

SimCorp

# ANNUAL REPORT 2015



SimCorp's vision

**SIMCORP IS THE  
MOST ATTRACTIVE  
PARTNER TO  
INVESTMENT  
MANAGERS AND  
THE NUMBER ONE  
PROVIDER OF  
INVESTMENT  
MANAGEMENT  
SOLUTIONS  
GLOBALLY**

# SIMCORP FACTS AND FIGURES

SimCorp is a leading provider of software solutions and services to the global buy-side investment management industry.

EBIT margin

**26%**

**+40  
YEARS**  
of experience

# 1 SYSTEM

**173** SimCorp  
Dimension

**27** SimCorp  
Coric

## 2015

SimCorp releases  
SimCorp Dimension  
version 5.7

SimCorp Dimension  
named 'Best OTC  
Derivatives Platform  
and Best Asset  
Management System'

SimCorp's outsourcing  
contingency solution  
awarded 'Most  
Innovative Product of  
the Year'

SimCorp Dimension  
wins Technology  
Innovation Award for  
'Best IBOR Solution'

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

# THE SIMCORP EQUITY STORY

Based on a stable and loyal client base, strong products with a unique value proposition, and profound financial expertise, SimCorp continues to create value for its stakeholders.

## AN INVESTMENT IN SIMCORP IS AN INVESTMENT IN:

- Dedicated focus
- A strong market position
- State-of-the-art solutions
- A solid business model

## SUSTAINED FOCUS ON SHAREHOLDER VALUE:

- Share buyback program of EUR 21.2m
- Paid dividends of EUR 24.5m
- Combined payout ratio of 87%

Revenue  
EURm

**278**

**+15.3%**

EBIT  
EURm

**71**

**+23.9%**

CFFO  
EURm

**54**

**+22.1%**

SimCorp Coric awarded 'Best Client Reporting Solution 2015'

SimCorp releases SimCorp Dimension version 5.8

SimCorp Coric enters partnership with Opus Nebula Ltd.

SimCorp awarded 'Best IBOR platform' second year running

SimCorp named 'Front-to-Back Office Provider of the Year' second year running

SimCorp Coric releases version 16.0

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

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## LEGAL NOTICE

This annual report can be downloaded from SimCorp's website.

# ONE SYSTEM FOR A COMPLEX WORLD

I am pleased to start my letter by saying that as we see the investment management industry recover, we observe an increased appetite for replacing the still too prevalent legacy systems. In this environment, SimCorp had a successful 2015, adding eight new clients and continuing to win market shares globally. Times are still challenging, however, with increasing globalization, demographic shifts, technological disruption, and many new regulations. In this complex world, SimCorp's strategy to invest deeply in one system only has proved itself right.

Looking back on 2015 is also a reflection on a year characterized by turbulence and consolidation among our competitors in the investment management system (IMS) vendor space, where the lack of attention to legacy systems keeps posing a threat to investment managers' growth strategies. In fact, the strong globalization trend has stressed the demand for a modern and capable system, which can support growth across borders and in new geographies, while mitigating risk and reducing cost in a market increasingly faced with tougher regulation and demands for higher profits.

Despite industry complexity and turbulence, SimCorp has strengthened its position as an end-to-end solution provider and confirmed its reputation as a reliable business partner. This achievement is reflected in our annual results. In 2015, SimCorp achieved revenue of EUR 277.9m – an improvement of 15.3% – and posted an operating profit (EBIT) of EUR 71m. The results are above our initial expectations for the year and in line with our revised guidance, hence confirming the success of our strategy.

## **ONE-SYSTEM STRATEGY CONFIRMED**

The fact that SimCorp has managed to attract some of the world's biggest asset managers during the past year of increasing complexity and industry turmoil has proven correct our decision to invest constantly in a one-system platform throughout the financial crisis.

In a market faced by pressure from competitors, clients, shareholders, and regulators, the recent consolidation in the IMS vendor space has given rise to some concerns within the industry. However, SimCorp's positive business results for 2015 are evidence that we are seen as a reliable business partner with a future-proof offering. The fact that SimCorp keeps increasing its R&D spend to ensure our platform is always up-to-date, and our decision to enhance this one-system platform further with a state-of-the-art front office solution, have enabled us to stand out from our competitors.

## **EXTENDING OUR CLIENT PORTFOLIO**

In 2015, two of our growth markets, the UK and France, continued the positive results from 2014, with world-leading asset managers in each market adopting the SimCorp Dimension platform. In our third growth market, North America, we are pleased to have signed two new SimCorp Coric license agreements in the past year, although we did not sign any new SimCorp Dimension clients. We believe the results from this, our largest growth market, will continue to develop positively in the year to come – an expectation which is not least based on the fact that we have sold our front office solution in North America. We have strengthened our local representation further and we will continue our efforts to release our potential in 2016, when we will be offering an application service provider (ASP) delivery model and a new subscription-based license agreement.



In SimCorp's mature markets - Nordic, Central Europe, and the Benelux - we also performed strongly in 2015, confirming that SimCorp is regarded as a state-of-the-art front office solution provider. In an era of globalization, where reliable data has become more important than ever, we have seen a number of new clients adopting and several existing clients extending their use of SimCorp Dimension primarily because of our front office capabilities combined with our investment book of record (IBOR) technology. This has been enabled by SimCorp's persistent investment for 15 consecutive years in one integrated product offering, a strategic focus that is unique in the IMS vendor universe.

#### **A RELIABLE BUSINESS PARTNER**

Today, the only constant is change. The future will no doubt bring more disruption, regulation, and globalization, just as the demands for delivering growth while keeping risk and cost down will increase. I am sure 2016 will be no exception to this, but I am confident that SimCorp will remain the

preferred vendor to turn to when looking for a reliable business partner. With our sustained investment into a single platform and the efforts of our highly qualified employees around the world, we will continue to ensure that our clients can keep improving their performance and profitability by operating a single system in a complex world.

I would like to take this opportunity to thank our committed employees who are making this possible and, at the same time, I would like to thank our existing clients for their continued support to SimCorp and look forward to welcome new clients to the "SimCorp family".

Klaus Holse  
*Chief Executive Officer*

## GROUP FINANCIAL HIGHLIGHTS 2011-2015

	2011	2012	2013	2014	2015
EUR/DKK rate of exchange at 31 December	7.4342	7.4604	7.4603	7.4436	7.4625
<b>Orders, EUR'000</b>					
Order book value	8,104	14,400	13,829	16,676	24,117
Order inflow	40,518	49,116	42,825	43,865	70,697
<b>Income statement, EUR'000</b>					
Revenue	194,815	209,190	225,129	241,069	277,927
Earnings before interest, tax, depreciation and amortization (EBITDA)	50,399	50,650	57,085	61,044	74,227
Operating profit (EBIT)	46,340	46,915	54,236	57,263	71,038
Financial items, net	833	81	-230	253	-1,938
Profit before tax	47,173	46,996	54,006	57,516	69,100
Profit for the year	33,956	34,474	39,336	41,583	52,584
<b>Balance sheet, EUR'000</b>					
Share capital	6,179	6,045	5,844	5,575	5,575
Equity	83,184	85,864	71,566	73,380	89,820
Property, plant and equipment	7,813	5,213	4,839	4,635	4,333
Cash and cash equivalents	48,149	58,897	47,106	37,995	43,344
Total assets	119,478	125,791	117,469	127,807	149,529
<b>Cash flow, EUR'000</b>					
Cash flow from operating activities	38,396	46,665	47,447	44,390	54,206
Cash flow from investing activities, net	-2,878	-766	-2,843	-8,908	-2,625
Cash flow from financing activities	-30,044	-35,362	-55,850	-46,524	-46,422
Net change in cash and cash equivalents	5,474	10,537	-11,246	-11,042	5,159
<b>Employees</b>					
Average number of employees	1,048	1,075	1,093	1,187	1,205
<b>Financial ratios</b>					
EBIT margin (%)	23.8	22.4	24.1	23.8	25.6
ROIC (return on invested capital) (%)	108.8	124.0	158.8	146.3	136.0
Debtor turnover rate	7.1	7.8	8.6	7.5	8.1
Equity ratio (%)	69.6	68.3	60.9	57.4	60.1
Return on equity (%)	40.0	38.7	46.8	53.1	60.2
<b>Share performance</b>					
Basic earnings per share - EPS (EUR)	0.77	0.80	0.93	1.02	1.31
Diluted earnings per share - EPS-D (EUR)	0.76	0.79	0.92	1.00	1.29
Cash flow per share - CFPS (EUR)	0.87	1.08	1.13	1.08	1.35
Book value per share at year end - BVPS (EUR)	1.91	2.02	1.73	1.81	2.24
Dividend per share - DPS (EUR)	0.40	0.47	0.54	0.60	0.70
Dividend per share - DPS (DKK)	3.00	3.50	4.00	4.50	5.25
Dividend payout ratio (%)	54.7	61.2	59.3	60.3	55.5
Total payout ratio (%)	91.4	123.9	160.0	112.0	86.9
<b>Market value ratios</b>					
Share price at year end - EUR	11.80	16.94	28.62	21.83	51.99
Share price at year end - DKK	87.70	126.40	213.50	162.50	388.00
Price/book value per share - P/BV (EUR)	6.2	8.4	16.5	12.0	23.2
Diluted Price Earnings (P/E Diluted)	15.3	20.9	30.3	21.2	39.2
Price cash flow - share price/CFPS - P/CF	13.6	15.6	25.4	20.1	38.6
Share Capital (m)	46.0	45.0	43.5	41.5	41.5
Average number of shares (m)	44.1	43.1	42.1	40.9	40.2
Average number of shares - diluted (m)	44.5	43.6	42.7	41.5	40.9
Market capitalization - EURm	514	721	1,183	884	2,087

Financial highlights and key ratios are defined and calculated in accordance with the Danish Finance Society's 'Recommendations and Financial ratios 2015'. Earnings per share (EPS) and Diluted earnings per share (EPS-D) are measured according to IAS 33.

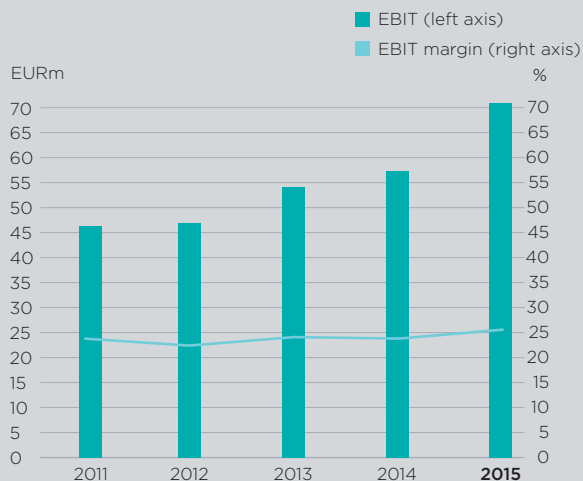


## MAIN CONCLUSIONS 2015

### REVENUE



### EARNINGS AND PROFITABILITY



### FINANCIAL HIGHLIGHTS

**25.6%** SimCorp posted EBIT of EUR 71m, an increase of EUR 13.7m relative to 2014. The EBIT margin was 25.6%. The profit for the year was EUR 52.6m.

**10.1%** SimCorp generated revenue of EUR 277.9m in 2015, an increase of EUR 36.9m compared with last year, or revenue growth of 10.1% measured in local currencies. The currency impact on revenue was a positive EUR 12.5m.

**EUR 70.7m** The order inflow – representing the license value of new orders plus the license value of add-on licenses to clients was EUR 70.7m compared with EUR 43.9m in 2014.

**EUR 64.9m** Income recognized from new licenses and add-on licenses amounted to EUR 64.9m, an increase of EUR 17.2m relative to 2014.

**EUR 5.2m** The revenue from professional services amounted to EUR 85m, an increase of EUR 5.2m relative to 2014.

**10.8%** Recurring maintenance income continued to increase, up 10.8% from 2014 to EUR 122.3m.

**EUR 54.2m** The Group's operating activities generated a cash inflow of EUR 54.2m, compared with EUR 44.4m in 2014 and cash holdings amounted to EUR 43.3m at 31 December 2015, which is EUR 5.3m more than in 2014. Cash and cash equivalents equal 29.0% of total assets.

### OPERATIONAL HIGHLIGHTS

**75%** SimCorp won eight new orders in 2015 – six SimCorp Dimension and two SimCorp Coric – of these two in the US, two in the UK, and two in France, meaning that more than 75% of the new orders came from growth markets.

**2** SimCorp strengthened its position in the European market, winning two new contracts – one in the mature Central European market as well as one new license in the mature Benelux market, while at the same time SimCorp continued to expand its business with existing clients throughout Europe.

**1,268** Headcount increased by 44 during 2015 bringing the total number of employees to 1,268 at 31 December 2015.

**EUR 180m** SimCorp enters 2016 with EUR 179.9m of the full year's revenue secured on contract – an improvement of more than EUR 10.9m compared to entering 2015.

**EUR 45.7m** SimCorp purchased treasury shares for EUR 21.2m in 2015 compared to EUR 24.5m in 2014. Combined with the dividend paid in 2015 of EUR 24.5m, SimCorp returned EUR 45.7m to its shareholders in 2015 compared with EUR 46.6m in 2014.

**DKK 5.25** The Board of Directors intends to recommend to the shareholders at the annual general meeting that dividends be declared at the rate of DKK 5.25 per share of DKK 1 – an increase of 16.7% from 2014.



“

*The investment world continues to grow in sophistication and the information requirements of our fund managers grow in step. An investment book of record (IBOR) is essential to provide the service our business requires to make best-informed decisions for our clients. After a thorough selection process, we are very pleased to partner in this initiative with SimCorp.*

**MARTIN LEWIS**

Chief Operating Officer of M&G Investments, UK

# STAYING THE COURSE

The investment management industry finds itself in an increasingly complex world and in a market that is being transformed by globalization, regulations, and new and more complex instrument types. As a result, global investment managers will be making new demands on their operating models and vendors. SimCorp is committed to being the number one provider of investment management solutions globally and a preferred business partner, who will continue to ensure that its clients can capitalize on the opportunities of a changing industry landscape.

By establishing a successful and sustainable software offering targeted at the entire investment management value chain, SimCorp has proved itself an industry leader with an increasing market share. Adapting to the growing complexities facing the industry, SimCorp will continue its course as a provider of one integrated and modular end-to-end system to proactively support global investment managers and grow with its clients.

## THE WORLD AROUND US

An agile and up-to-date operating platform is the key competitive differentiator, which will enable investment managers to successfully navigate an increasingly complex world.

### GLOBALIZATION

The globalization trend has strongly accelerated the need to ensure consistent data across a firm's global operating model. As trading data volumes swell and regulators require ever more transparency, the business models of global firms are getting ever more multi-faceted. While many factors contribute to an efficient global operating model, one central element is data. To compete and succeed as a global

## SIMCORP'S CORE STRENGTHS

- **Recognized industry leader** with strong home markets
- **Comprehensive** standard software product
- In-depth **financial expertise**
- Skilled and **dedicated employees**
- A large and **prestigious client base**

player, a firm must ensure that its data is accessible and reliable anywhere, anytime.

**REGULATION**

Since the beginning of the financial crisis in 2008, the global financial industry has been facing major regulatory challenges, such as Dodd-Frank, Solvency II, EMIR, and MiFID II/MiFIR. Most financial industry analysts expect to see even more regulation in the future and anticipate the globalization trend to augment complexity as firms increasingly operate across borders and regulatory regimes.

**ALTERNATIVE INVESTMENTS**

In today’s market environment with historically low interest rates, we see asset owners and asset managers seek substitutes for traditional investments, and look to opportunities from alternative investments to generate alpha. This change is also partly driven by the global demographic trends of a growing aging and more wealthy population, which will increase the need for infrastructure like airports, harbours, and roads as well as clean energy. Even if interest rates increase, there will be a demand for financing. In fact, it seems that alternative investments are now becoming so important to generate meaningful returns that many operating models are under pressure to keep up with the new challenges they present.

**OPPORTUNITIES IN A TRANSFORMING MARKET**

Global industry assets under management (AUM) is expected to continue to grow<sup>1</sup> as we see reports of a record high increase in both the value of AUM and in profits in 2014.<sup>2</sup> Leading analysts (PwC and BCG) predict that the combination of forces in play will create a polarized market of mega-asset managers, whose business models will become increasingly global and complex, and smaller asset managers, who will specialize in niche and local offerings.

SimCorp’s aim is to be the preferred partner for the 1,200 largest asset managers in the world. These asset managers are facing an increasingly complex world, and servicing them requires large and important investment for SimCorp. The focus for these large asset managers will shift to offering more asset classes and a broader product mix as well as accessing new distribution channels and markets. To enable this strategy, they will be looking to simplify their operating models to achieve an infrastructure that is agile, sustainable, and scalable, with a strong control of cost and risk.

**A FUTURE-PROOF FIVE-FOLD STRATEGY**

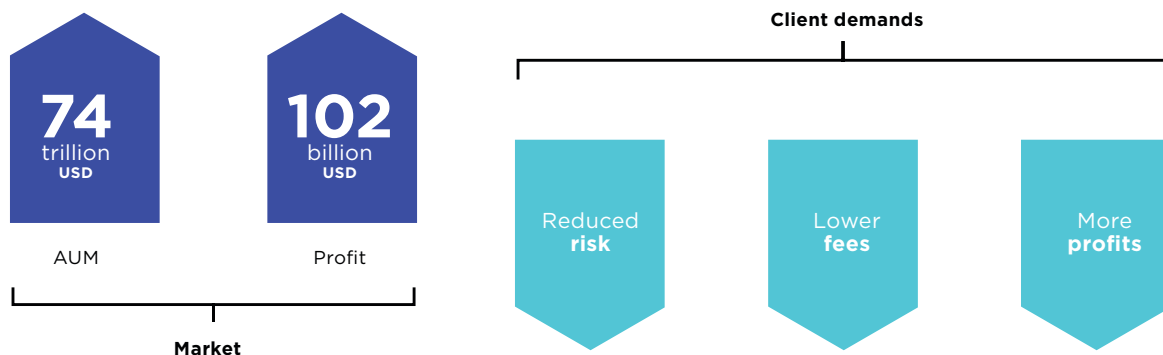
Projections for the industry are that AUM will continue to grow and, for the period 2015-2020, the global spend on investment management systems (IMS) is expected to grow at a CAGR of 6%.<sup>3</sup> In this environment, the forces which are

<sup>1</sup>‘Asset Management 2020: A Brave New World’, PwC, 2014.

<sup>2</sup>‘Global Asset Management 2015: Sparking Growth with Go-to-Market Excellence’, Boston Consulting Group, July 2015.

<sup>3</sup>‘Financial Markets Technology Spending Forecast’, OVUM, January 2015.

**A COMPLEX WORLD**



Source: ‘Global Asset Management 2015: Sparking Growth with Go-to-Market Excellence’, Boston Consulting Group, July 2015.



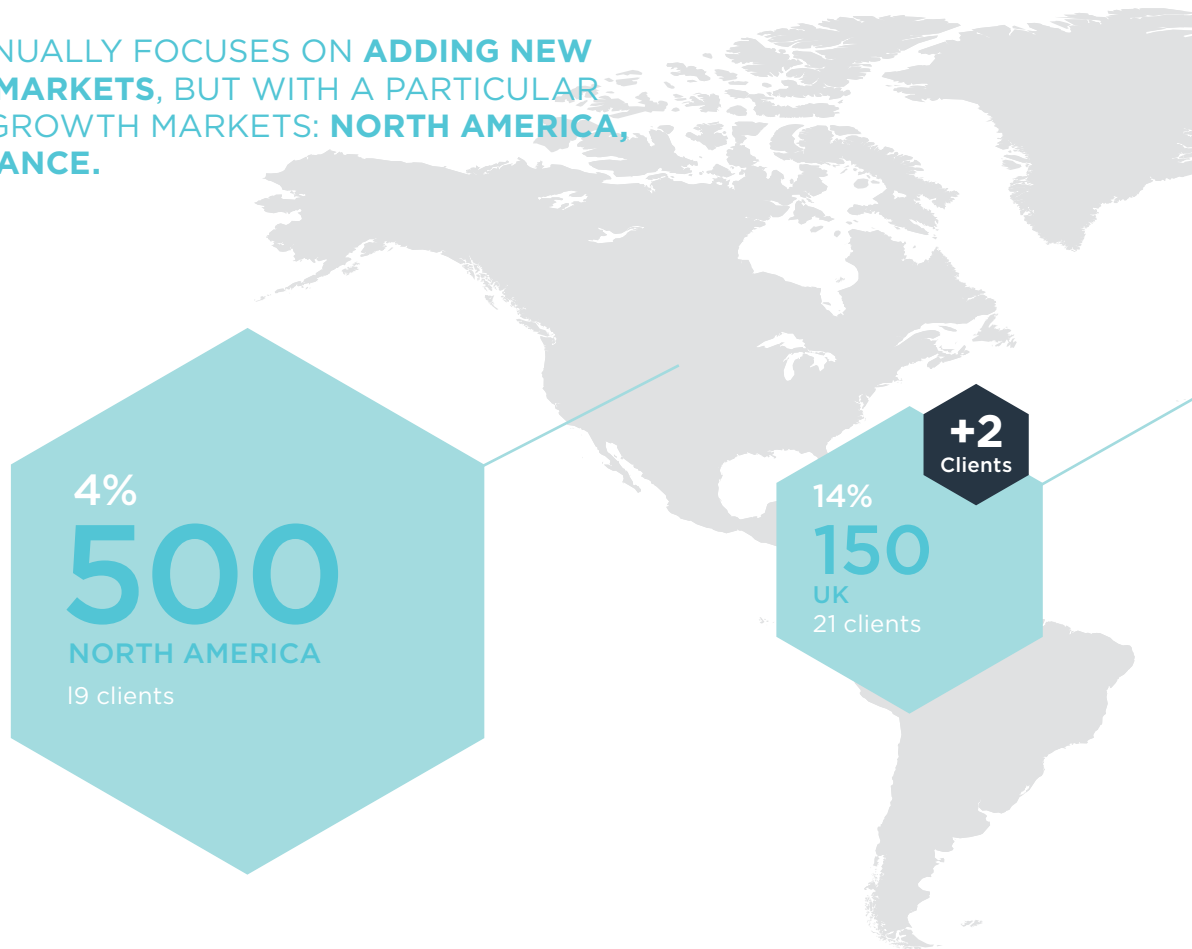
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*Over the past several years, Lord Abbett has undertaken a number of key initiatives in order to serve the changing needs of our clients, address the evolving challenges of the markets, and position our firm for long-term growth. Working with SimCorp has enabled us to gain important efficiencies in our investment process, while establishing a strong foundation that will allow us to support new investment products in the future.*

**JOAN A. BINSTOCK**

CPA, Partner, Chief Financial and Operations Officer, Lord Abbett, USA

**SIMCORP CONTINUALLY FOCUSES ON ADDING NEW CLIENTS IN ALL MARKETS, BUT WITH A PARTICULAR FOCUS ON THE GROWTH MARKETS: NORTH AMERICA, THE UK, AND FRANCE.**



reshaping our industry all support SimCorp’s five strategic priorities introduced in last year’s annual report. SimCorp is well positioned to leverage the dynamics shaping a complex world, and to serve our client universe of the 1,200 largest asset managers in the world. We will continue our focus on these five strategic priorities in 2016. This five-fold strategy will support our core value proposition – one integrated end-to-end state-of-the-art system – to continually ensure a strong fit between our offering and market demands.

**IBOR-BASED FRONT OFFICE**

The fact that our clients are becoming increasingly global stimulates the existing demand for reliable data from regulatory

pressures. SimCorp’s fully integrated IBOR-based front office solution meets the requirements of cross-border operations where the timeliness and accuracy of all investment information are crucial. We are now seeing the benefits of the continued substantial R&D investment in our front office solution.

Over 120 of our clients are using a major part of our front office solution and several clients are actively replacing existing front office products with SimCorp’s integrated solution. In fact, a number of our new clients have selected SimCorp for its award-winning, market-leading IBOR and front office capabilities against competition from pure front office vendors.

**5 STRATEGIC PRIORITIES**



Front Office and IBOR



ASP



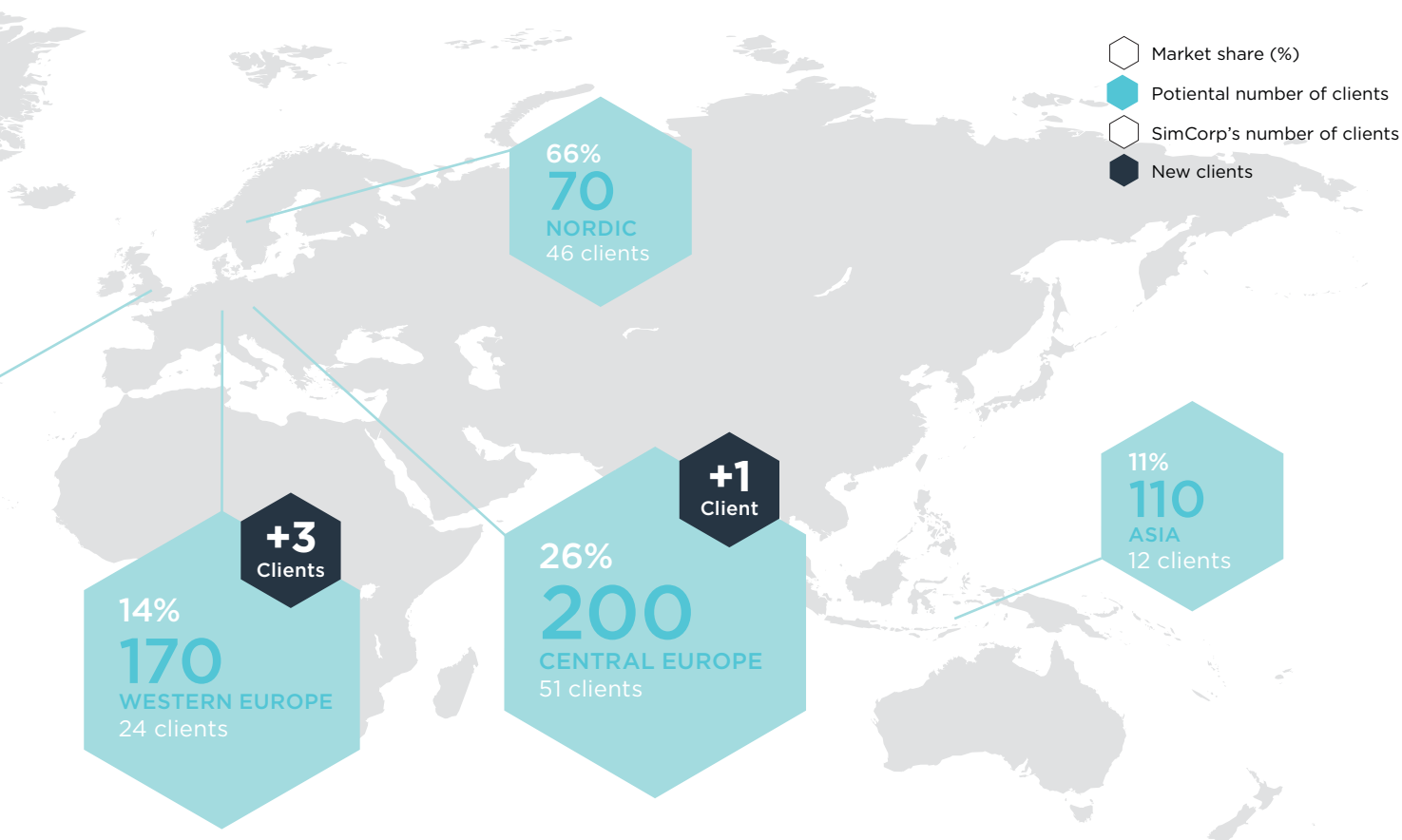
Alternative Investments



Growth Markets



Talent



Our front office solution is different to the competition as it is built on the same platform as our middle- and back office offerings, thus enabling portfolio managers to see all data, including risk and P&L, for all their investments before making decisions. In terms of globalization, regulation, and cost pressures, the integrated system offers a material benefit to those of our clients who are seeking to simplify their infrastructure and take control of their data.

**ASP**

SimCorp's second focus is to cater for the market preference to transfer the management of IT infrastructures to ASP providers. In a business climate defined by a continued need to refine and sharpen business focus, many financial businesses prefer to let strategic partners manage IT infrastructures across a number of business-critical functions, including investment and portfolio management.

To meet this demand, SimCorp is now offering ASP solutions to new and existing clients. Tailored to each client, we will take full responsibility for delivering, installing, maintaining, and upgrading the SimCorp Dimension product suite, in accordance with the client's IT strategy. Hosting will be delivered by a global provider as part of the overall solution.

Our ASP offering will empower clients to save time, control costs, and reduce operational risk. It will ensure access to the most up-to-date versions of software, allow for easy scaling, and reduce the need for in-house IT capabilities.

The expectation is that growth in ASP solutions will be led by North American clients, but increasingly, we will also see businesses in other markets making the transition. While Software-On-Premise will remain a core offering for SimCorp, now offering ASP will transform the way SimCorp operates.

**ALTERNATIVE INVESTMENTS**

The third focus area is alternative investments, where we are building our capabilities to support new asset classes. Alternative investments differ markedly from traditional investments in fixed income, equities, and derivatives, and hence they put new demands on our clients' operations and their operating

**SIMCORP DIMENSION CLIENTS AND MARKET SHARES 2015\***

Market units	Number of clients	Total market	Market share
North America	19	500	4%
Central Europe	51	200	26%
Western Europe	24	170	14%
UK	21	150	14%
Asia	12	110	11%
Nordic	46	70	66%
<b>Total</b>	<b>173</b>	<b>1,200</b>	<b>14%</b>

\* Figures are based on SimCorp estimates.

models. In a market where interest rates are declining, and are currently extremely low, pension funds in particular are looking more towards investment in longer-term alternatives. To cater for this trend, SimCorp is investing to extend its solution to support investments in non-liquid assets that include infrastructure, private equity, hedge funds, and other investment opportunities.

#### GROWTH MARKETS

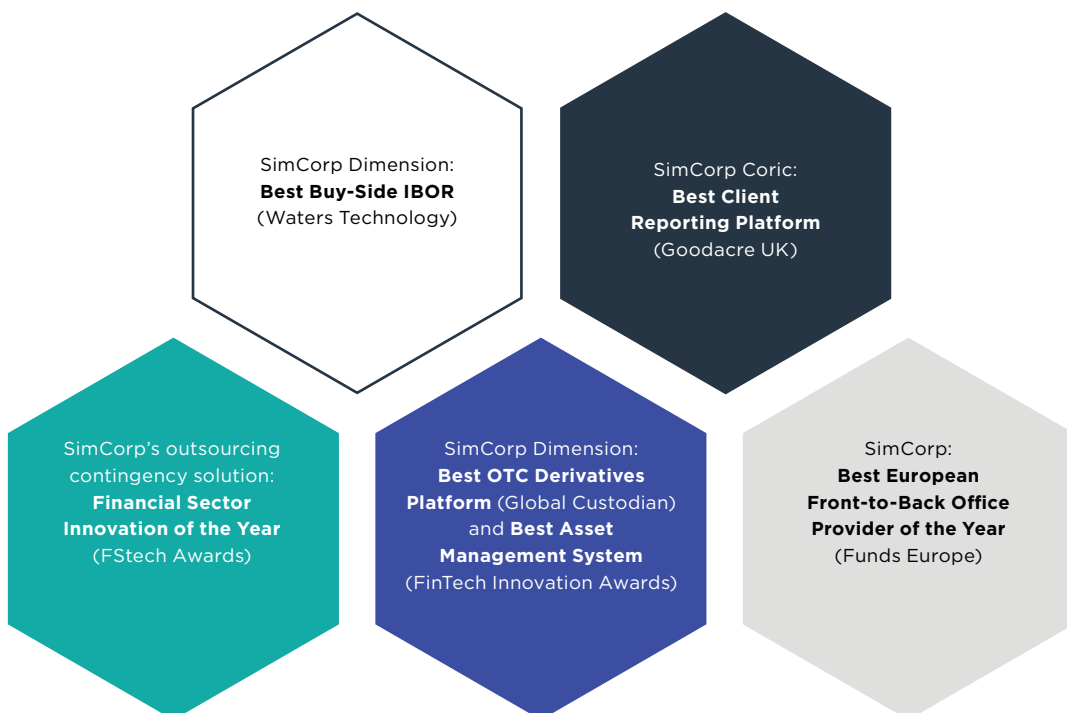
As we continue to focus on our growth markets, our fourth area of strategic priority, we are very pleased with the progress we have made in the past year in the UK and France, two of our three dedicated growth markets. Thanks to our IBOR-based front office offering, we have signed market-leading clients in both markets. In 2015, we also signed two SimCorp Coric agreements in North America, our third dedicated growth market, where we continue to believe strongly that our SimCorp Dimension platform, supported by our ASP offering, will attract new clients in the near future.

