SIMCORP

ANNUAL REPORT 2020

SimCorp A/S • Weidekampsgade 16 • 2300 Copenhagen S • Denmark • Company reg. no: 15505281 • www.simcorp.com

SimCorp

A leading provider of fully integrated front-to-back, multi-asset, investment management solutions to the world's largest institutional investment management companies

Empowering unmatched operational efficiency and investment enablement

MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF SIMCORP A/S

RELATED REPORTS

Sustainability Report 2020
www2.simcorp.com/SustainabilityReport2020

Remuneration Report 2020
www2.simcorp.com/RemunerationReport2020

SIMCORP AT A GLANCE

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

SEGMENTS

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

LONG TRADITION OF INVESTING IN INNOVATION, EXPANSION, AND TRANSFORMATION

A long-lasting partner
49
years of experience

Number of clients
206
(SimCorp Dimension)

Allocating around
20%
of revenue to R&D

Average client tenure
11.7
years (SimCorp Dimension)

A GLOBAL AND DIVERSE COMPANY

Employees
1,901

Nationalities
68

Culture

A truly diverse workplace for our courageous, capable, and curious employees, who collaborate to create value for our clients.

OUR PRODUCTS

SimCorp Dimension

SimCorp' core system provides fully integrated front-to-back multi-asset class support across the investment value chain.

SimCorp Coric

Dedicated solution for client communications and reporting automation.

SimCorp Gain

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

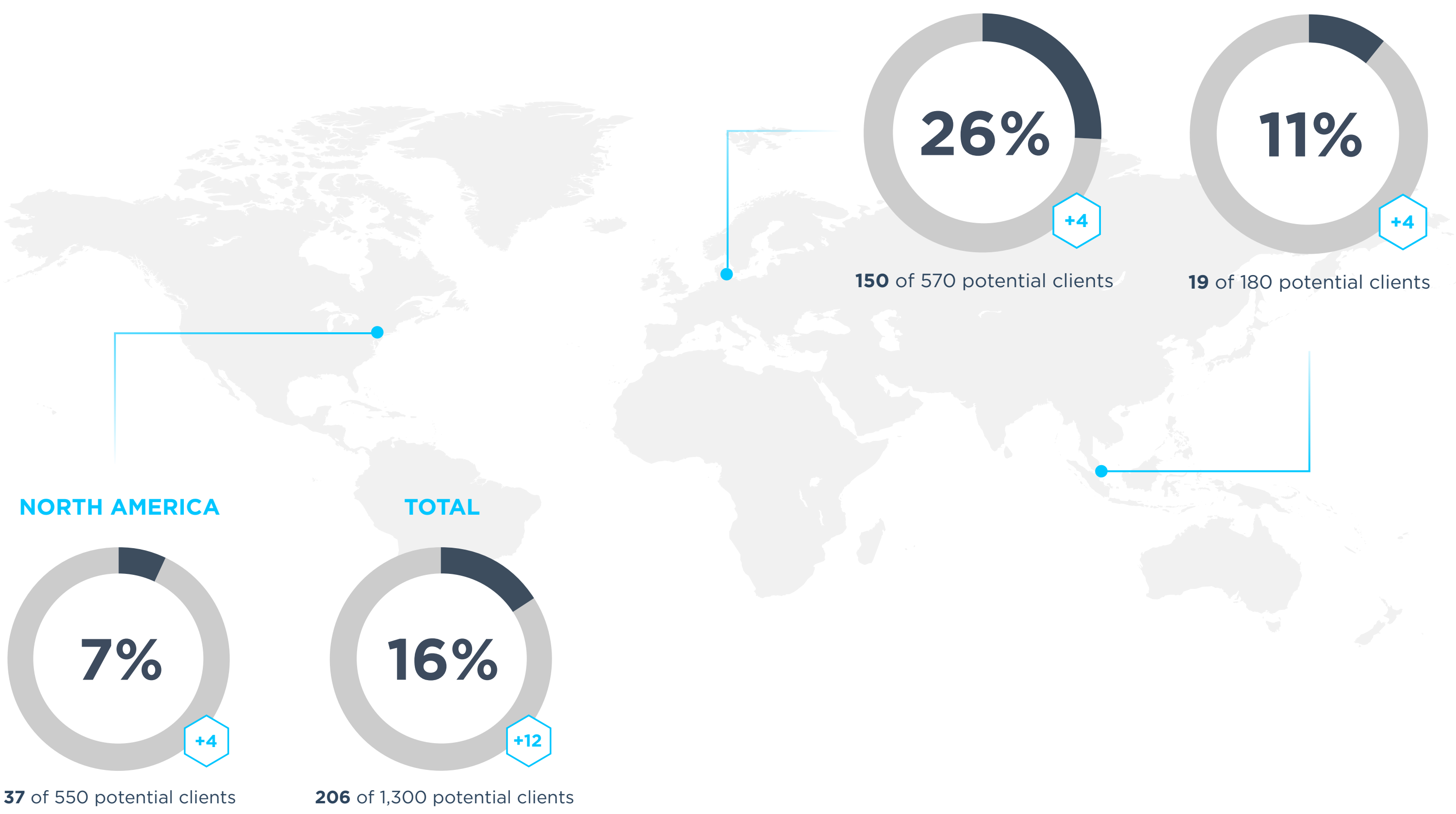
SimCorp Sofia

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

Read more about **our solutions**
www2.simcorp.com/Solutions

BUSINESS UNITS, PRODUCTS AND CLIENTS

SimCorp Dimension

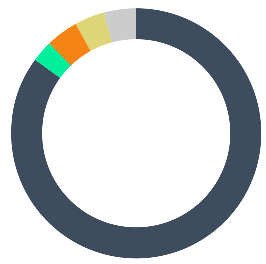


Figures are based on SimCorp estimates. Market share is calculated as number of SimCorp Dimension clients relative to the number of potential clients in each market.

- Market share
- Market potential
- New clients in 2020

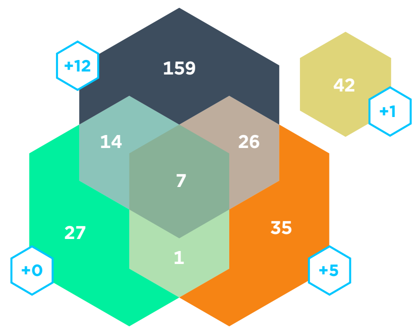
ALL PRODUCTS

Revenue share



- SimCorp Dimension® **85%**
- SimCorp Gain™ **3%**
- SimCorp Coric® **4%**
- SimCorp Sofia™ **4%**
- Third-party **4%**

Shared clients



- SimCorp Dimension®
- SimCorp Gain™
- SimCorp Coric®
- SimCorp Sofia™
- New standalone clients in 2020

BUSINESS UNIT REVIEW

EMEA

The merged business unit EMEA comprises sale of SimCorp Dimension, SimCorp Coric, and SimCorp Gain across Europe, Middle East, and Africa, where SimCorp entered South Africa in 2020. Despite the impact of COVID-19, the business unit performed satisfactorily with total revenue increasing by 2% compared with 2019. The growth was primarily driven by strong additional license sales, including a new business partnership with State Street Bank International GmbH providing a fully integrated, front-to-back investment outsourcing solution for insurance firms in EMEA. Four new SimCorp Dimension clients were signed in 2020, while one client canceled its contract, bringing the total number of clients up to 150. The new client wins and the order intake from additional licenses increased the value of the total installed SimCorp Dimension license base by EUR 15m, reaching EUR 674m.

EURm	2020	2019	Change
Revenue	323.8	316.6	2%
Dimension clients	150	147	
Coric clients	42	43	
Gain clients	41	47	

NORTH AMERICA

In the North American business unit, which now also includes the region's sales of SimCorp Coric and SimCorp Gain, total revenue increased by 10% compared with 2019. The revenue was primarily driven by new license sales, professional services sales, and hosting revenue. Four new SimCorp Dimension clients were signed, while two SimCorp Dimension clients canceled their contracts, bringing the total number of clients up to 37, equaling an estimated market share of 7% in North America. Three out of the four new license deals signed in 2020 are based on SimCorp's as a service (hosted) offering. In addition, five new standalone SimCorp Coric clients, and one together with SimCorp Dimension, were signed in 2020. Total installed SimCorp Dimension license base was EUR 136m at the end of 2020.

EURm	2020	2019	Change
Revenue	106.5	96.5	10%
Dimension clients	37	35	
Coric clients	26	21	
Gain clients	6	7	

APAC

In APAC, the business unit, which now also includes the sales of SimCorp Coric and SimCorp Gain in the region, total revenue declined by 31% compared with 2019. The decline was mainly driven by exceptionally high sales in 2019, which included a large deal in South Korea and the revenue recognition of a large deal signed in 2018. Four new SimCorp Dimension clients were signed in 2020, of which two are based on SimCorp's as a service (hosted) offering, while two clients canceled their contracts. With the two net new SimCorp Dimension clients added in 2020, SimCorp serves 19 SimCorp Dimension clients in the APAC region, corresponding to an estimated market share of 11%. The total value of the installed SimCorp Dimension license base was EUR 66m at the end of 2020. SimCorp serves two standalone SimCorp Coric clients and two standalone SimCorp Gain clients in APAC.

EURm	2020	2019	Change
Revenue	37.9	54.6	-31%
Dimension clients	19	17	
Coric clients	2	2	
Gain clients	2	2	

SIMCORP SOFIA

SimCorp Sofia, continuing as a separate business unit, has developed above expectations in 2020. SimCorp Sofia delivered total revenue growth of 3%, driven by a continued strong performance of additional license sales to existing clients. One new SimCorp Sofia client was signed in 2020, while two clients canceled their contracts, bringing the total number of SimCorp Sofia clients to 42.

EURm	2020	2019	Change
Revenue	20.8	20-2	3%
Clients	42	43	

PERFORMANCE & HIGHLIGHTS

Revenue
EUR million

456.0

2019: **454.5**

Revenue growth
(local currencies)

1.4%

2019: **16.9%**

EBIT
EUR million

124.3

2019: **127.8**

EBIT margin
(local currencies)

27.6%

2019: **27.7%**

Net profit
EUR million

88.3

2019: **96.9**

Free cash flow
EUR million

91.8

2019: **70.9**

DELIVERING THROUGH THE PANDEMIC

With a total of 17 new clients signed and strong sales to existing clients during 2020, our win rate and performance have been satisfactory despite the challenges caused by the COVID-19 pandemic. A resilient operating model, a highly loyal client base, and last but not least a deeply committed team have enabled us to sustain SimCorp's innovative solution delivery and business continuity through a time of significant market volatility, and with a workforce largely working from home.

15.5% INCREASE IN ORDER INTAKE

Customer experience
A highly dedicated customer experience team and strong, long-lasting client relationships have enabled us to increase the order intake by 15.5% during a year when online collaboration has replaced face-to-face meetings.

VIRTUAL GO-LIVE IMPLEMENTATIONS

Virtual go-lives
Thanks to highly skilled implementation consultants and close collaboration with our loyal clients, we have together managed to perform go-live implementations remotely in 2020.

RELEASES AND UPGRADES ON TIME

Releases and upgrades
Our hardworking and highly professional Product Development and Global Support teams have managed to keep up our usual activity level, delivering all planned releases on time and upgrading our clients 172 times (2019: 176).

CEO AND CHAIRMAN LETTER

SOLID PERFORMANCE UNDERPINNED BY RESILIENT BUSINESS MODEL

SimCorp delivered a solid performance in 2020 despite challenges caused by the COVID-19 pandemic with 17 new client wins, revenue of EUR 456.0m, EBIT of EUR 124.3m, and free cash flow of EUR 91.8m. A strategy on track, a highly loyal client base, and a deeply committed team position us well for a prosperous future.

Peter Schütze
Chairman

Klaus Holse
Chief Executive Officer

A resilient and vastly adaptable business model together with flexible, digital savvy staff have kept SimCorp on a good track during an unprecedented year.

While people, processes, and technology have all been challenged across our industry, SimCorp's innovative solution delivery and business continuity have been largely uninterrupted through a time of significant market volatility. High adaptability to virtual collaboration among our clients and employees has enabled us to continue doing business and many clients have gone live or done upgrades with assistance from SimCorp staff working 100% remotely. This is the ultimate test of resilience, and we are grateful to our loyal clients and committed employees who have made this possible.

STRATEGY CONFIRMED AND TRANSFORMATION ONGOING

During 2020, the Board of Directors has confirmed the strategic direction, priorities, and imperatives as launched in 2019. Guided by our strategy, we have started our transition to become a true Everything as a Service company based on our cloud journey.

Throughout the year, we have seen solid proof-points of transition progress, as many of our new clients have signed as a service agreements, and several existing clients have migrated from on-premise to cloud-based as a service setups.

A steep increase in virtual collaboration during COVID-19 has fast-tracked the need for digitalization both at our clients and at SimCorp, with the majority of staff working from home. Our move to the cloud is further validated by this trend. Cloud computing can help accelerate our digital transformation and offers a boost to innovation by empowering us to leverage new technologies like machine learning and high-performance computing.

SUSTAINABILITY AND ACCOUNTABILITLY

Leveraging cloud and new technologies is a key enabler of sustainability, which is a main focus for SimCorp. Reducing our CO_2 emission, expanding support for our clients' ESG investments, creating a truly diverse and inclusive workplace, and ensuring meaning in work constitute our current sustainability priorities.

We believe that our employees and who we are as a company put us in a strong position to set ambitious sustainability targets, and we hold ourselves accountable for meeting these goals.

BUILDING AN ECOSYSTEM OF PARTNERS ON AN OPEN PLATFORM

A strong focus on building strategic partnerships, most recently with State Street, is part of our strategic imperative 'Ecosystem enabled innovation'. The goal is to strengthen our capacity and ability to innovate and offer our clients optionality across their operations and the investment lifecycle, by leveraging an external ecosystem of partners.

Alongside a number of new partnerships in 2020, solid R&D investments have enabled us to further strengthen our offering, spanning from additional standard platform solutions shortening time to value for our clients, to new capabilities within Datacare meeting demands for more holistic managed data services.

SimCorp has also signed its first North American client development partner for Coric Digital Portal, a state-of-the-art client reporting SaaS portal built on Microsoft Azure, which offers SimCorp clients a next-generation self-service portal with digital insights and engagement analytics.

SUPPORTING CLIENTS WITHOUT THE CONSTRAINT OF BORDERS

In 2020, we announced the merger of SimCorp's European market units, Central Europe, Southern Europe, and UK/Northern Europe/Middle East, into one integrated EMEA unit. The move is designed to support our clients by developing closer collaboration across borders and achieving greater scale and agility in key business functions.

The high increase in virtual collaboration across all geographies during COVID-19 has proved to provide even bigger benefits to our entire client base than an internal merger can generate. We will make sure we continue to leverage these positive experiences post-COVID-19.

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 2020, we paid a dividend of EUR 39.9m, equal to DKK 7.50 per share, and acquired treasury shares for EUR 10m. Based on the financial performance in 2020, the Board of Directors intends to propose to shareholders at the AGM a dividend of EUR 40.1m, equal to DKK 7.50 per share, for the financial year 2020. Furthermore, we plan to initiate a new share buyback program, acquiring treasury shares for a forecast amount of EUR 40m in 2021, split into two programs of EUR 20m each.

THANK YOU

Staying on track to sustained long-term growth and successfully meeting the challenges of COVID-19 has been fully dependent on our highly capable and committed employees, and we would like to thank everyone at SimCorp for your true dedication, agility, and relentless efforts. Based on a passion to never let a client down, every single employee has lived the culture of our company captured in "the 4Cs", by being capable, collaborative, and curious, while demonstrating courage.

Our appreciation also goes to our shareholders and business partners for their trust and co-operation. Last but not least, we extend our gratitude to our loyal clients, new as well as existing ones, who have demonstrated great flexibility and adaptability to stay in close contact during these challenging times and continue to place their business with SimCorp.

Peter Schütze

PETER SCHÜTZE
Chairman of the Board of Directors

KLAUS HOLSE
Chief Executive Officer

1/2 HIGHLIGHTS 2016-2020

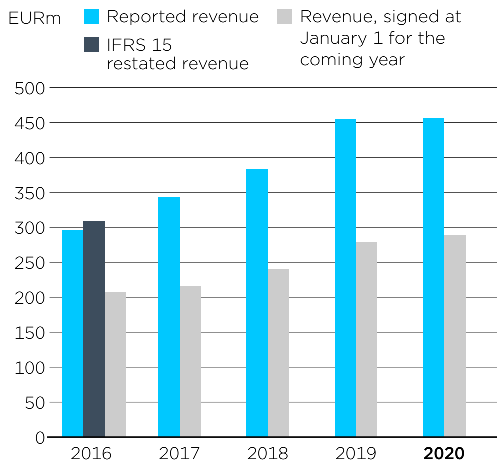
EUR '000	2020	2019	2018	2017	2016
ORDERS					
Order book value*	56,069	38,182	45,508	24,790	44,764
Order intake*	115,102	99,679	105,877	81,821	85,056
INCOME STATEMENT					
Revenue	455,970	454,531	382,626	343,405	295,930
Earnings before interest, tax, depreciation, and amortization (EBITDA)	140,390	142,576	109,268	92,851	71,583
Operating profit (EBIT)	124,296	127,824	103,345	88,894	68,223
Financial items, net	-8,200	-23	-809	-1,204	-630
Profit before tax	116,096	127,801	102,536	87,690	67,593
Profit for the year	88,258	96,901	76,971	66,497	50,992
COMPARABLE INCOME STATEMENT					
(Adjusted to IFRS 15 for illustrative purposes only)**					
Restated revenue					309,248
Restated earnings before interest, tax, depreciation, and amortization (EBITDA)					84,901
Restated operating profit (EBIT)					81,541
Financial items, net					-630
Profit before tax					80,911
Profit for the year					61,039
STATEMENT OF FINANCIAL POSITION					
Share capital	5,441	5,441	5,441	5,467	5,575
Equity	278,250	230,020	169,059	116,581	72,571
Bank loan/revolving credit facility	-	20,000	-	30,000	-
Intangible assets	95,725	99,557	40,444	44,256	10,995
Property, plant, and equipment***	47,650	55,650	5,377	5,528	4,779
Receivables	82,513	81,804	79,165	86,080	80,041
Contract assets	175,928	151,774	85,684	49,946	-
Cash and cash equivalents	53,051	31,851	47,500	31,412	31,590
Total assets	470,842	437,912	270,267	230,616	146,928
CASH FLOW					
Cash flow from operating activities	104,565	82,505	82,215	55,532	65,418
Cash flow from investing activities	-2,681	-60,214	-1,720	-26,930	-4,309
Cash flow from financing activities	-80,242	-38,249	-64,444	-28,294	-72,856
Free cash flow	91,809	70,903	80,153	51,317	60,801
Investment in property, plant, and equipment	2,399	1,722	1,950	3,333	2,973
Net change in cash and cash equivalents	21,642	-15,958	16,051	308	-11,747
EUR/DKK rate of exchange at December 31	7.4393	7.4697	7.4673	7.4449	7.4344

* 2019 order book and order intake have been restated to include Subscription Services such as Datacare and SFTR, and 2018 order intake has been restated to include SimCorp Italiana (Sofia).

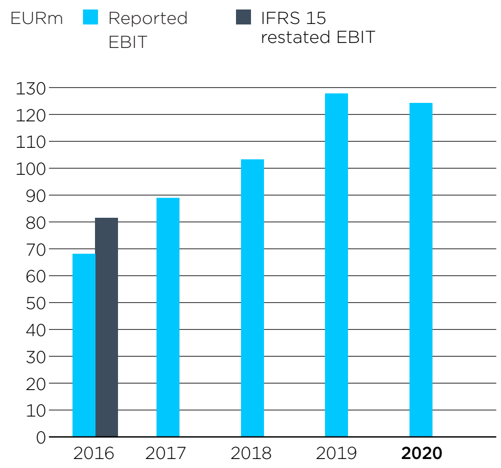
** The Group has applied IFRS 15 using the modified retrospective principle as a cumulative catch up adjustment to the opening balance of equity at January 1, 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

*** 2020 and 2019 include right-of-use-assets.

REVENUE



EBIT



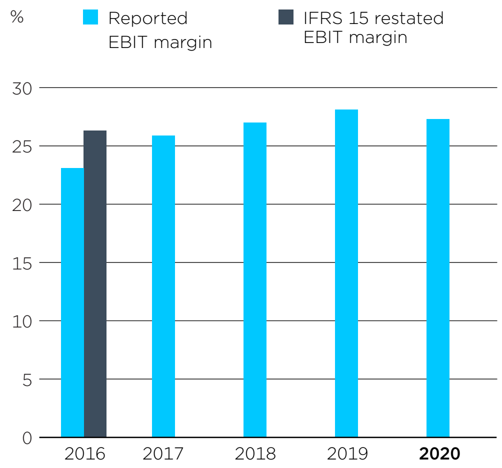
2/2 HIGHLIGHTS 2016-2020

	2020	2019	2018	2017	2016
EMPLOYEES					
Number of employees at year-end	1,901	1,871	1,660	1,547	1,376
Average number of employees - FTE	1,840	1,703	1,554	1,421	1,275
FINANCIAL RATIOS					
EBIT margin (%)	27.3	28.1	27.0	25.9	23.1
EBIT margin (%) adjusted to IFRS 15 for illustrative purposes only*					26.4
ROIC (return on invested capital) (%)	46.6	65.3	82.4	107.4	121.3
Receivables turnover ratio	8.7	9.3	8.2	7.6	7.8
Equity ratio (%)	59.1	52.5	62.6	50.6	49.4
Return on equity (%)	33.4	46.5	59.7	64.5	57.5
SHARE PERFORMANCE					
Earnings per share - EPS (EUR)	2.22	2.44	1.95	1.69	1.28
Diluted earnings per share - EPS-D (EUR)	2.20	2.42	1.93	1.67	1.26
Cash flow per share - CFPS (EUR)	2.64	2.08	2.08	1.41	1.64
Book value per share at year end - BVPS (EUR)	7.02	5.81	4.27	2.96	1.84
Dividends per share - DPS (EUR)	1.01	0.90	0.87	0.84	0.71
Dividends per share - DPS (DKK)	7.50	6.75	6.50	6.25	5.25
Dividends payout ratio (%)	45.2	37.0	44.7	51.4	57.5
Total payout ratio (%)	56.5	49.9	44.7	87.7	142.9
MARKET VALUE RATIOS					
Share price at year end - EUR	121.72	101.41	59.67	47.46	46.30
Share price at year end - DKK	909.50	757.50	445.60	353.30	344.20
Price/book value per share - P/BV (EUR)	17.3	17.5	14.0	16.0	25.2
Diluted price earnings (P/E diluted)	55.2	41.9	30.9	28.4	36.8
Price/cash flow (P/CF)	46.2	48.7	28.6	33.7	28.3
Share capital (m)	40.5	40.5	40.5	40.7	41.5
Average number of shares (m)	39.7	39.7	39.5	39.4	40.0
Average number of shares - diluted (m)	40.0	40.1	39.9	39.9	40.5
Market capitalization - EURm	4,826	4,016	2,362	1,870	1,827

* 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 51.

