2017

ANNUAL REPORT

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

SimCorp

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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 pages 23-26 and in note 6.2 "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 is under no duty and undertakes no obligation to update or revise forward-looking statements after the distribution of this document, whether as a result of new information, future events, or otherwise.

SIMCORP **AT A GLANCE**

SimCorp Dimension®, SimCorp's core system, provides multi-asset class support across the investment value chain, and approx. USD 19 trillion is managed on this system

SimCorp Coric®, SimCorp's award-winning solution for client communications and reporting automation

SimCorp Sofia, SimCorp's market-leading integrated investment management solution for the Italian insurance market

48% of the **top 50** investment managers are SimCorp Dimension clients

45% of the **top 100** investment managers are SimCorp Dimension clients

38% of the **top 200** investment managers are SimCorp Dimension clients

At SimCorp, we're passionate about providing best-in-class technology solutions to support the world's leading investment managers in their current and long-term business aspirations

An investment in SimCorp is an investment in

- A solid business model
- A dedicated focus on best-in-class solutions
- A strong market position
- A sustained focus on shareholder value
- 1,500 dedicated employees

EUR **343.4m** Revenue

26.0% EBIT margin (local currencies)

EUR **51.3m** Free cash flow

EUR **33.2m** Paid dividends

EUR **25.1m** Share buyback program

87.7% Total payout

CEO LETTER

GROWTH TARGET MET

2017 was another good year for SimCorp. Driven mainly by increased sales to existing clients and a significant uptick in professional services, we once again delivered on our Vision 2020 target of growing the topline by more than 10% annually.

In 2017, we grew revenue by 12.5% measured in local currencies to EUR 343.4m. I am pleased that we have seen a significant increase in professional services revenue and that our clients continue to expand their use of SimCorp Dimension®, driving up add-on license revenue. Following 2016, when we signed several major deals with some of the world's largest asset management firms, we have seen a decrease in number of new wins and our average deal sizes, and hence a lower revenue from new licenses. Therefore, despite good overall 2017 performance, increasing new license revenue is a clear priority for 2018.

CHANGE IN REVENUE MIX

We achieved an operating profit (EBIT) for 2017 of EUR 88.9m and an EBIT margin of 26.0% measured in local currencies. Despite a negative impact from the change in revenue mix, as professional services revenue carries lower margin than license revenue, the EBIT margin was within the guidance given.

In 2017, we welcomed eight new SimCorp Dimension clients, of which one belongs to the world's top 200 asset managers. Our main growth market, North America, accounted for four of the new clients, with the remainder spread across the rest of our markets. After signing a new client in APAC in 2016, we built further momentum with two new clients in this region in 2017. One of these, Bank of Thailand, is a strong testament to SimCorp Dimension being a preferred solution within the sovereign wealth fund segment. Our client reporting and communications solution, SimCorp Coric®, also performed well and contributed additional three new clients to the list, one of these being among the top 10 global asset managers.

KLAUS HOLSE
Chief Executive Officer

Our professional services revenue grew by more than 30% in 2017. This success derives partly from implementation projects and partly from services that assist our clients with the operation of SimCorp Dimension. A new configuration center in Poland has contributed to lowering the cost and increasing the effectiveness of our implementation services by delivering more standard components.

EMPLOYEES – THE KEY VALUE DRIVER

In the continued effort to grow our business with a best-in-class offering and excellent client services, our employees remain our key value driver. Consequently, being able to attract and retain the best possible talent is of paramount importance.

Our continued growth, a strong market position, and well-reputed solutions all work in our favor when attracting and retaining talent, but the ongoing direct investments in our employees are equally important. Over the last couple of years, we have significantly professionalized our HR function, for instance by establishing a structured career framework, a new leadership training program, and increasing the scope and quality of our training.

In 2017, we welcomed more than 200 new colleagues to the company. 119 of these came through the acquisition of A.P.L. Italiana. While we maintain our strategy of growing SimCorp organically, A.P.L. Italiana – now SimCorp Italiana – was an opportunity instantly to add a highly profitable Italian insurance asset management vendor and its many skilled employees to the SimCorp family. Furthermore, we hired new employees to support mainly the growth in our professional services business and in North America.

Across the company, I am extremely proud of the efforts and performance of our employees in 2017. Their talent and dedication are directly reflected in our clients' satisfaction, which improved yet again and stays 'best-in-class' when benchmarking against similar companies.

STRATEGIC PRIORITIES

SimCorp's strategic priorities form the 'stepping stones' towards realizing our Vision 2020. Based on our achievements in 2017, we only need minor changes to our 2018 priorities.

Conquering the North American market remains a central element of our growth strategy due to the high number of potential clients plus the high growth rate this market has in terms of assets under managment and software spend. We keep the strategic focus on our front office solution, where our continued investments have provided us with one of the strongest offerings in the market; the next step for us is to claim market leadership within this space.

ASP solutions also remain a strategic priority in 2018, but as a part of what will become a broader focus on enabling cloud solutions. The way investment managers operate their businesses is rapidly changing, with a growing need for scale and easy adoption of new solutions. Cloud solutions meet those requirements. Hence, while continuously increasing the operational efficiency of our SimCorp Dimension as a Service offering, our long-term focus will include enabling SimCorp Dimension to be operated in the cloud and developing new cloud-native solutions.

"We stay dedicated to the strategic course towards our Vision 2020 of growing SimCorp by double digits annually over the long term and improving our profitability margin year on year.

EUR 343.4m
Revenue

12.5%
Revenue growth (local currencies)

EUR 88.9m
EBIT

26.0%
EBIT margin (local currencies)

In 2017, we introduced 'standard platforms' – the ability to offer our clients more standard, best-practice configurations – as a strategic priority. As mentioned, we already see this positively impacting our services deliveries, which confirms its importance as a strategic priority. Finally, we will keep investing in our alternative investment capabilities to be able to offer the first available cross-asset, front-to-back investment management solution including alternative investments.

Supporting our strategic priorities and general focus on offering a solution that helps our clients stay on the forefront of industry demands means we continue to invest around 20% of our annual revenue back into R&D. Further, recent years' dedicated focus on agile development has enabled us to secure our clients even better software quality.

With the updated strategic priorities, we remain dedicated to SimCorp's Vision 2020, and committed to double-digit revenue growth and improved profitability in 2018.

Klaus Holse
Chief Executive Officer

CHAIRMAN'S LETTER

CONTINUED **STRONG GROWTH** PROSPECTS

SimCorp continued to perform in line with its long-term growth targets in 2017. With a clear strategic direction, a well-defined product offering, and market trends that make its offering increasingly relevant, the prospects for the company remain promising.

2017 was an overall satisfactory year for SimCorp. In a year with a lower inflow of new clients than previous years, I am pleased that the company lifted its services business and increased sales to existing clients significantly, enabling us to still meet the target of growing revenue by more than 10% annually. While North America remains the most important growth market for us, we also need to continue growing our market share in other markets, and following the trend from previous years, we have seen a healthy geographical distribution of new clients.

Again this year, the Board of Directors has overseen SimCorp's strategy process and reviewed its strategic priorities. The evaluation of the company's current market position, offerings, and plans against global market trends and demands confirmed the Board's belief in SimCorp's Vision 2020, and resulted in only minor adjustments to the strategic priorities.

As Chairman and a shareholder, I am pleased about how SimCorp is positioned to realize its growth ambitions. The investment management industry is becoming increasingly complex. New regulations force firms to introduce further transparency and reporting measures; increasing amounts of data need to be managed and made easily accessible across the business; and there is a general demand for new investment vehicles and

JESPER BRANDGAARD
Chairman of the Board of Directors

more customized services. These trends, in combination with continued regulatory and commercial pressure on investment fees, are forcing investment managers to increase their operational efficiency. In this environment, the business case for integrated investment management solutions is stronger than it has ever been before. The general sentiment among analyst and other experts is that the best way to increase efficiency in this environment is by consolidating the number of systems to establish higher levels of integration and automation across the business. All in all, this creates a strong match between SimCorp's value proposition of 'One System for a Complex World' and prevailing market demands.