#### TALENT

And lastly, the fifth area of focus is our employees. We believe that by ensuring we have the best people working at SimCorp, we will be able to maximize the value we offer to our clients. To that end, we will continue to make every effort to attract and hire the best talent in our industry. And when it comes to those employees already hired, we are heavily investing in training and skills development. The SimCorp Academy program is a three-week full-time course that builds competences in the implementation and use of SimCorp's solutions. The course is mandatory for all new employees who work directly with SimCorp Dimension. In 2015, 125 new employees completed the course compared to 101 certifications in 2014 and 87 in 2013.

SimCorp's employees are highly educated and have substantial experience and expertise, mostly within finance and software development. More than 90% of the SimCorp staff hold an academic degree, usually in finance, IT, software engineering, or economics.

### IN 2015, SIMCORP GAINED INDUSTRY RECOGNITION FOR ITS SOLUTIONS, WINNING THE FOLLOWING INDUSTRY AWARDS:





SimCorp believes that dedicated leadership development will help attract and retain highly qualified employees and enhance the overall condition and success of the company. A comprehensive leadership training program, the SimCorp Leadership Academy, is in place to ensure that SimCorp always has management resources that are among the best in the industry.

**OUTLOOK**

For 2015-2020, industry AUM growth is projected at 5% - 7% CAGR across all our target segments as is IMS spend within the packaged software and professional services categories.<sup>4</sup> In light of these projections, we are confident that our current target markets and segments will remain attractive. While still pursuing an organic growth strategy, SimCorp will consider any opportunistic acquisitions of complementary technologies and capabilities to enhance our market-leading position.

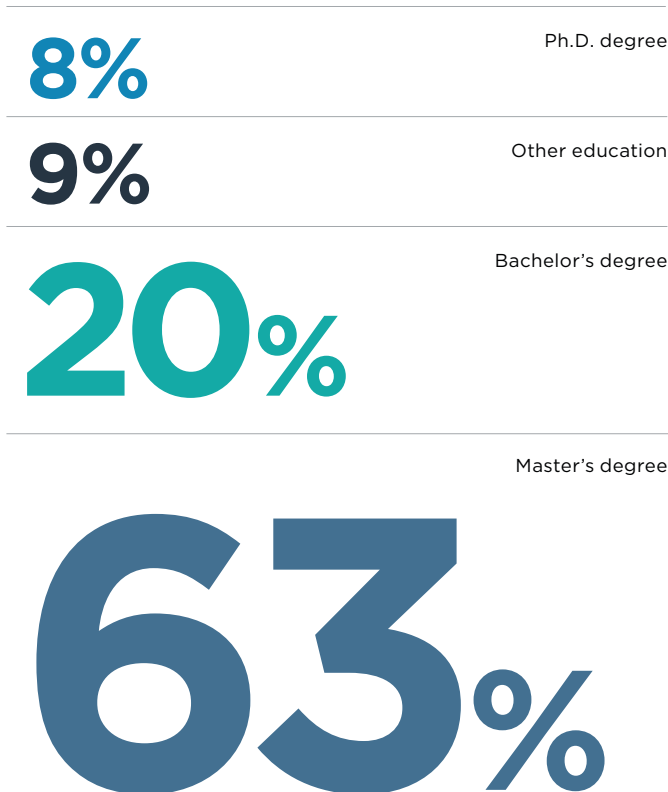
As part of our 2020 vision, our ambition is to grow SimCorp by more than 10% annually on the long term and continually

improve our EBIT margin year over year. While extending our current software and services offering with an ASP and solution-based model, including the introduction of subscription-based licensing terms for SimCorp Dimension, we will also be introducing new initiatives like offering operational analytics and benchmarking services that will add to the value and competitive edge we create for our clients. Going forward, SimCorp will continue to invest to be the state-of-the-art system provider for the world's top 1,200 asset managers.

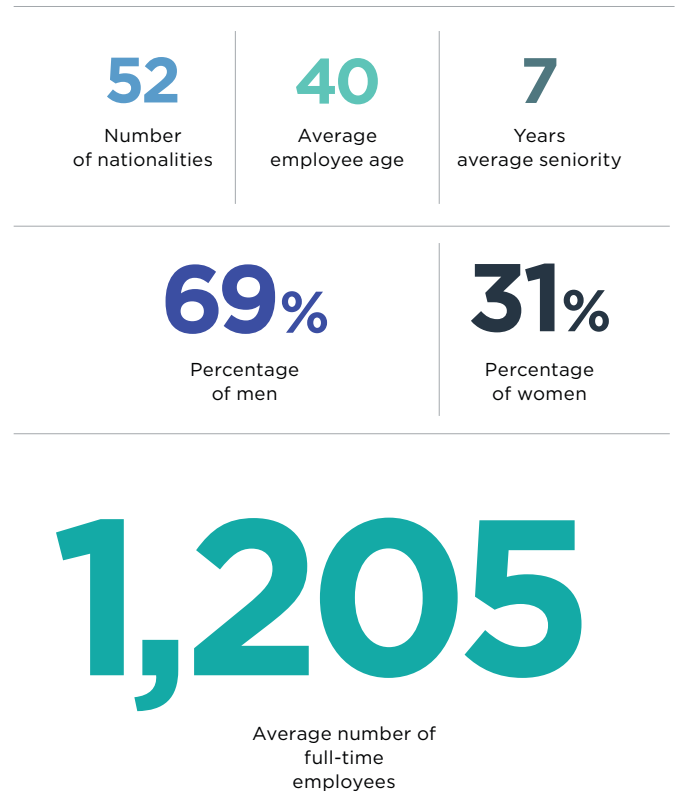
<sup>4</sup> 'Asset Management 2020: A Brave New World', PwC, 2014 and 'Financial Markets Technology Spending Forecast', OVUM, January 2015.

SIMCORP'S EMPLOYEES 2015

EDUCATIONAL LEVEL



EMPLOYEE DEMOGRAPHICS



# LICENSING AND DELIVERY MODELS

To support future growth, SimCorp will in 2016 introduce a new licensing and delivery model, which will replace the current sale of new perpetual SimCorp Dimension licenses with subscriptions.

Some main characteristics distinguish the perpetual model from the future subscription-based model. Under the perpetual model, the client pays a license fee for an unending period up front as well as enters a five-year maintenance contract subject to annual renewal after the initial five-year period. Under the subscription-based model, clients pay an annual fee – a subscription – for the right to use the system. The subscription fee includes both license and maintenance fees. The initial subscription period is expected to vary from three to seven years. Once the initial subscription period expires, the client can choose to renew the contract – typically for a three- to five-year period.

Over the next couple of years, the majority of new license contracts are expected to be subscription-based, becoming the standard in North America already in 2016. At the same time, existing clients who have already acquired SimCorp Dimension on perpetual licenses are expected to subscribe for new additional licenses on the same terms – perpetual.

In 2016, SimCorp will also start offering clients a hosted SimCorp Dimension solution. This ASP offering will consist of two parts with SimCorp as the provider of the entire contract – firstly, the day-to-day operation of the SimCorp Dimension software, and, secondly, the hardware and infrastructure required to run the system, the latter to be handled by a third-party global hosting provider on behalf of SimCorp. ASP will be offered on terms similar to the subscription-based model.

## FINANCIAL REPORTING

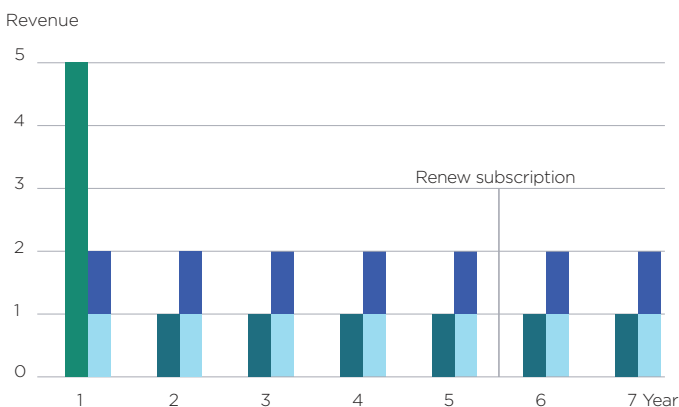
Currently, license sales revenue and the related sales commission are both recognized in the year of sale. Under the subscription-based model, revenue will be recognized over the initial subscription period, while sales commissions related to subscription-based license agreements will continue to be fully expensed in the year of entering the agreement. Hence, during the initial transition period, subscription-based licensing will impact SimCorp’s revenue and EBIT negatively as the recognition of revenue will be deferred. The impact on cash flows are expected to be limited.

To provide for comparison between the traditional perpetual license model and the new subscription-based license model, SimCorp will during part of the initial transition period present reported numbers according to IFRS and disclose the impact of subscription-based licenses by reporting adjusted non-GAAP revenues and EBIT.

The ASP revenue and costs will be reported individually to create transparency into the underlying business model and to ensure that the impact that derives from moving to a subscription-based license model can be assessed separately.

## REVENUE RECOGNITION MODELS

- **Perpetual license model:**  
Initial license revenue = order inflow
- **Perpetual maintenance:**  
Annual maintenance is 20% of the initial license fee, unended
- **Subscription-based license:**  
Order inflow = accumulated subscription license for 5-year term
- **Subscription-based maintenance**



The figure illustrates two SimCorp Dimension sales, one (in green) based on the perpetual model with an annual maintenance of 20%, and one (in blue) based on a 5-year subscription agreement covering both license and maintenance. A 5-year subscription agreement gives a 50/50 split of license and maintenance.

## THE REPORTING MODEL FOR ADJUSTED NON-GAAP REVENUE IS EXPECTED TO LOOK AS BELOW

**Reported revenue per IFRS**  
+ Adjustment for net order inflow on subscription-based license terms as if they were perpetual

**Adjusted non-GAAP revenue**  
- Reported costs per IFRS

**Adjusted non-GAAP EBIT**



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*Well on our way to doubling our assets under management and globalizing our business, it is critical to keep PSP Investments an agile, scalable, and efficient organization. The successful enterprise-wide implementation of SimCorp Dimension has provided maximum flexibility, fully integrated best-in-class business functionality, as well as automated and consolidated our transaction processing in a single system for all public market financial instruments. This in turn frees up resources to focus on more value-added analytical tasks to support investment teams.*

**JÉRÔME DUFOUR**

Vice President, Investment Operations, PSP Investments, Canada

# FINANCIAL TARGETS 2016

SimCorp expects revenue growth in local currencies of between 3% and 8% in 2016, with an EBIT margin measured in local currencies of between 21% and 24%. The change in licensing model towards subscription-based terms will impact revenue growth negatively by around 5%-points and EBIT margin negatively by around 3%-points in 2016. SimCorp's long-term target is to generate double-digit annual revenue growth, and expand margins year on year.

Based on the exchange rate prevailing per end of January 2016, SimCorp estimates reported revenue to be negatively impacted from currency fluctuations by around 2%. The impact from currency fluctuations on reported EBIT margin is expected to be negative by around 0.5%. SimCorp expects to announce financial targets for adjusted non-GAAP revenue growth and EBIT margins for the coming two to three years, and then revert to guiding on reported numbers only.

## MARKET DEVELOPMENTS

Despite the current turmoil on the global equity markets, the oil price uncertainty, and the general instability in various areas of the world, SimCorp regards the underlying macro-economic trends for 2016 as positive.

The total number of deals available in 2016 is difficult to predict, but based on the strong market performance that the company has delivered during the last three years, and considering the momentum gained within the front office space, SimCorp expects to continue to gain market share in 2016.

SimCorp believes that investment managers' IT budgets for 2016 will increase slightly compared to the level seen in 2015, due to an increased focus on legacy system replacement. Further, SimCorp expects to be able to gain an even stronger position with current as well as new clients in the front office as a result of its continued investment into the front office of SimCorp Dimension in recent years. SimCorp also expects to benefit further from the full ownership of SimCorp Coric by cross-selling between SimCorp Dimension and SimCorp Coric.

The most important focus areas in the investment management industry are expected to be:

- Risk management, monitoring, and control, as well as additional reporting requirements from regulators
- Cost savings and efficiency enhancement of in-house processes
- Compliance with new legislation and regulation in a cost-effective manner
- Establishing scalable platforms allowing for substantial increases in assets under management
- The ability to offer improved service to clients.

## FINANCIAL TARGETS 2016

All guidance given in local currencies	Guidance 2016 Annual Report 2015 22 February 2016	Realized 2015
Revenue	3%-8%	10.1%
Adjusted non-GAAP revenue	8%-13%	
EBIT margin	21%-24%	24.4%
Adjusted non-GAAP EBIT margin	24%-27%	

## EXCHANGE RATE

Main currencies EUR per 100	Exchange rate 31 January 2016	Average rates 2015	Average rates 2014
USD	91.58	90.07	75.85
CAD	65.09	71.14	67.92
AUD	64.99	67.80	68.08
SGD	64.31	65.65	59.54
GBP	130.87	138.24	124.51
CHF	89.73	93.63	82.44
NOK	10.54	11.22	11.91
SEK	10.70	10.71	10.98

### REVENUE AND PROFIT OUTLOOK FOR 2016

Taking the current position of SimCorp into consideration, the expectations for 2016 are to grow reported revenue in local currencies by between 3% and 8% and to generate an EBIT margin measured in local currencies of between 21% and 24%.

In 2016, SimCorp will change its licensing model from a perpetual license model to a subscription-based model to support further growth, particularly in North America. This change will apply to new SimCorp Dimension licenses only, as existing clients already have acquired the right to use SimCorp Dimension under the perpetual license model. Some existing clients, however, might want to move from a perpetual model to a subscription-based model, just as some new clients may want to enter a perpetual license model.

Given the long sales cycles related to SimCorp Dimension, a number of sales cases in the pipeline are based on perpetual license terms, and hence it is expected that the split between new license deals for SimCorp Dimension will be 75/25 in the favor of subscription-based licenses. For 2017, it is expected that new licenses for SimCorp Dimension will be signed solely on subscription-based terms.

To enable comparison with past performance, SimCorp will report an adjusted non-GAAP revenue figure and accompanying adjusted non-GAAP EBIT margins in the next two to three years. The adjusted non-GAAP numbers will adjust the reported revenue and EBIT to reflect the impact of new subscription-based SimCorp Dimension contracts and add to the revenue the value of the order inflow for new SimCorp Dimension contracts that have not been income recognized.

When reporting adjusted non-GAAP revenue and EBIT, SimCorp will adjust the SimCorp Dimension order inflow made on subscription-based terms to be income recognized in the year the order is signed, as if the orders had been signed on perpetual license terms. Furthermore, the subscription-based license orders that have been income recognized in the reported figures will be adjusted when reporting adjusted non-GAAP figures in order to ensure that the same revenue is not included twice in the adjusted non-GAAP figures.

For 2016, SimCorp expects the change to subscription-based license terms for new licenses to impact reported growth in local currencies negatively by around 5%-points, and EBIT margins in local currencies also to be negatively impacted by around 3%-points.

Being able to offer to run SimCorp Dimension for clients is increasingly becoming a prerequisite for signing new deals, in particular in North America. Consequently, SimCorp will begin to offer to run SimCorp Dimension on clients' behalf as an ASP service. The ASP service will entail costs to third-party global IT-infrastructure providers, which SimCorp will be passing through to clients at very marginal profits. The offering of ASP will have a dilutive impact on EBIT margins as a result of the pass through of ASP hosting costs and revenues. The introduction of the ASP service is expected to impact revenue growth positively by around 1%-point in 2016 and impact EBIT margin negatively by between 0.5 and 1%-point in 2016.

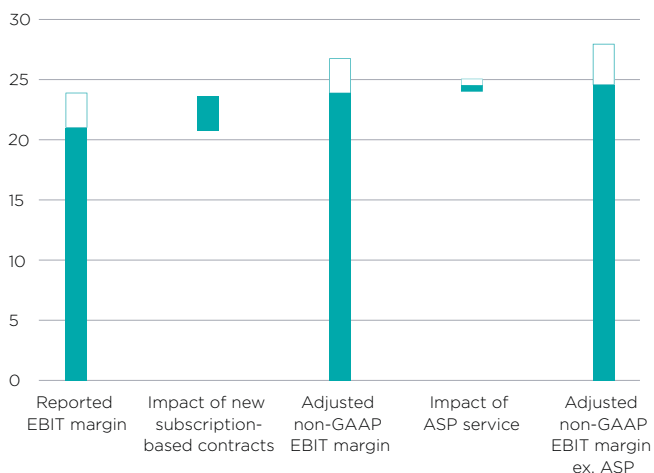
For 2016, SimCorp expects a group effective tax rate of between 23% and 25%.

If foreign exchange rates prevailing on 31 January 2016 persisted for 2016, they would have a negative impact on reported revenue by around 2%-points and on reported EBIT of negatively 0.5%-point compared with 2015.

Based on the old license model and associated revenue model, SimCorp expects revenue for 2016 to be distributed as follows: license fees between 15-20%; fees from professional services between 30-40%; and maintenance income around 45%.

The breakdown of the license fee income is expected to be around one third for license fee revenue from new licenses and two thirds from sales of additional licenses to existing clients. The license fee revenue from additional license

### EBIT MARGIN BRIDGE



### ESTIMATED REVENUE DISTRIBUTION 2016 BASED ON OLD REVENUE DISTRIBUTION MODEL

Distribution of revenue	Estimated 2016 22 February 2016	Realized 2015
- License fees	15%-20%	23%
- Professional services	30%-40%	31%
- Maintenance	45%	44%
- Other activities (including ASP)	5%	2%

agreements is expected to grow in EUR from the 2015 level. As a result of moving to a subscription-based licensing model, the relative revenue impact of single individual orders is decreasing. However, in 2016, growth in the Group's revenue will to a certain extent still be impacted by potentially few but large SimCorp Dimension orders signed on perpetual license-based terms, expected to be won at relatively irregular intervals.

Accordingly, income will vary considerably from one reporting period to the next. Clients who already had business relations with SimCorp on 1 January 2016 are expected to account for around 90% of total revenue in 2016 - unchanged from 2015.

As a consequence of moving to a subscription-based licensing model, SimCorp will change its revenue reporting to be divided into "recurring revenue" and "non-recurring revenue".

#### Recurring revenue will consist of the following items:

##### *Subscription-based fees*

Fees related to subscription-based license and maintenance for both SimCorp Dimension and SimCorp Coric contracts. Includes both initial license fee and additional license fees.

##### *Professional services fees*

Revenue from professional services based on multi-year recurring contracts. Includes professional service fees related to operating ASP services for clients.

##### *Maintenance fees*

Maintenance fees related to contracts made on perpetual contract terms. Includes both initial license- and additional license-based maintenance fees.

##### *ASP hosting fees*

Fees related to the pass-through invoicing of infrastructure costs associated with ASP-based contracts.

#### Non-recurring revenue will consist of the following items:

##### *Perpetual-based license fees*

License income made on perpetual license-based terms. Includes initial license fee and additional license fees.

##### *Professional services fees*

Implementation fees related to implementation of new and existing contracts irrespective of the term of the contract. Implementation service fees are by nature a non-recurring revenue item as the implementation only occurs once.

##### *Other revenue*

Other types of non-recurring revenue, for instance training.

Based on the new license model and associated revenue model, SimCorp expects revenue for 2016 to be distributed as follows: Recurring revenue to account for between 55% and 61% of revenue and non-recurring revenue to account for between 39% and 45% of revenue.

#### ESTIMATED REVENUE DISTRIBUTION 2016 BASED ON NEW REVENUE DISTRIBUTION MODEL

	Estimated 2016 22 February 2016	Realized 2015 based on reported 2015 realized figures
<b>Recurring revenue</b>	<b>55%-61%</b>	<b>54.9%</b>
- Subscription fees	4%-6%	3.0%
- Professional services	8%-10%	8.7%
- Maintenance	42%-44%	43.2%
- ASP hosting	1%	
<b>Non recurring revenue</b>	<b>39%-45%</b>	<b>45.1%</b>
- License fees	13%-16%	21.5%
- Professional services	26%-29%	21.7%
- Other		1.9%

#### LONG-TERM EXPECTATIONS

SimCorp's long-term target is to generate double-digit annual revenue growth, and expand margins year on year. SimCorp's long-term expectations are based on the assumption that the level of new deals in the market per year will be between 40 and 50.



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*The front-to-back integration of SimCorp Dimension has enabled us to standardize our asset management activities and improve the yield-to-risk ratio and compliance with regulatory and prudential standards. The development of new products and services has been strengthened by dramatically reducing the number of applications and aligning the systems and organizational structure with our strategic priorities.*

**MICHEL BOIS**

Chief Information Officer, member of the Executive Committee at CNP Assurances, France

# RISK MANAGEMENT

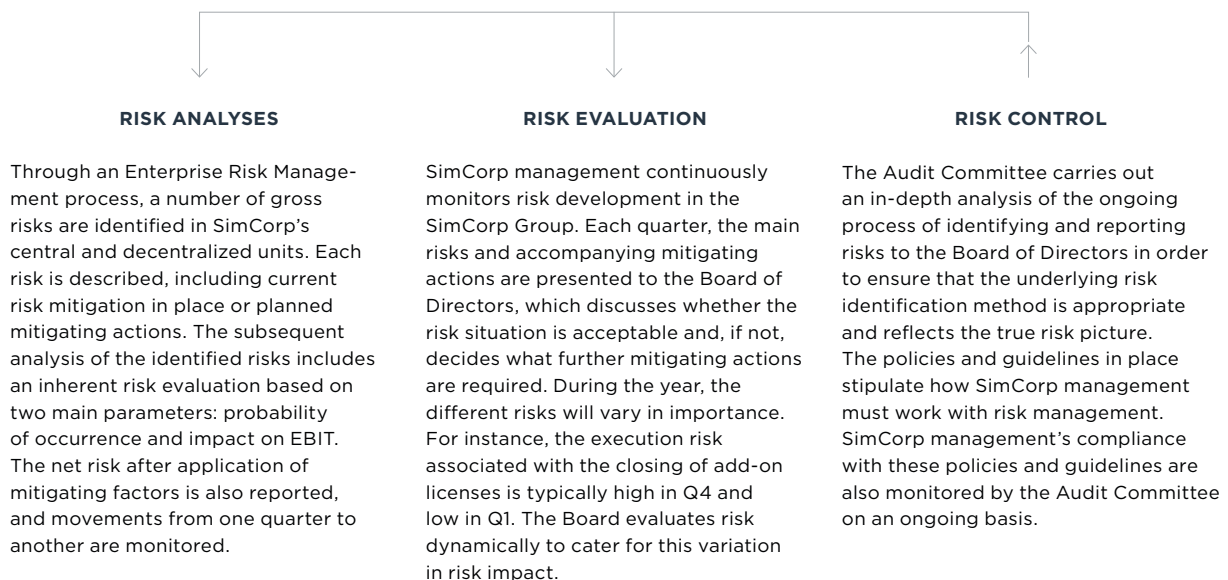
It is essential for SimCorp's Board of Directors and management that risk exposure is thoroughly monitored and controlled. As the business environment is continually developing and highly volatile, SimCorp's risk policies and procedures ensure efficient management of risk.

SimCorp's business entails a number of commercial and financial risks, which could potentially have a negative effect on the company's future activities and results. To manage risk to the extent possible, factors which are subject to uncertainty, and hence categorized as potential risks, are systematically monitored, analyzed, and managed. The following section outlines a brief description of the most important risks, together with a brief description of the preventive measures implemented to manage and control each of these risks. A comprehensive description of SimCorp's financial risk is provided in note 6.3 to the financial statements.

Overall, SimCorp's management believes the company is well prepared to manage its potential risk challenges, and SimCorp continues to evolve its risk management to make it as effective and efficient as possible. On a quarterly basis, the company's main risks are reported to the Board of Directors. This report includes an assessment of the probability of occurrence of each risk, the likely impact on the company's financial performance, and mitigation options.

For the organizational setup of Risk Management, see [www.simcorp.com/corpgov2016](http://www.simcorp.com/corpgov2016)

## RISK MANAGEMENT AT SIMCORP







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*In all we do,  
internally and for our  
clients and shareholders, our  
risk appetite judgements and  
the risk framework, controls, and  
procedures we apply safeguard our quality.*

**SIMON JEFFREYS**  
Chairman of the Audit Committee

## RISK CATEGORY

## RISK MITIGATION

### MARKETS AND CLIENTS

Anticipating and responding to important trends in the market for professional investment managers are critical to SimCorp's ability to win market share. Failing to spot these trends naturally represents a risk to SimCorp.

Also, competitors' expansion of international service-offerings and distribution could endanger SimCorp's leading market position. In addition, new local requirements or legislation may influence the current demand for SimCorp's product.

Through extensive market research and industry analyses, SimCorp keeps abreast of trends in the global financial markets.

Also, the company's close and longstanding relationships with clients allow SimCorp to anticipate and respond to market movements and new requirements.

### CORPORATE CULTURE

SimCorp's business is based on specialized expertise and innovation. It is imperative that SimCorp continues to attract, develop, and retain the most skilled employees and management talent. Failure to do so constitutes a risk to the Group.

Moreover, it is considered a genuine risk to SimCorp's long-term position, if the company's corporate values do not continue to serve as a core basis for business execution and development.

SimCorp allocates substantial resources to internal and external training and development to ensure that professional and personal skills are constantly being maintained and enhanced throughout the organization.

To ensure that SimCorp employees possess the relevant competences, training activities to a large extent draw on the experiences of more senior employees, which optimizes the benefits of the employee development initiatives.

SimCorp senior management regularly travels to the various market units to ensure that the SimCorp corporate culture is maintained.

### PRODUCT INNOVATION AND QUALITY

Product innovation, improved technical infrastructure, and enhanced technical capabilities are fundamental elements in meeting new system requirements in the market. Being unable to deliver those elements could potentially imply that SimCorp Dimension would end up as a legacy offering.

SimCorp's ability to offer clients the best software products with the highest possible configurability and flexibility is paramount. Inadequate quality control and testing prior to the release of new software versions increase the risk of reduced client satisfaction and loyalty.

SimCorp offers updated product versions of SimCorp Dimension every six months. Updates include enhanced system functionality and improved technical infrastructure based on a systematic prioritization of client and market requirements.

A key element of the product development strategy is extensive quality control and testing prior to the release of new software versions. SimCorp continually raises and follows up on internal quality targets, ensuring alignment with expected market developments.

### SOLUTIONS AND SERVICES

It is key for SimCorp to provide standardized end-to-end serviced solutions, both during implementation and after clients have gone live. Running on SimCorp Dimension entails having to deal with a variety of technical aspects such as technical infrastructure, WAN lines, third-party integration, databases, data interfaces, and software applications.

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.

During implementation, the largest risk is an inadequate implementation of SimCorp Dimension, leading to increased operational risk and costs for SimCorp's clients.

Following implementation, the most apparent risk is possible breach of service level agreements and other committed standards.

Offering SimCorp Dimension as an ASP 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.

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 has sufficient strength – financially, organizationally, and product-wise – to meet SimCorp's requirements. Internally, a clear description and overview of each delivery component allows for a clear segregation of duties.

Moreover, SimCorp's consultants undergo continual training to maintain and develop the required knowledge and experience in relation to the operational services.

Larger complex multi-year implementation contracts are evaluated, approved, and monitored using a Group standard.

SimCorp will obtain an ISAE 3402 certification, which will ensure that processes and workflows are detailed and structured, provide for appropriate segregation of duties, a sufficient control environment, and environments allowing for test and validation prior to lifting clients' solutions into production. All hosting tasks will be carried out by world-leading globally certified providers.

## RISK CATEGORY

## RISK MITIGATION

### REGULATORY ISSUES AND FISCAL POLICIES

Protecting SimCorp's long-term business interests is vital to its continued operations. This includes legal risk that may impact SimCorp's business. SimCorp believes contractual risk as well as legal risk related to regulatory requirements are critical. Failure to meet or implement regulatory requirements in a timely fashion with respect to, for instance data protection, confidentiality agreements, IPR, and fraud constitutes a risk.

SimCorp is subject to tax and fiscal policies in the countries where the company operates. Changes to such 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. A detailed analysis and description of financial risk exposure is provided in note 6.3 to the financial statements.

SimCorp ensures that all contracts entered into are carefully worded. SimCorp monitors and assesses the scope of any new legislation potentially affecting business procedures.

SimCorp's Group Finance department manages the company's currency and financial exposure pursuant to the treasury policy approved by the Board of Directors, and are required to keep the overall currency exposure within defined limits.

Furthermore, Group Finance is diligent in pursuit of securing that, in line with the tax policy, SimCorp is at all times tax compliant in the countries where SimCorp conducts business.

SimCorp has implemented a number of business procedures and controls to enhance transparency of individual activities and provide an improved overview of financial exposure.

### FINANCIAL REPORTING

Generally, financial reporting involves the risk of non-compliance with applicable legislation and potential business risk.

There is also a risk of inadequate internal controls designed to avoid significant errors and omissions in financial reporting.

SimCorp has implemented various business procedures and controls to ensure compliance in relation to financial reporting. These are based on a range of general principles, policies and procedures, which are reviewed by SimCorp's Board of Directors and Executive Management Board on a regular basis. The Danish Financial Statements Act requires that an overall description of the Group's internal controls and management of risk with regard to financial reporting is included in the financial statements. 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/corpgov2016](http://www.simcorp.com/corpgov2016)

The Executive Management Board monitors compliance and provides the Board of Directors with relevant legislation and reports, including updates to the market deemed to be of significant importance.

### IT RISK

As a technology 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 continuously monitors its global technical infrastructure, aiming to identify and minimize risk to the company's production and operation. Through well-established procedures and solutions, SimCorp is able to quickly restore critical business services.

SimCorp also operates with a high data security level and maintains strict access control to the physical environment as well as to its data network. The controls are monitored and reviewed on a regular basis in order to optimize information security.

SimCorp employees are regularly being updated and educated in terms of new potential cybercrime threats and how to act to minimize the risk of exposing SimCorp's network to various phishing and hacking attempts.

Further, SimCorp has developed and implemented 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 hereof, to SimCorp's network.

# FINANCIAL REVIEW 2015

SimCorp achieved an EBIT margin of 25.6% in 2015 and reported EBIT increased by EUR 13.7m, or 23.9% compared to 2014. Strong performance in license revenue from new licenses contributed to the positive revenue growth of 10.1% measured in local currencies. The result was achieved despite delays in signing new contracts leading to negative growth in the North American market. Total order inflow increased by 61.2% and, on balance, SimCorp views the performance in 2015 as very satisfactory.

## FINANCIAL EXPECTATIONS AND RESULTS 2015

	Annual report 2014 16 February 2015	H1 2015 18 August 2015	Realized
	Original guidance	Revised guidance	
Revenue (local currencies)	5%-10%	7%-12%	10.1%
EBIT margin (local currencies)	23%-26%	23.5%-26.5%	24.4%

SimCorp's expectations at the beginning of 2015 were a revenue growth measured in local currencies of between 5% and 10%, and an EBIT margin in local currencies of between 23% and 26%. Based on the currency rates prevailing end January 2015, SimCorp expected reported revenue to be positively impacted from currency fluctuations of around 3% and the EBIT margin to be positively impacted from currency fluctuations by around 1%.

In the half-year report, the expectations for 2015 were revised to a revenue growth in local currencies of between 7% and 12%. Expectations for the EBIT margin in local currencies were lifted half a percentage point to between 23.5% and 26.5%. The expected impact on reported revenue from currency fluctuations was 5%, and the expected impact on the EBIT margin in reported currency was 1.5% based on the prevailing currency rates end of July 2015.

SimCorp achieved a revenue growth for 2015 of 10.1% measured in local currencies and an EBIT margin of 24.4% measured in local currencies. The currency rate fluctuations impacted revenue growth positively by 5.2% and the EBIT margin by 1.2%, leading to a reported revenue growth of 15.3% and a reported EBIT margin of 25.6%.