EBIT MARGIN



VISION AND STRATEGY

Driven by our passion to create value for our clients as their trusted business partner and opening up our native front-to-back, multi-asset, platform to an ecosystem of partners, we are strongly positioned to sustain long-term growth and profitability.

In 2019, we presented our new strategy, outlining how we are entering a new phase in the evolution of SimCorp, through which we are transforming SimCorp to become a software-enabled service company. The past year has demonstrated the robustness of our business model as we have successfully continued this transformation during a time of unprecedented challenges and volatility.

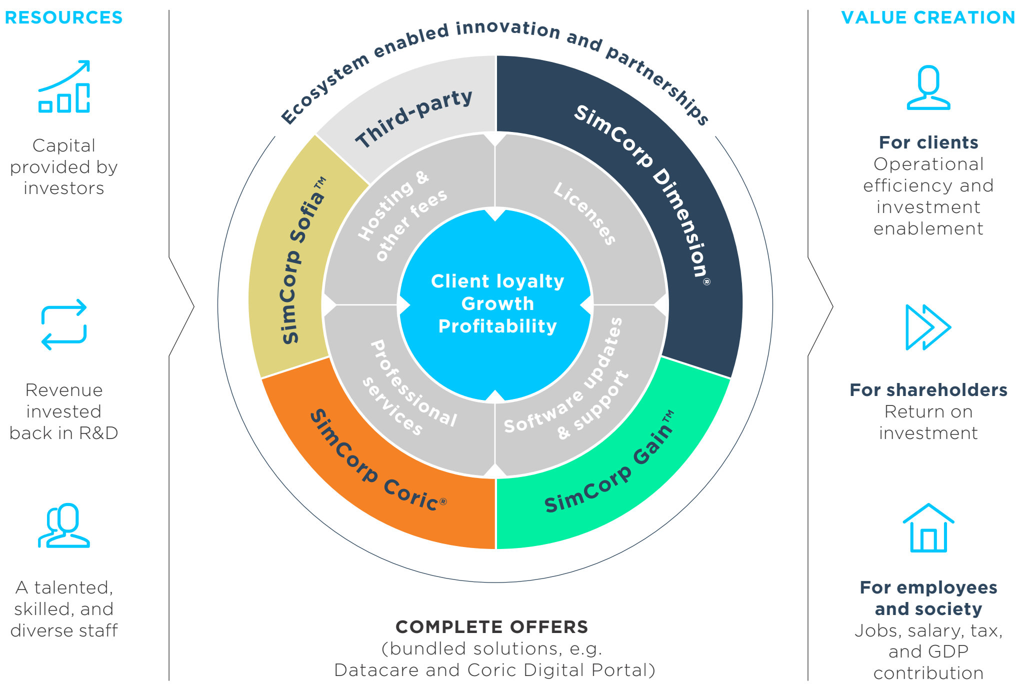
A ROBUST BUSINESS MODEL

SimCorp's highly transparent business model builds on four main revenue drivers: software licenses; software updates and support; professional services; and hosting and other fees. These revenue drivers derive from our investments in our four best-in-class product offerings: SimCorp Dimension®; SimCorp Coric®; SimCorp Gain™, and SimCorp Sofia™, along with third-party products and partnerships.

To ensure that these offerings are always up-to-date and at the forefront of the industry's needs, we invest around 20% of annual revenue back into R&D, which together with the native integrated, muti-asset and front-to-back nature of our platform SimCorp Dimension differentiate our value proposition compared with the competition.

While adding to the solidity of our 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. During COVID-19, we have continued our strong focus on constantly nurturing our client relationships through virtual meetings, workshops, and training programs. The strength of these relationships and a resilient operating model have enabled us to continue carrying out implementations, software updates and support activities, client-driven development programs, and professional services operations. Approximately 90% of our annual revenue is derived from existing clients and more than 50% is recurring.

BUSINESS MODEL



STRATEGIC IMPERATIVES

CLOUD TECHNOLOGY TRANSFORMATION

CUSTOMER EXPERIENCE LEADERSHIP

We take responsibility for solving our clients' key business challenges

DELIVER EVERYTHING AS A SERVICE

We make it more easy, flexible, and cost-effective to consume our offerings.

OFFER ECOSYSTEM ENABLED INNOVATION

We strengthen our capacity and ability to innovate.

Our strategy will continue supporting and evolving our business model, empowering us to keep growing our engagement with existing clients and attracting new clients.

STRATEGIC IMPERATIVES

During the past year, we have been guided by three strategic imperatives that are forming our overall strategic journey, with our cloud transformation as the underlying key enabler. In 2020, we have made solid progress on the execution of these imperatives, while gaining a deeper and broader understanding of the key steps we need to take on our journey towards becoming a software-enabled service company.

Take customer experience leadership

We are already seeing early signs that elevating and working systematically with customer experience has the potential to become a real competitive differentiator and source of significant value creation to SimCorp. We have transformed our go-to-market and engagement model, supported by an organizational setup based on client lifecycle needs and with clear accountabilities for driving client success.

Deliver everything as a service

The trend towards clients wanting to buy and consume everything as a service is continuing with growing momentum. We want to seize this opportunity and make it easy, flexible, cost-effective and highly valuable for clients to consume our technology solutions.

Moreover, we want to leverage our developing service capabilities to capture a significantly larger share of our clients' overall IT spend. We have now gained some experience with what it means to operate managed services and will continue our journey towards becoming, at least partially, an operations company with a multi-delivery mode capability.

Offer ecosystem enabled innovation

Our industry is becoming gradually more ecosystem-driven and we want to secure SimCorp's long-term sustainability by transforming into a platform business offering buy-side firms end-to-end digitalization of their investment life cycle needs. This implies building out an ecosystem of connected partners with complementary capabilities who leverage the SimCorp platform as a key gateway to the market.

We plan to accelerate the development of commercial partnerships with third-party solution providers as a lever to innovate and scale our business, while offering more value-creating optionality to our clients. In addition, we will continue to build alliances with various capital markets infrastructure providers, such as custodians, to strengthen our platform value proposition and access market segments we are not able to reach as effectively directly.

CLOUD TECHNOLOGY TRANSFORMATION

A foundation in the long term to realizing our strategic imperatives is our cloud technology transformation. Becoming 'cloud-based' is a multi-year endeavor and the license to operate and compete in the future, as it is the basis for delivering software as a service, cost-effectively scaling our operations, and driving ecosystem enabled innovation.

STRATEGIC PRIORITIES AND LONG-TERM AMBITION

STATUS AND UPDATE

We have focused strongly on progressing our strategic priorities for 2020, and as two of these, Standard Platform and SimCorp Gain, have now achieved scale, we will discontinue them as separate strategic priorities. In their place, we have added Coric Digital Portal and Datacare to our priorities for 2021, in line with our transformation towards becoming an Everything as a Service company.

While our cloud technology transformation remains the foundation for our strategic imperatives, we will continue to focus our efforts on achieving front office market leadership and sustaining the momentum of our alternative investments offering.

LONG-TERM AMBITION

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 gradually improved profitability margin, with the inevitable fluctuations in revenue growth and profitability margin caused by the timing of orders and investments.

2020 STATUS OF ACHIEVEMENTS

FRONT OFFICE MARKET LEADERSHIP

During 2020, we further strengthened our position as a leading global front office solution provider, with several key clients choosing our front office across North America, EMEA and APAC.

The solution has been further opened up to 3rd party applications via additional Application Programming Interfaces (APIs) allowing for a wider set of analytics and greater automation.

To meet our clients' concern about pressure on market liquidity, we have made several product enhancements, which will allow clients to make more out of the current market situation, the inventory they hold, and potential investment opportunities.

CLOUD LIFT

In 2020, we made good progress on the cloud lift to move SimCorp Dimension from a 2-tier to a 3-tier architecture, a journey that will continue into 2022. The 3-tier architecture will allow us to offer high-scale public APIs, better resource utilization, and increased security. Most important, however, will be the capability to integrate bi-directionally with cloud services. The cloud lift is a required step in transforming SimCorp into an Everything as a Service company and to open up our platform for ecosystem-enabled innovation.

Furthermore, we have come far in building SimCorp Dimension as a Service on public cloud (Microsoft Azure), to be launched early 2021.

2021 GOALS AND FOCUS

FRONT OFFICE MARKET LEADERSHIP

During 2021, we will continue focusing on partnerships, automation, and interoperability within a front office ecosystem, allowing clients to embed their own innovation and resulting analytics to facilitate both investment and trading decision making. Those organizations who operate at scale will be able to further automate processes, while those who wish to differentiate themselves can embed their own intellectual property into the decision making processes.

We envisage that during 2021, we will strike further strategic alliances with firms offering solutions and analytics to completement those offered by SimCorp.

CLOUD OFFER

In 2021, we will focus on bringing new cloud-based services to market and launching SimCorp Dimension as a Service on public cloud (Microsoft Azure) as part of our transformation towards delivering Everything as a Service.

We will further increase the connectivity of our open ecosystem with even more APIs giving easy access to SimCorp Dimension, on premise and in the cloud. We will continue our work on providing additional cloud-based functionality for fast, scalable, and cost-effective calculations for performance measurements, reporting, and historical data analysis.

In parallel, we will continue our cloud lift and re-architecture of SimCorp Dimension, continuing into 2022.

2020 STATUS OF ACHIEVEMENTS

ALTERNATIVE INVESTMENTS EXCELLENCE

While adding advanced analytics and compliance capabilities to our core offering, in 2020, we made a breakthrough with streamlining alternatives investments transaction processing, leveraging advanced machine learning technology.

Through our partnership with Alkymi, we are able to automate the processing of various PDFs and bring alternatives closer to traditional asset classes with straight-through-processing. Also, a solution has been initiated to handle alternatives illiquidity, pacing plans, and forecasting.

Overall, more than 50 clients have adopted one or more of SimCorp's solutions for alternatives, since the launch of our fully integrated alternative investments offering, confirming the market buy-in for our value proposition of an integrated front-to-back cross-asset IBOR and ABOR.

EXPAND STANDARD PLATFORM

In 2020, we continued the investment in our standard platform offering, including new areas of our solutions to both new and existing clients. Furthermore, we expanded the usage and coverage of our business process framework with additional IP and tools to help our clients efficiently capture the full value of SimCorp Dimension.

In 2021, our standard platform solutions will be fully integrated in our offerings across SimCorp's business and serve as a basic approach to all our cloud offerings, ultimately as the foundation for all deliveries when SimCorp has transformed to an Everything as a Service company. Hence, Standard Platform will be retired as a separate strategic priority.

SIMCORP GAIN & DATACARE

In 2020, we successfully built out and solidified our Datacare offer, adding four new Datacare clients, so the total is now five, of which three are fully live and operational, and a very mature pipeline for 2021. This significant achievement is based on a very strong service design and a high degree of process integration across all teams delivering the Datacare service.

Following the acquisition of AIM Software, SimCorp GAIN is now integrated into SimCorp's standard development and global support processes, and we have grown capacity in this area. Hence the product becomes a part of normal business and is retired as a separate strategic priority.

2021 GOALS AND FOCUS

ALTERNATIVE INVESTMENTS EXCELLENCE

In 2021, as alternatives remain a priority for asset managers, we will continue our strategic investment in the area, and support our clients on the SimCorp Dimension platform by further transforming and simplifying the handling of alternative investments, and continue to deliver unique integrated outcomes for two main areas:

Firstly, we will streamline data processing, building on the 2020 breakthrough, and expand the coverage of data and documents handled with automation, allowing clients to fully own the data processing value chain. Secondly, we will continue the journey on strategically forecasting and monitoring alternatives exposure in a cross-asset portfolio, with a first set of offers brought to the market. Based on these expansions, we expect to continue increasing the adoption of our core and innovative alternatives offer across our existing client base.

CORIC ENGAGE

In 2021, we will launch our offer for Digital Client Communications, Coric Digital Portal, providing interactive data and document access to clients and their investors.

Delivered as a cloud native solution, the offer is fully automated, dynamically scaling to meet user demand.

Furthermore, we will continue to add functionality such as user analytics tools, which provide insights on client interests and usage, allowing asset managers to better understand the client base and respond proactively to their concerns and driving a better customer experience.

DATACARE

Main focus in 2021 will be to further automate and improve our operational processes in order to create scale as well as the build out of the Data Advisory pillar of our Datacare service to institutionalize the continuous generation of business know-how and its operationalization through the service.

This will substantially support us in being able to grow with the business needs of our clients and continue to add value.

FINANCIAL **TARGETS** 2021

In 2021, SimCorp expects revenue growth in local currencies of between 6% and 11%, with an EBIT margin measured in local currencies of between 24.5% and 27.5%.

MARKET DEVELOPMENTS

Although the volume of deals available in the coming year is always difficult to predict, SimCorp's market performance over recent years, and its highly competitive integrated front-to-back, multi-asset, investment management solutions make the company well-positioned for increasing its market share in 2021.

On a macroeconomic level, SimCorp regards the underlying trends for 2021 as slightly negative to its business, due to the continued challenges caused by the COVID-19 pandemic and political turmoil. SimCorp expects COVID-19 restrictions to be maintained until planned vaccine programs have been successfully implemented across its markets. In the short term, this is expected to lead to some hesitancy in clients' decision making, thereby causing longer sales processes. Hence, it is assumed that H1 2021 will be impacted by COVID-19 restrictions, while H2 2021 is expected to be less impacted as the world returns to more normal working conditions.

On the other hand, gauging the input from our clients and global financial outlook reports of consultancies and other experts, one key topic emerges: the need to replace legacy platforms with more efficient, tech-driven, automated operating models. COVID-19 has clearly augmented this need and the persisting demand for lower cost, better data, a more digitized customer experience, and regulatory compliance. According to McKinsey, the COVID-19 pandemic has leaped forward the tech/digitalization agenda by five years.

With its consistent high investments in cloud transformation and cloud-based offerings, and further development of its service offerings, SimCorp is strongly positioned to meet the accelerating need for tech-driven operating models, with solutions that fully address the top priorities of the investment management industry for 2021, including:

- Cost savings and cost-efficient automated operations
- Cost-effective regulatory compliance
- Scalable operating platforms to support growth
- Improved, digitized client servicing
- Risk management
- Everything as a Service

SimCorp also expects to continue to benefit from cross-selling between its core offering SimCorp Dimension and its two integrated solutions for client reporting and data management.

REVENUE AND PROFIT OUTLOOK FOR 2021

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 2021 are to grow revenue in local currencies between 6% and 11%, and to generate an EBIT margin measured in local currencies of between 24.5% and 27.5%.

FINANCIAL TARGETS 2021

In local currencies	2021 Guidance	2020 Realized
Revenue growth	6% - 11%	1.4%
EBIT margin	24.5% - 27.5%	27.6%

[1] McKinsey: The COVID-19 recovery will be digital (2020).

EXCHANGE RATE

Main currencies EUR per 100	Exchange rate January 31, 2021	Average rates 2020	Average rates 2019
USD	82.40	87.32	89.38
CAD	64.43	65.03	67.49
AUD	63.22	60.37	62.21
SGD	62.03	63.37	65.56
GBP	113.14	112.47	114.27
CHF	92.61	93.35	90.01
NOK	9.67	9.28	10.16
SEK	9.89	9.54	9.45

SimCorp changed its licensing model in 2016, from a perpetual license model to a subscription-based model. This applies to initial 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, although the subscription-based license fees are discounted to net present value. The cash flow from a subscription-based contract will, however, be received over the contract period resulting in income recognition before cash is received and increasing contract assets on the statement of financial position.

Conversions from perpetual to subscription-based licenses are expected to be lower in 2021 compared with 2020, having an estimated 2%-points negative impact on revenue growth. To partly offset the impact of fewer conversions, renewals of existing contracts are expected to be higher in 2021 compared with 2020, having an estimated 1%-point positive impact on revenue growth. In total, conversions and renewals are expected to have an estimated negative impact on the revenue growth of 1%-point and estimated 0.7%-points negative impact on EBIT margin, which is included in the guidance.

Software updates and support revenue is estimated to be at the same level in 2021 as in 2020, as growth from new agreements with initial and existing clients, and small price increases due to low inflation, are expected to be offset by conversions and cancellations of existing contracts.

SimCorp offers SimCorp Dimension as a Service (SCDaaS) to clients who prefer a hosted delivery model. SimCorp passes through the related costs to third-party IT-infrastructure providers at marginal profits, which means that its SCDaaS offering has a dilutive impact on EBIT margins. In 2021, the pass-through of hosting is expected to impact revenue growth positively by around 1%-points and to have a negative impact on the EBIT margin of 0.5%-points, which is included in the guidance.

Based on the exchange rates prevailing at the end of January 2021, SimCorp estimates reported revenue to be negatively impacted from currency fluctuations by around 1.2% and reported EBIT margin to be negatively impacted from currency fluctuations by around 0.1%-points.

For 2021, SimCorp expects a group effective tax rate of between 23% and 25% compared with a realized effective tax rate of 24.0% in 2020.

For 2021, SimCorp expects a cash conversion of between 70% and 80% compared with a realized cash conversion of 104% in 2020. The lower expected free cash flow is due to the negative impact of increased contract assets following expected higher license revenue, postponed payments of income taxes and social charges offered under government COVID-19 related support schemes, and a one-off payment in 2021 following a change in the Danish Holiday Act. Cash conversion is defined as free cash flow divided by profit for the year.

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

FINANCIAL REVIEW 2020

SimCorp generated revenue of EUR 456.0m in 2020, an increase of 0.3% compared with 2019 and 1.4% when measured in local currencies. SimCorp generated EBIT of EUR 124.3m. The reported EBIT margin was 27.3%, and 27.6% when measured in local currencies. Free cash flow of EUR 91.8m was 29.5% higher than in 2019. SimCorp views the performance in 2020 as satisfactory, taken the COVID-19 situation into account.

COVID-19

In 2020, the COVID-19 pandemic created unprecedented challenges for individuals, businesses, and society. Since the outbreak of the pandemic, SimCorp has followed its development closely, both globally and locally, ensuring that the necessary precautions have been taken. At Group level, SimCorp's COVID-19 crisis management task force, established right at the beginning of the outbreak, has witnessed a highly effective remote working set-up and a tremendous capacity and capability amongst all employees to find solutions to unprecedented problems. Being a crisis-prepared organization, we believe SimCorp is well-positioned and prepared to adapt and innovate during the pandemic, while keeping all safe and building resilience for the challenges and opportunities during and beyond the pandemic.

FINANCIAL EXPECTATIONS AND RESULTS 2020

In local currencies	Realized 2020	Guidance updated Dec. 11, 2020	Q1 2020 May 18, 2020	Guidance suspended March 18, 2020	Annual Report 2019 Feb. 5, 2020
Revenue growth	1.4%	-2% - 4%	-5% - 5%	n/a	5% - 10%
EBIT margin	27.6%	25.0% - 28.0%	22.0% - 27.0%	n/a	24.0% - 27.0%

While we have been able to work effective remotely, we have experienced some hesitancy in clients' decision making, thereby causing longer sales processes in 2020. During the COVID-19 crisis, we have been cost-conscious, but also invested in our future.

A steep increase in virtual collaboration during COVID-19 has fast-tracked the need for digitalization both at our clients and at SimCorp, Looking ahead, we will continue to make large investments in digitalization and technology, which will also be crucial in a post-COVID-19 environment, in order to keep ensuring the well-being of our employees and to better serve our clients.

FINANCIAL EXPECTATIONS AND RESULTS 2020

In the 2019 Annual Report, SimCorp announced 2020 expectations for revenue growth measured in local currencies of between 5% and 10% and 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 were expected to impact the EBIT margin negatively in 2020 by approximately 2%-points and 1%-point, respectively.