DISTRIBUTION OF PROFIT

Total assets has increased by EUR 83.7m from EUR 146.9m at the end of 2016 to EUR 230.6m at the end of 2017. The increase is reflecting an impact of EUR 47.0m related to the acquisition of SimCorp Italiana and the new category 'contract assets' of EUR 49.9m that is a result of adopting IFRS 15. A bank loan of EUR 30.0m has been obtained in connection with financing the acquisition.

Due to moving from perpetual licenses to subscription-based licenses, and the introduction of the IFRS 15 accounting standard, we expect a lower level of cash conversion in the coming years, as revenue and thereby profit will be recognized earlier than cash received. Based on this, the Board has evaluated and decided to update SimCorp's profit distribution policy: instead of paying dividends of at least 50% of the profit on ordinary activities after tax, as previously, SimCorp intends going forward to pay dividends of at least 40%. Additional cash will be used to buy treasury shares depending on other cash requirements. In 2018, cash generation over and beyond what is used for dividend allocation will be used to repay the credit facility established in connection with the acquisition of A.P.L. Italiana (renamed SimCorp Italiana) and consequently, SimCorp does not anticipate initiating a new share buyback program in 2018.

BOARD COMPOSITION

At the Annual General Meeting 2018, the Board proposes to amend the Articles of Association so that the Board going forward consists of four to eight members elected by the shareholders, instead of the current three to six members. This change will serve to assure that we have a sufficient number of suitable candidates for the Audit and Nomination committees and secure a sound basis for successful Board succession.

SimCorp proposes Joan Binstock, formerly CFO and COO at Lord, Abbett & Co. LLC for election to the Board as Patricia McDonald has decided not to seek re-election. Joan has more than 30 years of experience from the financial services industry. She joined Lord Abbett as the Chief Operations Officer in 1999, which means she will be able to draw on an extensive experience with operations, including software selection and implementation. Prior to joining Lord Abbett, Joan had extensive background in financial services. I am very pleased that Joan has expressed her willingness to assume the responsibility on SimCorp's Board, and I am sure she will be a valuable asset in driving the company forward. Given that the shareholders approve increase in the number of shareholder-elected Board members to four to eight, the Board will recommend the election of Morten Hübbe as a seventh member of the Board at an Extraordinary General Meeting on May 9, 2018.

Morten brings chief executive management experience from a Danish listed company, currently holding the position as Group CEO in Tryg, one of the largest non-life insurance companies in the Nordic region, and hence possesses a solid know-how of working with key stakeholders like investors and regulators.

THANK YOU

On behalf of the Board, I extend a warm thank you to all our clients for their business in the past year, the shareholders for their support and confidence, and last, but not least, our employees for their hard work and strong commitment to realizing the strategy and meeting our goals. I am confident we will steer firmly towards continued growth in 2018.

Jesper Brandgaard
Chairman of the Board of Directors

> *The evaluation of the company's current market position, offerings, and plans against global market trends and demands confirmed the Board's belief in SimCorp's Vision 2020.*

EUR 33.2m
Paid dividends

87.7%
Total payout ratio

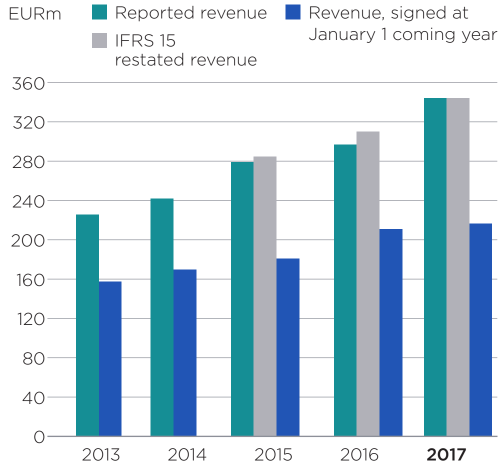
EUR 25.1m
Share buyback program

1/2 PERFORMANCE HIGHLIGHTS 2013-2017

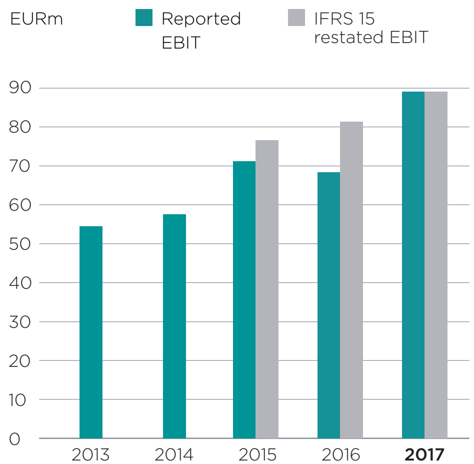
EUR '000	2017	2016	2015	2014	2013
ORDERS					
Order book value	24,790	44,764	24,117	16,676	13,829
Order intake	81,821	85,056	70,697	43,865	42,825
INCOME STATEMENT					
Revenue	343,405	295,930	277,927	241,069	225,129
Earnings before interest, tax, depreciation, and amortization (EBITDA)	92,851	71,583	74,227	61,044	57,085
Operating profit (EBIT)	88,894	68,223	71,038	57,263	54,236
Financial items, net	-1,204	-630	-1,938	253	-230
Profit before tax	87,690	67,593	69,100	57,516	54,006
Profit for the year	66,497	50,992	52,584	41,583	39,336
COMPARABLE INCOME STATEMENT (Restated to IFRS 15 for illustrative purposes only)*					
Restated revenue	343,405	309,248	283,737	-	-
Restated earnings before interest, tax, depreciation, and amortization (EBITDA)	92,851	84,901	79,545	-	-
Restated operating profit (EBIT)	88,894	81,541	76,356	-	-
Financial items, net	-1,204	-630	-1,938	-	-
Profit before tax	87,690	80,911	74,418	-	-
Profit for the year	66,497	61,039	56,631	-	-
BALANCE SHEET					
Share capital	5,467	5,575	5,575	5,575	5,844
Equity	116,581	72,571	89,820	73,380	71,566
Property, plant, and equipment	5,528	4,779	4,333	4,635	4,839
Cash and cash equivalents	31,412	31,590	43,344	37,995	47,106
Bank loan	30,000	-	-	-	-
Total assets	230,616	146,928	149,529	127,807	117,469
Investment in property, plant, and equipment	3,333	2,973	2,029	2,054	2,214
CASH FLOW					
Cash flow from operating activities	55,532	65,418	54,206	44,390	47,447
Cash flow from investing activities	-26,930	-4,309	-2,625	-7,023	-2,843
Cash flow from financing activities	-28,294	-72,856	-46,422	-46,524	-55,850
Free cash flow	51,317	60,801	51,932	41,993	45,040
Net change in cash and cash equivalents	308	-11,747	5,159	-11,042	-11,246
EUR/DKK rate of exchange at December 31	7.4449	7.4344	7.4625	7.4436	7.4603

