SIMCORP

ANNUAL REPORT

2019

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Company reg. no: 15505281 • www.simcorp.com

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CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF SIMCORP A/S

DISCLAIMER

SimCorp's annual report includes certain forward-looking statements regarding the Group's future financial situation. Such statements are based on SimCorp's current plans, estimates, and projections. By nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and are thus not a guarantee of future performance. Accordingly, the actual performance may deviate materially from that expressed in such forward-looking statements due to a variety of factors. The main (but not all) factors of risk and uncertainty are dealt with in further detail under the heading "Risk Management" on pages 26-28 and in note 6.2 "Risk" in this annual report. Factors that may impact the Group's revenue growth and profitability margin from year to year include, but are not limited to, the timing of large deals and investments. Unless required by law or corresponding obligations, SimCorp A/S is under no duty and undertakes no obligation to update or revise forward-looking statements after the distribution of this document, whether as a result of new information, future events, or otherwise.

SIMCORP AT A GLANCE

SIMCORP IS

The leading provider of native **integrated front-to-back, multi-asset, investment management solutions** to the world's largest investment companies

A **growth company** that will strengthen its **capacity and ability to innovate** through an ecosystem of partners

Committed to providing **value to our clients, shareholders, employees, and society alike**

A challenging and diverse workplace for our dedicated and talented employees, who are all **curious** and **capable**, **collaborate**, and have **courage**

A strong business partner with **+45 years** of experience and an **unprecedented implementation track record**

Market-leading in allocating **around 20% of revenue to R&D**

OUR SOLUTIONS

SimCorp Sofia

Front-to-back investment management solution for the Italian insurance market.

SimCorp Dimension

SimCorp's core system provides multi-asset class support across the investment value chain.

SimCorp Gain

Dedicated enterprise data management solution for reference and market data management.

SimCorp Coric

Dedicated solution for client communications and reporting automation.

SIMCORP AT A GLANCE

SEGMENTS SERVED

- ✓ Asset management
- ✓ Fund management
- ✓ Insurance
- ✓ Life/pension
- ✓ Asset servicing
- ✓ Treasury
- ✓ Central banks
- ✓ Sovereign wealth
- ✓ Wealth management

A STRONG CLIENT BASE

45%

of the top 100 investment managers worldwide are SimCorp Dimension clients.

REVENUE

454.5m

EUR

A GLOBAL COMPANY

26
OFFICE LOCATIONS

1,871
EMPLOYEES

63
NATIONALITIES

CEO AND CHAIRMAN LETTER

SUSTAINABLE GROWTH

SimCorp delivered a strong performance in 2019 with revenue of EUR 454.5m and EBIT of EUR 127.8m. Revenue in local currencies grew 16.9% and EBIT margin in local currencies improved by 0.7%-points. We welcomed 12 new SimCorp Dimension clients and grew business with existing clients. An updated strategy is in place to secure continuous long-term revenue and profit growth.

2019 proved to be a year of high growth for SimCorp, with reported revenue increase of 19% and EBIT improvement of 24%. A robust combination of winning new clients and expanding relationships with our existing clients secured a strong result in line with our ambitions.

2019 brought the total number of SimCorp clients above 300; with 12 new clients growing the number of SimCorp Dimension® clients to 199, 30 new clients from the acquisition of data management software provider AIM Software, our former partner, and the rest being SimCorp Coric® and SimCorp Sofia clients.

While complementing our data management offering with the strategic acquisition of AIM Software, we believe that a strong organic growth of 15.5% proves the relevance of our core front-to-back offering, ensured by our constantly high investments in R&D.

Solid R&D investments have in 2019 enabled us to further strengthen our offering, from additional standard platform solutions that shorten time to value for our clients to new alternative investments capabilities that meet client demands for more innovative investment strategies.

Klaus Holse
Chief Executive Office

Peter Schütze
Chairman

"Our updated strategy positions us to remain a key business partner by adapting timely to changes in our clients' needs and preferences

454.5m
Revenue EUR

16.9%
Revenue growth (local currencies)

127.8m
EBIT EUR

27.7%
EBIT margin (local currencies)

Based on evolving client needs, the current business environment, and the successful execution of our strategy, SimCorp's ambition is to generate long-term, double-digit, annual revenue growth and improve our profitability margin, recognizing that there will be fluctuations in both revenue growth and profitability margin from year to year, due to the timing of large deals and investments.

A KEY BUSINESS PARTNER

It is imperative that we remain a key business partner to our clients and adapt timely to changes in their needs and preferences. Going forward, we will continue to solve our clients' business challenges and enable their success, but increasingly through a more holistic approach. We want to provide more complete offerings with a strong focus on business outcome. Furthermore, we will continue opening up our SimCorp Dimension platform to partners and clients for co-innovation, thereby creating an ecosystem of solutions. We have already begun the transformation towards delivering more and more of our offerings as a service. Today, we do not only deliver software, implementation, and support, but to an increasing extent, complete offerings hosted and operated by us.

TRANSFORMATIONAL STRATEGY

During 2019, the Board of Directors has worked closely with the executive management team to develop a strategy that will enable us to stay a key business partner for our clients and keep us strongly positioned for the future.

The updated strategy sets the direction for SimCorp's future, with the aspiration of empowering our clients to realize their ambitions by being the leading global provider of front-to-back, multi-asset, investment management solutions. While our native front-to-back offering and independence already sets us apart from the competition, our strategic imperatives and priorities will help us remain a trusted business partner.

Already, we see strong proof-points of the transition upon which we are embarking. We have a large number of clients that use more than "just" software from SimCorp, reflected in our ever-increasing service deliveries. We see existing clients migrating from on-premise to cloud-based as-a-service setups and we have a strong pipeline of SimCorp Dimension as-a-service clients across the globe.

PEOPLE VISION – THE FOUR Cs

People are at the core of everything we do at SimCorp. Our cultural fabric is what unites us as people, and also differentiates us as a company. The basis of how we work and the culture of the company is captured in "the four Cs". Everywhere in our organization, we have highly 'Capable' and skilled colleagues that 'Collaborate' across boundaries with trust, integrity, and respect for each other. Together, we continue to evolve our organizational DNA by having the 'Courage' to be truly 'Curious' to learn, explore, and seek new ways of working. We are passionate about meeting the needs of our clients. We never let a client down!

DISTRIBUTION OF PROFIT

According to our profit distribution policy, we intend to pay dividends of at least 40% of the annual net profit and use additional cash to buy treasury shares depending on other cash requirements. In 2019, we paid a dividend of EUR 35.9m, equal to DKK 6.75 per share, and bought back shares of EUR 12.5m. Based on the financial performance in 2019, the Board of Directors intends to propose to shareholders at the AGM a dividend of EUR 39.9m, equal to DKK 7.50 per share, for the financial year 2019.

Furthermore, we plan to initiate a new share buyback program, acquiring treasury shares for a forecast amount of EUR 20m in 2020, split into two programs of EUR 10m each.

THANK YOU

Our strong results and the realization of our future ambitions are fully reliant on our highly skilled employees and we would like to thank everyone at SimCorp for your dedication and hard work.

We would also like to express our appreciation to our shareholders and business partners for their trust and co-operation. While warmly welcoming our new SimCorp Gain clients, we also extend our gratitude to our loyal SimCorp Dimension, SimCorp Coric and SimCorp Sofia clients, new as well as existing ones, who continue to place their business with SimCorp.

PETER SCHÜTZE
Chairman of the Board of Directors

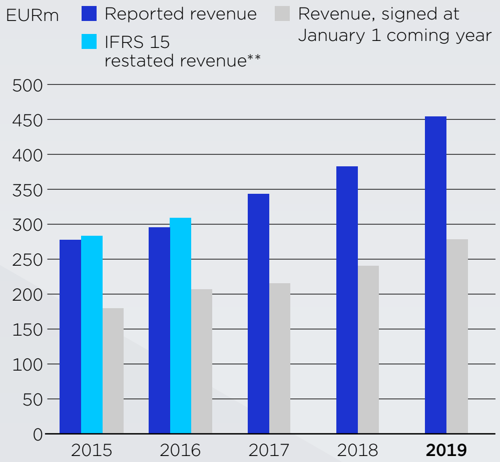
KLAUS HOLSE
Chief Executive Officer

1/2 HIGHLIGHTS 2015-2019

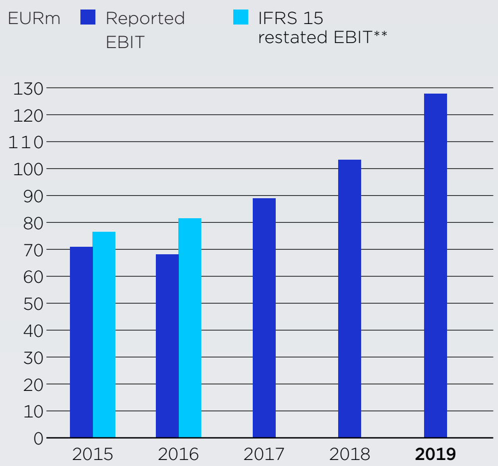
EUR '000	2019	2018	2017	2016	2015
ORDERS					
Order book value	36,378	45,508	24,790	44,764	24,117
Order intake	97,716	105,877*	81,821	85,056	70,697
INCOME STATEMENT					
Revenue	454,531	382,626	343,405	295,930	277,927
Earnings before interest, tax, depreciation, and amortization (EBITDA)	142,576	109,268	92,851	71,583	74,227
Operating profit (EBIT)	127,824	103,345	88,894	68,223	71,038
Financial items, net	-23	-809	-1,204	-630	-1,938
Profit before tax	127,801	102,536	87,690	67,593	69,100
Profit for the year	96,901	76,971	66,497	50,992	52,584
COMPARABLE INCOME STATEMENT					
(Adjusted to IFRS 15 for illustrative purposes only)**					
Restated revenue				309,248	283,737
Restated earnings before interest, tax, depreciation, and amortization (EBITDA)				84,901	79,545
Restated operating profit (EBIT)				81,541	76,356
Financial items, net				-630	-1,938
Profit before tax				80,911	74,418
Profit for the year				61,039	56,631
BALANCE SHEET					
Share capital	5,441	5,441	5,467	5,575	5,575
Equity	230,020	169,059	116,581	72,571	89,820
Bank loan/revolving credit facility	20,000	-	30,000	-	-
Property, plant, and equipment***	55,650	5,377	5,528	4,779	4,333
Receivables	81,804	79,165	86,080	80,041	68,144
Contract assets	151,774	85,684	49,946	-	-
Cash and cash equivalents	31,851	47,500	31,412	31,590	43,344
Total assets	437,912	270,267	230,616	146,928	149,529
Investment in property, plant, and equipment	1,722	1,950	3,333	2,973	2,029
CASH FLOW					
Cash flow from operating activities	82,505	82,215	55,532	65,418	54,206
Cash flow from investing activities	-60,214	-1,720	-26,930	-4,309	-2,625
Cash flow from financing activities	-38,249	-64,444	-28,294	-72,856	-46,422
Free cash flow	70,903	80,153	51,317	60,801	51,932
Net change in cash and cash equivalents	-15,958	16,051	308	-11,747	5,159
EUR/DKK rate of exchange at December 31	7.4697	7.4673	7.4449	7.4344	7.4625

* 2018 order intake has been restated to include SimCorp Italiana (Sofia).
** The Group has applied IFRS 15 using the modified retrospective principle as a cumulative catch up adjustment to the opening balance of equity at January 1, 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.
*** 2019 includes right-of-use-assets, refer to note 5.4 for further details on the adoption of IFRS 16.

REVENUE



EBIT



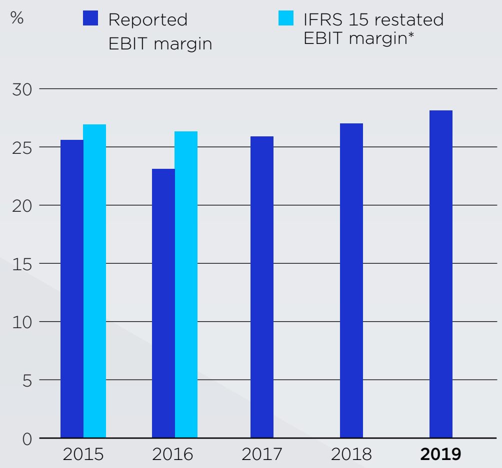
2/2 HIGHLIGHTS 2015-2019

	2019	2018	2017	2016	2015
EMPLOYEES					
Number of employees at year-end	1,871	1,660	1,547	1,376	1,268
Average number of employees - FTE	1,703	1,554	1,421	1,275	1,205
FINANCIAL RATIOS					
EBIT margin (%)	28.1	27.0	25.9	23.1	25.6
EBIT margin (%) adjusted to IFRS 15 for illustrative purposes only*				26.4	26.9
ROIC (return on invested capital) (%)	65.3	82.4	107.4	121.3	136.0
Receivables turnover ratio	9.3	8.2	7.6	7.8	8.1
Equity ratio (%)	52.5	62.6	50.6	49.4	60.1
Return on equity (%)	46.5	59.7	64.5	57.5	60.2
SHARE PERFORMANCE					
Earnings per share - EPS (EUR)	2.44	1.95	1.69	1.28	1.31
Diluted earnings per share - EPS-D (EUR)	2.42	1.93	1.67	1.26	1.29
Cash flow per share - CFPS (EUR)	2.08	2.08	1.41	1.64	1.35
Book value per share at year end - BVPS (EUR)	5.81	4.27	2.96	1.84	2.24
Dividends per share - DPS (EUR)	0.90	0.87	0.84	0.71	0.60
Dividends per share - DPS (DKK)	6.75	6.50	6.25	5.25	4.50
Dividends payout ratio (%)	37.0	44.7	51.4	57.5	47.6
Total payout ratio (%)	49.9	44.7	87.7	142.9	86.9
MARKET VALUE RATIOS					
Share price at year end - EUR	101.41	59.67	47.46	46.30	51.99
Share price at year end - DKK	757.50	445.60	353.30	344.20	388.00
Price/book value per share - P/BV (EUR)	17.5	14.0	16.0	25.2	23.2
Diluted price earnings (P/E diluted)	41.9	30.9	28.4	36.8	40.4
Price cash flow - share price/CFPS - P/CF	48.7	28.6	33.7	28.3	38.6
Share capital (m)	40.5	40.5	40.7	41.5	41.5
Average number of shares (m)	39.7	39.5	39.4	40.0	40.2
Average number of shares - diluted (m)	40.1	39.9	39.9	40.5	40.9
Market capitalization - EURm	4,016	2,362	1,870	1,827	2,087

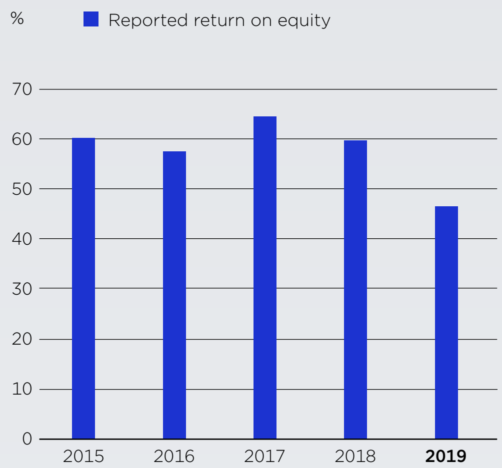
* The Group has applied IFRS 15 using the modified retrospective principle as a cumulative catch up adjustment to the opening balance of equity at January 1, 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

Key ratios are calculated as per definitions given on page 56.

EBIT MARGIN



RETURN ON EQUITY



VISION AND STRATEGY

Rooted in our native front-to-back, multi-asset, platform and the passion to create value for our clients, we believe we can further strengthen and expand our market position, hereby sustaining long-term growth and profitability. To enable this, we have updated our strategy with a new winning aspiration, strategic imperatives, key priorities, and a people vision that together set the future direction for our business and organization.

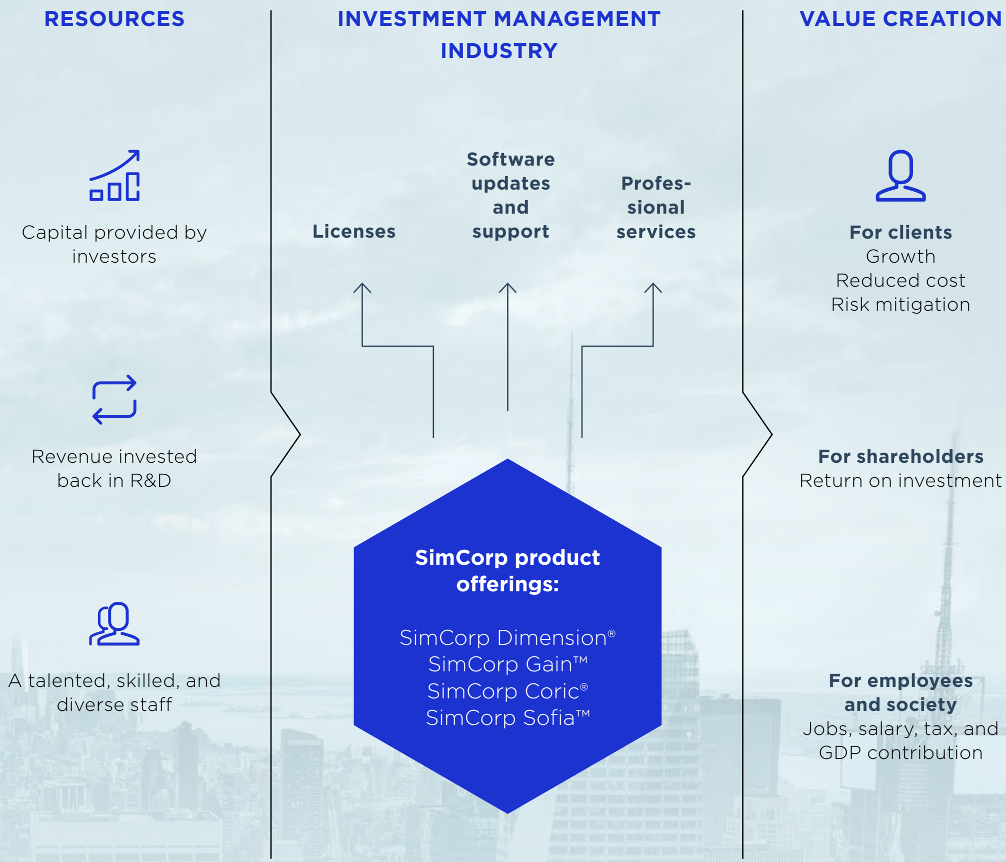
Our updated strategy positions us to meet changes in the needs and preferences of our clients in a timely fashion, ultimately enabling us to stay ahead of our competition.

A SUSTAINABLE BUSINESS MODEL

SimCorp's business model is highly transparent and builds on three main revenue drivers: software licenses; software updates and support; and professional services. These revenue drivers all derive from our investments in our four best-in-class product offerings: SimCorp Dimension®; SimCorp Coric®; SimCorp Gain™, and SimCorp Sofia™.

To ensure that these offerings are always up-to-date and at the forefront of the industry's needs, we aim to invest around 20% of annual revenue back into the development of our offerings, which together with the native integrated and front-to-back nature of our flagship product SimCorp Dimension sets us apart from the competition.

Adding to the solidity of SimCorp's business model, and reducing operational risk, the flexibility and scalability of our solutions result in long-lasting client relationships, as they allow our mutual engagement to develop and grow over time. Our client relationships are constantly nurtured through training programs, software updates and support activities, client-driven development programs, and professional services operations. Approximately 85% of our annual revenue is derived from existing clients and more than 50% is recurring.



Our updated strategy will support and evolve our business model, empowering us to keep growing our engagement with existing clients and attracting new clients, thereby strengthening and expanding our position in the market.

WINNING ASPIRATION

We will be the leading provider of integrated front-to-back, multi-asset, investment management solutions to the world's largest institutional investment management companies, empowering their strategies through unmatched operational efficiency and investment enablement.

WINNING ASPIRATION AND STRATEGIC IMPERATIVES

As we enter this new phase in the evolution of SimCorp, we are guided by our Winning Aspiration that puts the client at the center of everything we do. Fulfilling our Winning Aspiration is about enabling the success of our clients and being the best at meeting their needs and preferences as they continually change over time.

In the future, our clients are going to consume our offerings in a different way than they are today, eventually wanting us to deliver everything as a service. They will demand we be held accountable for tangible business outcomes – and at a lower cost and a reduced risk. Overall, they will want to be able to focus on the key differentiators in their business and leave their non-core tasks to us.

To cater for this transformation, we have identified three strategic imperatives, synthesizing the major changes to SimCorp's business and organizational capabilities that are required for us to be able to realize our Winning Aspiration. The three strategic imperatives will guide our choices along the way, from selecting and designing our strategic priorities to adjusting our daily processes and practices:

Take customer experience leadership

We will take responsibility for solving our clients' key business challenges and improving their competitiveness, not just provide them with tools and technology. To this end, we are transforming our go-to-market and engagement model, supported by an organizational setup based on customer lifecycle needs and with clear accountabilities for driving customer success.

Deliver everything as a service

We will make it more easy, flexible, and cost-effective for clients to consume our technology solutions.

Offer ecosystem enabled innovation

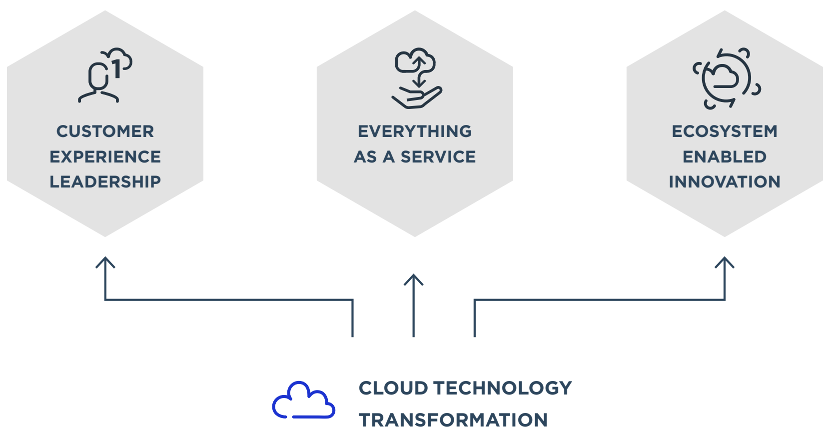
We will strengthen our capacity and ability to innovate by leveraging an external ecosystem of partners.

Led by these strategic imperatives, we will design, develop, and sell complete offers targeting specific client challenges. We will continue to expand our delivery capabilities to be able to manage a greater share of clients' operational footprint – be it on premises or via our hosted cloud-based solutions, and sometimes with a partner through a wide ecosystem. Overall, we will create a more cohesive and strategically anchored client experience, with more effort going into securing the realization of our clients' value and success.

CLOUD TECHNOLOGY TRANSFORMATION

Several factors play into the realization of our strategic imperatives. Most fundamental is our cloud technology transformation. The cloud technology transformation is a complex, multi-year endeavor, which is at the heart of our

STRATEGIC IMPERATIVES



PEOPLE VISION

WE ARE DRIVEN BY OUR PASSION TO CREATE VALUE FOR OUR CLIENTS

strategic priorities. Becoming 'cloud-based' will be the license to operate and compete in the future, as it is the foundation for delivering software as-a-service, cost-effectively scale our operations, and drive ecosystem enabled innovation.

STATUS AND UPDATE ON STRATEGIC PRIORITIES

Overall we have executed well on our strategic priorities in 2019, and have only made minor adjustments to our strategic priorities for 2020. The adjustments include our ambition to build out and accelerate the growth of our data management offering based on our strategic acquisition of our former partner, AIM Software. While our cloud technology transformation remains the foundation for our strategic imperatives, we will also focus our efforts on achieving front office market leadership in the North American market, expanding the scope of our standard platform operations, and sustaining the momentum of our alternative investments offering. See page 12 for an update on our strategic priorities.

PEOPLE VISION

In SimCorp, we recognize and value the uniqueness of every individual and we will continue to invest in our people. At the same time, our cultural fabric is what unites us and sets us apart as a company. Across our organization, we have highly capable and skilled colleagues, who work collaboratively across boundaries with trust, integrity, and respect for each other. We must preserve and nurture this.

At the core of our DNA, we are driven by our passion to create value for our clients. We feel accountable for their successes. By delivering on our commitments, by fulfilling the potential of our partnerships, and by always being one step ahead, we play a key role in enabling our clients' success.

While we recognize and value the uniqueness of every individual, we will continue to evolve our shared culture, promoting our four key behavioral traits, which we believe are essential to achieving our Winning Aspiration:

- We are *Curious* to learn, explore, and innovate in an open world
- We have the *Courage* to take risks, make bold decisions and move ideas into action
- We *Collaborate* across boundaries with trust, integrity, and respect
- We are highly *Capable* and highly skilled, empowered to deliver outstanding results.

FUTURE OUTLOOK

Based on evolving client needs, the current business environment, and a successful execution of our updated strategy, SimCorp is well positioned to deliver on its financial ambition of long-term, double-digit, annual revenue growth and an improved profitability margin, with the inevitable fluctuations in revenue growth and profitability margin caused by timing of orders and investments.

STRATEGIC PRIORITIES

2019	STATUS OF ACHIEVEMENTS	2020	GOALS AND FOCUS
FRONT OFFICE MARKET LEADERSHIP	In 2019, we succeeded in further strengthening the perception of SimCorp as a leading provider of fully integrated front office solutions, and also meeting the market demand for standardized offerings with our front office standard platform.	FRONT OFFICE MARKET LEADERSHIP	In 2020, SimCorp will further enhance its front office solution in market liquidity and portfolio construction. We will broaden the front office ecosystem by providing interoperability with 3rd party products and services through a wider range of partnerships. This will supplement the portfolio construction and investment decision process with additional analytics and access to quantitative investing utilities. By improving workflows, SimCorp will provide portfolio managers and traders with access to a wider range of tools delivering liquidity information and analytics.
ENABLE CLOUD	In 2019, we saw a continued high demand for SimCorp Dimension as-a-service (hosted) solutions in North America with all four of our new clients choosing this delivery method. We also signed five hosted clients in Europe, bringing the total number of hosted clients up to 21. Continued product architecture investment is enabling an even stronger fit for cloud infrastructure and the ability to leverage elasticity and new technologies that deliver superior scalability. These investments will also benefit on-premise deployments.	CLOUD LIFT	In 2020, the cloud lift will move SimCorp Dimension from a 2-tier to a 3-tier architecture, which entails designing a new scalable platform and separating the deployment into distinct tiers: the database tier, the application tier, and the user interface tier. The 3-tier architecture will allow us to offer high-scale public API's, better resource utilization, and increased security. Most important, however, will be the capability to integrate bi-directionally with cloud services. The cloud lift is the first step in transforming SimCorp into an as-a-service company and to open up our platform for ecosystem-enabled innovation.
ALTERNATIVE INVESTMENTS EXCELLENCE	In 2019, we broadened our support for alternative investments with innovative capabilities to calculate daily exposure and advanced valuation. We have also leveraged the value of our successful client-driven development partnerships. We have successfully implemented our alternative investments solutions to existing and new clients, very efficiently replacing historical dedicated solutions thanks to the value accelerator offered by our standard platform. Since shipping our first alternative investments product in 2018, a successful launch process secured very satisfactory traction, and the order intake and pipeline value remain well above expectations.	ALTERNATIVE INVESTMENTS EXCELLENCE	In 2020, we will extend our support for alternative investments with additional advanced analytical capabilities, leveraging artificial intelligence and machine learning technology to automate data collection and further extend the straight-through-processing capabilities of our multi-asset front-to-back platform to alternatives. We will continue to invest in our alternative investments solution to be able to deliver unique real-time insights and operational efficiencies, providing the most sophisticated cross-asset platform on the market.
EXPAND STANDARD PLATFORM	In 2019, we expanded our standard platform offering covering solutions in IBOR and front office, to include alternative investments and data management solutions. Standard platform solutions are key to our offerings. Our new clients have especially appreciated the shorter time to value, lower cost of delivery, and solution cost, and we are seeing growing interest from our existing clients in leveraging our standard platforms to keep their solutions in 'mint' condition.	EXPAND STANDARD PLATFORM	In 2020, we will increase our investment in standard platforms to meet the continued demand for faster delivery and lower risk and cost of solutions based on proven business processes. In 2020, our standard platform will be enhanced for existing solutions, and expanded to cover our Accounting Book of Records (ABOR), data warehouse, and reporting. We will also further expand our business process framework to enable both new and existing clients to capture the value of SimCorp Dimension faster and more efficiently.
GROW NORTH AMERICA	In 2019, we proudly welcomed four new SimCorp Dimension clients, all as-a-service deals, and two new SimCorp Coric clients in North America, while also signing large additional sales deals with existing clients. As the North American market unit has now achieved scale, we will discontinue the Grow North America as a separate strategic priority.	SIMCORP GAIN & DATACARE	With the acquisition of AIM Software and our integrated SimCorp Gain and Datacare offerings, we are now better positioned to address our clients' mounting operational data challenges, In 2019, we sold the first Datacare solution and are witnessing a strong market interest and commercial traction, with several opportunities in the pipeline. In 2020, we will further solidify and build out our data management services to allow clients to reap the benefits of our expanding integrated front-to-back value proposition.

SIMCORP GAIN

In June 2019, SimCorp announced its acquisition of AIM Software, a former partner and a leading provider of dedicated enterprise data management solutions for reference and market data management. The acquisition of AIM Software came into effect on August 1, 2019, with the company subsequently being integrated into SimCorp, and its product GAIN renamed SimCorp Gain™.

SimCorp Gain

Dedicated enterprise data management solution for reference and market data management.

56

Clients

68

Employees

A STRATEGIC ACQUISTION

Before the acquisition, AIM Software and SimCorp were long-standing partners, both investing in a tight integration of the products of GAIN, now SimCorp Gain, and SimCorp Dimension. The acquisition is a key strategic step for SimCorp given the growing importance of data management for the investment management industry.

With SimCorp Gain, we add another dimension to our integrated data capabilities, enabling greater efficiencies and quality improvement. Furthermore, our extended capabilities accelerate our journey towards delivering complete offers comprising all the components (software, services, data, etc.) necessary for our clients to attain a given business outcome.

AIM Software is a strong fit for SimCorp, strategically, operationally, and culturally.

Now integrating the company and bringing in highly capable employees and the SimCorp Gain product, we are even more strongly positioned to help our clients meet their data management challenges.

Overall, the acquisition supports SimCorp's Winning Aspiration of being the leading provider of integrated front-to-back, multi-asset, investment management solutions to the world's largest institutional investment companies. We will continue to invest in this solid data management foundation, and will offer SimCorp Gain both as a standalone solution and as a fully integrated SimCorp Dimension solution.

The strengthened data foundation has also resulted in increased traction on our integrated SimCorp Gain and Datacare solutions.

FINANCIAL IMPACT

The enterprise value of the acquisition was EUR 60.0m, and the purchase price was increased by EUR 2.9m on closing, reflecting the net cash taken over. The acquisition was financed by own cash reserves and extended credit facilities.

The net aggregate fair value of identifiable assets and liabilities is preliminarily determined to be EUR 29.9m, and goodwill to be EUR 33.0m. The goodwill is attributable to cross-selling synergies from the complimentary products and shared target client base, as well as cost synergies, for example from combining the two firms' office locations.

The acquisition came into effect on August 1, 2019, and revenue from SimCorp Gain in 2019 was EUR 5.5m. The EBIT impact was negative by EUR 1.5m, due to initial lower profitability, and additional EUR 1.1m in acquisition and integration costs. Consequently, the acquisition of AIM Software had a positive impact on Group revenue of 1.4% and a negative impact of 0.9%-points on the Group EBIT margin in 2019.

To achieve the identified synergies, it requires a number of one-off investments, which will have a dilutive impact on the SimCorp Gain business, also in 2020. The underlying profitability in SimCorp Gain is expected to increase in 2020, but still to be dilutive to the Group margin. In 2020, SimCorp Gain is expected to have a positive impact on Group revenue of approximately 2% and negative impact of approximately 1%-point on the Group EBIT margin.

In 2021, we expect to realize the identified synergies, and the fully integrated SimCorp Gain is expected to further increase its profitability and deliver higher revenue growth than the Group.

FINANCIAL **TARGETS** 2020

In 2020, SimCorp expects revenue growth in local currencies of between 5% and 10%, with an EBIT margin measured in local currencies of between 24.0% and 27.0%. Extra investments in cloud lift and the integration of SimCorp Gain are expected to impact the EBIT margin negatively in 2020 by approximately 2%-points and 1%-point, respectively.

MARKET DEVELOPMENTS

Although the volume of deals available in the coming year is difficult to predict, SimCorp's market performance over the recent years and its highly competitive integrated front-to-back offering make the company well-positioned for increasing its market share in 2020.

On a macroeconomic level, SimCorp regards the underlying trends for 2020 as neutral to its business, despite instability on the global equity markets and political turmoil.

Global financial industry outlook reports show that investment managers regard achieving more efficient operations and stronger data management capabilities as the main priorities to support their growth ambitions.[1]

The top priorities on the 2020 investment management industry agenda are fully addressed by SimCorp's offering, including:

- Cost savings and cost-efficient operations
- Cost-effective regulatory compliance
- Scalable operating platforms to support growth
- Offering improved client servicing
- Risk management and increased transparency and regulatory requirements.