On March 18, 2020, SimCorp suspended its guidance for 2020 as a consequence of the COVID-19 pandemic.

Based on the assumption that the global industry would return to more normal working conditions after the holiday break in July and August, but with some expected delays in signing deals, SimCorp revised its guidance for 2020 on May 18, 2020, with expected revenue growth measured in local currencies of between minus 5% and plus 5%, and an EBIT margin measured in local currencies of between 22.0% and 27.0%.

On December 11, 2020, SimCorp upgraded its revenue expectations measured in local currencies to be between minus 2% and plus 4% and EBIT margin expectations to be between 25.0% and 28.0% measured in local currencies. The upgraded expectations were caused by a combination of a strategic expansion of an agreement with State Street Bank, which included a conversion from the existing perpetual license agreement to a new subscription-based license agreement, longer sales cycles due to COVID-19, as well as a successful execution of cost containment measures.

The development in financial guidance and the realized financial results can be seen in the table to the left.

ORDER INTAKE AND ORDER BOOK

In 2020, total license order intake of EUR 115.1m was an increase of EUR 15.4m compared with 2019. The increase was primarily due to higher order intake for Datacare of EUR 12.9m compared with an order intake of EUR 2.0m in 2019 and higher order intake for SimCorp Dimension orders related to SimCorp's Client-Driven Development (CDD) program of EUR 5.8m compared with an order intake of EUR 2.8m in 2019. Compared with 2019, the order intake for SimCorp Dimension, excluding CDD, increased slightly from EUR 77.1m in 2019 to EUR 79.2m in 2020. The order intake for SimCorp Coric was EUR 8.6m compared with EUR 10.6m in 2019. For SimCorp Sofia, the order intake was EUR

6.1m compared with EUR 5.2m in 2019, and SimCorp Gain had an order intake of EUR 2.5m compared with 2.0m in 2019.

SimCorp Dimension license solutions were sold to 17 new clients in 2020, all on subscription-based terms, with a total order inflow of EUR 20.5m, compared with sales to 17 new clients in 2019 with a total order inflow of EUR 36.9m. The average size of initial SimCorp Dimension license deals decreased from EUR 3.1m in 2019 to EUR 1.7m in 2020.

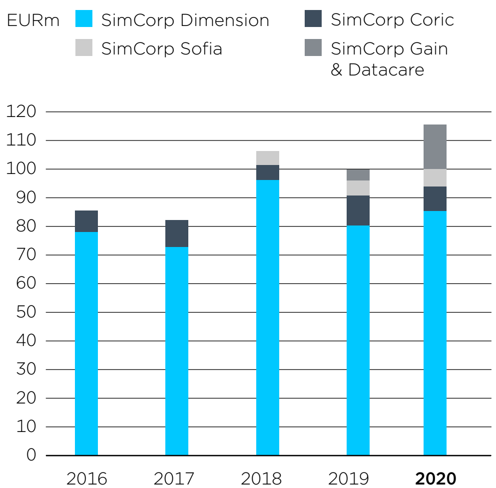
The 12 SimCorp Dimension initial license orders in 2020 were well distributed across SimCorp's growth and mature markets. Four initial license orders were signed in the designated growth market North America, three of which were selected as a service (hosted) solutions. Four initial license orders were signed in EMEA, one of which was selected as a service (hosted) solution. Also, four initial license orders were signed in APAC, two of which were selected as a service (hosted) solutions.

SimCorp Coric sold five new standalone solutions and one solution as part of a new SimCorp Dimension deal, one of which was selected as a service (hosted) solution. All six SimCorp Coric solutions sold in 2020 were signed in North America. In 2020, four SimCorp Datacare solutions were sold to existing SimCorp Dimension clients or as part of a new SimCorp Dimension deal.

Additional license sales were significantly higher than last year. The most notable additional license sale was the large strategic agreement referred to above with SimCorp's existing client, State Street Bank International GmbH. The agreement sees SimCorp and State Street Bank form a business partnership to provide a premier, fully integrated, front-to-back investment outsourcing solution for insurance firms in EMEA. The expansion of the engagement with State Street Bank International GmbH includes a conversion from the existing perpetual license agreement to a new subscription-based license agreement.

The additional order intake increased by EUR 18.1m from five clients, including State Street Bank, converting their perpetual contracts to subscription-based license contracts. For the five clients converting in 2020, the annual subscription-based payments will be EUR 0.4m higher than the software updates and support fees under the perpetual contracts

ORDER INTAKE FOR SOFTWARE LICENSES

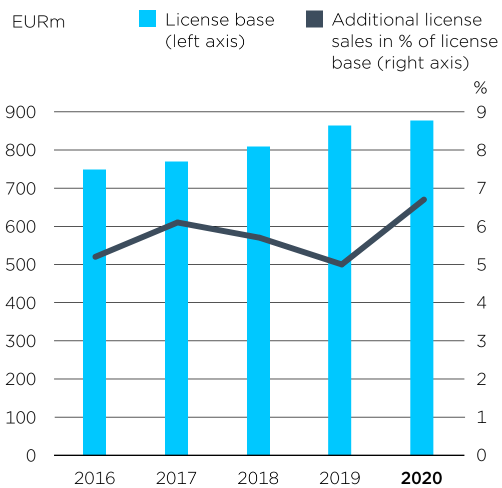


due to the sale of additional functionality in connection with the conversions, but the annual software updates and support fees will be EUR 3.0m lower, as the subscription license revenue under IFRS 15 is recognized on contract completion.

In comparison, additional order intake increased by EUR 10.8m due to three conversions in 2019, resulting in annual software updates and support fees being decreased by EUR 1.6m.

Total order book increased by EUR 17.9m from January 1, 2020 to EUR 56.1m at December 31, 2020, primarily due to the launch of the Datacare solution, which accounted for EUR 12.0m of the increase from EUR 1.8m at December 31, 2019 to EUR 13.8m at December 31, 2020.

SIMCORP DIMENSION LICENSE BASE AND ADDITIONAL LICENSE SALES



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

The order book includes order book for SimCorp Dimension Client-Driven Development (CDD) of EUR 13.9m (December 31, 2019: EUR 17.0m), SimCorp Dimension, excluding CDD of EUR 22.3m (December 31, 2019: EUR 15.8m), SimCorp Coric contracts of EUR 3.0m (December 31, 2019: EUR 1.9m), SimCorp Sofia contracts of EUR 1.5m (December 31, 2019: EUR 0.8.), SimCorp Gain contracts of EUR 0.2m (December 31, 2019: EUR 0.8m.) and SFTR contracts of EUR 1.4m (December 31, 2019: EUR 0.0m.). The order book is a consequence of income recognition being deferred until certain conditions are fulfilled fulfilled or subscription services revenue recognized over the contract period.

The total value of the installed SimCorp Dimension license base increased by 1.4% to EUR 877m. Adjusted for currency effect the increase was 3.6%. Measured as a percentage of the total value of the installed SimCorp Dimension license base, the additional license sales were 6.7% in 2020 compared with 5.0% in 2019. The total value of the installed license base for SimCorp Dimension clients who have an installed license base above EUR 2m accounted for 91% of the value of the total installed license base compared with 92% in 2019.

The share of subscription-based license agreements in the installed SimCorp Dimension license base increased from 23% at the end of 2019 to 28% at the end of 2020. In total, 70 (equivalent to 34%) out of 206 SimCorp Dimension clients are on subscription-based license agreements, while the remaining 136

SimCorp Dimension clients are on a perpetual license agreements Most standalone SimCorp

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

At year-end 2020, the average length of subscription-based license agreements at signing was around six years for SimCorp Dimension, around five years for SimCorp Coric, around five years for SimCorp Gain, and approximately one year for SimCorp Sofia. The remaining average length before renewal was 4.8 years for SimCorp Dimension, 2.9 years for SimCorp Coric, 3.1 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 as a service offerings, at December 31, 2020 was around EUR 336m, of which around EUR 69m is payable in 2021.

Five clients canceled SimCorp Dimension contracts in 2020. Two SimCorp Coric, seven SimCorp Gain, and two small SimCorp Sofia licenses were canceled. The annual software updates and support fee for the canceled contracts amounted to EUR 3.0m, equivalent to 0.7%-points of 2020 revenue compared with EUR 2.6m in 2019, equivalent to 0.6%-points of 2019 revenue.

INCOME STATEMENT 2020

REVENUE

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

SimCorp generated revenue of EUR 456.0m in 2020 compared with EUR 454.5m in 2019, equivalent to an increase of 0.3%. Exchange rate fluctuations for the period had a negative impact on revenue of 1.1%. Measured in local currencies, revenue thus increased by 1.4%. The acquisition of AIM Software accounted for 1.5%-points, and measured in local currencies, the organic growth thus declined by 0.1%.

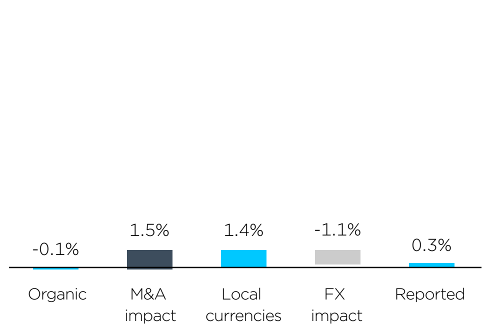
The impact of currency fluctuations and the acquisition of AIM Software on revenue growth is shown to the right on this page.

Total license fee recognized from initial licenses to new clients and additional licenses to existing clients was EUR 91.6m, a decrease of EUR 14.2m, or 13.4%, compared with 2019.

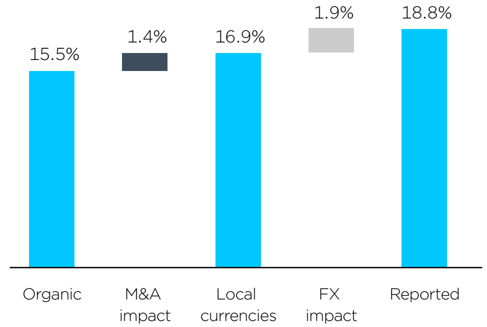
Currency fluctuations impacted total license fee negatively by 1.3%. Measured in local currencies, the decrease was 12.1%, and the underlying organic revenue change in total license fee was a decline of 13.5% in 2020, reflecting a 1.4%-point positive impact from the acquisition of AIM Software. License fee for 2020 included revenue interest of EUR 2.3m related to the financing element in contract assets (2019: EUR 2.1m). In total, the reported total license fee revenue accounted for 20.1% of the Group's total revenue compared with 23.3% in 2019.

License fee from initial sales decreased by 59.0% from EUR 54.6m in 2019 to EUR 22.4m in 2020. Currency fluctuation impacted license fee from initial sales negatively by 1.8%.

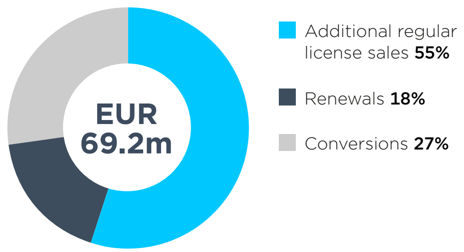
2020 REVENUE GROWTH



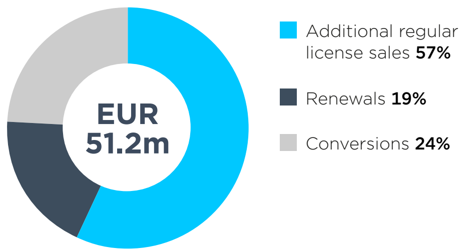
2019 REVENUE GROWTH



2020 ADDITIONAL LICENSE SALES SPLIT



2019 ADDITIONAL LICENSE SALES SPLIT



The decrease in license fee from new sales was caused by revenue recognition of smaller deals than in 2019.

License fee from additional sales – consisting of additional regular license sales to existing clients, renewals of subscription-based licenses, and conversion of perpetual licenses to subscription-based licenses – increased by 15.2% from EUR 51.2m in 2019 to EUR 69.2m in 2020. Currency fluctuations impacted license fee from additional sales negatively by 0.7% and the acquisition of AIM Software increased license fee from additional sales by 3.0%. The underlying organic growth was 33.0%.

In 2020, additional regular license sales accounted for 55% (2019: 57%) of the total additional license sales, conversions accounted for 27% (2018: 24%), while renewals

REVENUE

EUR '000	2020	Share of revenue 2020	2019	Share of revenue 2019	Revenue growth	Revenue growth local currencies	Organic revenue growth local currencies
Licenses - initial sales	22,364	4.9%	54,611	12.0%	-59.0%	-57.1%	-57.1%
Licenses - additional sales	69,188	15.2%	51,152	11.3%	35.3%	36.0%	33.0%
Software updates and support	176,575	38.7%	167,494	36.8%	5.4%	6.0%	4.8%
Professional services	154,730	33.9%	153,218	33.7%	1.0%	2.2%	0.6%
Hosting and other fees	33,113	7.3%	28,056	6.2%	18.0%	20.1%	16.9%
Total revenue	**455,970**	**100.0%**	**454,531**	**100.0%**	**0.3%**	**1.4%**	**-0.1%**

accounted for the remaining 18% (2019: 19%), of which approximately 8%-points related to SimCorp Sofia renewals, 4%-points related to SimCorp Coric renewals, 3%-points related to SimCorp Dimension renewals, and 3%-points related to SimCorp Gain renewals.

Software updates and support revenue increased by 5.4% from EUR 167.5m last year to EUR 176.6m with the completion and implementation of new client installations and new functionality to existing clients. Currency fluctuations decreased the software updates and support revenue by 0.6%, and the acquisition of AIM Software increased the software updates and support revenue by 1.2%. Consequently, organic growth for 2020 in software updates and support revenue was 4.8%. Software updates and support revenue accounted for 38.7% of total revenue compared with 36.8% in 2019. License agreements signed in 2020 will increase annual software updates and support revenue by around EUR 8m once fully implemented (2019: EUR 9m), while canceled contracts in 2020 and conversions from perpetual to subscription-based licenses will decrease annual software updates and support revenue by around EUR 6.0m (2019: EUR 4.2m).

Fees from professional services increased by 1.0% from EUR 153.2m last year to EUR 154.7m. Currency fluctuations decreased the professional services revenue by 1.2%, while the acquisition of AIM Software increased the professional services revenue by 1.6%. Consequently, organic growth in profesional services revenue was 0.6%. Fees from professional services accounted for 33.9% of total revenue in 2020 compared with 33.7% in 2019.

Hosting and other fees increased from EUR 28.1m in 2019 to EUR 33.1m, due to adding more clients on a hosted as a service solution and growth in selling third-party products. In 2020, we added six new SimCorp Dimension and one new SimCorp Coric as a Service clients, bringing the total number of clients on a hosted solution to 28, comprising 16 clients in North America, nine in EMEA, and three in APAC.

Revenue distribution

The ten largest clients generated 25% (2019: 23%) of SimCorp's total revenue. In 2020, the largest client accounted for 5.5% (2019: 4.4%) of the revenue.

SimCorp business model is evolving more and more from a software solution model towards a service delivery model. SimCorp will therefore commence reporting Annual Recurring Revenue (ARR) on a quarterly basis. In 2020, the ARR was EUR 250.9m, which was equivalent to 55.0% of total revenue. In 2019, the ARR was EUR 220.9m, which was equivalent to 48.6% of total revenue. The ARR growth in 2020 was 13.6% in EUR, and 14.4% in local currencies.

SimCorp entered 2021 with signed revenue for the full year of EUR 289.2m – an increase of EUR 10.4m or 4% compared with the beginning of 2020.

In 2020, SimCorp achieved a top-line growth in its North American business unit of 10% and in its EMEA business unit of 2%, while revenue in its business unit in APAC declined by 31% in tough comparison with an extraordinary perfomance in 2019. The SimCorp Sofia business unit generated growth of 2% in 2020 (for more details, see the Business Unit Review 2020, page 5).

COSTS

Total operating costs (including depreciation and amortization) increased by 1.6% from EUR 327.2m in 2019 to EUR 332.5m. Currency fluctuations reduced the total operating costs by 0.6%. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software of 2.8%, the organic operating costs decreased by 0.6% compared with 2019.

The organic decrease in operating costs was primarily a result of the cost reduction measures taken in early March 2020 after the COVID-19 breakout. The measures included travel restrictions, cancellations of conferences and events, hiring freeze on non-critical positions, and postponement of planned salary increases from January 1 to July 1, 2020 for all employees, and to January 1, 2021 for the Group Management Committee. At the same time, SimCorp remains committed to continue investing in its products, people, and strategic priorities, including cloud lift and other research and development priorities, to realize its long-term growth ambitions. Consequently, research and development costs increased organically by 8.1% in 2020, while all other cost lines declined organically.

The average number of full-time employees increased by 137 or 8% from 1,703 in 2019 to 1,840 in 2020 (of which 68 employees are related to the acquisition of AIM Software). The number of employees (headcount) was 1,901 at the end of 2020 compared with 1,871 at the end of 2019, an increase of 30 employees.

74% of SimCorp's total operating costs were directly related to employees compared with 68% in 2019.

Cost of sales increased by 0.2% to EUR 167.4m. Measured in local currencies and adjusted for the impact from the acquisition of AIM Software, the organic decrease in cost of sales was 1.5%. 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 36.7% of revenue compared with 36.8% in 2019.

Research and development costs increased by 10.7% to EUR 91.8m. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software, the organic increase in research and development costs was 8.1%. Research and development costs were 20.1% of revenue in 2020, compared with 18.2% in 2019.

Sales and marketing costs increased by 2.2% to EUR 50.2m. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software, the organic decrease in sales and marketing costs was 1.3%. Sales and marketing costs represented 11.0% of revenue compared with 10.8% in 2019.

Administrative expenses decreased by 17.7% to EUR 23.1m due to the cost reduction measures taken, especially related to travel restrictions and cancellations of events. Measured in local currencies and adjusted for the impact of the acquisition of AIM Software, the organic decrease in administrative expenses was 20.6%. Administrative expenses decreased to 5.1% of revenue compared with 6.2% in 2019.

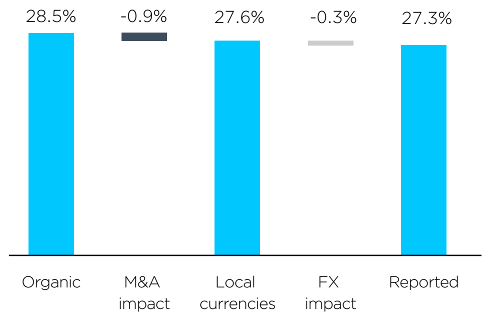
OPERATING COSTS

EUR '000	Costs 2020	Share of costs 2020	Share of revenue 2020	Costs 2019	Share of costs 2019	Share of revenue 2019	Growth	Growth local currencies	Organic growth local currencies
Cost of sales	167,415	50.3%	36.7%	167,141	51.1%	36.8%	0.2%	1.0%	-1.5%
Research and development costs	91,830	27.6%	20.1%	82,938	25.3%	18.2%	10.7%	10.8%	8.1%
Sales and marketing costs	50,198	15,1%	11.0%	49,105	15.0%	10.8%	2.2%	3.3%	-1.3%
Administrative expenses	23,077	7.0%	5.1%	28,056	8.6%	6.2%	-17.7%	-17.9%	-20.6%
Total operating costs	**332,520**	**100.0%**	**72.9%**	**327,240**	**100.0%**	**72.0%**	**1.6%**	**2.2%**	**-0.6%**

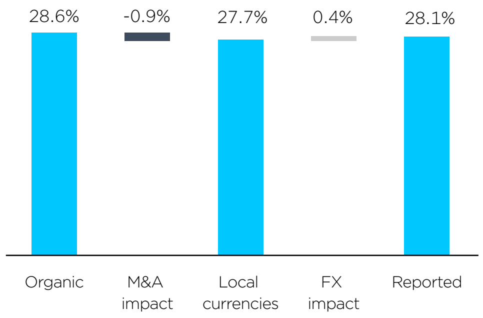
GROUP PERFORMANCE

SimCorp generated an EBIT of EUR 124.3m compared with EUR 127.8m in 2019, a decrease of EUR 3.5m. The reported EBIT margin was 27.3% compared with the EBIT margin of 28.1% in 2019. When measured in local currencies the EBIT margin was 27.6% in 2020. The underlying organic EBIT margin was 28.5%, as the acquisition of AIM Software decreased the EBIT margin by 0.9%-points. The organic EBIT margin of 28.5% was on level with the organic EBIT margin of 28.6% in 2019. The currency and acquisition impact on EBIT margin is shown to the right on this page.

2020 EBIT MARGIN



2019 EBIT MARGIN



In 2020, the share of profit after tax in associates of EUR 0.1m, financial income of EUR 0.1m, and financial expenses of EUR 8.4m resulted in a net financial expense of EUR 8.2m compared with a net financial expense of EUR 23 thousand in 2019. The net financial expense in 2020 were primarily related to foreign exchange adjustments.

Profit before tax was EUR 116.1m against EUR 127.8m in 2019. The tax charges for 2020 amounted to EUR 27.8m against EUR 30.9m in 2019. The effective tax rate was 24.0% compared with 24.2% in 2019.

The Group profit after tax was EUR 88.3m compared with EUR 96.9m in 2019. After the net effect of foreign currency translation differences and remeasurements of defined benefit plans of EUR 2.7m, the total comprehensive income amounted to EUR 85.6m against EUR 97.2m in 2019.