## BUSINESS TARGETS FOR 2015

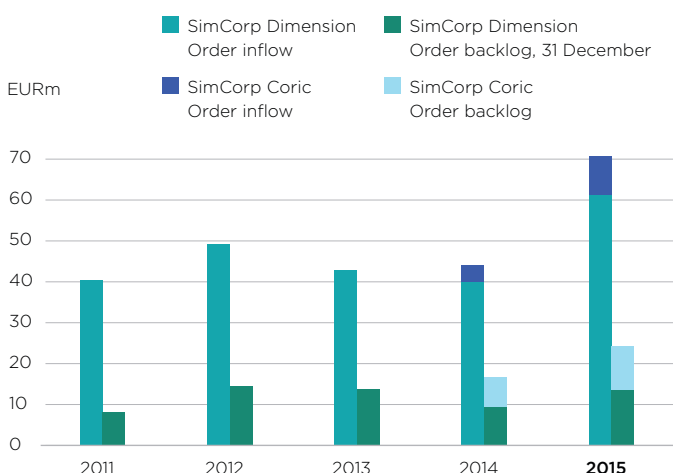
In 2015, SimCorp continued to focus on growing the company while at the same time maintaining sustainable profitability, ensuring that SimCorp will be able to deliver superior software and services in the long term. At the outset of 2015, five strategic priorities were defined, all with a multi-year focus. In 2015, the following achievements have been accomplished in the five areas, respectively:

- Continue to build market presence in the designated growth markets – North America, France, and the UK
- Further position SimCorp Dimension's front office offering
- Develop an ASP solution
- Cover all asset classes including alternatives
- Attract talent

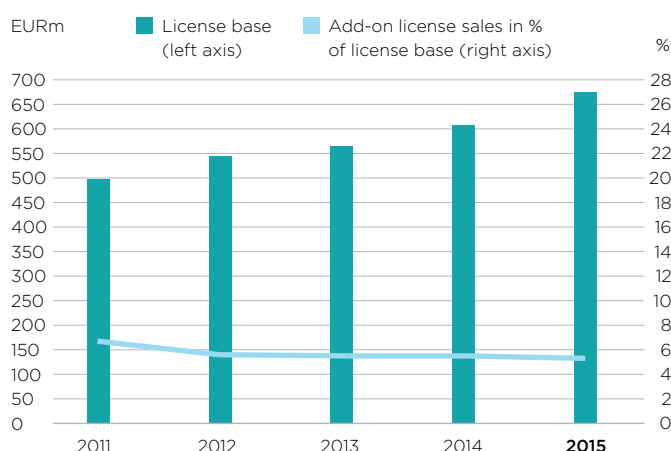
## SUPPORT SIMCORP GROWTH MARKETS

In the fall of 2014, a new Managing Director was hired in North America – the largest of SimCorp's growth markets. Under the leadership of the new MD, significant changes to the sales organization have been implemented. However, SimCorp did not succeed in closing new license deals in 2015, leading to a disappointing revenue from the North American market. A number of ongoing deals could potentially have been signed

**ORDER INFLOW AND ORDER BACKLOG FOR SOFTWARE LICENSES**



**SIMCORP DIMENSION LICENSE BASE AND ADD-ON LICENSE SALES**



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

before the end of 2015, however, due to time constraint, they did not materialize until early in 2016. While new license sales were disappointing, sales of additional licenses to existing clients increased the order inflow of add-on sales by 49%, in part driven by one deal, where an existing client decided to take on SimCorp’s front office solution. SimCorp remains committed to achieving growth in the North American market.

Whereas the new license activity was below expectations in North America, performance in the other two growth markets – the UK and France – was highly satisfactory.

In the UK, two new license deals were signed in 2015 – one with a UK-based asset manager and one with a global asset manager, which included a significant installation of SimCorp Dimension in North America. This increased order inflow value for new licenses by more than 300% in 2015. In addition, existing clients in the UK increased their investment with SimCorp by close to 6% in order value for additional licenses in 2015. In particular, SimCorp’s IBOR-based front office offering has increased market awareness further in the UK market, and SimCorp continues to view its growth opportunity in the UK market as positive.

France also showed a strong performance in 2015 with two new license deals signed during the year. Both deals were driven by SimCorp’s IBOR-based front office solution and were won in direct competition with best-of-breed front office providers. In France, existing clients also invested further with SimCorp during the year, and the order inflow of additional license sales increased by more than 14% compared to 2014. SimCorp continues to view its market growth opportunity in France as positive.

**FURTHER POSITION SIMCORP DIMENSION’S FRONT OFFICE OFFERING**

During 2015, SimCorp signed six clients of which five were front-office driven. Importantly, some of the new license deals signed were significant both with regard to monetary

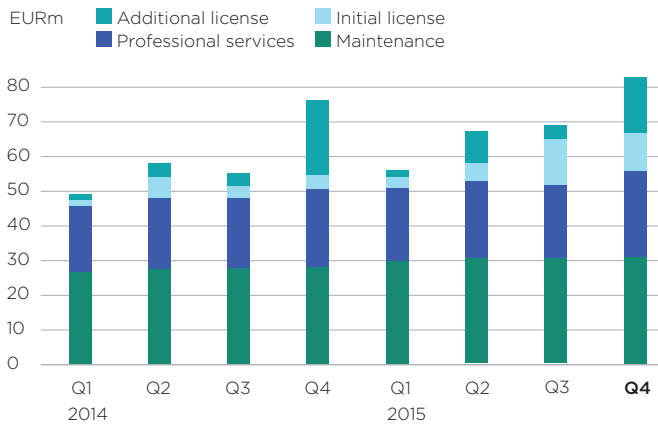
size and functional depth and reach. This is only possible due to the continued investment in SimCorp’s front office solution. We have seen the trend from 2014, when SimCorp began to win more front office-based new license deals, continue and strengthen in 2015. Our presence in the market is now clearly confirmed as reputable also in the front office area. This presence is further supported by the fact that the number of existing clients using SimCorp’s front office solution increased by 20, and that several existing clients decided to replace their current best-of-breed front office solution with SimCorp’s solution. SimCorp also signed its first front office deal in North America with an existing client, who had the ambition to extend its SimCorp Dimension back office platform to gain operational efficiencies from operating on one integrated system only – SimCorp Dimension.

Building upon the recent success in the front office area, SimCorp remains committed to further investments into this area to gain even more new front office clients and to expand the SimCorp Dimension coverage further across its existing client base.

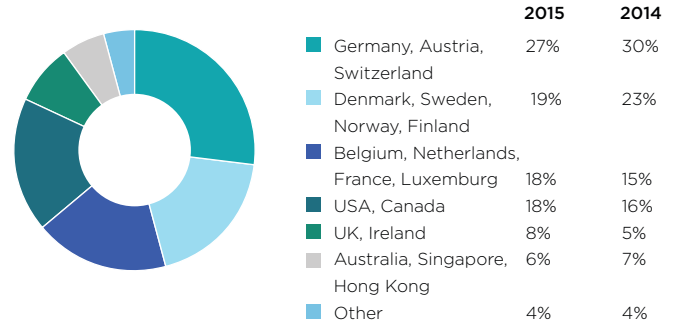
**DEVELOP AN ASP SOLUTION**

In late 2014, SimCorp took the decision to invest further into establishing capabilities of hosting and operating its clients’ SimCorp Dimension solutions, and began to work dedicatedly at becoming an Application Solution Provider (ASP). The efforts required to be ready to offer an ASP service to clients are vast, as are the preparations and documentation needed because the responsibility for the clients’ operational environments will shift from them to SimCorp. Also, a number of certifications are required to be able to offer ASP services in full, most notably the ISAE 3402 certification. While significant progress has been made in this area during 2015, SimCorp has not signed any new clients on the ASP platform, which was one of the defined success criteria for the ASP initiative in 2015. However, SimCorp is well positioned to expand its services in this area in 2016, with a number of clients already having signed up for this service to be delivered in 2016. SimCorp firmly believes that more and more clients will move

QUARTERLY INCOME



2015 REVENUE PER REGION



towards an ASP solution and hence it is a strategically important focus area for SimCorp in the coming years.

COVERING ALL ASSET CLASSES

During 2015, SimCorp continued to invest in expanding its asset class coverage within the SimCorp Dimension platform, and progress has been achieved within alternative investments and loans. From a practical perspective, all asset classes can be modelled and handled within SimCorp Dimension. However, as particularly the area of “alternative investments” is a high-priority focus area for our clients, SimCorp will continue to develop asset class functionality in the years to come, ensuring a continued broad and deep asset class coverage.

ATTRACT TALENT

During 2015, a number of initiatives were taken to further develop the competences of SimCorp employees and make SimCorp even more attractive to new employees. A new curriculum for leadership development has been completed, improved career paths have been created, and more resources have been allocated to general education during 2015. However, more is still to be done and, in particular, employer branding must be strengthened in the coming years to ensure that SimCorp always will be able to attract top talents.

ORDER BOOK

The total license order inflow increased by 61.2% to EUR 70.7m in 2015, including SimCorp Coric orders. The order inflow for SimCorp Dimension increased by 53.4% to EUR 61.1m. Six new SimCorp Dimension solutions were sold (two of which included SimCorp Coric), totaling EUR 28.7m, and two new SimCorp Coric solutions were sold totaling EUR 2.6m. The total order book increased from EUR 16.7m at 1 January 2015 to EUR 24.1m at 31 December 2015, including the order book value of SimCorp Coric contracts of EUR 10.5m. The order book value of SimCorp Dimension orders thus increased from EUR 9.3m to EUR 13.6m as a result of various acceptance criteria in some new license orders and some orders for additional licenses being on subscription-based terms rather than perpetual license-based terms.

Compared to 2014, the average size for new licenses has increased significantly from EUR 1.3m to EUR 4.7m per deal in 2015. The reason for this increase is mainly that two very large new license deals were signed in 2015 – both on the all-time top 5 list in SimCorp’s history in terms of initial value, and hence the 2015-level of new license deals is not expected to be sustained into 2016.

Despite no new license contracts signed in North America, SimCorp signed four new SimCorp Dimension license orders in its other designated growth markets – two in the UK market unit and two in France. One of the deals signed in the UK was a global deal covering usage in both the UK, North America, and Switzerland. In addition, two SimCorp Coric orders were also signed in North America. The remaining two new license deals made on the SimCorp Dimension platform were signed with one in Central Europe and the other in Benelux. The total number of new SimCorp Dimension license orders was six, and the total number of new SimCorp Coric license orders was two.

Four clients cancelled SimCorp Dimension contracts in 2015. The impact hereof is less than 0.5%-points of total revenue.

Order inflow of additional licenses for SimCorp Dimension increased by 3.1% in 2015. Measured as a percentage of the total value of the installed SimCorp Dimension license base, the conversion rate for additional licenses was 5.3% in 2015 compared to 5.5% in 2014. In 2015, SimCorp saw an increase in existing clients adopting its new Front Office Suite. This was both the case for clients using the old SimCorp Dimension front office solution and clients who had previously used a non-SimCorp solution for front office operations.

On the SimCorp Coric platform, SimCorp also saw existing clients expanding their use of the platform, both in terms of functionality and in number of users. Also in 2015, a number of clients renewed their subscription licenses with Coric subsequent to the initial subscription period. The renewal rate was 100%.

## 2015 REVENUE PER TYPE

EURm	Revenue 12M 2015	Share of revenue 12M 2015	Revenue 12M 2014	Share of revenue 12M 2014	Growth relative to 12M 2014	Growth local currency relative to 12M 2014
Licenses - new sales	32.6	11.7%	15.8	6.6%	106.3%	93.0%
Licenses - additional sales	32.3	11.6%	31.9	13.2%	1.3%	-2.5%
Professional services	85.0	30.6%	79.8	33.1%	6.5%	0.9%
Maintenance	122.3	44.0%	110.4	45.8%	10.8%	6.8%
Training activities etc.	5.7	2.1%	3.2	1.3%	78.1%	71.9%
<b>Total</b>	<b>277.9</b>	<b>100.0%</b>	<b>241.1</b>	<b>100.0%</b>	<b>15.3%</b>	<b>10.1%</b>

## INCOME STATEMENT

## REVENUE

SimCorp derives revenue from three sources: license fees, fees from professional services, and maintenance income. SimCorp generated total revenue of EUR 277.9m in 2015 compared to EUR 241.1m last year, an increase of 15.3% compared to 2014. Exchange rate fluctuations for the year had a positive impact of EUR 12.5m on revenue, equal to 5.2%. In local currencies revenue thus increased by 10.1% compared to 7.6% in 2014.

SimCorp's **total license fee revenue** in 2015 was EUR 64.9m, which was EUR 17.2m higher than last year. License fee revenue from new licenses on the SimCorp Dimension platform increased by EUR 15.9m to EUR 29.7m. License fee revenue from new SimCorp Coric licenses increased by EUR 0.9m in 2015 to EUR 2.9m. Orders released from the order book signed prior to 2015, and income recognized in 2015 impacted license revenue positively by EUR 4.2m in 2015. Revenue recognized from add-on licenses to clients, including the impact of SimCorp Coric of EUR 0.4m, was EUR 32.3m compared to EUR 31.9m last year. In total, license fee revenue accounted for 23.3% of the Group's total revenue compared to 19.8% last year.

SimCorp's existing clients made additional investments in SimCorp Dimension and SimCorp Coric in 2015, and the number of SimCorp Dimension clients with a license base of more than EUR 2m has increased by 4%-points to 68% of all clients at 31 December 2015. As in 2014, more than 100 clients have expanded their use of SimCorp Dimension during 2015.

The accumulated value of the installed license base for SimCorp Dimension clients who have an installed license base above EUR 2m accounted for 92% of the value of the total installed license base compared to 88% in 2014. The license base is the contract value of all software licenses sold.

The ten largest clients generated around 24% of SimCorp's total revenue, which is an increase from last year's level of 22%. Apart from one client that accounted for around 4.5%, no single client accounted for more than 4% of the revenue in 2015 as was the case in 2014.

Fees from **professional services** were EUR 85.0m including the SimCorp Coric related revenue of EUR 2.1m compared to EUR 79.8m in 2014, equal to a 6.5% increase. Currency rate fluctuations impacted revenue growth from professional services positively by EUR 4.5m. Fees from professional services accounted for 30.6% of total revenue in 2015 compared to 33.1% in 2014.

**Maintenance income** increased with the completion and implementation of new client installations and new functionality to existing clients. It increased by 10.8% from last year's EUR 110.4m to EUR 122.3m. Of the total maintenance revenue, EUR 2m can be attributed to SimCorp Coric. Maintenance income accounted for 44.0% of total revenue compared to 45.8% in 2014. License agreements won in 2015 will increase annual maintenance income by around EUR 14m once implemented.

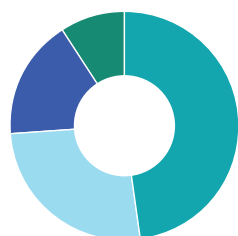
SimCorp entered 2016 with signed revenue for the full year of EUR 179.9m - an increase of EUR 10.9m compared to the beginning of 2015, and higher than ever before.

SimCorp saw strong top-line growth in two of the designated growth markets in 2015, the UK and France, while some of the more mature markets also enjoyed relatively high growth, taking SimCorp's position in these mature markets into consideration.

## DISTRIBUTION OF REVENUE AND REALIZED 2015

	Estimated 2015 16 February 2015	Realized 2015
<b>Distribution of revenue</b>		
- License fees	20-30%	23.3%
- Professional services	30-35%	30.6%
- Maintenance	45%	44.0%
- Other activities	1-2%	2.1%
<b>Costs (% of total expenses)</b>		
- Staff	75%	75%
- Research and development	30%	26%

## COST STRUCTURE 2015



	2015	2014
Cost of sales	48%	47%
Research and development	26%	29%
Sales and distribution	17%	16%
Administration	9%	8%

## COSTS

SimCorp's total **operating expenses** (including amortization and depreciation) increased by 12.7% to EUR 207.4m in 2015 compared to EUR 184.0m in 2014. Of the total costs, SimCorp Coric accounted for EUR 8.8m. The total costs were negatively impacted by currency rate fluctuations, meaning higher costs of EUR 7.5m. In 2015, 75% of SimCorp's total costs were directly related to employees compared to 74% in 2014. The cost increase in 2015 was driven by a 1.6% increase in the average number of full-time employees from 1,187 to 1,205 and a general salary increase of 2.5%. The number of employees was 1,268 at the end of 2015, representing an increase of 44 compared to 2014.

Salary costs for implementation consultants are included in **costs of sales** and account for a significant part of the total cost of sales. As a result of the increased activity level in 2014, which continued throughout 2015, total cost of sales increased by 12.0% to EUR 100.1m.

**R&D costs** increased by 6.1% from EUR 50.8m to EUR 53.9m. The increase was mainly driven by the general salary increase of 2.5%. Management maintains focus on the ongoing improvement of efficiency and effectiveness within the R&D division.

## TOTAL REVENUE (MARKET)

EURm	2015	2014	Change %
Central Europe	74.2	70.6	5.1
Nordic	54.7	56.1	-2.4
North America	37.6	35.5	5.8
Western Europe	52.0	36.9	41.0
UK	34.4	19.7	74.9
Asia	16.9	16.9	-0.2
SimCorp Coric	8.1	5.4	50.3
<b>Total</b>	<b>277.9</b>	<b>241.1</b>	<b>15.3%</b>

EURm	Costs 2015	Share of consolidated costs 2015	Share of revenue 2015	Change relative to 2014
Cost of sales	100.1	48.3%	36.0%	12.0%
Research and development	53.9	26.0%	19.4%	6.1%
Sales and distribution	35.3	17.0%	12.7%	28.7%
Administration	18.0	8.7%	6.5%	10.0%
<b>Total</b>	<b>207.4</b>	<b>100.0%</b>	<b>74.6%</b>	<b>12.7%</b>

The Group's **sales and marketing costs** increased by 28.7% to EUR 35.3m in 2015, driven by a significant increase in new employees in the North American sales organization compared to 2014 to support the expected growth in North America. Furthermore, sales commission has increased as a result of the strong order intake in 2015.

**Administrative expenses** increased by 10.0% or EUR 1.6m to EUR 18.0m. The increase is mainly due to general salary increase and costs related to the performance based bonus plans.

## GROUP PERFORMANCE

SimCorp generated EBIT of EUR 71.0m in 2015 compared to EUR 57.3m in 2014, an increase of EUR 13.7m. This was mainly the result of increased license revenue from new licenses. Exchange rate fluctuations for the year had a positive net impact of 1.2%-points on the EBIT margin.

Cash holdings and foreign exchange adjustments generated financial income of EUR 1.8m. Financial expenses, primarily relating to foreign exchange adjustments, amounted to EUR 3.9m.

Operations thus generated a result before tax profit for the year of EUR 69.1m against EUR 57.5m in 2014. The tax charges for 2015 amounted to EUR 16.5m against EUR 15.9m in 2014. Income tax has increased due to a higher profit before tax, however, it is also impacted by lower tax rates in several jurisdictions, including Denmark, and by prior years' adjustments. The effective tax rate was 23.9% compared to 27.7% in 2014.

The Group profit after tax for the year was thus EUR 52.6m against EUR 41.6m in 2014. After EUR 1.8m of foreign currency translation differences and other items, total comprehensive income for the year amounted to EUR 54.4m against EUR 42.5m in 2014.



## BALANCE SHEET

SimCorp had total assets of EUR 149.5m at 31 December 2015 compared to total assets of EUR 127.8m at 31 December 2014. Cash holdings amounted to EUR 43.3m, or EUR 5.3m more than at the year-earlier date. Total receivables stood at EUR 68.1m at 31 December 2015 against EUR 58.0m at 31 December 2014. SimCorp has not recorded any provisions for bad debts in either 2015 or 2014.

The Group's total non-current assets were EUR 2.4m higher compared to 2014 to stand at EUR 27.9m at 31 December 2015. Goodwill was EUR 4.6m at 31 December 2015, which was an increase of EUR 0.3m from last year due to exchange differences. The carrying amount of acquired software declined by EUR 0.2m to EUR 3.7m and the value of client contracts was EUR 3.4m at the end of 2015. Deferred tax assets increased by EUR 2.1m to EUR 9.1m. Property, plant, and equipment amounted to EUR 4.3m against EUR 4.6m in 2014.

## CHANGES IN EQUITY

The Group's equity increased during the year from EUR 73.4m to EUR 89.8m. Comprehensive income amounted to EUR 54.4m against EUR 42.5m last year. The net effect from share-based payments related to restricted stock units was EUR 7.7m, compared to EUR 5.9m in 2014. Dividend payments of EUR 24.5m against EUR 22.1m last year and purchases of treasury shares of EUR 21.2m against EUR 24.5m in 2015 reduced equity by EUR 45.7m in 2015 compared to EUR 46.6m in 2014.

## CASH FLOW STATEMENT

Operating activities generated a net cash inflow of EUR 54.2m against EUR 44.4m last year and there was a net cash outflow of EUR 2.6m from investing activities compared to EUR 7.0m in 2014. The 2014 net cash outflow reflects the investment made on the acquisition of SimCorp Coric in March 2014. SimCorp generated a net cash inflow from operations and investments of EUR 51.6m against EUR 37.4m in 2014.

SimCorp purchased 565,847 treasury shares with a nominal value of DKK 1 in 2015 at an average price of DKK 279.89 per share. SimCorp delivered 250,760 treasury shares with a nominal value of DKK 1 on the vesting of restricted stock units. Furthermore, 5,858 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 2015.

At 31 December 2015, SimCorp held 1,317,339 treasury shares with a nominal value of DKK 1 each (3.2% of the total share capital) at a cost of EUR 39.5m and a market value of EUR 68.5m. At 31 December 2014, SimCorp held 1,002,252 treasury shares with a nominal value of DKK 1 each (2.4% of the total share capital) at a cost of EUR 25.3m and a market value of EUR 21.9m.

## THE PARENT COMPANY SIMCORP A/S

In 2015, the parent company generated revenue of EUR 142.5m, an increase of EUR 42.0m compared with 2014. The increase in revenue is mainly due to a change in the internal pricing between the parent company and its subsidiaries. The change is a result of an agreement made with the Danish tax authorities to adjust the internal pricing for SimCorp Dimension. Furthermore, the change is supported by an advanced pricing agreement with the US tax authorities.

The parent company received dividends totaling EUR 23.0m from subsidiaries in 2015 compared to EUR 30.0m in 2014.

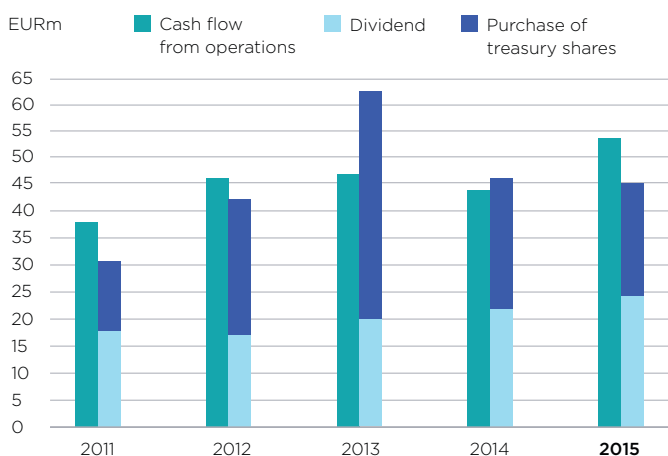
Profit before tax for the year was EUR 81.5m against EUR 52.9m in 2014. Income tax amounted to EUR 13.2m compared with EUR 6.7m in 2014.

Profit after tax for the year was EUR 68.3m against EUR 46.2m in 2014. Equity increased by EUR 30.2m to EUR 92.9, including share capital of EUR 5.6m, retained earnings of EUR 58.9m, and a proposed dividend of EUR 28.4m.

## PROFIT ALLOCATION

The Board of Directors intends to recommend to shareholders at the annual general meeting that, of the total recognized comprehensive income of EUR 68.2m, dividends of EUR 28.4m be declared, representing DKK 5.25 per share of DKK 1, and that EUR 39.8m be transferred to retained earnings.

## CASH FLOW FROM OPERATIONS/CASH FLOW TO SHAREHOLDERS



## Q4 2015 REVENUE PER TYPE

EURm	Revenue Q4 2015	Share of revenue Q4 2015	Revenue Q4 2014	Share of revenue Q4 2014	Growth relative to Q4 2014	Growth local currency relative to Q4 2014
Licenses - new sales	11.0	13.1%	4.3	5.6%	155.8%	155.8%
Licenses - additional sales	16.5	19.7%	21.7	28.2%	-24.0%	-28.1%
Professional services	23.3	27.8%	21.5	28.0%	8.4%	5.1%
Maintenance	31.1	37.1%	28.3	36.8%	9.9%	7.1%
Other	1.9	2.3%	1.1	1.4%	72.7%	45.5%
<b>Total</b>	<b>83.8</b>	<b>100%</b>	<b>76.9</b>	<b>100%</b>	<b>9.0%</b>	<b>5.5%</b>

## Q4 PERFORMANCE

Overall performance in Q4 was in line with expectations, with the exception of new SimCorp Dimension orders in North America that were postponed and signed in early 2016. SimCorp signed one new SimCorp Dimension contract in the Benelux market and renewed one SimCorp Coric subscription contract in the North American market in the fourth quarter of the year.

## ORDER BOOK

Total order inflow in Q4 2015 was EUR 21.9m, a decrease of EUR 5.0m compared to Q4 2014, making the total order book EUR 24.1m at 31 December 2015.

## REVENUE

Q4 2015 revenue was EUR 83.8m, a quarterly increase of 9.0% measured in EUR and 5.5% measured in local currencies.

Income from **new licenses and add-on licenses** was EUR 27.5m compared with EUR 26.0m, an increase of 5.7% compared with Q4 2014 of which currency fluctuations accounted for 2.3%-points. Income from new license sales was positively impacted by income recognized related to a large SimCorp Dimension order signed earlier in the year in France, where a part of the income recognition was dependent on meeting a certain milestone in the ongoing implementation project. Income from add-on licenses was lower in Q4 2015 compared to the same period last year as a consequence of the higher amount of add-on license agreements being signed earlier in 2015 than was the case in 2014.

**Professional revenue fees** were EUR 23.3m, an increase of 8.4% compared with the same period last year of which currency fluctuations accounted for 3.3%-points. Professional fees were positively impacted by a number of fixed fee projects being completed in the quarter.

**Maintenance income** was EUR 31.1m, an increase of 9.9% compared with the year-earlier period of which currency fluctuations accounted for 2.8%-points.

**Other income** including hosting and training activities amounted EUR 1.9m

## COSTS

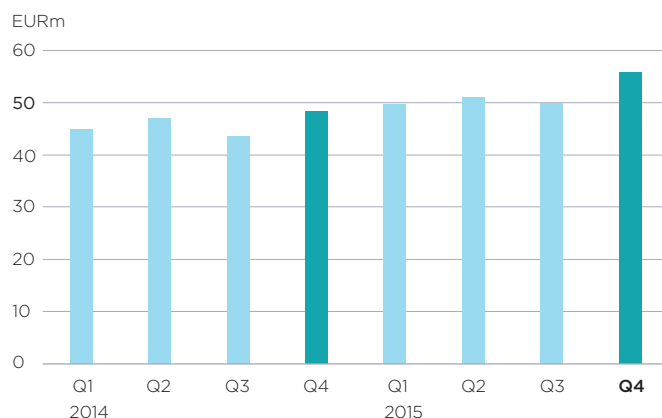
Total costs (including depreciation and amortization) were EUR 56.0m, an increase of EUR 7.5m or 15.5% compared with the same period last year. Currency fluctuations accounted for EUR 1.4m equivalent to 2.9%-points of the increase. An increase of 29 full-time employees compared with same period last year accounted for around 2.4%-points of the increase and general salary increases accounted for 2.5%-points. The remaining cost increases in the quarter were primarily related to sales and marketing costs and performance based remuneration linked to the order inflow and financial result for SimCorp for the full year.

**Cost of sales** increased EUR 2.9m or 11.9%, of which currency fluctuations accounted for 3.1%-points. The increase was driven by a higher number of employees within professional services and performance-based remuneration.

**Research and development costs** increased 9.8% compared with Q4 2014 driven by a higher number of employees.

**Sales and marketing costs** increased by 36.8% including currency fluctuations of 6.5%-points. Higher sales commissions, performance-based remuneration, and significantly more people employed in the sales organization, mainly in North America, were the main drivers for the increase.

## QUARTERLY COSTS 2014 AND 2015



**Administrative expenses** were EUR 0.7m higher in Q4 2015 of which currency fluctuations accounted for EUR 0.3m compared with same quarter 2014. The increase in administrative expenses was driven by performance-based remuneration.

#### GROUP PERFORMANCE

EBIT for Q4 2015 was EUR 28.0m, compared with EUR 28.4m in Q4 2014. Currency exchange rate fluctuations have impacted EBIT positively by 4.2%-points in the quarter.

The Group realized a pre-tax profit of EUR 27.5m, against EUR 28.6m in Q4 2014 and net profit of EUR 21.0m compared with EUR 20.3m in the same quarter last year.

Total comprehensive income was EUR 20.7m, against EUR 19.6m in same quarter last year.

#### CASH FLOW

Cash flow from operating activities was EUR 13,3m compared with EUR 16.5m in the same period of 2014.

#### EMPLOYEES

On average, the Group had 1,221 full-time equivalent employees in Q4 2015 compared with 1,192 for the same period last year

#### SHAREHOLDER INFORMATION

In Q4, in connection with retention of a senior management employee in Copenhagen, 1,346 restricted stock units were granted. The restricted stock units are subject to conditions with respect to certain performance criteria for 2016 to 2017. If performance conditions are only partially satisfied, the number of shares transferred will be reduced, and may possibly lapse completely. 50% will vest in February 2018 and 50% in February 2019, subject to continuing employment. Additionally, 481 restricted stock units were granted on January 1, 2016 as part of a sign-on agreement for the new MD for SimCorp Coric Ltd. The restricted stock units will vest after three years, subject to continuing employment.

A total of 580,201 restricted stock units were outstanding at 31 December 2015. These will be transferred in whole or in part between 2016 and 2019 to program participants still employed when the stock units vest and subject to the performance conditions.

#### TREASURY SHARES

In Q4 2015, the Company acquired 139,923 treasury shares at an average price of DKK 355.78 per share, in total EUR 6.6m.

At 31 December 2015, the Group's holding of treasury shares amounted to 1,317,339 treasury shares, equal to 3.2% of the Company's issued share capital. The total purchase value was EUR 39.5m with a market value of EUR 68.5m at 31 December 2015.

# BUSINESS UNIT REVIEW



**NORTH AMERICA**  
Staff 99

Most business units experienced high activity levels, which resulted in six new SimCorp Dimension clients and two new SimCorp Coric clients in 2015, and a satisfactory pipeline for 2016.



**JAMIE CORRIGAN**

Executive Vice President, SimCorp North America  
Present position since 2014



**PETER HILL**

Senior Vice President, SimCorp Ltd.  
Present position since 2014



**ARNT EILERTSEN**

Senior Vice President, SimCorp Nordic  
Present position since 2001

## NORTH AMERICA

North America performed below expectations and below 2014 results. Total revenue decreased by 11% in 2015 as a result of not signing any new clients. But while new sales were disappointing, sales of additional licenses to existing clients exceeded expectations and were positively impacted by one larger deal, where an existing client decided to take on SimCorp's front office solution. Professional services sales fell by 24% as a consequence of not signing new clients in 2015, whereas maintenance income grew by 9%. The value of the total installed license base only increased by USD 1m, reaching USD 80m at the end of 2015 as a result of the change in the currency rate between CAD and USD.