[1] 2019 European InvestOps Report: Achieving Operational Agility and Outperformance, WBR Insights 2019 and A Brave New World: The Benefits of System Consolidation, WatersTechnololgy, 2019.

SimCorp also expects to continue to benefit from the full ownership of SimCorp Coric and its recent acquisition of AIM Software and its product GAIN (renamed SimCorp Gain) through cross-selling between its core offering SimCorp Dimension and the two integrated solutions SimCorp Coric and SimCorp Gain, respectively.

REVENUE AND PROFIT OUTLOOK FOR 2020

SimCorp's ambition is to generate long-term, double-digit, annual revenue growth, and to gradually improve our profitability margin, recognizing inevitable fluctuations in both revenue growth and profitability margin from year to year due to timing of orders and investments.

Based on the current business environment, the current pipeline, SimCorp's market position, and planned investments, the expectations for 2020 are to grow revenue in local currencies between 5% and 10%, and to generate an EBIT margin measured in local currencies of between 24.0% and 27.0%.

Approximately 2%-points of expected revenue growth is related to the acquisition of AIM Software. The acquisition is expected to impact the EBIT margin negatively by approximately 1%-point due to lower initial

FINANCIAL TARGETS 2020

In local currencies	2020 Guidance	2019 Realized
Revenue growth	5%-10%	16.9%
EBIT margin	24.0%-27.0%	27.7%

EXCHANGE RATE

Main currencies EUR per 100	Exchange rate January 31, 2020	Average rates 2019	Average rates 2018
USD	90.48	89.38	85.28
CAD	68.37	67.49	65.42
AUD	60.63	62.21	63.35
SGD	66.26	65.56	63.24
GBP	118.80	114.27	113.08
CHF	93.51	90.01	86.81
NOK	9.81	10.16	10.42
SEK	9.37	9.45	9.75

profitability and integration costs, applying an expected 2020 organic revenue growth of between 3% and 8% and an EBIT margin of between 25.0% and 28.0%.

Extra investments in research and development related to cloud lift are expected to impact the EBIT margin negatively by approximately 2%-points, and extra investments in internal IT systems will continue into 2020

Based on the exchange rates prevailing at the end of January 2020, SimCorp estimates reported revenue to be positively impacted from currency fluctuations by around 0.7%. SimCorp does not expect any impact from currency fluctuations on reported EBIT margin.

For 2020, SimCorp expects a group effective tax rate of between 24% and 26% compared with a realized effective tax rate of 24.2% in 2019.

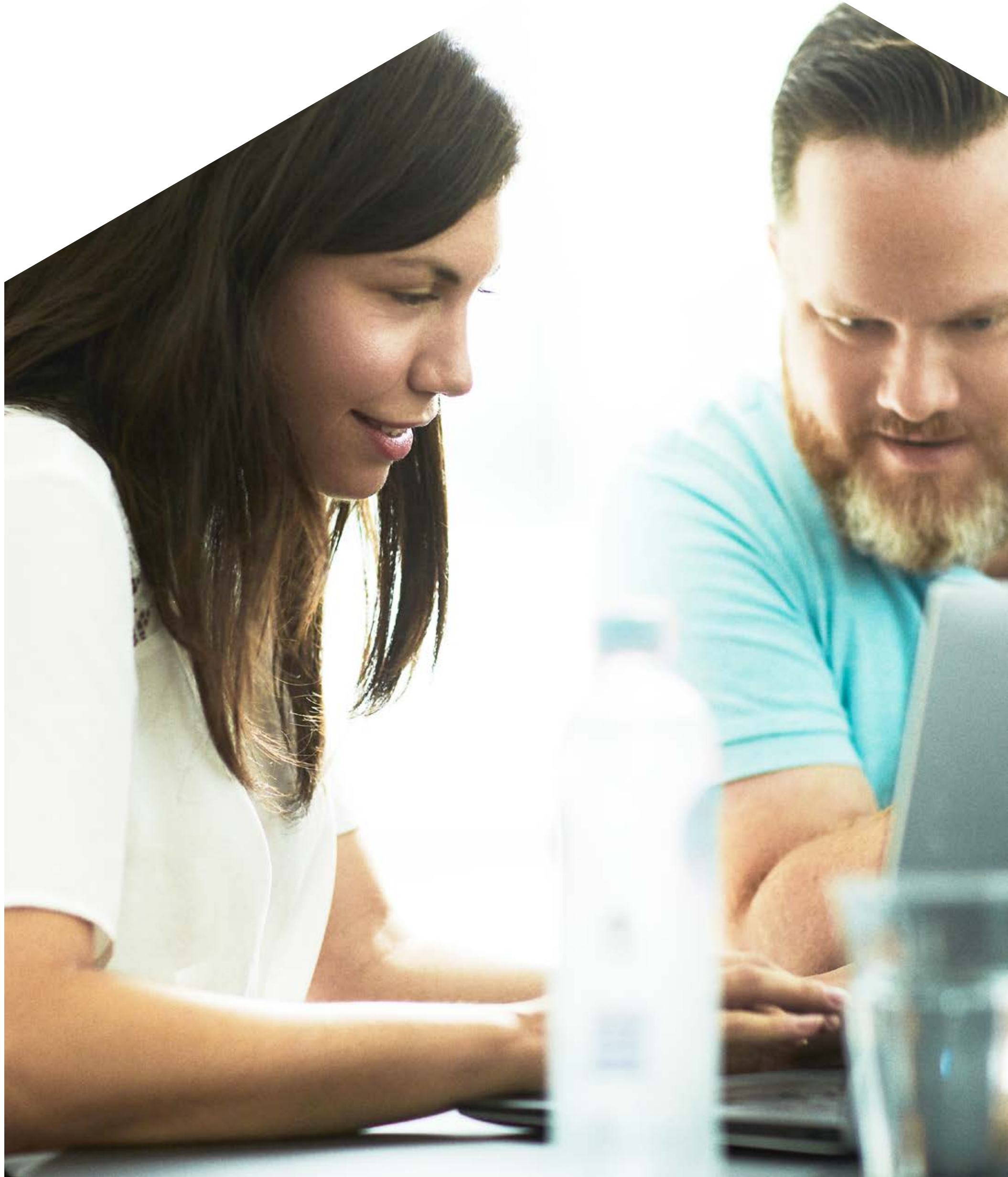
In 2016, SimCorp changed its licensing model from a perpetual license model to a subscription-based model. This applies to new SimCorp Dimension licenses only, as existing clients have already acquired the right to use SimCorp Dimension under the perpetual license model and thereby can continue buying additional licenses under the perpetual model. Some existing clients, however, might choose to convert from a perpetual model to a subscription-based model.

According to IFRS 15, subscription-based license revenue will be recognized in the year of sale, provided that no functionality gaps or unmet acceptance criteria exist. Revenue recognition is similar for subscription-based and perpetual licenses, whereas the subscription-based license fees will be discounted to net present value. The cash flow from a subscription-based contract will, however, be received over the contract period leading to income recognition before cash-in-hand and increasing contract assets on the balance sheet.

For 2020, SimCorp expects a cash conversion of between 75% and 85% due to the expected impact from changes in contract assets compared with a realized cash conversion of 73% in 2019. Cash conversion is defined as free cash flow divided by profit for the year.

SimCorp offers SimCorp Dimension as-a-service (hosting) to clients who prefer this delivery model. SimCorp passes through the related costs to third-party IT-infrastructure providers at marginal profits, which means that the ASP offering has a dilutive impact on EBIT margins. In 2020, the pass-through of hosting is expected to impact revenue growth positively by around 0.5%-points and to have a negative impact on the EBIT margin of 0.6%-points, which is included in the guidance.

Income will vary considerably from one reporting period to the next as timing of license sales by nature varies.



FINANCIAL REVIEW 2019

SimCorp generated revenue of EUR 454.5m in 2019, an increase of 18.8% compared with 2018 and 16.9% when measured in local currencies. The increase was primarily driven by strong growth in license sales to new clients. SimCorp generated EBIT of EUR 127.8m. The reported EBIT margin was 28.1%, and 27.7% when measured in local currencies. SimCorp views the performance in 2019 as satisfactory.

FINANCIAL EXPECTATIONS AND RESULTS 2019

The 2018 Annual Report announced 2019 expectations for revenue growth measured in local currencies of between 8% and 13% and an EBIT margin measured in local currencies of between 25.5% and 28.5%.

As a consequence of the acquisition of AIM Software, announced on June 6, 2019, SimCorp adjusted its expectations for revenue growth measured in local currencies for 2019 to be between 10% and 15%, and its expectations for EBIT margin measured in local currencies for 2019 to be between 24.5% and 27.5%, as SimCorp expected the acquisition to increase its revenue by approximately 2% and have a negative impact on its EBIT margin of approximately 1%-point.

FINANCIAL EXPECTATIONS AND RESULTS 2019

In local currencies	Realized 2019	Q2 2019 Aug. 22, 2019	Acq. of AIM Software June 6, 2019	Annual Report 2018 Feb. 20, 2019
Revenue growth	16.9%	12%–17%	10%–15%	8%–13%
EBIT margin	27.7%	25.0%–28.0%	24.5%–27.5%	25.5%–28.5%

On August 15, 2019, SimCorp upgraded its revenue expectations measured in local currencies to be between 12% and 17% and EBIT margin expectations to be between 25.0% and 28.0% measured in local currencies with unchanged expectations for the impact on revenue growth and EBIT margin from the acquisition of AIM Software.

On November 15, 2019, SimCorp maintained its full year 2019 expectations for revenue growth measured in local currencies to between 12% and 17%, and for EBIT margin measured in local currencies to between 25.0% and 28.0%, but adjusted the expected impact from the acquisition of AIM Software on revenue growth from approximately 2%-points to approximately 1%-point with unchanged expected negative impact on the EBIT margin of approximately 1%-point.

Measured in local currencies, SimCorp achieved a revenue growth for 2019 of 16.9% and an EBIT margin of 27.7%. AIM Software, which was acquired with effect from August 1, 2019, accounted for 1.4%-points of the revenue growth, with organic growth hence constituting 15.5%. The acquisition of AIM Software had a negative impact on the EBIT margin of 0.9%-points. The currency rate fluctuations impacted revenue growth positively by 1.9% and the EBIT margin positively by 0.4%-points, leading to reported revenue growth of 18.8% and reported EBIT margin of 28.1%.

ORDER INTAKE AND ORDER BOOK

Total license order intake decreased by EUR 8.2m compared with 2018 to EUR 97.7m in 2019, including SimCorp Dimension orders related to SimCorp's Client-Driven Development (CDD) program, SimCorp Coric orders, SimCorp Italiana (Sofia) orders, and SimCorp Gain orders. The decrease was due to lower order intake for CDD (included in order intake for SimCorp Dimension) of EUR 2.8m compared with a particularly high order intake of EUR 16.8m in 2018. Compared with 2018, the order intake for SimCorp Dimension, excluding CDD, decreased slightly by EUR 1.9m to EUR 77.1m in 2019. The order intake for SimCorp Coric was EUR 10.6m compared with EUR 5.2m in 2018. For SimCorp Sofia, the order intake was EUR 5.2m compared with EUR 4.9 in 2018, and SimCorp Gain had an order intake of EUR 2.0m.

SimCorp Dimension license solutions were sold to 12 new clients in 2019, totaling EUR 36.9m, compared with sales to ten new clients in 2018, totaling EUR 37.2m. The 12 SimCorp Dimension initial license orders in 2019 were distributed across SimCorp's growth and mature markets. Four new license orders were signed in the designated growth market North America, all on subscription-based terms and to be delivered as-a-service (hosted) solutions. Five new subscription-based license orders were signed in the UK, Northern Europe and Middle East business unit, of which the two new clients in the UK selected as-a-service (hosted) solutions. Two new SimCorp Dimension subscription-based license orders were signed by the Central Europe business unit, of which one also included SimCorp Coric, SimCorp Gain, and ASP offering (hosting). Finally, one new subscription-based license order was signed by the APAC business unit.

The average size of new SimCorp Dimension license deals decreased from EUR 3.7m in 2018 to EUR 3.1m in 2019.

SimCorp Coric sold three new standalone solutions and three solutions to existing SimCorp Dimension clients or as part of a new SimCorp Dimension deal. Of the three new SimCorp Coric standalone solutions sold in 2019; two were signed in North America and one in Singapore. SimCorp Gain sold one new standalone solution and four solutions to existing SimCorp Dimension clients or as part of a new SimCorp Dimension deal. The new SimCorp Gain standalone solution sold in 2019 was signed in the Netherlands.

Add-on sales were well distributed among all business units, but slightly lower than last year.

The additional order intake was positively impacted by around EUR 10.8m from three clients converting their perpetual contracts to subscription-based license contracts. For the three clients converting in 2019, the annual subscription-based payments will be higher than the software updates and support fees (formerly called maintenance fees) under the perpetual contracts due to sale of additional functionality in connection with the convesions.

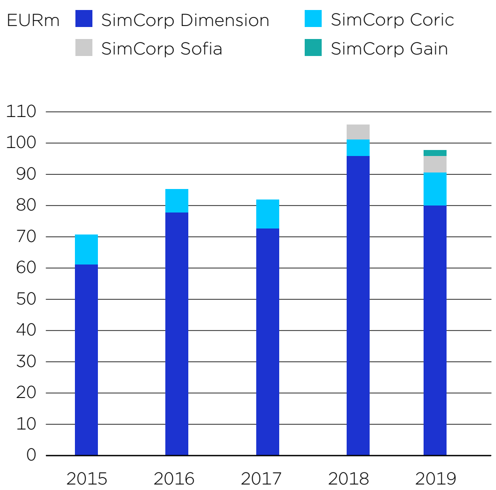
However, the annual software updates and support fees will be EUR 1.6m lower, as the subscription license revenue according to IFRS 15 is recognized on contract completion.

In comparison, additional order intake was impacted by EUR 7.2m due to conversions in 2018, resulting in annual software updates and support fees being decreased by EUR 1.0m.

Total order book decreased by EUR 9.1m from January 1, 2019 to EUR 36.4m at December 31, 2019, primarily due to revenue recognition in 2019 of a large new license agreement with an Asian investment company, signed in Q4 2018.

The order book includes order book for SimCorp Dimension Client-Driven Development of EUR 17.0m (December 31, 2018: EUR 17.7m), SimCorp Coric contracts of EUR 1.9m (December 31, 2018: EUR 1.9m), SimCorp Sofia contracts of EUR 0.8m, and SimCorp Gain contracts of EUR 0.8m. The order book is a consequence of income recognition being deferred until certain conditions are fulfilled. Measured as a percentage of the total value of the installed SimCorp Dimension license base, the add-on license sales were 5.0% in 2019 compared with 5.7% in 2018.

ORDER INTAKE FOR SOFTWARE LICENSES

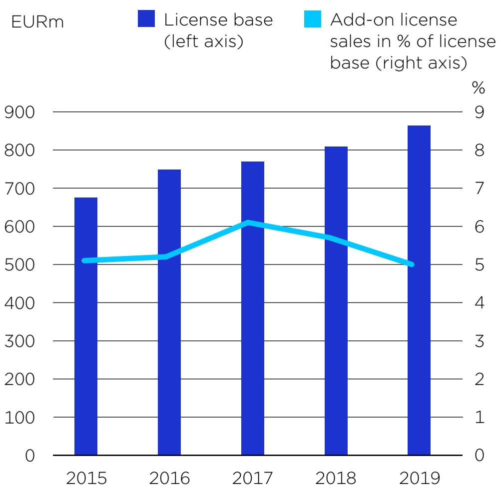


The accumulated value of the installed license base for SimCorp Dimension clients who have an installed license base above EUR 2m accounted for 92% of the value of the total installed license base compared with 91% in 2018.

57 (equivalent to 29%) out of 199 SimCorp Dimension clients are on subscription-based license agreements, while the remaining 142 SimCorp Dimension clients are on a perpetual license agreements.

Most standalone SimCorp Coric and SimCorp Sofia clients are on subscription-based license agreements.

SIMCORP DIMENSION LICENSE BASE AND ADD-ON LICENSE SALES



Conversion rate: Add-on licenses as a percentage of the installed license base beginning of year.
License base: Accumulated license order value.

At year-end 2019, the average length of subscription-based license agreements at signing was around six years for SimCorp Dimension, around four years for SimCorp Coric, around five years for SimCorp Gain, and approximately one year for SimCorp Sofia. The remaining average length before renewal was 4.7 years for SimCorp Dimension, 2.5 years for SimCorp Coric, 3.2 years for SimCorp Gain, and less than one year for SimCorp Sofia as most agreements are renewed annually at the beginning of the year.

Total contract value outstanding, excluding ASP offering, at December 31, 2019 was around EUR 300m, of which around EUR 65m is payable in 2020.

Three clients canceled SimCorp Dimension contracts in 2019, of which one continued using SimCorp Dimension through an outsourcing client. Three SimCorp Coric, no SimCorp Gain, and four small SimCorp Sofia licenses were canceled. The SimCorp Sofia cancellations were due to mergers into existing SimCorp Sofia clients. The annual software updates and support fee for the canceled contracts amounted to EUR 2.6m, equivalent to 0.6%-points of 2019 revenue compared with EUR 3.6m in 2018, equivalent to 0.9%-points of 2018 revenue.

INCOME STATEMENT 2019

REVENUE

SimCorp derives revenue from three primary sources: license fees, software updates and support fees, and fees from professional services. License fees comprise sales to new clients and additional sales to existing clients. In addition, SimCorp derives revenue from hosting and other fees.

SimCorp generated total revenue of EUR 454.5m in 2019 compared with EUR 382.6m in 2018, equal to an increase of 18.8%. The growth was primarily driven by strong license revenue from new clients. Exchange rate fluctuations for the year had a positive impact on revenue of 1.9%-points. Measured in local currencies, revenue thus increased by 16.9%. The underlying organic revenue growth was 15.5%, reflecting a 1.4%-points positive impact from the acquisition of AIM Software, which took effect from August 1, 2019.

The impact of currency fluctuations and the acquisition of AIM Software on revenue growth is shown to the right on this page.

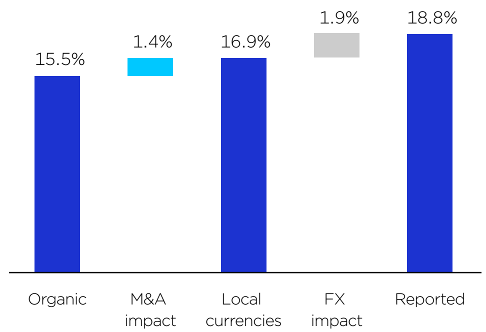
Total license fee recognized from licenses to new clients and add-on licenses to existing clients was EUR 105.8m, an increase of EUR 19.5m, or 22.6%, compared with 2018. Currency fluctuations impacted total license fee positively by 3.0%. Measured in local currencies, the increase was 19.6%, and the underlying organic revenue growth in total license fee was 18.6% in 2019, reflecting a 1.0%-point positive impact from the acquisition of AIM Software. License fee for 2019 included revenue interest of EUR 2.1m related to the financing element in contract assets (2018: EUR 1.1m). In total, the reported total license fee revenue accounted for 23.3% of the Group's total revenue compared with 22.5% in 2018.

License fee from new sales increased by 58.9% from EUR 34.4m in 2018 to EUR 54.6m in 2019. Currency fluctuations and the acquisition of AIM Software impacted license fee from new sales positively by 5.0% and 1.5%, respectively. The increase in license fee from new sales was caused by revenue recognition of more and larger deals than in 2018.

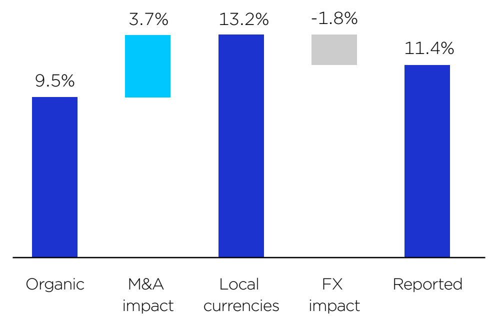
License fee from additional sales to existing clients – consisting of additional regular license sales, renewals of subscription-based licenses and conversion of perpetual licenses to subscription-based licenses – was in 2019 EUR 51.2m. Currency fluctuations and the acquisition of AIM Software impacted license fee from additional sales positively by 1.6% and 0.7%, respectively. License fee from additional sales decreased by 1.4% compared with 2018 and the underlying organic growth was -3.7%, due to a decline in additional regular license sales in Q4 2019, as several existing clients postponed their investments decisions.

In 2019, additional regular license sales accounted for 57% (2018: 74%) of the total add-on license sales, conversions accounted for 24% (2018: 12%), while renewals accounted for the remaining 19% (2018: 14%), of which approximately 10%-points related to SimCorp Coric renewals and 9%-points related to SimCorp Sofia renewals.

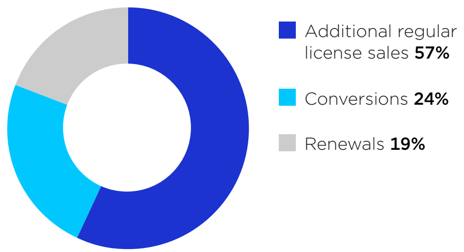
2019 REVENUE GROWTH



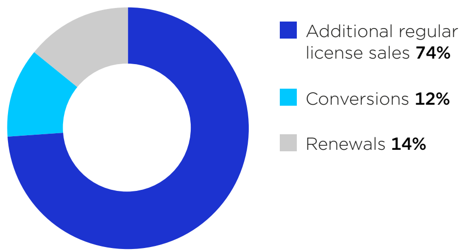
2018 REVENUE GROWTH



2019 ADD-ON LICENSE SALES SPLIT



2018 ADD-ON LICENSE SALES SPLIT



REVENUE

EUR '000	2019	Share of revenue 2019	2018	Share of revenue 2018	Revenue growth	Revenue growth local currencies	Organic revenue growth local currencies
Licenses - new sales	54,611	12.0%	34,371	9.0%	58.9%	53.9%	52.4%
Licenses - additional sales	51,152	11.3%	51,885	13.6%	-1.4%	-3.0%	-3.7%
Software updates and support	167,494	36.8%	149,585	39.1%	12.0%	11.0%	10.0%
Professional services	153,218	33.7%	133,679	34.9%	14.6%	12.7%	11.0%
Hosting and other fees	28,056	6.2%	13,106	3.4%	114.1%	110.2%	104.1%
Total revenue	**454,531**	**100.0%**	**382,626**	**100%**	**18.8%**	**16.9%**	**15.5%**

Software updates and support revenue increased by 12.0% from EUR 149.6m last year to EUR 167.5m with the completion and implementation of new client installations and new functionality to existing clients. Currency fluctuations impacted the software updates and support revenue positively by 1.0%, and the acquisition of AIM Software also impacted the software updates and support revenue positively by 1.0%. Consequently, organic growth in software updates and support revenue was 10.0%. Software updates and support revenue accounted for 36.8% of total revenue compared with 39.1% in 2018. License agreements signed in 2019 will increase annual software updates and support revenue by around EUR 9m once fully implemented (2018: EUR 10m), while canceled contracts in 2019 and conversions from perpetual to subscription-based licenses will decrease annual software updates and support revenue by around EUR 4.2m (2018: EUR 4.7m).

Fees from professional services increased by 14.6% from EUR 133.7m last year to EUR 153.2m, primarily due to implementations related to new clients. Currency fluctuations impacted the professional services revenue positively by 1.9%, while the acquisition of AIM Software impacted the professional services revenue positively by 1.7%, i.e. organic growth was 11.0%. Fees from professional services accounted for 33.7% of total revenue in 2019 compared with 34.9% in 2018.

Hosting and other fees more than doubled from EUR 13.1m in 2018 to EUR 28.1m, due to adding more clients on a hosted as-a-service solution and growth in selling third party products. In 2019, we added nine new SimCorp Dimension as-a-service clients, bringing the total number of clients on a hosted solution to 21, comprising 12 clients in North America, five in UK, Northern Europe and Middle East, three in Central Europe, and one in APAC. Seven out of the nine new SimCorp Dimension as-a-service clients were new clients in 2019, while the remaining two were existing clients moving from an on-premise to a hosted solution.

Revenue distribution

The ten largest clients generated 23% (2018: 22%) of SimCorp's total revenue. In 2019, the largest client accounted for 4.4% (2018: 4.5%) of the revenue.

SimCorp entered 2020 with signed revenue for the full year of EUR 278.8m – an increase of EUR 38.1m compared with the beginning of 2019.

In 2019, SimCorp achieved a top-line growth in the APAC business unit of 159% and in the UK, Northern Europe and Middle East business unit of 15%, while the designated growth market, North America, only showed modest growth of 4%. The SimCorp Coric business unit generated growth of 92% in 2019 after a disappointing 2018.

In general, the comparatively mature European markets achieved relatively high growth rates, taking SimCorp's already strong position in these markets into consideration, while the top-line declined in Southern Europe (for more details, see the Business Unit Review 2019, pages 24-25).

OPERATING COSTS

EUR '000	Costs 2019	Share of costs 2019	Share of revenue 2019	Costs 2018	Share of costs 2018	Share of revenue 2018	Growth	Growth local currencies	Organic growth local currencies
Cost of sales	167,141	51.1%	36.8%	148,786	53.1%	38.9%	12.3%	11.0%	9.1%
Research and development costs	82,938	25.3%	18.2%	69,879	24.9%	18.3%	18.7%	18.6%	15.9%
Sales and marketing costs	49,105	15.0%	10.8%	40,971	14.6%	10.7%	19.9%	17.7%	13.2%
Administrative expenses	28,056	8.6%	6.2%	20,864	7.4%	5.4%	34.5%	34.4%	27.0%
Total operating costs	**327,240**	**100.0%**	**72.0%**	**280,500**	**100.0%**	**73.3%**	**16.7%**	**15.6%**	**12.7%**

COSTS

Total operating costs (including depreciation and amortization) increased by 16.7% from EUR 280.5m in 2018 to EUR 327.2m. Currency fluctuations increased the total operating costs by 1.1%. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software of 2.9%, the organic operating costs increase was 12.7%.

The organic increase in operating costs was primarily related to an increase in the number of employees and subcontractors and the annual salary increase of around 3%, and secondarily due to internal IT investments.

The average number of full-time employees increased by 9.6% from 1,554 in 2018 to 1,703 in 2019, of which 1.8%-points of the increase related to AIM Software. The number of employees was 1,871 at the end of 2019 compared with 1,660 at the end of 2018, of which 68 employees were from AIM Software.

68% of SimCorp's total operating costs were directly related to employees compared with 70% in 2018.

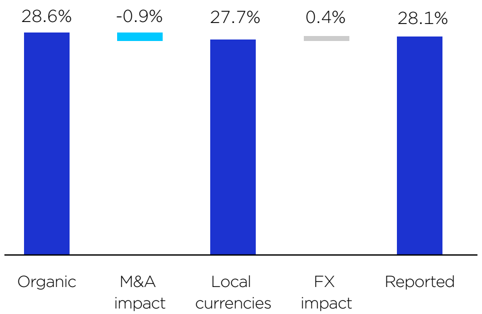
Cost of sales increased by 12.3% to EUR 167.1m. Measured in local currencies and adjusted for the impact from the acquisition of AIM Software, the organic cost of sales increase was 9.1%. Salary costs for implementation consultants are included in this category and account for a significant part of the cost of sales. Cost of sales represented 36.8% of revenue compared with 38.9% in 2018.

Research and development costs increased by 18.7% to EUR 82.9m. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software, the organic increase in research and development costs was 15.9%. Research and development costs were 18% of revenue in both 2019 and 2018, down from 19% in 2017. In 2020, research and development costs are expected to increase to 20% of revenue due to extra investments in cloud lift.

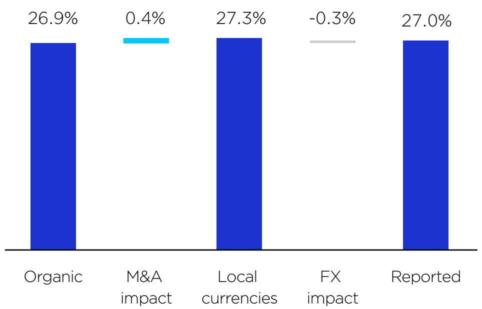
Sales and marketing costs increased by 19.9% to EUR 49.1m. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software, the organic increase in sales and marketing costs was 13.2%. Sales and marketing costs represented 10.8% of revenue compared with 10.7% in 2018.

Administrative expenses increased by EUR 7.2m to EUR 28.1m. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software, the organic increase in administrative expenses was 27.0%. Administrative expenses increased to 6.2% of revenue compared with 5.4% in 2018. In 2019, administrative expenses included one-time transaction costs of EUR 1.1m related to the acquisition of AIM Software and extra costs of more than EUR 2m related to internal IT investments. The remaining increase in administrative expenses was primarily related to increase in salary related cost, including performance-related bonuses.

2019 EBIT MARGIN



2018 EBIT MARGIN



GROUP PERFORMANCE

SimCorp generated an EBIT of EUR 127.8m compared with EUR 103.3m in 2018, an increase of EUR 24.5m. EBIT margin increased from 27.0% in 2018 to 28.1%. When measured in local currencies the EBIT margin was 27.7% in 2019, with the main driver behind the improved margin being new license revenue growth. The underlying organic EBIT margin was 28.6%, as the acquisition of AIM Software had a negative impact on the EBIT margin of 0.9%-points. The organic EBIT margin improved by 1.7%-points compared with the organic EBIT margin of 26.9% in 2018. The currency and acquisition impact on EBIT margin is shown above on this page.

In 2019, the share of profit after tax in associates of EUR 0.1m, financial income of EUR 1.0m, and financial expenses of EUR 1.1m resulted in a net financial expense of EUR 23 thousand compared with a net financial expense of EUR 0.8m in 2018.

Profit before tax was EUR 127.8m against EUR 102.5m in 2018. The tax charges for 2019 amounted to EUR 30.9m against EUR 25.6m in 2018. The effective tax rate was 24.2% compared with 24.9% in 2018.

The Group profit after tax was EUR 96.9m compared with EUR 77.0m in 2018. After the net effect of foreign currency translation differences and remeasurements of defined benefit plans of EUR 0.3m, the total comprehensive income amounted to EUR 97.2m against EUR 76.9m in 2018.

BALANCE SHEET

SimCorp had total assets of EUR 437.9m at December 31, 2019 compared with EUR 270.3m at December 31, 2018. The increase of EUR 167.6m was primarily related to the impact of the acquisition of AIM Software of EUR 72.5m, the capitalization of leases of EUR 51.0m on the adoption of IFRS 16 'Leases', and a net increase (excluding AIM Software) in contract assets of EUR 63.5m.

Cash holdings amounted to EUR 31.9m compared with EUR 47.5m at December 31, 2018. Drawn on the revolving credit facilities related to the financing of the AIM Software acquisition was EUR 20.0m. Consequently, the net cash position decreased from EUR 47.5m at the end of 2018 to EUR 11.9m.

Receivables increased slightly from EUR 79.2m at December 31, 2018 to EUR 81.8m, of which AIM Software accounted for EUR 3.3m.

In accordance with IFRS 9 'Financial Instruments', SimCorp has made an expected credit loss provision of EUR 1.2m related to contract assets and receivables at December 31, 2019 (December 31, 2018: EUR 0.7m). Since 2008, no actual losses have been incurred.

Contract assets increased by EUR 66.1m compared with December 31, 2018, as new and additional subscription-based licenses added EUR 84.5m to contract assets in 2019, finance income recognized added EUR 2.1m, and AIM Software added another EUR 2.6m, which together exceeded invoiced subscription-based license fees of EUR 23.1m in 2019.

The Group's total non-current assets were EUR 163.5m compared with EUR 50.9m at December 31, 2018. The increase is primarily related to the adoption of IFRS 16 'Leases' (EUR 51.0m) and the AIM Software acquisition (EUR 72.5m).

Goodwill was EUR 61.2m at December 31, 2019 compared with EUR 27.9m at the end of 2019. The increase is due to the acquisition of AIM Software. No impairment to goodwill was made in 2019.

The carrying amount of acquired software increased by EUR 8.2m to EUR 13.3m and the value of client relationships increased by EUR 17.7m to EUR 25.0m, primarily due to the identified intangible assets for AIM Software, which were only partly offset by amortization. The carrying amount of leasehold assets increased from EUR 3.1m at the end of 2018 to EUR 51.6m, primarily due to the adoption of IFRS 16.

Other property, plant, and equipment amounted to EUR 4.1m against EUR 2.3m at the end of 2018.

Deferred tax assets increased by EUR 3.0m to EUR 5.4m.

SimCorp's total liabilities were EUR 207.9m at December 31, 2019, compared with EUR 101.2m a year earlier. The increase was primarily due to the adoption of IFRS 16 'Leases' and the acquisition of AIM Software.

CHANGES IN EQUITY

The Group's equity increased during the year by EUR 60.9m from EUR 169.1m at December 31, 2018 to EUR 230.0m. Comprehensive income amounted to EUR 97.2m against EUR 76.9m last year. The net effect of share-based payments related to restricted stock units was EUR 12.2m, compared with EUR 10.0m in 2018. Equity was reduced by purchases of treasury shares of EUR 12.5m and dividends payments of EUR 35.9m against dividends payments of EUR 34.4m in 2018.