STATEMENT OF FINANCIAL POSITION

SimCorp had total assets of EUR 470.8m at December 31, 2020 compared with EUR 437.9m at December 31, 2019. The increase of EUR 32.9m primarily related to changes in contract assets and cash holdings.

Cash holdings increased by EUR 21.2m from R 31.9m at December 31, 2019 to EUR 53.1m. The net cash position was also EUR 53.1m at the end of December 2020 compared with EUR 11.9m at the end of December 2019, an increase of EUR 41.2m.

Compared with December 31, 2019 contract assets increased by EUR 24.1m from EUR 151.8m to EUR 175.9m. New and additional subscription-based licenses added EUR 67.3m to contract assets, finance income recognized added EUR 2.3m, while invoiced subscription-based license fee reduced the balance by EUR 37.5m, and foreign exchange adjustments and expected loss provisions reduced the balance by EUR 8.0m.

Receivables increased slightly from EUR 81.8m at December 31, 2019 to EUR 82.5m.

In accordance with IFRS 9 'Financial Instruments', SimCorp has made an expected credit loss provision of EUR 1.4m related to contract assets and receivables at December 31, 2020 (December 31, 2019: EUR 1.2m).

The Group's total non-current assets were EUR 150.9m compared with EUR 163.5m on December 31, 2019.

Goodwill was EUR 61.4m at December 31, 2020 compared with EUR 61.2m at December 31, 2019. A final purchase price adjustment of EUR 0.4m to liabilities was made during 2020 in relation to the acquisition of AIM Software, increasing the goodwill. No impairment of goodwill was made in 2020.

The carrying amount of acquired software was EUR 11.5m compared with EUR 13.3m at the end of 2019 and the value of client relationships was EUR 22.9m compared with EUR 25.0m at the end of 2019. The decreases were due to amortization.

The carrying amount of leasehold assets was EUR 43.7m compared with EUR 51.6m at the end of 2019. The decreases were due to amortization.

Other property, plant, and equipment amounted to EUR 4.0m compared with EUR 4.1m at the end of 2019.

Other financial assets of EUR 0.4m includes an investment in Alkymi.

Deferred tax assets were EUR 4.2m compared with EUR 5.4m at the end of 2019.

SimCorp's total liabilities were EUR 192.6m at December 31, 2020, compared with EUR 207.9m a year earlier. The decrease was primarily due to repayment of the revolving credit facility of EUR 20m in 2020.

CHANGES IN EQUITY

The Group's equity amounted to EUR 278.3m on December 31, 2020. This was an increase of EUR 48.3m compared with December 31, 2019. Equity was reduced by the purchase of treasury shares of EUR 10.0m and by dividends of EUR 39.9m. Equity was increased by comprehensive income in 2020 of EUR 85.6m as well as effects of share-based remuneration of EUR 12.6m, net of tax.

CASH FLOW STATEMENT

Operating activities generated a net cash inflow of EUR 104.6m against EUR 82.5m last year. For the third consecutive year, changes in working capital were positive at EUR 9.3m in 2020, EUR 11.5m in 2019 and EUR 21.9m in 2018. The positive change in working capital in 2020 was due to postponed payments of income taxes and social charges offered under government COVID-19 related support schemes, leading to an increase in Other payables of EUR 10.2m from the end of 2019 to the end to 2020. Changes in contract assets were EUR -24.6m compared with EUR -63.5m in 2019. Payment of income taxes amounted to EUR 20.7m, against EUR 23.5m in 2019. Other non-cash items of EUR -7.0m was primarily related to unrealized exchange losses recognized in the income statement as financial expenses.

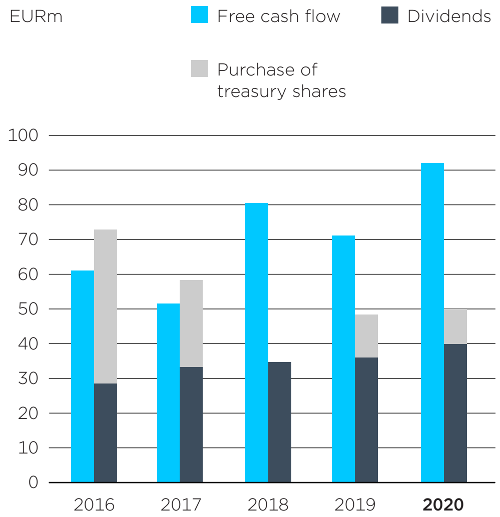
There was a net cash outflow of EUR 2.7m from investing activities compared with EUR 60.2m in 2019. The higher amount in 2019 was due to the acquisition of AIM Software.

Free cash flow (cash flow from operations reduced by CAPEX and lease payments) was EUR 91.8m compared with EUR 70.9m in 2019, an increase of EUR 20.9m or 29.5%.

Cash conversion, defined as free cash flow divided by profit for the year, was 104%.

Cash used in financing activities in 2020 of EUR 80.2m related to dividend payments of EUR 39.9m, purchase of treasury shares of EUR 10.0m, repayment of lease liabilities of EUR 10.3m, and net repayment of credit facilities of EUR 20.0m compared with payment of dividends of EUR 35.9m, purchase of treasury shares of EUR 12.5m, repayment of lease liabilities of EUR 9.8m, and withdrawal from credit facilities of EUR 20.0m in 2019.

FREE CASH FLOW/ CASH FLOW TO SHAREHOLDERS



TREASURY SHARES

In 2020, SimCorp purchased 112,654 treasury shares with a nominal value of DKK 1 at an average price of DKK 660,78 per share, totaling EUR 10.0m. SimCorp delivered 163,686 treasury shares with a nominal value of DKK 1 on the vesting of restricted stock units.

Furthermore, 2,587 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 2020.

At December 31, 2020, SimCorp held 849,449 treasury shares with a nominal value of DKK 1 each (2.1% of the total share capital) at a cost of EUR 52.6m and a market value of EUR 103.0m. 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.

THE PARENT COMPANY SIMCORP A/S

In 2020, the parent company generated revenue of EUR 235.6m, a decrease of EUR 0.2m compared with 2019. The parent company received dividends totaling EUR 24.9m from subsidiaries in 2020 compared with EUR 23.9m in 2019.

Profit before tax for the year was EUR 108.1m against EUR 118.4m in 2019. Income tax amounted to EUR 19.4m compared with EUR 22.4m in 2019. Net profit was EUR 88.7m compared with EUR 96.0m in 2019.

Equity increased from EUR 213.2m at December 31, 2019 to EUR 265.3m at December 31, 2020.

PROFIT ALLOCATION

The Board of Directors intends to recommend to shareholders at the Annual General Meeting 2021 that, of the total recognized comprehensive income of EUR 89.5m, dividends of EUR 40.1m be declared, representing DKK 7.50 per share of DKK 1, and that EUR 49.4m be transferred to retained earnings.

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 mitigate 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

www2.simcorp.com/CorporateGovernanceGuidelines2020

RISK MANAGEMENT AT SIMCORP

RISK ANALYSIS

An Enterprise Risk Management process is applied to identify relevant gross risks in SimCorp's major units.

RISK EVALUTION

SimCorp management continually monitor risk development in the SimCorp Group.

RISK CONTROL

The Audit and Risk Committee carries out an analysis of the ongoing process for identifying and reporting risks.

MARKETS AND CLIENTS

Risk category

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 40% 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.

Risk mitigation

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 40% of SimCorp's clients are among the top 100 global investment managers, the SimCorp Group has no client with revenue of more than 5.5% (2019: 4.4%) of total revenue.

POLITICAL AND PANDEMIC RISKS

Risk category

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.

With the close down of countries due to pandemic such as COVID-19, terror, war etc. ensuring SimCorp's product offering, sales and service efforts are operating as close to normal as possible is crucial.

Risk mitigation

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 3% of total revenue.

SimCorp's business model has previously proved to be strong during crises when the impact has been low.

Structured sales reviews, the ability to do remote demonstrations and implementations, as well as our standard platform initiative are in place to mitigate the risk of discontinuity to the daily operation of the business.

REGULATORY ISSUES AND FISCAL POLICIES

Risk category

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.

Risk mitigation

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

PEOPLE AND CORPORATE CULTURE

Risk category

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.

SimCorp recognizes and values the uniqueness of every individual, and we will continue to invest in our people. Not embracing a diverse and inclusive culture possesses a risk of not attracting the right people.

Risk mitigation

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.

In addition, SimCorp has established a whistleblower system as a means of increasing focus on transparency and enabling reporting on suspected irregularities in the business.

We want to build an inclusive culture, boost diverse talent, and increase female leadership. Our ambition is to put diversity into play, to ensure different perspectives can come together, and that all voices are heard.

PRODUCT INNOVATION AND QUALITY

Risk category

Product innovation, improved technical infrastructure, and enhanced technical capabilities are fundamental to 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 in the 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.

Risk mitigation

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.

In 2020, we made good progress on the cloud lift to move SimCorp Dimension from a 2-tier to a 3-tier architecture, a journey that will continue into 2022.

SOLUTIONS AND SERVICES

Risk category

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.

Risk mitigation

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

Risk category

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 27 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.

Risk mitigation

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 regularly receives an ISAE 3402 Type 2 report on our third-party service providers, and the hosting providers have 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.

FINANCIAL REPORTING

Risk category

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.

Risk mitigation

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.

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. The statutory report on the recommendation on corporate governance 2020 demonstrates that, with one exception, SimCorp is in full compliance with the Danish recommendations.

Corporate Governance Guidelines 2020
www2.simcorp.com/CorporateGovernanceGuidelines2020

Statutory report on the recommendations on corporate governance 2020
www2.simcorp.com/StatutoryReportCorporateGovernance2020

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 (BoD) is a collective body for promoting the long-term interests of the company. The BoD has as its main three responsibilities to ensure: (i) that the company at all times has the right Executive Management Board (EMB); (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, EXECUTIVE MANAGEMENT BOARD, AND COMMITTEES

The BoD 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 BoD 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) 2020, the BoD consists of six members shareholder-elected and three employee-elected members.

Self-assessment

As part of its annual cycle activities, the BoD carries out a self-assessment. In 2020, the evaluation was facilitated internally by the Board, and comprised an evaluation of the work and contribution of the EMB, the BoD, the Audit and Risk Committee, and the Nomination and Remuneration Committee within the areas of strategy, finance, risk management, sales, organization, management, and operations. The BoD 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 BoD'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 BoD also concluded that the diversity of the EMB and the BoD with regard to nationalities, educational backgrounds, gender, and age represented by its members is appropriate in light of the company's strategy and markets.

Finally, the BOD 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 2021, the BoD will propose Susan Standiford as a seventh shareholder-elected member of the BoD, which will bring the number of members of the underrepresented gender up to two of seven members. Susan Standiford brings extensive experience within software and technology from her leadership career at a number of international technology companies.

Risk management

The BoD has the overall responsibility for ensuring that SimCorp maintains appropriate

BOARD OF DIRECTORS AND COMMITTEES – MEETING PARTICIPATION IN 2020

	Board of Directors	Audit and Risk Committee	Nomination and Remuneration Committee
Peter Schütze	6/6		4/4
Morten Hübbe	6/6		4/4
Simon Jeffreys	6/6	5/5	
Hervé Couturier	6/6		4/4
Adam Warby	6/6	5/5	
Joan Binstock	6/6	5/5	
Else Braathen	6/6	5/5	
Vera Bergforth	6/6		4/4
Hugues Chabanis	6/6		

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 EMB and the BpD have defined and described the most critical risks to SimCorp and the related mitigating actions. A more detailed description is provided in the section 'Risk Management', pp 24-26.

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 and Risk Committee and another member of SimCorp's BoD.

Whistleblower Policy
www2.simcorp.com/WhistleblowerPolicy

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee assists the BoD with oversight of the competence profile and composition of the BoD, nomination of the BoD and committee members, succession plans for the EMB, remuneration packages and policies for the BoD and EMB, and other tasks on an ad-hoc basis as decided by the BoD. The Nomination and Remuneration Committee consists of four members elected by the BoD on a one-year term by and among the BoD. Further, SimCorp's CEO is a regular attendee at meetings of the Nomination and Remuneration Committee. In 2020, 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 our Remuneration Report for more details on severance payments.

Remuneration Report 2020
www2.simcorp.com/RemunerationReport2020

AUDIT AND RISK COMMITTEE

In November 2020, the BoD decided to formally make the Audit Committee responsible for risk oversight and renamed the committee 'the Audit and Risk Committee'. The Audit and Risk Committee is responsible for assisting the BoD by monitoring SimCorp's financial reporting, its internal financial control and enterprise risks, as well as the quality, effectiveness, and independence of the external auditors for the SimCorp Group of companies. The Audit and Risk Committee consists of four members elected on a one-year term by and among the BoD. The Audit and Risk 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 2020, five 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 and Risk 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 and Risk Committee's activities.

External auditor
– tasks, objectivity, and independence

The Audit and Risk Committee reviews and monitors the company's ongoing relations with and the independence of the external auditors. Based on recommendations from the Audit and Risk 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 and Risk 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

AUDITOR FEE - SIMCORP A/S

EUR '000	2020	2019
Audit fees	157	186
Tax and VAT advice fees	-	25
Other service fees	16	15
Total auditor fee	**173**	**226**
Non-Audit Services (NAS)/ Audit fee ratio	10%	22%

AUDITOR FEE - SIMCORP GROUP

EUR '000	2020	2019
Audit fees	437	419
Tax and VAT advice fees	17	162
Other service fees	21	39
Total auditor fee	**475**	**620**
Non-Audit Services (NAS)/ Audit fee ratio	9%	48%

have been routinely observed. During the year, the Committee has approved audit-related and non-audit related services fees according to the Audit and Risk Committee guidelines for approval of non-audit services. Audit fees are for the audit of the consolidated and local company financial statements.

Other ongoing activities
As part of its annual cycle activities, the Audit and Risk Committee reviews SimCorp's accounting 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 2020, the SimCorp Audit and Risk Committee was satisfied with auditor independence, and with the management of risks within the areas it monitors for the BoD.

CORPORATE SOCIAL RESPONSIBILITY

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

Sustainability Report 2020
www2.simcorp.com/SustainabilityReport2020

Corporate social responsibility (CSR) in SimCorp is firmly based on the Group's CSR Policy and overall approach to sustainability. 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 documents include guidelines on ethics, human rights, the environment, stakeholder engagement, governance, bribery, and anti-corruption that aim to maintain a professional and commercial relations with internal and external stakeholders based on mutual respect.

Guideline for Good Business Behavior
www2.simcorp.com/GuidelineForGoodBusinessBehavior

CSR Policy
www2.simcorp.com/CSRPolicy

SimCorp joined the UN Global Compact in 2019 and commit to submitting an annual Communication on Progress (CoP) concerning our implementation of its principles. SimCorp's contribution to specific targets related to UN's Sustainable Development Goals and our results on a wide range of non-financial ESG metrics are included in our Sustainability report.

Our cloud transformation, new technlogies, and people initiatives are key enablers of our focus on sustainability, which aims at reducing our CO_2 emission, expanding support for our clients' ESG investments, creating a truly diverse and inclusive workplace, and ensuring meaning in work.

Travel and electricity and heat-related energy consumption are the key environmental factors affected by SimCorp's business model (see page 11). To reduce negative impact, SimCorp promotes responsibility and increasing use of modern technologies across its business operations, SimCorp's travel policy guides employees to replace air travel with virtual meetings whenever possible, with a goal of reducing travel related CO_2 emission by 50% compared with 2019. To track progress, we set KPIs and provide metrics for key impact actvities as part of our Sustainabilty report.

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.

SimCorp maintains high standards on confidentiality and protection of personal data, which 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. A framework is in place to ensure that SimCorp complies with the General Data Protection Regulation (GDPR).

DIVERSITY

Report on the underrepresented gender and diversity, cf. Sections 99 b and 107 d of the Danish Financial Statements Act

Diversity Report 2020
www2.simcorp.com/DiversityReport2020

As described in our Diversity and Inclusion Policy, SimCorp aims to promote diversity. Regarding gender diversity, it is our objective to develop female talent within the business and to increase the proportion of women at all management levels. To ensure a strong focus on female leadership, SimCorp has set a target to increase the share of women in management positions to 34% by the end of 2023. Activities to reach this goal are described in the Diversity Report 2020. The goal is based on a wish to strengthen the versatility and total competences across the business and to improve decision-making processes.

Regarding gender diversity of the BoD, 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. It is SimCorp's goal to reach the target in 2021 with the election of Susan Standiford to the BoD.

Regarding gender diversity in the EMB, SimCorp has set a target for the group to consist of minimum 25% women. When recruiting new EMB members, gender, age, nationality and professional capabilities should be taken into account to ensure diversity. Furthermore, the recruitment process should follow SimCorp's general guidelines on securing a diverse candidate field.

At the end of 2020, people managers in SimCorp comprised 69.6% (2019: 70.7%) men and 30.4% (2019: 29.3%) women. Overall, SimCorp's staff comprised 67.7% (2019: 67.7%) men and 32.3% (2019: 32.3%) women.

As described in the previous section on self-assessment of the EMB and BoD, the diversity of each with regard to educational background and nationalities is regarded as satisfactory.

SHAREHOLDER INFORMATION

In 2020, SimCorp's share price increased by 20%. Liquidity in the SimCorp share measured by average daily trading turnover was up by 18% to DKK 84.5m.

THE SIMCORP SHARE

The share price at December 31, 2020 was DKK 905.50 per share, equal to a market capitalization of EUR 4.8bn (DKK 35.9bn). The share price increased by 20% in 2020. By comparison, the Nasdaq Copenhagen blue chip index (OMXC25), which includes the SimCorp share, increased by 34%.

Relative to 2019, the average daily turnover of SimCorp shares on Nasdaq Copenhagen rose by 18% to DKK 84.5m, while the average number of trades per day increased by 25% to 2,356.

SHARE CAPITAL

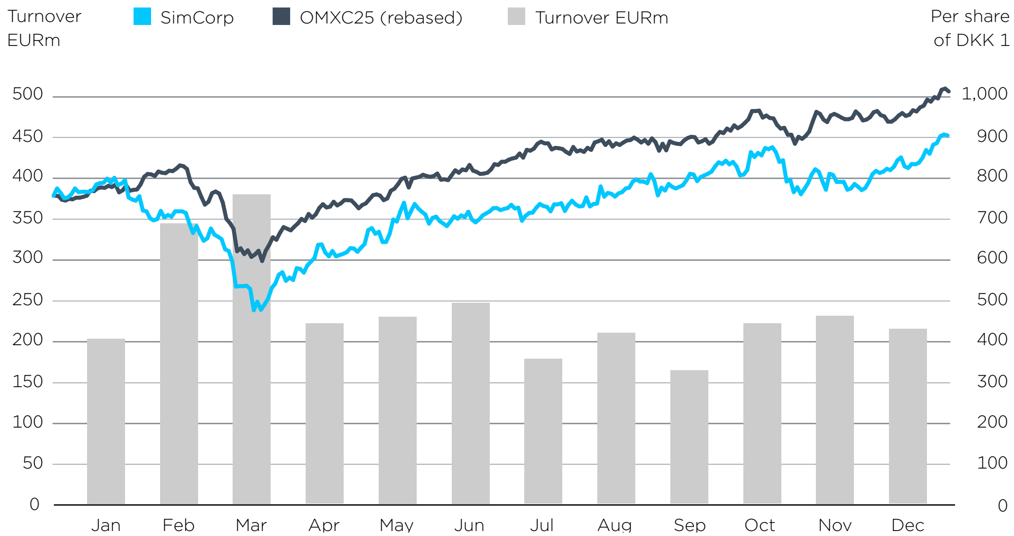
SimCorp's nominal share capital is DKK 40,500,000 divided into 40,500,000 shares of DKK 1. SimCorp holds 849,449 treasury shares of DKK 1 equivalent to 2.1% of the share capital.

SHAREHOLDER STRUCTURE

At December 31, 2020, SimCorp had more than 13,000 registered shareholders representing around 97% of the company's share capital, an increase of approximately 3,000 registered shareholders during the year. Approximately 56% (2019: 51%) of the share capital was held or managed by the 25 largest shareholders, and around 81% (2019: 81%) of the registered share capital was held by shareholders based outside Denmark.

At December 31, 2020, around 6% (2019: 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 80% of the company's shares, an increase compared with the 79% at year-end 2019. Around 40% (2019: 36%) of SimCorp shares were managed by investors who are also clients of SimCorp. In accordance with section

SHARE PRICE DEVELOPMENT AND TRADING ACTIVITY, 2020



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., 10.0%
- SMALLCAP World Funds, Inc. (fund within Capital Group companies), 5.6%
- Ameriprise Financial Inc. group, USA, with a part held by the subsidiary Columbia Wanger Asset Management LLC, 5.1%

SHAREHOLDER STRUCTURE BY GEOGRAPHY

	2020	2019
Denmark	18.6%	19.0%
North America	35.2%	33.4%
UK	26.5%	31.1%
Europe	19.5%	16.2%
Rest of the world	0.2%	0.3%

SHAREHOLDER STRUCTURE BY CATEGORY

	2020	2019
Institutional investors	80%	79%
Private investors	12%	13%
Employees and management	6%	6%
Treasury shares	2%	2%

SHARE-BASED INCENTIVE SCHEMES

In accordance with the remuneration policy, approved by the shareholders at the Annual General Meeting 2020, 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 48,217 restricted stock units of DKK 1 were granted, including 22,689 restricted stock units to the Executive Management Board and 156 restricted stock units to employee-elected members of the Board of Directors.