USDm	2015	2014	Change
Total revenue	41.6	46.6	-11%
- License fees	9.3	9.1	2%
- Professional services	19.5	25.7	-24%
- Maintenance income	12.7	11.7	9%
- Other	0.1	0.1	-
New wins	0	0	-
Market share	4%	4%	-
SimCorp clients	19	20	-5%
Number of employees	99	101	-2%

## UK

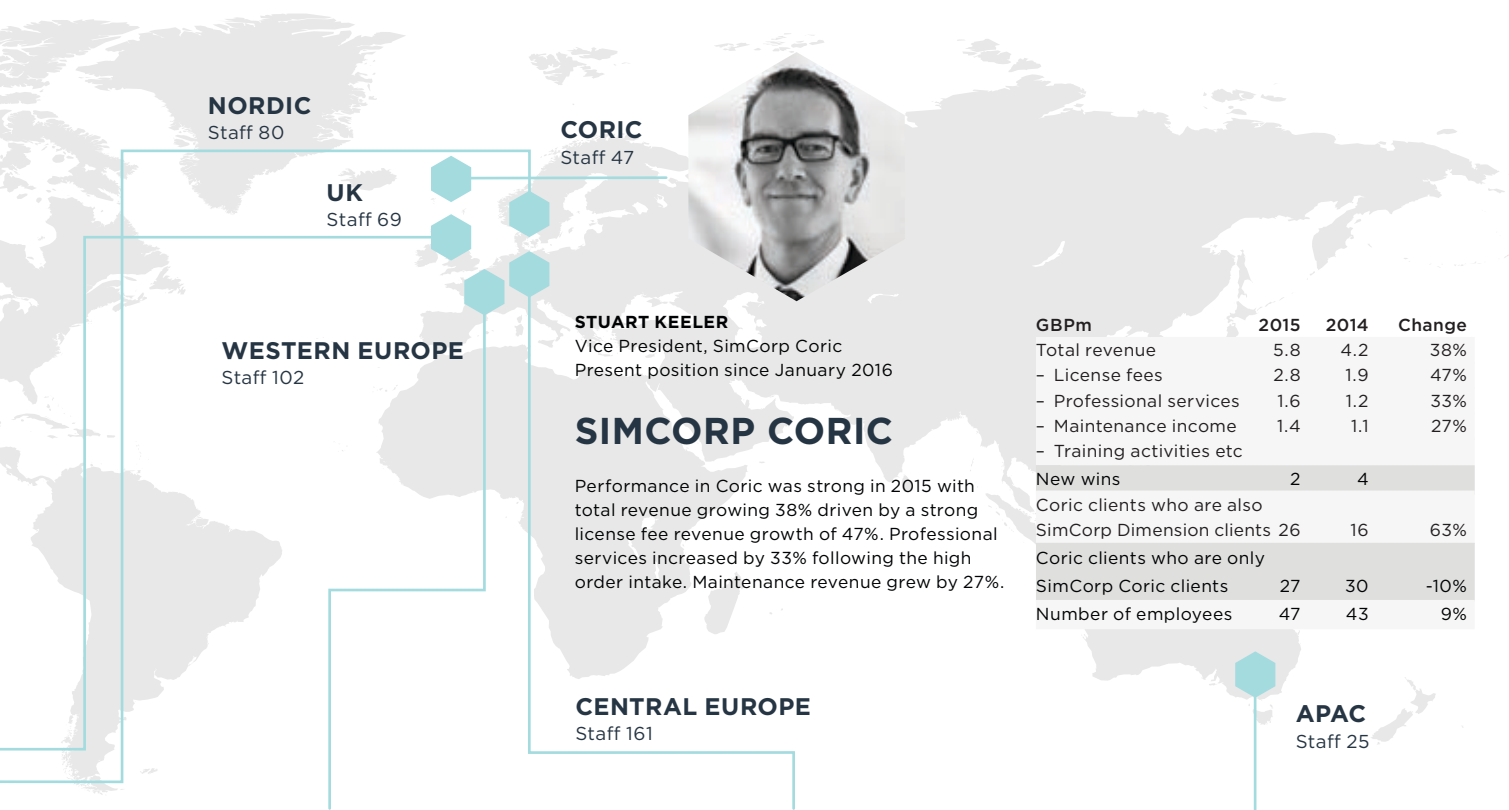
UK delivered a strong performance in 2015 with total revenue growing 65%. Two new license deals were signed in 2015 - one with a UK-based asset manager and one with a global asset manager. In addition, existing UK clients increased their investments with SimCorp. Professional services grew by 58% as a result of the increased activity ensuing from additional licenses. The total installed license base grew by GBP 7m to GBP 46m at the end of 2015.

GBPm	2015	2014	Change
Total revenue	24.1	14.6	65%
- License fees	9.5	2.9	228%
- Professional services	7.1	4.5	58%
- Maintenance income	7.1	6.9	3%
- Other	0.4	0.3	33%
New wins	2	1	-
Market share	14%	13%	1%
SimCorp clients	21	20	5%
Number of employees	69	54	28%

## NORDIC

Nordic - SimCorp's most mature market - declined by 4% in 2015. Although no new clients were signed, the license fee revenue increased by 22% following a positive development in the sale to existing clients. Professional services revenue declined by 25% following a weaker demand for implementation consultants compared to the same period last year, when a number of larger implementation projects were ongoing. The installed license base grew by DKK 56m to DKK 1,108m at the end of 2015.

DKKm	2015	2014	Change
Total revenue	401.8	418.3	-4%
- License fees	77.0	63.3	22%
- Professional services	105.8	141.9	-25%
- Maintenance income	218.8	211.5	3%
- Other	0.1	1.6	-96%
New wins	0	0	-
Market share	66%	67%	-1%
SimCorp clients	46	47	-2%
Number of employees	80	89	-10%



**CORIC**  
Staff 47

**STUART KEELER**  
Vice President, SimCorp Coric  
Present position since January 2016

**SIMCORP CORIC**

Performance in Coric was strong in 2015 with total revenue growing 38% driven by a strong license fee revenue growth of 47%. Professional services increased by 33% following the high order intake. Maintenance revenue grew by 27%.

GBPm	2015	2014	Change
Total revenue	5.8	4.2	38%
- License fees	2.8	1.9	47%
- Professional services	1.6	1.2	33%
- Maintenance income	1.4	1.1	27%
- Training activities etc			
New wins	2	4	
Coric clients who are also SimCorp Dimension clients	26	16	63%
Coric clients who are only SimCorp Coric clients	27	30	-10%
Number of employees	47	43	9%

**CENTRAL EUROPE**  
Staff 161

**APAC**  
Staff 25



**HANS OTTO ENKILDE**   **EMMANUEL COLSON**  
Senior Vice Presidents, SimCorp Western Europe  
Present positions since 2013



**RALF SCHMÜCKER**  
Senior Vice President, SimCorp Central Europe  
Present position since 2012



**NICK QUIN**  
Senior Vice President, SimCorp APAC  
Present position since 2014

**WESTERN EUROPE**

Performance in Western Europe was strong in 2015 with total revenue growing 41% and three new license deals signed during the year - two in France and one in Belgium, all driven by SimCorp's IBOR-based front office offering. Existing clients also increased their investments with SimCorp during the year. Growing by 53%, the professional services revenue mirrored the increase in license sales, and maintenance income increased by 17% compared to 2014. The total installed license base grew by EUR 19m to EUR 109m at the end of 2015.

**CENTRAL EUROPE**

Central Europe increased its total revenue by 5% with one new client win. The revenue growth was driven by an increase in professional services and maintenance income, while license fee revenue declined by 21%. The total value of the installed license base increased by EUR 16m to EUR 233m.

**SIMCORP APAC**

In APAC, total revenue stayed unchanged in 2015 compared to 2014, with no new clients signed. Professional services declined by 15% as a result of an unsatisfactory order inflow. Maintenance revenue grew by 14% as a result of clients going live in 2015. The total value of the installed license base increased by AUD 7m to AUD 79m at the end of 2015.

EURm	2015	2014	Change
Total revenue	52.0	36.9	41%
- License fees	18.7	12.0	56%
- Professional services	16.7	10.9	53%
- Maintenance income	15.5	13.3	17%
- Other	1.1	0.7	57%
New wins	3	4	
Market share	14%	13%	1%
SimCorp clients	24	22	9%
Number of employees	102	78	31%

EURm	2015	2014	Change
Total revenue	74.2	70.6	5%
- License fees	9.8	12.3	-21%
- Professional services	20.8	18.8	11%
- Maintenance income	40.5	37.8	7%
- Other	3.1	1.7	32%
New wins	1	3	
Market share	26%	25%	1%
SimCorp clients	51	50	2%
Number of employees	161	162	-1%

AUDm	2015	2014	Change
Total revenue	24.9	24.9	0%
- License fees	0.9	2.2	-59%
- Professional services	5.6	6.6	-15%
- Maintenance income	18.4	16.1	14%
- Other	0.0	0.0	0%
New wins	0	0	
Market share	11%	11%	-
SimCorp clients	12	12	-
Number of employees	25	31	-19%

# CORPORATE GOVERNANCE

**SimCorp's Board of Directors has reviewed and discussed each of the recommendations for corporate governance issued by NASDAQ Copenhagen A/S and has concluded that, with a few exceptions, SimCorp is in full compliance with the recommendations.**

SimCorp's corporate governance guidelines provide the overall direction for SimCorp's Board of Directors and executive management team in their definition of working procedures and principles. The 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, mission, corporate vision, and values.

In a limited number of areas, SimCorp has decided not to comply with the Corporate Governance recommendations issued by NASDAQ Copenhagen A/S. In these cases, SimCorp considers that the limited size and/or complexity of its business do not warrant full compliance with the recommendations. Consequently, SimCorp is not in full compliance on the matters of separate nomination and remuneration committees.

On the subject of nomination, the Chairman, the Vice Chairman, and the CEO are asked by the Board of Directors to identify new, potential Board members. The Board of Directors discusses and decides collectively who are to be nominated by the Board of Directors for election by the shareholders at the Annual General Meeting.

SimCorp's remuneration policy, which is available on the company's website, lays out a clear description of SimCorp's remuneration principles and procedures. Remuneration matters are considered by the full Board of Directors and SimCorp has decided that a remuneration committee is not required as this would add unnecessary cost and complexity to the current operating model.

## SIMCORP'S STAKEHOLDER RELATIONSHIPS

SimCorp's management objective is, in all respects, to promote the long-term interests of the company, and thus of all stakeholders. The objective of creating long-term value assumes, among other things, that SimCorp establishes

lasting and constructive relationships with the Group's primary stakeholders: shareholders, clients, employees, and suppliers.

## THE WORK OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE, AND EXECUTIVE MANAGEMENT BOARD

The Board of Directors is a collective body for promoting the long-term interests of the company in all respects. The Board of Directors is responsible for ensuring that the overall strategic management and the financial and managerial control of the Group are conducted adequately in all respects. Thus, the Board of Directors acts as a sparring partner to the Executive Management Board in relation to strategic initiatives and monitors the Group's financial condition, risk management, and business activities on an ongoing basis. The Audit Committee is responsible for assisting the Board with the oversight of the financial reporting process, the effectiveness of the internal control and risk management systems, and the monitoring of the external audit of financial reporting and independence of the external audit for the SimCorp Group of companies.

## COMPOSITION AND QUALIFICATIONS OF THE BOARD OF DIRECTORS

The Board of Directors is constituted to ensure it is independent of any special interests. Thus, the Board consists of a number of members sufficient to enable an appropriate distribution of tasks among them, as well as to ensure an effective and rapid decision-making process. As provided in the company's articles of association, SimCorp's Board of Directors consists of between three and six members elected by the company's shareholders in addition to members elected by and among the company's employees. To further strengthen the collective competences of the Board, SimCorp will at the Annual General Meeting 2016 nominate Franck Cohen, currently President EMEA at SAP, as an additional Board member in SimCorp. Further, the employees of SimCorp will in the beginning of 2016 elect amongst them three employee-elected Board members. Accordingly, following the Annual

General Meeting 2016, the Board will consist of six members elected by the shareholders and three members elected by employees.

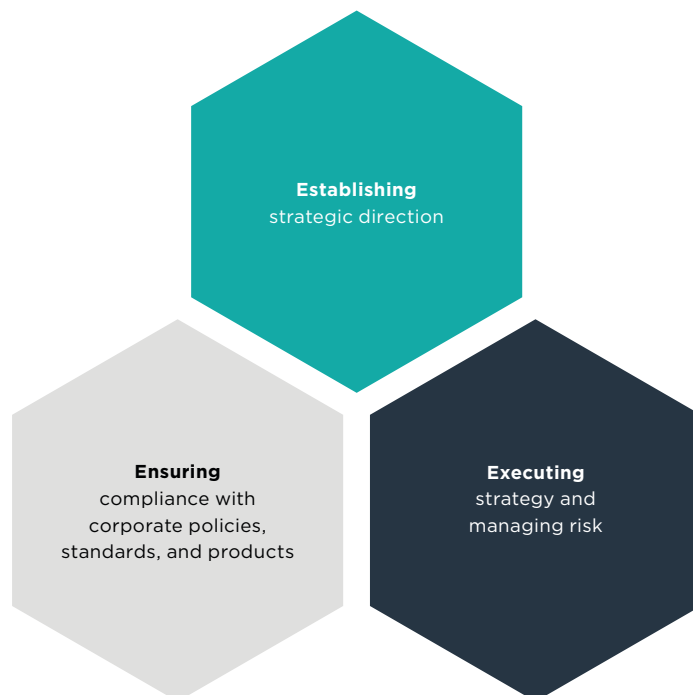
Independent members of SimCorp's Board of Directors are elected for one year at a time and employee-elected members for three-year terms. Regarding gender diversity on the Board of Directors, the company has set as a target to have at least two directors of the underrepresented gender elected by the general meeting to the Board of Directors.

**SELF-ASSESSMENT**

Annually, the Board of Directors carries out a self-assessment. In 2015, the self-assessment process took place in November and comprised an evaluation of the work and contribution of

the Executive Management Board, the Board of Directors, and the Audit Committee within the areas of strategy, finance, risk management, sales, organization and management, and operations. Based on the self-assessment, it was concluded that the Board's collective work is efficient. The Board also concluded that in order to increase its competences within business-to-business sales of software, it would be looking for a candidate who possesses skills and experiences within these areas. With the addition of Franck Cohen, currently President EMEA at SAP, as a Board member, the Board of Directors believes it has the appropriate competencies.

**SIMCORP CORPORATE GOVERNANCE**



## RISK MANAGEMENT

The Board of Directors has the overall responsibility for ensuring that SimCorp maintains appropriate procedures to monitor, measure, and manage the company's risks and that such procedures are firmly embedded in the company's organization. A general description of risks is provided in the section 'Risk management' on pages 22-25. As part of its risk management, the Executive Management Board and the Board have defined a risk statement outlining the most critical risks to SimCorp and the related mitigating actions.

Further, the company has established a whistleblower body, authorized by the Danish Data Protection Agency, which, in addition to usual control functions, is intended to provide access to reporting on suspected irregularities in the business. An independent member of SimCorp's Board of Directors, Simon Jeffreys, has been appointed as administrator of the whistleblower policy and to act as gatekeeper in respect of the whistleblower account. Contact information: [simon.jeffreys@aon.co.uk](mailto:simon.jeffreys@aon.co.uk) or phone: +44 7831 690 999.

## CORPORATE SOCIAL RESPONSIBILITY

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

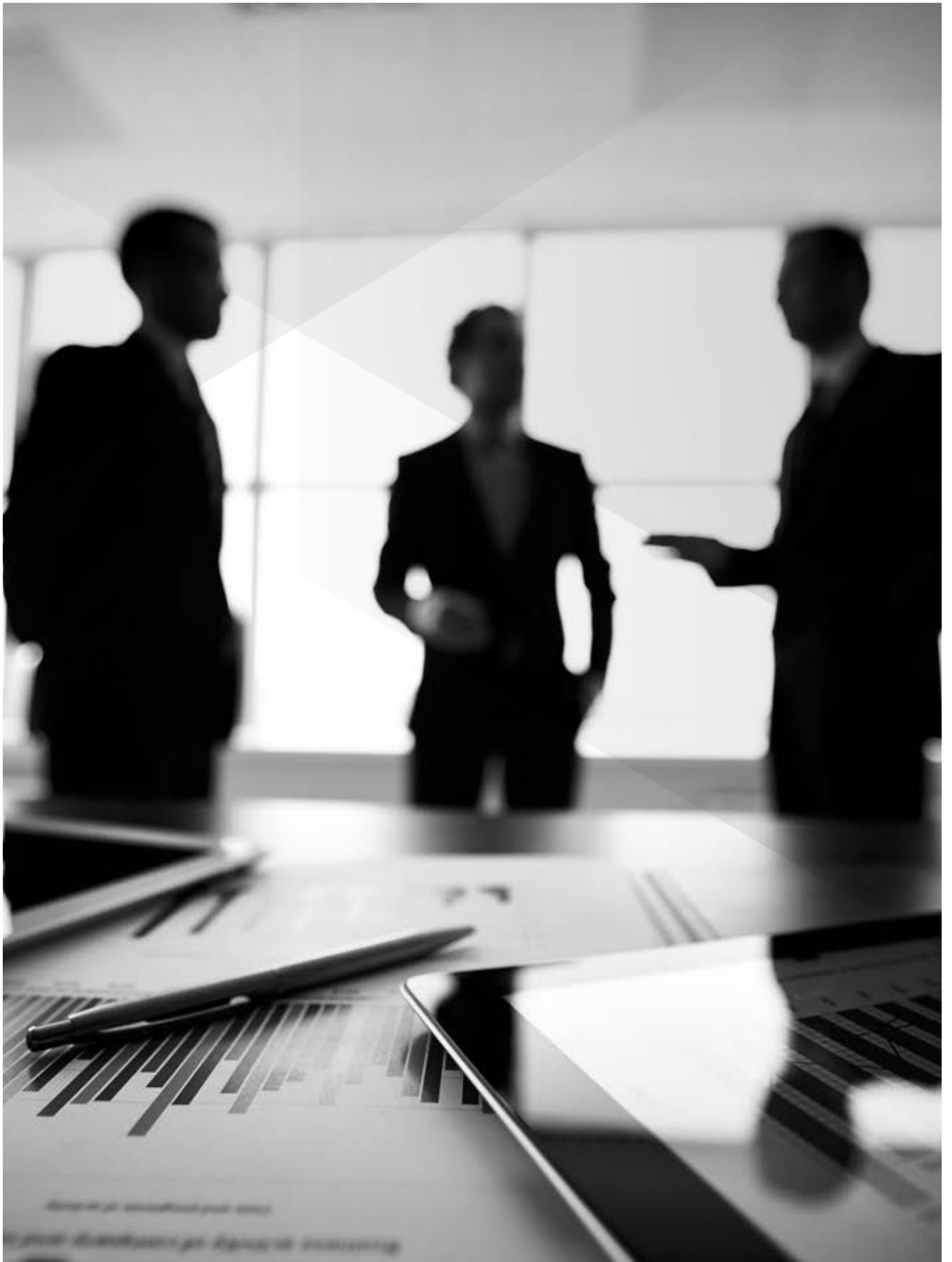
SimCorp does not have an explicit, separate CSR policy, but aims to maintain and enhance its professional and commercial relations with internal and external stakeholders based on mutual respect. The company's approach to Corporate Social Responsibility is described in more detail in the document entitled 'Corporate Social Responsibility' posted on the company's website. [www.simcorp.com/csr2015](http://www.simcorp.com/csr2015)

## DIVERSITY

On the subject of diversity, SimCorp's approach is described in SimCorp's Diversity Policy, which is included in SimCorp's Corporate Governance Guidelines and the Diversity Activity Plan, both available on the company's website. [www.simcorp.com/corpgov2016](http://www.simcorp.com/corpgov2016) and [www.simcorp.com/diversity2015](http://www.simcorp.com/diversity2015)

In 2015, a female mentoring program for nine women with manager potential was piloted. The program ran over six months with SimCorp's Global Management Committee acting as mentors. The aim of the program was to support the building of a pipeline of potential female leaders, which over time will help increase the number of women at Total Management Team (TMT) level in SimCorp. The program has received positive feedback in the organization and a similar program will run in 2016.





## BOARD OF DIRECTORS

31 December 2015



### RAYMOND JOHN

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

#### *Personal and educational background*

Born 1965, US citizen, B.S. Industrial Engineering,  
MSc. (Applied Economics and Finance).

#### *Directorships*

Employee-elected member of SimCorp A/S'  
Board of Directors since 2009.

#### *Independence*

Senior Business Consultant in SimCorp A/S.

Is not regarded as independent due to  
employment with SimCorp A/S.

### SIMON JEFFREYS

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

#### *Personal and educational background*

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

#### *Directorships*

Member of SimCorp A/S' Board of Directors  
since 2011. Chairman of the Audit Committee  
of SimCorp A/S since 2013. Chairman of Aon  
UK Limited. Director and Chairman of the Audit  
Committee of the Board of Directors of Henderson  
International Income Trust and St. James's Place  
plc.

#### *Independence*

Is regarded as independent.

### PETER SCHÜTZE

Business address: Skovshovedvej 27B,  
2920 Charlottenlund, Denmark

#### *Personal and educational background*

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

#### *Directorships*

Vice Chairman of SimCorp A/S' Board of  
Directors since 2012. Chairman of the Board of  
Directors of DSB SOV, Falck Holding A/S, and  
Copenhagen Business School (up to Feb. 1,  
2016). Vice chairman of the Board of Directors of  
Nordea-fonden and Nordea Bank-fonden. Member  
of the Board of Directors of Lundbeckfonden,  
Lundbeckfond Invest A/S, Bestyrelsesforeningen,  
Gösta Enboms Fond and Dronning Margrethe den  
II's Arkæologiske Fond. Member of the Industrial  
Board of Axcel and Axcel Future, and member of  
The Systemic Risk Council. Chairman of the invest-  
ment committee of the Danish Climate Investment  
Fund and the Danish Agribusiness Fund.

#### *Independence*

Is regarded as independent.

**JACOB GOLTERMANN**

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

*Personal and educational background*

Born 1970, Danish citizen, MSc (Math. and Econ.).

*Directorships*

Employee-elected member of SimCorp A/S' Board of Directors since 2007.

*Independence*

Program Director in SimCorp A/S.

Is not regarded as independent due to employment with SimCorp A/S.

**PATRICE MCDONALD**

Business address: Stork's Nest,  
Kinsale, Ireland

*Personal and educational background*

Born 1969, Irish citizen, B.Comm (Hons) from University College, Cork, MBA from Harvard Business School.

*Directorships*

Member of SimCorp A/S' Board of Directors and SimCorp A/S' Audit Committee since 2014. Non-Executive Chair of TD Bank (Europe) and TD Securities Ltd and Chair Audit Committee. Board Director and Chair of the Risk Committee of The Davy Group.

*Independence*

Is regarded as independent.

**JESPER BRANDGAARD**

Business address: Novo Nordisk A/S, Novo Allé, 2880 Bagsværd, Denmark

*Personal and educational background*

Born 1963, Danish citizen, MSc (Econ. and Audit.) and MBA from Copenhagen Business School.

*Directorships*

Chairman of SimCorp A/S' Board of Directors since 2008 and Vice Chairman from 2007 to 2008. Also Chairman of the Board of Directors of NNIT A/S.

*Independence*

Executive Vice President and CFO of Novo Nordisk A/S.

Is regarded as independent.

**HERVÉ COUTURIER**

Business address: AMADEUS S.A.S,  
485 Route du Pin Montard, 06902  
Sophia Antipolis Cedex, France

*Personal and educational background*

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

*Directorships*

Member of SimCorp A/S' Board of Directors since 2008.

*Independence*

Executive Vice President in Amadeus S.A.S.

Is regarded as independent

## GROUP MANAGEMENT COMMITTEE

31 December 2015



### JENS OLIVARIUS

Born 1969  
Senior Vice President, Group  
Marketing & Communications  
Present position held since 2014

### ELISE HAUGE

Born 1967  
Senior Vice President, Group  
Human Resources  
Present position held since 2014

### JAMES CORRIGAN

Born 1976  
Managing Director,  
SimCorp North America  
Present position held since 2014

### KLAUS HOLSE

Born 1961  
Chief Executive Officer  
Present position held since 2012  
Member of SimCorp A/S'  
Executive Management Board  
Chairman of the Board of Directors  
of EG A/S  
Member of the supervisory Board  
of Industriens Arbejdsgivere i  
København and The Scandinavian  
Golf Club  
Chairman of the Board of Directors  
of Delegate A/S

**THOMAS JOHANSEN**

Born 1970  
 Chief Financial Officer  
 Present position held since  
 2011  
 Member of SimCorp A/S'  
 Executive Management  
 Board  
 Chairman of the supervisory  
 Board of Køge Boldklub

**HENRIK SCHLÆGEL**

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

**JOCHEN MÜLLER**

Born 1966  
 Executive Vice President,  
 SimCorp EMEA  
 Present position held since  
 2012

**THORVALDUR FLEMMING  
JENSEN**

Born 1967  
 Senior Vice President,  
 ASP Division  
 Present position held since  
 2015

**GEORG HETRODT**

Born 1966  
 Chief Technology Officer  
 Present position held 2009  
 Member of SimCorp A/S'  
 Executive Management  
 Board  
 Chairman of the Board of  
 Directors of Dyalog Ltd.

# SHAREHOLDER INFORMATION

In 2015, liquidity in the SimCorp share measured by average daily trading turnover was up by 29% to EUR 2.2m, and the average daily number of trades increased by 42% to 533. SimCorp's share price increased by 139%.

## THE SIMCORP SHARE

The share price at 31 December 2015 was DKK 388 per share, equal to a market capitalization of EUR 2.2bn (DKK 16.1bn). The share price increased by 139% in 2015. By comparison, the NASDAQ Copenhagen A/S blue chip index (OMXC20 CAP) rose by 29%, while the index for medium-sized companies (OMXC Mid Cap), of which the SimCorp share was a component, rose by 39%. As of 1 January 2016, the SimCorp share is part of the OMXC Large Cap.

Relative to 2014, the average daily turnover of SimCorp shares on NASDAQ Copenhagen rose by 29% to EUR 2.2m, and the average number of trades per day increased by 42% to 533, reflecting a lower average volume size per trade.

## SHARE CAPITAL

SimCorp's nominal share capital is DKK 41,500,000 divided into 41,500,000 shares of DKK 1.

## SHAREHOLDER STRUCTURE

At 31 December 2015, SimCorp had around 7,650 registered shareholders representing more than 92% of the company's share capital, an increase of approximately 850 registered shareholders during the year. Approximately 42% of the share capital was held or managed by the 25 largest shareholders, and more than 63% of the registered share capital was held by shareholders based outside Denmark. On 31 December 2015, around 6% of the company's share capital was held by the company's management and by approximately 600 employees. Furthermore, SimCorp estimates that Danish and foreign institutional investors held some 70% of the company's shares, an increase from approximately 65% at year-end 2014.

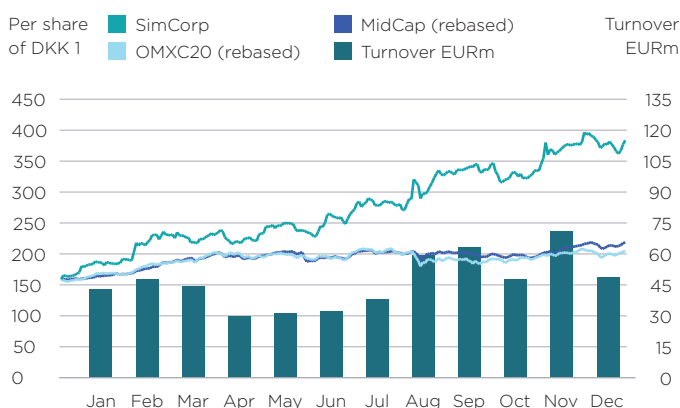
Around 26% of SimCorp shares were managed by investors who are also clients of SimCorp. The company held 3.2% of the shares as treasury shares at year-end 2015. In accordance with section 55 of the Danish Companies Act, the following investors have reported holding more than 5% of SimCorp's share capital:

- The Danish Labor Market Supplementary Pension Fund (ATP), Denmark.
- Allianz Global Investors Funds, Luxembourg.
- Ameriprise Financial Inc. group, USA, with a part held by the subsidiary Columbia Wanger Asset Management LLC.

## SHARE-BASED INCENTIVE SCHEMES

In accordance with the remuneration policy, approved by the shareholders at the annual general meeting on 23 March 2015, the Board of Directors in 2015 approved a share-based incentive program for management and key employees based on restricted stock units. The fair value of the restricted stock units amounted to EUR 2.7m at the time of allotment, and a total of 87,116 restricted stock units of DKK 1 have been granted, including 25,085 restricted stock units of DKK 1 to the Executive Management Board. The restricted stock units will vest after three years, subject to continuing employment and are subject to conditions with respect to average annual minimum revenue growth and annual average net operating profit after tax for the financial years 2015-2017. If the two latter conditions are only partially met, the number of shares transferred after three years will be reduced, potentially to zero.

## SHARE PRICE DEVELOPMENT AND TRADING ACTIVITY, 2015



Furthermore, in connection with the appointment of senior management employees in North America, a total of 7,971 restricted stock units have been granted as sign-on bonuses. One third of these restricted stock units vest after one year, further one third after two years, and the last third after three years, subject to continuing employment. Additionally, in connection with an incentive program for a senior management employee in France, 7,834 restricted stock units have been granted. These will vest after three years subject to continuing employment and subject to performance conditions with respect to order intake for the financial years 2015 to 2017. If the conditions are only partially satisfied, the number of shares transferred will be reduced, potentially to zero.

In addition, 120,031 restricted stock units of DKK 1 relating to the corporate bonus program for 2014 were granted in 2015 and distributed among employees in the Group, including 6,659 restricted stock units to the Executive Management Board and 947 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 2016 and comprises restricted stock units with a market value of approximately EUR 2.9m on the date of grant. Treasury shares will be acquired to cover the program obligations. SimCorp's share-based incentive

schemes are further detailed in note 7.1 to the financial statements. In accordance with SimCorp's remuneration policy, which is available on the company's website, members of the Board of Directors will in 2016 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 31 December 2015, the seven members of the company's Board of Directors held a total of 125,110 SimCorp shares and 1,671 restricted stock units were held by employee-elected members of the Board. The three members of the Group's Executive Management Board held a total of 228,079 SimCorp shares and 134.882 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 7.6 to the financial statements.

#### ANNUAL GENERAL MEETING

The annual general meeting of SimCorp A/S will be held on: Friday, 1 April 2016 at 3 pm at SimCorp's headquarters, Weidekampsgade 16, Copenhagen, Denmark.

## SHARE DATA

<b>Stock exchange Index</b>	NASDAQ Copenhagen A/S OMXC MidCap (OMX LargeCap as of 1 January 2016)
<b>Sector</b>	Technology
<b>ISIN code</b>	DK0060495240
<b>Short code</b>	SIM
<b>Share capital</b>	DKK 41,500,000
<b>Nominal size</b>	DKK 1
<b>Number of shares</b>	41,500,000
<b>Negotiable papers</b>	Yes
<b>Restriction in voting rights</b>	No

## FINANCIAL CALENDAR 2016

<b>Apr 1 2016</b>	Annual General Meeting
<b>Apr 6 2016</b>	Expected date for pay-out of dividend
<b>May 10 2016</b>	Publication of interim financial report in the morning Q1 2016
<b>Aug 26 2016</b>	Publication of interim financial report in the morning H1 2016
<b>Nov 10 2016</b>	Publication of interim financial report in the morning for the first nine months of 2016

To ensure continuity in the composition of the Board of Directors, the five members elected by the shareholders who are currently serving on the Board of Directors will stand for re-election at SimCorp’s annual general meeting. Brief biographies of the current members of the Board of Directors are found on pages 40-41.

The Board of Directors has updated the ideal competence profile for the Board of Directors and has concluded that the Board of Directors would benefit from an additional member. Consequently, the Board of Directors intends to propose that Mr. Franck Cohen be elected as new member of the Board of Directors.

Franck Cohen brings more than 25 years of experience from the software industry, specifically the application management vertical. Since 2009, he has been with SAP, from 2009 to 2011 as COO and since 2011 as President for EMEA, which by far is the most significant entity within SAP representing more than 50% of the overall revenue. He has throughout his career worked in enterprise B2B sales. Franck Cohen has worked with shorter and longer sales lifecycles; he has targeted all vertical segments throughout his career and most lately spent time on the biggest application management deals for SAP. In addition, he understands not only the software, but also the services part of the business, including maintenance, support, cloud, and next-generation services. Franck Cohen holds a Bachelor of Science in Electrical Engineering from Tel Aviv University. He later supplemented his degree at Massachusetts Institute of Technology (MIT).

The Board of Directors intends to propose an unchanged Board remuneration level in 2016. This will entail the following total remuneration to the Board of Directors for the financial year 2016. The remuneration comprises cash of EUR 0.4m (DKK 3.0m), representing two thirds of the total remuneration, and SimCorp shares with a market value of around EUR 0.2m (DKK 1.5m), representing one third of the remuneration, totaling EUR 0.60m (DKK 4.5m). See ‘Remuneration of Board of Directors, Executive Management, and Employees’ on the company’s website.

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.

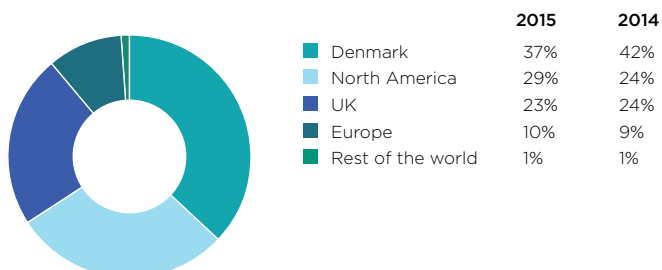
The agenda for the annual general meeting including proposed resolutions will be published on Thursday, 10 March 2016, on which date the notice convening the meeting will be sent by email to all registered shareholders.