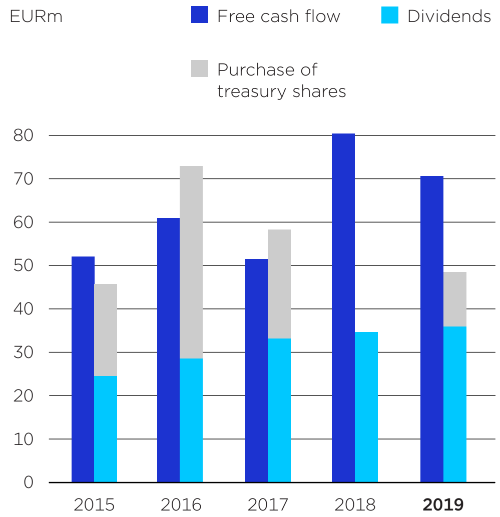
CASH FLOW STATEMENT

Operating activities generated a net cash inflow of EUR 82.5m against EUR 82.2m last year, however, payment of leases of EUR 9.9m in 2019 has been reported under financing cash flow after the adoption of IFRS 16. For the second consecutive year, changes in working capital were positive at EUR 11.5m in 2019 and EUR 21.9m in 2018. Changes in contract assets were EUR -63.5m compared with EUR -35.7m in 2018. Payment of income taxes amounted to EUR 23.5m, against EUR 22.3m in 2018.

There was a net cash outflow of EUR 60.2m from investing activities compared with EUR 1.7m in 2018. Cash flow from investing activities included in 2019 a net payment of EUR 58.5m for AIM Software, consisting of paid consideration of EUR 62.9m less cash in AIM Software of EUR 4.4m when acquired.

Free cash flow (cash flow from operations reduced by CAPEX and lease payments) was EUR 70.9m compared with EUR 80.2m in 2018.

FREE CASH FLOW/ CASH FLOW TO SHAREHOLDERS



Cash conversion, defined as free cash flow divided by profit for the year, was 73%. The reason for being below 100% is the negative impact from changes in contract assets of EUR 63.5m.

Cash used in financing activities in 2019 related to dividend payments of EUR 35.9m and the purchase of treasury shares of EUR 12.5m and the repayment of lease liabilities of EUR 9.9m. To finance the acquisition of AIM Software, SimCorp has increased its credit facilities, and at the end of 2019 EUR 20.0m was drawn on the facilities. Cash used in financing activities in 2018 was limited to dividend payments of EUR 34.4m and a loan repayment of EUR 30.0m related to the acquisition of SimCorp Italiana.

TREASURY SHARES

In 2019, SimCorp purchased 150,980 treasury shares with a nominal value of DKK 1 at an average price of DKK 617.86 per share, totaling EUR 12.5m. SimCorp delivered 168,217 treasury shares with a nominal value of DKK 1 on the vesting of restricted stock units.

Furthermore, 3,148 treasury shares will be delivered after publication of this annual report as remuneration to the Board of Directors in accordance with a resolution adopted by shareholders at the Annual General Meeting 2019.

At December 31, 2019, SimCorp held 900,481 treasury shares with a nominal value of DKK 1 each (2.2% of the total share capital) at a cost of EUR 50.9m and a market value of EUR 91.3m. At December 31, 2018, SimCorp held 917,718 treasury shares with a nominal value of DKK 1 each (2.3% of the total share capital) at a cost of EUR 46.4m and a market value of EUR 54.8m.

THE PARENT COMPANY SIMCORP A/S

In 2019, the parent company generated revenue of EUR 235.8m, an increase of EUR 37.1m compared with 2018. The parent company received dividends totaling EUR 23.9m from subsidiaries in 2019 compared with EUR 15.8m in 2018.

Profit before tax for the year was EUR 118.4m against EUR 93.1m in 2018. Income tax amounted to EUR 22.4m compared with EUR 18.4m in 2018. Net profit was EUR 96.0m compared with EUR 74.7m in 2018.

Equity increased from EUR 153.5m at December 31, 2018 to EUR 213.2m at December 31, 2019.

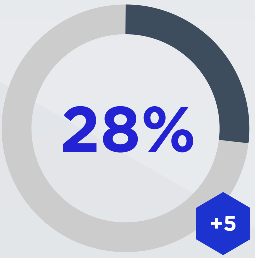
PROFIT ALLOCATION

The Board of Directors intends to recommend to shareholders at the Annual General Meeting 2020 that, of the total recognized comprehensive income of EUR 95.9m, dividends of EUR 39.9m be declared, representing DKK 7.50 per share of DKK 1, and that EUR 56.0m be transferred to retained earnings.

BUSINESS UNITS, PRODUCTS AND CLIENTS

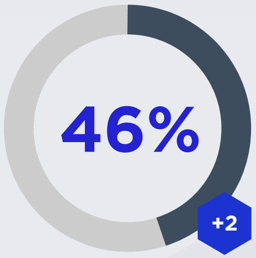
SIMCORP DIMENSION® CLIENTS AND MARKET SHARE

UK, Northern Europe and Middle East



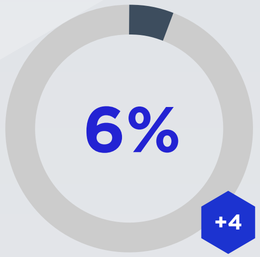
86 of 310 potential clients

Central Europe



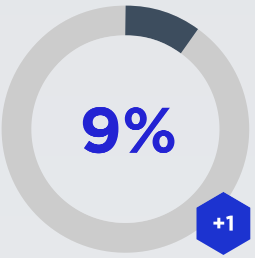
51 of 110 potential clients

North America



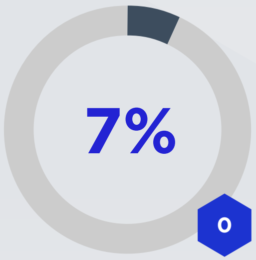
35 of 550 potential clients

APAC



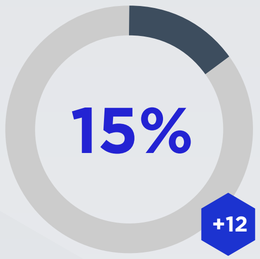
17 of 180 potential clients

Southern Europe



10 of 150 potential clients

Total



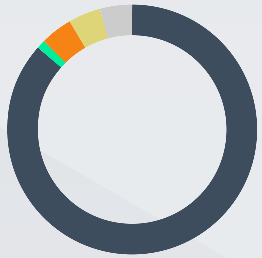
199 of 1,300 potential clients

Market share
Market potential
Number of new clients in 2019

Figures are based on SimCorp estimates. Market share is calculated as number of SimCorp Dimension clients relative to the number of potential clients in each market.

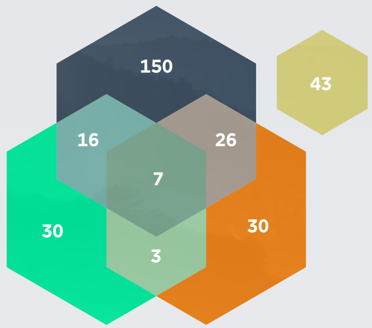
ALL PRODUCTS

Revenue share



- SimCorp Dimension® **87%**
- SimCorp Gain™ **1%**
- SimCorp Coric® **4%**
- SimCorp Sofia™ **4%**
- Third-party **4%**

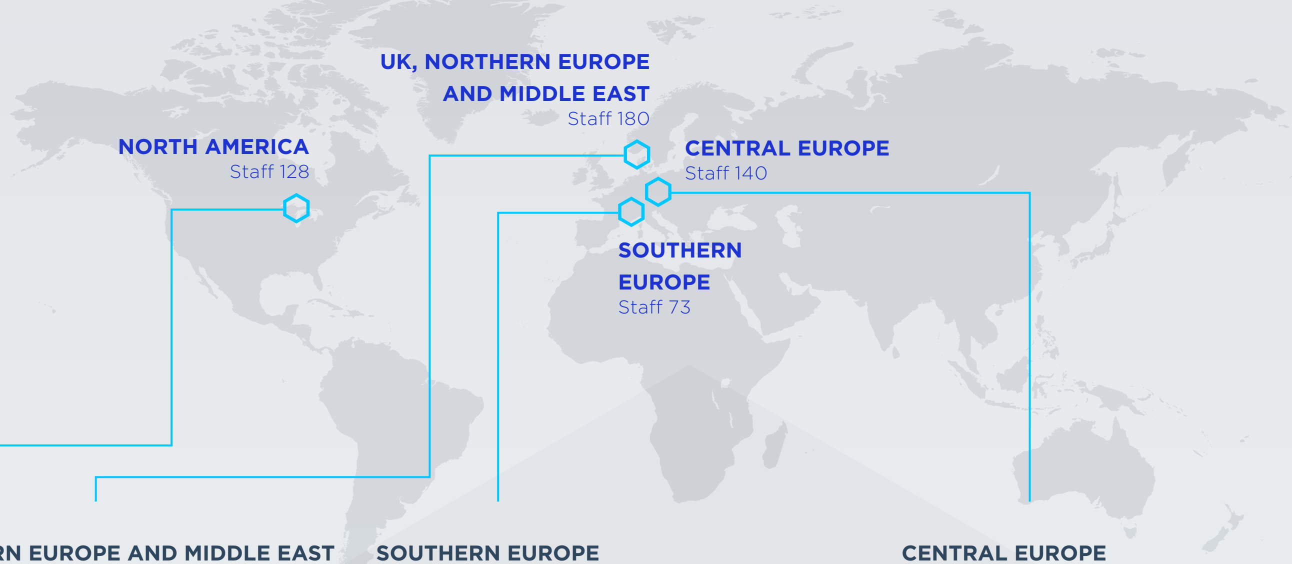
Shared clients



- SimCorp Dimension®
- SimCorp Gain™
- SimCorp Coric®
- SimCorp Sofia™

1/2

BUSINESS UNIT REVIEW



NORTH AMERICA

In North America, total revenue developed below expectations. Four new clients were signed, bringing the total number of clients up to 35, equaling an estimated market share of 6% in North America. All four of the new license deals signed in 2019 are based on our as-a-service (hosted) offering. The new client wins and the order intake from additional licenses increased the value of the total installed license base by EUR 19m, reaching EUR 138m at the end of 2019.

EURm	2019	2018	Change
Revenue	84.1	81.1	4%
New wins	4	5	
Market share	6%	6%	
SimCorp clients	35	31	
Number of employees	128	124	3%

UK, NORTHERN EUROPE AND MIDDLE EAST

The newly merged business unit, UK, Northern Europe and Middle East, performed well in 2019 with total revenue increasing 15%, primarily driven by strong new license sales. Five new SimCorp Dimensions clients were signed in 2019, while two clients canceled contracts, bringing the total number of clients up to 86. The positive performance in 2019 illustrates the strengths and competitiveness of the merged unit, having the resources and know-how to serve its clients across the region and the ability to win new clients. The new client wins and the order intake from additional licenses increased the value of the total installed license base by EUR 19m, reaching EUR 349m at the end of 2019.

EURm	2019	2018	Change
Revenue	149.1	129.6	15%
New wins	5	2	
Market share	28%	27%	
SimCorp clients	86	83	
Number of employees	180	180	0%

SOUTHERN EUROPE

Southern Europe, consisting of France, Italy, and Spain, performed below expectations with total revenue declining 11% in 2019. The revenue decline was driven by a decrease in both new and additional license sales, and professional services revenue hence also declining due to the related decrease in implementation activities. No new clients were signed in 2019. Southern Europe currently holds 10 clients, equaling an estimated market share of 7%. The total installed license base was EUR 64m at the end of 2019

EURm	2019	2018	Change
Revenue	39.6	44.5	-11%
New wins	0	1	
Market share	7%	7%	
SimCorp clients	10	10	
Number of employees	73	77	-5%

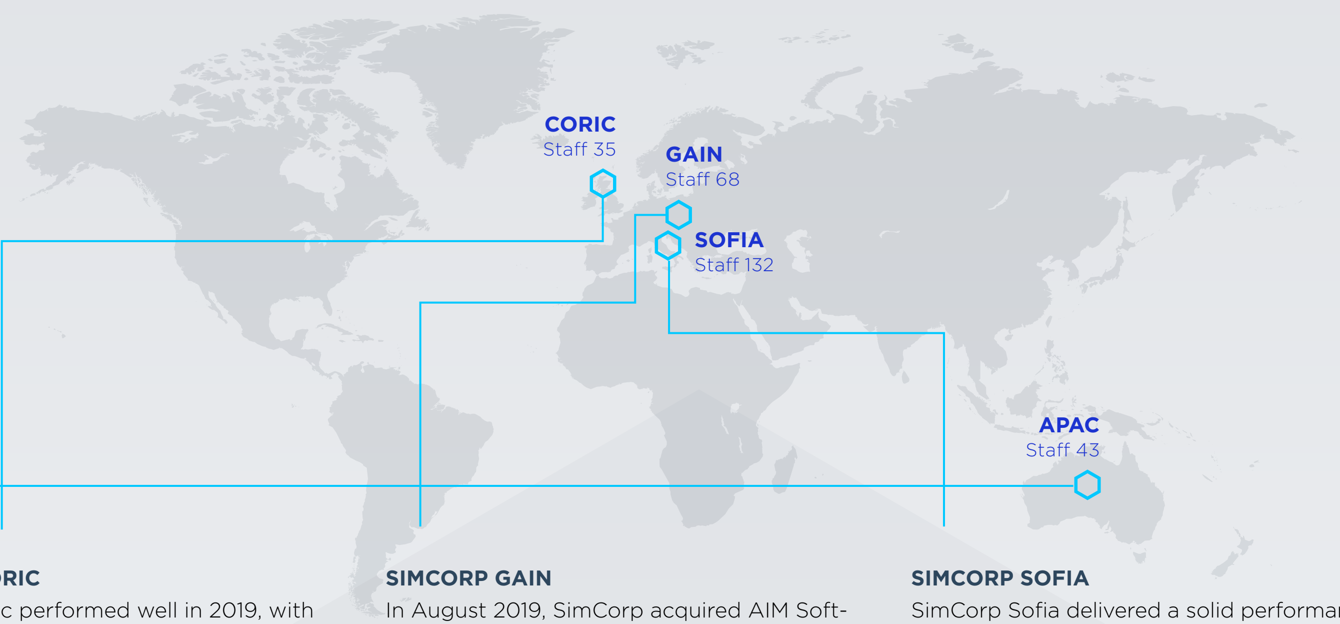
CENTRAL EUROPE

In Central Europe, two new clients were signed in 2019, while one client canceled its contract. Overall, the total revenue grew by 12% in 2019. The growth was primarily driven by the new license sales and software updates and support revenue generated by the completion and implementation of new functionalities sold to existing clients. Central Europe currently holds 51 clients, equaling an estimated market share of 46%. The total value of the installed license base was EUR 247m at the end of 2019.

EURm	2019	2018	Change
Revenue	90.1	80.5	12%
New wins	2	1	
Market share	46%	45%	
SimCorp clients	51	50	
Number of employees	140	143	-2%

2/2

BUSINESS UNIT REVIEW



APAC

APAC performed strongly in 2019 with total revenue more than doubling compared with 2018. The strong growth was primarily driven by new license sales, including a large deal in South Korea and the revenue recognition of a large deal signed in 2018. Furthermore, additional license sales, software updates and support revenue, and professional service also developed positively in 2019. Currently, SimCorp holds 17 clients in the APAC region, corresponding to an estimated market share of 9%. The total value of the installed license base was EUR 67m at the end of 2019.

EURm	2019	2018	Change
Revenue	52.4	20.3	159%
New wins	1	2	
Market share	9%	9%	
SimCorp clients	17	16	
Number of employees	43	30	43%

SIMCORP CORIC

SimCorp Coric performed well in 2019, with revenue nearly doubling compared with 2018, although revenue from some new SimCorp Dimension deals including SimCorp Coric sales was recognized in the regional business units. Three standalone SimCorp Coric clients were signed and three SimCorp Coric solutions were signed with existing SimCorp Dimension clients or as part of a new SimCorp Dimension deal. Three clients canceled contracts, bringing the total number of clients up to 66, comprising 33 clients who are also SimCorp Dimension clients, three clients who are also SimCorp Gain clients, and 30 clients who are only SimCorp Coric clients.

EURm	2019	2018	Change
Revenue	13.3	6.9	93%
New wins	6	2	
SimCorp Coric clients	66	63	
Employees	35	47	-26%

SIMCORP GAIN

In August 2019, SimCorp acquired AIM Software, whose product has been rebranded as SimCorp Gain. During the five months of SimCorp ownership in 2019, SimCorp Gain generated total revenue of EUR 5.5m. One new standalone SimCorp Gain client was signed in 2019, while SimCorp also successfully sold SimCorp Gain to a number of existing SimCorp Dimension clients bringing the total number of SimCorp Gain clients to 56. The 56 clients comprise 23 SimCorp Gain clients who are also SimCorp Dimension clients, three who are also SimCorp Coric clients, and 30 clients who are only SimCorp Gain clients.

EURm	2019 Aug 1-Dec. 31
Revenue	5.5
New wins	2
SimCorp Gain clients	56
Employees	68

SIMCORP SOFIA

SimCorp Sofia delivered a solid performance in 2019 with total revenue growth of 7%, driven by continued solid performance with recurring professional services.

In 2019, SimCorp Sofia generated total revenue of EUR 19.3m. No new clients were signed in 2019, while four smaller clients canceled contracts due to mergers with existing SimCorp clients, bringing the total number of SimCorp Sofia clients to 43.

EURm	2019	2018	Change
Revenue	19.3	18.1	7%
New wins	0	1	
SimCorp Sofia clients	43	47	
Number of employees	132	120	10%

RISK MANAGEMENT

As SimCorp operates in a continually changing and volatile business environment, its Board of Directors and management regard it as essential that its risk exposure is thoroughly monitored and controlled on an ongoing basis, applying a framework of risk policies and risk mitigating procedures.

SimCorp's business involves commercial and financial risks, which could have a negative impact on the company's future activities and results. To manage risk, principal factors categorized as potential risks are systematically monitored, analyzed, and managed. Overall, SimCorp's management believes the company is prepared to manage its potential risk challenges.

For further details on procedures of SimCorp's risk management, see pages 12-13 in its Corporate Governance Guidelines.

SimCorp's Corporate Governance Guidelines

RISK MANAGEMENT AT SIMCORP

RISK ANALYSIS

An Enterprise Risk Management process is applied to identify relevant gross risks in SimCorp's major units. Each risk is described, together with risk mitigation activities in place or planned. The identified risks are assessed in relation to probability of occurrence and impact on EBIT. The net risk after mitigating factors is reported, and movements from one quarter to another are monitored.

RISK EVALUTION

SimCorp management continually monitor risk development in the SimCorp Group. Each quarter, the main risks and accompanying mitigating actions are presented to the Audit Committee and Board of Directors, who discuss whether the risk situation is acceptable and, if not, decide what further mitigating actions are required.

RISK CONTROL

The Audit Committee carries out an analysis of the ongoing process of identifying and reporting risks to the Board of Directors in order to ensure that the underlying risk identification method is appropriate and reflects the true risk picture.

RISK CATEGORY	RISK MITIGATION
MARKETS AND CLIENTS Responding timely to investment management market trends is critical to SimCorp's ability to stay competitive. Failing to spot these trends represents a risk. Competitors' expansion of service-offerings and distribution could also endanger SimCorp's market-leading position. New local requirements or legislation may also influence the demand for SimCorp's offerings. With 23% of SimCorp's client base belonging to the top 100 global investment managers, losing one of these or their default on payment could have a substantial impact on SimCorp's revenue and profitability.	**MARKETS AND CLIENTS** Through extensive ongoing market research and industry analysis, SimCorp keeps abreast of trends and movements in the global financial markets. Its close and longstanding client relationships allow SimCorp to anticipate and respond to new preferences and requirements. In addition, SimCorp actively monitors contracts to manage risks. Although 23% of SimCorp's clients are among the top 100 global investment managers, the SimCorp Group has no client with revenue of more than 4.4% (2018: 4.5%) of total revenue.
PRODUCT INNOVATION AND QUALITY Product innovation, improved technical infrastructure, and enhanced technical capabilities are fundamental elements in meeting new system requirements in the market. Being unable to deliver those elements in a timely fashion could potentially mean that SimCorp's product and services would end up as legacy offerings. SimCorp's ability to offer clients the best software with the highest possible configurability and flexibility is paramount. Inadequate quality control and testing prior to the release of new software versions could increase the risk of reduced client satisfaction and loyalty. To enable optimal use of resources, lower the total cost of operations (TCO), ease upgrade, and make cloud benefits available for our clients in an efficient manner, we need SimCorp Dimension to operate in a 3-tier deployment model, on premises, in private, and public cloud. The 3-tier deployment model is the first step in our cloud lift and is paramount for this transition. The main risk associated with the transition is the lack of necessary development capacity or capabilities.	**PRODUCT INNOVATION AND QUALITY** Quarterly, SimCorp offers updated versions of SimCorp Dimension, including enhanced system functionality and technical infrastructure based on a systematic prioritization of client and market requirements. A best-practice agile development method enables quick adaptation to changes in market and client demands. This also shortens the extensive control and testing period prior to new version releases, securing an even better software quality. SimCorp continually raises and follows up on internal quality targets and has been able to reduce the number of errors in new software releases. To prepare for our transition to cloud, we have first laid out the technical needs, ensured feasibility, done extensive estimation, and established burndown measurements. In addition, we have increased our efforts to meet staff needs in all our locations, and we are engaging with subcontractors to increase our capacity for this peak period.
REGULATORY ISSUES AND FISCAL POLICIES Protecting SimCorp's long-term business interests is vital to its continued operations. This includes legal risk that may impact SimCorp's business. SimCorp believes contractual risk as well as legal risk related to regulatory requirements are critical. Failure to meet or implement regulatory requirements in a timely fashion with respect to, for instance, data protection, confidentiality agreements, IPR, corruption and fraud constitutes a risk. SimCorp is subject to tax and fiscal policies in the countries in which the Group operates. Changes to local policies may affect SimCorp's tax and fiscal position. Due to the nature of SimCorp's operations, the company is exposed to changes in currency exchange rates. The EU general data protection regulation (GDPR) applied from May 2018 with the objective to give citizens back control of their personal data. Failure to comply with GDPR represents a risk.	**REGULATORY ISSUES AND FISCAL POLICIES** SimCorp ensures that all contracts entered into are carefully worded. SimCorp's due diligence and procurement processes, as well as the 'Guideline for Good Business Behavior' established for all employees and suppliers, ensure that the company's value-based principles are adhered to, including safeguarding against corruption. SimCorp's Group Finance department manages the company's currency and financial exposures pursuant to the treasury policy approved by the Board of Directors, and is required to keep the overall currency and financial exposure within defined limits. Furthermore, Group Finance ensures that, in line with the tax policy, SimCorp is at all times tax compliant in the countries in which SimCorp conducts business. SimCorp has implemented a number of business procedures and controls to have transparency of individual activities and an overview of financial exposure. SimCorp's Group Legal and Compliance department ensures and monitors GDPR compliance.
POLITICAL RISKS With offices and sales across the world, SimCorp is from time to time affected by geopolitical uncertainties and unrest. Further, since 2007, SimCorp has had a development unit based in the Ukraine. With the UK leaving the EU, changing business conditions in the UK pose a risk for SimCorp's local operations.	**POLITICAL RISKS** Political and economic unrest in countries and regions where SimCorp operates or plans to operate is monitored and fully considered when making operational and strategic decisions. Due to the political situation in the Ukraine, SimCorp monitors the situation in that country. The Ukrainian office is based outside of Kiev and, so far, SimCorp has not seen any substantial risk associated with operating in the country. SimCorp monitors the impact of Brexit. The UK's contribution to the SimCorp Group's revenue is less than 6% of total revenue. SimCorp's business model has previously proved to be strong during financial crises when the impact has been very low.

RISK CATEGORY	RISK MITIGATION
FINANCIAL REPORTING Generally, financial reporting involves the risk of non-compliance with applicable regulations. There is also a risk that internal controls may not detect or prevent significant errors and omissions in financial reporting.	**FINANCIAL REPORTING** SimCorp's business procedures and controls ensure compliance with financial reporting requirements. The full wording of SimCorp management's statutory responsibilities under section 107 b of the Danish Financial Statements Act is available on SimCorp's website: www.simcorp.com/corporate-governance. The Executive Management Board monitors compliance and provides the Board of Directors with relevant reports.
SOLUTIONS AND SERVICES After going live with the solution, the most apparent risk is possible breach of service level agreements, security requirements, or other committed standards. Implementation projects not priced correctly or not having a clear scope, pose a risk of significant cost overruns, as well as causing delivery risk to be transferred to SimCorp. Offering SimCorp Dimension as a service introduces operational risks of running clients' operational IT environments. This in turn exposes SimCorp to potential financial and reputational risks, should operations be negatively impacted by errors or downtime. Related services are provided by SimCorp and subcontractors engaged by SimCorp. If SimCorp fails to balance the requirements of clients and agreements with these subcontractors, SimCorp risks impairing the clients' businesses as well as its own.	**SOLUTIONS AND SERVICES** SimCorp professional services apply a global delivery model leveraging a standard methodology based on industry best practices and standard components. This approach gives existing and new clients a lean and efficient solution-delivery service, driving increased quality and value, while reducing risk and cost for small and large projects alike. It is key for SimCorp to provide standardized end-to-end serviced solutions, both during implementation and after clients have gone live. SimCorp has established various measures to control both external and internal risk to the provision of full-service packages. Externally, a due diligence process is conducted on each subcontractor to ensure it meets SimCorp's requirements; financially, organizationally, and product-wise. Internally, a clear description and overview of each delivery component allows for a clear segregation of duties. SimCorp's consultants undergo regular training to maintain and develop the required knowledge and experience in relation to the operational services. Larger complex implementation contracts are evaluated, approved, and monitored using a Group standard.
IT RISK As a software company with a core business based on modern information technology, SimCorp's failure to adequately protect itself against IT risk, represents a particular risk. Cybercrime including unauthorized access to SimCorp's network and data could endanger applications as well as the infrastructure and the technical environment stored on SimCorp's network. The same goes for virus attacks and theft of code and know-how which could also entail prolonged system breakdowns impairing productivity and potentially rendering SimCorp unable to service its clients. SimCorp currently delivers SimCorp Dimension as-a-service (hosted) for twelve clients, operating the clients' systems in a third-party hosted environment. Any failure of the hosting provider could result in prolonged system breakdowns that would impair productivity and potentially render SimCorp unable to service clients.	**IT RISK** SimCorp monitors its technical infrastructure to identify and minimize risk to the company's production and operation. Established procedures and solutions enable a quick restoration of critical business services. SimCorp upholds a high data security level and strict access control to the physical environment and data network. Controls are monitored and reviewed to optimize information security. SimCorp management and employees are regularly updated on new potential cybercrime threats and how to minimize the risk of phishing and hacking. SimCorp has a disaster recovery plan for restoring all critical business services and makes use of state-of-the-art tracing software for detecting unintended access, or attempts, to SimCorp's network. The suppliers of this software are diligently screened, using both expert assessments of the product as well as in-house proof of concept. SimCorp holds an ISAE 3402 Type 2 report on our third-party service providers, and the hosting provider has undergone substantial successful due diligence performed by SimCorp and its external partners. Furthermore, SimCorp has back-to-back agreements with its third-party service providers. SimCorp hosting services are audited annually by an external third party, who provides ISAE3402 and SOC assurance reports. SimCorp performs due diligence assessments on material subcontractors and hosting providers, and has back-to-back agreements with its third-party service providers.
PEOPLE AND CORPORATE CULTURE SimCorp's business is based on specialized expertise and innovation. It is imperative that SimCorp continues to attract, develop, and retain the most skilled employees and management talent. Failure to do so constitutes a risk to the Group. Moreover, it is considered a genuine risk to SimCorp's long-term position, if the company's corporate values do not continue to serve as a core basis for business execution and development	**PEOPLE AND CORPORATE CULTURE** To ensure SimCorp's ability to attract talented employees, an 'Employer Value Proposition' program is in place to strengthen the company's employer brand by increasing the awareness of what SimCorp has to offer new employees. To retain talent in SimCorp, mentoring and leadership training programs are in place. Substantial resources allocated to training and development programs ensure the strengthening of professional and personal skills across the organization. To ensure SimCorp's business is conducted in accordance with corporate values, a Guideline for Good Business Behavior for all employees and suppliers has been established, and annual online training is conducted.

CORPORATE GOVERNANCE REPORT

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

SimCorp's Corporate Governance Guidelines are intended to ensure an efficient and adequate management of SimCorp within the framework defined by applicable legislation, rules, and recommendations for listed companies in Denmark and by SimCorp's articles of association, vision, and values.

Download: Corporate Governance Guidelines 2019

SIMCORP'S STAKEHOLDER RELATIONSHIPS

SimCorp's overall management objective is to promote the long-term interests of the company, and thus of all stakeholders. Achieving this objective assumes that SimCorp establishes lasting and constructive relationships with the Group's primary stakeholders: clients, employees, shareholders, and society.

THE WORK OF THE BOARD OF DIRECTORS

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

COMPOSITION AND QUALIFICATIONS OF THE BOARD OF DIRECTORS

The Board of Directors is constituted to ensure its independence, adequate collective competences, and experiences within executive management disciplines related to global corporations, information technology, and business-to-business sales and implementation of software, and to hold a sufficient number of members to enable an appropriate distribution of tasks and an effective decision-making process. As provided in the company's articles of association, SimCorp's Board currently consists of between four and eight members elected by the company's shareholders in addition to members elected by and among the company's employees. Accordingly, following the Annual General Meeting (AGM) 2019, the Board consists of six members elected by the shareholders and three members elected by employees.

Self-assessment

As part of its annual cycle activities, the Board of Directors carries out a self-assessment. In 2019, the evaluation was facilitated internally by the Board, and comprised an evaluation of the work and contribution of the Executive Management Board, the Board of Directors, the Audit Committee, and the Nomination and Remuneration Committee within the areas of strategy, finance, risk management, sales, organization, management, and operations. The Board of Directors also evaluated, whether the total number of management functions, including their level and complexity, taken on by each board member was appropriate.

It was concluded that the Board's work is effective, that the members collectively contribute to the required areas of expertise, and that none of the directors is over-boarded.

The Board also concluded that the geographies represented by its members – Northern Europe, Southern Europe, the UK, and North America – reflect an extensive coverage of SimCorp's markets.

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

At the AGM 2019, Jesper Brandgaard resigned after 12 years as member of the Board, 11 of these as Chairman. Peter Schütze, who served as the Company's vice-chairman for seven years, was elected as the new Chairman. Peter brings more than 30 years of management experience from international financial institutions, and holds board and chairman positions in several other large companies. Morten Hübbe was elected as new Vice-chairman. Morten brings chief executive experience from a listed company. The Board did not propose any new members to the Board.

Risk management

The Board of Directors has the overall responsibility for ensuring that SimCorp maintains appropriate procedures to monitor, measure, and manage the company's risks and that such procedures are firmly embedded in the company's organization. As part of its risk management, the Executive Management Board and the Board of Directors have defined and described the most critical risks to SimCorp and the related mitigating actions.

BOARD OF DIRECTORS AND COMMITTEES – MEETING PARTICIPATION IN 2019

	Board of Directors	Audit Committee	Nomination and Remuneration Committee
Peter Schütze	6/6		4/4
Morten Hübbe[1]	5/6		3/3
Simon Jeffreys	6/6	4/4	
Hervé Couturier	6/6		2/4
Adam Warby[2]	6/6	1/1	
Joan Binstock	6/6	4/4	
Jesper Brandgaard[3]	2/2		1/1
Else Braathen	6/6	4/4	
Vera Bergforth	6/6		4/4
Hugues Chabanis[4]	4/4		
Ulrik Elstrup Hansen[3]	2/2		

[1] Joined Nomination and Remuneration Committee March 27, 2019. [2] Joined Audit Committee November 8, 2019.
[3] Resigned March 27, 2019. [4] Elected March 27, 2019.

A more detailed description is provided in the section 'Risk Management', pp 26-28.

Further, the company maintains a whistle-blower hotline, which is intended to enable reporting on suspected irregularities in the business. SimCorp has engaged a third party, Got Ethics, who provides an internet-based reporting tool. Reports sent through the whistleblower hotline are electronically submitted directly to the Chairman of the Audit Committee and another independent member of SimCorp's Board of Directors.

Whistleblower Policy

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee assists the Board with oversight of the competence profile and composition of the Board, nomination of Board and committee members, succession plans for the Executive Management Board, remuneration packages and policies for the Board of Directors and Executive Management Board, and other tasks on an ad-hoc basis as decided by the Board. The Nomination and Remuneration Committee consists of four members elected by the Board on a one-year term by and among the Board of Directors. Further, SimCorp's CEO is a regular attendee at meetings of the Nomination and Remuneration Committee. In 2019, the committee held four meetings.

Exception from the Danish corporate governance recommendations

Severance payments

For three of the four existing executive services agreements, the total severance pay during the notice period exceeds the recommended two years' remuneration in the event of change of ownership as the severance payment is up to nine months, and the notice period is extended to 24 months for two executives and 36 months for one executive. In future agreements, SimCorp will ensure the total remuneration does not exceed the recommended threshold. Refer to page 34 for more details on severance payments.