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

REVENUE



EBIT

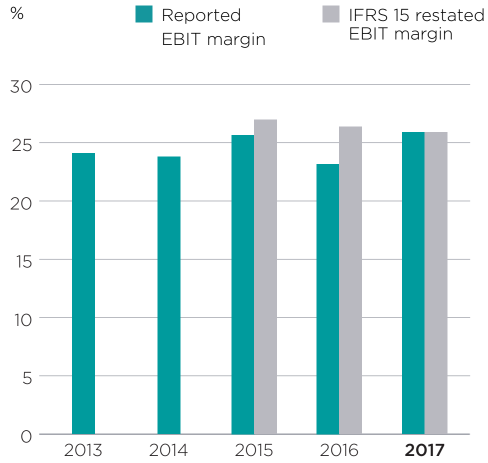


2/2 PERFORMANCE HIGHLIGHTS 2013-2017

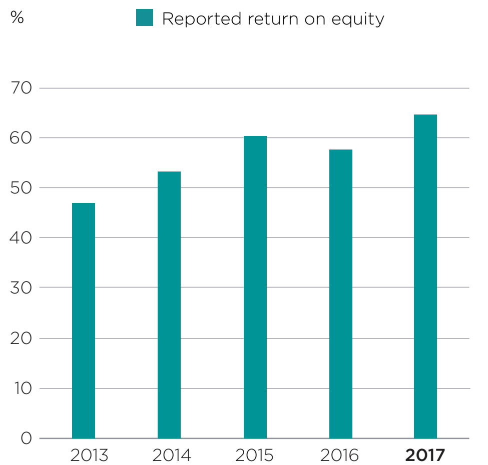
	2017	2016	2015	2014	2013
EMPLOYEES					
Number of employees at year-end	1,547	1,376	1,268	1,224	1,163
Average number of employees	1,421	1,275	1,205	1,187	1,093
FINANCIAL RATIOS					
EBIT margin (%)	25.9	23.1	25.6	23.8	24.1
EBIT margin (%) adjusted to IFRS 15 for illustrative purposes only	25.9	26.4	26.9	-	-
ROIC (return on invested capital) (%)	107.4	121.3	136.0	146.3	158.8
Receivables turnover ratio	7.6	7.8	8.1	7.5	8.6
Equity ratio (%)	50.6	49.4	60.1	57.4	60.9
Return on equity (%)	64.5	57.5	60.2	53.1	46.8
SHARE PERFORMANCE					
Earnings per share - EPS (EUR)	1.69	1.28	1.31	1.02	0.93
Diluted earnings per share - EPS-D (EUR)	1.67	1.26	1.29	1.00	0.92
Cash flow per share - CFPS (EUR)	1.41	1.64	1.35	1.08	1.13
Book value per share at year end - BVPS (EUR)	2.96	1.84	2.24	1.81	1.73
Dividend per share - DPS (EUR)	0.84	0.71	0.60	0.54	0.47
Dividend per share - DPS (DKK)	6.25	5.25	4.50	4.00	3.50
Dividend payout ratio (%)	51.4	57.5	47.6	53.6	51.9
Total payout ratio (%)	87.7	142.9	86.9	112.0	160.0
MARKET VALUE RATIOS					
Share price at year end - EUR	47.46	46.30	51.99	21.83	28.62
Share price at year end - DKK	353.30	344.20	388.00	162.50	213.50
Price/book value per share - P/BV (EUR)	16.0	25.2	23.2	12.0	16.5
Diluted price earnings (P/E diluted)	28.4	36.8	40.4	21.2	30.3
Price cash flow - share price/CFPS - P/CF	33.7	28.3	38.6	20.1	25.4
Share capital (m)	40.7	41.5	41.5	41.5	43.5
Average number of shares (m)	39.4	40.0	40.2	40.9	42.1
Average number of diluted shares (m)	39.9	40.5	40.9	41.5	42.7
Market capitalization - EURm	1,870	1,827	2,087	884	1,183

Key ratios are calculated as per definitions given on page 74.

EBIT margin



RETURN ON EQUITY



MAIN CONCLUSIONS 2017

FINANCIAL HIGHLIGHTS

EUR 343.4m
Revenue

SimCorp generated total revenue of EUR 343.4m in 2017 compared with EUR 295.9m (reported) and EUR 309.2m (restated) in 2016. The increase was driven by strong growth in both professional services and license sales to existing clients, while new subscription-based licenses were lower than in 2016.

12.5%
Revenue growth (local currencies)

Total revenue increased by 11.0% compared with EUR 309.2m (restated) in 2016. Exchange rate fluctuations for the year had a negative impact of EUR 4.6m on revenue, equal to 1.5%. In local currencies, revenue thus increased by 12.5% compared with restated revenue in 2016, of which EUR 5.8m, equal to 1.9%, came from the acquisition of SimCorp Italiana. Consequently, organic revenue growth was 10.6%.

EUR 88.9m
EBIT

SimCorp generated EBIT of EUR 88.9m compared with EUR 68.2m (reported) and EUR 81.5m (restated) in 2016, an increase of 30% compared with reported 2016 EBIT and 9% compared with restated 2016 EBIT. The profit for the year was EUR 66.5m.

26.0%
EBIT margin (local currencies)

The EBIT margin was 25.9% compared with 23.1% (reported) and 26.4% (restated) in 2016. Measured in local currencies, the EBIT margin was 26.0%. Excluding the impact of the acquisition of SimCorp Italiana, the EBIT margin was 26.4%, similar to the restated EBIT margin in 2016 of 26.4%, despite the change in business mix from having a higher proportion of professional services revenue in 2017.

EUR 81.8m
Order intake

Total order intake was EUR 81.8m compared with EUR 85.1m in 2016. The total order book increased by EUR 8.8m from EUR 16.0m in restated 2016 figures to EUR 24.8m due to income recognition being deferred until certain conditions are fulfilled.

EUR 51.3m
Free cash flow

Free cash flow was EUR 51.3m compared with EUR 60.8m in 2016. Cash and cash equivalents amounted to EUR 31.4m and bank loans amounted to EUR 30.0m at December 31, 2017.

OPERATIONAL HIGHLIGHTS

EUR 215.8m
Revenue signed on contract

SimCorp enters 2018 with EUR 215.8m of the full year's revenue signed on contract – an improvement of EUR 8.5m compared with last year.

186
SimCorp Dimension clients

Eight new SimCorp Dimension solutions were signed in 2017, including four deals in the designated growth market North America, bringing the total number of SimCorp Dimension clients up to 186 corresponding to a global market share of 15%.

EUR 768.6m
License base

The license base (accumulated license order value) was EUR 768.6m at December 31, 2017 compared with EUR 749.0m in 2016.

1,547
Number of employees

Headcount increased by 171 during 2017, bringing the total number of employees to 1,547 at December 31, 2017. 119 of the new employees joined with the acquisition of SimCorp Italiana.

EUR 58.3m
Payout to shareholders

SimCorp purchased treasury shares for EUR 25.1m in 2017 compared to EUR 44.4m in 2016. Combined with the dividend paid in 2017 of EUR 33.2m, SimCorp returned EUR 58.3m to its shareholders in 2017 compared with EUR 72.9m in 2016.

DKK 6.50
Proposed dividend per share

The Board of Directors intends to recommend to the shareholders at the Annual General Meeting 2018 that dividends be declared at the rate of DKK 6.50 per share compared with DKK 6.25 last year.

> ***"Asset servicers and asset owners are demanding new synergies from their software vendors. It is no longer acceptable to have separate platforms for each asset class. An integrated cross-asset solution with a built-in IBOR is what our clients are looking for.***

MICHAEL T. DOLAN
Partner - FSO Advisory, Technology Solutions Delivery, Ernst & Young

Ernst & Young provides a broad range of integrated services to financial institutions and other capital markets participants. Its technology solutions services focus on connecting business and technology in order to provide solutions to improve client's technology architecture and systems and address complex issues around regulatory and accounting change implementation, enterprise information management, liquidity management, mergers and acquisitions, and IT strategy and performance.