**DIVIDENDS AND SHARE BUYBACK**

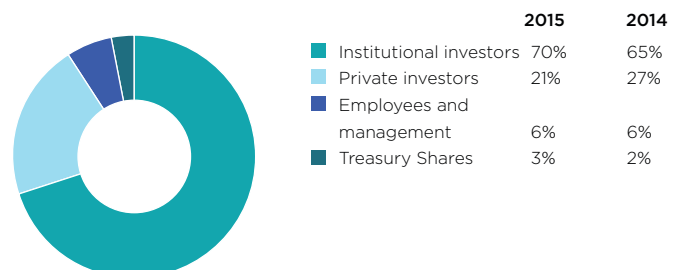
Maintaining a composition of assets that does not raise questions about the company’s financial stability is vital to SimCorp’s continued international expansion. Management believes this objective will be achieved when the cash holdings and committed credit lines exceed 10% of the projected costs for the coming year. On this assumption, the company intends to pay dividends of at least 50% of the profit on ordinary activities after tax. Additionally, cash will be used to buy treasury shares provided the company does not anticipate specific cash requirements. The purchase of treasury shares is expected to be executed in terms of safe harbor programs.

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 28.4m, equal to DKK 5.25 per share of DKK 1, be distributed for the financial year 2015, corresponding to a payout ratio of 55.5%. In order to be eligible for dividends, shares must be registered on or before 1 April 2016. The ex-dividend date is 4 April 2016.

**SHAREHOLDER STRUCTURE BY GEOGRAPHY**



**SHAREHOLDER STRUCTURE BY CATEGORY**





Dividends for the financial year 2015 are expected to be paid on 6 April 2016. Based on the current business outlook and the cash position, SimCorp expects to continue its share buyback program during 2016 for a forecasted EUR 30m and expects to initiate a new “Safe Harbour” program, acquiring treasury shares for such an amount during the period from Q2 to the release of the annual report 2016 in February 2017.

#### 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 A/S, 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, Investor Relations Manager,  
Telephone: +45 35 44 88 00, [investor@simcorp.com](mailto:investor@simcorp.com),  
[www.simcorp.com](http://www.simcorp.com)

Announcements to NASDAQ Copenhagen in 2015 can be found at [www.simcorp.com/investors](http://www.simcorp.com/investors)

## STATEMENTS AND SIGNATURES

### STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT BOARD

The Board of Directors and the Executive Management Board have today considered and approved the annual report for 2015 of SimCorp A/S.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as of 31 December 2015 and of the results of the parent company's and the Group's operations and cash flows for the financial year 1 January to 31 December 2015.

In our opinion the Management report gives a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the year and the financial position of the Group and the parent company, as well as a description of the significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Copenhagen, 22 February 2016

#### EXECUTIVE MANAGEMENT BOARD



Klaus Holse  
*Chief Executive Officer*



Georg Hetrodt  
*Chief Technology Officer*



Thomas Johansen  
*Chief Financial Officer*

#### BOARD OF DIRECTORS



Jesper Brandgaard  
*Chairman*



Peter Schütze  
*Vice chairman*



Hervé Couturier



Simon Jeffreys



Patrice McDonald



Jacob Goltermann  
*Employee-elected*



Raymond John  
*Employee-elected*

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of SimCorp A/S

### REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of SimCorp A/S for the financial year 1 January to 31 December 2015, pp 50-97, which comprise income statement and statement of comprehensive income, balance sheet, 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. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY 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 Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

### 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 2015 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 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

### STATEMENT ON MANAGEMENT'S REVIEW

We have read Management's Review, pp 1-47 and 98-102, in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

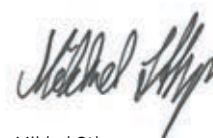
Copenhagen, 22 February 2016

### PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31



Fin T. Nielsen  
State Authorized Public Accountant



Mikkel Sthyr  
State Authorized Public Accountant

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# Financial statements

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## DISCLAIMER

The forward-looking statements regarding the Group's future financial situation involve factors of uncertainty and risk, which could cause actual developments to deviate from the expectations indicated. Such forward-looking statements are not guarantee of future performance. They involve risk and uncertainty, and the actual performance may deviate materially from that expressed in such forward-looking statements due to a variety of factors. The principal factors of uncertainty and risk are dealt with in further detail under the heading "risk management" on page 22 and in note 6.3, "Financial instruments and risk" in this annual report. Readers are warned not to rely unduly on the forward-looking statements. The Group's revenue will continue to be impacted by relatively few, but large system orders, and such orders are expected to be won at relatively irregular intervals. The terms agreed in the individual license agreements will determine the impact on the order book and on license revenue recognized for any specific financial reporting period. Accordingly, license revenue is likely to vary considerably from one quarter to the next. Unless required by law or corresponding obligations, SimCorp A/S in under no duty and undertakes no obligation to update or revise forward-looking statements after the distribution of this document, whether as a result of new information, future events or otherwise.

## Income statement and statement of comprehensive income

PARENT COMPANY			GROUP	
2014	2015		2014	2015
EUR '000	EUR '000	Note	EUR '000	EUR '000
INCOME STATEMENT				
100,533	142,519	2.1, 2.2, 7.2	241,069	277,927
28,862	34,277	2.3, 2.4, 7.1	89,327	100,086
71,671	108,242		151,742	177,841
<b>Gross profit</b>				
21,457	22,309		176	492
44,267	43,837	2.3, 2.4, 7.1	50,803	53,917
8,205	8,756	2.3, 2.4, 7.1	27,453	35,337
17,329	18,058	2.3, 2.4, 7.1, 7.7	16,399	18,041
23,327	59,900		57,263	71,038
<b>Operating profit (EBIT)</b>				
-	-	5.2	50	126
30,841	24,620	6.4	1,819	1,796
1,257	3,022	6.5	1,616	3,860
52,911	81,498		57,516	69,100
<b>Profit before tax</b>				
6,731	13,153	3.1	15,933	16,516
46,180	68,345		41,583	52,584
<b>Profit for the year</b>				
<b>Earnings per share</b>				
		6.2	1.02	1.31
		6.2	1.00	1.29

PARENT COMPANY			GROUP	
2014	2015		2014	2015
EUR '000	EUR '000	Note	EUR '000	EUR '000
STATEMENT OF COMPREHENSIVE INCOME				
46,180	68,345		41,583	52,584
<b>Profit for the year</b>				
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to the income statement:</b>				
-	-		-520	-279
-	-		139	49
<b>Items that will be reclassified subsequently to the income statement, when specific conditions are met:</b>				
192	-168		1,339	2,066
192	-168		958	1,836
46,372	68,177		42,541	54,420
<b>Total comprehensive income</b>				
<b>Proposed distribution</b>				
24,652	28,409			
21,720	39,768			
46,372	68,177			

## Cash flow statement

PARENT COMPANY			GROUP	
2014	2015		2014	2015
EUR '000	EUR '000	Note	EUR '000	EUR '000
46,180	68,345	Profit for the year	41,583	52,584
-16,997	-1,087	7.9 Adjustments	23,165	26,990
-6,083	-27,545	Changes in working capital	-4,912	-3,870
23,100	39,713	<b>Cash from operating activities before financial items</b>	59,836	75,704
265	146	Financial income received	187	63
-599	-293	Financial expenses paid	-615	-387
-5,350	-13,316	3.1 Income tax paid	-15,018	-21,174
17,416	26,250	<b>Net cash from operating activities</b>	44,390	54,206
-6,943	0	5.3 Purchase of subsidiaries	-5,058	0
0	-138	5.2 Purchase of associates	0	-138
-1,769	0	Share capital to subsidiaries	-	-
422	0	5.2 Repayment of loan, associates	422	0
-377	-277	5.1 Purchase of intangible fixed assets	-377	-277
-1,589	-958	5.1 Purchase of property, plant and equipment	-2,054	-2,029
9	24	5.1 Proceeds from sale of property, plant and equipment	34	32
-45	-24	5.5 Purchase of financial assets	-63	-311
0	38	5.5 Proceeds from sale of financial assets	53	88
20	10	6.4 Dividends from associates	20	10
30,016	23,040	6.4 Dividends from subsidiaries	-	-
19,744	21,715	<b>Net cash from/used in investment activities</b>	-7,023	-2,625
37,160	47,965	<b>Net cash from operating and investment activities</b>	37,367	51,581
62	0	Exercise of options	62	0
0	-744	Employee bonds	0	-744
-22,131	-24,457	Dividends paid	-22,131	-24,457
-24,455	-21,221	6.1 Purchase of treasury shares	-24,455	-21,221
-46,524	-46,422	<b>Net cash used in financing activities</b>	-46,524	-46,422
-9,364	1,543	<b>Change in cash and cash equivalents</b>	-9,157	5,159
36,193	26,748	Cash and cash equivalents at 1 January	47,106	37,995
-81	8	Foreign exchange adjustment of cash and cash equivalents	46	190
26,748	28,299	<b>Cash and cash equivalents at 31 December</b>	37,995	43,344

**Balance sheet** 31 December

<b>PARENT COMPANY</b>			<b>GROUP</b>	
<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
EUR '000	EUR '000	Note	EUR '000	EUR '000
		<b>ASSETS</b>		
		<b>Non-current assets</b>		
		<b>5.1 Intangible assets</b>		
0	0	Goodwill	4,331	4,579
374	415	Software	3,920	3,749
0	0	Client contracts	3,426	3,442
374	415	<b>Total intangible assets</b>	11,677	11,770
		<b>5.1 Property, plant and equipment</b>		
1,213	879	Leasehold improvements	1,721	1,700
2,444	1,950	Technical equipment	2,722	2,383
6	1	Other equipment, fixtures, fittings and prepayments	192	250
3,663	2,830	<b>Total property, plant and equipment</b>	4,635	4,333
		<b>Other non-current assets</b>		
36,950	36,857	5.2 Investments in subsidiaries	-	-
24	161	5.2 Investments in associates	338	628
1,560	1,542	5.5 Deposits	1,873	2,102
1,970	3,475	3.2 Deferred tax	6,984	9,078
40,504	42,035	<b>Total other non-current assets</b>	9,195	11,808
44,541	45,280	<b>Total non-current assets</b>	25,507	27,911
		<b>Current assets</b>		
22,360	42,528	4.1 Receivables	57,994	68,144
0	0	3.3 Income tax receivable	1,667	4,276
2,070	2,607	Prepayments	4,644	5,854
26,748	28,299	Cash and cash equivalents	37,995	43,344
51,178	73,434	<b>Total current assets</b>	102,300	121,618
95,719	118,714	<b>Total assets</b>	127,807	149,529



<b>PARENT COMPANY</b>			<b>GROUP</b>	
<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
EUR '000	EUR '000	Note	EUR '000	EUR '000
		<b>LIABILITIES AND EQUITY</b>		
		<b>Equity</b>		
5,575	5,575	Share capital	5,575	5,575
0	0	Exchange adjustment reserve	-1,055	1,011
32,456	58,896	Retained earnings	44,208	54,825
24,652	28,409	Proposed dividend	24,652	28,409
62,683	92,880	<b>Total equity</b>	73,380	89,820
		<b>Liabilities</b>		
		<b>Non-current liabilities</b>		
0	0	3.2 Deferred tax	513	973
1,219	1,384	5.4, 7.4 Provisions	4,179	4,687
832	832	Other debt	1,480	2,343
2,051	2,216	<b>Total non-current liabilities</b>	6,172	8,003
		<b>Current liabilities</b>		
176	212	Prepayments from clients	9,084	7,678
29,692	22,292	4.3 Trade payables and other payables	35,539	42,215
984	1,111	3.3 Income tax	3,424	1,810
133	3	5.4 Provisions	208	3
30,985	23,618	<b>Total current liabilities</b>	48,255	51,706
33,036	25,834	<b>Total liabilities</b>	54,427	59,709
95,719	118,714	<b>Total liabilities and equity</b>	127,807	149,529

## Statement of changes in equity

### PARENT COMPANY

EUR '000

	Note	Share capital	Retained earnings	Proposed dividends for the year	Total
Equity at 1 January 2014	6.1	5,844	29,020	22,174	57,038
<b>Comprehensive income for the year*</b>					
<b>Total comprehensive income for the year</b>		0	46,372	0	46,372
<b>Transactions with owners</b>					
Cancellation of treasury shares		-269	269	0	0
Dividends paid to shareholders		0	43	-22,174	-22,131
Share-based payment		0	4,986	0	4,986
Tax, share-based payment		0	873	0	873
Purchase of treasury shares		0	-24,455	0	-24,455
Proposed dividends to shareholders		0	-24,652	24,652	0
<b>Equity at 31 December 2014</b>		5,575	32,456	24,652	62,683
Equity at 1 January 2015		5,575	32,456	24,652	62,683
<b>Comprehensive income for the year*</b>					
<b>Total comprehensive income for the year</b>		0	68,177	0	68,177
<b>Transactions with owners</b>					
Dividends paid to shareholders		0	195	-24,652	-24,457
Share-based payment		0	6,483	0	6,483
Tax, share-based payment		0	1,215	0	1,215
Purchase of treasury shares		0	-21,221	0	-21,221
Proposed dividends to shareholders		0	-28,409	28,409	0
<b>Equity at 31 December 2015</b>		5,575	58,896	28,409	92,880

\* Please refer to Statement of comprehensive income on page 52.

**GROUP**

EUR '000

	Note	Share capital	Exchange adjustment reserve	Retained earnings	Proposed dividends for the year	Total
Equity at 1 January 2014	6.1	5,844	-2,394	45,942	22,174	71,566
<b>Comprehensive income for the year*</b>						
<b>Total comprehensive income for the year</b>		0	1,339	41,202	0	42,541
<b>Transactions with owners</b>						
Cancellation of treasury shares		-269	0	269	0	0
Dividends paid to shareholders		0	0	43	-22,174	-22,131
Share-based payment		0	0	4,986	0	4,986
Tax, share-based payment		0	0	873	0	873
Purchase of treasury shares		0	0	-24,455	0	-24,455
Proposed dividends to shareholders		0	0	-24,652	24,652	0
<b>Equity at 31 December 2014</b>		5,575	-1,055	44,208	24,652	73,380
Equity at 1 January 2015		5,575	-1,055	44,208	24,652	73,380
<b>Comprehensive income for the year*</b>						
<b>Total comprehensive income for the year</b>		0	2,066	52,354	0	54,420
<b>Transactions with owners</b>						
Dividends paid to shareholders		0	0	195	-24,652	-24,457
Share-based payment		0	0	6,483	0	6,483
Tax, share-based payment		0	0	1,215	0	1,215
Purchase of treasury shares		0	0	-21,221	0	-21,221
Proposed dividends to shareholders		0	0	-28,409	28,409	0
<b>Equity at 31 December 2015</b>		5,575	1,011	54,825	28,409	89,820

\* Refer to Statement of comprehensive income on page 52.

## SECTION 1 BASIS OF PREPARATION

This section provides an overview of the financial accounting policies and key accounting estimates.

Consolidated financial statements are presented on the basis of the latest developments in international financial reporting. All entities in the Group apply the same accounting policies.

The Group's accounting policies that relate to the financial statements as a whole are set out in Note 1. Accounting policies which relate to a specific note or section have been included at the beginning of each section or note following definitions and policies relevant to each note.

In 2015, the notes to the financial statements have been grouped into seven sections with the aim of reducing complexity and improving the readers' experience. The notes have been organized into the following seven sections:

- Section 1 Basis of preparation
- Section 2 Operating profit
- Section 3 Tax
- Section 4 Working capital
- Section 5 Invested capital
- Section 6 Capital structure and financing items
- Section 7 Other disclosures

### Note

## 1 ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

### ACCOUNTING POLICIES

#### General

SimCorp A/S is a public limited company based in Denmark. The annual report for the period 1 January - 31 December 2015 includes the consolidated financial statements of SimCorp A/S and its subsidiary undertakings (the Group) as well as the financial statements of the parent company.

#### Statement of compliance

The annual report of the parent company SimCorp A/S and the Group is presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for the annual reports of listed companies.

On 22 February 2016 the Board of Directors and the Executive Management Board considered and approved the annual report for 2015 of SimCorp A/S. The annual report will be presented to the shareholders for approval at the Annual General Meeting to be held on 1 April 2016.

#### Reporting currency

The financial statements are presented in EUR which is the reporting currency of the activities of the Group, rounded to the nearest EUR 1,000. The EUR is the reporting currency as most of the Group's transactions are in this currency.

#### Functional currency

The functional currency of the parent company SimCorp A/S 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.

The accounting policies, except as described below, have been applied consistently during the financial year and for the comparative figures. For standards implemented prospectively, the comparative figures are not restated. The accounting policies are unchanged from last year.

#### New financial reporting standards

The Annual Report for 2015 is presented in conformity with the new and revised IFRS/IAS standards and new IFRIC interpretations approved by the EU, which apply to financial years beginning on 1 January 2015.

In addition, a number of new accounting standards and interpretations have been implemented which do not have monetary effect on the parent company and the SimCorp Group's result, assets, liabilities or equity.

#### New standards and interpretations not yet adopted

In May 2014, the IASB issued IFRS 15 (Revenue from Contracts with Clients). It currently awaits EU endorsement. The standard becomes effective from 1 January 2018 with earlier application permitted. Preliminary analysis of the impact of the standard on SimCorp's Consolidated Financial

Statements indicates that the standard will not have significant impact on the revenue recognition.

In January 2016, the IASB issued IFRS 16 (Leases). It currently awaits EU endorsement. The standard becomes effective from 1 January 2019 with earlier application permitted. All leases must be recognized in the balance sheet with a corresponding lease liability, except for short-term assets and minor assets. Leased assets are amortized over the lease term, and payments are allocated between installments on the lease obligation and interest expense, classified as financial items. SimCorp has assessed that the impact of the balance sheet recognition of leases will affect a number of financial ratios such as EBITDA margin and return on equity.

In addition a number of other new standards and interpretations not applicable/mandatory for the preparation of the 2015 Annual Report have been published. The SimCorp Group 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 any significant monetary effect on the statements of the SimCorp Group's results, assets and liabilities or the equity.

#### Basis of consolidation

The consolidated financial statements comprise the parent company SimCorp A/S and subsidiaries.

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

Companies in which the Group holds between 20% and 50% of the voting rights and/or otherwise exercises a significant, but not a controlling influence are considered associates.

The consolidated financial statements have been prepared by including the financial statements of the parent company and the subsidiaries, which have all been prepared in accordance with the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, balances, dividends and realized and unrealized gains and losses on intra-group transactions are eliminated.

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

#### Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency in the primary economic environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are denominated in foreign currencies.

Foreign currency transactions are translated into the functional currency at the exchange rates effective at the transaction dates. The average rate of exchange for the month is used to approximate the transaction dates' exchange rates. Exchange differences arising from the settlement of such transactions, as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency, are recognized in the income statement under financial income or financial expenses.

Foreign exchange adjustments of intra-group accounts are recognized in the income statement in SimCorp A/S' financial statements and in other comprehensive income in the consolidated 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.

On consolidation, the income statements of foreign subsidiaries and associates are translated at the exchange rates effective at the transaction dates. Effects of exchange rate adjustments aris-

ing from the translation of the income statements to the exchange rates effective at the balance sheet date are taken directly to other comprehensive income.

Foreign subsidiaries' and associates' balance sheets are translated at the exchange rates effective at the balance sheet date. Effects of exchange rate adjustments arising from the translation of foreign subsidiaries' opening equity from the exchange rates effective at the prior balance sheet date are taken directly to other comprehensive income.

#### Exchange adjustment reserve

The exchange adjustment reserve in the consolidated financial statements comprises foreign exchange differences arising on the translation of the financial statements of enterprises from their functional currencies to the SimCorp Group's presentation currency (EUR).

On full or partial realization of a net investment, foreign exchange adjustments are recognized in the income statement.

#### Statement of comprehensive income

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

#### Cash flow statement

The cash flow statement is presented according to the indirect method commencing with the result for the year.

The cash flow statement shows the parent company's and the Group's cash flows divided into operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is calculated using the indirect method as the profit for the year adjusted for non-cash items, changes in working capital, financial income received and financial expenses paid, and income tax paid.

Cash flows from investing activities comprise receipts and payments in connection with acquisitions and disposals of companies and operations, intangible assets and property, plant and equipment as well as other non-current assets and liabilities.

Cash flows from financing activities comprise changes in share capital and related costs, purchase or sale of treasury shares and distributions of dividends to shareholders.

Cash and cash equivalents comprise cash and bank deposits.

#### Materiality

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

#### ACCOUNTING ESTIMATES AND JUDGMENTS

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

The estimates and judgments applied are based on assumptions which management believes to be reasonable, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. In addition, the company is subject to risks and uncertainties encountered in the ordinary course of business that may cause actual results to deviate from the estimates.

The notes to the financial statements contain information about the assumptions and the uncertainty of estimates at the balance sheet date involving the risk of changes that could lead to adjustments to the carrying amounts of assets or liabilities within the upcoming financial year.

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

Revenue (note 2.1)  
Income tax (note 3.1)

Risk factors specific to the SimCorp Group are described in the management report on page 22 and in the financial instruments and risks (note 6.3).

#### Group financial highlights

Financial highlights and key ratios are defined and calculated in accordance with The Danish Finance Society's Recommendations and Financial Ratios 2015. Earnings per share (EPS) and diluted earnings per share (EPS-D) are measured according to IAS 33.

## RATIO DEFINITIONS

**Financial Ratios**

EBIT margin (%)	$\text{Operating profit} / \text{Revenue} \times 100$
ROIC (return on invested capital) (%)	$\text{Operating profit} / \text{Average operating assets} \times 100$
Debtor turnover ratio	$\text{Revenue} / \text{Receivables at year-end}$
Equity ratio (%)	$\text{Equity at year-end} / \text{Total assets at year-end} \times 100$
Return on equity (ROE) (%)	$\text{Profit for the year} / \text{Average equity} \times 100$

**Share Performance**

Basic earnings per share (EPS)	$\text{Profit for the year} / \text{Average number of shares}$
Diluted earnings per share (EPS-D)	$\text{Profit for the year} / \text{Average number of diluted shares}$
Cash flow per share (CFPS)	$\text{Cash flow from operating activities} / \text{Average number of diluted shares}$
Book value per share (BVPS)	$\text{Equity at year-end} / \text{Average number of shares}$
Dividend per share (DPS)	$\text{Dividends paid} / \text{Number of shares at year-end}$
Dividend payout ratio (%)	$\text{Dividends paid} / \text{Profit for the year} \times 100$
Total payout ratio (%)	$\text{Dividends paid plus value of share buybacks} / \text{Profit for the year} \times 100$

**Market value ratios**

Price / Book value per share (P/BV)	$\text{Price} / \text{Book Value (BVPS)}$
Price / Diluted price earnings (P/E Diluted)	$\text{Price} / \text{EPS Diluted shares}$
Price / Cash flow (P/CF)	$\text{Price} / \text{Cash flow (CFPS)}$

## SECTION 2 OPERATING PROFIT

This section provides information related to the composition of operating profit. The notes present details of the Group's and parent company's profit for the year. Details include disclosures on revenue, segment information, cost of sales and other operating profit items.

Group operating profit increased by 24% in 2015 to EUR 71 million from EUR 57 million in 2014. The primary reason was a significant increase in revenue which was up with EUR 37m in 2015 compared with 2014, driven by strong sales of SimCorp Dimension licenses.

Accounting policies that do not relate exclusively to a specific income statement note are set out below. Accounting policies which relate to a particular note to the income statement have been included with each individual note.

In this section, the following notes are presented:

- 2.1 Revenue
- 2.2 Segment and other revenue information
- 2.3 Staff costs
- 2.4 Impairment, amortization and depreciation

### Accounting Policy

Cost of sales comprises costs incurred to achieve the year's revenue, including costs of delivering and implementing systems, training courses and support. Cost of sales primarily comprises salaries, share-based payments, other staff-related costs, depreciation and amortization, and indirect costs, such as rent and technological infrastructure.

Research and development costs comprise salaries, share-based payments, other staff-related costs, depreciation and amortization, and other costs directly or indirectly 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 5.1.

Sales and distribution costs primarily comprise salaries, commissions, bonuses, share-based payments and other sales staff-related costs, travel and meeting expenses, marketing expenses, depreciation and amortization, and indirect costs such as rent and technological infrastructure.

Administrative expenses comprise salaries, commissions, bonuses, share-based payments and other staff costs and expenses related to management, administrative staff, office costs, depreciation, amortization and indirect costs such as rent and technological infrastructure.

Other operating income comprises income of a secondary nature relative to the activities of the Group, including gains on the sale of intangible assets and property, plant and equipment, government grants and, for the parent company, invoicing to subsidiaries of delivered services. Government grants relate to research and development funding.

## Note

### 2.1 REVENUE

#### Accounting policy

Revenue from sales of standard perpetual software licenses is recognized at the time of delivery provided the delivery of standard software does not depend on client acceptance of its functionality. If there is a requirement for client acceptance of functionality, the license revenue is recognized at the time of acceptance.

The total contract sum is allocated to the separate components of those standard software contracts which comprise several components. The individual allocations are recognized according to the principles herein described.

License revenue under fixed term license agreements and revenue from subscription agreements are recognized on a straight-line basis over the terms of the related agreements.

Professional service fees sold on aTime and Materials basis are recognized as and when the work is performed.

Revenue from fixed fee professional services projects is determined by applying the percentage-of-completion method.

Revenue from maintenance agreements is recognized on a straight-line basis over the contract period.

Other revenue, such as revenue from training courses and hosting activities, is recognized when the services have been delivered.

## Note

**Accounting estimates and judgments**

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. If there is no sufficient basis to measure the progress of completion, or to estimate the total contract revenue,

revenue recognition is limited to the amount of contract costs incurred provided overall the contract is expected to be profitable. The determination of whether a sufficient basis to measure the progress of completion exists is judgmental. Changes in estimates of progress towards completion and of contract revenue and contract costs are accounted for as cumulative catch-up adjustments to the reported revenue for the applicable contract.

## REVENUE

EUR '000

**PARENT COMPANY****GROUP**

	2014	2015		2014	2015
	7,906	16,666	Licenses - new sales	15,811	32,626
	15,974	20,108	Licenses - additional sales	31,861	32,262
	13,944	14,089	Professional services	79,800	85,024
	62,504	90,807	Maintenance	110,431	122,320
	205	849	Other	3,166	5,695
	100,533	142,519	<b>Total</b>	241,069	277,927

The SimCorp Group has no clients with revenue of more than 4.5% (2014: 4%) of total revenue.

**2.2 SEGMENT AND OTHER REVENUE INFORMATION**

The Group develops and sells standard software and related services. The operation is managed and organized respectively into product division, responsible for the development of the software, and a sales organization. The sales organization is based on a geographical structure, in which the countries are grouped into six market units. The market units have been identified based on countries that share the same market conditions and cultures. A number of clients has a global setup and the related revenue is therefore included in multiple market units.

**Accounting Policy**

The accounting policies of the reported segments are the same as the Group's accounting policies 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 headquarter assets, cash, taxes and investments in associates.

Segment reporting is prepared in accordance with the Group's internal management reporting structure for performance management and resource allocation. The segments reflect the geographical market unit structure for the sale of the SimCorp Dimension software and related services as well as the product division being responsible for the development and technical support of the SimCorp Dimension software. The SimCorp Coric segment relates to the development and sale of the SimCorp Coric software. Additionally the Group reports on corporate functions which include shared services regarding administration, marketing and internal systems, which are allocated based on an allocation key for the segments.

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

## SEGMENT INFORMATION

EUR '000

<b>GROUP</b>	Nordic region	Central Europe	UK	Benelux and France	Asia	North America	Dimension*	Coric**	Corporate functions	Total	Elimination/Unallocated	Group
<b>2015</b>												
Revenue	53,866	74,175	33,214	52,036	16,859	37,561	1,499	8,117	600	277,927	0	277,927
Revenue between segments	10,813	5,126	255	3,909	1,774	3,674	127,140	1,141	753	154,585	-154,585	0
<b>Total segment revenue</b>	64,679	79,301	33,469	55,945	18,633	41,235	128,639	9,258	1,353	432,512	-154,585	277,927
Segment operating profit (EBIT)	4,266	5,273	2,180	2,345	1,251	-3,652	66,865	331	-7,821	71,038	0	71,038
<b>Total assets</b>	15,061	16,569	7,656	30,802	5,714	19,780	1,347	12,463	4,961	114,353	35,176	149,529
<b>2014</b>												
Revenue	56,122	70,615	18,317	36,928	16,928	35,352	1,396	5,410	1	241,069	0	241,069
Revenue between segments	9,025	2,681	722	3,730	2,239	3,225	77,723	89	1,045	100,479	-100,479	0
<b>Total segment revenue</b>	65,147	73,296	19,039	40,658	19,167	38,577	79,119	5,499	1,046	341,548	-100,479	241,069
Segment operating profit (EBIT)	16,255	16,973	438	5,957	2,788	-538	20,041	-820	-3,169	57,925	-662	57,263
<b>Total assets</b>	15,793	21,136	7,011	22,045	6,581	16,721	1,107	14,416	4,291	109,101	18,706	127,807

\* Dimension (formerly Product Division) includes all development costs for SimCorp Dimension. \*\*In 2014, from 1 March 2014 to 31 December 2014. Refer note 7.10 for reconciliation to income statement.



## Note

## SEGMENT AND OTHER REVENUE INFORMATION

The geographical distribution of revenue is based on the country in which the client is invoiced.

Geographical segmentation is presented for revenue and non-current assets for the most important countries for the Group:

## GEOGRAPHICAL INFORMATION

GROUP	2014	2014	2015	2015
	EUR '000	Allocation	EUR '000	Allocation
<b>Revenue allocation by country (significant)</b>				
Germany	44,230	18%	41,475	15%
USA	24,299	10%	37,747	14%
Switzerland	20,800	9%	23,625	9%
France	12,003	5%	22,107	8%
Netherlands	21,369	9%	21,399	8%
England	12,624	5%	20,746	7%
Norway	17,439	7%	20,386	7%
Denmark	20,746	9%	17,219	6%
<b>Non-current assets allocation by country (significant)</b>				
Denmark	4,037	24%	3,245	19%
England	11,485	69%	7,585	45%

Significant countries are defined as countries representing 5% or more of the Group's revenue.

**2.3 STAFF COSTS**

Staff costs consist of salaries, sales commission, bonuses, pensions and social costs, share-based payments, holiday pay and other benefits.

**Accounting policy**

Salaries, sales commission, bonuses, pensions and social costs, share-based payments, holiday pay and other benefits are recognised in the year in which the associated services are rendered by the employees. Where SimCorp provides long-term incentives and benefits, the costs are accrued to match the rendering of services by the employees.

Obligations related to contributions-based pension schemes are recognized in the income statement under staff costs in the period for which the related service is provided. The accounting treatment for defined benefit plans is described in note 7.4.

The accounting policy for share-based remuneration is described in note 7.1.

## STAFF COST

EUR '000

PARENT COMPANY			GROUP	
2014	2015		2014	2015
51,608	50,917	Salaries	114,011	125,973
0	1,199	Defined contribution pension plans	1,081	3,069
0	0	Defined benefit pension plans	941	158
3,535	5,485	Share-based payments	3,535	5,485
136	131	Social security costs	8,845	10,479
55,279	57,732	<b>Total staff cost</b>	128,413	145,164
463	449	<b>Average number of employees</b>	1,187	1,205

For board and executive management remuneration please refer to note 7.3.

**SECTION 3 TAX**

This section contains all relevant disclosures and details regarding tax recognized in the financial statements.

The total tax on Group profit for the year has increased by EUR 0.6m to EUR 16.5m compared with EUR 15.9m in 2014. Income tax has increased due to a higher profit before tax, however, it is also impacted by lower tax rates in several jurisdictions, including Denmark, and by prior years' adjustments. The Group's effective tax rate has decreased from 27.7% to 23.9%.

In this section, the following notes are presented:

- 3.1 Income tax
- 3.2 Deferred tax
- 3.3 Income tax payable

Note

**3.1 INCOME TAX****Accounting Policy**

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

The tax deduction on share-based remuneration for the year is recognized in taxable income in the income statement. If the total tax deduction exceeds the total expenses then tax for the excess is deducted directly in equity.

**Accounting estimates and judgments**

Significant judgment is required in determining the worldwide accrual for income taxes as SimCorp is subject to income taxes in several jurisdictions.