Furthermore, in connection with various appointments of senior employees during 2020, 1,954 restricted stock units 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 business growth and annual average net operating profit after tax for the financial years 2020-2022. If the two latter conditions are only partially met, the number of shares transferred after three years will be reduced, potentially to zero.

In addition, 72,808 restricted stock units relating to the corporate bonus program for 2019 were granted in 2020 and distributed among employees in the Group, including 687 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 2021 and comprises restricted stock units with a market value of approximately EUR 4.9m on the date of grant. Furthermore, EUR 1.7m are estimated to be granted for regional retention programs for senior employees in North America, EMEA, and APAC.

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 2021 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.

MANAGEMENT SHARES/RESTRICTED STOCK UNITS

As at December 31, 2020, the members of the company's Board of Directors held a total of 53,655 SimCorp shares and 1,853 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 224,691 SimCorp shares and 93,961 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, 2021 at 3 pm at SimCorp's headquarters, Weidekampsgade 16, Copenhagen, Denmark.
It will also be possible to participate in Annual General Meeting via webcast.

Agenda and proposed resolutions will be published on Wednesday, February 24, 2021, with notice sent by email to all shareholders.

All 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 34-36. The Board intends to propose that Susan Standiford be elected as new member of the Board of Directors to meet the ideal competence profiles for the Board as identified during the Board of Directors' annual self-assessment.

The Board of Directors will propose changes to its remuneration, including its committees, to the Annual General Meeting. As the base fee has been unchanged since 2014, the Board proposes that the base fee increases to DKK 420,000 from currently DKK 375,000, while the multi-pliers remain the same for the Chairman and Vice-chairman positions within the Board and the member positions within the Audit and Risk Committee and the Nomination and Remuneration Committee.

The adjusted Remuneration Guidelines take effect if and when approved by the shareholders at the Annual General Meeting in March 2021. 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.

BOARD OF DIRECTORS & COMMITTEES – TOTAL REMUNERATION TO BE PROPOSED AT THE ANNUAL GENERAL MEETING IN MARCH 2021 (CASH AND SHARE-BASED)

Fee	Board		Audit and Risk Committee		Nomination and Remuneration Committee	
	Multiplier	DKK	Multiplier	DKK	Multiplier	DKK
Chairman	3	1,260,000	0.75	315,000	0.375	157,500
Vice-chairman	2	840,000	N/A	N/A	N/A	N/A
Member	1	420,000	0.375	157,500	0.1875	78,750

FINANCIAL CALENDER 2021

March 24, 2021	Annual General Meeting 2021
March 29, 2021	Expected date for pay-out of dividend
May 19, 2021	Publication of interim financial report Q1 2021 (early morning)
Aug 13, 2021	Publication of interim financial report H1 2021 (early morning)
Nov 12, 2021	Publication of interim financial report 9M 2021 (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

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 SimCorp'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 40.1m, equal to DKK 7.50 per share of DKK 1, be distributed for the financial year 2020. The dividends of EUR 40.1m are equivalent to 45.5% of Group profit for the year and 43.7% of free cash flow in 2020.

In order to be eligible for dividends, shares must be registered before March 24, 2021. The ex-dividend date is March 25, 2021. Dividends for the financial year 2020 are expected to be paid on March 29, 2021.

Based on the current cash position and business outlook, SimCorp expects to initiate a share buyback program in 2021 for a forecasted amount of EUR 40.0m. The program will be carried out in two half yearly buyback programs of EUR 20.0m each during the period from the release of the Annual Report 2020 to the end of 2021. 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 2020 can be found at www.simcorp.com/en/news-and-announcements

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.).

CAREER 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. Deputy chairman 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 A/S since 2011. From 2002-2011 Group CFO of Tryg A/S. 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. Chairman of Siteimprove since 2020 and Conscia since 2020. Board member of KBC.*
*Has resigned from this board role effective from the spring of 2021.

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, Kyriba, and Unit4.

INDEPENDENCE

Is not 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 and Risk Committee since 2013. Director and Chairman of the Audit and Risk 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 and Risk Committee since 2019. Chairman of the Board of Heidrick & Struggles. Chairman of Junior Achievement Europe. Senior Advisor, KKR and member of the European PE Portfolio Management Committee.

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. Prior to joining Lord Abbett, Joan worked inter alia for Goldman Sachs Capital Markets Group and for PricewaterhouseCoopers, LLC Financial Services Audit Practice. Member of SimCorp A/S' Board of Directors and SimCorp A/S' Audit and Risk Committee since 2018. Member of the Board of Directors and Audit Committee of Center Square Asset Management, Morgan Stanley Direct Lending Fund, and Brown Brothers Harriman US Mutual Funds. Board member and Audit Chair of KKR Real Estate Trust.

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 and Risk Committee since 2016.

RELEVANT COMPETENCES AND EXPERIENCES
More than 14 years in risk management in leading financial institutions. 14 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
More than 30 years' experience from the financial industry within private asset management, custodian, insurances & pensions, and fund administration. Expertise within back office operations, fund administration, accounting, and business analysis. 14 years with SimCorp, taking on different roles in Global Presales, Consultancy, and Go-to-Market.

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

EXECUTIVE MANAGEMENT BOARD

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 Tink AB, SuperOffice AS and Zenegy A/S. Member of the Board of Directors of Better Collective A/S. Member of the Supervisory Board of Industriens Arbejdsgivere i Danmark & Dansk Industri.

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, NIRAS Gruppen 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*

HANS OTTO ENGKILDE**

Born 1969.
SimCorp EMEA, Managing Director, Executive Vice President.
Employed since 1999.
Present position held since 2020.

JAMES CORRIGAN

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

OLIVER JOHNSON**

Born 1985
SimCorp APAC, Managing Director, Senior Vice President.
Employed since 2017.
Present position held since 2017.

JOCHEN MÜLLER

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

HENRIK SCHLÆGEL***

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

FRED BOUTEILLER**

Born 1971.
Global Services, Senior Vice President.
Employed since 2020.
Present position held since 2020.

MARC HENOCH**

Born 1973.
Global Managed Services, Senior Vice President.
Employed since 2003.
Present position held since 2020.

MARC SCHRÖTER

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

THOMAS HEJLSBERG**

Born 1963.
Architecture and Technology, Chief Technology Officer, Senior Vice President.
Employed since 2018.
Present position held since 2018.

PIET SYHLER**

Born 1964.
Product Division, Senior Vice President
Employed since 2020.
Present position held since 2020.

MALENE KROHN**

Born 1973.
Product Division, Senior Vice President.
Employed since 1998.
Present position since 2019.

MARLENE NYHOLM VOSS

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

JOHAN ROSENGREEN KRINGEL

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

MARTIN SCHAK MØLLER**

Born 1975.
Group Legal and Compliance, Senior Vice President.
Employed since 2008.
Present position held since 2018.

* The four Executive Management Board members (see page 37) are also members of Group Management Committee. ** Member of GMC since January 1, 2021. *** Will step down from his position in Spring 2021.

STATEMENTS AND SIGNATURES

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT BOARD

The Board of Directors and Executive Management Board have today considered and adopted the Annual Report of SimCorp A/S for the financial year January 1 – December 31, 2020.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at December 31, 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2020.

In our opinion, Management Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

In our opinion, the annual report of SimCorp A/S for the financial year January 1 - December 31, 2020 with the file name simcorp-2020-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, February 10, 2021.

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 REPORTS

To the shareholders of SimCorp A/S

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2020 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 Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of SimCorp A/S for the financial year 1 January to 31 December 2020 comprise income statement and statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, 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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable 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 first appointed auditors of SimCorp A/S on 31 March 2014 for the financial year 2014. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 7 years including the financial year 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2020. 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 statement of financial position 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", 2.2 "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 revenue recognized we challenged and evaluated Management's 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 challenged 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 challenged and evaluated Management's assessment that customers over time consumes and benefit from the services delivered. For multi-element contracts, we identified, challenged and evaluated Management's allocation of revenue to the specific performance obligations in the contracts and assessed the allocation of the standalone selling prices to the performance obligations including rebates, discounts, allowances and inherent interests. We assessed the percentage of completion on specific fixed fee 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 estimation uncertainty and judgement. 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 judgement, 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. We used our own local and international tax specialists, evaluated the adequacy of Management's significant assumptions and read correspondence with tax authorities to assess the valuation of tax assets and liabilities.

Reporting on Management Report
Management is responsible for Management Report.

Our opinion on the Financial Statements does not cover 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 Management Report and, in doing so, consider whether 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, 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 Statements Act. We did not identify any material misstatement in 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 the 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 the 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 on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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, misrepresen tations, 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 Parent 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

Parent 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.

REPORT ON COMPLIANCE WITH THE ESEF REGULATION

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of SimCorp A/S for the financial year 1 January to 31 December 2020 with the filename simcorp-2020-12-31.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of SimCorp A/S for the financial year 1 January to 31 December 2020 with the file name simcorp-2020-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, February 10, 2021
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

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BASIS OF PREPARATION

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CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

EUR ’000	Note	2020	2019
Revenue	2.1	455,970	454,531
Cost of sales	3.1, 3.2, 5.2, 5.3	167,415	167,141
Gross profit		**288,555**	**287,390**
Other operating income		846	533
Research and development costs	3.1, 3.2, 5.2, 5.3	91,830	82,938
Sales and marketing costs	3.1, 3.2, 5.2, 5.3	50,198	49,105
Administrative expenses	3.1, 3.2, 5.2, 5.3	23,077	28,056
Operating profit (EBIT)		**124,296**	**127,824**
Share of profit after tax in associates		104	125
Financial income	6.4	101	947
Financial expenses	6.4	8,405	1,095
Profit before tax		**116,096**	**127,801**
Tax on the profit for the year	4.1	27,838	30,900
Profit for the year		**88,258**	**96,901**

EARNINGS PER SHARE

Earnings per share – EPS (EUR)	7.1	2.22	2.44
Diluted earnings per share – EPS-D (EUR)	7.1	2.20	2.42

STATEMENT OF COMPREHENSIVE INCOME

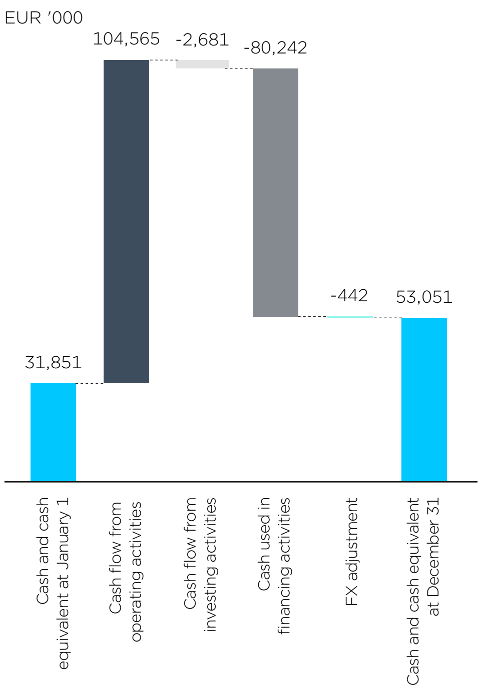
EUR ’000	Note	2020	2019
Profit for the year		**88,258**	**96,901**
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement:			
Remeasurements of defined benefit plans	3.3	47	-1,473
Tax, remeasurement of defined benefit plans		-1	323
Items that may be reclassified subsequently to the income statement, when specific conditions are met:			
Foreign currency translation differences for foreign operations		-2,742	1,426
Other comprehensive income after tax		**-2,696**	**276**
Total comprehensive income		**85,562**	**97,177**

CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT

EUR '000	Note	2020	2019
Profit for the year		**88,258**	**96,901**
Amortization and depreciation	5.2, 5.3	16,094	14,752
Share of profit after tax in associates		-104	-125
Financial income	6.4	-101	-947
Financial expenses	6.4	8,405	1,095
Tax on profit for the year	4.1	27,838	30,900
Other non-cash items		-7,037	598
Adjustment share based remuneration		10,997	10,243
Changes in provisions	3.4	-2,055	4,837
Changes in contract assets	2.4	-24,558	-63,492
Changes in working capital		9,302	11,496
Financial income received		101	135
Financial expenses paid		-1,901	-342
Income tax paid	4.1	-20,674	-23,546
Net cash from operating activities		**104,565**	**82,505**
Purchase of subsidiaries, net of cash acquired	5.2	-	-58,468
Purchase of property, plant, and equipment	5.3	-2,399	-1,722
Sale and purchase of financial assets, net	6.3	-361	-105
Dividends from associates	6.4	79	81
Net cash used in investing activities		**-2,681**	**-60,214**
Dividends paid		-39,879	-35,881
Purchase of treasury shares	6.1	-10,006	-12,488
Repayment of lease liability	5.3	-10,357	-9,880
Proceeds of credit facility/loans		-	40,000
Repayment from credit facilities/loans	6.3	-20,000	-20,000
Net cash used in financing activities		**-80,242**	**-38,249**
Change in cash and cash equivalents		**21,642**	**-15,958**
Cash and cash equivalents at January 1		31,851	47,500
Foreign exchange adjustment of cash and cash equivalents		-442	309
Cash and cash equivalents at December 31		**53,051**	**31,851**

CASH FLOW 2020



CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION DECEMBER 31

EUR '000	Note	2020	2019
ASSETS			
Goodwill	5.2	61,367	61,178
Software	5.2	11,471	13,348
Client relationships	5.2	22,887	25,031
Total intangible assets		**95,725**	**99,557**
Leasehold	5.3	43,684	51,589
Technical equipment	5.3	1,063	1,506
Other equipment, fixtures, fittings and prepayments	5.3	2,903	2,555
Total property, plant and equipment		**47,650**	**55,650**
Investments in associates		881	808
Deposits	6.3	2,031	2,095
Deferred tax	4.2	4,173	5,357
Other financial assets		404	-
Total other non-current assets		**7,489**	**8,260**
Total non-current assets		**150,864**	**163,467**
Receivables	2.5	82,513	81,804
Contract assets	2.4	175,928	151,774
Income tax receivables	2.4	1,194	2,341
Prepayments		7,292	6,675
Cash and cash equivalents		53,051	31,851
Total current assets		**319,978**	**274,445**
Total assets		**470,842**	**437,912**

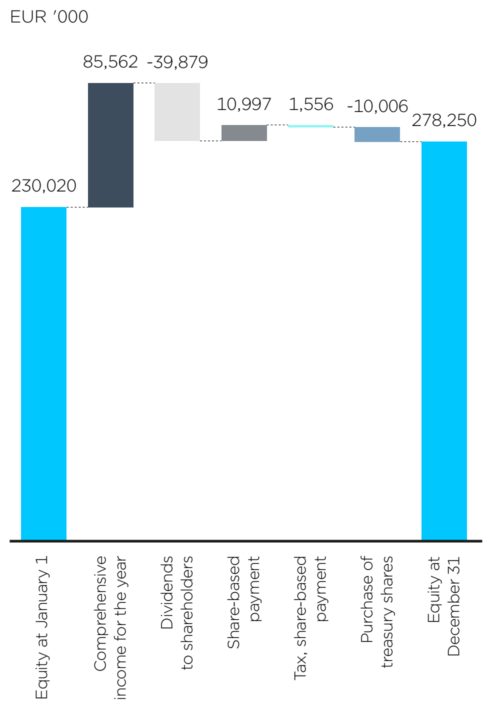
EUR '000	Note	2020	2019
LIABILITIES AND EQUITY			
Share capital		5,441	5,441
Exchange adjustment reserve		-4,725	-1,983
Retained earnings		237,409	186,643
Proposed dividend		40,125	39,919
Total equity		**278,250**	**230,020**
Lease liabilities	5.3	34,547	41,585
Deferred tax	4.2	28,323	25,931
Provisions	3.4	11,119	12,796
Total non-current liabilities		**73,989**	**80,312**
Bank loan/revolving credit facility		-	20,000
Lease liabilities	5.3	9,630	10,063
Prepayments from clients	2.4	26,231	24,678
Trade payables		17,747	18,503
Other payables		59,158	48,922
Income tax payables	3.4	5,118	4,389
Provisions	3.4	719	1,025
Total current liabilities		**118,603**	**127,580**
Total liabilities		**192,592**	**207,892**
Total liabilities and equity		**470,842**	**437,912**

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Exchange adjustment reserve	Retained earnings	Dividends for the year	Total
2020						
Equity at January 1	5,441	-	-1,983	186,643	39,919	**230,020**
Net profit for the year	-	-	-	88,258	-	88,258
Total other comprehensive income	-	-	-2,742	46	-	-2,696
Total comprehensive income for the year	**-**	**-**	**-2,742**	**88,304**	**-**	**85,562**
Transactions with owners:						
Dividends paid to shareholders	-	-	-	40	-39,919	-39,879
Share-based payment	-	-	-	10,997	-	10,997
Tax, share-based payment	-	-	-	1,556	-	1,556
Purchase of treasury shares	-	-	-	-10,006	-	-10,006
Proposed dividends to shareholders	-	-	-	-40,125	40,125	-
Equity at December 31	**5,441**	**-**	**-4,725**	**237,409**	**40,125**	**278,250**
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**

MOVEMENTS IN EQUITY 2020



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, 2020, 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 97 for the Parent's specific accounting policies. SimCorp A/S is incorporated and domiciled in Denmark.

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 10, 2021 the Board of Directors and the Executive Management Board considered and approved the annual report for 2020 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, 2021. The directors have the power to amend and reissue the financial statements.

PRESENTATION CURRENCY

The financial statements are presented in EUR, rounded to the nearest EUR 1,000. The functional currency of the Parent is DKK.

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 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. 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.

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 compensation for costs incurred it is recognized as other operating income in the period in which it is receivable.

In 2020 the subsidiaries received circa EUR 200 thousand in COVID-19 related government assistance as income tax and wage subsidy, and rent concessions. Around EUR 130 thousand is reported as other operating income, the remaining was offset against expenses.

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 presentation 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 items in the statement of financial position 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.

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS (CONTINUED)

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

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.

OPERATING COSTS

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

Cost of sales cover costs incurred to achieve the year's revenue, including costs of delivering and implementing systems, hosting and infrastructure costs, third party costs, courses, and support. These primarily comprise salaries, share-based payments, other employee costs, 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 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 statement of financial position 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)
Impairment (note 5.2)

Risk factors specific to the Group are described in the management report on pages 24-26 and in note 6.2.

NEW FINANCIAL REPORTING STANDARDS

The Group has applied the following standards and amendments for the first time in the reporting period starting January 1, 2020:

- Definition of material - amendments to IAS 1 and IAS 8.
- Definition of a business - amendments to IFRS 3
- Interest rate benchmark reform amendments to IFRS 9, IAS 39 and IFRS 7
- Revised conceptual framework for financial reporting

These amendments did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

NEW FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

IXBRL REPORTING

The 2020 Annual report is prepared in the XHTML format which can be displayed in a standard browser in line with the new European Single Electronic Format ('ESEF'). The primary statements are tagged using inline eXtensible Business Reporting Language (iXBRL) and comply with the ESEF taxonomy.

Where a line item is not defined in the ESEF taxonomy, an extension has been created and anchored to elements in the ESEF taxonomy, except for extensions which are subtotals. The annual report submitted to the Danish Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a file named simcorp-2020-12-31.zip.

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS (CONTINUED)

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.

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	value of initial and additional licenses contracts, subscription services agreements and client driven development agreements entered into during the reporting period
Order book	accumulated order intake value, 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, released 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, as a service 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 as a service offering
Annualized contract value (ACV)	initial and additional order intake divided by contract term (years)
Annual recurring revenue (ARR)	total revenue - total license fee + subscription based license fee – implementation services – other non-recurring fees

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 statement of financial position.

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

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 2020

	2020	2019
License – initial sales	5%	12%
Licenses – additional sales	15%	11%
Software updates and support	39%	37%
Professional services	34%	34%
Hosting and other fees	7%	6%

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 and software as service fees.

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 obligation.

Additional agreements with existing clients can be a new contract or a modification to existing contracts. Judgments making this determination consider: 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 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.

Client-driven development entails direct cooperation between SimCorp's development team and the client for a client-defined software.

REVENUE

EUR '000	2020	Share of revenue 2020	2019	Share of revenue 2019	Revenue growth	Revenue growth local currencies	Organic revenue growth local currencies[1]
Licenses – initial sales	22,364	4.9%	54,611	12.0%	-59.0%	-57.1%	-57,1%
Licenses – additional sales	69,188	15.2%	51,152	11.3%	35.3%	36.0%	33.0%
Software updates and support	176,575	38.7%	167,494	36.8%	5.4%	6.0%	4.8%
Professional services	154,730	33.9%	153,218	33.7%	1.0%	2.2%	0.6%
Hosting and other fees	33,113	7.3%	28,056	6.2%	18.0%	20.1%	16.9%
Total revenue	**455,970**	**100.0%**	**454,531**	**100.0%**	**0.3%**	**1.4%**	**-0.1%**

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

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.

None of the reported licenses - initial sales is derived from perpetual sales (2019: EUR 1.3m). From the reported licenses - additional sales EUR 18.8m is derived from perpetual sales (2019: EUR 16.3m).

The Group has no client contributing revenue of more than 5.5% (2019: 4.4%) of total revenue.