VISION AND STRATEGY

The key to meeting growth demands in a low-growth environment is scalable and cost-efficient operating models. SimCorp's integrated solutions enable the system consolidation that can lead the way. In 2018, we will keep focus on increasing North American market share and achieving front office market leadership. We will also strengthen our alternative investments and standard platform offerings, while increasing our investments in cloud-based solutions.

Stating financial goals of double-digit annual long-term growth and continuously increasing profit margins, SimCorp's Vision 2020 takes rigorous execution focus. For 2017, we updated our strategic priorities to meet the challenges of an increasingly complex world:

THE FIVE STRATEGIC PRIORITIES FOR 2017

FRONT OFFICE	ASP OFFERING	ALTERNATIVE INVESTMENTS	GROW NORTH AMERICA	STANDARD PLATFORMS
A market-leading front office solution	**A competitive ASP offering (SimCorp Dimension as a Service)**	**A fully integrated alternative investments solution**	**Key growth market: North America**	**Launch standard platforms**

As part of our yearly strategy review, we have reassessed and slightly modified these strategic priorities for 2018 in the light of our business model, the global industry situation, and our competitive position and progress on 2017 priorities.

NEW MARKETS, CLIENT SEGMENTS, AND BUSINESS UNITS

In 2016, we welcomed large new clients in new SimCorp markets: Spain and Italy. In 2017, this led to the formation of a new business unit for Southern Europe, which covers France, Italy, and Spain. At the same time, we established a Northern Europe business unit by combining the Nordic and Benelux units in order to achieve scale benefits. We have also decided to expand our market coverage by adding select firms that are located outside our core geographical markets, but have a sufficiently large number of assets under management, mainly in APAC.

To reflect the decision to enter new geographies and target specific firms outside our core geographies, and to account for the overall growth in assets under management in our markets, we have updated the criteria for what we consider our target market for SimCorp Dimension. Going forward, firms operating within one of our defined industry segments plus having more than USD 10bn in assets under management (USD 20bn for firms in North America) are considered part of our target market. The new market definition for SimCorp Dimension results in a lower market share than previously, but we believe that it provides a more accurate view of our actual reach and untapped potential in the market.

SIMCORP CLIENTS AND MARKETS 2017

SIMCORP CLIENTS AND MARKETS 2017

SIMCORP DIMENSION® CLIENTS AND MARKET SHARE*

Business units	Number of clients	Total market	Market share
North America	28	550	5%
Central Europe	51	110	46%
Southern Europe	10	150	7%
UK & Middle East	19	200	10%
APAC	15	130	12%
Northern Europe	63	110	57%
Total	**186**	**1,250**	**15%**

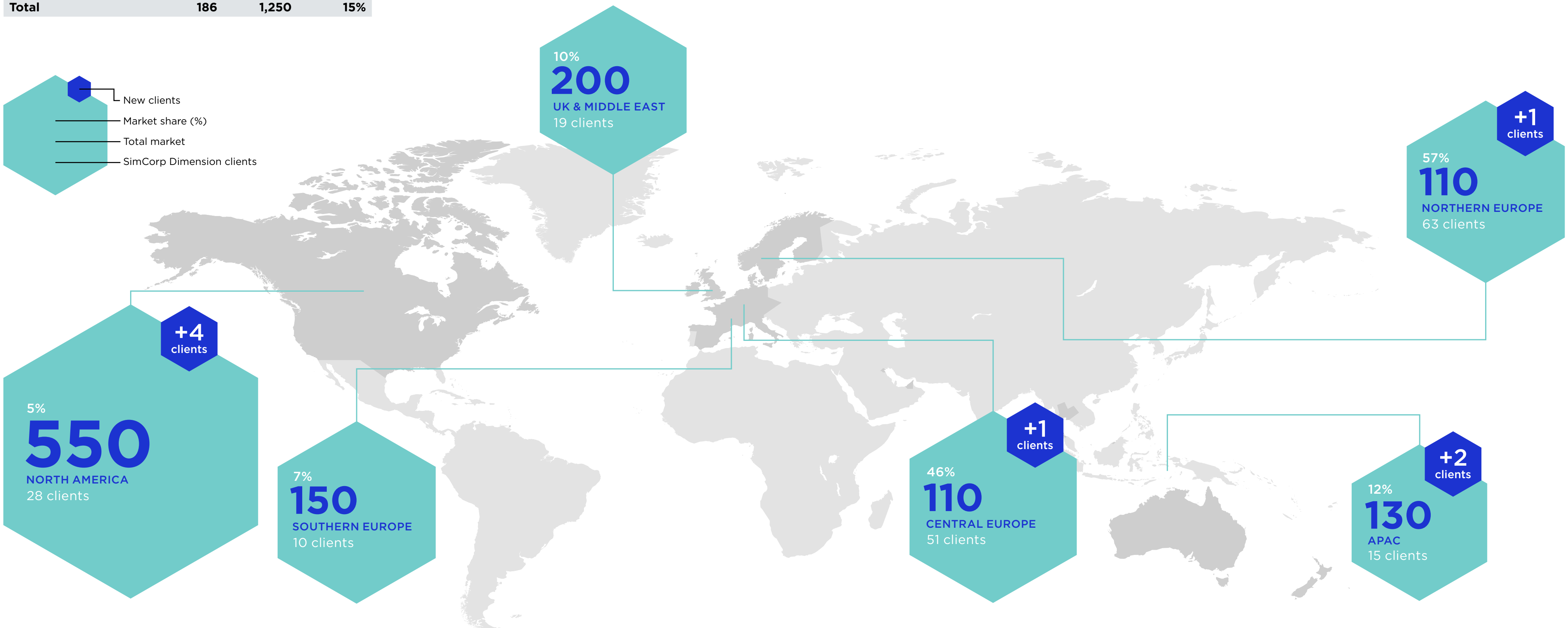
* Figures are based on SimCorp estimates and the total market numbers have been updated to reflect the expansion into new markets and the updated assets under management thresholds, as described on page 12. Market share is calculated as number of SimCorp Dimension clients relative to number of potential clients in defined total market.

SIMCORP CORIC® CLIENTS

	2017	2016
Clients who are also SimCorp Dimension clients	29	26
Clients who are only SimCorp Coric clients	33	31
Total	**62**	**57**

SIMCORP SOFIA CLIENTS

	2017
Clients who are also SimCorp Dimension clients	5
Clients who are only SimCorp Sofia clients	50
Total	**55**



A SUSTAINABLE BUSINESS MODEL

SimCorp's business model is highly transparent, builds on recurring revenue, and is based on three main revenue elements:

- Software licenses
- Maintenance
- Professional services

which all derive from SimCorp's investments in delivering best-in-class product offerings:

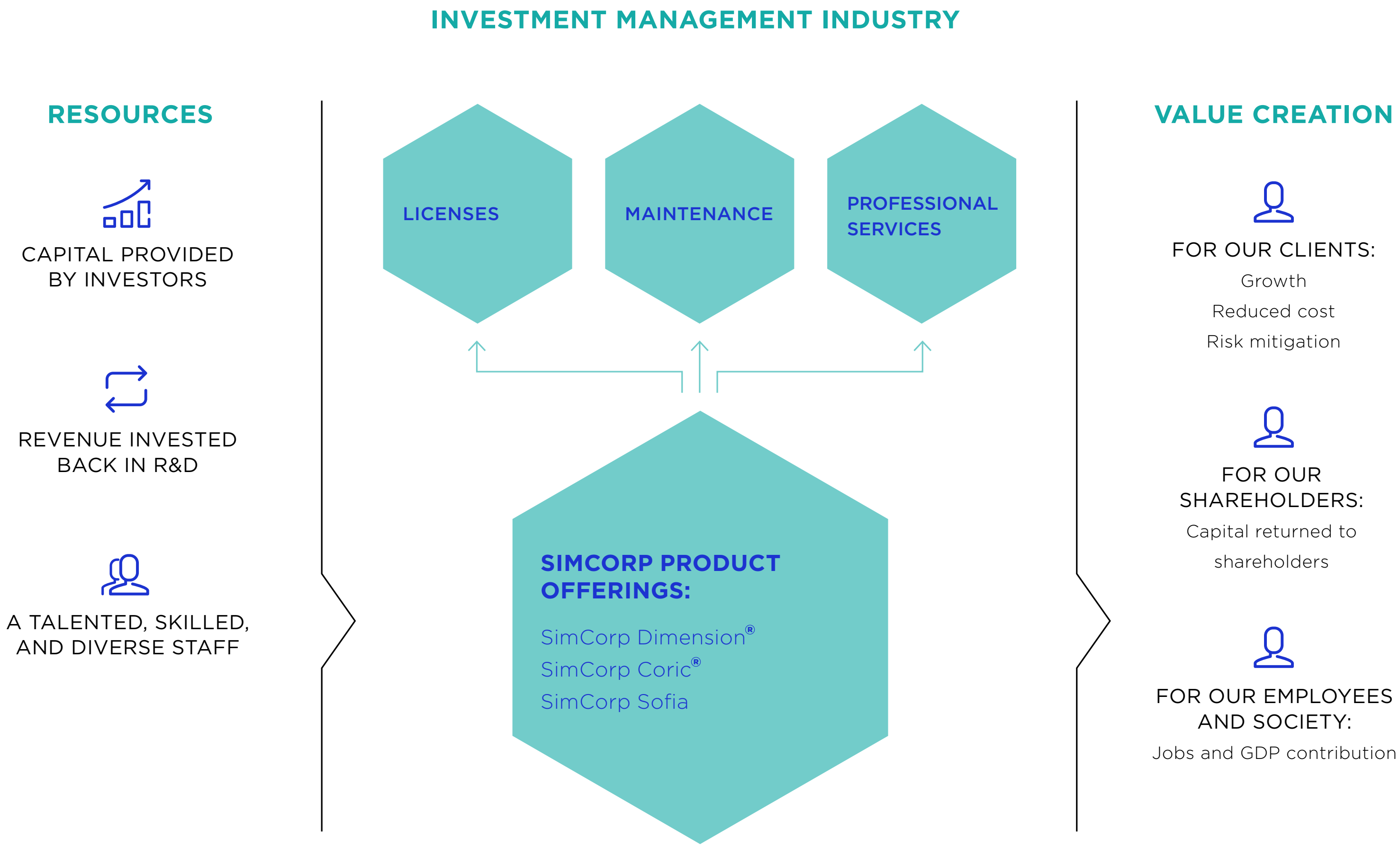
- SimCorp Dimension®
- SimCorp Coric®
- SimCorp Sofia, a dedicated Italian insurance industry product

To ensure that these offerings are always up-to-date, SimCorp invests approximately 20% of its revenue back into the offerings, which sets us apart from our competitors.

SimCorp's software sales were originally based on perpetual license terms. To support growth, we decided to base new sales on the increasingly more popular subscription-based license model from 2016. With the new accounting standard IFRS 15 being early adopted on January 1, 2017, revenue recognition from subscription-based and perpetual licenses will broadly be the same.

A typical sale of SimCorp's flagship product SimCorp Dimension to a new client includes a purchase of licenses, typically in the range between EUR 2.0m and EUR 3.0m depending

BUSINESS MODEL



on the functional requirements, number of different asset classes, and number of users. During the first 10 years of a client relationship – which overall typically lasts more than 10 years – the accumulated revenue for SimCorp is typically four to eight times the initial license revenue. This includes the initial installation, professional services for implementation, additional functionality/modules and users, and ongoing maintenance. Approximately 80% of the annual revenue is derived from existing clients.

Adding to the stability of this business model, the adaptability and scalability of our solutions warrant long-lasting client relationships, which reduce operational risk. These relationships are further nurtured through training programs, maintenance activities, and professional services offerings operating in close cooperation with clients.

MARKET TRENDS AND SIMCORP'S MARKET POSITIONING

Overall, the investment management industry is set to grow at 3-5% per year from 2016-2021. However, with global assets under management (AUM) only growing 1% in 2015, after growing 8% the year before and 7% in 2016, average growth may vary substantially over time and by geography.[1]

Matching the forecasted growth in the industry, the global investment management system (IMS) market annual growth rate is projected to be 3.8% over the period 2016-2021, with the North American market growing at a slightly higher rate and representing more than 60% of the IMS spend in SimCorp's markets.[2] Therefore, SimCorp's broad market and segment coverage, and our strong focus on the North American market (accounting for approx. 40% of global AUM)[3], are critical to meet our long-term growth goals.

Our integrated product offering matches the market fundamentals identified by numerous industry reports. Moderate AUM inflows, a low-yield environment, increasing demands for regulatory compliance and lower fees, and new digital threats and opportunities all spur operating model consolidation and simplification to reduce cost, protect profitability, and drive innovation in products and better client servicing to retain and capture new AUM.

Hence, while growth remains a strategic imperative, an independent market survey covering SimCorp's target markets shows that developing more scalable and efficient operating models is now the number one priority across the industry.[4] This trend is corroborated by a recent McKinsey study, which concludes that the strive for investment alpha will be complemented by a strive for operational alpha.[5]

Against this background, value chain efficiency reviews are likely to drive centralization, automation, and operating model transformation in order to provide the operational efficiency and innovation capabilities required to beat competition.[6] This environment makes a compelling case for SimCorp's scalable, integrated offerings. In combination with our standard platform deliveries, which will help reduce replacement and purchase barriers, we are strongly positioned against these market trends in an industry facing moderate growth rates.

WHILE **GROWTH** REMAINS A **STRATEGIC IMPERATIVE**, AN INDEPENDENT MARKET SURVEY COVERING SIMCORP'S TARGET MARKETS SHOWS THAT DEVELOPING **MORE SCALABLE AND EFFICIENT OPERATING MODELS** IS NOW THE **NUMBER ONE PRIORITY** ACROSS THE INDUSTRY

STATUS AND UPDATE ON STRATEGIC PRIORITIES

The next three pages set out an assessment of our achievements for the 2017 strategic priorities, and the resulting update of SimCorp's strategic priorities for 2018.

[1] Global Asset Management 2017: The Innovator's Advantage, BCG, July 2017 and Global Asset Management 2016: Doubling down on data, , BCG, July 2016.
[2] Financial Markets Technology Spending through 2021, Ovum, December 2016.
[3] Global Asset Management 2017: The Innovator's Advantage, BCG, July 2017.
[4] Strategies and Priorities in Asset Management – and the Impact for IMS Vendors, Lindberg International, April 2017.
[5] Thriving in the New Abnormal, North American Asset Management, McKinsey, November 2016.
[6] Global Asset Management 2017: The Innovator's Advantage, BCG, July 2017.

STRATEGIC PRIORITIES

2017 — STATUS ON ACHIEVEMENTS

FRONT OFFICE

UPDATED FROM 2016

Following years of consistent product investment, our front office offering achieved a commercial breakthrough in 2017 after three consecutive years of meeting or exceeding the order inflow expectations.

In 2017, we have strengthened our front office offering by closing functionality gaps as requested by potential clients, particularly in North America. As a result, we completed six new front office deals in 2017, two of these in North America.

Further, we initiated a close dialogue with front office market influencers globally to continuously educate them on our front office offering and our implementation process.

In 2017, we delivered on our front office sales targets through sales to both new and existing clients. By end of 2017, more than half of our existing clients are licensing parts of or our entire Front Office Suite.