## INCOME TAX

EUR '000

**PARENT COMPANY****GROUP**

	<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
	6,731	13,153	Tax for the year:		
	0	0	Tax on profit	15,933	16,516
			Tax on other comprehensive income	139	49
	6,731	13,153	<b>Total tax</b>	16,072	16,565
			Tax on profit for the year breaks down as follows:		
	5,963	13,736	Current tax	15,651	17,827
	753	-191	Deferred tax	364	-607
	-1	-392	Prior-year adjustment	-138	-637
	16	0	Change in tax rates	56	-67
	6,731	13,153	<b>Total tax on profit for the year</b>	15,933	16,516
	5,350	13,316	<b>Tax paid during the year</b>	15,018	21,174
			Tax on profit for the year breaks down as follows:		
	12,963	19,152	Tax calculated on the year's pre-tax profit, 23.5% (2014: 24.5%)	14,091	16,204
	-	-	Difference in tax in subsidiaries relative to 23.5% (2014: 24.5%)	538	50
	16	0	Change in tax rates	56	-67
	-7,375	-5,417	Dividend and value adjustment, subsidiaries	-	-
			Tax effect:		
	-515	-1,411	Non-taxable income	-699	-1,538
	590	1,008	Non-deductible expenses	1,032	1,513
	1,052	-179	Other, including prior-year adjustments	915	354
	6,731	13,153	<b>Total tax on profit for the year</b>	15,933	16,516
	12.7%	16.1%	<b>Effective tax rate</b>	27.7%	23.9%

## Note

**3.2 DEFERRED TAX****Accounting Policy**

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 only recognized 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, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

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

**Accounting estimates and judgments**

The group recognizes deferred tax assets relating to losses carried forward when they find that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilization in local tax legislation. Future taxable income is assessed based on budgets as well as management's expectations regarding growth and operating margin in the coming 5 years.

## DEFERRED TAX

EUR '000

**PARENT COMPANY****GROUP**

	<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
	2,139	1,970	Deferred tax at 1 January	6,006	6,471
	3	-5	Foreign exchange adjustment	70	-106
	-753	191	Adjustment of deferred tax, profit and loss	-364	607
	0	0	Prior-year adjustment, profit and loss	215	-302
	-16	0	Change in tax rates	-56	67
	0	0	Adjustment of deferred tax, other comprehensive income	139	49
	597	1,319	Adjustment of deferred tax, equity	597	1,319
	0	0	Addition on acquisition of subsidiaries	-136	0
	1,970	3,475	<b>Net deferred tax at 31 December</b>	6,471	8,105
			Deferred tax recognized in the balance sheet as follows:		
	1,970	3,475	Deferred tax assets	6,984	9,078
	0	0	Deferred tax liabilities	-513	-973
	1,970	3,475	<b>Net deferred tax at 31 December</b>	6,471	8,105
			Deferred tax consists of:		
	-85	-91	Intangible assets	-1,468	-1,439
	446	500	Property, plant and equipment	738	802
	0	0	Current assets	-270	-178
	268	304	Provisions	707	894
	72	39	Current liabilities	380	284
	1,269	2,723	Share-based payment	1,269	2,723
	0	0	Tax losses carry-forward	5,115	5,019
	1,970	3,475	<b>Net Deferred tax at 31 December</b>	6,471	8,105

Tax value of the capitalized tax losses are expected to be realized within 5 years, as the affected subsidiaries expect a sufficient future taxable income. In 2016 EUR 1.5m (2014: 2015 EUR 0.6m) of the deferred tax assets is expected to be utilized.

DEFERRED TAX EUR '000 GROUP	Balance 1 January	Foreign exchange adjustment	Addition on acquisition of subsidiaries	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	Balance 31 December
<b>2014</b>							
Intangible assets	-77	-111	-1,397	117	0	0	-1,468
Property, plant and equipment	736	1	-30	31	0	0	738
Current assets	17	0	0	-287	0	0	-270
Provisions	363	-43	18	230	139	0	707
Current liabilities	295	15	0	70	0	0	380
Share-based payment	1,492	3	0	-823	0	597	1,269
Tax losses carry-forward	3,180	205	1,273	457	0	0	5,115
<b>Total</b>	<b>6,006</b>	<b>70</b>	<b>-136</b>	<b>-205</b>	<b>139</b>	<b>597</b>	<b>6,471</b>
<b>2015</b>							
Intangible assets	-1,468	-85	0	114	0	0	-1,439
Property, plant and equipment	738	-7	0	71	0	0	802
Current assets	-270	0	0	92	0	0	-178
Provisions	707	5	0	133	49	0	894
Current liabilities	380	-9	0	-87	0	0	284
Share-based payment	1,269	-3	0	138	0	1,319	2,723
Tax losses carry-forward	5,115	-7	0	-89	0	0	5,019
<b>Total</b>	<b>6,471</b>	<b>-106</b>	<b>0</b>	<b>372</b>	<b>49</b>	<b>1,319</b>	<b>8,105</b>

Note

**3.3 INCOME TAX PAYABLE****Accounting policy**

Tax payable or receivable on taxable income for the year is recognized in the balance sheet as current tax liabilities and receivables adjusted for tax on prior years' taxable income and payments in the year.

**Accounting estimates and judgments**

Significant judgment is required in determining the worldwide accrual for income taxes as SimCorp is subject to income taxes in several jurisdictions.

## INCOME TAX PAYABLE

EUR'000

## PARENT COMPANY

## GROUP

2014	2015		2014	2015
647	984	Payable at 1 January	1,417	1,757
1	-4	Foreign exchange adjustment	-32	-41
-1	595	Prior-year adjustment	77	49
5,963	13,736	Current tax on profit for the year	15,651	17,827
-276	-884	Current tax on Equity	-276	-884
0	0	Addition on acquisitions of subsidiaries	-62	0
-5,350	-13,316	Income tax paid	-15,018	-21,174
984	1,111	<b>Net payable income tax at 31 December</b>	<b>1,757</b>	<b>-2,466</b>
		Recognized in the balance sheet as follows:		
0	0	Income tax receivable	-1,667	-4,276
984	1,111	Income tax payable	3,424	1,810
984	1,111	<b>Net payable income tax at 31 December</b>	<b>1,757</b>	<b>-2,466</b>

**SECTION 4 WORKING CAPITAL**

Working capital comprises trade receivables less trade payables. Working capital management prioritizes ensuring a strong cash flow performance.

In this section, the following notes are presented:

- 4.1 Receivables
- 4.2 Contracts in progress relating to professional services
- 4.3 Trade payables and other payables
- 4.4 Contingent liabilities and other financial liabilities

Note

**4.1 RECEIVABLES****Accounting Policy**

Receivables are measured at cost. If there is objective evidence of impairment of a receivable, it is written down. Write-downs are made individually. The write-down is recognized in the income statement under administrative expenses.

RECEIVABLES

EUR '000

**PARENT COMPANY****GROUP**

	2014	2015		2014	2015
	2,480	2,031	Receivables from clients	32,152	34,218
	17,366	37,745	Receivables from subsidiaries	-	-
	1,928	1,687	Accrued revenue	24,682	31,881
	586	1,065	Other receivables	1,160	2,045
	22,360	42,528	<b>Total receivables at 31 December</b>	57,994	68,144
			The aging of trade receivables from clients was at 31 December:		
	2,153	1,387	Not due	21,039	23,373
	255	247	Not more than 30 days	4,507	7,597
	72	352	More than 30 days but not more than 90 days	3,466	2,006
	0	45	More than 90 days	3,140	1,242
	2,480	2,031	<b>Total</b>	32,152	34,218

Accrued revenue consists mainly of revenue from the sale of software licenses and receivables from professional services contracts in progress, see note 4.2.

No security has been received with respect to trade receivables.

No write-down has been made in 2015 and 2014 for trade receivables.

The Group's exposure to currency and credit risk for trade receivables is disclosed in note 6.3.

Note

**4.2 CONTRACTS IN PROGRESS RELATING TO PROFESSIONAL SERVICES****Accounting Policy**

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

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

CONTRACTS IN PROGRESS RELATING TO PROFESSIONAL SERVICES

EUR '000

**PARENT COMPANY****GROUP**

	2014	2015		2014	2015
	966	330	Income recognized sales value of contracts in progress	10,509	21,733
	-917	-480	Payments received on account	-10,390	-18,907
	49	-150	<b>Contracts in progress</b>	119	2,826
			Which are recognised as follows:		
	76	60	Contracts in progress relating to professional services (assets)	1,123	4,385
	-27	-210	Contracts in progress relating to professional services (liabilities)	-1,004	-1,559
	49	-150	<b>Contracts in progress</b>	119	2,826

Note

**4.3 TRADE PAYABLES AND OTHER PAYABLES****Accounting Policy**

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

Derivative financial instruments are initially recognized in the statement of financial position at their fair values on their trade dates.

## TRADE PAYABLES AND OTHER PAYABLES

EUR '000

**PARENT COMPANY****GROUP**

	2014	2015		2014	2015
	3,143	4,182	Trade payables	6,929	8,737
	14,293	4,890	Debt to subsidiaries	-	-
	7,566	7,459	Accrued vacation payable	9,834	10,127
	4,593	5,598	Bonus and commissions payable	12,530	15,692
	97	67	Payroll taxes, VAT etc., payable	6,246	7,563
	0	96	Derivate financial instruments	0	96
	29,692	22,292	<b>Total trade payables and other payables</b>	<b>35,539</b>	<b>42,215</b>

The Group's exposure to currency and liquidity risk for trade payables and other payables is disclosed in note 6.3.

Note

**4.4 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 support for up to eight years from the date of the initial contract.

SimCorp A/S has issued guarantees for its subsidiaries' delivery commitments to clients for a total of EUR 27.4m (2014: EUR 21.0m).

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

Bank guarantees have been provided for rent commitments in Austria, Australia, Belgium, France, Germany, Luxembourg, Sweden and USA.

The Group is a party to inquiries from authorities when investigating various issues. The outcome of such is not expected to have a significant effect on profit for the year and the assessment of the Group's financial position.

**The most significant contingent liability relates to SimCorp A/S and is the so called "ATP-ruling" related to possible VAT exemption for certain pension services.**

On 13 March 2014, the Court of Justice of the European Union ("ECJ") published its judgment in the case C-464/12 ATP PensionService A/S

determining that services provided to certain pension funds may be covered by the VAT exemption in section 13, subsection 1, no. 11, litra c and f of the Danish VAT Act.

As a consequence of the ECJ ruling, 11 of SimCorp's Danish clients have filed a claim against SimCorp for recovery of the VAT levied on SimCorp's products and services. Pursuant to the Danish Tax Administration act, SimCorp has claimed a refund from the Danish Tax Authorities ("SKAT") of the VAT collected on services provided to its Danish clients.

On 25 November 2015, SKAT issued guidelines in which SKAT stated that SKAT is of the opinion that the above ruling from the ECJ does not change the Danish practice as regards the types of services that fall within the VAT exemption in section 13, subsection 1, no. 11, litra f. On the basis hereof, SimCorp does not expect the above ruling from the ECJ to affect SimCorp and SimCorp has asked SKAT to confirm whether SKAT agrees with this.

On this basis, SimCorp does not expect the above ruling from the ECJ to significantly have an effect on profit for the year and the assessment of the Group's financial position and accordingly, SimCorp has not made a provision for this in its annual accounts 2015.

## SECTION 5 INVESTED CAPITAL

Return on capital invested is a key measure to assist decision making as the Group places continuous focus on maximizing return on investment to shareholders. This sections comprises notes which offer a through understanding of the investment base.

In this section, the following notes are presented:

- 5.1 Intangible assets and property, plant and equipment
- 5.2 Investments in, and receivables from, associates and subsidiaries
- 5.3 Acquisition of enterprises
- 5.4 Provisions
- 5.5 Deposits

Note

### 5.1 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

#### Accounting Policy

##### Goodwill

Initially, goodwill is recognized in the balance sheet at cost as described in 'Business combinations' in note 5.3. 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. Any 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. Amortization is provided on a straight-line basis over the estimated useful lives of the assets.

##### 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 certain 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, rent, IT and communications.

Development costs comprise costs attributable to the Group's development functions, including salaries, and other staff costs, amortization and other indirect costs. 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 that has finite useful life is measured at cost less accumulated amortization and accumulated impairment losses.

##### Client Contracts

Acquisition related client contracts are initially recognized at fair value at the acquisition date and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. The churn rate is

calculated on a contract by contract basis and has averaged around 5% on renewal. The value of client contracts is amortized on a straight line basis, based on the estimated duration of the acquired contract 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 of a non-current asset exceeds its recoverable amount, the carrying amount of the asset is written down to the recoverable amount.

##### Property, plant and equipment

Property, plant and equipment are measured at historic cost less accumulated depreciation and accumulated impairment.

For additional information on amortization and depreciation refer to note 2.4.

##### Accounting estimates and judgments

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.

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

The fair value of client contracts acquired in business combinations is based on an evaluation of the conditions relating to the acquired client contract portfolio and related client relationships. Measurement is based on a discounted cash flow model based on key assumptions about the related churn rates and profitability at the time of acquisition. In addition, management estimates Weighted Average Cost of Capital and a risk premium for the assumed risk inherent in client contracts. See note 5.3 for additional information on purchase price allocation.

## INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

EUR '000	Software	Intangible total	Leasehold improvement	Technical equipment	Other equipment, fixtures, fittings and prepayments	Property, plant and equipment total
<b>PARENT COMPANY</b>						
Cost at 1 January 2014	6,823	6,823	3,680	7,248	3,312	14,240
Foreign exchange adjustment	15	15	8	16	7	31
Additions	377	377	11	1,578	0	1,589
Disposals	-26	-26	0	-2,372	0	-2,372
Cost at 31 December 2014	7,189	7,189	3,699	6,470	3,319	13,488
Depreciation at 1 January 2014	6,511	6,511	2,038	4,994	3,294	10,326
Foreign exchange adjustment	15	15	5	13	8	26
Depreciation	315	315	443	1,382	11	1,836
Disposals	-26	-26	0	-2,363	0	-2,363
Depreciation at 31 December 2014	6,815	6,815	2,486	4,026	3,313	9,825
<b>Carrying amount at 31 December 2014</b>	374	374	1,213	2,444	6	3,663
Cost at 1 January 2015	7,189	7,189	3,699	6,470	3,319	13,488
Foreign exchange adjustment	-18	-18	-9	-16	-8	-33
Additions	277	277	0	958	0	958
Disposals	0	0	-86	-332	-39	-457
Cost at 31 December 2015	7,448	7,448	3,604	7,080	3,272	13,956
Depreciation at 1 January 2015	6,815	6,815	2,486	4,026	3,313	9,825
Foreign exchange adjustment	-18	-18	-6	-10	-8	-24
Depreciation	236	236	331	1,439	5	1,775
Disposals	0	0	-86	-325	-39	-450
Depreciation at 31 December 2015	7,033	7,033	2,725	5,130	3,271	11,126
<b>Carrying amount at 31 December 2015</b>	415	415	879	1,950	1	2,830
Depreciation period	Up to 10 years		Up to 10 years	3 years	5 years	



## INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

EUR '000 <b>GROUP</b>	Goodwill	Software	Clients Contracts	Intangible total	Leasehold improvement	Technical equipment	Other equipment, fixtures, fittings and prepayments	Property, plant and equip- ment total
Cost at 1 January 2014	792	6,306	0	7,098	6,344	8,097	4,517	18,958
Foreign exchange adjustment	276	232	198	706	78	-40	-89	-51
Additions	0	377	0	377	189	1,721	144	2,054
Addition on acquisition of subsidiaries	3,925	3,594	3,377	10,896	17	139	7	163
Disposals	0	-26	0	-26	0	-2,383	-128	-2,511
Cost at 31 December 2014	4,993	10,483	3,575	19,051	6,628	7,534	4,451	18,613
Amortization/depreciation at 1 January 2014	0	5,920	0	5,920	4,120	5,666	4,333	14,119
Foreign exchange adjustment	0	22	0	22	65	15	-66	14
Amortization/depreciation	0	647	149	796	722	1,505	95	2,322
Impairment	662	0	0	662	0	0	0	0
Disposals	0	-26	0	-26	0	-2,374	-103	-2,477
Amortization/depreciation and impairment at 31 December 2014	662	6,563	149	7,374	4,907	4,812	4,259	13,978
<b>Carrying amount at 31 December 2014</b>	4,331	3,920	3,426	11,677	1,721	2,722	192	4,635
Cost at 1 January 2015	4,993	10,483	3,575	19,051	6,628	7,534	4,451	18,613
Foreign exchange adjustment	248	216	215	679	77	-17	-3	57
Additions	0	277	0	277	614	1,291	124	2,029
Disposals	-662	0	0	-662	-909	-340	-176	-1,425
Cost at 31 December 2015	4,579	10,976	3,790	19,345	6,410	8,468	4,396	19,274
Amortization/depreciation at 1 January 2015	662	6,563	149	7,374	4,907	4,812	4,259	13,978
Foreign exchange adjustment	0	-7	4	-3	65	-9	-6	50
Amortization/depreciation	0	671	195	866	644	1,615	64	2,323
Disposals	-662	0	0	-662	-906	-333	-171	-1,410
Amortization/depreciation and impairment at 31 December 2015	0	7,227	348	7,575	4,710	6,085	4,146	14,941
<b>Carrying amount at 31 December 2015</b>	4,579	3,749	3,442	11,770	1,700	2,383	250	4,333
Amortization/depreciation period		Up to 10 years	Up to 20 years		Up to 10 years	3 years	5 years	

Estimates for intangible assets and for property, plant and equipment are unchanged from previous reports.

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

Determination of the useful life of client contracts 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.

**Goodwill**

The additions in 2014 relate to the acquisition of Equipos Ltd. (renamed to SimCorp Coric Ltd.). Impairment and disposal of goodwill in 2014 relate to the Fix.Net software that SimCorp acquired in 2005.

**Software**

The additions in 2014 mainly relate to the acquisition of Equipos Ltd. (renamed SimCorp Coric Ltd.) and the additions in 2015 are primarily related to purchase for use in operation.

**Client Contracts**

The additions in 2014 relate to the acquisition of Equipos Ltd. (renamed SimCorp Coric Ltd.).

**Impairment test**

When performing the impairment test, an assessment is made as to the ability of individual cash generating units (CGU) to generate sufficient positive net cash flow in the future to support the value of the unit in question.

Cash generating units are defined as the smallest group of identifiable assets which together generate incoming cash flow from continued operations.

An estimate was made of the future free net cash flow based on budgets and strategy for 1 years and projections for subsequent years. Significant parameters in this estimate are discount rate, revenue growth rate and profit margin. The recoverable amount is based on the value in use calculated by discounting expected future cash flows.

At 31 December 2015, the carrying amount of goodwill was tested for impairment.

The expected performance of SimCorp Dimension for SimCorp Asia Pty. Ltd. and SimCorp Coric for SimCorp Coric Ltd. were assessed in order to verify if sufficient to offset the carrying amount of the cash generating units as at 31 December 2015.

The impairment test as of December 31 2015 showed no indication of impairment for 2015 (2014: EUR 662 thousand). 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.

A sensitivity analysis has been made to identify the highest discount rate which can be applied without resulting in impairment of goodwill. The table below depicts the carrying amounts of goodwill and other intangible assets included in the cash generating units for impairment test, key assumptions and result of the sensitivity analysis.

## CARRYING AMOUNTS, ASSUMPTIONS AND SENSITIVITY ANALYSIS

EUR '000 GROUP	Goodwill	Software	Clients Contracts	Total Intangibles		Discount rate after tax*		Annual average growth		Maximum discount rate	
				2015	2014	2015	2014	2015	2014	2015	2014
SimCorp Coric Ltd.	4,405	3,294	3,442	11,141	11,069	7%	7%	9%	5%	38%	12%
SimCorp Asia Pty. Ltd.	174	0	0	174	176	8%	7%	2%	5%	n/a*	12%
<b>Total carrying amount</b>	4,579	3,294	3,442	11,315	11,245						

\*With zero growth there is no indication of impairment.

For SimCorp Coric, the estimated growth rate in revenue during the forecast period is based on historical performance and the expectation that many more SimCorp Dimension clients as well as new clients will adopt the Coric reporting functionality under SimCorp's full ownership. The operating margin in the forecast period and the terminal period are estimated based on expectations that the entity will be able to increase its client base without significant increase in costs.

The discount rate used in determining the value in use is based on the weighted average cost of capital (WACC). For SimCorp Coric Ltd., the WACC is determined based on a risk free rate of 0.9% (2014: 3.5%) and a risk premium of 5.8% (2014: 3.5%) assuming a Beta of 1.1 (2014: 1.0). The risk free rate is based on 10 years British government bonds. Estimated leveraged European industry Beta was used for SimCorp Coric Ltd.

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

**Accounting estimates and judgments**

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

## Note

**5.2** INVESTMENTS IN, AND RECEIVABLES FROM, ASSOCIATES AND SUBSIDIARIES**Accounting Policy****Group**

Associates are entities over which SimCorp has significant influence, but which it does not control. It is generally presumed that SimCorp has significant influence when it has between 20% and 50% of voting rights or representation on the board of directors.

Investments in associates are recognized according to the equity method and measured in the balance sheet at the proportionate share of the associates' net asset values calculated in accordance with the Group's accounting policies less or plus the proportionate share of any unrealized intra-group gains and losses and plus the carrying amount of goodwill.

Associates with a negative equity value are measured at nil. A provision is made if SimCorp A/S has a legal or constructive obligation to cover the negative balance of any associate.

The Group's proportionate shares of the profit or loss of associates after tax and elimination of the proportionate shares of intra-group gains or losses are recognized in the consolidated income statement.

The Group's share of any impairment losses related to the net assets of the investee are also recognized. The Group considers whether objective evidence of impairment exists through the application of IAS 39 Financial Instruments: Recognition and Measurement. Where evidence of impairment exists the investee is tested for impairment in accordance with IAS 36. Any impairment charge is capable of being reversed in full.

**Parent Company**

Investments in subsidiaries and associates are measured at cost in the parent company's financial statements. Where the recoverable amount is lower than cost, the investment is written down to the lower value.

**Accounting estimates and judgments**

The measurement of investment in associates could be affected by significant changes in estimates and assumptions underlying their calculation. No investments in subsidiaries and associates have been recognized based on the recoverable amount at December 31, 2015.

## INVESTMENT IN ASSOCIATES

EUR '000

<b>PARENT COMPANY</b>			<b>GROUP</b>	
<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
		<b>Investment</b>		
855	24	Cost at 1 January	855	24
0	137	Additions	0	149
-831	0	Disposals	-831	0
24	161	Cost at 31 December	24	173
0	0	Adjustments at 1 January	366	314
0	0	Foreign exchange adjustment	26	19
0	0	Share of profit for the year	50	126
0	0	Disposals and other adjustments	-128	-4
0	0	Adjustments at 31 December	314	455
24	161	<b>Carrying amount at 31 December</b>	338	628
		<b>Receivables from associates</b>		
422	0	Cost at 1 January	422	0
-422	0	Disposals	-422	0
0	0	Cost at 31 December	0	0
0	0	<b>Carrying amount at 31 December</b>	0	0

The disposals from receivables, associates in 2014 is related to repayment of loan from Equipos Ltd. before the acquisition. Additions to investments in associates in 2015 relate to Opus Nebula Ltd.

ASSOCIATES EUR '000	Country of incorporation	Ownership interest	Revenue	Profit for the year	Total assets	Liabilities	Share attributable to the SimCorp Group	
							Equity	Profit for the year
<b>2014</b>								
Dyalog Ltd.	England	19.9%	2,518	250	2,827	417	338	50
<b>2015</b>								
Dyalog Ltd.	England	19.9%	3,037	746	3,863	602	461	149
Opus Nebula Ltd.	England	30.0%	21	-77	73	15	167	-23

SimCorp's investment in Dyalog Ltd. is a strategic investment as the company is an important supplier. SimCorp purchases APL licenses from Dyalog Ltd. Please refer note 7.6.

In 2015 SimCorp has acquired 30% of Opus Nebula Ltd. This partnership enables a cloud-based Software as a Service (SaaS) Client and Fund Reporting offering. It will give SimCorp the opportunity to gain valuable experience in developing SaaS offerings while Opus Nebula Ltd. services smaller clients.

#### INVESTMENTS IN SUBSIDIARIES

EUR '000

##### PARENT COMPANY

	2014	2015
Investment		
Cost at 1 January	26,492	36,950
Foreign exchange adjustment	59	-93
Additions	10,399	0
Cost at 31 December	36,950	36,857
<b>Carrying amount at 31 December</b>	<b>36,950</b>	<b>36,857</b>
Dividends received	30,016	23,040

The addition to investments in subsidiaries in 2014 relates to Equipos Ltd. (renamed to SimCorp Coric Ltd.) and SimCorp Canada Inc. Please refer note 7.11 for list of subsidiaries.

## Note

**5.3 ACQUISITION OF ENTERPRISES****Accounting Policy****Business combinations**

Newly acquired or newly established enterprises are recognized in the consolidated financial statements from the effective dates of acquisition. Companies divested or wound up are consolidated in the income statement until the dates that they are divested or wound up.

The takeover method is applied for acquisitions, if the parent company gains control of the companies acquired. 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. Goodwill is not amortized, but is tested for impairment at least once a year.

**Acquisition cost and contingent consideration**

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. Where the final determination of the acquisition price is dependent on future events or fulfillment of agreed terms, recognition of the arising financial liability will be at fair value at the date of acquisition. Contingent considerations are annually remeasured at fair value and adjusted directly in the income statement.

Costs related to acquisitions are charged to the income statement as administration cost at acquisition.

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.

**Accounting estimates and judgments**

Where asset valuations are not finalized assets and liabilities are recognized at provisional fair values. Assumptions are used to determine provisional values. Provisional values may differ significantly from the final valuation which is based on complex assumptions and projections. No assets acquired through acquisitions have been recognized based on provisional fair values at December 31, 2015.

No business acquisitions have taken place in 2015. The final purchase price allocation for the business acquired in 2014 is as follows:

FAIR VALUE AT ACQUISITION EUR '000	Preliminary fair value at acquisition	Adjustment to fair value in 2014	Reclassification in 2014	Fair value at acquisition
<b>PARENT COMPANY</b>				
Intangible assets - client contracts	3,377			3,377
Intangible assets - software	3,594			3,594
Property, plant and equipment	148		15	163
Deposits	72		-15	57
Deferred tax, asset	1,436	-92	-1,344	0
Receivables	505			505
Income tax receivable	0		62	62
Cash and cash equivalents	1,885			1,885
Deferred tax, liability	-1,418		1,282	-136
Prepayments from clients	-2,943	50		-2,893
Trade and other payables	-1,180	-50		-1,230
<b>Identifiable net assets</b>	5,476	-92	0	5,384
Goodwill	3,833	92		3,925
<b>Total consideration</b>	9,309			9,309
Value of the equity in Equipos Ltd. already owned				-1,551
Cash and cash equivalents balance acquired				-1,885
Deferred payment				-815
<b>Net cash effect</b>				5,058

Note

**5.4 PROVISIONS****Accounting Policy**

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.

The Group has an obligation to re-establish and refurbish leased offices when the premises are vacated, a provision is recognized corresponding to the present value of expected future costs. The present value of the obligation is included in the cost of the tangible asset and depreciated accordingly.

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 and risks associated with the liability. Changes in the discount element during the year are recognized as financial expenses.

**Accounting estimates and judgments**

Management assesses the need for provisions on an ongoing basis. Assessments consider the likelihood of the need to expend financial resources and the amount at which the liabilities are expected to be settled. These assessments are based on estimates which are subject to a high level of uncertainty and may give rise to changes in future accounting periods.

PROVISIONS EUR '000 <b>PARENT COMPANY</b>	Re-establishment costs for rented premises	Anniversary bonuses	Total
<b>2014</b>			
Liability at 1 January	667	565	1,232
Foreign exchange adjustment	0	2	2
Used during the year	-93	-15	-108
Reversal of unused liabilities	0	-49	-49
Provisions for the year	134	141	275
<b>Total provisions</b>	<b>708</b>	<b>644</b>	<b>1,352</b>
Expected due dates for provisions:			
Falling due within 1 year	109	24	133
Falling due within 2 to 5 years	599	50	649
Falling due after 5 years	0	570	570
<b>Total provisions</b>	<b>708</b>	<b>644</b>	<b>1,352</b>
<b>2015</b>			
Liability at 1 January	708	644	1,352
Foreign exchange adjustment	-1	-1	-2
Used during the year	-111	-24	-135
Reversal of unused liabilities	0	-30	-30
Provisions for the year	25	177	202
<b>Total provisions</b>	<b>621</b>	<b>766</b>	<b>1,387</b>
Expected due dates for provisions:			
Falling due within 1 year	0	3	3
Falling due within 2 to 5 years	621	98	719
Falling due after 5 years	0	665	665
<b>Total provisions</b>	<b>621</b>	<b>766</b>	<b>1,387</b>

Provisions cover the costs of restoring leasehold premises and provisions for anniversary bonuses. The latter resulting from the Group's commitment of one month's pay in connection with employees' 25th and 40th anniversaries.

Used re-establishment costs during the year 2015 refer to the discontinuation of approximately 15% of SimCorp Headquarters' lease.

PROVISIONS EUR '000 GROUP	Re-establishment costs for rented premises	Anniversary bonuses	Pension	Other	Total
<b>2014</b>					
Liability at 1 January	1,102	1,061	1,150	4	3,317
Foreign exchange adjustment	19	13	-16	0	16
Used during the year	-93	-21	0	0	-114
Reversal of unused liabilities	0	-49	0	0	-49
Provisions for the year	148	186	818	65	1,217
<b>Total provisions</b>	<b>1,176</b>	<b>1,190</b>	<b>1,952</b>	<b>69</b>	<b>4,387</b>
Expected due dates for provisions:					
Falling due within 1 year	184	24	0	0	208
Falling due within 2 to 5 years	765	537	0	69	1,371
Falling due after 5 years	227	629	1,952	0	2,808
<b>Total provisions</b>	<b>1,176</b>	<b>1,190</b>	<b>1,952</b>	<b>69</b>	<b>4,387</b>
<b>2015</b>					
Liability at 1 January	1,176	1,190	1,952	69	4,387
Foreign exchange adjustment	15	1	74	8	98
Used during the year	-186	-92	0	-33	-311
Reversal of unused liabilities	-74	-31	-266	-44	-415
Provisions for the year	137	229	565	0	931
<b>Total provisions</b>	<b>1,068</b>	<b>1,297</b>	<b>2,325</b>	<b>0</b>	<b>4,690</b>
Expected due dates for provisions:					
Falling due within 1 year	0	3	0	0	3
Falling due within 2 to 5 years	972	557	0	0	1,529
Falling due after 5 years	96	737	2,325	0	3,158
<b>Total provisions</b>	<b>1,068</b>	<b>1,297</b>	<b>2,325</b>	<b>0</b>	<b>4,690</b>

Provisions cover the costs of restoring leasehold premises and provisions for anniversary bonuses, the latter resulting from the Group's commitment of one month's pay in connection with employees' 25th and 40th anniversary.

Note

## 5.5

### DEPOSITS

Deposits are primarily related to leasing of offices.

#### Accounting Policy

Security deposits which will not be returned within one year of the balance sheet date are recognized as non-current assets. Commitments which

require a deposit will initially be recorded to the deposit asset account, if the deposit is not recovered it is charged to the income statement.

### DEPOSITS

EUR '000

PARENT COMPANY			GROUP	
2014	2015		2014	2015
1,778	1,560	Cost at 1 January	2,111	1,873
4	-4	Foreign exchange adjustment	-4	6
45	24	Additions	63	311
0	0	Addition on acquisition of subsidiaries	57	0
-267	-38	Disposals*	-354	-88
1,560	1,542	Carrying amount at 31 December	1,873	2,102

\* Disposals include reclassifications to current receivables.

**SECTION 6 CAPITAL STRUCTURE AND FINANCING ITEMS**

It is SimCorp's policy to pay dividends of at least 50% of profit on ordinary activities after tax. Additionally, cash is used to buy treasury shares provided the company does not anticipate specific cash requirements.

In this section, the following notes are presented:

- 6.1 Equity, treasury shares and dividend
- 6.2 Earnings per share
- 6.3 Financial instruments and risk
- 6.4 Financial income
- 6.5 Financial expenses

## Note

**6.1 EQUITY, TREASURY SHARES AND DIVIDEND****Accounting Policy****Dividend**

Dividends are recognized as a liability when declared by the shareholders in General Meeting. Dividends recommended to be paid for the year are stated as a separate line item under equity until approved at the General Meeting.

