful lives used are consistent with the Company's accounting policy. As discussed above, the amount that will ultimately be allocated to identifiable intangible assets and liabilities, and the related amount of amortization, may differ materially from this preliminary allocation. In addition, the periods the amortization impacts will ultimately be based upon the periods in which the associated economic benefits or detriments are expected to be derived or, where appropriate, based on the use of a straight-line method. Therefore, the amount of amortization following the closing of the Acquisition may differ significantly between periods based upon the final value assigned and amortization methodology used for each identifiable intangible asset. The final valuation of such assets and liabilities is expected to be completed as soon as practicable but no later than one year after the consummation of the Acquisition.

(b) Reflects the $94 million incremental buyer transaction costs expected to be incurred, together with $74 million incremental seller transaction costs expected to be incurred related to the Acquisition. See Note 5(b).

(c) Reflects the income tax impact of the acquisition accounting adjustments utilizing an estimated blended statutory income tax rate of approximately 25% for the year ended December 31, 2022 and for the nine months ended September 30, 2023. The effective tax rate of the combined company could be significantly different (either higher or lower) depending on activities following the consummation of the Acquisition, including cash needs, the geographical mix of income and changes in tax law.

Financing Adjustments:

(d) The following table summarizes the removal of historical Adenza interest expense and the pro forma interest expense related to the Financing Transactions:

Interest Expense *(in millions)*	**Principal Balance**	**For the Year Ended December 31, 2022**	**For the Nine Months Ended September 30, 2023**
Interest expense	$ 5,855	$ 331	$ 174
Amortization of capitalized debt issuance costs		6	5
Less: Adenza's historical interest expense		(165)	(165)
Less: Adenza's historical amortization of capitalized debt issuance costs		(8)	(6)
Pro forma net adjustment to Interest and other related expense, net		$ 164	$ 8

The pro forma net adjustment to Interest and other related expense were calculated using the actual terms of Nasdaq's issued six series of notes, assuming the notes were issued on January 1, 2022, and current interest rate for our variable-rate financing, which includes our term loan and commercial paper. Approximately $73 million of interest expense on the six series of notes are included under interest expense in the Nasdaq historical statement of income for the nine months ended September 30, 2023.

Variable-rate financing costs are sensitive to changes in interest rates and the pro forma adjustment presented is not intended to reflect the ultimate expense the Company will incur. For each 0.125% change (increase or decrease) in actual or assumed interest rates, interest expense on our variable-rate financing would increase or decrease by approximately $1 million for the year ended December 31, 2022 and for the nine months ended September 30, 2023.

(e) Reflects the income tax impact of the financing adjustments utilizing an estimated blended statutory income tax rate of approximately 25% for the year ended December 31, 2022 and for the nine months ended September 30, 2023. The effective tax rate of the combined company could be significantly different (either higher or lower) depending on activities following the consummation of the Acquisition, including cash needs, the geographical mix of income and changes in tax law.

(f) The following tables calculate the unaudited pro forma combined basic and diluted earnings per share, which is adjusted to reflect the pro forma net income for the year ended December 31, 2022 and for the nine months ended September 30, 2023, as presented on the unaudited pro forma condensed combined statements of income:

(in millions, except share data)	For the Year Ended December 31, 2022 Basic	For the Year Ended December 31, 2022 Diluted
Numerator:		
Pro forma combined net income	$ 661	$ 661
Pro forma combined net loss attributable to noncontrolling interests	2	2
Pro forma combined net income attributable to common stockholders	$ 663	$ 663
Denominator:		
Historical Nasdaq weighted average shares outstanding as of December 31, 2022	492,420,787	497,857,565
Adjustment to give effect to the issuance of shares of Nasdaq common stock upon closing	85,608,414	85,608,414
Pro forma weighted average shares outstanding	578,029,201	583,465,979
Pro forma net income per share	$ 1.15	$ 1.14

(in millions, except share data)	For the Nine Months Ended September 30, 2023 Basic	For the Nine Months Ended September 30, 2023 Diluted
Numerator:		
Pro forma combined net income	$ 660	$ 660
Pro forma combined net loss attributable to noncontrolling interests	1	1
Pro forma combined net income attributable to common stockholders	$ 661	$ 661
Denominator:		
Historical Nasdaq weighted average shares outstanding as of September 30, 2023	490,680,174	494,175,758
Adjustment to give effect to the issuance of shares of Nasdaq common stock upon closing	85,608,414	85,608,414
Pro forma weighted average shares outstanding	576,288,588	579,784,172
Pro forma net income per share	$ 1.15	$ 1.14