ASP OFFERING

CONTINUED FROM 2016

Having signed four ASP clients in North America and taken all of these live already, including one very large asset manager, we see rising interest from potential and existing clients in Europe and Asia.

As a result of having managed to offer a product that is competitive on a global scale, delivering an ASP offering (SimCorp Dimension as a Service) is now part of our normal on-going efforts and we will expand this strategic priority by making the further development of this offering part of our new strategic priority “Enable Cloud” (see right).

2018 — GOALS AND FOCUS

FRONT OFFICE

MARKET LEADERSHIP

UPDATED FROM 2017

Front office will continue to be our highest priority within SimCorp Dimension as it is the fastest growing investment management software area and it is a strategic priority to achieve front office market leadership.

We will continue investing in our solution and redefining the SimCorp market perception from being a leading back office vendor to also being acknowledged as the leading provider of a fully integrated front office solution. Launching a front office standard platform will be key to fulfilling this ambition.

Front office IT spend in our target market is projected to grow 5.0% annually (CAGR) from 2017-2021 with a USD 3.2bn annual spend in 2018.[7]

We have more than 1,000 potential new front office clients in our target market as well as substantial sales potential among existing clients who have not yet acquired our full Front Office Suite.

ENABLE CLOUD

NEW

Expectations for vendors to deliver hosted or cloud-based solutions are accelerating fast in SimCorp’s core market. Further improving the performance of our solutions on public and private cloud platforms will be a strategic priority to grow and retain SimCorp’s client base.

SimCorp’s cloud strategy has three interlinked legs; optimize SimCorp Dimension as a Service (ASP), refine the ability of SimCorp Dimension to run on cloud platforms, and build out a new cloud-native platform for new and migrated functionality. This new platform extends the technical foundation laid with our first cloud native app shipped in 2017. It will enable us to ship entirely new types of products, and offers a viable way to scale up our innovation capacity. Further, the cloud-native platform will be used for new service-provider-specific tools to help open to and create growth within the outsourcing segment.

[7] Financial Markets Technology Spending Through 2021 – Front Office IT spend and growth rate projection, Ovum, June 2017.

STRATEGIC PRIORITIES

2017 – STATUS ON ACHIEVEMENTS

ALTERNATIVE INVESTMENTS

CONTINUED FROM 2016

In 2015, we identified support for alternative investments (AI), with a focus on Limited Partners, as a strategic priority due to a predicted high, consistent, and long-term growth in AUM of this investment strategy.

In 2017, it is still a niche market populated by niche competitors, which in turn continues to make SimCorp's ability to support alternatives on an integrated platform based on a cross-asset IBOR a unique value proposition.

This strategic advantage was demonstrated in 2017, when we according to plan delivered our Private Debt offering, and where our alternative investments offering clearly had a positive impact on new client wins. Further, we have signed a number of client development partners for the planned 2018 deliveries.

STANDARD PLATFORM

NEW

Moving from highly customized solutions to standardized best-practice-based solutions, we have launched standard platforms as a strategic priority in 2017. The goal was to drive growth by creating a competitive edge for SimCorp through offering high-quality solutions with faster value delivery and lower implementation costs and risk. Clients would still have the opportunity to get a customized final outcome.

In 2017, we launched the IBOR standard platform and are actively engaging in pilot cases and pre-sales projects.

2018 – GOALS AND FOCUS

ALTERNATIVE INVESTMENTS EXELLENCE

UPDATED FROM 2017

In 2018, we will launch the Alternative Investments Manager, providing core support for private equity, infrastructure, and other investment strategies. Our offering will enable Limited Partners to grow and scale their AI business without increasing their operational costs correspondingly.

We will continue to invest in the excellence of our solution to be able to deliver a fully competitive offering to existing and new clients in 2020.

We still see an increased investment in alternatives compared to traditional asset classes and will maintain our long-term aim of achieving the same market share in the alternative investments area as for the rest of our SimCorp Dimension offering.

ESTABLISH STANDARD PLATFORM

CONTINUED FROM 2017

In 2018, we will increase our investment in the development of standard platforms. This will help accelerate the delivery of our solutions as well as shorten the time to market and bring down costs for our clients.

We expect to launch a front office standard platform in 2018, which will support the strategic priority to make SimCorp a front office market leader and help drive front office sales, especially in North America.

The marketing and sales of our standard platforms will be driven by the local sales and professional services organizations.

STRATEGIC PRIORITIES

2017 — STATUS ON ACHIEVEMENTS

GROW NORTH AMERICA

UPDATED FROM 2016

We are pleased that in 2017 we welcomed four new SimCorp Dimension and one new SimCorp Coric client in North America. Further, we have made large additional sales to existing clients.

North America is continually increasing its share of SimCorp's revenue, which demonstrates the unique sales potential of this market. Industry reports confirm this potential by predicting the highest growth rate in North America both in terms of AUM and IMS spend.

2018 — GOALS AND FOCUS

GROW NORTH AMERICA

CONTINUED FROM 2017

Entering 2018, North America still holds the single biggest growth potential to SimCorp, currently representing 5% market share.

We will continue our focus on winning market share by ensuring our product meets local requirements, by offering standard platform solutions, and by increasing awareness of SimCorp and our offering. Finally, we will offer a price-competitive and operationally-proven ASP proposition which is key in North America.

More than 50% of our North American clients belong to the top 50 global asset managers, proving that our SimCorp Dimension and SimCorp Coric platforms can continue to attract new large clients.

STRATEGIC PRIORITIES FOR 2018

Upon review of our operating environment – the major trends in asset management, IMS demand, and the competitive environment – we have reaffirmed our belief in the strength and distinctiveness of our strategy with some minor adjustments to our priorities. We also continue to rely on our employees as the foundation for everything we deliver.

In the market, we see a demand for operational alpha and innovation capabilities, as well as a need for a broad market and segment coverage to ensure growth. Both are met by a global IMS provider like SimCorp with broad, integrated and scalable offerings and delivery models, who can also address the growing demand for out-of-the-box, rapidly deployable, and cost-effective standard solutions. Keeping focus on growing our North American market share and achieving front office market leadership, while strengthening our alternative investments and standard platform offerings and increasing investments in cloud-based solutions, SimCorp has outlined the direction to meet our Vision 2020.

THE FIVE STRATEGIC PRIORITIES FOR 2018

> ***The agreement with SimCorp will strengthen our innovation capabilities, allowing us to better drive operational efficiencies and support future growth. Rolling out the SimCorp Dimension platform from front to back will enable us to consolidate our systems landscape for our asset management company, Generali Investments, plus our insurance companies in Italy and France.***

DOMINIQUE CLAIR
COO, Generali Group Investments, Asset & Wealth Management

Generali is an independent, Italian Group, with a strong international presence. Established in 1831, it is among the world's leading insurers and is present in over 60 countries with total premium income exceeding € 70 billion in 2016. With over 74,000 employees in the world and 55 million clients, the Group has a leading position in Western Europe and an increasingly significant presence in the markets of Central and Eastern Europe and in Asia. In 2017, the Generali Group was included among the most sustainable companies in the world by the Corporate Knights ranking.

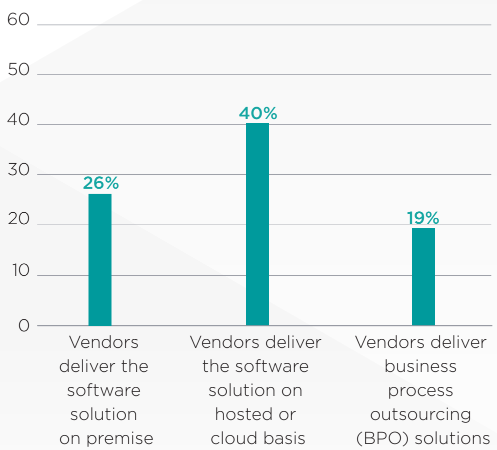
ENABLE CLOUD: LEVERAGING CLOUD FOR INVESTMENT MANAGEMENT

Cloud is not a new technology trend. It is already well established in some industries. Being heavily regulated and risk-aware, the investment management industry, however, has been slow to migrate to the cloud. That is starting to change.