REVENUE ALLOCATION BY COUNTRY (SIGNIFICANT)

	2020		2019	
	EUR '000	%	EUR '000	%
USA	81,459	17.9%	73,693	16.2%
Germany	73,912	16.2%	51,720	11.4%
Switzerland	31,286	6.9%	28,276	6.2%
Canada	30,673	6.7%	27,291	6.0%
Denmark	29,660	6.5%	25,205	5.5%
Italy	28,104	6.2%	32,554	7.2%
Netherlands	26,718	5.9%	22,446	4.9%
Singapore	17,614	3.9%	30,675	6.7%
United Kingdom	15,161	3.3%	22,848	5.0%

2.2 SEGMENT INFORMATION

The Group's revenue arises primarily from the sale of software licenses and related services, and updates and support to clients. 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 sales organization comprises four business units. Three business units have been identified based on countries that share the same market conditions and one is dedicated to Sofia software.

In addition, the research and development business unit is responsible for all software development, except for Sofia. This segment derives revenue mainly from fees charged to other business units for the right to distribute SimCorp Dimension software, and broker fees.

Finally, the Group reports on corporate functions, which include shared services comprising administration, marketing, internal systems, global support and services division. These are managed on corporate level and costs are principally allocated and charged based on an allocation key for the segments. Consulting and support are charged on an hourly basis. External revenue originates from courses to clients.

In 2020, the former market units Central Europe, Southern Europe, and UK, Northern Europe and Middle East (UNM), were merged into one integrated EMEA unit. Comparative disclosures have been restated with regards to this change. In addition, former business units Coric and Gain have been integrated into the remaining units and goodwill reallocated to Research and Development. Comparative disclosures have also been restated with regards to this change.

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 position.

2.2 SEGMENT INFORMATION (CONTINUED)

SEGMENT INFORMATION

EUR '000	EMEA	Asia and Australia	North America	SimCorp Sofia	Research and development	Corporate functions	Elimination/ Not allocated	Group
2020								
External revenue	296,447	35,899	101,907	19,724	1,811	182	-	455,970
Revenue between segments	27,332	2,022	4,617	1,122	183,855	55,927	-274,875	-
Total segment revenue	**323,779**	**37,921**	**106,524**	**20,846**	**185,666**	**56,109**	**-274,875**	**455,970**
EBITDA	28,508	3,070	7,713	8,569	97,746	-5,216	-	140,390
Depreciation and amortization	3,006	680	1,382	1,639	3,110	6,277	-	16,094
Segment operating profit (EBIT)	**25,502**	**2,390**	**6,331**	**6,930**	**94,636**	**-11,493**	**-**	**124,296**
Financial items, net							-8,200	-8,200
Profit for the period before tax								**116,096**
Total assets	**153,678**	**40,358**	**81,887**	**44,053**	**99,059**	**17,933**	**33,874**	**470,842**
2019								
External revenue	288,216	53,555	92,233	19,290	730	507	-	454,531
Revenue between segments	28,432	1,091	4,218	958	191,781	38,510	-264,990	-
Total segment revenue	**316,648**	**54,646**	**96,451**	**20,248**	**192,511**	**39,017**	**-264,990**	**454,531**
EBITDA	25,698	4,332	8,994	7,775	107,692	-11,915	-	142,576
Depreciation and amortization	3,497	575	1,410	1,631	2,026	5,613	-	14,752
Segment operating profit (EBIT)	**22,201**	**3,757**	**7,584**	**6,144**	**105,666**	**-17,528**	**-**	**127,824**
Financial items, net							-23	-23
Profit for the period before tax								**127,801**
Total assets	**129,659**	**44,588**	**79,358**	**43,691**	**105,231**	**17,543**	**17,842**	**437,912**

2.2 SEGMENT INFORMATION (CONTINUED)

NON-CURRENT ASSET ALLOCATION BY COUNTRY (SIGNIFICANT)

	2020		2019	
	EUR '000	%	EUR '000	%
Austria	59,704	40.7%	61,673	39.0%
Italy	30,972	21.1%	32,490	20.5%
Denmark	27,283	18.6%	29,449	18.6%
United Kingdom	9,015	6.1%	11,098	7.0%
USA	7,067	4.8%	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 of December 31, 2020 is EUR 405.6m (2019: EUR 327.1m). 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 113.3m in 2020 (2019: EUR 102.2m) of the amount allocated to the future performance obligations as of December 31, 2020 will be recognized during 2021. EUR 228.6m (2019: EUR 188.4m) 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 24.1m with subscription-based licenses adding EUR 67.3m (2019: EUR 84.5m) and finance income recognized EUR 2.3m (2019: EUR 2.1m). These items exceeded deductions from foreign exchange, expected credit loss provision and adjustments of EUR 7.6m (2019: EUR 0.3m) and invoiced subscription-based license fees of EUR 37.9m (2019: EUR 23.1m). There were no additions from acquisitions in 2020 (2019: EUR 2.6m).

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 statement of financial position 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	Invoiced from opening balance	Addition on acquisition of subsidiaries	Net additions	Adjustments[1]	Financing income recognized	Closing balance
2020							
Contract assets (gross)	160,551	-34,032	-	64,224	-8,206	-	182,537
Contract interest element	-7,872	-	-	-816	904	2,349	-5,435
Loss allowance	-905	-	-	-269	-	-	-1,174
Contract assets (NPV)	**151,774**	**-34,032**	**-**	**63,139**	**-7,302**	**2,349**	**175,928**
2019							
Contract assets (gross)	91,773	-16,847	2,598	83,006	21	-	160,551
Contract interest element	-5,477	-	-	-4,528	-	2,133	-7,872
Loss allowance	-612	-	-	-293	-	-	-905
Contract assets (NPV)	**85,684**	**-16,847**	**2,598**	**78,185**	**21**	**2,133**	**151,774**

[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	2020	2019
1 to 6 months	21,476	19,439
7 to 12 months	17,264	14,172
13 to 24 months	38,801	31,328
25 to 36 months	33,754	29,664
37 to 48 months	27,941	25,610
49 to 60 months	19,411	19,337
After 60 months	23,890	21,001
Total contract assets (gross)	**182,537**	**160,551**

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
2020						
Contract liabilities – licenses	4,463	-	3,225	-3,696	-419	3,573
Contract liabilities – software updates and support	6,707	-	7,656	-6,541	-393	7,429
Contract liabilities – services	3,994	-	3,948	-2,517	-87	5,338
Contract liabilities – other	9,514	-	7,831	-6,928	-526	9,891
Contract liabilities (prepayments from clients)	**24,678**	**-**	**22,660**	**-19,682**	**-1,425**	**26,231**
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**

[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.

Expected loss rates between 0.04% - 13.36% are applied (unchanged from 2019), 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 fulfil customer contracts. Direct costs for custom development and standard platform are expensed as incurred.

2.5 RECEIVABLES

RECEIVABLES

EUR '000	2020	2019
Trade receivables from clients	52,575	49,061
Accrued revenue	27,356	29,193
Loss allowance	-251	-287
Other receivables	2,833	3,837
Total receivables at December 31	**82,513**	**81,804**
Aging of trade receivables from clients at December 31		
Not due	37,232	38,654
Overdue between 1 and 30 days	10,446	5,670
Overdue between 31 and 90 days	4,297	3,511
Overdue over 90 days	600	1,226
Total trade receivables from clients	**52,575**	**49,061**

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 analysed 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.

No impairment was recognized for trade receivables in 2020 (2019: 7 thousand).

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 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

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 statement of financial position.

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	2020	2019
Salaries	190,429	180,590
Defined contribution pension plans	4,005	3,691
Defined benefit pension plans	830	674
Share-based payments	8,739	8,193
Social security and other costs	18,665	17,704
Total employee cost	**222,668**	**210,852**
Number of employees at the end of the period	1,901	1,871
Average number of employees – FTE	1,840	1,703

AVERAGE NUMBER OF EMPLOYEES BY FUNCTION

	2020	2019
Professional services	42%	42%
Research and development	35%	35%
Internal support and service	14%	14%
Sales and sales support	9%	9%

3.1 EMPLOYEE COSTS (CONTINUED)

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

REMUNERATION TO EXECUTIVE MANAGEMENT BOARD, GLOBAL MANAGEMENT COMMITEE AND BOARD OF DIRECTORS

EUR '000	2020	2019
Salaries	2,177	1,935
Other benefits (short-term benefits)	166	137
Share-based payment	2,027	1,741
Performance-related bonus (short-term benefits)	1,118	1,496
Executive management board total	**5,488**	**5,309**
Salaries	1,571	1,883
Other benefits (short-term benefits)	298	201
Share-based payment	744	656
Performance-related bonus (short-term benefits)	583	568
Global management committee total	**3,196**	**3,308**
Board fees	406	406
Fees for committee work (short-term benefits)	95	88
Travel allowance (short-term benefits)	3	83
Share-based payment	248	242
Board of directors total	**752**	**819**
Total	**9,436**	**9,436**

The Executive Management Board (EMB) consists of four members. The fourth member of the EMB joined on August 1, 2019, and 2019 therefore only includes five months remuneration for one member of the EMB.

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 2020 financial year, EUR 8.7m was charged to the income statement in respect of share-based remuneration: EUR 7.7m relates to issued RSUs, EUR 0.7m relates to corporate bonus 2020 provision, and EUR 0.2m relates to shares to the Board of Directors (2019: EUR 8.2m charged to the income statement, of which EUR 6.5m from RSUs, EUR 1.4m from corporate bonus 2019 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 fulfil 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, 2020, a cost of EUR 248 thousand (2019: EUR 242 thousand) was charged to the income statement in respect of this program. The company will allot 2,587 treasury shares after publication of the Annual Report 2020 to members of SimCorp's Board of Directors (2019: 3,148 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 which follows on the next page shows a summary of changes in the balance of outstanding RSUs from January 1, 2019 to December 31, 2020.

Long-term incentive program

RSUs are granted annually 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 2020, 22,687 RSUs were granted to Executive Management Board (2019: 24,728), 156 RSUs were granted to employee elected members of the Board of Directors (2019: 195) and 25,374 RSUs were granted to other employees (2019: 32,483). Fair value at grant date was EUR 4.7m (2019: EUR 4.7m), and EUR 0.8m was charged to the income statement for 2020 (2019: EUR 1.2m).

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 2020, the following 72,808 RSUs were granted including 531 RSUs to employee elected members of the Board of Directors. Fair value at grant date was EUR 7.1m (2019: EUR 5.9m). EUR 1.7m was charged to the income statement for 2020 (2019: EUR 1.3m).

In March 2021, the company will grant RSUs as part of its corporate bonus program for 2020. EUR 1.4m was charged to the income statement in 2020 (2019: EUR 1.4m). These are not included in the specification on the next page.

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 2020

During 2020, 1,954 RSUs were granted to senior employees in Denmark, USA, France and Switzerland as part of sign-on agreements and incentive programs. Fair value at grant date was EUR 0.2m. The RSUs will vest after three years subject to continued employment and certain performance conditions for the financial years 2020 to 2022.

Vested 2020

In 2020, 26,532 RSUs related to other incentive programs vested. 15,581 related to the performance and retention program for the North American management team and 7,173 RSU's granted to Michael Rosenvold in connection with his appointment as CFO in 2017, and 3,778 to other senior employees.

Canceled 2020

3,826 RSU's were canceled due to performance conditions not achieved.

One incentive plan with 2,640 RSUs was canceled due to the EMEA restructuring, and a new incentive plan will be entered into in 2021.

Furthermore, 2,497 RSUs were canceled related to the LTIP RSU 2018 program covering the financial years 2018-2020 as a performance adjustment, as the achievement was 96.4% of targets.

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
2020							
Outstanding January 1, 2020	175,640	168,793	57,646	402,079	2,269	101,192	298,618
Granted	48,217	72,808	1,954	122,979	687	22,687	99,605
Vested	-52,144	-84,963	-26,532	-163,639	-1,092	-28,790	-133,757
Performance adjustment	-2,497	-	-3,716	-6,213	-11	-1,128	-5,074
Canceled/transferred	-2,684	-2,406	-2,640	-7,730	-	-	-7,730
Outstanding December 31, 2020	**166,532**	**154,232**	**26,712**	**347,476**	**1,853**	**93,961**	**251,662**
of which vesting:							
2021	65,365	81,729	4,052	151,146	936	37,940	112,270
2022	52,950	48,121	20,173	121,244	582	30,847	89,815
2023	48,217	24,382	1,243	73,842	335	23,930	49,577
2024	-	-	1,244	1,244	-	1,244	-
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	-
Charge to the income statement EURm							
2020	2.85	4.14	0.66	7.65			
2019	3.35	2.23	0.88	6.46			

[1] Board of Director's restricted stock units are acquired in the capacity of 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 statement of financial position 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 statement of financial position 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	2020	2019
Pension liabilities		
At January 1	14,505	11,091
Foreign exchange adjustment and other adjustments	-125	229
Employee contributions	252	212
Expensed in the income statement	831	674
Calculated interest	87	145
Actuarial loss/(gain) change in demographic assumptions	72	-
Actuarial loss/(gain) change in financial assumptions	106	2,067
Actuarial loss/(gain) change in experience	102	226
Payroll taxes	-55	-53
Benefits paid through pension assets	-182	-86
Present value of pension liabilities at December 31	**15,593**	**14,505**
Fair value of plan assets		
At January 1	10,232	8,409
Foreign exchange adjustment	-83	160
Calculated interest	62	112
Return on plan assets in addition to calculated interest	326	808
Employee contributions	314	269
Employer contributions	655	582
Benefits paid through pension assets	-182	-86
Other	-25	-22
Fair value of plan assets at December 31	**11,299**	**10,232**
Net liability included in the statement of financial position	**4,294**	**4,273**

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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Shares	-	-	6.8%	8.0%	4.1%	4.0%
Bonds	-	-	63.7%	78.0%	86.3%	86.0%
Property	-	-	16.0%	11.0%	-	-
Other financial assets	-	-	13.5%	3.0%	9.6%	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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Discount rate	0.3%	0.2%	1.7%	1.8%	0.3%	0.6%
Future salary increases	1.0%	1.5%	2.3%	2.3%	-	-

SENSITIVITY ANALYSIS ON REPORTED PENSION LIABILITIES

	Switzerland		Norway		Belgium	
EUR '000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Discount rate +1%	-1,302	-1,294	-371	-413	-1,076	-913
Discount rate -1%	1,828	1,833	494	556	1,384	1,183
Future remuneration +1%	206	212	217	248	-	-
Future remuneration -1%	-185	-188	-189	-214	-	-

The Group expects to pay EUR 694 thousand to the defined-benefit pension plans in 2021 (2019: EUR 558 thousand for the year 2020).

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
2020					
Liability at January 1	2,046	4,273	2,854	4,648	13,821
Foreign exchange adjustment	6	-41	-	-31	-66
Used during the year	-81	-	-311	-6,764	-7,156
Reversal of unused liabilities	-48	-63	-	-106	-217
Provisions for the year	370	125	599	4,362	5,456
Total provisions	**2,293**	**4,294**	**3,142**	**2,109**	**11,838**
Expected due dates for provisions:					
Falling due within 1 year	219	-	141	359	719
Falling due within 2 to 5 years	923	-	141	843	1,907
Falling due after 5 years	1,151	4,294	2,860	907	9,212
Total provisions	**2,293**	**4,294**	**3,142**	**2,109**	**11,838**
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**

[1] Includes re-establishment of rented premises and holiday allowances required by the Danish Holiday Act. Provisions used during the year relate mainly to the balance moved to current liabilities as amount to be paid in 2021 in connection with 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). 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 when the employees leaves or transferred to private pension fund. The cost is accrued on a monthly basis representing 1/13 of the annual cost per month.

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 within the financial statements. The total tax on Group profit for the year has decreased by EUR 3.1m to EUR 27.8m compared with EUR 30.9m in 2019. Income tax has decreased due to a lower profit compared with 2019.

The Group's effective tax rate has decreased from 24.2% in 2019 to 24.0% in 2020, primarily due to additional tax deductions on R&D expenses.

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	2020	2019
Tax for the year:		
Tax on profit	27,838	30,900
Tax on other comprehensive income	1	-323
Total tax	**27,839**	**30,577**
Tax on profit for the year breaks down as follows:		
Current tax	23,811	23,762
Deferred tax	3,915	7,189
Prior-year adjustments	80	-18
Changes in tax rates	32	-33
Total tax on profit for the year	**27,838**	**30,900**
Tax paid during the year	**20,674**	**23,546**
Tax on profit for the year breaks down as follows:		
Tax calculated on the year's pre-tax profit, 22% (2019: 22%)	25,501	28,105
Difference in tax in subsidiaries relative to 22% (2019: 22%)	1,051	847
Changes in tax rates	32	-33
Tax effect:		
Non-taxable income	-2,672	-1,593
Non-deductible expenses	1,221	1,784
Other, including prior-year adjustments	2,705	1,790
Total tax on profit for the year	**27,838**	**30,900**
Effective tax rate	**24.0%**	**24.2%**

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 statement of financial position 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.

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 25m (2019: 20m), 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	2020	2019
Deferred tax at January 1	-20,574	-9,400
Foreign exchange adjustment	-148	73
Deferred tax, profit and loss	-3,915	-7,189
Prior-year adjustment, profit and loss	104	298
Change in tax rates	-32	33
Adjustment of deferred tax, other comprehensive income	-1	323
Adjustment of deferred tax, equity	416	1,059
Addition on acquisitions of subsidiaries	-	-5,771
Net deferred tax (liability)/asset at December 31	**-24,150**	**-20,574**
Recognized in the statement of financial position as follows:		
Deferred tax assets	4,173	5,357
Deferred tax liabilities	-28,323	-25,931
Net deferred tax (liability)/asset at December 31	**-24,150**	**-20,574**

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
2020							
Intangible assets	-9,485	36	2,425	-	-	-	-7,024
Property, plant, and equipment, owned	547	-19	-1,558	-	-	-	-1,030
Property, plant, and equipment, right-of-use	-10,974	308	1,249	-	-	-	-9,417
Contract assets	-22,186	-56	-4,787	-	-	-	-27,029
Lease liabilities, current	2,221	-65	380	-	-	-	2,536
Current liabilities	2,181	-79	459	-	-	-	2,561
Lease liabilities, non-current	9,529	-258	-1,573	-	-	-	7,698
Provisions, non-current	682	32	363	-1	-	-	1,076
Share-based payment	3,378	15	155	-	416	-	3,964
Tax losses carry-forward	3,533	-62	-956	-	-	-	2,515
Total	**-20,574**	**-148**	**-3,843**	**-1**	**416**	**-**	**-24,150**
2019							
Intangible assets	-3,024	-43	659	-	-	-7,077	-9,485
Property, plant, and equipment, owned	441	-81	86	-	-	-	446
Property, plant, and equipment, right-of-use	-	-	-10,873	-	-	-	-10,873
Current assets	112	1	-113	-	-	-	0
Contract assets	-13,118	-2	-8,268	-	-	-798	-22,186
Lease liabilities, current	-	-	2,221	-	-	-	2,221
Current liabilities	1,217	41	923	-	-	-	2,181
Lease liabilities, non-current	-	78	9,451	-	-	-	9,529
Provisions, non-current	1,439	24	-797	323	-	-307	682
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**

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 2021, EUR 0.3m (2019: EUR 0.9m in 2020) of the deferred tax assets are expected to be utilized. The tax value of tax losses not capitalized is EUR 0.8m (2019: EUR 0.6m).

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 all lease related disclosures, including liabilities.

Additions to intangible assets amounted to EUR 0.6m in 2020 (2019: EUR 61.4m). The increase in 2020 relates to adjustments made to acquired goodwill and software. Additions to property, plant, and equipment amounted to EUR 5.9m in 2020 (2019: EUR 9.5m). Additions in 2020 comprise mainly lease extensions and purchase of equipment.

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.

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 2020, no cost related to acquisition and integration was charged to the income statement (2019: 1.1m).

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.

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**

Goodwill is attributable to a well-positioned business for investment management software 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 final. Adjustments have been made to trade and other payables.

FAIR VALUE AT ACQUISITION

EUR '000	December 30, 2019	Adjustments	December 30, 2020
Intangible assets – client relationships	18,990		18,990
Intangible assets – software	9,392		9,392
Property, plant, and equipment	1,199		1,199
Receivables	3,954		3,954
Contract assets	2,598		2,598
Cash and cash equivalents	4,431		4,431
Deferred tax liability	-5,771		-5,771
Income tax payable	-109		-109
Prepayments from clients	-1,833		-1,833
Trade and other payables	-2,120	-405	-2,525
Lease liabilities	-856		-856
Identifiable net assets	**29,875**	**-405**	**29,470**

GOODWILL

EUR '000	December 30, 2019	Adjustments	December 30, 2020
Consideration transferred	62,899		62,899
Fair value of identifiable net assets	-29,875	405	-29,470
Goodwill	**33,024**	**405**	**33,429**

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
2020				
Cost at January 1	61,178	23,882	28,578	113,638
Foreign exchange adjustment	-216	-171	-185	-572
Additions/adjustments	405	183	-	588
Disposals	-	5	-	5
Cost at December 31	**61,367**	**23,899**	**28,393**	**113,659**
Amortization at January 1	-	10,534	3,547	14,081
Foreign exchange adjustment	-	104	-62	42
Amortization	-	1,795	2,021	3,816
Disposals	-	-5	-	-5
Amortization at December 31	**-**	**12,428**	**5,506**	**17,934**
Carrying amount at December 31	**61,367**	**11,471**	**22,887**	**95,725**
2019				
Cost at January 1	27,937	16,821	9,404	54,162
Foreign exchange adjustment	217	199	184	600
Additions 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**
Amortization period		Up to 10 years	Up to 20 years	

5.2 INTANGIBLE ASSETS (CONTINUED)

AMORTIZATION

EUR '000	2020	2019
Cost of sales	1,175	1,130
Research and development costs	1,141	530
Sales and marketing costs	874	347
Administrative expenses	626	704
Total amortization	**3,816**	**2,711**

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	2020	2019	2020	2019	2020	2019
SimCorp Dimension	37,192	37,003	7%	7%	10%	10%
SimCorp Sofia	24,175	24,175	7%	8%	0%	0%
Total carrying amount	**61,367**	**61,178**				

Discount rate before tax: SimCorp Dimension 9% (2019: 9%) , SimCorp Sofia 10% (2019:11%).