AUDIT COMMITTEE

The Audit Committee is responsible for assisting the Board of Directors by monitoring SimCorp's financial reporting, its financial internal control and financial risks, as well as the quality, effectiveness, and independence of the external auditors for the SimCorp Group of companies. The Audit Committee consists of four members elected on a one-year term by and among the Board of Directors. The Audit Committee meets as often as it and its Chairman deem necessary, however, as a minimum, the Committee will meet four times a year at appropriate times in the reporting and audit cycle. In 2019, four meetings were held.

Pursuant to the Danish corporate governance recommendations, it is recommended that the majority of the members of the Committee qualify as independent and the committee should possess the necessary financial expertise. The members of the Audit Committee qualify, and are shown in the table on the left-hand side. See SimCorp's Corporate Governance Guidelines for a full description of the Audit Committee's activities.

External auditor – tasks, objectivity, and independence

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

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

AUDITOR FEE - SIMCORP A/S

EUR '000	2019	2018
Audit fees	186	133
Tax and VAT advice fees	25	-
Other service fees	15	26
Total auditor fee	**226**	**159**
Non-Audit Services (NAS)/ Audit fee ratio	22%	20%

AUDITOR FEE - SIMCORP GROUP

EUR '000	2019	2018
Audit fees	419	346
Tax and VAT advice fees	162	41
Other service fees	39	45
Total auditor fee	**620**	**432**
Non-Audit Services (NAS)/ Audit fee ratio	48%	25%

Other ongoing activities

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

Assessment

During 2019, the SimCorp Audit Committee was satisfied with auditor independence, and with the management of risks within the areas it monitors for the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

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

Download: Corporate Social Responsibility Statement and ESG Report 2019

Corporate social responsibility (CSR) in SimCorp is firmly based on the Group's core values and its 'Corporate Social Responsibility Policy' and 'Corporate Governance Guidelines' as adopted by the Board of Directors. SimCorp's commitment to corporate sustainable development is based on combining financial performance with socially responsible behavior and environmental awareness.

SimCorp's approach to CSR is described in its policies and business behavior guidelines, including the company's 'Corporate Social Responsibility Policy', 'Diversity and Inclusion Policy', 'Guideline for Good Business Behavior', 'Remuneration Guidelines' and 'Corporate Governance Guidelines'. These policies and guidelines include policies and guidelines for employees, ethics, human rights, suppliers, the environment, stakeholder engagement, governance, bribery and anti-corruption that aim to maintain its professional and commercial relations with internal and external stakeholders based on mutual respect.

Download: Guideline for Good Business Behavior

Download: Remuneration Guidelines 2019

SimCorp joined the UN Global Compact in 2019. Going forward, we commit to submit an annual Communication on Progress (COP) concerning our implementation of its principles. We have published the first COP as an integrated part of our Corporate Social Responsibility Statement and ESG Report 2019. Our current contribution to specific targets related to the UN's Sustainable Development Goals and our results on a range of non-financial metrics are also included in this report.

SimCorp maintains high standards when it comes to confidentiality and protection of personal data. This is ensured through compliance with technical data security standards and processes, as well as ongoing education of the employees on how to handle data confidentially and in accordance with legislative requirements. A framework is in place to ensure that SimCorp complies with the General Data Protection Regulation (GDPR).

Regarding the environment, CO_2 emission and electricity and heat-related energy consumption are the key environmental factors affected by SimCorp's business model (see page 9). To reduce impact, SimCorp promotes responsibility and use of environmetally-friendly technologies across its business operations and activities. As an example, SimCorp's travel policy guides employees to replace air travel with video conferences whenever possible. To track progress, we set KPIs for and provide metrics on CO_2 emission related to air travel as part of our ESG report. Furthermore, the current rebuilding of SimCorp headquarters is to a high degree taking environmental factors into account. A statutory energy report is conducted as and when required in accordance with EU law.

Due to the nature of its business model and its associated risks, SimCorp does not have a specific human rights policy and our approach to human rights is outlined in our Guideline for Good Business Behavior that is also the foundation for our business relationships with suppliers. It is part of the procurement process that suppliers are requested to confirm adherence to a number of principles, including compliance with the UN convention on child labor, article 32.1, and the respect for an equal status between the sexes and between persons of different races and religion. Further, SimCorp does not accept products and services which have directly or indirectly been designed, manufactured, produced, or procured in contravention of local environmental legislation or other legislation, or by means of corruption, bribery, or other fraudulent behavior.

DIVERSITY

Report on the underrepresented gender, cf. Section 99 b of the Danish Financial Statements Act

Download: Diversity Report 2019

As described in its Diversity and Inclusion Policy, SimCorp aims to promote diversity. It is SimCorp's goal that the proportion of women at all management levels corresponds to the share of women in the SimCorp Group. Activities to reach this goal are described in the Diversity Report 2019. The goal is based on a wish to strengthen the versatility and total competences across the business and to improve decision-making processes.

Regarding the Board, it is the company's target to have at least two shareholder-elected directors of the underrepresented gender, also corresponding to the share in general population in the industry. With no elections to the Board at the AGM 2019, only one of the six shareholder-elected directors is of the underrepresented gender, which means the target figure has not yet been reached. It is SimCorp's goal to reach the target in 2021.

At the end of 2019, the total management team comprised 70.7% (2018: 69.0%) men and 29.3% (2018: 31.0%) women. The decrease in female representation at management level is to a high degree related to the acquisition of AIM software. Overall, SimCorp's staff comprised 67.7% (2018: 67.0%) men and 32.3% (2018: 33.0%) women.

REMUNERATION REPORT

SimCorp's remuneration policy and incentive programs have the objective to support SimCorp's strategic goals and long-term value creation.

At SimCorp, remuneration and incentive levels are set to be competitive and aligned with the interests of both the program participants and the shareholders.

SimCorp's Remuneration Guidelines lay out a clear description of SimCorp's remuneration principles and procedures, and the company aims for simplicity and transparency in all its compensation packages. The remuneration packages for SimCorp's Board of Directors (BoD) and Executive Management Board (EMB) are composed of the components in the table below.

BOARD OF DIRECTORS

Overall remuneration level

To ensure that the overall remuneration of SimCorp's Board of Directors is in line with that of Danish and international companies similar in size and with comparable business activities, the Annual General Meeting (AGM) in March 2019 decided to keep the base fee unchanged, but to adjust the remuneration of the Chairmanship of the Board of Directors and of its committee members.

Fixed fees and fees for committee work

The remuneration of the Board of Directors is composed of a cash element (2/3 of remuneration) and a share element (1/3 of remuneration), both calculated each year to be aligned with the level proposed at the AGM.

As a result of the adjustment agreed at the AGM in 2019, the total remuneration of the Chairman and the Vice-chairman of the Board has been increased by EUR 25,000, respectively. The fees for the Chairman and members of the Audit Committee have been increased by EUR 12,500 and EUR 6,250, respectively. The fees for the Chairman and members of the Nomination and Remuneration Committee have been increased by EUR 6,250 and EUR 3,125, respectively. The total remuneration of Board and committee members follows in the table below.

Travel allowance and other expenses

SimCorp pays a travel allowance of EUR 2,500 for Board members for meetings conducted outside their home country and reimburses relevant expenses such as travel and accommodation in relation to Board meetings.

Share-based payment

The value of the shares allotted to the members of the Board of Directors is determined immediately prior to the AGM, where the shareholders approve the remuneration. The shares are transferred on an annual basis in arrears.

REMUNERATION PACKAGE COMPONENTS

SimCorp Board of Directors (BoD) and Executive Management Board (EMB)

Remuneration	BoD	EMB	Comments
Fixed fee/base salary	✓	✓	
Fee for committee work	✓		
Short-term cash-based incentive		✓	Up to 90% of base salary
Long-term share-based incentive		✓	Up to 100% of base salary
Travel allowance and other expenses	✓		
Benefits (company cars, phones, etc.)		✓	Up to 10% of base salary
Severance payments		✓	Up to nine months' base salary

BOARD OF DIRECTORS & COMMITTEES – REMUNERATION (CASH AND SHARE-BASED)

Fee	Board		Audit Committee		Nomination and Remuneration Committee	
	DKK	EUR	DKK	EUR	DKK	EUR
Chairman	1,125,000	150,000	281,250	37,500	140,625	18,750
Vice-chairman	750,000	100,000	N/A	N/A	N/A	N/A
Member	375,000	50,000	140,625	18,750	70,313	9,375

BOARD OF DIRECTORS – REMUNERATION

	Board fees			Fees for committee work			Travel allowance			Share-based payment			Total		
EUR ’000	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Peter Schütze (Chairman Board & NRC)	101	50	50	6	4	3	-	-	-	56	27	27	163	81	80
Morten Hübbe[1] (Vice-chairman Board & Chairman NRC)	67	34	-	13	-	-	-	-	-	37	17	-	117	51	-
Hervé Couturier (NRC)	34	34	34	6	4	3	13	12	11	20	19	19	73	69	67
Simon Jeffreys (Chairman AC)	34	34	34	25	17	17	20	20	17	29	25	25	108	96	93
Adam Warby (AC)	34	34	34	6	-	-	13	12	10	17	17	17	70	63	61
Joan Binstock[2] (AC)	34	34	-	13	8	-	17	20	-	23	21	-	87	83	-
Jesper Brandgaard[3]	-	84	84	-	8	6	-	-	-	-	46	46	-	138	136
Else Braathen[5] (AC)	34	34	34	13	8	8	-	3	-	23	21	21	70	66	63
Vera Bergforth[5] (NRC)	34	34	34	6	4	3	13	12	10	20	19	19	73	69	66
Hugues Chabanis[6]	34	-	-	-	-	-	7	-	-	17	-	-	58	-	-
Patricia McDonald[4]	-	-	34	-	-	8	-	-	17	-	-	21	-	-	80
Ulrik Elstrup Hansen[7]	-	34	34	-	-	-	-	-	-	-	17	17	-	51	51
Total	**406**	**406**	**372**	**88**	**53**	**48**	**83**	**79**	**65**	**242**	**229**	**212**	**819**	**767**	**697**

[1] Elected May 9, 2018.
[2] Elected March 23, 2018.
[3] Elected March 29, 2007 and resigned March 27, 2019.
[4] Appointed March 31, 2014 and resigned March 23, 2018.
[5] Employee-elected effective April 1, 2016.
[6] Employee-elected effective March 27, 2019.
[7] Employee-elected effective April 1, 2016 and resigned March 27, 2019.

BOARD OF DIRECTORS – RESTRICTED STOCKS UNITS AND SHARES AWARDED

	2019	**2018**	**2017**
Total number of shares allotted[1]	3,148	4,241	4,120
Total number of restricted stock units to employee-elected Board members[2]	506	675	621

[1] Allotted as part of the remuneration of the Board of Directors. For 2019, the allotment will take place immediately after publication of this Annual Report in February 2020.
[2] Restricted stocks units in capacity as employees of SimCorp A/S. For further details, refer to note 7.1.

EXECUTIVE MANAGEMENT BOARD

Overall remuneration model

In line with the Remuneration Guidelines approved by the AGM, the Nomination and Remuneration Committee proposes the remuneration of the Executive Management Board (EMB) for the coming financial year to the Board of Directors who collectively approves the remuneration.

Total remuneration level

The total remuneration is benchmarked against the levels for Danish and international companies similar in size and with comparable business activities. The maximum salary constitutes the total remuneration if all the predefined short-term and long-term incentive targets are fully met. All incentive targets are linked to SimCorp’s long-term financial targets and strategic priorities to ensure the EMB’s awareness of and incentive towards ensuring long-term value creation.

Other benefits

Other benefits such as company car, phone, etc. are up to 10% of base salary.

Short-term cash-based incentive program (STIP)

The Executive Management Board participates in the STIP with an annual cash bonus scheme where the value is up to 90% of the base salary. The short-term strategic incentive For 2019, as in 2018, the cash bonus will be split as follows:

1. 50% is related to the fulfilment of the company’s Balanced Scorecard (Corporate bonus).
2. 15% is related to other specific targets subject to change on a yearly basis.
3. 25% is related to over-performance against two key financial metrics; business growth and EBIT. The over-performance is only applicable, if the target values for the measures are exceeded, i.e. achievement is above 100% of targets.

STIP: 2019 ACHIEVEMENTS

1. Balanced Scorecard (up to 50%)

The 2019 Balanced Scorecard consists of five financial and 17 non-financial KPIs. Point multipliers are used to signify the weighting of the individual KPIs. Four financial KPIs are assigned a point multiplier of three and one (EBIT) a point multiplier of six. One non-financial KPI (Cloud) is assigned a point multiplier of two. When a given KPI is fully met, the KPI yields three points. When a KPI meets the lower threshold, the KPI yields one point. A total of 108 points is available in the Scorecard. The threshold for a full 50% cash bonus payout is 86 points (80% of 108 points). With 89 points achieved in 2019, the scorecard will yield the maximum total of 50% of the cash bonus.

2. Specific targets (up to 15%)

For 2019, three specific targets related to the following strategic priority areas were defined as delivery of:

- Major features in SimCorp's Alternative Investments solution (100% achieved)
- Specific offerings to ensure front office market leadership (35% achieved)
- Key milestones in the strategic priority 'Cloud lift' (90% achieved)

Based on the achievement rates above, the specific targets will yield a total of 11.25% of the maximum 15%.

3. Over-performance (up to 25%)

Based on the achievements in 2019, there will be 3.60% over-performance on growth and 12.50% over-performance on EBIT, in total 16.10% against a maximum of 25%. In total, the 2019 short-term incentive programs yielded 77.35% against a maximum of 90%.

Long-term incentive program (LTIP)

The EMB's incentive to focus on long-term value creation is to a large extent based on participation in the long-term incentive program (LTIP), where members of the EMB are granted RSUs with an aggregate value at the time of grant of 100% of the base salary. The RSUs vest after three years pending achievement of two metrics: The EMB member must be employed with SimCorp at the vesting date and the SimCorp Group must at the vesting date have met defined performance targets for business growth and net operating profit after tax (NOPAT) margin. If such targets are only met partially, the number of shares acquired will be reduced or may lapse completely.

The Board of Directors consider that both the three years horizon on financial performance and the retention element of the LTIP contributes to the company's long-term value creation.

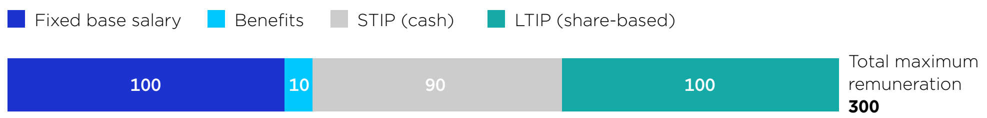
Notice period and severance payments

SimCorp may terminate employment by giving EMB members (hereafter executives) 12 months' notice. Executives may terminate their employment by giving SimCorp six months' notice. In the event that one party assumes ownership of more than 50% of the votes in SimCorp, or if SimCorp is dissolved by merger, the notice of termination to be given by SimCorp vis-à-vis the executives shall be extended to 24 months for two executives and 36 months for one executive (the latter according to contract from 2009) to expire at the end of a month, as of the date of the

EXECUTIVE MANAGEMENT BOARD – STIP 2019 ACHIEVEMENTS – BALANCED SCORECARD

Target area	Summary of measures by type	Target achievement	Weight in scorecard	Points achieved
Financial	- Order inflow - Revenue - EBIT - Free cash flow	Four out of five targets met and one partially met	50%	48
Services & Support	- Performance - Quality	All targets fully or partially met		
Product	- Quality - Adoption - Cloud	All targets have been met		
Employee	- Attrition - Employee engagement	All targets fully or partially met	50%	41
Client	- Pipeline development - Blockbuster sales - Net promoter score (NPS)	2/3 of targets met, while 1/3 of targets not met		
Total			**100%**	**89**

TOTAL MAXIMUM REMUNERATION FOR THE EXECUTIVE MANAGEMENT BOARD 2018-2020



abovementioned change of ownership. The prolonged notice period is gradually reduced by one month per whole calendar month after the date of the abovementioned change of ownership during the period until the notice period is equivalent to the notice period in case of ordinary termination.

In addition to the notice period, executives are entitled to severance payments as described in the overview of the executives' remuneration package components on page 32.

EXECUTIVE MANAGEMENT BOARD – RESTRICTED STOCKS UNITS (RSUs)

	2019	2018	2017
Awarded			
Number of RSUs (LTIP)	24,728	31,315	15,231
Number of RSUs (STIP)*	-	16,087	3,068
Number of RSUs (Sign-on)**	6,216	-	11,953

* RSUs (STIP) awarded in 2017 and 2018 are related to conversion of STIP to RSUs. Conversions are no longer possible for EMB.

** RSUs awarded as sign-on RSUs. Refer to page 68.

EXECUTIVE MANAGEMENT BOARD (EMB) AND GROUP MANAGEMENT COMMITTEE (GMC) – TOTAL REMUNERATION

	Salary			Other benefits			Share-based payments[4]			Performance-related bonus			Total		
EUR '000	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Klaus Holse	961	937	935	66	74	51	868	693	491	743	718	305	2,638	2,422	1,782
Georg Hetrodt	405	395	396	29	43	34	371	316	237	313	303	128	1,118	1,057	795
Michael Rosenvold[1]	402	348	87	29	28	-	420	287	49	311	267	8	1,162	930	144
Christian Kromann[2]	167	-	-	13	-	-	82	-	-	129	-	-	391	-	-
Total EMB	**1,935**	**1,680**	**1,418**	**137**	**145**	**85**	**1,741**	**1,296**	**777**	**1,496**	**1,288**	**461**	**5,309**	**4,409**	**2,741**
Other members of GMC[3]	1,883	1,750	1,847	201	154	116	656	753	704	568	504	467	3,308	3,161	3,133
Total GMC	**3,818**	**3,430**	**3,265**	**338**	**299**	**201**	**2,397**	**2,049**	**1,481**	**2,064**	**1,792**	**928**	**8,617**	**7,570**	**5,874**

[1] Appointed October 1, 2017.
[2] Appointed August 1, 2019.
[3] Including Interim CFO Jan. 1 - Dec. 31, 2017, one additional member appointed Oct. 16, 2017, and one additional member appointed Aug. 1, 2018
[4] The accounting policy for share-based payment is described in note 3.2 and accounting policy for other remuneration can be found in note 3.1.

HISTORIC PAYOUT RATIOS IN THE LONG-TERM INCENTIVE PROGRAM

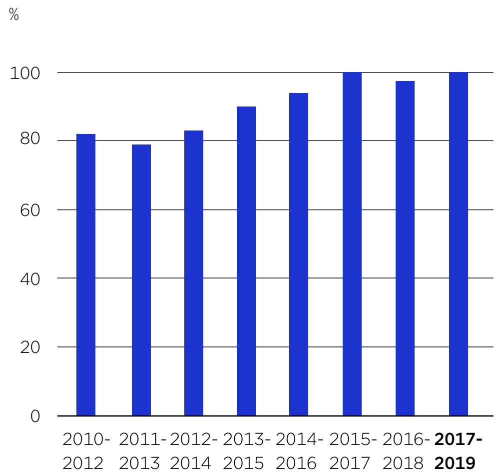
The bar chart to the right shows the actual RSU payouts since the initiation in 2010, i.e. how much LTIP has been converted into RSUs.

EXECUTIVE MANAGEMENT BOARD (EMB) LTIP ACHIEVEMENTS FOR RESTRICTED STOCK UNITS (RSUs)[1]

	NOPAT[2]	CAGR[3]
Target	>_ 20.0%	>_ 10.0%
Achievement	20.6%	11.2%
RSU reduction	No reduction in RSUs allocated	No reduction in RSUs allocated
Total payout:	Transfer of 100.0% of RSUs granted in 2017 to the EMB members (2018: 97.5%).	

[1] Vesting in February 2020.
[2] NOPAT (net operating profit after tax) margin for the financial period Jan. 1, 2017 - Dec. 31, 2019.
[3] CAGR (based on business growth) for the financial period Jan. 1, 2017 - Dec. 31, 2019.

ACTUAL RSU PAYOUT



SHAREHOLDER INFORMATION

In 2019, SimCorp's share price increased by 70%. Liquidity in the SimCorp share measured by average daily trading turnover was up by 10% to EUR 71.9m.

THE SIMCORP SHARE

The share price at December 31, 2019 was DKK 757.50 per share, equal to a market capitalization of EUR 4.0bn (DKK 30.0bn). The share price increased by 70% in 2019. By comparison, the Nasdaq Copenhagen blue chip index (OMXC25), which includes the SimCorp share, increased by 26%.

Relative to 2018, the average daily turnover of SimCorp shares on Nasdaq Copenhagen rose by 10% to EUR 71.9m, while the average number of trades per day declined by 6% to 1,887.

SHARE CAPITAL

SimCorp's nominal share capital is DKK 40,500,000 divided into 40,500,000 shares of DKK 1. SimCorp holds 900,481 treasury shares of DKK 1 equivalent to 2.2% of the share capital.

SHAREHOLDER STRUCTURE

At December 31, 2019, SimCorp had more than 10,100 registered shareholders representing around 95% of the company's share capital, an increase of approximately 900 registered shareholders during the year. Approximately 51% (2018: 48%) of the share capital was held or managed by the 25 largest shareholders, and around 81% (2018: 78%) of the registered share capital was held by shareholders based outside Denmark.

On December 31, 2019, around 6% (2018: 6%) of the company's share capital was held by the company's management and employees. Furthermore, SimCorp estimates that Danish and foreign institutional investors held some 79% of the company's shares, an increase compared to the 73% at year-end 2018. Around 36% (2018: 31%) of SimCorp shares were managed by investors who are also clients of SimCorp. In accordance with section 55 of the Danish Companies Act, the following investors have reported holding more than 5% of SimCorp's share capital:

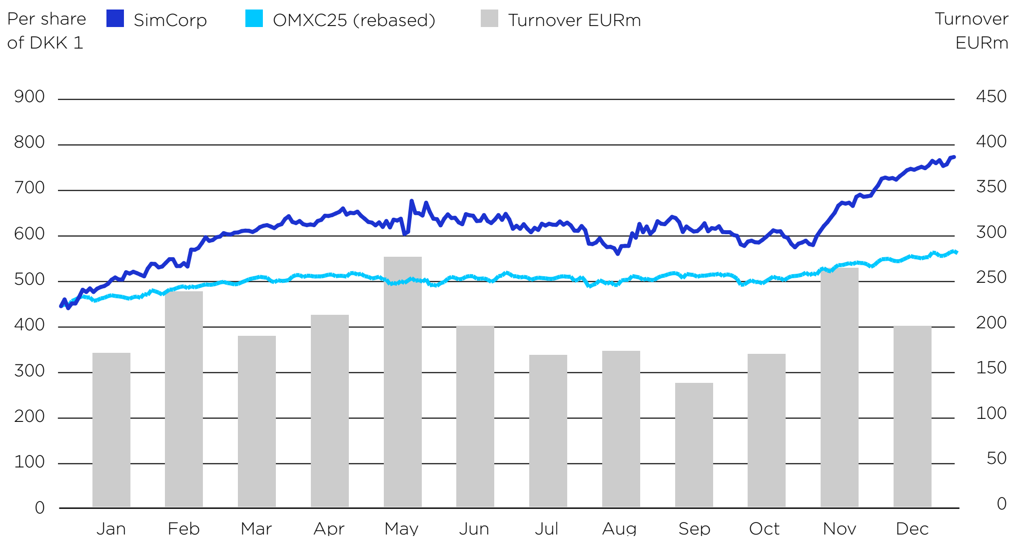
- The Capital Group Companies, Inc., 10.1%
- Ameriprise Financial Inc. group, USA, with a part held by the subsidiary Columbia Wanger Asset Management LLC, 5.5%
- SMALLCAP World Funds, Inc. (fund within Capital Group companies), 5.1%

SHARE-BASED INCENTIVE SCHEMES

In accordance with the remuneration policy, approved by the shareholders at the Annual General Meeting 2019, the Board of Directors approved the share-based LTIP for management and key employees based on restricted stock units. The fair value of the restricted stock units amounted to EUR 4.7m at the time of allotment, and a total of 55,357 restricted stock units of DKK 1 were granted, including 22,679 restricted stock units to the Executive Management Board and 195 restricted stock units to employee-elected members of to the Board of Directors.

Additionally, in August 2019, 2,049 restricted stock units were granted to Christian Kromann in connection with his appointment as new Chief Operating Officer. The fair value of the restricted stock units amounted to EUR 0.2m at the time of allotment.

SHARE PRICE DEVELOPMENT AND TRADING ACTIVITY, 2019



In connection with the acquisition of AIM Software, 4,896 RSUs were granted to senior employees. The fair value amounted to EUR 0.4m at the time of the allotment.

Furthermore, in connection with various appointments of senior employees in Ukraine and Denmark during 2019, 2,195 RSUs were granted. The fair value amounted to EUR 0.2m at the time of allotment.

The above-mentioned LTIP restricted stock units will vest after three years, subject to continuing employment and are subject to conditions with respect to average annual minimum revenue growth and annual average net operating profit after tax for the financial years 2019-2021. If the two latter conditions are only partially met, the number of shares transferred after three years will be reduced, potentially to zero.

Moreover, in connection with the appointment of Christian Kromann as new Chief Operating Officer, 6,216 restricted stock units were granted to him on August 1, 2019 as he has completed his personal investment in 3,108 SimCorp shares, 60% of the restricted stock units will vest after three years, 20% after four years, and 20% after five years subject to continuing employment. The fair value of restricted stock units amounted to EUR 0.5m at the time of allotment.

In addition, 77,108 restricted stock units relating to the corporate bonus program for 2018 were granted in 2019 and distributed among employees in the Group, including 311 restricted stock units to employee-elected members of the Board of Directors. The restricted stock units will vest one third after one year, a further one third after two years, and the last third after three years, subject to vesting conditions.

The share-based incentive program based on restricted stock units will continue in 2020 and comprises restricted stock units with a market value of approximately EUR 4.9m on the date of grant.

SimCorp's share-based incentive schemes are further detailed in note 3.2 to the financial statements.

In accordance with SimCorp's Remuneration Policy, members of the Board of Directors will in 2020 continue to receive SimCorp shares with a total value equal to one third of their total remuneration.

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

FINANCIAL CALENDER 2020

March 24, 2020	Annual General Meeting 2020
March 27, 2020	Expected date for pay-out of dividend
May 19, 2020	Publication of interim financial report Q1 2020 (early morning)
Aug 12, 2020	Publication of interim financial report H1 2020 (early morning)
Nov 12, 2020	Publication of interim financial report 9M 2020 (early morning)

SHARE DATA

Stock exchange	Nasdaq Copenhagen A/S
Index	OMXC25
Sector	Technology
ISIN code	DK0060495240
Short code	SIM
Share capital	DKK 40,500,000
Nominal size	DKK 1
Number of shares	40,500,000
Negotiable papers	Yes
Restriction in voting rights	No

MANAGEMENT SHARES/RESTRICTED STOCK UNITS

As at December 31, 2019, the members of the company's Board of Directors held a total of 45,415 SimCorp shares and 2,269 restricted stock units were held by employee-elected members of the Board. The members of the Group's Executive Management Board held a total of 208,954 SimCorp shares and 101,192 restricted stock units.

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

ANNUAL GENERAL MEETING

The Annual General Meeting of SimCorp A/S will be held on:
Wednesday, March 24, 2020 at 3 pm at SimCorp's headquarters, Weidekampsgade 16, Copenhagen, Denmark.
Agenda and proposed resolutions will be published on Thursday, February 27, 2020, with notice sent by email to all shareholders.

Six of the six members elected by the shareholders, who are currently serving on the Board of Directors, will stand for re-election at SimCorp's Annual General Meeting. Brief biographies of the current members of the Board of Directors are found on pages 40-42.

The Board of Directors will not propose changes to the remuneration of the Executive Management Board and the Board of Directors, including its committees, to the Annual General Meeting, but it will propose changes to SimCorp's Remuneration Guidelines that are mandatory due to new legal requirements as per the EU Shareholder Rights Directive. While the remuneration structures for the Executive Management Board and the Board of Directors are not impacted by the new requirements of the Directive, additional clarification in the Remuneration Guidelines will be proposed regarding employee compensation, sustainability, and the terms for the Executive Management Board.

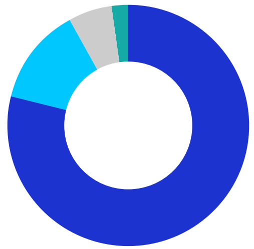
The adjusted Remuneration Guidelines take effect if and when approved by the shareholders at the Annual General Meeting in March 2020. The current guidelines for the remuneration of Board of Directors, Executive Management, and employees can be found on the company's website: www.simcorp.com/corporate-governance

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

SHAREHOLDER STRUCTURE BY GEOGRAPHY

	2019	2018
Denmark	19.0%	22.1%
North America	33.4%	29.8%
UK	31.1%	30.3%
Europe	16.2%	17.5%
Rest of the world	0.3%	0.3%

SHAREHOLDER STRUCTURE BY CATEGORY



	2019	2018
Institutional investors	79%	74%
Private investors	13%	18%
Employees and management	6%	6%
Treasury shares	2%	2%

BOARD OF DIRECTORS & COMMITTEES – TOTAL REMUNERATION TO BE PROPOSED AT THE ANNUAL GENERAL MEETING IN MARCH 2020 (CASH AND SHARE-BASED)

Fee	Board		Audit Committee		Nomination and Renumeration Committee	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chairman	3	1,125,000	0.75	281,250	0.375	140,625
Vice-chairman	2	750,000	N/A	N/A	N/A	N/A
Member	1	375,000	0.375	140,625	0.1875	70,313

DIVIDENDS AND SHARE BUYBACK

Maintaining a sound liquidity buffer is vital to SimCorp's continued international expansion. Management considers this objective will be achieved when the cash holdings and credit lines exceed 10% of the projected costs for the coming year. On this basis, the company intends to pay dividends of at least 40% of the profit on ordinary activities after tax. Additional cash will, unless other cash requirements are foreseen, be used to buy treasury shares. The purchase of treasury shares is expected to be carried out in compliance with the provisions of Regulation No. 596/2014 of the European Parliament and of the Council on market abuse (the Market Abuse Regulation - MAR) and delegated legislation under MAR.

The Board of Directors has considered Sim-Corp's cash position and liquidity forecast, and on the basis thereof, the Board of Directors intends to recommend to the shareholders at the Annual General Meeting that dividends of EUR 39.9m, equal to DKK 7.50 per share of DKK 1, be distributed for the financial year 2019. The dividends of EUR 39.9m are equivalent to 41.2% of Group profit for the year and 56.3% of free cash flow in 2019.

In order to be eligible for dividends, shares must be registered before March 24, 2020. The ex-dividend date is March 25, 2020. Dividends for the financial year 2019 are expected to be paid on March 27, 2020.

Based on the current cash position and business outlook, SimCorp expects to initiate a share buyback program in 2020 for a fore-casted amount of EUR 20.0m. The program will be carried out in two half yearly buyback programs of EUR 10.0m each during the period from the release of the Annual Report 2019 to the end of 2020. The program will be carried out in compliance with the provisions of Regulation No. 596/2014 of the European Parliament and of the Council on market abuse (the Market Abuse Regulation - MAR) and delegated legislation under MAR.

INVESTOR RELATIONS

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

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

Announcements to Nasdaq Copenhagen in 2019 can be found at www.simcorp.com/en/news-and-announcements

SIMCORP PURSUES AN **OPEN DIALOGUE** WITH **INVESTORS AND ANALYSTS** ABOUT THE COMPANY'S BUSINESS AND FINANCIAL PERFORMANCE.

BOARD OF DIRECTORS

PETER SCHÜTZE

Chairman

Business address: SimCorp A/S, Weidekampsgade 16, 2300 Copenhagen S, Denmark.

PERSONAL AND EDUCATIONAL BACKGROUND

Born 1948, Danish citizen, MSc (Econ.).

POSITION AND DIRECTORSHIPS

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

INDEPENDENCE

Is regarded as independent.

RELEVANT COMPETENCES AND EXPERIENCES

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

MORTEN HÜBBE

Vice-chairman

Business address: Tryg, Klausdalsbrovej 601, 2750 Ballerup, Denmark.

PERSONAL AND EDUCATIONAL BACKGROUND

Born 1972, Danish citizen, BSc (Int. BA & Modern Languages), MSc (Fin. & Acc.).

CAREER AND DIRECTORSHIPS

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

INDEPENDENCE

Is regarded as independent.

RELEVANT COMPETENCES AND EXPERIENCES

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

HERVÉ COUTURIER

Business address: Kerney Partners, 54, rue Franklin, 78100 Saint Germain en Laye, France.

PERSONAL AND EDUCATIONAL BACKGROUND

Born 1958, French citizen, MSc (Industrial Engineering) from École Centrale de Paris.

CAREER AND DIRECTORSHIPS

Managing Partner in Kerney Partners. From 2012-2016 Executive Vice President and Chief Technology Officer in Amadeus S.A.S. Previously Executive Vice President in SAP, S1 Corporation and IBM. Member of SimCorp A/S' Board of Directors since 2008 and member of SimCorp A/S' Nomination and Remuneration Committee since 2017. Board member of Sabre, Infovista, Sportradar and Kyriba.

INDEPENDENCE

Is regarded as independent.

RELEVANT COMPETENCES AND EXPERIENCES

International experience in software development for the financial and B2B sectors, as well as general management skills.