At SimCorp, we began to prepare for this change in late 2015. Since then, we have developed our cloud strategy as we pick up new feedback and insights from clients, prospective clients, and overall trends. Late 2016, we initiated implementation of our strategy and in September 2017, we shipped our first cloud-native app. With cloud gaining momentum in our industry, and a 2017 market survey showing that almost half of our market now expects vendors to deliver hosted or cloud-based solutions (see illustration to the right), we have made cloud solutions a strategic priority from 2018.

Learn more about our stratetic priority 'Enable Cloud' on page 16.

PREFERRED VENDOR DELIVERY MODELS



Source: Strategies and Priorities in Asset Management – and the Impact for IMS Vendors, Lindberg International, April 2017. Does not sum to 100% due to multiple choice question.

> *The cloud is offering easier, cheaper, and better solutions to the front, middle, and back office. However, the journey to the cloud can be complicated and the end game has to justify a fundamental rethinking of architecture.*

'Rearchitecting the capital markets: the cloud cometh', Celent report, May 2017.

SIMCORP'S CLOUD STRATEGY

SimCorp's cloud strategy has three interlinked legs:

- **SimCorp Dimension as a Service**
  - continue to aggressively optimize costs to fit price sensitive market segments
- **Cloud-enable SimCorp Dimension**
  - optimize the current product to better leverage cloud
- **SimCorp Evolution**
  - ship new products on cloud native platform

Clients are showing significant interest in each of these legs, but put together, the interest comes from four main drivers for clients wanting to move to the cloud:

OUTSOURCING

Our clients and industry surveys indicate that investment managers are increasingly unwilling to waste their time on non-core activities. This includes running IT systems up to and including larger mission-critical systems like SimCorp Dimension. SimCorp Dimension as a Service, client-hosting on public cloud platforms, and SimCorp's new native cloud platform are all responses to this trend.

ELASTICITY

Cloud-enabling SimCorp Dimension serves two purposes; it provides a cost-effective path to public cloud for clients wanting to consolidate their systems in the cloud, and it helps make SimCorp Dimension as a Service better able to compete in price-sensitive market segments. In both cases, the key task is to make SimCorp Dimension better able to leverage the elasticity of public cloud platforms. Elasticity means you pay for what you consume; you scale up the number of servers you use at times of peak load and the rest of the time you keep cost as low as possible.

OPENNESS

There is a strong interest in application programming interfaces (APIs) as these provide relatively easy access from programs and scripts for authorized personnel to develop bespoke integrations between SimCorp Dimension and third-party software. APIs feature prominently in our cloud strategy. We deliver APIs for our own use, but equally important, we offer APIs to enable others to easily deliver complementary functionality. By opening up our system, we become better able to respond to the market's increasing desire for new functionality without SimCorp being a bottleneck. With APIs, clients and others can add integrated functionality and avoid maintaining costly bespoke interfaces.

SECURITY

Clients are increasingly worried about cyber and information security. Recent prominent cases show clients are right to be concerned. It is perhaps counter-intuitive to think moving to cloud makes you more secure. But the fact is that the largest cloud vendors can afford to have the largest and most capable security teams in the world. Moving to cloud allows us all to leverage these deep pools of security skills.

"Cloud may seem to be about technology, but rather it is a service model which allows you to think less about technology and more about what you do with it.

ANDERS KIRKEBY
Technical Fellow,
VP Enterprise Architecture,
SimCorp

SIMCORP **ITALIANA**

In June 2017, SimCorp announced the acquisition of A.P.L. Italiana, a leading provider of investment and portfolio management software to the Italian insurance market, for a total consideration of EUR 38.2m.

A.P.L. Italiana and SimCorp have been closely connected for a number of years and share many similarities. A.P.L. Italiana's main product, Sofia, is a front-to-back investment management platform like SimCorp Dimension, however aimed exclusively at the Italian insurance market. Further, Sofia is based on the APL coding language just like some parts of SimCorp Dimension.

While our overall strategy still is to grow SimCorp organically, we will not refrain from taking advantage of market opportunities – A.P.L. Italiana was such an opportunity. Offering an attractive market position in Italy and 119 employees with expert IT and asset management knowledge, the acquisition gives us a solid bridgehead into the Italian market and significantly strengthens our position in Southern Europe. IT professionals, particularly developers, are a scarce resource and our new colleagues will be a key value driver in realizing our future growth ambitions. Equally important, A.P.L. Italiana is a well-run and very profitable business, which has consistently delivered EBIT margins in the high twenties. A number of initiatives have been initiated to secure a smooth integration, effective collaboration, and easy transfer of knowledge and people between the two companies. For instance, a buddy program ensures that SimCorp Italiana employees learn about and understand SimCorp's culture, processes, and strategic focus areas.

Following the acquisition, A.P.L. Italiana and Sofia have been rebranded SimCorp Italiana and SimCorp Sofia. Similar to SimCorp Coric, SimCorp Italiana will continue to exist as a separate business unit.

In 2017, SimCorp Italiana generated revenue of EUR 17.9m and EBIT of EUR 5.5m. The acquisition was effective August 1, 2017. Consequently, SimCorp Italiana has only been included with five months performance in the consolidated financial statements. As SimCorp Italiana recognizes most license revenue in the beginning of the year, revenue in the period August 1, 2017 to December 31, 2017 was EUR 5.8m and SimCorp Italiana accounted for 1.9% of SimCorp's total revenue in 2017. SimCorp's total operating costs for the year included EUR 0.4m of transaction costs related to the acquisition, plus five months of operating costs of EUR 5.3m for SimCorp Italiana, in total EUR 5.7m.

OFFERING AN **ATTRACTIVE MARKET POSITION** IN ITALY AND 119 EMPLOYEES WITH **EXPERT IT AND ASSET MANAGEMENT KNOWLEDGE**, SIMCORP ITALIANA GIVES US A **SOLID BRIDGEHEAD INTO THE ITALIAN MARKET** AND SIGNIFICANTLY **STRENGTHENS OUR POSITION IN SOUTHERN EUROPE**

55 Clients

119 Employees

RISK MANAGEMENT

As SimCorp operates in a continually changing and highly volatile business environment, its Board of Directors and management regard it essential that risk exposure is thoroughly monitored and controlled. To ensure this, a framework of risk policies and risk mitigating procedures is in place and continuously reviewed and updated.

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, principal factors categorized as potential risks are systematically monitored, analyzed, and managed.

Overall, SimCorp's management believes the company is prepared to manage its potential risk challenges.

RISK MANAGEMENT AT SIMCORP

RISK ANALYSIS

Through an Enterprise Risk Management process, a number of gross risks are identified in SimCorp's major units. Each risk is described, including current risk mitigation in place or planned mitigating actions. The subsequent analysis of the identified risks includes an inherent risk evaluation based on two main parameters: probability of occurrence and impact on EBIT. The net risk after application of mitigating factors is also reported, and movements from one quarter to another are monitored.

RISK EVALUTION

SimCorp management continuously monitors risk development in the SimCorp Group. Each quarter, the main risks and accompanying mitigating actions are presented to the Audit Committee and Board of Directors, which discusses whether the risk situation is acceptable and, if not, decides what further mitigating actions are required. During the year, the different risks will vary in importance. For instance, the execution risk associated with the closing of add-on licenses is typically high in Q4 and low in Q1. The Board evaluates risk dynamically to cater for this variation in risk impact.