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 - value in use. 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 Sofia this has been defined as the business unit. SimCorp Gain and SimCorp Coric cash generating units' goodwill were in 2020 reallocated due to restructuring within the Group's divisions. Reallocation was done based on the relative value of the redefined CGU. Previous year was adjusted accordingly.

SimCorp Gain and Simcorp Coric have been integrated within the regional sales and marketing structure and into the research and development segment, previously covering exclusively SimCorp Dimension, but now also the product lines SimCorp Coric and SimCorp Gain.

The future cash flows are based on budgets and management's estimates of expected developments over the next five years. Revenue growth assumptions, EBIT, and discount rate constitute the most material parameters in the calculations.

At December 31, 2020, the carrying amount of goodwill was tested for impairment. The expected performance of SimCorp Sofia was assessed for SimCorp Italiana S.r.l. 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 Coric and SimCorp Gain.

The impairment test at December 31, 2020 showed no indication of impairment for 2020 (2019: 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 Dimension, the expected growth rate is based on SimCorp's own market intelligence process, through which information is collected from all key markets to form the basis for future market growth expectations. The internal expectations are then verified against available market data from external resources, including global market intelligence and research companies.

5.3 PROPERTY, PLANT, AND EQUIPMENT

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, 2020, property, plant and equipment includes right-of-use assets arising from lease agreements.

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.

LEASES

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.

Lease liabilities arise from the adoption of IFRS 16. Details on lease liabilities, amounts recognized in the income statement and statement of cash flow in relation to leases follow.

5.3 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

LEASE LIABILITIES

EUR '000	2020	2019
Payable within 1 year	10,039	10,301
Payable within 2 to 5 years	23,919	28,085
Payable after 5 years	12,110	16,098
Total undiscounted lease liabilities	**46,068**	**54,484**
Total lease liabilities included in the statement of financial position	**44,177**	**51,648**
Current	9,630	10,063
Non-current	34,547	41,585

AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

EUR '000	2020	2019
Interest on lease liabilities	617	676
Variable lease payments not included in the measurement of lease liabilities	797	723
Expenses related to short-term lease	256	384
Expenses related to low-value assets	15	13
Total recognized in profit and loss	**1,685**	**1,796**

AMOUNTS RECOGNIZED IN THE STATEMENT OF CASH FLOW

EUR '000	2020	2019
Repayment of lease liability	10,042	9,880
Total recognized in statement of cash flow	**10,042**	**9,880**

DEPRECIATION

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	2020	2019
Cost of sales	3,781	5,019
Research and development costs	3,673	2,352
Sales and marketing costs	2,811	1,542
Administrative expenses	2,013	3,128
Total depreciation	**12,278**	**12,041**

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
2020							
Cost at January 1	58,788	7,054	781	8,771	1,773	5,113	82,280
Foreign exchange adjustment	-1,819	-277	3	-194	-3	-104	-2,394
Additions	2,403	618	490	431	757	1,167	5,866
Disposals	-9	-125	-873	-556	-295	-1,277	-3,135
Cost at December 31	**59,363**	**7,270**	**401**	**8,452**	**2,232**	**4,899**	**82,617**
Depreciation at January 1	9,308	4,945	518	7,528	494	3,837	26,630
Foreign exchange adjustment	-766	-150	2	-46	29	-61	-992
Depreciation	9,121	616	417	787	638	699	12,278
Disposals	-	-125	-873	-543	-242	-1,166	-2,949
Depreciation at December 31	**17,663**	**5,286**	**64**	**7,726**	**919**	**3,309**	**34,967**
Carrying amount at December 31	**41,700**	**1,984**	**337**	**726**	**1,313**	**1,590**	**47,650**
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**
Depreciation period	Up to 10 years		Up to 3 years		Up to 5 years		

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 statement of financial position at zero value. Dividends from such shares are recognized in equity.

On December 31, 2020, the share capital amounted to DKK 40,500,000 divided into 40,500,000 shares (unchanged from 2019). 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 affected by cash payment or otherwise. The capital increase may be affected 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 30 to 33 for additional information.

TREASURY SHARES

The market value of treasury shares at December 31, 2020 was EUR 103.0m (2019: EUR 91.3m). The treasury shares are carried at EUR 0.0m (2019: 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 2020, SimCorp A/S acquired 112,654 treasury shares for EUR 10.0m, at an average price of DKK 660.78 per share (2019: EUR 12.5m at an average price of DKK 617.86 per share).

In 2020, SimCorp A/S delivered 163.686 treasury shares as part of the share-based remuneration program for a nominal value of DKK 163.686 (2019: DKK 168,217) calculated at an average market price of DKK 731.05 per share (2019: DKK 575.42 per share), equal to a calculated price of EUR 16.4m (2019: EUR 13.0m).

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
2020			
At January 1	900,481	50,900	2.2
Foreign exchange adjustment	-	219	-
Purchases	112,654	9,996	0.3
Used RSU program	-163,686	-8,488	-0.4
At December 31	**849,449**	**52,627**	**2.1**
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**

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.

In 2020, SimCorp acquired EUR 10.0m in SimCorp shares as part of a share buyback program (2019: EUR 12.5). In 2021, given there are no specific requirements for liquidity, SimCorp expects to buy back shares with the intention to purchase shares for EUR 40m in two half yearly buyback programs of EUR 20m 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 40.1m (2019: EUR 39.9m), equal to DKK 7.50 (2019: DKK 7.50) 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 statement of financial position 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 24-26 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.

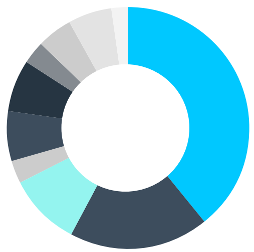
The consolidated income statement is impacted by changes in exchange rates. The results of foreign subsidiaries are translated from their functional currency to EUR at the exchange rates ruling on the dates of underlying transactions. The average exchange rate for the month is used to reflect the transaction 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	2019 to 2020	2018 to 2019
AUD	-2.96%	-1.50%
CAD	-3.64%	3.46%
CHF	3.70%	3.61%
DKK	0.17%	-0.17%
GBP	-1.58%	1.32%
HKD	-1.33%	5.41%
NOK	-8.71%	-2.17%
SEK	1.03%	-2.78%
SGD	-3.35%	4.30%
USD	-2.30%	5.36%

REVENUE BY CURRENCY



	2020	2019
EUR	40%	34%
USD	19%	18%
DKK	10%	10%
SGD	3%	4%
GBP	7%	9%
CHF	7%	6%
CAD	3%	3%
SEK	5%	4%
NOK	6%	10%
AUD	2%	2%

CURRENCY EXPOSURE

					2020					2019
EUR '000	Receivables	Contract assets	Cash/ equivalents	Debt	Net position	Receivables	Contract assets	Cash/ equivalents	Debt	Net position
EUR/GBP	434	1,175	235	436	1,408	502	1,371	94	324	1,643
SEK/DKK	385	1,269	116	259	1,511	258	1,833	23	-	2,114
KRW/SGD	-	-	1,514	-	1,514	-	-	-	-	-
EUR/CHF	1,438	-	81	-	1,519	1,784	-	198	-	1,982
EUR/DKK	-	1,897	7,719	4,426	5,190	6,356	2,198	4,193	4,771	7,976
EUR/SEK	4,501	3,290	119	19	7,891	450	4,385	16	17	4,834
USD/GBP	3,988	4,916	1,036	1,732	8,208	3,290	6,641	120	415	9,636
USD/SGD	1,204	14,261	124	-	15,589	-	13,694	36	-	13,730

6.2 RISK (CONTINUED)

the majority of the cross-currency exposure comes from the USD/SGD exchange rate: EUR 15.6m (2019: EUR 13.7m) and the USD/GBP exchange rate: EUR 8.2m (2019: EUR 9.6m).

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 1.6m for a 10% change in the USD/SGD exchange rate and EUR 0.8m for a 10% 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 53.1m on December 31, 2020 (2019: EUR 31.9m) 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 statement of financial position date, fluctuated between -0.5% and 0.0% in 2020 (2019: -0.5% 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.

On December 31, 2020, there was no drawn on the credit facilities, however EUR 3.4m was utilized for various guarantees. The Group had unused credit facilities in banks of EUR 36.6m.

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 positive impact of EUR 0.5m (2019: negative 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 2021 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.

Current and non-current financial liabilities are depicted below:

FINANCIAL LIABILITIES - DECEMBER 31

	Current				Non-current			
	1 to 6 months		7 to 12 months		2 to 5 years		Later than 5 years	
EUR '000	2020	2019	2020	2019	2020	2019	2020	2019
Lease liabilities	4,902	5,082	4,728	4,981	22,703	25,649	11,844	15,936
Revolving credit facility	-	20,000	-	-	-	-	-	-
Trade payables	15,950	17,498	1,299	781	495	224	3	-
Provisions	-	-	719	1,025	1,907	4,683	9,212	8,113
Other payables	49,472	46,160	9,686	2,762	-	-	-	-
Total financial liabilities	**70,324**	**88,740**	**16,432**	**9,549**	**25,105**	**30,556**	**21,059**	**24,049**

6.2 RISK (CONTINUED)

CREDIT RISK

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

CREDIT RISK EXPOSURE

EUR '000	2020	2019
Cash and cash equivalents	53,051	31,851
Trade receivables from clients	52,575	49,061
Accrued revenue	27,356	29,193
Contract assets (gross)	182,537	160,551
Other receivables	2,833	3,837
Maximum credit exposure	**318,352**	**274,493**

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% (2019: 0.04% up to 2.89%) 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% (2019: 0.35% up to 13.36%) 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 5.6% (2019: 6.9%) of total receivables from clients.

Expected timing of invoicing for the contract assets balance can be found in note 2.4.

6.2 RISK (CONTINUED)

The table below depicts information about exposure to credit risk and expected credit loss for trade receivables, accrued revenue and contract assets (gross) on December 31:

CREDIT RISK EXPOSURE ON RECEIVABLES AND CONTRACT ASSETS

	2020			2019		
	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	0.52%	1,241	240,449	0.44%	965	219,562
Not more than 30 days	0.37%	39	10,406	0.16%	9	5,661
More than 30 days but not more than 90 days	0.26%	11	4,286	0.09%	3	3,508
More than 90 days [1]	26.30%	134	467	21.39%	216	1,010
Total	**0.56%**	**1,425**	**255,608**	**0.52%**	**1,193**	**229,741**

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

The expected loss allowance has developed as follows:

EXPECTED LOSS ALLOWANCE

EUR '000	2020	2019
Balance at January 1	1,193	712
Foreign exchange adjustment	-118	12
Net loss allowance recognized	350	476
Amounts written off	-	-7
Balance at December 31	**1,425**	**1,193**

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 lease liabilities refer to notes 5.3.

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.

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 2020 comprise withdrawals from the revolving credit facilities of EUR 40.0m, interest cost of EUR 0.2m and re-payment of EUR 40.0m.

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.

On December 31, 2020, the Group had a committed revolving credit facility of EUR 40m, of which EUR 0.0m had been 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.

FINANCIAL ASSETS

Financial assets comprise other financial assets, 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 statement of financial position 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.

Other financial assets comprise investments in shares of unlisted entities.

DEPOSITS

EUR '000	2020	2019
Cost at January 1	2,095	1,983
Foreign exchange adjustment	-21	7
Additions	17	500
Disposals	-60	-395
Carrying amount at December 31	**2,031**	**2,095**

6.3 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

EUR '000	Measured at amortized cost	Carrying amount
2020		
Deposits	2,031	2,031
Other financial assets	404	404
Non-current financial assets	**2,435**	**2,435**
Receivables	82,513	82,513
Cash and cash equivalent	53,051	53,051
Current financial assets	**135,564**	**135,564**
Lease liabilities	34,547	34,547
Non-current financial liabilities	**34,547**	**34,547**
Lease liabilities	9,630	9,630
Trade payables	17,747	17,747
Other payables	59,158	59,158
Current financial liabilities	**86,535**	**86,535**
2019		
Deposits	2,095	2,095
Non-current financial assets	**2,095**	**2,095**
Receivables	81,804	81,804
Cash and cash equivalent	31,851	31,851
Current financial assets	**113,655**	**113,655**
Lease liabilities	41,585	41,585
Non-current financial liabilities	**41,585**	**41,585**
Revolving credit facility	20,000	20,000
Lease liabilities	10,063	10,063
Trade payables	18,503	18,503
Other payables	48,922	48,922
Current financial liabilities	**97,488**	**97,488**

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	2020	2019
Interest income, financial assets carried at amortized cost	22	136
Dividends from associates	79	81
Foreign exchange gains, net	-	730
Total financial income	**101**	**947**

FINANCIAL EXPENSES

EUR '000	2020	2019
Interest expenses, financial assets carried at amortized cost	54	243
Interest expenses, financial liabilities carried at amortized cost	279	76
Interest expenses, pension	23	31
Interest expenses, lease	617	676
Interest expenses, reestablishment	18	46
Other financial expenses	9	23
Foreign exchange losses, net	7,405	-
Total financial expenses	**8,405**	**1,095**

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

	2020	2019
Profit for the year (EUR´000)	88,258	96,901
Average number of shares	40,500,000	40,500,000
Average number of treasury shares	-820,562	-839,472
Average number of shares in circulation	**39,679,438**	**39,660,528**
Average dilutive impact of outstanding restricted stock units	355,737	397,802
Average number of diluted shares in circulation	**40,035,175**	**40,058,330**
Earnings per share – EPS (EUR)	2.22	2.44
Diluted earnings per share – EPS-D (EUR)	2.20	2.42

All allotted restricted stock units were included in 2019 as the conditions stipulated in note 3.2 were expected to be met. In 2020 adjustments were made in relation to the 2018 plan (96.4%). See also note 3.2.

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 2020 to EUR 1.0m compared with EUR 0.9m in 2019.

The Group did not enter into any agreements, deals, or other transactions in 2020 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 the remuneration report.

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 in note 3.1 and the remuneration report.

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 34-36 for additional information on Board of Directors members.

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

SHAREHOLDINGS, BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT BOARD

Number of shares	2020	2019
Board of Directors		
Peter Schütze	12,229	11,493
Morten Hübbe	7,088	2,611
Herve Couturier	9,249	8,990
Simon Jeffreys	11,935	11,554
Adam Warby	855	637
Joan A. Binstock	689	389
Else Braathen	8,102	7,442
Vera Bergforth	2,179	1,920
Hugues Chabanis [1]	1,329	379
Board of Directors, total	**53,655**	**45,415**
Executive Management Board		
Klaus Holse	86,581	84,087
Georg Hetrodt	115,782	115,782
Michael Rosenvold	13,150	5,977
Christian Kromann [2]	4,178	3,108
Executive Management Board, total	**219,691**	**208,954**
Total shareholdings by members of the Board of Directors and the Executive Management Board	**273,346**	**254,369**

[1] Elected March, 2019
[2] Appointed August, 2019

7.2 RELATED PARTY TRANSACTIONS (CONTINUED)

RESTRICTED STOCK UNITS, BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT BOARD

Number of restricted stock units	2020	2019
Board of Directors		
Else Braathen	546	677
Hugues Chabanis [1]	1,307	1,592
Board of Directors, total	**1,853**	**2,269**
Executive Management Board		
Klaus Holse	43,178	48,252
Georg Hetrodt	18,197	20,419
Michael Rosenvold	20,120	24,256
Christian Kromann [2]	12,466	8,265
Executive Management Board, total	**93,961**	**101,192**
Total restricted stock units granted to members of the Board of Directors and the Executive Management Board	**95,814**	**103,461**

[1] Elected March, 2019

[2] Appointed August, 2019

7.3 AUDITORS' REMUNERATION

Audit fees include the audit of the consolidated and local financial statements, including implementation of audit standard ISA540 and audit of remuneration reporting.

In 2019, the Audit fees included 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	2020	2019
Audit fees	437	419
Tax and VAT advice fees	17	162
Other service fees	21	39
Total auditors' remuneration	**475**	**620**
Non-Audit Services (NAS)/Audit fee ratio	9%	48%

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.

In 2019, SimCorp reported contingent liability related to SimCorp A/S and the so called "ATP-ruling" related to possible VAT exemption for certain pension services.

On July 22, 2020, the Danish Tax Agency (Skattestyrelsen) came to the final conclusion that SimCorp's products and services are subject to VAT.

On this basis, SimCorp does not expect any contingent liability and therefore no 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 2020.

7.5 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

No material events have occurred after December 31, 2020, that have consequences for the annual report 2020.

7.6 SUBSIDIARIES AND ASSOCIATES

Group's subsidiaries are at December 31, 2020

SUBSIDIARIES

NAME	Registered office	Ownership interest 2020	Ownership interest 2019	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.r.l.	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%	100%	44,636	EUR
SimCorp Japan KK	Tokio, Japan	100%	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.r.l. 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 Luxemburg, 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

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SECTION 2 REVENUE AND CLIENTS

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FINANCIAL STATEMENTS OF SIMCORP A/S

INCOME STATEMENT

EUR '000	Note	2020	2019
Revenue	2.1	235,572	235,780
Cost of sales	3.1,3.2,5.2,5.3	69,902	69,198
Gross profit		**165,670**	**166,582**
Other operating income		30,650	31,172
Research and development costs	3.1,3.2,5.2,5.3	58,210	59,304
Sales and marketing costs	3.1,3.2,5.2,5.3	12,795	12,291
Administrative expenses	3.1,3.2,5.2,5.3	35,449	32,176
Operating profit (EBIT)		**89,866**	**93,983**
Financial income	6.2	25,228	25,165
Financial expenses	6.2	6,991	740
Profit before tax		**108,103**	**118,408**
Tax on the profit for the year	4.1	19,439	22,423
Profit for the year		**88,664**	**95,985**

STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Note	2020	2019
Profit for the year		**88,664**	**95,985**
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement:			
Foreign currency translation differences for foreign operations		813	-86
Other comprehensive income after tax		**813**	**-86**
Total comprehensive income		**89,477**	**95,899**
Proposed distribution			
Dividends		40,125	39,919
Transferred to retained earnings		49,352	55,980
		89,477	**95,899**

FINANCIAL STATEMENTS OF SIMCORP A/S

CASH FLOW STATEMENT

EUR ’000	Note	2020	2019
Profit for the year		88,664	95,985
Amortization and depreciation	5.3	4,456	4,411
Financial income	6.2	-25,228	-25,165
Financial expenses	6.2	6,991	740
Tax on profit for the year	4.1	19,439	22,423
Other included in operating income		162	34
Adjustment share-based remuneration		10,997	10,243
Changes in provisions		-2,099	2,586
Changes in contract assets		-2,817	-2,029
Changes in working capital		-19,396	-39,397
Financial income received		309	683
Financial expenses paid		-400	-457
Income tax paid	4.1	-11,233	-15,691
Net cash from operating activities		**69,845**	**54,366**
Investment in subsidiaries, net	5.1	-1,100	-61,089
Purchase of property, plant, and equipment	5.3	-1,637	-803
Sale and purchase of financial assets, net	6.1	-404	133
Dividends from associates	6.2	41	41
Dividends from subsidiaries	6.2	24,878	23,898
Net cash used in investing activities		**21,778**	**-37,820**
Dividends paid		-39,879	-35,881
Purchase of treasury shares		-10,006	-12,488
Repayment of lease liability	5.3	-3,672	-3,379
Loan proceeds		-	40,000
Loan repayment		-20,000	-20,000
Net cash used in financing activities		**-73,557**	**-31,748**
Change in cash and cash equivalents		**18,066**	**-15,202**
Cash and cash equivalents at January 1		8,552	23,683
Foreign exchange adjustment of cash and cash equivalents		-35	71
Cash and cash equivalents at December 31		**26,583**	**8,552**

FINANCIAL STATEMENTS OF SIMCORP A/S

STATEMENT OF FINANCIAL POSITION DECEMBER 31

EUR '000	Note	2020	2019
ASSETS			
Software		121	264
Total intangible assets	5.2	**121**	**264**
Leasehold		24,026	26,165
Technical equipment		323	819
Other equipment, fixtures, fittings and prepayments		1,372	763
Total property, plant, and equipment	5.3	**25,721**	**27,747**
Investments in subsidiaries	5.1	137,825	136,167
Investments in associates	5.1	157	157
Other financial assets	6.1	404	-
Deposits	6.1	1,441	1,436
Total other non-current assets		**139,827**	**137,760**
Total non-current assets		**165,669**	**165,771**
Receivables	2.4	150,973	127,494
Contract assets	2.3	10,566	7,774
Income tax receivables		-	991
Prepayments		4,190	3,622
Cash and cash equivalents		26,583	8,552
Total current assets		**192,312**	**148,433**
Total assets		**357,981**	**314,204**

EUR '000	Note	2020	2019
LIABILITIES AND EQUITY			
Share capital		5,441	5,441
Retained earnings		219,738	167,800
Proposed dividends		40,125	39,919
Total equity		**265,304**	**213,160**
Lease liabilities	5.3	20,749	23,277
Deferred tax	4.2	19,121	14,550
Provisions	3.2	2,232	4,384
Total non-current liabilities		**42,102**	**42,211**
Bank loan / revolving credit facility		-	20,000
Lease liabilities	5.3	3,135	3,324
Prepayments from clients	2.3	2,180	1,014
Debt to subsidiaries		11,330	10,193
Trade payables		7,184	6,630
Other payables		25,464	17,619
Income tax payables		1,169	-
Provisions	3.2	113	53
Total current liabilities		**50,575**	**58,833**
Total liabilities		**92,677**	**101,044**
Total liabilities and equity		**357,981**	**314,204**

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
2020					
Equity at January 1	5,441	-	167,800	39,919	213,160
Net profit for the year	-	-	88,664	-	88,664
Total other comprehensive income	-	-	812	-	812
Total comprehensive income for the year	**-**	**-**	**89,476**	**-**	**89,476**
Transactions with owners					
Dividends paid to shareholders	-	-	40	-39,919	-39,879
Share-based payment	-	-	10,997	-	10,997
Tax, share-based payment	-	-	1,556	-	1,556
Purchase of treasury shares	-	-	-10,006	-	-10,006
Proposed dividends to shareholders	-	-	-40,125	40,125	-
Equity at December 31	**5,441**	**-**	**219,738**	**40,125**	**265,304**
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**

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, 2020 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 presentation 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.