BOARD OF DIRECTORS

SIMON JEFFREYS

Business address: Aon UK Ltd., The Aon Centre, 122 Leadenhall Street, London EC3V 4AN, UK.

PERSONAL AND EDUCATIONAL BACKGROUND
Born 1952, British citizen, B.Com (Hons) from University of Cape Town, CA(SA), FCA, CPA.

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

INDEPENDENCE
Is regarded as independent.

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

ADAM WARBY

Business address: Avanade Inc., 30 Cannon Street, London, EC4M 6XH, UK.

PERSONAL AND EDUCATIONAL BACKGROUND
Born 1960, British citizen, B.Sc. in Mechanical Engineering from Imperial College, London.

CAREER AND DIRECTORSHIPS
CEO of Avanade Inc. (Microsoft & Accenture joint venture) from 2008-2019. Member of SimCorp A/S' Board of Directors since 2017. Member of SimCorp A/S' Audit Committee since 2019. Chairman of the Board of Heidrick & Struggles. Chairman of Junior Achievement Europe.

INDEPENDENCE
Is regarded as independent.

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

JOAN A. BINSTOCK

Business address: Lovell Minnick Partners, LLP, 1155 Avenue of the Americas, New York, NY 10036, USA.

PERSONAL AND EDUCATIONAL BACKGROUND
Born 1954, US citizen, MBA from NYU Stern School of Business, B.A. from State University of New York at Binghamton. Certified Public Accountant.

CAREER AND DIRECTORSHIPS
Formerly CFO and COO at Lord, Abbett & Co. LLC. (1999-2018). Prior to joining Lord Abbett, Joan worked inter alia for Goldman Sachs within the Capital Markets Group and for Pricewaterhouse-Coopers, LLC as a manager, Financial Services Audit Practice. Member of SimCorp A/S' Board of Directors and SimCorp A/S' Audit Committee since 2018. Member of the Board of Directors of Foreside Financial Group, Center Square Asset Management and Brown Brothers Harriman US Mutual Funds.

INDEPENDENCE
Is regarded as independent.

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

BOARD OF DIRECTORS

ELSE BRAATHEN

Business address: SimCorp A/S, Weidekampsgade 16, 2300 Copenhagen S, Denmark.

PERSONAL AND EDUCATIONAL BACKGROUND
Born 1967, Danish citizen, MSc. (Math and Economics) from Aarhus University.

DIRECTORSHIPS
Employee-elected member of SimCorp A/S' Board of Directors since 2016. Member of SimCorp A/S' Audit Committee since 2016.

RELEVANT COMPETENCES AND EXPERIENCES
More than 13 years in risk management in leading financial institutions. 13 years in SimCorp's Product Management shaping the risk solutions of SimCorp Dimension.

VERA BERGFORTH

Business address: SimCorp GmbH, Justus-von-Liebig-Straße 1, 61352 Bad Homburg, Germany.

PERSONAL AND EDUCATIONAL BACKGROUND
Born 1966, German citizen, Graduate Business Economist from Bankakademie Frankfurt.

DIRECTORSHIPS
Employee-elected member of SimCorp A/S' Board of Directors since 2016. Member of SimCorp A/S' Nomination and Remuneration Committee since 2017.

RELEVANT COMPETENCES AND EXPERIENCES
Almost 30 years' experience from the financial industry within private asset management, custodian, investment management, and fund administration. Expertise within settlement, back office operations, fund administration, and business analysis.

HUGUES CHABANIS

Business address: SimCorp France S.A.S., 23 rue de Vienne, 3rd floor, 75008 Paris, France.

PERSONAL AND EDUCATIONAL BACKGROUND
Born 1981, French citizen, MSc. (Business Intelligence) from EISTI.

DIRECTORSHIPS
Employee-elected member of SimCorp A/S' Board of Directors since 2019.

RELEVANT COMPETENCES AND EXPERIENCES
15 years in the Alternative Investments Software industry and different job positions including consulting, sales, presales and product management across Europe, North America, and Africa.

GROUP MANAGEMENT COMMITTEE

KLAUS HOLSE

Born 1961.
Chief Executive Officer.
Employed since 2012.
Present position held since 2012.

Member of SimCorp A/S' Executive Management Board. Chairman of the Board of Directors of Delegate A/S and Zenegy A/S. Member of the Board of Directors of Better Collective.
Member of the Supervisory Board of Industriens Arbejdsgivere i København & Dansk Industri.
Member of the Board of The Scandinavian Golf Club.

MICHAEL ROSENVOLD

Born 1967.
Chief Financial Officer.
Employed since 2017.
Present position held since 2017.

Member of SimCorp A/S' Executive Management Board. Member of the Board of Directors of DHI A/S and Tabellae A/S. Chairman of the Audit Committee of DHI A/S.

GEORG HETRODT

Born 1966.
Chief Product Officer.
Employed since 1998.
Present position held since 2009.

Member of SimCorp A/S' Executive Management Board. Chairman of the Board of Directors of Dyalog Ltd.

CHRISTIAN KROMANN

Born 1972.
Chief Operating Officer.
Employed since 2019.
Present position held since 2019.

Member of SimCorp A/S' Executive Management Board. Member of the Board of Directors of deriStrat AB.

GROUP MANAGEMENT COMMITTEE

JOCHEN MÜLLER

Born 1966.
Chief Commercial Officer, Executive Vice President.
Employed since 1996.
Present position held since 2019.

MARLENE NYHOLM VOSS

Born 1973.
Chief Human Resources Officer, Senior Vice President.
Employed since 2014.
Present position held since 2019.

HENRIK SCHLÆGEL

Born 1958.
SimCorp Global Services, Executive Vice President.
Employed since 2013.
Present position held since 2013.

JAMES CORRIGAN

Born 1976.
SimCorp North America, Managing Director, Executive Vice President.
Employed since 2014.
Present position held since 2014.

MARC SCHRÖTER

Born 1969.
Global Product Management, Senior Vice President.
Employed since 1995.
Present position held since 2014.

JOHAN ROSENGREEN KRINGEL

Born 1976.
Strategy and Corporate Development, Senior Vice President.
Employed since 2018.
Present position held since 2018.

STATEMENTS AND SIGNATURES

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT BOARD

The Board of Directors and the Executive Management Board have today considered and approved the annual report for 2019 of SimCorp A/S.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and further requirements according to the Danish Financial Statements Acts. In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as of December 31, 2019 and of the results of the parent company's and the Group's operations and cash flows for the financial year January 1 to December 31, 2019.

In our opinion the Management report gives a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the year and the financial position of the Group and the parent company, as well as a description of the significant risk and uncertainty factors that may affect the Group and the parent company. We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Copenhagen, February 5, 2020

EXECUTIVE MANAGEMENT BOARD

Klaus Holse
Chief Executive Officer

Georg Hetrodt
Chief Product Officer

Michael Rosenvold
Chief Financial Officer

Christian Kromann
Chief Operating Officer

BOARD OF DIRECTORS

Peter Schütze
Chairman

Morten Hübbe
Vice-chairman

Hervé Couturier

Simon Jeffreys

Adam Warby

Joan Binstock

Vera Bergforth

Else Braathen

Hugues Chabanis

INDEPENDENT AUDITOR'S REPORT

To the shareholders of SimCorp A/S

Our opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2019 and of the results of the Group's and parent company's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial statements Act.

Our opinion is consistent with our additional report to the Audit Committee and the Board of Directors.

What we have audited

SimCorp's consolidated financial statements and the parent company financial statements for the financial year 1 January to 31 December 2019, comprise income statement, statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity, and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the Parent Company Collectively referred to as the "financial statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were appointed as auditors of the group for the first time on 31 March 2014. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 6 years.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition The Group and the parent company provide its products and services to clients in bundled packages as multi-element contracts, and recognition of revenue is subject to the inherent complexities in the software industry. Revenue is recognized when control is passed and if the revenue criteria for recognizing revenue over time or at a point of time have been met. We focused on this area due to the judgmental and complex nature of revenue recognition for multiple element arrangements that include identification of performance obligations in the contracts and allocation of the relative standalone selling prices to the identified performance obligations. Further, we focused on presentation in the balance sheet of contracts assets and revenue recognition for fixed fee and time and material projects due to the inherent estimation uncertainty. Refer to note 2.1 "Revenue", 2.2 "Segment information", 2.3 "Future performance obligations" and note 2.4 "Contract balances" in the consolidated financial statements and note 2.1 "Revenue", 2.3 "Future performance obligations" and note 2.3 "Contract balances" in the parent company financial statements.	We assessed the design and implementation of the controls over the Group's revenue cycle. We tested relevant controls including application controls and Management's review controls. For multi-element contracts, we obtained and evaluated Management's allocation of revenue to the specific performance obligations identified in the contracts and assessed the allocation of the standalone selling prices to the performance obligations including rebates, discounts, allowances and inherent interests. For revenue recognized we obtained and evaluated Managements assessment that customers has the ability to direct use and obtain substantially all benefits for the licenses transferred. For revenue recognized point in time we obtained and evaluated Management's documentation for right to payment and that the licenses has been transferred and made available to the customer. For revenue recognized over time we obtained Managements assessment that customers over time consumes and benefit from the services delivered. We assessed the percentage of completion on specific fixed fee and time and material projects based on Management reports, project estimates and interview of project managers. We also assessed the outcome of prior period estimates.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for taxation The Group operates in a complex multinational tax environment and there are open tax and transfer pricing cases with domestic and foreign tax authorities. We focused on this area as the amounts involved are potentially material and the valuation of tax assets and liabilities are associated with uncertainty and judgment. Refer to note 4.1 "Income tax" and 4.2 "Deferred tax" in the consolidated financial statements as well as in the parent company financial statements.	In understanding and evaluating Management's judgment, we considered the status of recent and current tax authority audits and enquiries, the outcome of previous claims, judgmental positions taken in tax returns and current year estimates and developments in the tax environment. In addition, we used our own local and international tax specialists, evaluated the adequacy of Management's key assumptions and read correspondence with tax authorities to assess the valuation of tax assets and liabilities.
Acquisition of AIM Software SCA On 6 June 2019 AIM Holding SCA was acquired by the Group for a total consideration of EUR 62.9 million. Management has assessed the fair value of assets and liabilities acquired in the business combination. We focused on this area as there is a significant level of uncertainty involved in estimating the fair value of especially the intangible assets and provisions. Refer to note 5.1 "Acquisition of enterprises".	We verified the assets and liabilities recorded in the opening balance, by performing procedures, including, amongst others, agreeing the opening balance to the trial balance, obtaining statements of cash and bank balances acquired and other supporting documentation. We assessed the assumptions and methodology used by Management to calculate the fair value of intangible assets against normally applied valuation methodologies. We considered the approach taken by Management, assessed key assumptions and obtained supporting evidence by comparing key assumptions to market data, where available, underlying accounting records, our past experience of similar transactions and Management's forecasts supporting the acquisition. We consulted with subject matter experts regarding the valuation methodologies applied. We also considered the adequacy of the disclosures provided by Management related to the acquisition of AIM Holding SCA and its subsidiaries including the fair value of acquired intangible assets, compared to applicable accounting standards.

Reporting on Management Report
Management is responsible for the Management Report.

Our opinion on the financial statements does not cover the Management Report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the Management Report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Moreover, we considered whether Management Report includes the disclosures required by the Danish Financial statements Act.

Based on the work we have performed, in our view, the Management Report is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in the Management Report.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or parent company, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISAs and additional applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, February 5, 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

EUR '000	Note	2019	2018
Revenue	2.1, 2.2	454,531	382,626
Cost of sales		167,141	148,786
Gross profit		**287,390**	**233,840**
Other operating income		533	1,219
Research and development costs		82,938	69,879
Sales and marketing costs		49,105	40,971
Administrative expenses		28,056	20,864
Operating profit (EBIT)		**127,824**	**103,345**
Share of profit after tax in associates		125	88
Financial income	6.4	947	809
Financial expenses	6.4	1,095	1,706
Profit before tax		**127,801**	**102,536**
Tax on the profit for the year	4.1	30,900	25,565
Profit for the year		**96,901**	**76,971**

EARNINGS PER SHARE

Earnings per share – EPS (EUR)	7.1	2.44	1.95
Diluted earnings per share – EPS-D (EUR)	7.1	2.42	1.93

STATEMENT OF COMPREHENSIVE INCOME

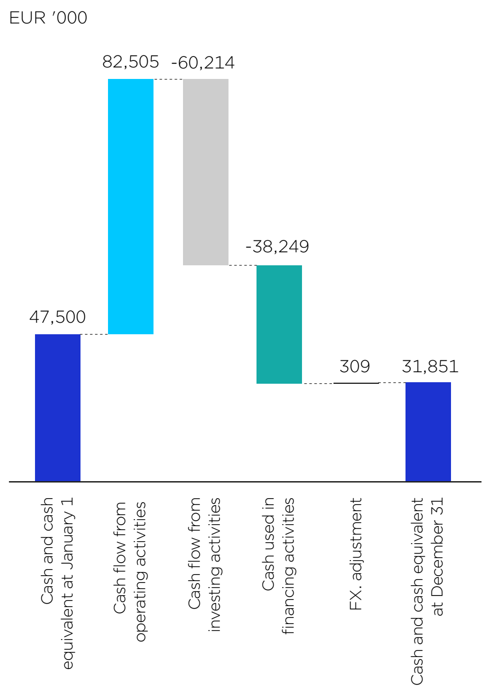
EUR '000	Note	2019	2018
Profit for the year		**96,901**	**76,971**
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement:			
Remeasurements of defined benefit plans	3.3	-1,473	181
Tax, remeasurement of defined benefit plans		323	-39
Items that may be reclassified subsequently to the income statement, when specific conditions are met:			
Foreign currency translation differences for foreign operations		1,426	-239
Other comprehensive income after tax		**276**	**-97**
Total comprehensive income		**97,177**	**76,874**

CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT

EUR ’000	Note	2019	2018
Profit for the year		**96,901**	**76,971**
Amortization and depreciation	5.2, 5.3	14,752	5,923
Share of profit after tax in associates		-125	-88
Financial income	6.4	-947	-809
Financial expenses	6.4	1,095	1,706
Tax on profit for the year	4.1	30,900	25,565
Other included in operating income		598	-693
Adjustment share based remuneration		10,243	9,305
Changes in provisions	3.4	4,837	766
Changes in contract assets	2.4	-63,492	-35,738
Changes in working capital		11,496	21,917
Financial income received		135	136
Financial expenses paid		-342	-465
Income tax paid	4.1	-23,546	-22,281
Net cash from operating activities		**82,505**	**82,215**
Purchase of subsidiaries, net of cash acquired	5.1	-58,468	-
Proceeds from sale of share of associates		-	285
Purchase of intangible fixed assets	5.2	-	-112
Purchase of property, plant, and equipment	5.3	-1,722	-1,950
Sale and purchase of financial assets, net	6.3	-105	14
Dividends from associates	6.4	81	43
Net cash used in investing activities		**-60,214**	**-1,720**
Dividends paid		-35,881	-34,444
Purchase of treasury shares	6.1	-12,488	-
Repayment of lease liability		-9,880	-
Loans proceeds, net	6.3	20,000	-30,000
Net cash used in financing activities		**-38,249**	**-64,444**
Change in cash and cash equivalents		**-15,958**	**16,051**
Cash and cash equivalents at January 1		47,500	31,412
Foreign exchange adjustment of cash and cash equivalents		309	37
Cash and cash equivalents at December 31		**31,851**	**47,500**

CASH FLOW 2019



CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET DECEMBER 31

EUR ’000	Note	2019	2018
ASSETS			
Goodwill	5.2	61,178	27,937
Software	5.2	13,348	5,139
Client relationships	5.2	25,031	7,368
Total intangible assets		**99,557**	**40,444**
Leasehold	5.3	51,589	3,106
Technical equipment	5.3	1,506	1,475
Other equipment, fixtures, fittings and prepayments	5.3	2,555	796
Total property, plant and equipment		**55,650**	**5,377**
Investments in associates		808	723
Deposits	6.3	2,095	1,983
Deferred tax	4.2	5,357	2,328
Total other non-current assets		**8,260**	**5,034**
Total non-current assets		**163,467**	**50,855**
Receivables	2.5	81,804	79,165
Contract assets	2.4	151,774	85,684
Income tax receivables		2,341	978
Prepayments		6,675	6,085
Cash and cash equivalents		31,851	47,500
Total current assets		**274,445**	**219,412**
Total assets		**437,912**	**270,267**

EUR ’000	Note	2019	2018
LIABILITIES AND EQUITY			
Share capital		5,441	5,441
Share premium		-	9,963
Exchange adjustment reserve		-1,983	-3,409
Retained earnings		186,643	121,130
Proposed dividend		39,919	35,934
Total equity		**230,020**	**169,059**
Lease liabilities	6.3	41,585	-
Deferred tax	4.2	25,931	11,728
Provisions	3.4	12,796	8,258
Total non-current liabilities		**80,312**	**19,986**
Bank loan/revolving credit facility	6.3	20,000	-
Lease liabilities	6.3	10,063	-
Prepayments from clients	2.4	24,678	17,704
Trade payables	6.2	18,503	17,257
Other payables		48,922	42,418
Income tax payables		4,389	3,117
Provisions	3.4	1,025	726
Total current liabilities		**127,580**	**81,222**
Total liabilities		**207,892**	**101,208**
Total liabilities and equity		**437,912**	**270,267**

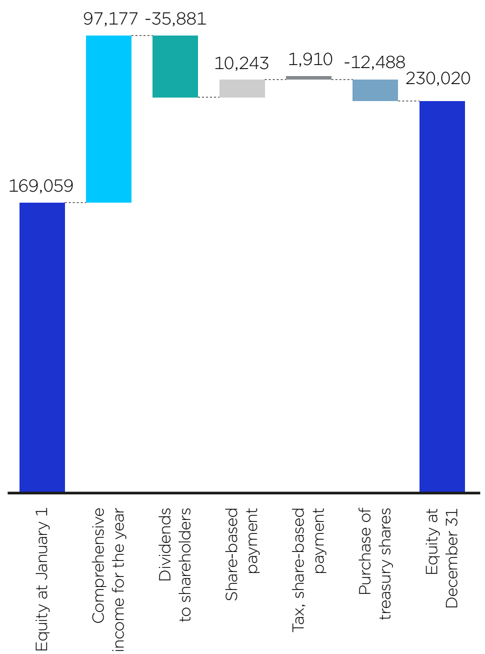
CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Exchange adjustment reserve	Retained earnings	Dividends for the year	Total
2019						
Equity at January 1	5,441	9,963	-3,409	121,130	35,934	169,059
Reclassification	-	-9,963	-	9,963	-	-
Adjusted balance at January 1	**5,441**	**-**	**-3,409**	**131,093**	**35,934**	**169,059**
Net profit for the year	-	-	-	96,901	-	96,901
Total other comprehensive income	-	-	1,426	-1,150	-	276
Total comprehensive income for the year	**-**	**-**	**1,426**	**95,751**	**-**	**97,177**
Transactions with owners:						
Dividends paid to shareholders	-	-	-	53	-35,934	-35,881
Share-based payment	-	-	-	10,243	-	10,243
Tax, share-based payment	-	-	-	1,910	-	1,910
Purchase of treasury shares	-	-	-	-12,488	-	-12,488
Proposed dividends to shareholders	-	-	-	-39,919	39,919	-
Equity at December 31	**5,441**	**-**	**-1,983**	**186,643**	**39,919**	**230,020**
2018						
Equity at January 1	5,467	9,963	-3,170	69,751	34,570	116,581
Net profit for the year	-	-	-	76,971	-	76,971
Total other comprehensive income	-	-	-239	142	-	-97
Total comprehensive income for the year	**-**	**-**	**-239**	**77,113**	**-**	**76,874**
Transactions with owners:						
Cancellation of treasury shares	-26	-	-	26	-	-
Dividends paid to shareholders	-	-	-	126	-34,570	-34,444
Share-based payment	-	-	-	9,305	-	9,305
Tax, share-based payment	-	-	-	743	-	743
Proposed dividends to shareholders	-	-	-	-35,934	35,934	-
Equity at December 31	**5,441**	**9,963**	**-3,409**	**121,130**	**35,934**	**169,059**

MOVEMENTS IN EQUITY 2019

EUR '000



SECTION 1

BASIS OF PREPARATION

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

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

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

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

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

GENERAL

The annual report for the period January 1 – December 31, 2019, includes the consolidated financial statements of SimCorp A/S (the Parent) and its subsidiary undertakings (the Group), as well as separate financial statements for SimCorp A/S. Reference is made to page 104 for the Parent's specific accounting policies.

STATEMENT OF COMPLIANCE

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

On February 5, 2020 the Board of Directors and the Executive Management Board considered and approved the annual report for 2019 of SimCorp A/S and the Group. The annual report will be presented to the shareholders for approval at the Annual General Meeting to be held on March 24, 2020.

PRESENTATION CURRENCY

The financial statements are presented in EUR, which is the reporting currency of the activities of the Group rounded to the nearest EUR 1,000.

BASIS OF MEASUREMENT

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

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the Parent and subsidiaries. Subsidiaries are entities controlled by the Parent. Control is established when SimCorp A/S is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements have been prepared by including the financial statements of the Parent and the subsidiaries, which have all been prepared in accordance with the Group's accounting policies.

On consolidation, intra-group income and expenses, shareholdings, balances, dividends and realized and unrealized gains and losses on intra-group transactions are eliminated.

Unrealized gains and losses on transactions with associates are eliminated in proportion to the Group's shares in the associates.

FOREIGN CURRENCY TRANSLATION

Income and expenses and operating cash flows of foreign subsidiaries that use a functional currency other than the euro are translated at average rates of foreign exchange computed on a monthly basis. Exchange rate differences resulting from foreign currency transactions as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency, are recognized under financial income or financial expenses.

OTHER OPERATING INCOME

Other operating income consists of income of a secondary nature relative to the activities of the Group, including gains on sale of intangible assets and property, plant and equipment and government grants. Government grants relate to research and development funding in the United Kingdom.

As the grant is receivable as compensation for costs already incurred, with no future related costs, it is recognized as other operating income in the period in which it is receivable.

STATEMENT OF COMPREHENSIVE INCOME

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

CASH FLOW STATEMENT

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

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

Cash from operating activities is assessed by converting income statement items from accrual to cash basis accounting.

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS (CONTINUED)

Starting with net profit, non-cash items are reversed, and actual payments included. In addition, the change in working capital and contract assets is taken into consideration as it represents cash withheld in the balance sheet.

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

MATERIALITY

The financial statements separately present items considered individually material. Individually immaterial items are aggregated with other items of similar nature in the statements or in the notes. Specific disclosures required by IFRS are presented, unless the information is considered immaterial to the economic decision making of the users of these financial statements.

OPERATING COSTS

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

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

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

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

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

ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

Revenue (note 2.1)
Tax and deferred tax (Section 4)
Acquisition of enterprises (note 5.1)

Risk factors specific to the Group are described in the management report on pages 26-28 and in note 6.2.

NEW FINANCIAL REPORTING STANDARDS

SimCorp implemented IFRS 16 on leases as of January 1, 2019. The standard has a significant impact on the balance sheet, as leases are recognized in the balance sheet as property, plant, and equipment and lease liabilities.

In the income statement, the lease cost is replaced by depreciation of leased asset and an interest expense for the financial liability, but the impact is insignificant.
ROIC is impacted negatively.

The impact on the Group's consolidated financial statements is described in note 5.4. The implementation has resulted in additional disclosures: see notes 2.2, 5.3 and 6.3.

NEW FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

IASB has issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemented in the consolidated financial statements for 2019. SimCorp expects to adopt the accounting standards and interpretations when they become mandatory.

None of the new or amended standards or interpretations are expected to have an impact on the consolidated financial statements.

NON-IFRS MEASURES

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

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

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS (CONTINUED)

Financial ratio definitions

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

Share performance definitions

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

Market value ratio definitions

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

Other non-IFRS measures definitions

License base	accumulated order value for SimCorp Dimension clients
Order intake	license revenue value of new licenses and add-on licenses contracts entered into during the reporting period
Order book	accumulated license value of signed contracts, where revenue could not be recognized yet, but deferred to future periods because either the license has not been delivered, the software functionality has not been developed or accepted by client yet, or certain conditions must be met before delivery
Revenue signed	total revenue commitment for licenses, software updates and support fee, professional services, ASP offering, etc.
Revenue, operating cost and EBIT growth in local currency	effect of exchange rate movements is excluded by restating the measure for the current period at the previous year's average rates when calculating growth
CAPEX	purchase of intangible fixed assets + purchase of property, plant, and equipment – proceeds from sale of property, plant, and equipment
Net cash position	cash and cash equivalents less bank loan/revolving credit facility
Free cash flow	net cash from operating activities less CAPEX less principal payment on lease liabilities
Cash conversion (%)	free cash flow / profit for the year x 100
Total contract value (TCV)	total contract value of subscription-based licenses, excluding ASP offering

SECTION 2

REVENUE AND CLIENTS

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

Accounting policies which relate to a particular note to the income statement have been included within each individual note. In this section, the following notes are presented:

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

2.1 REVENUE

REVENUE TYPES

Revenue is mainly derived from license fees from new clients, license fees from additional sales to existing clients, software updates and support fees, professional services, and hosting and other fees.

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

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

Professional services agreements can include multiple performance obligations. The performance obligations are: implementation services, validation and testing services, SimCorp Dimension on-boarding and operating services. SCDaaS operating services occur when, in addition to hosting, SimCorp undertakes the operation of the client's system in a cloud-based environment.

REVENUE PER TYPE 2019

	2019	2018
Licenses – new sales	12%	9%
Licenses – additional sales	11%	14%
Software updates and support	37%	39%
Professional services	34%	35%
Hosting and other fees	6%	3%

The **hosting** offering provides the client with the infrastructure required to operate SimCorp Dimension. **Other fees** include, for instance, training and education as well as third party products.

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

CONTRACT IDENTIFICATION

Contracts can include several components, in this situation, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

Separate contracts with the same client are treated as one contract if entered into at or near the same time and economically interrelated. Contracts closed more than 6 months apart are not considered to be entered at the same time.

In determining whether the various contracts are interrelated judgment is required. Considerations include: whether the contracts were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of another contract, or if some or all offerings in the contract are a single performance obligations.

Additional agreements with existing clients can be a new contract or a modification to existing contracts. Judgment making this determination considers: the presence of a connection between the new agreement and pre-existing contracts, whether subscription fees, license fees, software updates and support fees or services under the new agreement are highly interrelated with the subscription fees, license fees and software updates and support fees or services sold under prior agreements, and how the subscription fees, license fees and software

2.1 REVENUE (CONTINUED)

updates and support fees or services under the new agreement are priced.

PERFORMANCE OBLIGATION IDENTIFICATION

Contracts often include several components. License fees from new clients, license fees from additional sales to existing clients, software updates and support fees, professional services, hosting, training, and third party products constitute the main performance obligations. The fees allocated to the different performance obligations are recognized separately.

The only performance obligation related to license agreements has been identified as the right to use the software. The right to use software license is considered a separate performance obligation when it satisfies the following conditions: can be delivered separately from other services, can be installed by a third party, can be used without upgrades, and is functional without upgrades or technical support.

Judgment is required in determining whether a component is considered a separate performance obligation, in particular, professional services and implementation activities. Consideration is given as to whether the services significantly integrate, customize or modify the software or hosting offering. In general, implementation services and activities go beyond setup and qualify as a separate performance obligation.

Options to acquire additional components such as renewals or additional volumes require judgment in determining whether such options provide a material right to the client which the client would not receive without entering into that contract. In this judgment it is considered whether the options entitle the customer to a discount that exceeds the discount granted for the respective subscriptions fees, license fees, software updates and support fees sold with the option.

TRANSACTION PRICE

Judgment is applied in determining the amount to which SimCorp expects to be entitled in exchange for transferring licenses, and software updates and support to a customer.

The consideration attributable to license fees in subscription-based agreements are discounted to net present value when the value of the financing element is deemed significant. If the period between licenses transfer, software updates and support and payment from the clients is a year or less no financing component is recognized.

A hierarchy has been established to identify the standalone selling prices used to allocate the transaction price of a customer contract to the performance obligations in the contract.

Where standalone selling prices for a performance obligation are observable and reasonably consistent across customers, estimates are derived from SimCorp's pricing history. Using this approach, professional services stand-alone value is determined based on the hourly billing rate for the relevant market unit. Hosting services are assumed to be quoted to the client at their stand-alone value if it is equal to or above hosting costs.

Where sales prices are not directly observable or are highly variable across customers, estimation techniques are applied, such as a cost-plus-margin approach. This approach is often applied to third party products.

If not renewable, with highly variable pricing, and no substantial direct costs to estimate based on a cost-plus margin approach, allocation is achieved by applying a residual approach. We use this technique in particular for license and software updates and support.

Once the standalone price for other components is estimated, an apportionment is applied to allocate the price between license and software updates and support after deducting other performance obligations from the total consideration as follows:

APPORTIONMENT APPLIED

	Dimension	Coric	Gain	Sofia
Licenses	50%	75%	50%	50%
Software updates and support	50%	25%	50%	50%
Total apportionment	**100%**	**100%**	**100%**	**100%**

2.1 REVENUE (CONTINUED)

REVENUE RECOGNITION

Revenue recognition requires an agreement with the client which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is recognized when the client has obtained control of the license or service and has the ability to use and obtain substantially all the benefits from the license or service.

SimCorp has therefore assessed that the client obtains control of the license when all of the following criteria are met: a binding contract is entered into; the license is delivered; and the client has the right to use it. License revenue is therefore generally recognized at that point-in-time.

When the contract contains functionality gaps or requires client acceptance of functionality, the revenue recognition will be deferred until the time of delivery or acceptance. The consideration attributable to license fee in subscription-based agreements is discounted to net present value when the value of the financing element is deemed significant.

Revenue from software updates and support agreements is recognized on a straight-line basis over the contract period.

REVENUE

EUR '000	2019	Share of revenue 2019	2018	Share of revenue 2018	Revenue growth	Revenue growth local currencies	Organic revenue growth local currencies[1]
Licenses – new sales	54,611	12.0%	34,371	9.0%	58.9%	53.9%	52.4%
Licenses – additional sales	51,152	11.3%	51,885	13.6%	-1.4%	-3.0%	-3.7%
Software updates and support	167,494	36.8%	149,585	39.1%	12.0%	11.0%	10.0%
Professional services	153,218	33.7%	133,679	34.9%	14.6%	12.7%	11.0%
Hosting and other fees	28,056	6.2%	13,106	3.4%	114.1%	110.2%	104.1%
Total revenue	**454,531**	**100.0%**	**382,626**	**100.0%**	**18.8%**	**16.9%**	**15.5%**

[1] Organic growth excludes foreign exchange adjustments and growth attributable to the acquisition of AIM Software.

Client-driven development entails direct cooperation between SimCorp's development team and the client for a client-defined software. Such agreements are individually evaluated to determine if revenue is recognized at a point in time or over time.

Professional services fees are recognized based on work performed for time and material contracts. Fixed fee agreements are recognized based on percentage of completion unless client acceptance is required. The percentage-of-completion method requires estimation of total revenue and the stage of completion. The assumptions, estimates, and uncertainties inherent in determining the stage of completion affect the timing and amounts of revenue recognized. Changes in estimates of progress towards completion and of contract revenue and costs are accounted for as cumulative catch-up adjustments to the reported revenue for the applicable contract.

Where SimCorp stands ready to provide the service (such as access to e-learning and hosting operating services) revenue is recognized based on time elapsed – ratably over the period applicable. Judgment is applied in determining which method to use.

All the judgments and estimates mentioned above can significantly impact the timing and amount of revenue to be recognized.

REVENUE ALLOCATION BY COUNTRY (SIGNIFICANT)

	2019		2018	
	EUR '000	%	EUR '000	%
USA	73,693	16.2%	69,099	18.1%
Germany	51,720	11.4%	51,681	13.5%
Italy	32,554	7.2%	28,455	7.4%
Singapore	30,675	6.7%	6,679	1.7%
Switzerland	28,276	6.2%	19,004	5.0%
Canada	27,291	6.0%	23,874	6.2%
Denmark	25,205	5.5%	20,295	5.3%
United Kingdom	22,848	5.0%	10,882	2.8%

The geographical distribution of revenue is based on the country in which the client is invoiced. Significant countries are defined as countries representing 5.0% or more of the Group's revenue.

The Group has no client contributing revenue of more than 4.4% (2018: 4.5%) of total revenue.

2.2 SEGMENT INFORMATION

The Group's operations are managed and organized into business units regularly reviewed by the Executive Management Board, who is responsible for assessing the Group's performance and making resource allocation decisions.

The SimCorp Dimension sales organization comprises five business units. These business units have been identified based on countries that share the same market conditions.

The business units also include four product based divisions: a research and development division for SimCorp Dimension, and three divisions for SimCorp Coric, SimCorp Sofia and SimCorp Gain, respectively, which develop and sell these products exclusively.

The research and development division is responsible for SimCorp Dimension software development. This segment derives revenue mainly from fees charged to other business units for the right to distribute SimCorp Dimension software.

Finally, the Group reports on corporate functions, which include shared services comprising administration, marketing, internal systems, and services division. These are managed on corporate level and costs are allocated based on an allocation key for the segments. From April 1, 2018 more activities are covered by the services division, which is part of corporate functions and includes consulting and other customer services. Comparitive disclosures have not been restated with regards to this change as the information is not available.