**Treasury shares**

Treasury shares acquired by the parent company are recognized in the balance sheet at zero value. Proceeds on the purchase and sale of treasury shares and dividends from such shares are recognized in equity, including proceeds from the disposal of treasury shares in connection with the exercise of share options.

	Number of shares 2014	Number of shares 2015	Nominal value EUR '000 2014	Nominal value EUR '000 2015
SHARE CAPITAL				
At 1 January	43,500,000	41,500,000	5,844	5,575
Cancellation of treasury shares	-2,000,000	0	-269	0
<b>At 31 December</b>	<b>41,500,000</b>	<b>41,500,000</b>	<b>5,575</b>	<b>5,575</b>

At 31 December 2015, the share capital amounted to DKK 41,500,000 divided into 41,500,000 shares (2014: DKK 41,500,000 divided into 41,500,000 shares) no treasury shares were cancelled in 2015 (2014: 2,000,000). The company's shares are traded on NASDAQ Copenhagen A/S 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 5,000,000 (5,000,000 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 1 March 2018, and may be extended by the shareholders for one or more periods of up to five years at a time. The capital increase may be effected by cash payment or otherwise. The capital increase may be effected without pre-emption rights to the company's existing shareholders, if the shares are issued at market price or as consideration for the company's acquisition of an existing operation or specific assets of a value that equals the value of the shares issued. Except for the cases specified in the preceding period, the company's existing shareholders shall have a right to subscribe new shares proportionately to their existing holdings.

The new shares shall be negotiable instruments, and no restrictions shall apply to the transferability of the shares. No shareholders shall be under an obligation to have their shares redeemed in full or in part by the company or any other party.

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

Refer to pages 44 to 47 for additional information.



TREASURY SHARES	Number of shares 2014	Number of shares 2015	Acquisition value EUR '000 2014	Acquisition value EUR '000 2015	Percent of share capital 2014	Percent of share capital 2015
At 1 January	2,147,241	1,002,252	47,356	25,335	4.9	2.4
Foreign exchange adjustment			96	-64	-	-
Purchases	968,910	565,847	24,455	21,221	2.3	1.4
Cancellation	-2,000,000	0	-43,989	0	-4.6	0.0
Restricted stock units program	-106,399	-250,760	-2,385	-7,022	-0.2	-0.6
Options exercised	-7,500	0	-198	0	0.0	0.0
<b>At 31 December</b>	<b>1,002,252</b>	<b>1,317,339</b>	<b>25,335</b>	<b>39,470</b>	<b>2.4</b>	<b>3.2</b>

The market value of treasury shares at 31 December 2015 was EUR 68.5m (2014: EUR 21.9m). The shares are carried at 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 2015, SimCorp A/S acquired 565,847 treasury shares at an average price of DKK 279.87 per share equal to a purchase price of EUR 21.2m (2014: 968,910 treasury shares at an average price of DKK 187.88 per share equal to a purchase price of EUR 24.5m).

In 2015, SimCorp A/S delivered 250,760 treasury shares as part of the share based remuneration program for a nominal value of DKK 250,760 (2014: DKK 106,399 shares) calculated at an average market price of DKK 237.20 per share (2014: DKK 218.99 per share of DKK 1), equal to a calculated price of EUR 8.0m (2014: EUR 3.1m).

In 2014, SimCorp A/S sold 7,500 shares in connection with the exercise of share options as part of the employee share program at a calculated market price of DKK 214.42, equal to a calculated market price of EUR 0.2m.

The company acquires treasury shares for the purpose of covering the Group's incentive programs, among other things.

#### Capital management and dividend policy

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

SimCorp pursues a dividend policy to the effect that, when cash resources exceed 10% of an upcoming year's projected costs, the company will pay minimum 50% of the group profit for the year by way of dividend. In addition, the company will buy treasury shares provided that it does not anticipate specific cash requirements.

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 28.4m (2014: EUR 24.6m), equal to DKK 5.25 (2014: DKK 4.50) 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.

Note

**6.2 EARNINGS PER SHARE****Accounting Policy**

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

<b>GROUP</b>	<b>2014</b>	<b>2015</b>
Profit for the year (EUR'000)	41,583	52,584
Average number of shares	42,404,110	41,500,000
Average number of treasury shares	-1,457,619	-1,261,324
<b>Average number of shares in circulation</b>	<b>40,946,491</b>	<b>40,238,676</b>
Average dilutive impact of outstanding restricted stock units	598,555	637,602
<b>Average number of diluted shares in circulation</b>	<b>41,545,046</b>	<b>40,876,278</b>
Basic earnings per share - EPS (EUR)	1.02	1.31
Diluted earnings per share - EPS-D (EUR)	1.00	1.29

All allotted restricted stock units were included in 2015 as the conditions stipulated in note 7.1 are expected to be met (2014: 46,282 restricted stock units were not included as the conditions were only expected to be partly met). See also the Management report concerning share-based remuneration on pages 44 to 45.

Note

**6.3 FINANCIAL INSTRUMENTS AND RISK****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 department according to policies committed to writing and approved by the Board of Directors. The purpose is to ensure efficient liquidity management. Excess liquidity is transferred to SimCorp A/S which operates as the internal bank for the Group.

The scope and nature of the Group's financial instruments appear from the income statement and the balance sheet in accordance with the accounting policies applied. Provided below is 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. The Group's most important operational and commercial risk factors are described in more detail on pages 22 to 25 of the 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 rate ruling on the the date of underlying transaction. The average exchange rates for the month is used to reflect the transaction dates' exchange rates.

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. At the balance sheet date, SimCorp A/S had financially hedged CHF 24.2m (2014: none) relating to future cash flows from a subsidiary for 2016 and 2017 at CHF rates against DKK between 6.83 and 6.94.

In order to mitigate currency risk in relation to the Ukrainian subsidiary, 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.

The table below shows currency exposure to each currency as at the balance sheet date based on the functional currencies of the individual Group companies.

CURRENCY EXPOSURE EUR '000 <b>PARENT COMPANY</b>					2014				2015			
	Cash/ equivalents	Receivables	Debt	Net position	Cash/ equivalents	Receivables	Debt	Net position	Cash/ equivalents	Receivables	Debt	Net position
DKK	23,225	8,649	16,620	15,254	26,466	11,294	18,381	19,379				
SEK	0	7	965	-958	0	1,181	0	1,181				
NOK	0	0	617	-617	0	3,580	0	3,580				
EUR	3,496	14,346	6,686	11,156	1,336	20,507	294	21,549				
GBP	4	889	923	-30	24	231	3,610	-3,355				
CHF	0	0	2,313	-2,313	0	2,488	22,378	-19,890				
USD	20	647	162	505	472	6,975	112	7,335				
AUD	1	0	1,447	-1,446	1	0	1,311	-1,310				
SGD	0	0	1,540	-1,540	0	882	0	882				
CAD	0	3,422	0	3,422	0	3,012	0	3,012				
HKD	0	0	215	-215	0	0	331	-331				
UAH	0	0	564	-564	0	0	685	-685				
<b>Total</b>	<b>26,746</b>	<b>27,960</b>	<b>32,052</b>	<b>22,654</b>	<b>28,299</b>	<b>50,150</b>	<b>47,102</b>	<b>31,347</b>				

CURRENCY EXPOSURE EUR '000 <b>GROUP</b>					2014				2015			
	Cash/ equivalents	Receivables	Debt	Net position	Cash/ equivalents	Receivables	Debt	Net position	Cash/ equivalents	Receivables	Debt	Net position
EUR/DKK	3,496	1,882	202	5,176	1,336	1,044	294	2,086				
EUR/CHF	71	1,195	0	1,266	761	0	0	761				
EUR/GBP	32	570	0	602	6	395	152	249				
USD/DKK	20	47	15	52	472	66	112	426				
USD/SGD	196	299	0	495	0	1,078	0	1,078				
USD/GBP	79	1,821	0	1,900	14	1,273	517	770				
CAD/USD	187	1,274	155	1,306	208	1,914	204	1,918				
CHF/DKK	0	0	0	0	0	0	22,378	-22,378				
CHF/USD	0	0	0	0	0	3,058	0	3,058				

#### Sensitivity analysis of the Group's currency exposure

Based on the net exposure of the parent company and the Group, the hypothetical impact on the profit before tax for the year and equity, of exchange rate fluctuations is as follows:

	2014		2015	
	Change in exchange rate	Impact on net position EUR '000	Change in exchange rate	Impact on net position EUR '000
<b>PARENT COMPANY</b>				
SEK	10%	-96	5%	59
NOK	10%	-62	15%	537
GBP	10%	-3	10%	-336
CHF	15%	-347	5%	-995
USD	10%	51	10%	734
AUD	10%	-145	15%	-197
SGD	10%	-154	10%	88
CAD	10%	342	15%	452
HKD	10%	-22	10%	-33
UAH	30%	-169	30%	-206
<b>GROUP</b>	Change in cross rate	EUR '000	Change in cross rate	EUR '000
EUR/CHF	15%	190	5%	38
EUR/GBP	10%	60	10%	25
USD/DKK	-	-	10%	43
USD/SGD	10%	50	10%	108
USD/GBP	10%	190	10%	77
CAD/USD	5%	65	5%	96
CHF/DKK	-	-	5%	-1,119
CHF/USD	-	-	10%	306

A corresponding fall in the cross rate would have an equivalent opposite effect on profit before tax and equity.

The sensitivity analysis has been prepared at the balance sheet date based on the exposure to the listed currencies at the balance sheet date, without taking into account potential effects on interest rate levels, effect on other currencies etc.

#### Interest risk

The Group's and the parent company's interest rate risks are generally related to its bank deposits.

SimCorp A/S had bank deposits of EUR 28.3m at 31 December 2015 (2014: EUR 26.8m) carrying a variable rate of interest based on the money market rate. The effective rates of interest vary with the currency and, made up at the balance sheet date, fluctuated between -0.75-0.0% in 2015 (2014: -0.3-0.6%) for significant deposits.

The Group had bank deposits of EUR 43.3m at 31 December 2015 (2014: EUR 38.0m) carrying variable rates of interest based on the money market rates. The effective rates of interest vary with the currency and, at the balance sheet date, fluctuated between -0.75-0.0% in 2015 (2014: 0.0-0.2%) for significant deposits.

The Group had no long-term loans.

If interest rates increased by one percentage point, the interest rate sensitivity as calculated based on quarterly cash deposits at the end of the quarters in 2015 and 2014, respectively, would have a positive impact of EUR 0.28m (2014: EUR 0.27m) in the parent company and of EUR 0.43m (2014: EUR 0.38m) in the Group. A corresponding fall in interest rates would have the opposite impact.

The impact of change in interest levels on the equity of the parent company and the Group does not deviate significantly from the impact on the profit and loss for the year.

#### Liquidity risk

It is SimCorp's policy that cash reserves must exceed 10% of the coming year's expected costs.

The Group's cash reserve comprises cash and cash equivalents and unutilized credit facilities. The Group aims to have sufficient cash resources to allow it to continue to operate adequately in case of unforeseen fluctuations in cash. The Group has unused credit facilities in banks of EUR 5.0m (2014: EUR 7.4m). The current cash position and expected cash flow for 2016 are considered to be adequate to meet the obligations of the Group as they fall due.

The following table indicates when the current and non-current liabilities including interest per 31.12.2014 and 31.12.2015, respectively, are expected to fall due:

LIABILITIES AT 31 DECEMBER EUR '000	Current				Non-current			
	1 to 6 months 2014	1 to 6 months 2015	7 to 12 months 2014	7 to 12 months 2015	1 to 5 years 2014	1 to 5 years 2015	Later than 5 years 2014	Later than 5 years 2015
<b>PARENT COMPANY</b>								
Prepayments from clients	100	28	0	184	76	0	0	0
Trade payables	3,143	4,182	0	0	0	0	0	0
Provisions	0	3	134	0	650	719	568	665
Other payables	7,744	8,723	2,778	2,767	1,734	1,730	0	0
Income tax and deferred tax	0	1,111	984	0	0	0	0	0
Other debts	0	0	0	0	841	837	0	0
Payables to subsidiaries	14,436	4,939	0	0	0	0	0	0
<b>Total</b>	<b>25,423</b>	<b>18,986</b>	<b>3,896</b>	<b>2,951</b>	<b>3,301</b>	<b>3,286</b>	<b>568</b>	<b>665</b>
<b>GROUP</b>								
Prepayments from clients	6,175	4,605	1,752	2,216	1,157	857	0	0
Trade payables	6,521	8,055	130	446	258	236	20	0
Provisions	144	3	134	0	1,301	1,529	2,808	3,158
Other payables	23,871	28,693	3,005	3,038	1,734	1,747	0	0
Income tax and deferred tax	2,315	1,836	1,507	9	115	938	0	0
Other debts	0	0	0	0	1,493	2,347	0	0
<b>Total</b>	<b>39,026</b>	<b>43,192</b>	<b>6,528</b>	<b>5,709</b>	<b>6,058</b>	<b>7,654</b>	<b>2,828</b>	<b>3,158</b>

Financial liabilities are classified as 'Financial liabilities measured at amortized cost' in the balance sheet.

Interest payments are estimated based on current market conditions.

The maturity profile of the Group's operational leasing obligations appears note 7.5.

**Credit risk**

The Group is not exposed to significant risks concerning individual clients or business partners. 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 maximum exposure to credit risk equals the carrying amounts:

## CREDIT RISK

EUR '000

PARENT COMPANY			GROUP	
2014	2015		2014	2015
26,748	28,299	Cash and cash equivalents	37,995	43,344
22,360	42,528	Receivables	57,994	68,144
49,108	70,827	<b>Maximum credit exposure</b>	95,989	111,488

Financial assets are classified as 'Loans and receivables'.

Credit risk relating to cash funds comprising current account deposits and fixed term deposits is deemed to be immaterial as the accounts are held with selected

recognized international banks with high credit ratings. No security has been received.

## TRADE RECEIVABLES QUALITY BY GEOGRAPHICAL REGION

EUR '000

PARENT COMPANY			GROUP	
2014	2015		2014	2015
2,464	2,009	Europe	20,642	22,821
4	11	North America	10,293	9,108
0	5	Asia	645	1,692
12	6	Australia	151	326
0	0	Other	421	271
2,480	2,031	<b>Total</b>	32,152	34,218

The Group's trade receivables at 31 December 2015 include no impairments (2014: no impairments), see note 4.1. Impairments are based on individual assessments and result from objective indication of impairment. The

impairments will be charged to administrative expenses. Maturity dates for receivables are specified in note 4.1. No single client represents more than 10.1% (2014: 12.4%) of total trade receivables.

**Categories of financial instruments**

The parent company and Group have the following financial instruments:

## FINANCIAL INSTRUMENTS

EUR '000

PARENT COMPANY			GROUP	
2014	2015		2014	2015
47,180	69,140	Loan and receivables	71,307	79,607
0	96	Derivate financial instruments	0	96
-18,268	-9,904	Financial obligations measured at amortized cost	-8,409	-11,080

**Fair values**

SimCorp measures derivative financial instruments comprising, in 2015, of forward exchange transactions for the sale of CHF24.2m against DKK in the period from February 2016 to November 2017 at fair value. The fair value is determined using generally accepted valuation techniques based on observable exchange rates and yield curves.

The forward exchange contracts are included in level 2 (observable input), EUR 0.1m.

Note

**6.4 FINANCIAL INCOME****Accounting Policy**

Financial income includes interest income, realized and unrealized exchange gains on foreign currency, refunds under the Danish tax prepayment scheme, and changes related to the fair values of derivative financial instruments. Dividends on investments in subsidiaries and associates are recognized in the parent company's income statement in the financial year in which the dividend is declared.

Differences arising when derivatives are re-measured at fair values are taken through profit or loss in financial income or financial expenses. Attributable transaction costs are recognized in the income statement.

FINANCIAL INCOME

EUR '000

<b>PARENT COMPANY</b>			<b>GROUP</b>	
<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
30,016	23,040	Dividend from subsidiaries	-	-
20	10	Dividend from associates	20	10
0	0	Gain, shares in associates	651	0
96	116	Interest income, subsidiaries	-	-
88	30	Interest income, cash etc.	160	63
621	1,424	Foreign exchange adjustments	988	1,723
30,841	24,620	<b>Total financial income</b>	1,819	1,796

Note

**6.5 FINANCIAL EXPENSES****Accounting Policy**

Financial expenses include interest expenses, withholding tax, realized and unrealized exchange losses on foreign currency, amortization of financial assets and liabilities as well as surcharges under the Danish tax prepayment scheme and changes related to the fair values of derivative financial instruments.

Differences arising when derivatives are re-measured at fair values are taken through profit or loss in financial income or financial expenses. Attributable transaction costs are recognized in the income statement.

FINANCIAL EXPENSES

EUR '000

<b>PARENT COMPANY</b>			<b>GROUP</b>	
<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
174	74	Interest expenses, subsidiaries	-	-
30	25	Interest expenses, financial assets carried at amortized cost	44	43
13	2	Interest expenses, deferred payment acquisition	13	2
0	0	Interest expenses, pension	36	43
425	1,104	Other financial expenses	615	1,272
0	96	Fair value adjustments, derivatives	0	96
615	1,721	Foreign exchange adjustments	908	2,404
1,257	3,022	<b>Total financial expenses</b>	1,616	3,860

## SECTION 7 OTHER DISCLOSURES

This section contains other required disclosures relevant for the understanding of the Groups' financial statements, but which are not essential for the understanding of the individual themes in the previous sections.

In this section, the following notes are presented:

- 7.1 Share-based remuneration
- 7.2 Future revenue
- 7.3 Board and executive management remuneration
- 7.4 Pensions and similar liabilities
- 7.5 Operating leases
- 7.6 Related party transactions
- 7.7 Auditors' remuneration
- 7.8 Events after the balance sheet date
- 7.9 Adjustments, cash flow
- 7.10 Segment information reconciliation of the profit before tax
- 7.11 Subsidiaries

### Note

#### 7.1 SHARE-BASED REMUNERATION

SimCorp's Board of Directors has adopted an overall policy for remuneration and incentive programs and the policy has been approved by shareholders at the Annual General Meeting. The overall objective being to promote awareness of profitable growth and the Group's long-term goals. The Board of Directors wishes the company to offer share-based remuneration. The Board of Directors also believes that it is a natural decision for a company like SimCorp to offer shares to its Board members as a minor part of their overall remuneration. Shares are granted to members of the Board of Directors subject to approval at the Annual General Meeting.

In the 2015 financial year EUR 5.5m (2014: EUR 3.5m) was charged to the income statement in respect of share-based remuneration.

##### Accounting Policy

For equity-settled stock options, the fair value is measured at the grant date and recognized in the income statement under staff expenses over the vesting period. The counter entry is recognized directly in equity.

For restricted stock units, the fair value is measured at the grant date adjusted for dividends and recognized in the income statement as staff expenses over the vesting period. The counter entry is recognized directly in equity.

On initial recognition of restricted stock units, the number of restricted stock units expected to vest is estimated. Subsequently, adjustment is made for changes in the number of employees estimated to become entitled to restricted stock units and the numbers of the restricted units are adjusted when performance conditions are only partly met and the adjustment is recognized in the income statement as staff expenses.

##### STOCK OPTIONS

###### Stock options granted 2009

This program was completed during 2014 and no further stock options are outstanding. In 2014, 7,500 options were exercised.

##### RESTRICTED STOCK UNITS

###### Long-term incentive program

Restricted stock units are granted annually in April to members of the Executive Management Board and key employees as part of the long-term incentive program. These restricted stock units vest three years after being granted subject to continuing employment. Furthermore, the restricted

stock units are subject to conditions with respect to average annual minimum revenue growth and annual average 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, and may possibly lapse completely.

In addition, restricted stock units 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. When such particular vesting conditions apply they are specifically described below.

In April 2011, a total of 162,140 restricted stock units were granted to members of the Executive Management Board and key employees, and an additional 1,220 restricted stock units were granted in connection with the employment of a Senior Vice President in the second half of 2011. These restricted stock units vested in 2014. This program has been fully charged to the income statement in previous years (2014: EUR 78 thousand). In the 2014 financial year 101,326 shares were transferred to the Executive Management Board and key employees, who participated in the long-term incentive program in 2011 and have fulfilled the program's criteria. The number of shares was reduced by 21,3% compared to the maximum under the program.

In April 2012 a total of 154,710 restricted stock units were granted to members of the Executive Management Board and key employees. In September 2012 an additional 1,250 restricted stock units were granted in connection with the appointment of an Executive Vice President and a further 5,000 restricted stock units were granted to the CEO in January 2013. EUR 125 thousand (2014: EUR 283 thousand) was charged to the income statement in respect of this program in the 2015 financial year. Also in the 2015 financial year, 105,045 shares were transferred to the Executive Management Board and key employees, who participated in the long-term incentive program in 2012 and have fulfilled the program's criteria. The number of shares was reduced by 17.4% compared to the maximum under the program.

On 1 April 2012, 15,000 restricted stock units were granted to a senior employee in North America. The charges for this program has been reversed in 2014 (EUR -38 thousand) and all restricted stock units granted under this program have been cancelled.

In connection with Klaus Hulse's appointment as CEO 107,220 restricted stock units were granted to him on 1 September 2012, as Klaus Hulse has completed his personal investment of DKK 5m in SimCorp shares. Sixty percent of these restricted stock units vested in 2015, further twenty percent after four years, and the remaining twenty percent after five years subject to continuing employment. EUR 297 thousand (2014: EUR 388 thousand) was charged to the income statement in respect of this program in the 2015 financial year. Shares transferred during the 2015 financial year in connection with this program totalled 64,332.

In April 2013 a total of 117,950 restricted stock units were granted to members of the Executive Management Board and key employees, and an additional 1,230 restricted stock units were granted in connection with the appointment of a Senior Vice President in July 2013. Furthermore 610 restricted stock units were granted to a Senior Vice President appointed in October 2013. EUR 863 thousand (2014: EUR 477 thousand) was charged to the income statement in respect of this program in the 2015 financial year. The number of shares is reduced by 9.9% compared to the maximum under the program (2014: 27.6%).

In April 2014 a total of 83,325 restricted stock units were granted to members of the Executive Management Board and key employees. EUR 839 thousand was charged to the income statement in respect of this program in the 2015 financial year (2014: EUR 665). The number of shares has not been reduced compared to the maximum under the program (2014:17.3%).

In April 2015 a total of 84,641 restricted stock units were granted to members of the Executive Management Board and key employees, additional 2,475 restricted stock units were granted to senior management employees during the remainder of the year. EUR 636 thousand was charged to the income statement in respect of this program in the 2015 financial year. The number of shares has not been reduced compared to the maximum under the program.

In 2014 9,170 restricted stock units were granted in connection with the appointment of a senior management employee in the UK. These vest after three years, subject to continuing employment and are subject to conditions with respect to average annual revenue growth for the financial years 2014 to 2016. If the conditions are only partially satisfied, the number of shares transferred after three years will be reduced, and may possibly lapse completely. EUR 81 thousand was charged to the income statement in respect of this program in the 2015 financial year (2014: EUR 35 thousand).

In connection with the acquisition of Equipos Ltd. (SimCorp Coric Ltd.) 8,431 restricted stock units were granted to management and key employees of SimCorp Coric Ltd. in 2014. These restricted stock units will vest after three years subject to continuing employment. EUR 45 thousand was charged to the income statement in respect of this program in the 2015 financial year (2014: EUR 50 thousand).

In 2014, in connection with the appointment of a new head of North America the Company has granted 9,493 restricted stock units equivalent to EUR 200 thousand. One third of these restricted stock units vest after one year, a further one third after two years, and the remaining third after three years, subject to continuing employment as part of the sign-on agreement. Shares transferred during the 2015 financial year in connection with this program totalled 3,164. Additionally the Company has granted 15,000 restricted stock units, which will vest at the end of February 2018, subject to continuing employment. Furthermore, these restricted stock units are subject to conditions with respect to annual revenue growth in North America for the financial years 2015 to 2017. If the conditions are only partially satisfied, the number of shares transferred after three years will be reduced, and may possibly lapse completely. EUR 198 thousand was charged to the income statement in respect of these programs in the 2015 financial year (2014: EUR 48 thousand).

In 2015, in connection with the appointment of senior management employees in North America, a total of 7,971 restricted stock units have been granted as sign on bonuses. One third of these restricted stock units vest after one year, a further one third after two years, and the remaining third after three years, subject to continuing employment as part of the sign-on agreement. EUR 100 thousand was charged to the income statement in respect of this program in the 2015 financial year.

In addition, in connection with an incentive program for a senior management employee in France 7,834 restricted stock units have been granted. These will vest after three years subject to continuing employment and performance conditions with respect to order intake for the financial years 2015 to 2017. If the conditions are partially satisfied the number of shares transferred will be reduced and may possibly lapse completely. EUR 63 thousand was charged to the income statement in respect of this program in the 2015 financial year.

#### **Corporate bonus program**

As part of the annual corporate bonus program the employees have had the option to receive or instead waive their corporate bonus and elect to receive restricted stock units at a discount of 67%. Based on the waived bonus amount the company grants restricted stock units to employees of the parent company and its foreign subsidiaries. One third of these restricted stock units vest after one year, a further one third after two years, and the remaining third after three years, subject to continuing employment.

#### **Restricted stock units granted related to corporate bonus programs 2011 to 2015**

On 20 March 2012 the company granted 35,700 restricted stock units in connection with the 2011 corporate bonus program. EUR 15 thousand (2014: EUR 59 thousand) was charged to the income statement in respect of this program in the 2015 financial year.

On 6 March 2013 the company granted 14,350 restricted stock units as part of its 2012 corporate bonus program. EUR 36 thousand (2014:42 thousand) was charged to the income statement in respect of this program in the 2015 financial year.

On 1 April 2014 the company granted 144,718 restricted stock units in connection with the 2013 corporate bonus program. EUR 416 thousand (2014: EUR 851 thousand) was charged to the income statement in respect of this program in the 2015 financial year.

On March 2015 the company granted 120,031 restricted stock units in connection with the 2014 corporate bonus program. EUR 758 thousand (2014: 631 thousand) was charged to the income statement in respect of this program in the 2015 financial year.

In March 2016 the company will grant restricted stock units as part of its corporate bonus program for 2015. EUR 866 thousand was charged to the income statement in respect of this program in the 2015 financial year.



## RESTRICTED STOCK UNITS

## 2014

Type	Grant year	Vesting period	Fair Value EUR m**	Out- standing 1 January	Granted 2014	Vested and transferred	Cancelled	Performance adjustment	Out- standing 31 December	Avg. remain- ing term
<b>Board of Directors *</b>										
Long-term incentive program	2011	Apr-14		590	0	-590	0	0	0	-
Corporate bonus 2013	2014	Mar-15/16/17		0	1,084	0	0	-	1,084	2.25
<b>Executive Management Board</b>										
Long-term incentive program	2011	Apr-14		23,657	0	-23,657	0	0	0	-
Long-term incentive program	2012	Apr-15		34,600	0	0	0	-6,020	28,580	0.25
Long-term incentive program	2013	Feb-16		33,300	0	0	0	-9,191	24,109	1.17
Long-term incentive program	2014	Feb-17		0	24,456	0	0	-4,231	20,225	2.17
Corporate bonus 2011	2012	Mar-15		2,810	0	0	0	-	2,810	0.25
Corporate bonus 2013	2014	Mar-15/16/17		0	6,179	0	0	-	6,179	1.25
CEO - Klaus Holse	2012	Sep-15/16/17		107,220	0	0	0	-	107,220	1.35
<b>Other employees</b>										
Long-term incentive program	2011	Apr-14		77,079	0	-77,079	0	0	0	-
Long-term incentive program	2012	Apr-15		94,880	0	0	-710	-16,386	77,784	0.25
Long-term incentive program	2013	Feb-16		83,590	0	0	-450	-22,947	60,193	1.17
Long-term incentive program	2014	Feb-17		0	58,869	0	-1,565	-9,914	47,390	2.17
Corporate bonus 2011	2012	Mar-15		28,010	0	0	0	-	28,010	0.25
Corporate bonus 2012	2013	Mar-16		14,350	0	0	0	-	14,350	1.25
Corporate bonus 2013	2014	Mar-15/16/17		0	137,455	0	-5,160	-	132,295	1.25
Senior Empl. North America	2012	Apr-16/17		15,000	0	0	0	-15,000	0	-
Senior Empl. United Kingdom	2014	Mar-17		0	9,170	0	0	0	9,170	2.25
Key Employees SimCorp Coric	2014	Mar-17		0	8,431	0	-1,265	-	7,166	2.25
Senior Empl. North America, sign on	2014	Sep-17		0	9,493	0	0	-	9,493	2.75
Senior Empl. North America	2014	Feb-18		0	15,000	0	0	0	15,000	3.17
<b>Total</b>										
Long-term incentive program	2011	Apr-14	1.9	101,326	0	-101,326	0	0	0	-
Long-term incentive program	2012	Apr-15	2.1	129,480	0	0	-710	-22,406	106,364	0.25
Long-term incentive program	2013	Feb-16	2.5	116,890	0	0	-450	-32,137	84,303	1.17
Long-term incentive program	2014	Feb-17	2.4	0	83,325	0	-1,565	-14,144	67,616	2.17
Corporate bonus 2011	2012	Mar-15	0.3	30,820	0	0	0	-	30,820	0.25
Corporate bonus 2012	2013	Mar-16	0.3	14,350	0	0	0	-	14,350	1.25
Corporate bonus 2013	2014	Mar-15/16/17	4.2	0	144,718	0	-5,160	-	139,558	1.25
Senior Empl. North America	2012	Apr-16/17	0.2	15,000	0	0	0	-15,000	0	-
CEO - Klaus Holse	2012	Sep-15/16/17	1.4	107,220	0	0	0	-	107,220	1.35
Senior Empl. United Kingdom	2014	Mar-17	0.3	0	9,170	0	0	0	9,170	2.25
Key Employees SimCorp Coric	2014	Mar-17	0.2	0	8,431	0	-1,265	-	7,166	2.25
Senior Empl. North America, sign on	2014	Sep-17	0.2	0	9,493	0	0	-	9,493	2.75
Senior Empl. North America	2014	Feb-18	0.3	0	15,000	0	0	0	15,000	3.17
<b>Total Restricted Stock Units</b>				<b>515,086</b>	<b>270,137</b>	<b>-101,326</b>	<b>-9,150</b>	<b>-83,688</b>	<b>591,059</b>	<b>1.23</b>

\* Restricted stock units acquired in capacity as employees of SimCorp A/S

\*\* At time of grant.