Accounting policies are unchanged from last year.

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 for 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 24-26.

NEW FINANCIAL REPORTING STANDARDS NOT YET ADOPTED
A number of new standards and interpretations not applicable/mandatory for the preparation of the 2020 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	2020	2019
Licenses - initial sales	17,377	32,631
Licenses - additional sales	43,913	31,067
Software updates and support	122,141	121,086
Professional services	29,291	34,557
Hosting and other fees	22,850	16,439
Total revenue	**235,572**	**235,780**

2.2 FUTURE PERFORMANCE OBLIGATIONS

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at December 31, 2020, is EUR 28.8m (2019: EUR 25.1m). 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 10.4m (2019: EUR 8.7m in 2020) of the amount allocated to the future contract obligations as of December 31, 2020 will be recognized during 2021. EUR 18.4m (2019: EUR 16.3m) 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 statement of financial position 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	Adjustments[1]	Closing balance
2020					
Contract asset (gross)	7,788	4,847	-2,140	87	10,582
Loss allowance	-14	-2	-	-	-16
Contract asset (NPV)	**7,774**	**4,845**	**-2,140**	**87**	**10,566**
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**

[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, 33.3% (2019: 34.5%) of it is expected to be realized within the next twelve months, 66.7% (2019: 65.5%) 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	Adjustments	Closing balance
2020					
Contract liabilities - licenses	-	321	-	-	321
Contract liabilities - software updates and support	36	524	-36	-	524
Contract liabilities - services	938	552	-257	4	1,237
Contract liabilities - other	40	96	-38	-	98
Contract liabilities (prepayments from clients)	**1,014**	**1,493**	**-331**	**4**	**2,180**
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**

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, unchanged from 2019, based on corporate investment grade 1-year average default rates by region as published by Standard & Poor.

RECEIVABLES

EUR '000	2020	2019
Trade receivables from clients	4,360	4,797
Accrued revenue	4,419	4,145
Loss allowance	-6	-4
Receivables from subsidiaries	141,416	117,569
Other receivables	784	987
Total receivables at December 31	**150,973**	**127,494**
The aging of trade receivables from clients was at December 31:		
Not due	2,903	4,048
Not more than 30 days	1,132	184
More than 30 days but not more than 90 days	216	411
More than 90 days	109	154
Total trade receivables from clients	**4,360**	**4,797**

SECTION 3

EMPLOYEES

3.1 EMPLOYEE COSTS

Remuneration of the Executive Management Board and Board of Directors is given on the remuneration report. For additional disclosures on share-based remuneration refer to note 3.2 of the consolidated financial statements.

EMPLOYEE COSTS

EUR '000	2020	2019
Salaries	66,062	66,588
Defined contribution pension plans	1,696	1,641
Share-based payments	8,739	8,193
Social security costs	169	162
Total employee costs	**76,666**	**76,584**
Number of employees at the end of the period	574	574
Average number of employees	550	527

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

REMUNERATION TO EXECUTIVE MANAGEMENT BOARD AND BOARD OF DIRECTORS

EUR '000	2020	2019
Salaries	2,177	1,935
Other benefits	166	137
Share-based payment	2,027	1,741
Performance-related bonus	1,118	1,496
Executive management board total	**5,488**	**5,309**
Board fees	406	406
Fees for committee work	95	88
Travel allowance	3	83
Share-based payment	248	242
Board of directors total	**752**	**819**
Total	**6,240**	**6,128**

The Executive Management Board (EMB) consists of four members. The fourth member of the EMB joined on August 1, 2019, and 2019 therefore only includes five months remuneration for one member of the EMB.

3.2 PROVISIONS

PROVISIONS

EUR '000	Holiday allowance	Re-establishment costs for rented premises	Anniversary bonuses	Total
2020				
Liability at January 1	2,291	618	1,528	4,437
Foreign exchange adjustment	10	2	6	18
Used during the year	-6,526	-	-49	-6,575
Reversal of unused liabilities	-	-	-48	-48
Provisions for the year	4,225	36	252	4,513
Total provisions	**-**	**656**	**1,689**	**2,345**
Expected due dates for provisions:				
Falling due within 1 year	-	-	113	113
Falling due within 2 to 5 years	-	-	611	611
Falling due after 5 years	-	656	965	1,621
Total provisions	**-**	**656**	**1,689**	**2,345**
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**

Holiday allowances contain the provision for holiday allowance required by the Danish Holiday Act. Provisions used during the year relate to the balance moved to current liabilities as amount to be paid in 2021.

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.

SECTION 4

TAX
SimCorp A/S' income taxes amount to EUR 19.4m relative to EUR 22.4m in 2019. Income tax has decreased due to a lower profit compared with 2019.

SimCorp A/S' effective tax rate has decreased from 18.9% to 18.0% primarily due to an increased R&D tax deduction in 2020.

The Danish corporate tax rate was 22% in 2020, compared to 22% in 2019.

Deferred tax has changed from EUR 14.6m in 2019 to EUR 19.1m in 2020, which mainly relates to increases in deferred tax on contract assets.

For accounting policies, estimates, and judgments, please refer to Section 4 of the consolidated financial statements.

4.1 INCOME TAX

INCOME TAX

EUR '000	2020	2019
Tax for the year:		
Tax on profit	19,439	22,423
Total tax	**19,439**	**22,423**
Tax on profit for the year breaks down as follows:		
Current tax	14,767	14,796
Deferred tax	4,816	7,816
Prior-year adjustments	-144	-189
Total tax on profit for the year	**19,439**	**22,423**
Tax paid during the year	**11,233**	**15,691**
Tax on profit for the year breaks down as follows:		
Tax calculated on the year's pre-tax profit, 22% (2019: 22%)	23,779	26,052
Dividends from subsidiaries and associates	-5,483	-5,267
Tax effect:		
Non-taxable income	-2,537	-1,557
Non-deductible expenses	1,240	1,365
Other, including prior-year adjustments	2,440	1,830
Total tax on profit for the year	**19,439**	**22,423**
Effective tax rate	**18.0%**	**18.9%**

4.2 DEFERRED TAX

DEFERRED TAX

EUR '000	2020	2019
Net deferred tax (liability)/asset at January 1	-14,550	-7,753
Foreign exchange adjustment	-67	6
Adjustment of defferred tax, profit and loss	-4,816	-7,816
Prior-year adjustment, profit and loss	-104	-46
Adjustment of deferred tax, equity	416	1,059
Net deferred tax (liability)/asset at December 31	**-19,121**	**-14,550**
Recognized in the statement of financial position as follows:		
Deferred tax liabilities	-19,121	-14,550
Net deferred tax (liability)/asset at December 31	**-19,121**	**-14,550**

DEFERRED TAX

EUR'000	Balance January 1	Foreign exch. adj.	Recog-nition in profit and loss	Recog-nition in equity	Balance December 31
2020					
Intangible assets	-58	-	31	-	-27
Property, plant and equipment, owned	360	1	-84	-	277
Property, plant and equipment, right-of-use	-5,726	-23	654	-	-5,095
Contract assets	-19,859	-88	-5,014	-	-24,961
Lease liabilities, current	731	2	-44	-	689
Current liabilities	1,043	4	-71	-	976
Lease liabilities, non-current	5,121	20	-576	-	4,565
Provisions, non-current	460	2	29	-	491
Share-based payment	3,378	15	155	416	3,964
Total	**-14,550**	**-67**	**-4,920**	**416**	**-19,121**
2019					
Intangible assets	-95	-	37	-	-58
Property, plant and equipment, owned	399	-	-39	-	360
Property, plant and equipment, right-of-use	-	3	-5,729	-	-5,726
Contract assets	-11,373	8	-8,494	-	-19,859
Lease liabilities, current	-	-	731	-	731
Current liabilities	820	-1	224	-	1,043
Lease liabilities, non-current	-	-	5,121	-	5,121
Provisions, non-currrent	399	-3	64	-	460
Share-based payment	2,097	-1	223	1,059	3,378
Total	**-7,753**	**6**	**-7,863**	**1,059**	**-14,550**

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	2020	2019
Cost at January 1	157	157
Cost at December 31	**157**	**157**
Carrying amount at December 31	**157**	**157**

INVESTMENTS IN SUBSIDIARIES

EUR '000	2020	2019
Cost at January 1	136,167	75,102
Foreign exchange adjustment	558	-24
Additions	1,100	61,089
Cost at December 31	**137,825**	**136,167**
Carrying amount at December 31	**137,825**	**136,167**
Dividends received	**24,878**	**23,898**

5.2 INTANGIBLE ASSETS

For a description of the accounting policies, please refer to the consolidated financial statements note 5.2.

INTANGIBLE ASSETS - SOFTWARE

EUR '000	2020	2019
Cost at January 1	8,017	10,551
Foreign exchange adjustment	33	-5
Disposals	-	-2,529
Cost at December 31	**8,050**	**8,017**
Depreciation at January 1	7,753	10,120
Foreign exchange adjustment	32	-4
Depreciation	144	155
Disposals	-	-2,518
Depreciation at December 31	**7,929**	**7,753**
Carrying amount at December 31	**121**	**264**

AMORTIZATION

EUR '000	2020	2019
Cost of sales	27	29
Research and development costs	73	79
Sales and marketing costs	9	9
Administrative expenses	35	38
Total amortization	**144**	**155**

5.3 PROPERTY, PLANT, AND EQUIPMENT

For a description of the accounting policies, please refer to the consolidated financial statements note 5.3. Lease liabilities, amounts recognized to the income statement and amounts recognized in the statement of cash flow are presented below.

PROPERTY, PLANT, AND EQUIPMENT

	Leasehold		Technical equipment		Other equipment, fixtures, fittings and prepayments		Property, plant, and equipment total
EUR '000	**Right -of-use**	**Improvement**	**Right-of-use**	**Owned**	**Right-of-use**	**Owned**	
2020							
Cost at January 1	29,218	2,137	772	6,565	325	2,824	41,841
Foreign exchange adjustment	119	9	3	27	1	11	170
Additions	360	536	172	72	143	1,029	2,312
Disposals	-	-113	-873	-452	-54	-1,259	-2,751
Cost at December 31	**29,697**	**2,569**	**74**	**6,212**	**415**	**2,605**	**41,572**
Depreciation at January 1	3,053	2,137	515	6,003	107	2,279	14,094
Foreign exchange adjustment	13	9	2	25	-	9	58
Depreciation	3,091	50	368	375	149	279	4,312
Disposals	-	-113	-873	-452	-12	-1,163	-2,613
Depreciation at December 31	**6,157**	**2,083**	**12**	**5,951**	**244**	**1,404**	**15,851**
Carrying amount at December 31	**23,540**	**486**	**62**	**261**	**171**	**1,201**	**25,721**
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**
Depreciation period	Up to 10 years		Up to 3 years		Up to 5 years		

5.3 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

DEPRECIATION

EUR '000	2020	2019
Cost of sales	823	796
Research and development costs	2,186	2,190
Sales and marketing costs	267	248
Administrative expenses	1,036	1,022
Total depreciation	**4,312**	**4,256**

LEASE LIABILITIES

EUR '000	2020	2019
Payable within 1 year	3,352	3,568
Payable within 2 to 5 years	11,789	11,698
Payable after 5 years	9,719	12,547
Total undiscounted lease liabilities	**24,860**	**27,813**
Total lease liabilities included in the statement of financial position	**23,884**	**26,601**
Current	3,135	3,324
Non-current	20,749	23,277

AMOUNTS RECOGNIZED IN INCOME STATEMENT

EUR '000	2020	2019
Interest on lease liabilities	254	277
Variable lease payments not included in the measurement of lease liabilities	44	51
Expenses related to short-term lease	9	117
Total recognized in profit and loss	**307**	**445**

AMOUNTS RECOGNIZED IN THE STATEMENT OF CASH FLOW

EUR '000	2020	2019
Repayment of lease liability	3,672	3,379
Total recognized in statement of cash flow	**3,672**	**3,379**

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 of EUR 1.4m (2019: EUR 1.4m), receivables of EUR 151.9m (2019: EUR 127.5m), and cash and cash equivalents of EUR 26.9m (2019: EUR 8.5m). 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 statement of financial position 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.

Other financial assets comprise investments in shares of unlisted entities.

FINANCIAL LIABILITIES

Financial liabilities comprise lease liabilities of EUR 23.9m (2019: EUR 26.6m), borrowings of nil (2019: EUR 20m), and trade payables and other payables of EUR 32.6m (2019: EUR 24.2m).

Lease liabilities

Lease liabilities arise from the adoption of IFRS 16. For additional information refer to note 5.3

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.

DEPOSITS

EUR '000	2020	2019
Cost at January 1	1,436	1,569
Foreign exchange adjustment	5	-
Additions	6	10
Disposals	-6	-143
Carrying amount at December 31	**1,441**	**1,436**

6.2 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

EUR '000	2020	2019
Interest income, subsidiaries	306	580
Interest income, financial assets carried at amortized cost	3	103
Dividends from subsidiaries	24,878	23,898
Dividends from associates	41	41
Foreign exchange gains, net	-	543
Total financial Income	**25,228**	**25,165**

FINANCIAL EXPENSES

Interest expenses, subsidiaries	80	145
Interest expenses, financial liabilities carried at amortized cost	258	-
Interest expenses, financial assets carried at amortized cost	54	239
Interest expenses, lease	254	277
Interest expenses, reestablishment	7	6
Other financial expenses	8	73
Foreign exchange losses, net	6,330	-
Total financial expenses	**6,991**	**740**

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 141.4m (2019: EUR 117.6m) and payables of EUR 11.3m (2019: EUR 10.2m).

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 2020, the Parent company has received dividends of EUR 24.9m (2019: EUR 23.9m) from subsidiaries and dividends of EUR 0.04m from associates (2019: EUR 0.04m).

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	2020	2019
Purchases of services from subsidiaries	58,514	53,174
Purchases of services from associates	719	552
Sale of services to subsidiaries	220,152	220,321

7.2 AUDITORS' REMUNERATION

Audit fees include the audit of the Parent company's financial statements, including implementation of audit standard ISA540.

AUDITORS' REMUNERATION

EUR '000	2020	2019
Audit fees	157	186
Tax and VAT advice fees	-	25
Other service fees	16	15
Total	**173**	**226**
Non-Audit Services (NAS)/Audit fee ratio	10%	22%

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 46.5m (2019: EUR 66.8m).

The Parent company expects to issue letters of support to certain subsidiaries.

The Parent company has provided guarantee for credit facilities totalling 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.

In 2019, SimCorp reported contingent liability related to SimCorp A/S and the so called "ATP-ruling" related to possible VAT exemption for certain pension services.

On July 22, 2020, the Danish Tax Agency (Skattestyrelsen) came to the final conclusion that SimCorp's products and services are subject to VAT.

On this basis, SimCorp does not expect any contingent liability and therefore no 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 2020.

7.4 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

No material events have occurred after December 31, 2020 that have consequences for the Annual Report 2020.

ADDRESSES

SIMCORP CORPORATE HEADQUARTERS

SIMCORP A/S
Weidekampsgade 16
2300 Copenhagen S
Denmark
Phone +45 35 44 88 00

SIMCORP UKRAINE LLC
V. Stusa 35-37, 2nd floor
03142 Kiev
Ukraine
Phone +380 44 495 86 00

SIMCORP SP. Z.O.O
Ul. Puławska 182, 3d floor
02-670 Warsaw
Poland
Phone: +48 22 104 04 04

SIMCORP EUROPE

SIMCORP SVERIGE AB
Torsgatan 13
111 23 Stockholm
Sweden
Phone +46 8 528 015 00

SIMCORP NORGE AS
Biskop Gunnerusgate 14A
0051 Oslo
Norway
Phone +47 23 10 41 00

SIMCORP FINLAND
(Finnish branch of
SimCorp Sverige AB)
Salomonkatu 17 B 29
00100 Helsinki
Finland
Phone +358 9685 2010

SIMCORP GMBH
Justus-von-Liebig-Straße 1
61352 Bad Homburg
Germany
Phone +49 6172 9240-0

SIMCORP ÖSTERREICH GMBH
Invalidenstrasse 2, 6th floor,
1030 Vienna
Austria
Phone +43 1 5120099

SIMCORP SCHWEIZ AG
Sihlquai 253
8005 Zurich
Switzerland
Phone +41 44 360 59 00

SIMCORP BENELUX SA/NV
Building Stéphanie 1
Avenue Louise 143
1050 Brussels
Belgium
Phone +32 2 213 30 00

SIMCORP NETHERLANDS
(Dutch branch of SimCorp Benelux SA/NV)
Gustav Mahlerplein 109-111
1082 MS Amsterdam
The Netherlands
Phone : +31 (0)20 708 57 64

SIMCORP ITALIANA S.R.L.
Via Monferrato, 1
20144 Milano
Italy
Phone: +39 02 4855871

SIMCORP IBERIA S.L.
Travessera de Gracia no. 11
Barcelona 08021
Spain
Phone: +33 1 5535 5454

SIMCORP FRANCE S.A.S.
23 rue de Vienne
75008 Paris
France
Phone +33 1 5535 5454

SIMCORP LUXEMBOURG S.A.
rue Eugène Ruppert 20
2453 Luxembourg
Luxembourg
Phone +352 26 49 35 65

SIMCORP LTD.
2nd floor
100 Wood Street
London EC2V 7AN
United Kingdom
Phone +44 20 7260 1900

SIMCORP LTD. ABU DHABI
World Trade Center, Level 17
The Office World Trade Center Tower
(Arabtec Building), Central Market Al
Markaziya, PO Box: 3876
Abu Dhabi
Phone: +971 (0)56 640 82 45

SIMCORP CORIC LTD.
2nd floor
100 Wood Street
London EC2V 7AN
United Kingdom
Phone +44 20 7260 1900

SIMCORP CORIC LTD.
PB Building
The Development Centre
University of Wolverhampton
Science Park, Glaisher Drive
Wolverhampton
WV10 9RT West Midlands
United Kingdom

SIMCORP GAIN AUSTRIA GMBH
Invalidenstrasse 2, 6th floor
1030 Vienna
Austria
Phone: +43 1 5120099

SIMCORP NORTH AMERICA

SIMCORP USA INC.
One State Street Plaza
1 State Street, 29th Floor
New York, NY 10004
USA
Phone: +1 212 994 9400

SIMCORP CANADA INC.
100 Wellington Street West
TD West Tower, Suite 2204
(PO Box 123)
Toronto, Ontario M5K 1H1
Canada
Phone +1 647 591 9200

SIMCORP CORIC INC.
100 Summer Street
Suite 1950, 19th Floor
Boston, MA 02110
USA
Phone: +1 617 588 5141

SIMCORP APAC

SIMCORP ASIA PTY. LTD.
Level 15, 68 Pitt Street
Sydney NSW 2000
Australia
Phone +61 2 9240 3500

SIMCORP HONG KONG LTD.
Level 19, Two International Finance Centre, 8 Finance Street, Central,
Hong Kong
Phone: +852 3101 7954

SIMCORP SINGAPORE PTE. LTD.
#21-02, Robinson Road 18
Singapore 048547
Singapore
Phone +65 6916 0483

SIMCORP JAPAN
Level 27 Tokyo Sankei Building
1-7-2 Otemachi, Chiyoda-ku
100-0004 Tokyo
Japan
Phone: +81 3 3242 3263

WWW.SIMCORP.COM
INFO@SIMCORP.COM

SIMCORP A/S
Weidekampsgade 16
2300 Copenhagen S
Denmark

Phone +45 35 44 88 00
info@simcorp.com
www.simcorp.com

Company reg. no: 15505281