ACCOUNTING POLICIES

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

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

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

SimCorp does not provide segment revenue by revenue category as management believes it would significantly harm the Group's competitive situation.

SALES ORGANIZATION – GEOGRAPHICAL

	UK, Northern Europe and Middle East		Central Europe		Southern Europe		Asia and Australia		North America		Sales organization total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External revenue	149,052	129,589	90,086	80,512	39,625	44,453	52,412	20,253	84,061	81,148	415,236	355,955
Revenue between segments	20,533	22,022	7,041	6,895	2,149	949	1,039	390	4,127	4,271	34,889	34,527
Total segment revenue	**169,585**	**151,611**	**97,127**	**87,407**	**41,774**	**45,402**	**53,451**	**20,643**	**88,188**	**85,419**	**450,125**	**390,482**
EBITDA	17,562	13,765	8,944	6,296	3,182	3,021	4,215	1,151	5,804	5,581	39,707	29,814
Depreciation and amortization	2,087	433	949	40	953	165	575	56	1,060	347	5,624	1,041
Segment operating profit (EBIT)	**15,475**	**13,332**	**7,995**	**6,256**	**2,229**	**2,856**	**3,640**	**1,095**	**4,744**	**5,234**	**34,083**	**28,773**
Total assets	**72,891**	**52,916**	**32,783**	**23,611**	**23,985**	**20,431**	**44,588**	**21,426**	**79,358**	**61,892**	**253,605**	**180,276**

2.2 SEGMENT INFORMATION (CONTINUED)

PRODUCT BASED

	Research and development		SimCorp Coric		SimCorp Sofia		SimCorp Gain[1]		Product based total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
External revenue	1,131	1,106	13,255	6,899	19,290	18,109	5,509	-	39,185	26,114
Revenue between segments	180,749	164,164	5,346	3,832	958	995	458	-	187,511	168,991
Total segment revenue	**181,880**	**165,270**	**18,601**	**10,731**	**20,248**	**19,104**	**5,967**	**-**	**226,696**	**195,105**
EBITDA	97,292	85,633	8,115	776	7,775	6,944	54	-	113,236	93,353
Depreciation and amortization	743	118	952	574	1,631	1,308	1,086	-	4,412	2,000
Segment operating profit (EBIT)	**96,549**	**85,515**	**7,163**	**202**	**6,144**	**5,636**	**-1,032**	**-**	**108,824**	**91,353**
Total assets	**17,501**	**1,420**	**15,896**	**17,985**	**43,691**	**46,505**	**71,834**	**-**	**148,922**	**65,910**

[1] SimCorp Gain from August 1, 2019

RECONCILIATION TO INCOME STATEMENT

	Sales organization		Product based		Corporate functions		Elimination/ Not allocated		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
External revenue	415,236	355,955	39,185	26,114	110	557	-	-	454,531	382,626
Revenue between segments	34,889	34,527	187,511	168,991	32,040	6,155	-254,440	-209,673	-	-
Total segment revenue	**450,125**	**390,482**	**226,696**	**195,105**	**32,150**	**6,712**	**-254,440**	**-209,673**	**454,531**	**382,626**
EBITDA	39,707	29,814	113,236	93,353	-10,367	-13,899	-	-	142,576	109,268
Depreciation and amortization	5,624	1,041	4,412	2,000	4,716	2,882	-	-	14,752	5,923
Segment operating profit (EBIT)	**34,083**	**28,773**	**108,824**	**91,353**	**-15,083**	**-16,781**	**-**	**-**	**127,824**	**103,345**
Share of profit after tax in associates	-	-	-	-	-	-	125	88	125	88
Financial income	-	-	-	-	-	-	947	809	947	809
Financial expenses	-	-	-	-	-	-	-1,095	-1,706	-1,095	-1,706
Profit for the period before tax	**34,083**	**28,773**	**108,824**	**91,353**	**-15,083**	**-16,781**	**-23**	**-809**	**127,801**	**102,536**
Total assets	**253,605**	**180,276**	**148,922**	**65,910**	**17,543**	**4,813**	**17,842**	**19,268**	**437,912**	**270,267**

2.2 SEGMENT INFORMATION (CONTINUED)

IFRS 16 IMPACT ON SEGMENT DISCLOSURES – INCREASE IN SEGMENT ASSETS

EUR ´000	EBIT	EBITDA	Segment assets December 31, 2019
UK, Northern Europe and Middle East	-15	1,868	6,410
Central Europe	197	1,074	1,200
Southern Europe	-55	751	4,004
Asia and Australia	5	389	952
North America	74	772	6,286
Research and development	89	2,500	16,628
SimCorp Coric	30	400	1,609
SimCorp Sofia	9	340	1,320
SimCorp Gain	5	162	767
Segments total	**339**	**8,256**	**39,176**
Corporate functions	23	1,917	11,846
Impact	**362**	**10,173**	**51,022**

The impact of the adoption of IFRS 16 'Leases' on segments assets and results is depicted above. For additional information on the adoption of IFRS 16 refer to note 5.4.

NON-CURRENT ASSET ALLOCATION BY COUNTRY (SIGNIFICANT)

	2019		2018	
	EUR '000	%	EUR '000	%
Austria	61,673	39.0%	-	-
Italy	32,490	20.5%	32,326	69.5%
Denmark	29,449	18.6%	1,905	4.1%
United Kingdom	11,098	7.0%	9,023	19.4%
USA	8,377	5.3%	-	-

Geographical allocation of fixed assets is based on the country in which economic benefits are derived from the asset. Significant countries are defined as countries representing 5.0% or more of the Group's non-current assets.

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

2.3 FUTURE PERFORMANCE OBLIGATIONS

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

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at December 31, 2019, is EUR 327.1m (2018: EUR 227.6m). This amount mostly comprises obligations to provide software updates, agreements which require client acceptance of functionality, and support or hosting subscriptions and support, as the respective contracts typically have durations of multiple years.

Management expects that EUR 102.2m (2018: EUR 69.7m in 2019) of the amount allocated to the future performance obligations as of December 31, 2019 will be recognized during 2020. EUR 188.4m (2018: EUR 133.4m) is expected to be recognized as revenue within 2 to 5 years. The remaining part is expected to be recognized as revenue after 5 years. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

2.4 CONTRACT BALANCES

Contract balances consist of client-related assets and liabilities.

CONTRACT ASSETS

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

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

Contract assets increased by EUR 66.1m as new and additional subscription-based licenses added EUR 84.5m to contract assets in 2019, finance income recognized added EUR 2.1m, and AIM Software added another EUR 2.6m, which together exceeded invoiced subscription-based license fees of EUR 23.1m in 2019.

CONTRACT LIABILITIES

When a client pays consideration in advance, or an amount of consideration is due contractually before transferring of the license or service, then the amount received in advance is presented as a liability.

Contract liabilities represent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to licenses, software updates and support, and services. Software updates and support and hosting billing generally occurs at periodic intervals (e.g. quarterly or yearly) prior to revenue recognition, resulting in liabilities.

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

Contracts in progress relating to fixed fee professional services are measured at the estimated sales value of the proportion of the contract completed at the balance sheet date.

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

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

CHANGES IN CONTRACT ASSETS

EUR '000	Opening balance	Addition on acquisition of subsidiaries	Net additions	Invoiced from opening balance	Adjustments[1]	Financing income recognized	Closing balance
2019							
Contract assets (gross)	91,773	2,598	83,006	-16,847	21	-	160,551
Contract interest element	-5,477	-	-4,528	-	-	2,133	-7,872
Loss allowance	-612	-	-293	-	-	-	-905
Contract assets (NPV)	**85,684**	**2,598**	**78,185**	**-16,847**	**21**	**2,133**	**151,774**
2018							
Contract assets (gross)	52,547	-	52,308	-12,102	-980	-	91,773
Contract interest element	-2,601	-	-3,763	-	-200	1,087	-5,477
Loss allowance	-	-	-612	-	-	-	-612
Contract assets (NPV)	**49,946**	**-**	**47,933**	**-12,102**	**-1,180**	**1,087**	**85,684**

[1] Adjustments include: reclassifications, cancellations and foreign exchange adjustments and cumulative catch-up adjustments (including those arising from change in estimate of transaction price and contract modifications), change in time frame for a right to consideration to become unconditional or for a performance obligation to be satisfied.

INVOICING OF CONTRACT ASSETS

EUR '000	2019	2018
1 to 6 months	19,439	8,731
7 to 12 months	14,172	10,008
13 to 24 months	31,328	16,753
25 to 36 months	29,664	14,404
37 to 48 months	25,610	13,841
49 to 60 months	19,337	10,782
After 60 months	21,001	17,254
Total contract assets (gross)	**160,551**	**91,773**

2.4 CONTRACT BALANCES (CONTINUED)

CHANGES IN CONTRACT LIABILITIES

EUR '000	Opening balance	Addition on acquisition of subsidiaries	Net additions	Revenue recognized from liability opening balance	Adjustments[1]	Closing balance
2019						
Contract liabilities – licenses	4,451	625	960	-1,540	-33	4,463
Contract liabilities – software updates and support	5,760	491	6,030	-5,755	181	6,707
Contract liabilities – services	2,495	68	2,598	-1,117	-50	3,994
Contract liabilities – other	4,998	649	7,470	-3,700	97	9,514
Contract liabilities (prepayments from clients)	**17,704**	**1,833**	**17,058**	**-12,112**	**195**	**24,678**
2018						
Contract liabilities – licenses	2,678	-	3,074	-1,348	47	4,451
Contract liabilities – software updates and support	3,496	-	4,676	-2,468	56	5,760
Contract liabilities – services	2,350	-	1,639	-1,501	7	2,495
Contract liabilities – other	3,445	-	3,977	-2,403	-21	4,998
Contract liabilities (prepayments from clients)	**11,969**	**-**	**13,366**	**-7,720**	**89**	**17,704**

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

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

Contract assets from contracts with customers are measured at amortized cost less expected credit losses. Contract assets are within the scope of impairment requirements in IFRS 9. For contract assets the simplified approach is used and the expected loss provision is measured at the estimate of the lifetime expected credit losses.

An expected loss rate between 0.04% - 13.36% (2018: 0.04% - 13.79%) is applied, based on average default rates by region as published by Standard & Poor. For additional information refer to note 6.2 Risk.

Judgment is required in determining whether a right to consideration is conditional and thus qualifies as contract assets. Estimates are made as to whether and to what extent subsequent concessions or payments may be granted to customers and whether the customer is expected to pay the contractual fees. In this judgment, trading history is considered both with the respective customer and more broadly.

INCREMENTAL COSTS OF OBTAINING CUSTOMER CONTRACTS

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

COSTS TO FULFILL CUSTOMER CONTRACTS

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

2.5 RECEIVABLES

RECEIVABLES

EUR '000	2019	2018
Trade receivables from clients	49,061	46,414
Accrued revenue	29,193	30,700
Loss allowance	-287	-100
Other receivables	3,837	2,151
Total receivables at December 31	**81,804**	**79,165**
Aging of trade receivables from clients at December 31		
Not due	38,654	37,312
Overdue between 1 and 30 days	5,670	5,966
Overdue between 31 and 90 days	3,511	2,424
Overdue over 90 days	1,226	712
Total trade receivables from clients	**49,061**	**46,414**

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

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

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

In 2019, EUR 7 thousand was recognized as impairment for trade receivables (2018: nil).

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

ACCOUNTING POLICY

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

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

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

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

SECTION 3

EMPLOYEES

This section provides information related to employee compensation arrangements and it should be read in conjunction with the remuneration report on page 32 and note 7.2 on related party transactions.

Accounting policies which relate to a particular note to the income statement have been included within each individual note. In this section, the following notes are presented:

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

3.1 EMPLOYEE COST

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

ACCOUNTING POLICY

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

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

Where SimCorp provides long-term incentives and benefits, costs are accrued to match the rendering of services by the employees. The accounting policy for share-based remuneration is described in note 3.2.

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

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

EMPLOYEE COST

EUR '000	2019	2018
Salaries	180,590	158,576
Defined contribution pension plans	3,808	3,357
Defined benefit pension plans	557	462
Share-based payments	8,193	7,227
Social security and other costs	17,704	14,918
Total employee cost	**210,852**	**184,540**
Number of employees at the end of the period	1,871	1,660
Average number of employees – FTE	1,703	1,554

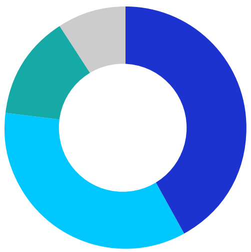
3.1 EMPLOYEE COSTS (CONTINUED)

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

REMUNERATION TO EXECUTIVE MANAGEMENT BOARD AND BOARD OF DIRECTORS

EUR '000	2019	2018
Salaries	1,935	1,680
Other benefits	137	145
Share-based payment	1,741	1,296
Performance-related bonus	1,496	1,288
Executive management board total	**5,309**	**4,409**
Board fees	406	406
Fees for committee work	88	53
Travel allowance	83	79
Share-based payment	242	229
Board of directors total	**819**	**767**
Total	**6,128**	**5,176**

AVERAGE NUMBER OF EMPLOYEES BY FUNCTION



	2019	2018
Professional services	42%	41%
Research and development	35%	35%
Internal support and service	14%	15%
Sales and sales support	9%	9%

3.2 SHARE BASED REMUNERATION

SimCorp's Board of Directors has adopted an overall policy for remuneration and incentive programs. The policy has been approved by shareholders at the Annual General Meeting with the overall objective being to promote awareness of profitable growth and the Group's long-term goals.

ACCOUNTING POLICY

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

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

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

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

In the 2019 financial year, EUR 8.2m was charged to the income statement in respect of share-based remuneration: EUR 6.5m relate to issued RSUs, EUR 1.4m relate to corporate bonus 2019 provision, and EUR 0.2m relate to shares to the Board of Directors (2018: EUR 7.2m charged to the income statement, of which EUR 5.5m from RSUs, EUR 1.5m from corporate bonus provision and EUR 0.2m from shares to the Board of Directors).

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

SHARES TO THE BOARD OF DIRECTORS

Members of the board of directors receive shares as a minor part of their overall remuneration. Shares are granted subject to approval at the Annual General Meeting.

In the financial year January 1 to December 31, 2019, a cost of EUR 242 thousand (2018: EUR 229 thousand) was charged to the income statement in respect of this program. The company will allot 3,148 treasury shares after publication of the Annual Report 2019 to members of SimCorp's Board of Directors (2018: 4,241 treasury shares).

3.2 SHARE BASED REMUNERATION (CONTINUED)

RESTRICTED STOCK UNITS (RSUs)

The Group grants RSUs to its employees and Executive Management Board (EMB) as part of its three incentive programs: long-term incentive program, corporate bonus, and special retention programs. The table on page 70 shows a summary of changes in the balance of outstanding RSUs from January 1, 2018 to December 31, 2019.

Long-term incentive program

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

In 2019, 24,728 RSUs were granted to Executive Management Board (2018: 31,315), 195 RSUs were granted to employee elected members of the Board of Directors and 32,483 RSUs were granted to other employees (2018: 41,463). Fair value at grant date was EUR 4.7m (2018: EUR 4.0m), and EUR 1.2m was charged to the income statement for 2019 (2018: EUR 1.0m).

Corporate bonus program

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

In 2019, the following 77,108 RSUs were granted including 506 RSUs to employee elected members of the Board of Directors. Fair value at grant date was EUR 5.9m (2018: EUR 5.9m). EUR 1.3m was charged to the income statement for 2019 (2018: EUR 1.3m).

In March 2020, the company will grant RSUs as part of its corporate bonus program for 2019. EUR 1.4m was charged to the income statement in 2019 (2018: EUR 1.5m). These are not included in the specification.

Other incentive programs

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

Granted 2019

On August 1, 2019, in connection with Christian Kromann's appointment as COO, 6,216 RSUs were granted to him as he completed his personal investment by purchasing 3,108 SimCorp shares. Sixty percent of these RSUs will vest in 2022, further twenty percent will vest in 2023 and the remaining twenty percent will vest in 2024. Fair value per RSU at grant date amounted to EUR 0.5m.

On August 1, 2019, in connection with the acquisition of AIM Software, 4,896 RSUs were granted to senior employees. The RSUs will vest after three years subject to continued employment and certain performance conditions for the financial years 2019 to 2021.

Furthermore, during 2019, 2,195 RSUs were granted to senior employees in Denmark and Ukraine as part of sign-on agreements and incentive programs. The RSUs will vest after three years subject to continued employment and certain performance conditions for the financial years 2019 to 2021.

Vested 2019

In 2017, 23,830 RSUs were granted to the North American management team in order to strengthen retention. The RSUs program was conditioned on certain performance conditions for revenue and EBIT growth in North America for the financial years 2017 to 2019. The conditions were 100% satisfied and 15,581 RSUs will be transferred to employees still employed.

Furthermore, during 2017, 3,778 RSUs were granted to employees in Denmark, Singapore, United Kingdom, and Italy as part of sign-on agreements and incentive programs. The RSUs program was conditioned on certain performance conditions for revenue and EBIT growth for the financial years 2017 to 2019. These conditions were 100% satisfied. The RSUs will be transferred to the employees at their individual vesting dates.

3.2 SHARE BASED REMUNERATION (CONTINUED)

RSUs

Number of RSUs	Long term incentive	Corporate bonus	Other	Total	Board of Directors[1]	Executive Management Board	Other employees
2019							
Outstanding January 1, 2019	187,609	190,638	54,557	432,804	1,369	92,324	339,111
Granted	55,357	77,108	15,356	147,821	506	30,944	116,371
Vested	-60,872	-90,728	-12,267	-163,867	-710	-22,076	-141,081
Performance adjustment	-15	-	-	-15	-	-	-15
Canceled/transferred	-6,439	-8,225	-	-14,664	1,104	-	-15,768
Outstanding December 31, 2019	**175,640**	**168,793**	**57,646**	**402,079**	**2,269**	**101,192**	**298,618**
of which vesting:							
2020	52,144	85,636	25,590	163,370	1,092	28,790	133,488
2021	69,440	58,690	8,710	136,840	771	39,068	97,001
2022	54,056	24,467	20,859	99,382	406	30,847	68,129
2023	-	-	1,243	1,243	-	1,243	-
2024	-	-	1,244	1,244	-	1,244	-
2018							
Outstanding January 1, 2018	194,050	177,424	65,373	436,847	1,177	67,930	367,740
Granted	72,778	109,152	11,982	193,912	675	47,402	145,835
Vested	-73,575	-90,791	-10,331	-174,697	-483	-22,638	-151,576
Performance adjustment	-1,547	-	-3,214	-4,761	-	-370	-4,391
Canceled	-4,097	-5,147	-9,253	-18,497	-	-	-18,497
Outstanding December 31, 2018	**187,609**	**190,638**	**54,557**	**432,804**	**1,369**	**92,324**	**339,111**
of which vesting:							
2019	60,887	91,660	12,267	164,814	710	22,076	142,028
2020	55,056	63,272	23,343	141,671	434	28,790	112,447
2021	71,666	35,706	9,362	116,734	225	39,068	77,441
2022	-	-	9,584	9,584	-	2,390	7,195

Charge to the income statement EURm	Long term incentive	Corporate bonus	Other	Total
2019	3.35	2.23	0.88	6.46
2018	2.96	2.02	0.51	5.49

[1] Board of Director's restricted stock units are acquired in a capacity as employees of SimCorp.

3.3 PENSION AND SIMILAR LIABILITIES

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

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

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

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

ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

PENSIONS AND SIMILAR LIABILITIES

EUR '000	2019	2018
Pension liabilities		
At January 1	11,091	10,594
Foreign exchange adjustment and other adjustments	229	225
Employee contributions	212	190
Expensed in the income statement	674	688
Calculated interest	145	120
Actuarial loss/(gain) change in financial assumptions	2,067	-503
Actuarial loss/(gain) change in experience	226	-57
Payroll taxes	-53	-48
Benefits paid through pension assets	-86	-118
Present value of pension liabilities at December 31	**14,505**	**11,091**
Fair value of plan assets		
At January 1	8,409	7,911
Foreign exchange adjustment	160	151
Calculated interest	112	92
Return on plan assets in addition to calculated interest	808	-379
Employee contributions	269	244
Employer contributions	582	527
Benefits paid through pension assets	-86	-118
Other	-22	-19
Fair value of plan assets at December 31	**10,232**	**8,409**
Net liability included in the balance sheet	**4,273**	**2,682**

3.3 PENSION AND SIMILAR LIABILITIES (CONTINUED)

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

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

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

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

SENSITIVITY ANALYSIS

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

The analysis considers the single change shown in the table with all other assumptions assumed to remain unchanged. In practice, changes in one assumption may be accompa-nied by offsetting changes in another assump-tion (although this is not always the case).

ASSET ALLOCATION (LATEST AVAILABLE)

	Switzerland		Norway		Belgium	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Shares	-	-	8.0%	8.0%	4.0%	4.0%
Bonds	-	-	78.0%	76.0%	86.0%	86.0%
Property	-	-	11.0%	10.0%	-	-
Other financial assets	-	-	3.0%	6.0%	10.0%	10.0%
Assets held at Allianz Suisse collective foundation	100.0%	100.0%	-	-	-	-
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

MOST IMPORTANT ASSUMPTIONS FOR ACTUARIAL CALCULATIONS

	Switzerland		Norway		Belgium	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate	0.2%	1.0%	1.8%	2.6%	0.6%	1.6%
Future salary increases	1.5%	1.5%	2.3%	2.8%	-	-

SENSITIVITY ANALYSIS ON REPORTED PENSION LIABILITIES

	Switzerland		Norway		Belgium	
EUR ’000	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate +1%	-1,294	-931	-413	-329	-913	-668
Discount rate -1%	1,833	1,297	556	443	1,183	869
Future remuneration +1%	212	151	248	207	-	-
Future remuneration -1%	-188	-134	-214	-179	-	-

The Group expects to pay EUR 558 thousand to the defined-benefit pension plans in 2020 (2018: EUR 537 thousand for the year 2019).

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

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

3.4 PROVISIONS

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

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

PROVISIONS

EUR '000	Anniversary bonuses	Pension	Termination indemnity	Other[1]	Total
2019					
Liability at January 1	1,735	2,682	2,637	1,930	8,984
Foreign exchange adjustment	4	68	-	42	114
Used during the year	-57	-	-351	-412	-820
Reversal of unused liabilities	-56	-	-	-969	-1,025
Provisions for the year	420	1,523	568	4,057	6,568
Total provisions	**2,046**	**4,273**	**2,854**	**4,648**	**13,821**
Expected due dates for provisions:					
Falling due within 1 year	133	-	372	520	1,025
Falling due within 2 to 5 years	923	-	541	3,219	4,683
Falling due after 5 years	990	4,273	1,941	909	8,113
Total provisions	**2,046**	**4,273**	**2,854**	**4,648**	**13,821**
2018					
Liability at January 1	1,493	2,683	2,469	1,573	8,218
Foreign exchange adjustment	-15	74	-	-13	46
Used during the year	-21	-	-372	2	-391
Reversal of unused liabilities	-56	-108	-	-671	-835
Provisions for the year	334	33	540	1,039	1,946
Total provisions	**1,735**	**2,682**	**2,637**	**1,930**	**8,984**
Expected due dates for provisions:					
Falling due within 1 year	127	-	344	255	726
Falling due within 2 to 5 years	765	-	500	1,004	2,269
Falling due after 5 years	843	2,682	1,793	671	5,989
Total provisions	**1,735**	**2,682**	**2,637**	**1,930**	**8,984**

[1] Includes re-establishment of rented premises and holiday allowances required by the Danish Holiday Act.

ANNIVERSARY BONUSES

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

TERMINATION INDEMNITY

In Italy, upon termination of employment for any reason, employers must pay a leaving indemnity ('Trattamento di fine Rapporto' or TFR). The termination pay is calculated as 6.9% of each year's annual salary, revalued on the basis of 75% of the inflation rate plus a fixed rate of 1.5% during the period of accrual, and is paid as a lump sum.

PENSION

Refer to note 3.3 Pension and similar liabilities.

OTHER

Other provisions contain, among others, the obligation to re-establish leased offices when the premises are vacated as well as holiday allowances required by the Danish Holiday Act.

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

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

SECTION 4

TAX

This section contains all relevant disclosures and details regarding corporate income tax recognized in the financial statements. The total tax on Group profit for the year has increased by EUR 5.3m to EUR 30.9m compared with EUR 25.6m in 2018. Income tax has increased due to a higher profit compared with 2018.

The Group's effective tax rate has decreased from 24.9% in 2018 to 24.2% in 2019, primarily due to lower prior year adjustments compared to 2018.

4.1 INCOME TAX

ACCOUNTING POLICY

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

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

INCOME TAX

EUR '000	2019	2018
Tax for the year:		
Tax on profit	30,900	25,565
Tax on other comprehensive income	-323	39
Total tax	**30,577**	**25,604**
Tax on profit for the year breaks down as follows:		
Current tax	23,762	20,913
Deferred tax	7,189	4,635
Prior-year adjustments	-18	33
Changes in tax rates	-33	-16
Total tax on profit for the year	**30,900**	**25,565**
Tax paid during the year	**23,546**	**22,281**
Tax on profit for the year breaks down as follows:		
Tax calculated on the year's pre-tax profit, 22% (2018: 22%)	28,105	22,558
Difference in tax in subsidiaries relative to 22% (2018: 22%)	847	923
Changes in tax rates	-33	-16
Tax effect:		
Non-taxable income	-1,593	-1,437
Non-deductible expenses	1,784	1,514
Other, including prior-year adjustments	1,790	2,023
Total tax on profit for the year	**30,900**	**25,565**
Effective tax rate	**24.2%**	**24.9%**

4.2 DEFERRED TAX

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

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

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

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

The adoption of IFRS 16 in 2019 caused an increase in property, plant, and equipment which includes right-of-use assets, partly offset by increase in lease liabilities and current liabilities.

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

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

The uncertainty of the tax treatment of IFRS 15, to be classified as deferred tax, amounts to approximately EUR 20m (2018: 13m), related to Parent company.

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

DEFERRED TAX

EUR '000	2019	2018
Deferred tax (liability)/asset at January 1	-9,400	-5,391
Foreign exchange adjustment	73	-78
Deferred tax, profit and loss	-7,189	-4,635
Prior-year adjustment, profit and loss	298	579
Change in tax rates	33	16
Adjustment of deferred tax, other comprehensive income	323	-39
Adjustment of deferred tax, equity	1,059	148
Addition on acquisitions of subsidiaries	-5,771	-
Net deferred tax (liability)/asset at December 31	**-20,574**	**-9,400**
Recognized in the balance sheet as follows:		
Deferred tax assets	5,357	2,328
Deferred tax liabilities	-25,931	-11,728
Net deferred tax (liability)/asset at December 31	**-20,574**	**-9,400**

4.2 DEFERRED TAX (CONTINUED)

DEFERRED TAX

EUR '000	Balance January 1	Foreign exchange adjustment	Recognized in: Profit and loss	Recognized in: Other comprehensive income	Recognized in: Equity	Addition on acquisitions	Balance December 31
2019							
Intangible assets	-3,024	-43	659	-	-	-7,077	-9,485
Property, plant, and equipment	441	-81	-10,787	-	-	-	-10,427
Current assets	112	1	-113	-	-	-	-
Contract assets	-13,118	-2	-8,268	-	-	-798	-22,186
Lease liabilities	-	78	9,106	-	-	-	9,184
Provisions	1,439	24	-452	323	-	-307	1,027
Current liabilities	1,217	41	3,144	-	-	-	4,402
Share-based payment	2,097	-1	223	-	1,059	-	3,378
Tax losses carry-forward	1,436	56	-370	-	-	2,411	3,533
Total	**-9,400**	**73**	**-6,858**	**323**	**1,059**	**-5,771**	**-20,574**
2018							
Intangible assets	-3,799	8	767	-	-	-	-3,024
Property, plant, and equipment	499	-13	-45	-	-	-	441
Current assets	117	-7	2	-	-	-	112
Contract assets	-7,685	-44	-5,389	-	-	-	-13,118
Provisions	963	1	514	-39	-	-	1,439
Current liabilities	219	-1	999	-	-	-	1,217
Share-based payment	1,648	-5	306	-	148	-	2,097
Tax losses carry-forward	2,647	-17	-1,194	-	-	-	1,436
Total	**-5,391**	**-78**	**-4,040**	**-39**	**148**	**-**	**-9,400**

Tax value of the capitalized tax losses are expected to be realized within the foreseeable future, as the affected subsidiaries expect a sufficient future taxable income. In 2020, EUR 0.9m (2018: EUR 1.3m in 2019) of the deferred tax assets are expected to be utilized.

SECTION 5

INVESTED CAPITAL

This section comprises notes which offer a thorough understanding of the Group's non-current assets. Additions in invested capital include separate asset acquisitions or business combinations. Furthermore, in this section are disclosed the most significant differences to prior-year figures resulting from the application of IFRS 16 'Leases' (see note 5.4).

Additions to intangible assets amounted to EUR 61.4m in 2019 (2018: EUR 0.1m), the increase in 2019 relates to the acquisition of AIM Holding SCA and its subsidiaries (AIM Software). Additions to property, plant, and equipment amounted to EUR 9.5m in 2019 (2018: EUR 2.0m) additions in 2019 comprise mainly leasehold right-of-use and the acquisition of SimCorp Gain.

In this section, the following notes are presented:

5.1 ACQUISITION OF ENTERPRISES

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

BUSINESS COMBINATIONS

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

The takeover method is applied for acquisitions if the Parent company gains control of the entity. Identifiable assets, liabilities, and contingent liabilities in companies acquired are measured at their fair values at the dates of acquisition. Identifiable intangible assets are recognized, if they can be separated or arise from a contractual right. Deferred tax is recognized on fair value adjustments.

Any excess of the cost of acquisition over the fair value of the identifiable assets, liabilities, and contingent liabilities acquired is recognized as goodwill under intangible assets.

In accounting for business combinations, judgment is required in determining whether an intangible asset is identifiable, and should be recorded separately from goodwill. In addition, estimating the acquisition date fair values of the identifiable assets acquired and liabilities assumed involves considerable judgment. The measurements are based on information available on the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management.

These judgments, estimates, and assumptions can materially affect the financial position and profit for several reasons. Such reasons include, but are not limited to: fair values assigned to assets subject to depreciation and amortization affect the amounts of depreciation and amortization to be recorded in operating profit in the periods following the acquisition, subsequent negative changes in the estimated fair values of assets may result in additional expense from impairment charges, subsequent changes in the estimated fair values of liabilities and provisions may result in additional expense (if increasing the estimated fair value) or additional income (if decreasing the estimated fair value).

ACQUISITION COST

Acquisition cost consists of the fair value of the purchase price of the enterprise acquired. The net aggregate value of identifiable assets and liabilities is measured in accordance with IFRS 3 Business Combinations.

Transaction costs related to acquisitions are charged to the income statement as administration expenses at the time of acquisition. In 2019, EUR 1.1m cost related to acquisition and integration was charged to the income statement (2018: none).

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

SIMCORP GAIN

On June 6, 2019, SimCorp entered into an agreement to acquire 100% of the shares in AIM Holding SCA and its subsidiaries (AIM Software – renamed SimCorp Gain) for an enterprise value of EUR 60.0m. The acquisition became effective as of August 1, 2019. The purchase price was adjusted upwards by EUR 2.9m upon closing reflecting a higher value of net assets acquired. SimCorp Gain provides data management solutions to the buy-side community, helping financial institutions aggregate, master and report on their market data.

As no active market exists for the assets and liabilities acquired, especially in regard to intangible assets, management has estimated the fair value. The methods applied are based on present value of future cash flows calculated based on client contracts and other expected cash flows related to the assets.

Trade receivables were adjusted by EUR 0.2m. Goodwill is attributable to a well-positioned business for investment management software

5.1 ACQUISITION OF ENTERPRISES (CONTINUED)

CONSIDERATION TRANSFERRED

EUR '000	2019
Cash consideration	62,899

CASH FLOW FOR ACQUISITION

EUR '000	2019
Cash payment	62,899
Cash and cash equivalents in acquired business	-4,431
Cash outflow for acquisition	**58,468**

and data management capabilities, a skilled assembled workforce and buyer synergies which will enable SimCorp to upgrade its SimCorp Dimension offering with technical and commercial capabilities in data management.

The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is ongoing. Adjustments are therefore expected to be made to taxes in the opening balance. The accounting treatment of the acquisition will be completed within the 12-month period required by IFRS.

The amounts of revenue and profit or loss of the SimCorp Gain business acquired in 2019 since the acquisition date are included in the consolidated income statements for the reporting period as follows: revenue EUR 5.5m, profit after tax: EUR -1.0m.

Had SimCorp Gain been consolidated as at January 1, 2019, its estimated revenue for the reporting period would have been EUR 12.6m, EBIT EUR -4.4m and profit after tax would have been EUR -3.4m. These amounts were calculated after applying SimCorp's accounting policies and after adjusting the results to reflect significant effects from, for example: additional depreciation and amortization that would have been charged assuming the fair value adjustment to property, plant, and equipment, and to intangible assets had been applied from January 1, 2019, the impact of fair value adjustments on contract liabilities/deferred income on a cumulative basis, employee benefits, such as share-based compensation, transaction expenses incurred as part of the acquisition and related income taxes.