## RESTRICTED STOCK UNITS

## 2015

Type	Grant year	Vesting period	Fair Value EUR m**	Out- standing 1 January	Granted 2015	Vested and transferred	Cancelled	Performance adjustment	Out- standing 31 December	Avg. remain- ing term
<b>Board of Directors *</b>										
Corporate bonus 2013	2014	Mar-15/16/17		1,084	0	-360	0	-	724	0.75
Corporate bonus 2014	2015	Mar-16/17/18		0	947	0	0	-	947	1.25
<b>Executive Management Board</b>										
Long-term incentive program	2012	Apr-15		28,580	0	-28,578	0	-2	0	-
Long-term incentive program	2013	Feb-16		24,109	0	0	0	5,894	30,003	0.17
Long-term incentive program	2014	Feb-17		20,225	0	0	0	4,231	24,456	1.17
Long-term incentive program	2015	Feb-18		0	25,085	0	0	0	25,085	2.17
Corporate bonus 2011	2012	Mar-15		2,810	0	-2,810	0	-	0	0.00
Corporate bonus 2013	2014	Mar-15/16/17		6,179	0	-2,059	0	-	4,120	0.75
Corporate bonus 2014	2015	Mar-16/17/18		0	6,659	0	0	-	6,659	1.25
CEO - Klaus Holse	2012	Sep-15/16/17		107,220	0	-64,332	0	0	42,888	1.25
<b>Other employees</b>										
Long-term incentive program	2012	Apr-15		77,784	0	-76,467	-1,279	-38	0	-
Long-term incentive program	2013	Feb-16		60,193	0	0	-2,900	15,003	72,296	0.17
Long-term incentive program	2014	Feb-17		47,390	0	0	-1,724	9,913	55,579	1.17
Long-term incentive program	2015	Feb-18		0	62,031	0	-2,264	0	59,767	2.17
Corporate bonus 2011	2012	Mar-15		28,010	0	-27,690	-320	-	0	-
Corporate bonus 2012	2013	Mar-16		14,350	0	0	-520	-	13,830	0.25
Corporate bonus 2013	2014	Mar-15/16/17		132,295	0	-43,991	-4,041	-	84,263	0.75
Corporate bonus 2014	2015	Mar-16/17/18		0	112,425	0	-5,175	-	107,250	1.25
Senior Employee United Kingdom	2014	Mar-17		9,170	0	0	0	0	9,170	1.25
Key Employees SimCorp Coric	2014	Mar-17		7,166	0	0	-1,138	-	6,028	1.25
Senior Empl. North America, sign on	2014	Sep-17		9,493	0	-3,164	0	-	6,329	1.75
Senior Empl. North America	2014	Feb-18		15,000	0	0	0	0	15,000	2.17
Senior Empl. North America	2015	Feb-16/17/18		0	7,971	0	0	0	7,971	1.17
Senior Empl. France	2015	Feb-18		0	7,834	0	0	0	7,834	2.17
<b>Total</b>										
Long-term incentive program	2012	Apr-15	2.1	106,364	0	-105,045	-1,279	-40	0	-
Long-term incentive program	2013	Feb-16	2.5	84,303	0	0	-2,900	20,897	102,300	0.17
Long-term incentive program	2014	Feb-17	2.4	67,616	0	0	-1,724	14,144	80,036	1.17
Long-term incentive program	2015	Feb-18	2.7	0	87,116	0	-2,264	0	84,852	2.17
Corporate bonus 2011	2012	Mar-15	0.3	30,820	0	-30,500	-320	-	0	-
Corporate bonus 2012	2013	Mar-16	0.3	14,350	0	0	-520	-	13,830	0.25
Corporate bonus 2013	2014	Mar-15/16/17	4.2	139,558	0	-46,410	-4,041	-	89,107	0.75
Corporate bonus 2014	2015	Mar-16/17/18	3.4	0	120,031	0	-5,175	-	114,856	1.25
CEO - Klaus Holse	2012	Sep-15/16/17	1.4	107,220	0	-64,332	0	-	42,888	1.25
Senior Employee United Kingdom	2014	Mar-17	0.3	9,170	0	0	0	0	9,170	1.25
Key Employees SimCorp Coric	2014	Mar-17	0.2	7,166	0	0	-1,138	-	6,028	1.25
Senior Empl. North America, sign on	2014	Sep-17	0.2	9,493	0	-3,164	0	-	6,329	1.75
Senior Empl. North America	2014	Feb-18	0.3	15,000	0	0	0	0	15,000	2.17
Senior Empl. North America	2015	Feb-16/17/18	0.2	0	7,971	0	0	0	7,971	1.17
Senior Empl. France	2015	Feb-18	0.2	0	7,834	0	0	0	7,834	2.17
<b>Total Restricted Stock Units</b>				<b>591,059</b>	222,952	-249,451	-19,361	35,001	<b>580,201</b>	1.12

\* Restricted stock units acquired in capacity as employees of SimCorp A/S

\*\* At time of grant.

## SHARES

## Shares to the Board of Directors in 2015 and 2014

In the financial year 1 January to 31 December 2015 a provision of EUR 168 thousand (2014: EUR 134 thousand) was charged to the income statement in respect of this program. The company will allot 5,858 treasury shares after publication of the annual report 2015 to members of SimCorp's Board of Directors (2014: 5,835 treasury shares).

Note

**7.2 FUTURE REVENUE**

Rental of software and subscription agreements are agreements that give clients the right to use the SimCorp Dimension standard software and/or the SimCorp Coric standard software over a defined period of time. The term of these agreements is typically between three and five years. Clients subsequently have an option to extend the rental or subscription period.

**Accounting Policy**

License revenue under fixed term license agreements and revenue from subscription agreements are recognized on a straight-line basis over the terms of the related agreements.

FUTURE REVENUE, RENTAL OF SOFTWARE AND SUBSCRIPTIONS  
EUR '000

PARENT COMPANY			GROUP	
2014	2015		2014	2015
628	1,170	Future revenue within 1 year	3,874	5,798
884	2,285	Future revenue within 2-5 years	6,142	10,368
0	0	Future revenue after 5 years	296	760
1,512	3,455	<b>Total</b>	10,312	16,926

Figures presented above are undiscounted and translated at average exchange rates for December 2015.

Note

**7.3 BOARD AND EXECUTIVE MANAGEMENT REMUNERATION**

The Board of Directors is a collective body for promoting the long-term interests of the company. The Board of Directors is assisted in realizing its goals by the Executive Management Board.

**Accounting policy**

The accounting policy for share based payment is described in note 7.1, accounting policy for other remuneration can be found in note 2.3.

BOARD OF DIRECTORS  
EUR '000

PARENT COMPANY	Board fees		Fees for committee work		Travel allowance		Share-based payment		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
<b>Remuneration</b>										
Jesper Brandgaard	84	84	0	0	3	3	34	42	121	129
Peter Schütze	50	50	0	0	3	3	20	25	73	78
Herve Couturier	34	34	0	0	9	12	13	17	56	63
Simon Jeffreys	34	34	16	16	15	14	20	25	85	89
Patrice McDonald	34	34	8	8	20	14	17	21	79	77
Jacob Goltermann	34	34	8	8	3	3	17	21	62	66
Raymond John	34	34	0	0	3	3	13	17	50	54
<b>Total</b>	304	304	32	32	56	52	134	168	526	556

EXECUTIVE MANAGEMENT BOARD										
EUR'000										
PARENT COMPANY	Salary		Other benefits		Share-based payment		Performance-related bonus		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Klaus Hølse	605	616	56	56	555	650	154	265	1,370	1,587
Georg Hetrodt	349	355	32	32	117	205	89	153	587	745
Thomas Johansen	326	333	30	30	113	195	83	143	552	701
<b>Total</b>	<b>1,280</b>	<b>1,304</b>	<b>118</b>	<b>118</b>	<b>785</b>	<b>1,050</b>	<b>326</b>	<b>561</b>	<b>2,509</b>	<b>3,033</b>

## RESTRICTED STOCKS UNITS AND SHARES AWARDED TO MANAGEMENT

PARENT COMPANY	2014	2015
<b>Number of restricted stock units awarded to Executive Management Board (Long-term program)</b>	24,456	25,085
<b>Number of restricted stock units awarded to Parent company management (Corporate Bonus program)</b>		
Board of Directors*	1,084	947
Executive Management Board	6,179	6,659
<b>Total number of restricted stock units awarded to parent company management</b>	<b>7,263</b>	<b>7,606</b>
<b>Total number of shares allotted to the Board of Directors**</b>	<b>5,835</b>	<b>5,858</b>

\* Restricted stocks units and employee shares acquired in capacity as employees of SimCorp A/S. Further details refer note 7.1.

\*\* Allotted as part of the remuneration of the Board of Directors. 2015: the allotment will take place after publication of this Annual Report in February 2016.

**Board of Directors remuneration policy**

Remuneration to the Board of Directors is composed of a cash element and a number of SimCorp shares. The value of the shares allotted was determined immediately prior to the Annual General Meeting at which the shareholders approved the remuneration, and it represents one third of the total remuneration. The shares are transferred on an annual basis (2014:quarterly basis).

**Executive Management Board remuneration policy for 2015**

The aggregate remuneration of the Executive Management Board consists of a fixed salary and a bonus component subject to the financial results achieved in a given financial year, as well as eligibility for the share-based incentive program. The bonus component will generally make up about 45% of the fixed remuneration. The value of the long-term share-based incentive

program, defined as the aggregate theoretical value at the time of grant, will represent up to around 55% of the fixed salary and the value of the corporate bonus restricted stock will make up about 6% of the fixed salary. Each year, the Board of Directors determines the fixed remuneration and the size of the performance-related bonus for the Executive Management Board and the specific targets that will trigger a bonus.

Members of the Executive Management Board can terminate their service contracts by giving six months' notice. The company can terminate the service contracts giving 12 months' notice. Termination on the part of the company triggers a severance pay of 6-9 months' salary subject to the term of employment. In case of very material changes to the company's ownership, the company's term of notice to members of the Executive Management Board is prolonged for a two-year period up to 24 months.

Note

**7.4 PENSIONS AND SIMILAR LIABILITIES****Accounting Policy**

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

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

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

Any 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 judgements**

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 company and the majority of foreign subsidiaries are covered by insurance (defined contribution plans).

For a few foreign subsidiaries the pension obligations are not covered or only partly covered by insurance (defined benefit plans).

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.

The Group's Norwegian and Swiss subsidiaries have defined benefits pension plans comprising a total of 34 employees (2014: 32). The plans entitle the 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 Pensjonstjenester AS (Norway) on basis of standardized assumptions, prepared by Forsikringsnæringens Hovedorganisasjon (Norway), regarding life expectancy and other demographic factors. Specifically the tariff K2013BE has been applied. For the Swiss defined benefit plan the actuarial assessments of assets and liabilities have been done by Allea Ltd (Switzerland) on basis of standardized assumptions, prepared by Swiss Association of Actuaries, regarding life expectancy and other demographic factors.

## PENSIONS AND SIMILAR LIABILITIES

EUR '000

<b>GROUP</b>	<b>2014</b>	<b>2015</b>
<b>Pension liabilities</b>		
At 1 January	5,773	6,824
Foreign exchange adjustment and other adjustments	-73	332
Employee contributions	147	194
Expensed in the income statement	391	367
Calculated interest	161	148
Actuarial loss/(gain) change in demographic assumptions	332	-390
Actuarial loss/(gain) change in financial assumptions	273	557
Payroll taxes	-35	-31
Benefits paid	-145	-10
<b>Present value of pension liabilities at 31 December</b>	<b>6,824</b>	<b>7,991</b>
<b>Fair value of plan assets</b>		
At 1 January	4,623	4,872
Foreign exchange adjustment	-57	259
Calculated interest	105	97
Return on plan assets in addition to calculated interest	-187	-139
Employee contributions	147	194
Employer contributions	396	411
Benefits paid	-155	-23
<b>Fair value of plan assets at 31 December</b>	<b>4,872</b>	<b>5,671</b>
<b>Net liability included in the balance sheet</b>	<b>1,952</b>	<b>2,320</b>

ASSET ALLOCATION	Switzerland		Norway	
	2014	2015	2014	2015*
Shares			13%	5%
Bonds/mortgage bonds			72%	76%
Property			12%	12%
Other financial assets			3%	7%
Assets held at Allianz Suisse collective foundation	100%	100%		
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Latest information as of September 30, 2015.

MOST IMPORTANT ASSUMPTIONS FOR ACTUARIAL CALCULATIONS	Switzerland		Norway	
	2014	2015	2014	2015
Discount rate	1.6%	0.8%	3.0%	2.7%
Future salary increases	2.0%	1.5%	3.3%	2.5%

**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 have been determined based on reasonable likely changes in assumptions occurring at the end of the period.

SENSITIVITY ANALYSIS ON REPORTED PENSION LIABILITIES EUR '000	Switzerland		Norway	
	2014	2015	2014	2015
Discount rate +1%	-532	-788	-41	-34
Discount rate -1%	754	1,106	56	45
Future remuneration +1%	115	165	30	23
Future remuneration -1%	-102	-145	-25	-19

The sensitivities consider the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case).

The Group expects to pay EUR 431 thousand to the defined benefit pension plans in 2016 (2014: EUR 394 thousand for the year 2015). 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.

Note

**7.5 OPERATING LEASES****Accounting Policy**

For operating leases, the lease payments are recognized in the income statement on a straight line basis over the lease periods.

## OPERATING LEASES COMMITMENTS

EUR '000

PARENT COMPANY			GROUP	
2014	2015		2014	2015
		<b>Rent commitments</b>		
5,692	4,967	Payable within 1 year	9,689	9,553
12,575	8,372	Payable within 2 to 5 years	21,343	21,604
0	0	Payable after 5 years	1,532	1,536
18,267	13,339	<b>Rent commitments until expiry of minimum term of tenancy</b>	32,564	32,693
		<b>Other commitments</b>		
132	196	Payable within 1 year	682	682
165	182	Payable within 2 to 5 years	820	808
297	378	<b>Total other commitments</b>	1,502	1,490
		<b>Total commitments</b>		
5,824	5,163	Payable within 1 year	10,371	10,235
12,740	8,554	Payable within 2 to 5 years	22,163	22,412
0	0	Payable after 5 years	1,532	1,536
18,564	13,717	<b>Total commitments</b>	34,066	34,183

Amounts of EUR 11.5m (2014: EUR 10.8m) relating to operating leases in the Group and EUR 5.7m (2014: EUR 5.8m) in the company have been recognized in the income statement for 2015. The Group's other liabilities comprise operating leases for operating equipment, generally with a lease period of between two and five years.

In November 2008 SimCorp moved into the headquarters at Weidekampsgade 16, Copenhagen. The lease has been entered into on market terms and with normal rent adjustment clauses. SimCorp served notice on around 2000 m<sup>2</sup> which were vacated mid October 2015. The initial lease is for a period of ten years, with an option to extend for up to 20 years from the commencement of the lease.

All the Group's leases are with an option to extend and are made on market terms with normal rent adjustment clauses and no right of first refusal.

## Note

**7.6** 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.

For the parent company, related parties also comprise subsidiaries and associates in which SimCorp A/S has a controlling or significant influence, see notes 5.2 and 7.11.

The Group did not enter into any agreements, deals or other transactions in 2015 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 notes 7.1 and 7.3.

## TRADING WITH SUBSIDIARIES AND ASSOCIATES

EUR '000

**PARENT COMPANY****GROUP**

<b>PARENT COMPANY</b>			<b>GROUP</b>	
<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
18,907	20,770	Purchases of services from subsidiaries	-	-
589	1,195	Purchases of services from associates	589	1,195
96,099	142,946	Sale of services to subsidiaries	-	-

Transactions with subsidiaries have been eliminated in the consolidated financial statement in accordance with the accounting policies applied.

In addition, 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 of the SimCorp Group is conducted on arm's length terms. Ownership interests are shown in note 7.11.

Interest on outstanding balances with subsidiaries and associates is specified in notes 6.4 and 6.5.

In 2015 the parent company has received dividends of EUR 23.0m (2014: EUR 30.0m) from subsidiaries and EUR 0.01m dividends were received from associates (2014: 0.02m).

The parent company has provided delivery bonds to certain clients of its subsidiaries, and the parent company has issued letters of support to certain subsidiaries, see note 4.3.

	2014	2015
INTERESTS IN THE COMPANY OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT BOARD	Number of Shares	Number of Shares
<b>Shareholdings, Board of Directors:</b>		
Jesper Brandgaard	84,915	85,279
Peter Schütze	8,697	8,915
Herve Couturier	7,098	7,244
Simon Jeffreys	8,837	9,055
Patrice McDonald	547	729
Jacob Goltermann	12,827	10,844
Raymond John	3,158	3,044
Board of Directors, total	126,079	125,110
<b>Shareholdings, Executive Management Board:</b>		
Klaus Hølse	50,000	79,414
Georg Hetrodt	125,370	138,153
Thomas Johansen	10,930	10,512
Executive Management Board, total	186,300	228,079
<b>Total shareholdings by members of the Board of Directors and the Executive Management Board</b>	<b>312,379</b>	<b>353,189</b>
<b>Restricted stock units, Board of Directors:</b>		
Raymond John	422	656
Jacob Goltermann	662	1,015
Board of Directors, total	1,084	1,671
<b>Restricted stock units, Executive Management Board:</b>		
Klaus Hølse	134,904	85,212
Georg Hetrodt	25,977	24,596
Thomas Johansen	28,242	23,403
Executive Management Board, total	189,123	133,211
<b>Total restricted stock units granted to members of the Board of Directors and the Executive Management Board</b>	<b>190,207</b>	<b>134,882</b>

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 7.3.

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

are elected among all SimCorp Group employees every third year. Election was held in February/March 2013, the next election will be held in March 2016. Refer to pages 40 and 41 for additional information on Board of Directors members.

Candidates for Board membership may not have turned 70 years of age on the date of the general meeting at which the election takes place.

## Note

### 7.7 AUDITORS' REMUNERATION

#### FEES TO INDEPENDENT AUDITORS

EUR '000

#### PARENT COMPANY

		GROUP	
2014	2015	2014	2015
EUR '000	EUR '000	EUR '000	EUR '000
78	78	195	222
			8
175	47	267	193
12	25	106	62
265	150	568	485
	<b>Total</b>		

Audit fees include the audit of the consolidated and local financial statements.

Tax fees primarily relate to assistance with transfer pricing audits in Denmark and Canada and fees related to preparation of Advanced Pricing Agreements with USA and Germany.



Note

**7.8** EVENTS AFTER THE BALANCE SHEET DATE**Group**

No material events have occurred after 31 December 2015, that have consequences for annual report 2015.

Note

**7.9** ADJUSTMENTS, CASH FLOW

This note provides details to cashflow statement reported on page 53.

## ADJUSTMENTS, CASH FLOW

EUR '000

**PARENT COMPANY****GROUP**

	<b>2014</b>	<b>2015</b>		<b>2014</b>	<b>2015</b>
	2,151	2,011	Depreciation	3,780	3,189
	-	-	Share of profit after tax in associates	-50	-126
	-30,841	-24,620	Financial income	-1,819	-1,796
	1,257	3,022	Financial expenses	1,616	3,860
	6,731	13,153	Tax on profit for the year	15,933	16,516
	3,705	5,347	Adjustment share based remuneration	3,705	5,347
	-16,997	-1,087	<b>Total adjustments</b>	23,165	26,990

Note

**7.10** SEGMENT INFORMATION RECONCILIATION OF THE PROFIT BEFORE TAX

This note provides a reconciliation to reported segment profit from operations in note 2.2 Segment and other revenue information.

## RECONCILIATION OF THE PROFIT BEFORE TAX

**GROUP**

EUR'000

	<b>2014</b>	<b>2015</b>
Total segment profit reported (EBIT)	57,263	71,038
Share of profit after tax in associates	50	126
Financial income	1,819	1,796
Financial expenses	-1,616	-3,860
<b>Profit before tax</b>	57,516	69,100

Note

**7.11** SUBSIDIARIES**The Group's subsidiaries are at 31 December 2015:**

There are no ownership changes during 2015 in the Group's subsidiaries.

Name	Registered office	Ownership interest in 2015	Share capital	
SimCorp Ltd.	London, United Kingdom	100%	100,000	GBP
SimCorp GmbH	Bad Homburg, Germany	100%	102,000	EUR
SimCorp Österreich GmbH	Vienna, Austria	100%	17,500	EUR
SimCorp Norge AS	Oslo, Norway	100%	1,000,000	NOK
SimCorp Sverige AB	Stockholm, Sweden	100%	100,000	SEK
SimCorp Benelux SA/NV	Brussels, Belgium	100%	62,000	EUR
SimCorp USA Inc.	New York, USA	100%	7,010,000	USD
SimCorp Schweiz AG	Zurich, Switzerland	100%	100,000	CHF
SimCorp Asia Pty. Ltd.	Sydney, Australia	100%	1,000,000	AUD
SimCorp Singapore Pte. Ltd.	Singapore, Singapore	100%	1	SGD
SimCorp Ukraine LLC	Kiev, Ukraine	100%	2,968,000	UAH
SimCorp Canada Inc.	Vancouver, Canada	100%	9,000,000	CAD
SimCorp France S.A.S	Paris, France	100%	500,000	EUR
SimCorp Hong Kong Ltd.	Hong Kong, China	100%	14,000,000	HKD
SimCorp Luxembourg S.A.	Luxembourg, Luxembourg	100%	31,000	EUR
SimCorp Coric Ltd.*	Wolverhampton, United Kingdom	100%	722,342	GBP

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. and its subsidiary SimCorp Coric Inc., formerly Equipos Ltd. and Equipos Inc., acquired on 1 March 2014.

## Group quarterly data 2014 and 2015\*

	2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
EUR/DKK rate of exchange at end of quarter	7.4659	7.4557	7.4580	7.4436	7.4697	7.4604	7.4598	7.4625
<b>Profit, EUR 1.000</b>								
Licenses - new sales	1,914	6,017	3,586	4,294	3,157	5,042	13,382	11,045
Licenses - additional sales	1,933	4,333	3,908	21,687	2,148	9,605	4,009	16,500
Professional services	18,229	20,176	19,889	21,506	20,067	21,551	20,071	23,335
Maintenance	26,704	27,465	27,919	28,343	29,857	30,652	30,677	31,134
Other	834	759	460	1,113	1,259	1,171	1,453	1,812
<b>Revenue</b>	49,614	58,751	55,762	76,943	56,488	68,021	69,592	83,826
Costs of sales	21,315	21,949	21,625	24,438	24,429	24,291	24,028	27,338
Gross Profit	28,299	36,802	34,137	52,504	32,059	43,730	45,564	56,488
Other operating income	5	36	105	30	9	6	240	237
Research and development costs	12,904	13,265	11,768	12,866	13,427	13,793	12,575	14,122
Sales and distribution costs	6,405	7,232	6,740	7,076	7,573	8,933	9,153	9,678
Administrative expenses	4,109	4,452	3,690	4,148	4,471	4,305	4,382	4,883
<b>Operating profit (EBIT)</b>	4,886	11,889	12,044	28,444	6,597	16,705	19,694	28,042
Financial items, net	66	-29	50	166	-717	-397	-260	-564
<b>Profit before tax</b>	4,952	11,860	12,094	28,610	5,880	16,308	19,434	27,478
Tax	1,328	2,740	3,599	8,266	1,581	3,758	4,670	6,507
<b>Profit for the period</b>	3,624	9,120	8,495	20,344	4,299	12,550	14,764	20,971
Earnings before interest, tax, depreciation and amortization (EBITDA)	5,496	12,708	12,875	29,965	7,347	17,437	20,518	28,925
<b>Balance sheet, EUR'000</b>								
Share capital	5,844	5,576	5,575	5,575	5,575	5,575	5,575	5,575
Equity	47,773	51,376	58,895	73,380	54,223	64,689	73,969	89,820
Property, plant and equipment	5,263	5,411	5,183	4,635	4,316	4,757	4,520	4,333
Cash and cash equivalents	51,781	19,518	28,209	37,995	26,923	24,672	37,270	43,344
Total assets	127,511	100,736	112,398	127,807	122,577	122,333	126,991	149,529
<b>Cash flows, EUR'000</b>								
Cash flow from operating activities	18,217	-2,435	12,100	16,508	14,003	7,480	19,374	13,349
Cash flow used in investing activities	-7,614	-757	-409	-128	-183	-1,156	-535	-751
Cash flow from financing activities	-7,821	-29,087	-3,181	-6,435	-25,323	-8,542	-5,946	-6,611
Net change in cash and cash equivalents	2,782	-32,279	8,510	9,945	-11,503	-2,218	12,893	5,987
<b>Employees</b>								
Average number of employees	1,163	1,195	1,193	1,192	1,182	1,208	1,209	1,221

\* Group quarterly data is unaudited

	Q1	Q2	Q3	2014 Q4	Q1	Q2	Q3	2015 Q4
<b>Financial ratios</b>								
EBIT margin (%)	9.8	20.2	21.6	37.0	11.7	24.6	28.3	33.5
ROIC (return on invested capital) (%)	77.0	147.7	132.5	295.7	65.5	155.2	173.2	228.1
Debtor turnover rate	10.0	8.8	7.4	9.6	7.0	7.6	11.4	9.8
Equity ratio (%)	37.5	51.0	52.4	57.4	44.2	52.9	58.2	60.1
Return on equity (%)	24.3	72.9	61.6	123.0	22.8	84.4	85.2	102.4
<b>Share performance</b>								
Basic earnings per share - EPS (EUR)	0.09	0.22	0.21	0.50	0.11	0.31	0.37	0.52
Diluted earnings per share - EPS-D (EUR)	0.09	0.22	0.20	0.50	0.10	0.31	0.36	0.52
Operating cash flow per share - CFPS (EUR)	0.44	-0.06	0.30	0.41	0.35	0.19	0.48	0.33
Average number of shares (m)	41.3	41.0	40.9	40.5	40.5	40.3	40.2	40.1
Average number of shares - diluted (m)	41.8	41.7	41.5	41.1	41.0	40.9	40.8	40.6
<b>Segment Data</b>								
	Q1	Q2	Q3	2014 Q4	Q1	Q2	Q3	2015 Q4
<b>Segment revenue</b>								
Nordic Region	16,058	16,247	13,574	19,268	14,080	19,235	13,240	18,124
Central Europe	15,557	16,973	17,384	23,382	16,364	18,446	18,848	25,643
UK	3,941	4,243	4,261	6,594	4,915	8,775	12,788	6,991
Benelux and France	7,607	9,827	9,963	13,261	10,351	11,046	12,278	22,270
Asia	4,330	4,950	4,783	5,104	4,292	4,948	4,536	4,857
North America	6,759	10,986	9,215	11,617	9,299	9,923	10,236	11,777
Dimension	15,191	18,591	17,303	28,034	23,873	30,530	30,701	43,535
Coric	437	2,010	1,890	1,162	1,803	2,175	2,114	3,166
Corporate functions	37	654	335	20	158	342	167	686
Total segment revenue	69,917	84,481	78,708	108,442	85,135	105,420	104,908	137,049
Elimination/not allocated	-20,303	-25,730	-22,946	-31,500	-28,647	-37,399	-35,316	-53,223
<b>Group total revenue</b>	<b>49,614</b>	<b>58,751</b>	<b>55,762</b>	<b>76,942</b>	<b>56,488</b>	<b>68,021</b>	<b>69,592</b>	<b>83,826</b>
<b>Segment operating profit (EBIT)</b>								
Nordic Region	3,842	3,580	3,209	5,624	581	2,912	82	691
Central Europe	2,419	3,446	4,078	7,030	1,314	1,687	646	1,626
UK	-36	77	-67	464	-247	563	2,455	-591
Benelux and France	600	1,252	1,580	2,525	247	1,095	2,076	-1,073
Asia	386	840	563	999	-383	849	228	557
North America	-1,810	380	941	-49	-505	-3,458	214	97
Dimension	-294	2,216	4,523	13,596	8,197	15,060	16,241	27,367
Coric	-118	-455	-252	5	-455	5	156	625
Corporate functions	-103	553	-2,531	-1,088	-2,152	-2,008	-2,404	-1,257
Elimination/ Unallocated	0	0	0	-662	0	0	0	0
<b>Total segment operating profit (EBIT)</b>	<b>4,886</b>	<b>11,889</b>	<b>12,044</b>	<b>28,444</b>	<b>6,597</b>	<b>16,705</b>	<b>19,694</b>	<b>28,042</b>

\* Group quarterly data is unaudited

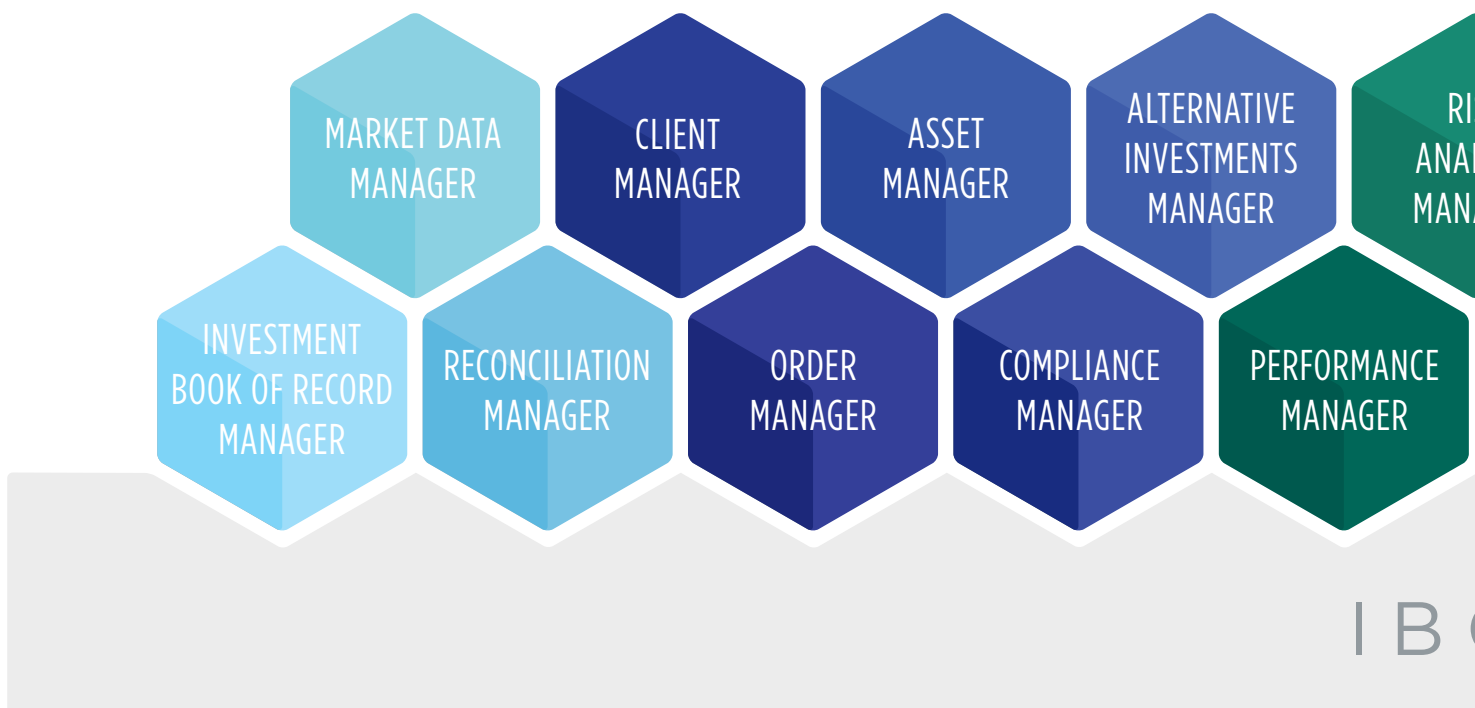
# IT'S TIME TO BRING A COMPLEX WORLD INTO ONE SYSTEM

To stay competitive, investment managers are increasing trading activity as well as adopting new asset classes, investment strategies, and services. At the same time, there are increased regulatory requirements, client reporting demands, and a need for broader geographical reach. This challenges the operating model and, consequently, the requirements for the technological infrastructures.

For many investment management companies, a fragmented systems landscape is the reality. While these may have been the most suitable choice at the time, they do not provide the integration needed to excel in today's complex world.

Instead, investment managers need straight-through processing, real-time position keeping, and life-cycle overview of their portfolios that can only be found in a front-to-back solution.

## SIMCORP DIMENSION – AN INTEGRATED SYSTEM



At SimCorp, we have a strong history of delivering a front-to-back system. Whether it is in the cloud or on premise, our system supports all parts of the investment value chain and instruments landscape.

We understand that realizing the aspiration of the fully integrated system is not achieved overnight. This is why we have built our system on a shared technical architecture and an investment book of record (IBOR) leveraged across all our solutions.

With this foundation, you can choose the combination of solutions that fits your requirements and scale along the way. This allows you to gradually reach an integrated front-to-back solution, with which you can develop your business without increasing your cost.

Also, through our built-in IBOR, everyone at your company will draw from the same set of data, providing only one version of the truth. You'll get transparency, a clear audit trail, and the ability to make smarter, more informed investment decisions.

What's more, you no longer have to manually consolidate, reconcile, and reformat data from a variety of different sources. At SimCorp, we have one system; a system we continue to develop in order to stay ahead of the industry's changing needs. This is why we allocate more than 20% of our revenue to R&D.

Through an implementation track record of 100%, worldwide support, and serving more than 170 of the world's largest investment managers; we deliver on our vision day in and day out.

One system to support you from front to back - it's really as simple as SimCorp.

**ONE SYSTEM**  
FOR A COMPLEX WORLD



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# SIMCORP HUMAN POWER

As a specialized financial software and services provider, highly skilled and satisfied employees are paramount to SimCorp's success. Most of SimCorp's employees are experts within finance, IT, engineering, or economics.

**1,268** employees from **50** countries

**20%**  
of annual revenue  
go to **R&D**

Average seniority:

**7 YEARS**

**90%** hold an academic degree

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**ONE SYSTEM FOR A COMPLEX WORLD**



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SimCorp provides integrated, best-in-class investment management solutions to the world's leading asset managers, fund managers, asset servicers, pension and insurance funds, wealth managers, and sovereign wealth funds. Whether deployed on premise or as an ASP solution, its core system, SimCorp Dimension, supports the entire investment value chain and range of instruments, all based on a market-leading IBOR. SimCorp invests more than 20% of its annual revenue in R&D, helping clients develop their business and stay ahead of ever-changing industry demands. Listed on NASDAQ Copenhagen, SimCorp is a global company, regionally covering all of Europe, North America, and Asia Pacific.

For more information, please visit  
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