PRELIMINARY FAIR VALUE AT ACQUISITION

EUR '000	2019
Intangible assets – client relationships	18,990
Intangible assets – software	9,392
Property, plant, and equipment	1,199
Receivables	3,954
Contract assets	2,598
Cash and cash equivalents	4,431
Deferred tax liability	-5,771
Income tax payable	-109
Prepayments from clients	-1,833
Trade and other payables	-2,120
Lease liabilities	-856
Identifiable net assets	**29,875**

GOODWILL

EUR '000	2019
Consideration transferred	62,899
Fair value of identifiable net assets	-29,875
Goodwill	**33,024**

These numbers have been prepared for comparative purposes only and are not necessarily indicative either of the results of operations that would have actually occurred had the acquisition been in effect at the beginning of the respective period, or of future results.

The goodwill cannot be deducted for tax purposes.

5.2 INTANGIBLE ASSETS

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

GOODWILL

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

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

OTHER INTANGIBLE ASSETS

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

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

Proprietary software for resale

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

Capitalized development costs comprise salaries plus overheads. Overheads comprise staff costs, IT, and communications and amortization. Development costs comprise costs attributable to the Group's development functions, including salaries, and other employee costs and amortization.

To the extent that the development costs are not capitalized, they are recognized as research and development costs in the income statement.

Acquired software

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

Client relationships

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

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

INTANGIBLE ASSETS

EUR '000	Goodwill	Software	Client relation-ships	Intangible assets total
2019				
Cost at January 1	27,937	16,821	9,404	54,162
Foreign exchange adjustment	217	199	184	600
Addition on acquisition of subsidiaries	33,024	9,392	18,990	61,406
Disposals	-	-2,530	-	-2,530
Cost at December 31	**61,178**	**23,882**	**28,578**	**113,638**
Amortization at January 1	-	11,682	2,036	13,718
Foreign exchange adjustment	-	98	43	141
Amortization	-	1,243	1,468	2,711
Disposals	-	-2,489	-	-2,489
Amortization at December 31	**-**	**10,534**	**3,547**	**14,081**
Carrying amount at December 31	**61,178**	**13,348**	**25,031**	**99,557**
2018				
Cost at January 1	28,009	16,799	9,453	54,261
Foreign exchange adjustment	-72	-90	-49	-211
Additions	-	112	-	112
Cost at December 31	**27,937**	**16,821**	**9,404**	**54,162**
Amortization at January 1	-	9,022	983	10,005
Foreign exchange adjustment	-	-60	-11	-71
Amortization	-	2,720	1,064	3,784
Amortization at December 31	**-**	**11,682**	**2,036**	**13,718**
Carrying amount at December 31	**27,937**	**5,139**	**7,368**	**40,444**
Amortization period		Up to 10 years	Up to 20 years	

5.2 INTANGIBLE ASSETS (CONTINUED)

AMORTIZATION

EUR '000	2019	2018
Cost of sales	1,130	2,816
Research and development costs	530	831
Sales and marketing costs	347	70
Administrative expenses	704	67
Total amortization	**2,711**	**3,784**

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

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

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

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

IMPAIRMENT TEST

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

CARRYING AMOUNTS AND ASSUMPTIONS

	Goodwill		Discount rate after tax		Annual average growth	
EUR '000	2019	2018	2019	2018	2019	2018
SimCorp Gain	33,024	-	7%	-	15%	-
SimCorp Sofia	24,175	24,175	8%	7%	NA	NA
SimCorp Coric	3,816	3,601	7%	6%	3%	2%
SimCorp Asia Pty Ltd	163	161	NA	NA	NA	NA
Total carrying amount	**61,178**	**27,937**				

Discount rate before tax: SimCorp Gain 9%, SimCorp Sofia 11% (2018:10%), SimCorp Coric 9% (2018: 7%).

As active markets for the majority of acquired assets and liabilities do not exist, management has made estimates of their fair values. Fair values were estimated as the present value of future cash flows calculated based on churn rates or other expected cash flows related to each asset. Estimates of fair value are associated with uncertainty and may be subsequently adjusted.

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

Cash generating units are defined as the smallest group of identifiable assets which together generate incoming cash flow from continued operations. For SimCorp Coric and SimCorp Sofia this has been defined as the business unit. For SimCorp Asia Pty. Ltd. it has been defined as the legal entity. For SimCorp Gain it has been defined as the activity for the SimCorp Gain product including synergies from cross-selling Gain solutions and data management capabilities.

An estimate was made of the future free cash flow based on budgets for 2020 and projections for the next four years. Significant parameters in this estimate are discount rate, revenue growth rate, and profit margin. The recoverable amount is based on the value in use calculated by discounting expected future cash flows.

At December 31, 2019, the carrying amount of goodwill was tested for impairment. The expected performance of SimCorp Sofia was assessed for SimCorp Italiana S.p.A in order to verify if sufficient to offset the carrying amount of the cash generating unit. The expected performance of SimCorp Dimension was assessed for SimCorp Asia Pty. Ltd., SimCorp Coric for SimCorp Coric Ltd and SimCorp Gain for SimCorp Gain.

The impairment test as of December 31, 2019 showed no indication of impairment for 2019 (2018: nil). Management's assessment is that currently no changes in key assumptions are reasonably likely to reduce the value in use below the carry value for any of the cash generating units.

For SimCorp Sofia, the estimated growth rate is based on management's expectations. For SimCorp Coric, the estimated growth rate in revenue during the forecast period is based on historical performance. The operating margin in the forecast period is estimated based on historical levels. No terminal value has been assumed.

For SimCorp Gain, the estimated growth rate is based on management's expectations for the first five years of estimated growth rate of 15% p.a. and long term growth rate of 1.5% p.a. The operating margin in the forecast period is estimated.

5.3 PROPERTY, PLANT, AND EQUIPMENT

The carrying value of goodwill allocated to SimCorp Asia Pty. Ltd. is significantly lower than cash generated during one year of operations.

In performing the impairment test management assessed whether the CGU to which the intangibles relate will be able to generate positive net cash flows sufficient to support the value of intangibles and other net assets of the entity. The assessment is based on estimates of expected future cash flows based on budgets, revenue growth, and profit margin development.

The Group chose to present right-of-use assets together with the underlying assets of the same nature which it owns. Therefore, from January 1, 2019, property, plant and equipment include right-of-use assets arising from lease agreements. For more information on the adoption of IFRS 16 'Leases', please refer to note 5.4.

ACCOUNTING POLICIES

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

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

Technical equipment includes IT and other equipment owned and leased.

Other equipment includes leased cars and owned fixtures and fittings.

The Group leases vehicles and equipment with lease terms of three to five years. Agreements might include options to purchase assets at the end of the contract term or guarantees in relation to the residual value of the leased asset at the end of the contract term. The use of vehicles and equipment is monitored and the estimated amount payable reassessed at the reporting date to remeasure lease liabilities and right-of-use assets.

None of the Groups' right-of-use assets meet the definition of investment property.

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximize operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. The Group assesses at the lease commencement date whether it is reasonably certain to exercise such options and reassesses if there is a significant event.

Additionally, some leases provide for additional payments based on changes to local price indices, these amounts are generally determined annually.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

For additional information on the lease liability refer to note 6.3.

The basis of depreciation is calculated with due consideration to scrap value and any prior impairment write down. The estimated useful life and scrap value of each asset is determined at the date of acquisition and reassessed annually. When the scrap value equals the carrying amount of the asset, the asset ceases to be depreciated. Any change in depreciation period or scrap value is recognized as a change in accounting estimate.

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

Property, plant, and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which are as follows:

- Leasehold over the lease term up to 10 years
- Technical equipment up to 3 years
- Other equipment, fixtures, and fittings up to 5 years

DEPRECIATION

EUR '000	2019	2018
Cost of sales	5,019	801
Research and development costs	2,352	665
Sales and marketing costs	1,542	342
Administrative expenses	3,128	331
Total depreciation	**12,041**	**2,139**

5.3 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

PROPERTY, PLANT, AND EQUIPMENT

	Leasehold		Technical equipment		Other equipment, fixtures, fittings and prepayments		
EUR '000	**Right-of-use**	**Improvements**	**Right-of-use**	**Owned**	**Right-of-use**	**Owned**	**Property, plant, and equipment total**
2019							
Cost at January 1	-	8,799	-	9,092	-	5,335	23,226
Adjustment IFRS 16 adoption	48,708	-	781	-	1,111	-	50,600
Foreign exchange adjustment	1,859	168	-	141	134	74	2,376
Additions	5,949	376	-	599	628	747	8,299
Addition on acquisition of subsidiaries	927	85	-	103	-	84	1,199
Transfers	1,345	-1,345	-	-	-	-	-
Disposals	-	-1,029	-	-1,164	-100	-1,127	-3,420
Cost at December 31	**58,788**	**7,054**	**781**	**8,771**	**1,773**	**5,113**	**82,280**
Depreciation at January 1	-	5,693	-	7,617	-	4,539	17,849
Foreign exchange adjustment	-	23	-	22	1	-4	42
Depreciation	8,832	734	518	984	545	428	12,041
Transfers	476	-476	-	-	-	-	-
Disposals	-	-1,029	-	-1,095	-52	-1,126	-3,302
Depreciation at December 31	**9,308**	**4,945**	**518**	**7,528**	**494**	**3,837**	**26,630**
Carrying amount at December 31	**49,480**	**2,109**	**263**	**1,243**	**1,279**	**1,276**	**55,650**
2018							
Cost at January 1	-	8,570	-	8,424	-	5,226	22,220
Foreign exchange adjustment	-	42	-	11	-	4	57
Additions	-	692	-	1,138	-	120	1,950
Disposals	-	-505	-	-481	-	-15	-1,001
Cost at December 31	**-**	**8,799**	**-**	**9,092**	**-**	**5,335**	**23,226**
Depreciation at January 1	-	5,275	-	7,147	-	4,270	16,692
Foreign exchange adjustment	-	-9	-	4	-	-4	-9
Depreciation	-	922	-	930	-	287	2,139
Disposals	-	-495	-	-464	-	-14	-973
Depreciation at December 31	**-**	**5,693**	**-**	**7,617**	**-**	**4,539**	**17,849**
Carrying amount at December 31	**-**	**3,106**	**-**	**1,475**	**-**	**796**	**5,377**
Depreciation period	Up to 10 years		Up to 3 years		Up to 5 years		

5.4 LEASE STANDARD ADOPTION

The Group has adopted IFRS 16 using the modified retrospective approach with optional practical expedients initially on January 1, 2019 and therefore comparative information is not restated. Accounting policies under IAS 17 and IFRIC 4 are disclosed separately if different from those under IFRS 16.

The policy applicable from January 1, 2019 can be found in note 5.3 Property, plant, and equipment.

POLICY APPLICABLE BEFORE JANUARY 1, 2019

For contracts entered into before January 1, 2019 the Group determined whether a contract contained a lease based on the following factors: fulfillment was dependent on the use of specific assets and it conveyed a right to use the assets. Right-of-use was based on: ability or right to operate the asset and the ability or right to control physical access to the asset, both while controlling more than an insignificant amount of the output. Or if the facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

IFRS 16 Leases became effective on January 1, 2019. All leases had to be recognized in the balance sheet with a corresponding lease liability, except for short-term assets and minor assets.

The cumulative effect of adopting IFRS 16 has been recognized as an adjustment to the opening balance at January 1, 2019, with no restatement of comparative information.
The Group applied the practical expedient not to reassess whether a contract is, or contains, a lease at the date of initial application.

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

Lease liabilities are presented separately in the balance sheet.

The Group has classified the principal portion of lease payments within financing activities and the interest portion within operating activities in the cash flow statement.

It applied the definition of a lease only to contracts entered into (or changed) on or after the date of initial application.

The incremental borrowing rate, which is the risk-free interest rate plus a credit spread to obtain external financing, was estimated to between 1.0% and 2.5% depending on the geographical location of the asset. The rate is used for discounting the lease liabilities on January 1, 2019. The weighted average incremental borrowing rate for lease liabilities on January 1, 2019 was 1.27%.

The impacts of the policy change in 2019 were as follows:

IMPACT OF CHANGE IN ACCOUNTING POLICY

EUR '000	January 1, 2019
Operating lease commitment as at December 31, 2018	61,399
Discounted using SimCorp's incremental borrowing rate	57,555
Short term leases	-282
Low value leases	-53
Contracts reassessed as services agreements	-9,363
Adjustments as a result of a different treatment of extension and termination options	52
Adjustments relating to changes in the index or rate affecting variable payments	2,570
Lease liability recognized as at January 1, 2019	**50,479**
Current	8,889
Non-current	41,590

RECOGNIZED RIGHT-OF-USE ASSETS

EUR '000	December 31, 2019	January 1, 2019
Leasehold (depreciation period: up to 10 years)	49,480	48,708
Equipment (depreciation period: up to 3 years)	263	781
Cars (depreciation period: up to 4 years)	1,279	1,111
Right-of-use assets	**51,022**	**50,600**

IMPACT OF CHANGE IN ACCOUNTING POLICY

EUR ´000	January 1, 2019
Right-of-use assets	50,600
Total property, plant, and equipment	-857
Prepayments	-320
Trade payables and other payables	1,056
Lease liabilities	-50,479

5.4 LEASE STANDARD ADOPTION (CONTINUED)

In the 2019 financial year operating expenses decreased by EUR 0.4m as a consequence of rent being replaced by a lower depreciation charge. Consequently EBIT has increased by the same amount. EBITDA has benefitted by EUR 10.2m as rent is no longer recognized as an operating expense.

Financial expenses increased by EUR 0.7m due to interest accrued on the lease liability. Profit before tax was therefore negatively impacted by EUR 0.3m. Operating cash flow was positively impacted by EUR 9.9m and cash flow from financing activities was negatively impacted by the same amount.

In addition, the following ratios have been impacted: EBIT margin (pre-IFRS 16: 28.0%, after IFRS 16: 28.1%) and ROIC (pre-IFRS 16: 74.0%, after IFRS 16: 65.3%).

SECTION 6

EQUITY, CAPITAL STRUCTURE, AND FINANCING ITEMS

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

In this section, the following notes are presented:

6.1 EQUITY, TREASURY SHARES, AND DIVIDENDS

ACCOUNTING POLICY

Treasury shares acquired by the Parent company are recognized in the balance sheet at zero value. Dividends from such shares are recognized in equity.

At December 31, 2019, the share capital amounted to DKK 40,500,000 divided into 40,500,000 shares (2018: same). During the year no shares were canceled (2018: 190,767). The company's shares are traded on Nasdaq Copenhagen in denominations of DKK 1. No shares confer any special rights upon any shareholder. No shares are subject to restrictions on transferability or voting rights.

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

This authority is valid for a period of five years, expiring on March 1, 2022, and may be extended by the shareholders for one or more periods of up to five years at a time.

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

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

Unless Danish legislation provides for a greater majority or unanimity, the adoption of resolutions regarding amendments to the company's articles of association and the company's dissolution or merger with another company requires a majority of not less than two thirds of all the votes cast as well as of the voting share capital represented at the relevant general meeting, and that not less than 50% of the share capital is represented at the general meeting. Should less than 50% of the share capital be represented at the general meeting, and the resolution is adopted by not less than two thirds of the votes cast as well as of the voting share capital represented at the general meeting, another general meeting may be called within 14 days after the preceding general meeting. At the new general meeting, the resolution can be adopted by not less than two thirds of the votes cast as well as of the voting share capital represented at the general meeting. Refer to pages 36 to 39 for additional information.

TREASURY SHARES

The market value of treasury shares at December 31, 2019 was EUR 91.3m (2018: EUR 54.8m). The treasury shares are carried at EUR 0.0m (2018: EUR 0.0m) in the financial statements.

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

In 2019, SimCorp A/S acquired 150,980 treasury shares for EUR 12.5m, at an average price of DKK 617.86 per share (2018: nil).

In 2019, SimCorp A/S delivered 168,217 treasury shares as part of the share based remuneration program for a nominal value of DKK 168,217 (2018: DKK 177,952) calculated at an average market price of DKK 575.42 per share (2018: DKK 402.99 per share), equal to a calculated price of EUR 13.0m (2018: EUR 9.6m).

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

6.1 EQUITY, TREASURY SHARES, AND DIVIDENDS (CONTINUED)

TREASURY SHARES

	Number of shares	Acquisition value EUR '000	Percentage of share capital
2019			
At January 1	917,718	46,401	2.3
Foreign exchange adjustment	-	-4	-
Purchases	150,980	12,488	0.3
Used RSU program	-168,217	-7,985	-0.4
At December 31	**900,481**	**50,900**	**2.2**
2018			
At January 1	1,286,437	63,312	3.2
Foreign exchange adjustment	-	-152	-
Cancellation	-190,767	-8,736	-0.5
Used RSU program	-177,952	-8,023	-0.4
At December 31	**917,718**	**46,401**	**2.3**

CAPITAL MANAGEMENT AND DIVIDENDS POLICY

The Board of Directors regularly assesses the need to adjust the capital structure, including the requirement for cash, credit facilities, and equity.

SimCorp intends to pay dividends of at least 40% of the Group profit on ordinary activities after tax. In addition, the company buys treasury shares provided that it does not anticipate specific cash requirements.

SimCorp acquired EUR 12.5m in SimCorp shares as part of a share buyback program in 2019. In 2020, given there are no specific requirements for liquidity, SimCorp expects to buy back shares with the intention to purchase shares for EUR 20m in two half yearly buyback programs of EUR 10m each.

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

The Board of Directors intends to recommend to the shareholders at the Annual General Meeting that dividends of approximately EUR 39.9m (2018: EUR 35.9m), equal to DKK 7.50 (2018: DKK 6.75) per 1 share, be distributed and that the company be authorized to acquire treasury shares for up to 10% of the company's share capital.

6.2 RISK

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

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

The scope and nature of the Group's financial instruments appear from the income statement and the balance sheet in accordance with the accounting policies applied. This note provides information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the financial statements.

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

The Group's most important operational and commercial risk factors are described in more detail on pages 26-28 of the annual report.

CURRENCY RISK

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

The consolidated income statement is impacted by changes in exchange rates. The results of foreign subsidiaries are translated from their functional currency to EUR at the exchange rates ruling on the dates of underlying transactions. The average exchange rate for the month is used to reflect the transaction dates' exchange rates. The table shows the change in average exchange rate for the main currencies impacting the Group's operating profit.

At the end of the reporting period the Group's currency exposure (excluding translation exposure) based on the functional currencies of the individual Group companies shows that

CHANGE IN AVERAGE EXCHANGE RATE IN RELATION TO EUR

Functional currency	2018 to 2019	2017 to 2018
AUD	-1.50%	-6.69%
CAD	3.46%	-4.01%
CHF	3.61%	-3.15%
DKK	-0.17%	-0.19%
GBP	1.32%	-1.28%
HKD	5.41%	-4.28%
NOK	-2.17%	-2.72%
SEK	-2.78%	-6.28%
SGD	4.30%	-1.92%
USD	5.36%	-3.73%

REVENUE BY CURRENCY

	2019	2018
EUR	34%	40%
USD	18%	20%
DKK	10%	11%
SGD	10%	6%
GBP	9%	5%
CHF	6%	5%
CAD	4%	4%
SEK	4%	4%
NOK	3%	3%
AUD	2%	2%

CURRENCY EXPOSURE

EUR '000	Receivables 2019	Contract assets 2019	Cash/equivalents 2019	Debt 2019	Net position 2019	Receivables 2018	Contract assets 2018	Cash/equivalents 2018	Debt 2018	Net position 2018
EUR/GBP	502	1,371	94	324	1,643	45	1,138	19	138	1,064
EUR/CHF	1,784	-	198	-	1,982	1,973	-	287	-	2,260
SEK/DKK	258	1,833	23	-	2,114	414	2,482	1	53	2,844
EUR/SEK	450	4,385	16	17	4,834	443	4,825	3	2	5,269
EUR/DKK	6,356	2,198	4,193	4,771	7,976	9,123	1,377	17,623	3,698	24,425
USD/GBP	3,290	6,641	120	415	9,636	825	387	298	383	1,127
USD/SGD	-	13,694	36	-	13,730	43	2,424	791	-	3,258

6.2 RISK (CONTINUED)

the majority of the cross-currency exposure comes from the USD/SGD exchange rate: EUR 13.7m (2018: EUR 3.3m) and the USD/GBP exchange rate: EUR 9.6m (2018: EUR 1.1m).

Based on the net exposure of the Group, the hypothetical impact of exchange rate fluctuations on the profit before tax for the year and equity would be EUR 0.7m for a 5% change in the USD/SGD exchange rate and EUR 0.5m for a 5% change in the USD/GBP exchange rate (an appreciation of the USD in relation to the SGD and the GBP would have positive impact, a depreciation would have a negative impact).

The Group's foreign exchange management policy is to balance incoming and outgoing payments in local currency as much as possible and generally seek to ensure that an increasing number of contracts entered into are EUR-denominated. When placing surplus funds, the Group generally seeks to minimize its net exposure in individual currencies. In order to mitigate currency risk in relation to Ukraine, SimCorp is using USD for salaries in that country.

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

INTEREST RISK

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

Deposits

The Group had cash deposits of EUR 31.9m at December 31, 2019 (2018: EUR 47.5m) carrying a variable rate of interest based on the money market rate. The effective rate of interest varies with the currency and, made up at the balance sheet date, fluctuated between -0.5% and 0.0% in 2019 (2018: -0.6% and 0.0%) for significant cash deposits.

Debt

SimCorp has a revolving committed credit facility of EUR 40.0m expiring July 31, 2022 and a seasonal credit facility of EUR 30.0m covering the period from March 15 to September 15, also expiring July 31, 2022.

At December 31, 2019, EUR 20.0m was drawn and EUR 3.4m was utilized for various guarantees. The Group had unused credit facilities in banks of EUR 16.6m.

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

Sensitivity

Exposure to interest risk arises from cash deposits, the revolving credit facility and seasonal facility. If interest rates increased by one percentage point, it would have a negative impact of EUR 0.5m.

For 2018, as there was no outstanding debt, interest rate sensitivity was calculated based on quarterly cash deposits at the end of the quarters (2018: positive impact of EUR 0.5m). A corresponding decrease in interest rates would have the opposite impact. The impact of change in interest levels on the equity of the Group does not deviate significantly from the impact on the profit and loss for the year.

LIQUIDITY RISK

Group liquidity is managed by Group Treasury, with the objective of ensuring effective liquidity management by obtaining sufficient committed credit facilities to provide adequate financial resources. It is the Group's policy that cash reserves must exceed 10% of the coming year's expected costs. Cash reserve and expected cash flow for 2020 are considered to be adequate to meet the obligations of the Group as they fall due.

Cash reserve comprises cash and cash equivalent and unutilized credit facilities. The Group aims to have sufficient cash reserves to allow it to continue to operate adequately in case of unforeseen fluctuations in cash.

Cash and cash equivalents amounted to EUR 31.9m in 2019 (2018: EUR 47.5m).

Current and non-current financial liabilities are depicted below:

FINANCIAL LIABILITIES AT DECEMBER 31

	Current				Non-current			
	1 to 6 months		7 to 12 months		1 to 5 years		Later than 5 years	
EUR '000	2019	2018	2019	2018	2019	2018	2019	2018
Lease liabilities	5,082	-	4,981	-	25,649	-	15,936	-
Revolving credit facility	20,000	-	-	-	-	-	-	-
Trade payables	17,498	16,148	781	336	224	773	-	-
Provisions	-	475	1,025	251	4,683	2,269	8,113	5,989
Other payables	46,160	33,964	2,762	6,156	-	2,298	-	-
Income tax and deferred tax	3,361	966	4,565	2,151	15,184	9,447	7,210	2,281
Total financial liabilities	**92,101**	**51,553**	**14,114**	**8,894**	**45,740**	**14,787**	**31,259**	**8,270**

6.2 RISK (CONTINUED)

CREDIT RISK

The maximum exposure to credit risk equals the following carrying amounts:

CREDIT RISK EXPOSURE

EUR '000	2019	2018
Cash and cash equivalents	31,851	47,500
Trade receivables from clients	49,061	46,414
Accrued revenue	29,193	30,700
Contract assets	160,551	91,773
Other receivables	3,837	2,151
Maximum credit exposure	**274,493**	**218,538**

The Group is not exposed to significant risks concerning individual clients or business partners as clients are generally major investment managers in the financial sector. Under the Group's policy for assuming credit risk, all major clients and other business partners are assessed prior to any contract being signed.

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

Receivables and contract assets

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

Accumulated average corporate default rates by region as published by Standard & Poor are used as proxy for probability of loss as these provide an indication on counterpart default risk by region of origin. Higher expected loss rates are used for certain balances if individual assessment indicates a higher probability of default. Initially, an expected loss rate from 0.04% up to 2.89% (2018: 0.04% up to 3.18%) is applied for clients with investment grade rating depending on the length of the asset's lifetime and location. For unrated clients and clients that do not have investment grade rating, an expected loss rate from 0.35% up to 13.36% (2018: 0.38% up to 13.79%) is applied depending on the length of the asset's lifetime and the client's geographical location. A higher rate might be applied to certain clients after individual assessment resulting in the weighted average expected loss rates depicted on the credit risk exposure on receivables and contract assets table.

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

No client represents more than 6.9% (2018: 9.4%) of total receivables from clients.

Expected timing of invoicing for the contract assets balance can be found in note 2.3.

6.2 RISK (CONTINUED)

The table below depicts information about exposure to credit risk and expected credit loss for trade receivables and contract assets as at December 31:

CREDIT RISK EXPOSURE ON RECEIVABLES AND CONTRACT ASSETS

	2019			2018		
	Weighted average expected loss rate	Loss allowance EUR '000	Carrying amount EUR '000	Weighted average expected loss rate	Loss allowance EUR '000	Carrying amount EUR '000
Not due	0.44%	965	219,562	0.44%	671	153,638
Not more than 30 days	0.16%	9	5,661	0.03%	2	5,964
More than 30 days but not more than 90 days	0.09%	3	3,508	0.04%	1	2,423
More than 90 days [1]	21.39%	216	1,010	5.65%	38	673
Total	**0.52%**	**1,193**	**229,741**	**0.44%**	**712**	**162,698**

[1] Includes allowance resulting from individual assessment of outstanding balances.

The expected loss allowance has developed as follows:

EXPECTED LOSS ALLOWANCE

EUR '000	2019	2018
Balance at January 1	712	-
Foreign exchange adjustment	12	-
Net loss allowance recognized	476	712
Amounts written off	-7	-
Balance at December 31	**1,193**	**712**

6.3 FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

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

FINANCIAL LIABILITIES

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

Lease liabilities
Lease liabilities arise from the adoption of IFRS 16. For additional information on leased assets refer to notes 5.3 and 5.4.

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

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

LEASE LIABILITIES

EUR '000	2019
Payable within 1 year	10,301
Payable within 2 to 5 years	28,085
Payable after 5 years	16,098
Total undiscounted lease liabilities	**54,484**
Total lease liabilities included in the statement of financial position	**51,648**
Current	10,063
Non-current	41,585

AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

EUR '000	2019
Interest on lease liabilities	676
Variable lease payments not included in the measurement of lease liabilities	723
Expenses related to short-term lease	384
Expenses related to low-value assets	13
Total recognized in profit and loss	**1,796**

AMOUNTS RECOGNIZED IN THE STATEMENT OF CASH FLOW

EUR '000	2019
Repayment of lease liability	9,880
Total recognized in statement of cash flow	**9,880**

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

Changes in liabilities arising from financing activities in 2019 comprise withdrawals from the revolving credit facilities of EUR 50.0m, interest cost of EUR 0.05m and re-payment of EUR 30.0m.

SimCorp has access to: 1) a multi-currency committed revolving credit facility of EUR 40.0m expiring July 31, 2022, 2) a seasonal facility of EUR 30.0m covering the period from March 15 to September 15 expiring July 31, 2022. Together, they are available for general corporate purposes of the Group.

At December 31, 2019, the Group had a committed revolving credit facility of EUR 40.0m, of which EUR 20.0m was drawn and EUR 3.4m used for guarantees.

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

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

6.3 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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

Deposits are primarily related to the leasing of offices. Security deposits which will not be returned within one year of the balance sheet date are recognized as non-current assets. Commitments which require a deposit will initially be recorded to the deposit asset account. If the deposit is not recovered, it is charged to the income statement.

DEPOSITS

EUR '000	2019	2018
Cost at January 1	1,983	1,995
Foreign exchange adjustment	7	2
Additions	500	45
Disposals	-395	-59
Carrying amount at December 31	**2,095**	**1,983**

6.4 FINANCIAL INCOME AND EXPENSES

ACCOUNTING POLICY

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

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

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

FINANCIAL INCOME

EUR '000	2019	2018
Interest income, financial assets carried at amortized cost	136	43
Dividends from associates	81	43
Foreign exchange gains, derivatives	-	723
Foreign exchange gains, net	730	-
Total financial income	**947**	**809**

FINANCIAL EXPENSES

EUR '000	2019	2018
Loss, dilution of ownership in associates	-	264
Interest expenses, financial assets carried at amortized cost	243	257
Interest expenses, financial liabilities carried at amortized cost	76	17
Interest expenses, pension	31	25
Interest expenses, lease	676	-
Interest expenses, reestablishment	46	60
Other financial expenses	23	171
Fair value adjustments, derivatives	-	767
Foreign exchange loss, net	-	145
Total financial expenses	**1,095**	**1,706**

SECTION 7

OTHER DISCLOSURES

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

In this section, the following notes are presented:

7.1 EARNINGS PER SHARE

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

EARNINGS PER SHARE

	2019	2018
Profit for the year (EUR´000)	96,901	76,971
Average number of shares	40,500,000	40,594,077
Average number of treasury shares	-839,472	-1,121,811
Average number of shares in circulation	**39,660,528**	**39,472,266**
Average dilutive impact of outstanding restricted stock units	397,802	447,480
Average number of diluted shares in circulation	**40,058,330**	**39,919,746**
Earnings per share – EPS (EUR)	2.44	1.95
Diluted earnings per share – EPS-D (EUR)	2.42	1.93

All allotted restricted stock units were included in 2019 and 2018 as the conditions stipulated in note 3.2 are expected to be met. See also the Management report concerning share-based remuneration on pages 32-35.

7.2 RELATED PARTY TRANSACTIONS

SimCorp's related parties exercising a significant influence comprise the company's Board of Directors and Executive Management Board as well as relatives of these persons. Related parties also comprise companies in which the individuals mentioned above have material interests.

Other related parties are considered to be Group's associates. All agreements relating to these transactions are based on market price (arm's length).

Trade from associates amounted in 2019 to EUR 0.9m compared with EUR 0.9m in 2018.

No losses on loans or receivables from subsidiaries and associates were recognized or provided for in either 2019 and 2018.

The Group did not enter into any agreements, deals, or other transactions in 2019 in which the Parent company's Board of Directors or Executive Management Board had a financial interest, except for transactions following from the employment relationship. See note 3.2 and Remuneration on pages 32-35.

Key Management Personnel (cf. IAS 24) consists of the Board of Directors and the Executive Management Board. Remuneration to members of the Board of Directors and the Executive Management Board is disclosed on page 33 and on page 35.

Members of the Board of Directors are elected by the shareholders at the Annual General Meeting for terms of one year. Members of the Board of Directors elected by the employees are elected among all SimCorp Group employees every third year. Election was held in March 2019, the next election will be held in March 2022. Refer to pages 40-42 for additional information on Board of Directors members.

Interest in the company of members of the Board of Directors and the Executive Management Board are depicted below:

SHAREHOLDINGS, BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT BOARD

Number of shares	2019	2018
Board of Directors		
Peter Schütze	11,493	10,987
Morten Hübbe	2,611	2,300
Simon Jeffreys	11,554	11,087
Herve Couturier	8,990	8,640
Adam Warby	637	326
Joan A. Binstock	389	-
Jesper Brandgaard [1]	-	88,749
Else Braathen	7,442	6,609
Vera Bergforth	1,920	1,570
Hugues Chabanis [2]	379	-
Ulrik Elstrup Hansen [3]	-	547
Board of Directors, total	**45,415**	**130,815**
Executive Management Board		
Klaus Holse	84,087	78,573
Georg Hetrodt	115,782	115,782
Michael Rosenvold	5,977	5,977
Christian Kromann [4]	3,108	-
Executive Management Board, total	**208,954**	**200,332**
Total shareholdings by members of the Board of Directors and the Executive Management Board	**254,369**	**331,147**

[1] Retired March, 2019
[2] Elected March, 2019
[3] Retired March, 2019
[4] Appointed August, 2019

7.2 RELATED PARTY TRANSACTIONS (CONTINUED)

RESTRICTED STOCK UNITS, BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT BOARD

Number of restricted stock units	2019	2018
Board of Directors		
Else Braathen	677	842
Hugues Chabanis [1]	1,592	-
Ulrik Elstrup Hansen [2]	-	527
Board of Directors, total	**2,269**	**1,369**
Executive Management Board		
Klaus Holse	48,252	50,249
Georg Hetrodt	20,419	22,704
Michael Rosenvold	24,256	19,371
Christian Kromann [3]	8,265	-
Executive Management Board, total	**101,192**	**92,324**
Total restricted stock units granted to members of the Board of Directors and the Executive Management Board	**103,461**	**93,693**

[1] Elected March, 2019
[2] Retired March, 2019
[3] Appointed August, 2019

7.3 AUDITORS' REMUNERATION

Audit fees include the audit of the consolidated and local financial statements, including audit of the adoption of IFRS 16, and the purchase price allocation related to the acquisition of SimCorp Gain.

Tax fees relate primarily to assistance with obtaining an advanced transfer pricing agreement in Germany.

FEES TO INDEPENDENT AUDITORS

EUR '000	2019	2018
Audit fees	419	346
Tax and VAT advice fees	162	41
Other service fees	39	45
Total auditors' remuneration	**620**	**432**

7.4 CONTINGENT LIABILITIES

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

The most significant contingent liability relates to SimCorp A/S and is the so called "ATP-ruling" related to possible VAT exemption for certain pension services.

On March 13, 2014, the Court of Justice of the European Union ("ECJ") published its judgment in the case C-464/12 ATP PensionService A/S determining that services provided to certain pension funds may be covered by the VAT exemption in section 13, subsection 1, no. 11, litra c and f of the Danish VAT Act.

As a consequence of the ECJ ruling, a number of SimCorp's Danish clients have filed a claim against SimCorp for recovery of the VAT levied on SimCorp's products and services. Pursuant to the Danish Tax Administration Act, SimCorp has claimed a refund from the Danish Tax Authorities ("SKAT") of the VAT collected on services provided to its Danish clients. SKAT has not yet replied to this claim for a refund. However, in August 2016 SimCorp received a so-called "binding ruling" from the Danish Tax Council and in this binding ruling the Danish Tax Council concluded that SimCorp's products and services are subject to VAT.

On this basis, SimCorp does not expect the above ruling from the ECJ to significantly have an effect on profit for the year and the assessment of the Group's financial position and accordingly, SimCorp has not made a provision for this in its annual accounts 2019.

7.5 EVENTS AFTER BALANCE SHEET DATE

No material events have occurred after December 31, 2019, that have consequences for the annual report 2019.

7.6 SUBSIDIARIES AND ASSOCIATES

Group's subsidiaries are at December 31, 2019:

SUBSIDIARIES

NAME	Registered office	Ownership interest 2019	Ownership interest 2018	Share capital	
SimCorp Ltd.	London, United Kingdom	100%	100%	100,000	GBP
SimCorp GmbH	Bad Homburg, Germany	100%	100%	102,258	EUR
SimCorp Österreich GmbH	Vienna, Austria	100%	100%	17,500	EUR
SimCorp Norge AS	Oslo, Norway	100%	100%	1,000,000	NOK
SimCorp Sverige AB	Stockholm, Sweden	100%	100%	100,000	SEK
SimCorp Benelux SA/NV	Brussels, Belgium	100%	100%	62,000	EUR
SimCorp USA Inc.	New York, USA	100%	100%	7,010,000	USD
SimCorp Schweiz AG	Zurich, Switzerland	100%	100%	100,000	CHF
SimCorp Asia Pty. Ltd.	Sydney, Australia	100%	100%	999,992	AUD
SimCorp Singapore Pte. Ltd.	Singapore, Singapore	100%	100%	1	SGD
SimCorp Ukraine LLC	Kiev, Ukraine	100%	100%	2,968,254	UAH
SimCorp Canada Inc.	Vancouver, Canada	100%	100%	8,500,001	CAD
SimCorp France S.A.S	Paris, France	100%	100%	500,000	EUR
SimCorp Hong Kong Ltd.	Hong Kong, China	100%	100%	14,000,002	HKD
SimCorp Luxembourg S.A.	Luxembourg, Luxembourg	100%	100%	31,000	EUR
SimCorp Coric Ltd.	Wolverhampton, United Kingdom	100%	100%	120	GBP
SimCorp Iberia S.L.	Barcelona, Spain	100%	100%	3,000	EUR
SimCorp Italiana S.p.A.	Milan, Italy	100%	100%	2,100,000	EUR
SimCorp Sp z.o.o.	Warsaw, Poland	100%	100%	5,000	PLN
SimCorp Gain S.C.A.	Luxemburg, Luxemburg	100%	-	44,636	EUR
SimCorp Japan KK	Tokio, Japan	100%	-	1	JPY

SimCorp Benelux SA/NV has branches in the Netherlands, Luxembourg and France.
SimCorp Ltd. has a branch in the United Arab Emirates and in Azerbaijan.
SimCorp Sverige AB has a branch in Finland.
SimCorp USA Inc. has a branch in Canada.
SimCorp Coric Ltd. has a 100% owned subsidiary in the USA, SimCorp Coric Inc.
SimCorp Italiana S.p.A. has a 100% owned subsidiary in France, APL Ville S.r.l. and a 100% owned subsidiary in Italy, Sofia Online S.r.l.
SimCorp Singapore has a 100% owned branch in Thailand (closed as of June 30, 2019).
SimCorp Gain S.C.A has 100% owned subsidiaries in Switzerland, Austria, the USA and United Kingdom.

ASSOCIATES

The Group holds an ownership interest of 24.8% in Dyalog Ltd and 30.0% in Opus Nebula Ltd. SimCorp's investment in Dyalog Ltd, United Kingdom is a strategic investment as the company is an important supplier. The Group purchases APL licenses from Dyalog Ltd. both for SimCorp Dimension and SimCorp Sofia.

FINANCIAL STATEMENTS OF SIMCORP A/S

FINANCIAL STATEMENTS OF SIMCORP A/S

INCOME STATEMENT

EUR ’000	Note	2019	2018
Revenue	2.1,2.2	235,780	198,661
Cost of sales		69,198	67,302
Gross profit		**166,582**	**131,359**
Other operating income		31,172	29,154
Research and development costs		59,304	46,781
Sales and marketing costs		12,291	11,420
Administrative expenses		32,176	25,256
Operating profit (EBIT)		**93,983**	**77,056**
Financial income	6.2	25,165	17,306
Financial expenses	6.2	740	1,270
Profit before tax		**118,408**	**93,092**
Tax on the profit for the year	4.1	22,423	18,437
Profit for the year		**95,985**	**74,655**

STATEMENT OF COMPREHENSIVE INCOME

EUR ’000	Note	2019	2018
Profit for the year		**95,985**	**74,655**
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement:			
Foreign currency translation differences for foreign operations		-86	-399
Other comprehensive income after tax		**-86**	**-399**
Total comprehensive income		**95,899**	**74,256**
Proposed distribution			
Dividends		39,919	35,934
Transferred to retained earnings		55,980	38,322
		95,899	**74,256**

FINANCIAL STATEMENTS OF SIMCORP A/S

CASH FLOW STATEMENT

EUR '000	Note	2019	2018
Profit for the year		95,985	74,655
Amortization and depreciation	5.2, 5.3	4,411	2,882
Financial income	6.2	-25,165	-17,306
Financial expenses	6.2	740	1,270
Tax on profit for the year	4.1	22,423	18,437
Other included in operating income		34	-365
Adjustment share based remuneration		10,243	9,305
Changes in provisions	3.2	2,586	183
Changes in contract assets	2.3	-2,029	-1,730
Changes in working capital		-39,397	-8,061
Financial income received		683	681
Financial expenses paid		-457	-480
Income tax paid	4.1	-15,691	-14,504
Net cash from operating activities		**54,366**	**64,967**
Investment in subsidiaries, net	5.1	-61,089	-208
Proceeds from sale of share of associates		-	143
Purchase of intangible fixed assets	5.2	-	-112
Purchase of property, plant, and equipment	5.3	-803	-1,355
Sale and purchase of financial assets, net	6.1	133	-13
Dividends from associates	6.2	41	22
Dividends from subsidiaries	6.2	23,898	15,791
Net cash used in investing activities		**-37,820**	**14,268**
Dividends paid		-35,881	-34,444
Purchase of treasury shares		-12,488	-
Repayment of lease liability		-3,379	-
Loan proceeds, net		20,000	-30,000
Net cash used in financing activities		**-31,748**	**-64,444**
Change in cash and cash equivalents		**-15,202**	**14,791**
Cash and cash equivalents at January 1		23,683	8,865
Foreign exchange adjustment of cash and cash equivalents		71	27
Cash and cash equivalents at December 31		**8,552**	**23,683**

FINANCIAL STATEMENTS OF SIMCORP A/S

BALANCE SHEET DECEMBER 31

EUR '000	Note	2019	2018
ASSETS			
Software		264	431
Total intangible assets	5.2	**264**	**431**
Leasehold		26,165	612
Technical equipment		819	854
Other equipment, fixtures, fittings and prepayments		763	8
Total property, plant, and equipment	5.3	**27,747**	**1,474**
Investments in subsidiaries	5.1	136,167	75,102
Investments in associates	5.1	157	157
Deposits	6.1	1,436	1,569
Total other non-current assets		**137,760**	**76,828**
Total non-current assets		**165,771**	**78,733**
Receivables	2.4	127,494	92,918
Contract assets	2.3	7,774	6,235
Income tax receivables		991	-
Prepayments		3,622	3,132
Cash and cash equivalents		8,552	23,683
Total current assets		**148,433**	**125,968**
Total assets		**314,204**	**204,701**

EUR '000	Note	2019	2018
LIABILITIES AND EQUITY			
Share capital		5,441	5,441
Share premium		-	9,963
Retained earnings		167,800	102,139
Proposed dividends		39,919	35,934
Total equity		**213,160**	**153,477**
Lease liabilities	6.1	23,277	-
Deferred tax	4.2	14,550	7,753
Provisions	3.2	4,384	1,811
Total non-current liabilities		**42,211**	**9,564**
Bank loan / revolving credit facility	6.1	20,000	-
Lease liabilities	6.1	3,324	-
Prepayments from clients	2.3	1,014	1,649
Debt to subsidiaries		10,193	14,078
Trade payables		6,630	9,419
Other payables	6.1	17,619	15,477
Income tax payables		-	997
Provisions	3.2	53	40
Total current liabilities		**58,833**	**41,660**
Total liabilities		**101,044**	**51,224**
Total liabilities and equity		**314,204**	**204,701**

FINANCIAL STATEMENTS OF SIMCORP A/S

STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share Premium	Retained earnings	Proposed dividends for the year	Total
2019					
Equity at January 1	5,441	9,963	102,139	35,934	153,477
Reclassification	-	-9,963	9,963	-	-
Adjusted balance at January 1	**5,441**	**-**	**112,102**	**35,934**	**153,477**
Net profit for the year	-	-	95,985	-	95,985
Total other comprehensive income	-	-	-86	-	-86
Total comprehensive income for the year	**-**	**-**	**95,899**	**-**	**95,899**
Transactions with owners					
Dividends paid to shareholders	-	-	53	-35,934	-35,881
Share-based payment	-	-	10,243	-	10,243
Tax, share-based payment	-	-	1,910	-	1,910
Purchase of treasury shares	-	-	-12,488	-	-12,488
Proposed dividends to shareholders	-	-	-39,919	39,919	-
Equity at December 31	**5,441**	**-**	**167,800**	**39,919**	**213,160**
2018					
Equity at January 1	5,467	9,963	53,617	34,570	103,617
Net profit for the year	-	-	74,655	-	74,655
Total other comprehensive income	-	-	-399	-	-399
Total comprehensive income for the year	**-**	**-**	**74,256**	**-**	**74,256**
Transactions with owners					
Cancellation of treasury shares	-26	-	26	-	-
Dividends paid to shareholders	-	-	126	-34,570	-34,444
Share-based payment	-	-	9,305	-	9,305
Tax, share-based payment	-	-	743	-	743
Proposed dividends to shareholders	-	-	-35,934	35,934	-
Equity at December 31	**5,441**	**9,963**	**102,139**	**35,934**	**153,477**

SECTION 1

BASIS OF PREPARATION

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

GENERAL
SimCorp A/S is a public limited company based in Denmark. The Annual Report for the period January 1 – December 31, 2019 includes the financial statements of SimCorp A/S, the Parent company.

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

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

Except for the changes implemented due to the adoption of IFRS 16 Leases, accounting policies are unchanged from last year. Following the adoption of the new standard, accounting policies have been updated. Comparative figures have not been restated.

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

FOREIGN CURRENCY TRANSLATION
Foreign exchange adjustments of intra-group accounts are recognized in the income statement in SimCorp A/S' financial statements. Foreign exchange adjustments of intra-group accounts between SimCorp A/S and subsidiaries are considered part of the net investment in the subsidiaries concerned. Settlement of intra-group balances considered part of the net investment are not, per se, considered a partial divestment of a subsidiary.

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

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

RISK
For information on risk refer to note 6.2 of the consolidated financial statements and overview of risk factors in "Risk management", pages 26-28.

NEW FINANCIAL REPORTING STANDARDS NOT YET ADOPTED
A number of new standards and interpretations not applicable/mandatory for the preparation of the 2019 annual report have been published. The Parent expects to implement the new applicable and approved, not yet effective accounting standards and interpretations, as they take effect.

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

SECTION 2

REVENUE AND CLIENTS

2.1 REVENUE

REVENUE

EUR '000	2019	2018
Licenses - new sales	32,631	23,115
Licenses - additional sales	31,067	34,178
Software updates and support	121,086	106,228
Professional services	34,557	28,314
Hosting and other fees	16,439	6,826
Total revenue	**235,780**	**198,661**

2.2 FUTURE PERFORMANCE OBLIGATIONS

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at December 31, 2019, is EUR 25.1m (2018: EUR 21.4m). This amount mostly comprises obligations to provide software updates and support, agreements which require client acceptance of functionality, and support or hosting subscriptions and support, as the respective contracts typically have durations of multiple years.

Management expects that EUR 8.7m (2018: EUR 8.7m in 2019) of the amount allocated to the future contract obligations as of December 31, 2019 will be recognized during 2020. EUR 16.3m (2018: EUR 12.7m) is expected to be recognized as revenue within 2 to 5 years.

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

2.3 CONTRACT BALANCES

Contract balances consist of client-related assets and liabilities.

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

Contract liabilities represent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to licenses, software updates and support, and services. Software updates and support and hosting billing generally occur at periodic intervals (e.g. quarterly or yearly) prior to revenue recognition, resulting in contract liabilities.

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

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

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

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

CHANGES IN CONTRACT ASSETS

EUR '000	Opening balance	Net additions	Invoiced from opening balance	Adjust-ments[1]	Closing balance
2019					
Contract asset (gross)	6,254	3,054	-1,334	-186	7,788
Loss allowance	-19	5	-	-	-14
Contract asset (NPV)	**6,235**	**3,059**	**-1,334**	**-186**	**7,774**
2018					
Contract asset (gross)	4,505	2,843	-1,122	28	6,254
Loss allowance	-	-19	-	-	-19
Contract asset (NPV)	**4,505**	**2,824**	**-1,122**	**28**	**6,235**

[1] Adjustments include: reclassifications, foreign exchange adjustments, cumulative catch-up adjustments (including those arising from change in measurement of progress, change in estimate of transaction price and contract modifications), change in time frame for a right to consideration to become unconditional or for a performance obligation to be satisfied.

Contract assets are expected to be realized within the Parent's normal operating cycle, 34.5% (2018: 23.8%) of it is expected to be realized within the next twelve months, 65.5% (2018: 76.2%) within the next 2 to 5 years.

2.3 CONTRACT BALANCES (CONTINUED)

CHANGES IN CONTRACT LIABILITIES

EUR '000	Opening balance	Net additions	Revenue recognized from opening balance	Closing balance
2019				
Contract liabilities - licenses	1,008	-	-1,008	-
Contract liabilities - software updates and support	43	36	-43	36
Contract liabilities - services	490	608	-160	938
Contract liabilities - other	108	8	-76	40
Contract liabilities (prepayments from clients)	**1,649**	**652**	**-1,287**	**1,014**
2018				
Contract liabilities - licenses	34	1,008	-34	1,008
Contract liabilities - software updates and support	27	43	-27	43
Contract liabilities - services	87	490	-87	490
Contract liabilities - other	110	108	-110	108
Contract liabilities (prepayments from clients)	**258**	**1,649**	**-258**	**1,649**

2.4 RECEIVABLES

ACCOUNTING POLICY

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

An expected loss rate of 0.04% - 1.04% is applied (2018: 0.04% - 0.11%), based on corporate investment grade 1-year average default rates by region as published by Standard & Poor.

RECEIVABLES

EUR '000	2019	2018
Trade receivables from clients	4,797	5,746
Accrued revenue	4,145	5,210
Loss allowance	-4	-6
Receivables from subsidiaries	117,569	81,086
Other receivables	987	882
Total receivables at December 31	**127,494**	**92,918**
The aging of trade receivables from clients was at December 31:		
Not due	4,048	5,353
Not more than 30 days	184	199
More than 30 days but not more than 90 days	411	158
More than 90 days	154	36
Total trade receivables from clients	**4,797**	**5,746**

SECTION 3

EMPLOYEES

3.1 EMPLOYEE COSTS

Remuneration of the Executive Management Board and Board of Directors is given on page 33 of the annual report. For additional disclosures on share-based remuneration refer to note 3.2 of the consolidated financial statements.

EMPLOYEE COSTS

EUR '000	2019	2018
Salaries	66,588	60,400
Defined contribution pension plans	1,641	1,482
Share-based payments	8,193	7,163
Social security costs	162	152
Total employee costs	**76,584**	**69,197**
Number of employees at the end of the period	574	525
Average number of employees	527	490

3.2 PROVISIONS

PROVISIONS

EUR '000	Holiday allowance	Re-establishment costs for rented premises	Anniversary bonuses	Total
2019				
Liability at January 1	-	612	1,239	1,851
Used during the year	-	-	-23	-23
Reversal of unused liabilities	-	-	-57	-57
Provisions for the year	2,291	6	369	2,666
Total provisions	**2,291**	**618**	**1,528**	**4,437**
Expected due dates for provisions:				
Falling due within 1 year	-	-	53	53
Falling due within 2 to 5 years	2,291	-	550	2,841
Falling due after 5 years	-	618	925	1,543
Total provisions	**2,291**	**618**	**1,528**	**4,437**
2018				
Liability at January 1	-	673	995	1,668
Foreign exchange adjustment	-	-2	-3	-5
Reversal of unused liabilities	-	-671	-55	-726
Provisions for the year	-	612	302	914
Total provisions	**-**	**612**	**1,239**	**1,851**
Expected due dates for provisions:				
Falling due within 1 year	-	-	40	40
Falling due within 2 to 5 years	-	-	423	423
Falling due after 5 years	-	612	776	1,388
Total provisions	**-**	**612**	**1,239**	**1,851**

Holiday allowances contain the provision for holiday allowance required by the Danish Holiday Act.

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

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

Reversals in 2018 relate to re-establishment cost linked to the Parent company's lease agreement as the negotiated extension includes obligations for the owner to refurbish the office, thus allowing for the provision to be reversed. Additions to provisions in 2018 reflect the new provision added in connection to the Parent's new office lease.

SECTION 4

TAX

SimCorp A/S' income taxes amount to EUR 22.4m relative to EUR 18.4m in 2018. Income tax has changed due to higher profit compared with 2018.

SimCorp A/S' effective tax rate has decreased from 19.8% to 18.9% primarily due to increased dividends received.

The Danish corporate tax rate was 22% in 2019, unchanged from 2018.

Deferred tax has changed from EUR 7.8m in 2018 to EUR 14.6m in 2019, which mainly relates to increase in deferred tax on contract assets and property, plant, and equipment which includes right-of-use assets partly offset by increase in deferred tax on lease liabilities and current liabilities. Deferred tax on lease liabilities and right-of-use assets have increased due to the adoption of IFRS 16.

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

4.1 INCOME TAX

INCOME TAX

EUR '000	2019	2018
Tax for the year:		
Tax on profit	22,423	18,437
Total tax	**22,423**	**18,437**
Tax on profit for the year breaks down as follows:		
Current tax	14,796	14,247
Deferred tax	7,816	4,353
Prior-year adjustments	-189	-163
Total tax on profit for the year	**22,423**	**18,437**
Tax paid during the year	**15,691**	**14,504**
Tax on profit for the year breaks down as follows:		
Tax calculated on the year's pre-tax profit, 22% (2018: 22%)	26,052	20,480
Dividends from subsidiaries and associates	-5,267	-3,478
Tax effect:		
Non-taxable income	-1,557	-1,203
Non-deductible expenses	1,365	1,071
Other, including prior-year adjustments	1,830	1,567
Total tax on profit for the year	**22,423**	**18,437**
Effective tax rate	**18.9%**	**19.8%**

4.2 DEFERRED TAX

DEFERRED TAX

EUR '000	2019	2018
Net deferred tax (liability)/asset at January 1	-7,753	-3,929
Foreign exchange adjustment	6	16
Deferred tax, profit and loss	-7,816	-4,353
Prior-year adjustment, profit and loss	-46	365
Adjustment of deferred tax, equity	1,059	148
Net deferred tax (liability)/asset at December 31	**-14,550**	**-7,753**
Recognized in the balance sheet as follows:		
Deferred tax liabilities	-14,550	-7,753
Net deferred tax (liability)/asset at December 31	**-14,550**	**-7,753**

DEFERRED TAX

EUR'000	Balance January 1	Foreign exch. adj.	Recog-nition in profit and loss	Recog-nition in equity	Balance December 31
2019					
Intangible assets	-95	-	37	-	-58
Property, plant, and equipment	399	3	-5,768	-	-5,366
Contract assets	-11,373	8	-8,494	-	-19,859
Lease liabilities	-	-	5,121	-	5,121
Provisions	399	-3	64	-	460
Current liabilities	820	-1	955	-	1,774
Share-based payment	2,097	-1	223	1,059	3,378
Total	**-7,753**	**6**	**-7,862**	**1,059**	**-14,550**
2018					
Intangible assets	-518	1	422	-	-95
Property, plant, and equipment	522	-2	-121	-	399
Contract assets	-5,864	17	-5,526	-	-11,373
Provisions	367	5	27	-	399
Current liabilities	-84	-	904	-	820
Share-based payment	1,648	-5	306	148	2,097
Total	**-3,929**	**16**	**-3,988**	**148**	**-7,753**

SECTION 5

INVESTED CAPITAL

5.1 INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

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

Please refer to note 7.6 in the consolidated financial statements for a list of subsidiaries.

Additions to investments in subsidiaries relate to the acquisition of SimCorp Gain and subsequent capital injections.

INVESTMENT IN ASSOCIATES

EUR '000	2019	2018
Cost at January 1	157	161
Disposals	-	-4
Cost at December 31	**157**	**157**
Carrying amount at December 31	**157**	**157**

INVESTMENTS IN SUBSIDIARIES

EUR '000	2019	2018
Cost at January 1	75,102	75,119
Foreign exchange adjustment	-24	-225
Additions	61,089	218
Disposals	-	-10
Cost at December 31	**136,167**	**75,102**
Carrying amount at December 31	**136,167**	**75,102**
Dividends received	**23,939**	**15,791**

5.2 INTANGIBLE ASSETS

For a description of the accounting policies, please refer to the consolidated financial statements note 5.2.

INTANGIBLE ASSETS

EUR '000	2019	2018
Cost at January 1	10,551	10,470
Foreign exchange adjustment	-5	-31
Additions	-	112
Disposals	-2,529	-
Cost at December 31	**8,017**	**10,551**
Depreciation at January 1	10,120	8,116
Foreign exchange adjustment	-4	-26
Depreciation	155	2,030
Disposals	-2,518	-
Depreciation at December 31	**7,753**	**10,120**
Carrying amount at December 31	**264**	**431**

AMORTIZATION

EUR '000	2019	2018
Cost of sales	29	1,956
Research and development costs	79	46
Sales and marketing costs	9	6
Administrative expenses	38	22
Total amortization	**155**	**2,030**

5.3 PROPERTY, PLANT, AND EQUIPMENT

For a description of the accounting policies, please refer to the consolidated financial statements note 5.3.

PROPERTY, PLANT, AND EQUIPMENT

EUR '000	Leasehold: Right -of-use	Leasehold: Leasehold improve-ment	Technical equipment: Right-of-use	Technical equipment: Owned	Other equipment, fixtures, fittings and prepayments: Right-of-use	Other equipment, fixtures, fittings and prepayments: Owned	Property, plant, and equipment total
2019							
Cost at January 1	-	3,745	-	7,131	-	3,286	14,162
Adjustment IFRS 16 adoption	28,466	-	772	-	210	-	29,448
Foreign exchange adjustment	-9	-1	-	-4	-	-1	-15
Additions	149	-	-	206	151	597	1,103
Transfers	612	-612	-	-	-	-	-
Disposals	-	-995	-	-768	-36	-1,058	-2,857
Cost at December 31	**29,218**	**2,137**	**772**	**6,565**	**325**	**2,824**	**41,841**
Depreciation at January 1	-	3,133	-	6,277	-	3,278	12,688
Foreign exchange adjustment	-	-1	-	-14	-	-1	-16
Depreciation	3,053	-	515	508	120	60	4,256
Disposals	-	-995	-	-768	-13	-1,058	-2,834
Depreciation at December 31	**3,053**	**2,137**	**515**	**6,003**	**107**	**2,279**	**14,094**
Carrying amount at December 31	**26,165**	**-**	**257**	**562**	**218**	**545**	**27,747**
2018							
Cost at January 1	-	3,612	-	6,687	-	3,296	13,595
Foreign exchange adjustment	-	-11	-	-20	-	-10	-41
Additions	-	612	-	743	-	-	1,355
Disposals	-	-468	-	-279	-	-	-747
Cost at December 31	**-**	**3,745**	**-**	**7,131**	**-**	**3,286**	**14,162**
Depreciation at January 1	-	3,364	-	5,974	-	3,284	12,622
Foreign exchange adjustment	-	-11	-	-18	-	-10	-39
Depreciation	-	248	-	600	-	4	852
Disposals	-	-468	-	-279	-	-	-747
Depreciation at December 31	**-**	**3,133**	**-**	**6,277**	**-**	**3,278**	**12,688**
Carrying amount at December 31	**-**	**612**	**-**	**854**	**-**	**8**	**1,474**
Depreciation period	Up to 10 years		Up to 3 years		Up to 5 years		

Estimates for property, plant, and equipment are unchanged from previous reports.

5.3 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

DEPRECIATION

EUR ‘000	2019	2018
Cost of sales	796	160
Research and development costs	2,190	438
Sales and marketing costs	248	53
Administrative expenses	1,022	201
Total depreciation	**4,256**	**852**

5.4 LEASE STANDARD ADOPTION

The cumulative effect of adopting IFRS 16 has been recognized as an adjustment to the opening balance at January 1, 2019, with no restatement of comparative information. For additional information, please refer to the consolidated financial statements note 5.4.

The impacts of the policy change in 2019 were as follows:

IMPACT OF CHANGE IN ACCOUNTING POLICY

EUR´000	2019
Operating lease commitment as at December 31, 2018	39,603
Discounted using SimCorp's incremental borrowing rate	37,850
Short term leases	-35
Contracts reassessed as services agreements	-8.338
Adjustments as a result of a different treatment of extension and termination options	-29
Lease liability recognized as at January 1, 2019	**29,448**
Current	3,177
Non-current	26,271

RECOGNIZED RIGHT OF USE ASSETS

EUR ’000	December 31, 2019	January 1, 2019
Leasehold (depreciation period: 1 to 10 years)	26,165	28,466
Equipment (depreciation period: 1 to 3 years)	257	772
Cars (depreciation period: 1 to 4 years)	218	210
Right-of-use assets	**26,640**	**29,448**

IMPACT OF CHANGE IN ACCOUNTING POLICY

EUR ´000	January 1, 2019
Right-of-use assets	30,060
Total property, plant, and equipment	-612
Lease liabilities	-29,448

SECTION 6

FINANCING ITEMS

6.1 FINANCIAL ASSETS AND LIABILITIES

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

FINANCIAL ASSETS

Financial assets comprise deposits, receivables and cash and cash equivalent. For addition information on receivables refer to note 2.4.

Deposits are primarily related to leasing of offices. Security deposits which will not be returned within one year of the balance sheet date are recognized as non-current assets. Commitments which require a deposit will initially be recorded to the deposit asset account, if the deposit is not recovered it is charged to the income statement.

DEPOSITS

EUR '000	2019	2018
Cost at January 1	1,569	1,561
Foreign exchange adjustment	-	-5
Additions	10	13
Disposals	-143	-
Carrying amount at December 31	**1,436**	**1,569**

FINANCIAL LIABILITIES

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

Lease liabilities

Lease liabilities arise from the adoption of IFRS 16.

LEASE LIABILITIES

EUR '000	2019
Payable within 1 year	3,568
Payable within 2 to 5 years	11,698
Payable after 5 years	12,547
Total undiscounted lease liabilities	**27,813**
Total lease liabilities included in the statement of financial position	**26,601**
Current	3,324
Non-current	23,277

AMOUNTS RECOGNIZED IN INCOME STATEMENT

EUR '000	2019
Interest on lease liabilities	277
Variable lease payments not included in the measurement of lease liabilities	51
Expenses related to short-term lease	117
Total recognized in profit and loss	**445**

AMOUNTS RECOGNIZED IN THE STATEMENT OF CASH FLOW

EUR '000	2019
Repayment of lease liability	3,379
Total recognized in statement of cash flow	**3,379**

Borrowings

Debt is initially recognized at fair value less transaction cost. Fair value does not materially differ from carrying amount since interest payable is close to current market rates. For addition information on borrowings refer to note 6.3 in the consolidated financial statements.

Trade payables and other payables

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

6.2 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

EUR '000	2019	2018
Interest income, subsidiaries	580	656
Interest income, financial assets carried at amortized cost	103	25
Dividends from subsidiaries	23,898	15,791
Dividends from associates	41	22
Foreign exchange gains, net	543	812
Total financial Income	**25,165**	**17,306**

FINANCIAL EXPENSES

Interest expenses, subsidiaries	145	151
Interest expenses, financial assets carried at amortized cost	239	254
Interest expenses, lease	277	-
Interest expenses, reestablishment	6	21
Other financial expenses	73	75
Fair value adjustments, derivatives	-	767
Total financial expenses	**740**	**1,270**

SECTION 7

OTHER DISCLOSURES

7.1 RELATED PARTY TRANSACTIONS

For the Parent company, in addition to transactions with other related parties depicted in note 7.2 of the consolidated financial statements, related parties also comprise subsidiaries and associates in which SimCorp A/S has a controlling or significant influence.

The Parent company's outstanding balance with subsidiaries comprises receivables of EUR 117.6m (2018: EUR 81.1m) and payables of EUR 10.2m (EUR 14.1m).

Balances with subsidiaries and associates comprise ordinary trade balances relating to the purchase and sale of services. Outstanding balances carry interest and are subject to terms and conditions identical to those made with the Parent company's and the Group's clients and suppliers.

Trading with subsidiaries and associates is conducted on arm's length terms. Ownership interests are shown in note 7.6 of the consolidated financial statements.

Interest on outstanding balances with subsidiaries and associates is specified in note 6.2 in the financial statements of the Parent company. In 2019, the Parent company has received dividends of EUR 23.9m (2018: EUR 15.8m) from subsidiaries and dividends of EUR 0.04m from associates (2018: EUR 0.02m).

The Parent company has provided delivery bonds to certain clients of its subsidiaries, and the Parent company has issued letters of support to certain subsidiaries, see note 7.4.

TRADING WITH SUBSIDIARIES AND ASSOCIATES

EUR '000	2019	2018
Purchases of services from subsidiaries	53,174	41,370
Purchases of services from associates	552	578
Sale of services to subsidiaries	220,321	187,605

7.2 AUDITORS' REMUNERATION

Audit fees include the audit of the Parent company's financial statements.

AUDITORS' REMUNERATION

EUR '000	2019	2018
Audit fees	186	133
Tax and VAT advice fees	25	-
Other service fees	15	26
Total	**226**	**159**

7.3 CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

As part of building long-term client relationships, the company has made a commitment to, in some contracts, provide SimCorp Dimension product supports for up to ten years from the date of the contract.

SimCorp A/S has issued guarantees for its subsidiaries' delivery commitments to clients for a total of EUR 66.8m (2018: EUR 62.5m).

The Parent company expects to issue letters of support to certain subsidiaries.

The Parent company has provided guarantee for credit facilities totaling EUR 4.4m to certain subsidiaries.

Bank guarantees have been provided for rent commitments in Australia, Belgium, France, Germany, Luxembourg, and USA.

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

The most significant contingent liability relates to SimCorp A/S and is the so called "ATP-ruling" related to possible VAT exemption for certain pension services. On 13 March 2014, the Court of Justice of the European Union ("ECJ") published its judgment in the case C-464/12 ATP Pension Service A/S determining that services provided to certain pension funds may be covered by the VAT exemption in section 13, subsection 1, no. 11, litra c and f of the Danish VAT Act.

As a consequence of the ECJ ruling, a number of SimCorp's Danish clients have filed a claim against SimCorp for recovery of the VAT levied on SimCorp's products and services. Pursuant to the Danish Tax Administration Act, SimCorp has claimed a refund from the Danish Tax Authorities ("SKAT") of the VAT collected on services provided to its Danish clients. SKAT has not yet replied to this claim for a refund. However, in August 2016 SimCorp received a so-called "binding ruling" from the Danish Tax Council and in this binding ruling the Danish Tax Council concluded that SimCorp's products and services are subject to VAT.

On this basis, SimCorp does not expect the above ruling from the ECJ to have a significant effect on profit for the year and the assessment of the Group's financial position and accordingly, SimCorp has not made a provision for this in its annual accounts 2019.

7.4 EVENTS AFTER BALANCE SHEET DATE

No material events have occurred after December 31, 2019 that have consequences for the Annual Report 2019.

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