RISK CONTROL

The Audit Committee carries out an analysis of the ongoing process of identifying and reporting risks to the Board of Directors in order to ensure that the underlying risk identification method is appropriate and reflects the true risk picture. The policies and guidelines in place stipulate how SimCorp management must work with risk management. SimCorp's compliance with these policies and guidelines is also monitored by the management on an ongoing basis.

RISK CATEGORY

MARKETS AND CLIENTS

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

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 offerings.

Furthermore, as around 25% of SimCorp's client base are within the top 100 global asset managers, losing one of these clients or their default on payment could potentially have a substantial impact on SimCorp's revenue and profitability.

RISK MITIGATION

MARKETS AND CLIENTS

Through extensive market research and industry analysis, 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. In addition, SimCorp actively monitors contracts to manage risks.

Although around 25% of SimCorp's clients are among the top 100 global asset managers, the SimCorp Group has no client with revenue of more than 3.5% (2016: 3.5%) of total revenue.

RISK CATEGORY

PRODUCT INNOVATION AND QUALITY

Product innovation, improved technical infrastructure, and enhanced technical capabilities are fundamental elements in meeting new system requirements in the market. Being unable to deliver those elements in a timely fashion could potentially mean that SimCorp 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.

RISK MITIGATION

PRODUCT INNOVATION AND QUALITY

SimCorp offers updated versions of SimCorp Dimension every six months, and from 2019 every three months, including enhanced system functionality and improved technical infrastructure based on a systematic prioritization of client and market requirements. A best-practice agile development method enables SimCorp to adapt quickly to changes in market and client demands and has shortened the period for release testing and shipment, securing even better software quality.

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. In addition, SimCorp is engaging with relevant external partners to further improve and document the security and quality of our product.

RISK CATEGORY

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.

RISK MITIGATION

CORPORATE CULTURE

To ensure SimCorp's ability to attract new, talented employees, a comprehensive 'Employer Value Proposition' program has been implemented to strengthen the company's employer brand. Also, a framework has been set in place to retain talent in SimCorp, including a mentoring program and leadership academy training.

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.

RISK CATEGORY

FINANCIAL REPORTING

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

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

RISK MITIGATION

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/corpgov2017

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.

RISK CATEGORY

SOLUTIONS AND SERVICES

After going live with the solution, the most apparent risk is possible breach of service level agreements, security requirements, or other committed standards.

Implementation projects not priced correctly or not having a clear scope pose a risk of leading to significant overruns on cost, as well as causing delivery risk being transferred to SimCorp.

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. 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 solution delivery, the largest risk is an inadequate implementation of SimCorp Dimension, leading to lower operational efficiency and increased operational risk and costs for SimCorp's clients, who will not realize the full value of the installation.

RISK MITIGATION

SOLUTIONS AND SERVICES

SimCorp professional services is gradually moving to a global delivery model leveraging a standard delivery methodology based on industry best practices and standard components. This approach gives existing and new clients a lean and efficient solution-delivery service, driving increased quality and value, while reducing risk and cost for small and large projects alike.

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 has formed a Deal Review Board and a Project Review Board for all larger implementation projects. In addition, a delivery methodology is being rolled out and will be part of the foundation for standardization and delivery efficiency and quality when fully deployed.

SimCorp has in 2016 obtained an ISAE 3402 audit report for our ASP services, which documents 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 are carried out by world-leading globally certified providers.

RISK CATEGORY

IT RISK

As a software company with a core business based on modern information technology, SimCorp's failure to adequately protect itself against IT risk, represents a particular risk. Cybercrime including unauthorized access to SimCorp's network and data could endanger applications as well as the infrastructure and the technical environment stored on SimCorp's network. The same goes for virus attacks and theft of code and know-how which could also entail prolonged system breakdowns impairing productivity and potentially rendering SimCorp unable to service its clients.

SimCorp currently runs SimCorp Dimension as a Service (ASP) for four clients, operating the clients' systems in a third-party hosted environment. Any failure of the hosting provider could result in prolonged system breakdowns that would impair productivity and potentially render SimCorp unable to service clients.

The new EU general data protection regulation (GDPR) enters into force in May 2018 with the objective to give citizens back control of their personal data, and to simplify the regulatory environment for businesses.

RISK MITIGATION

IT RISK

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 management and employees are regularly updated and educated on 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, to SimCorp's network. The suppliers of this software are diligently screened and assessed prior to purchase and implementation, using both expert assessments of the product as well as in-house proof of concept.

SimCorp has received an International Standard for Assurance Engagements ISAE 3402 Type 2 report on our third party service providers. In addition, the hosting provider has undergone substantial successful due diligence performed by SimCorp and its external partners.

SimCorp's Group Legal and Compliance is heading a project to ensure compliance with the new EU general data protection regulation (GDPR). The project is directed at protecting personal data originating from clients, personal data of SimCorp employees, and such other personal data where SimCorp acts as data controller or data processor. The project involves all areas of the organization and SimCorp is in the process of implementing the necessary changes.

RISK CATEGORY

POLITICAL RISKS

With offices and sales in the majority part of the world, SimCorp is from time to time affected by geopolitical uncertainties and unrest.

Further, since 2007, SimCorp has had an additional development unit outside Denmark, based in Ukraine.

With the UK's vote to leave the EU, changing business conditions in the UK pose a risk for SimCorp's local operations.

RISK MITIGATION

POLITICAL RISKS

Political and economic unrest in countries and regions where SimCorp operates or plans to operate is monitored continuously and taken into account when making strategic decisions.

Due to the political situation in Ukraine, SimCorp continuously monitors the situation in the country. The Ukrainian office is based outside of Kiev and, so far, SimCorp has not seen any substantial risk associated with operating in the country.

SimCorp monitors continuously the impact of Brexit. Despite the UK & Middle East business unit's substantial contribution to the SimCorp Group's revenue, a large part of the revenue is generated from sales outside the UK.

RISK CATEGORY

REGULATORY ISSUES AND FISCAL POLICIES

Protecting SimCorp's long-term business interests is vital to its continued operations. This includes legal risk that may impact SimCorp's business.

SimCorp believes contractual risk as well as legal risk related to regulatory requirements are critical. Failure to meet or implement regulatory requirements in a timely fashion with respect to, for instance data protection, confidentiality agreements, IPR, corruption and fraud constitutes a risk.

SimCorp is subject to tax and fiscal policies in the countries 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 6.2 to the financial statements.

RISK MITIGATION

REGULATORY ISSUES AND FISCAL POLICIES

SimCorp ensures that all contracts entered into are carefully worded. SimCorp's due diligence and procurement processes, as well as the 'Guideline for Good Business Behavior' established for all employees and suppliers, ensure that the company's value-based principles are adhered to, including safeguarding against corruption. SimCorp 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 pursuing 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.

For further details on procedures of SimCorp's risk management, see pages 18-19 in its Corporate Governance Guidelines.

SimCorp's Corporate Governance Guidelines

“

The investment management industry today is challenged with heightened competition, pressure on fees, and increasing reporting and transparency requirements. To meet continuing growth demands, the asset managers of the future need operating models that offer intelligence, agility, scalability, and cost-efficiency. One of the keys to achieving this is reducing complexity and cost through integration and system consolidation.

OWEN JELF
Head of Accenture's global capital markets practice

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology, and operations. Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders.

CORPORATE **GOVERNANCE**

SimCorp's Board of Directors has reviewed and discussed each of the recommendations for corporate governance issued by Nasdaq Copenhagen and has concluded that, with one exception, SimCorp is in full compliance with the recommendations regarding the way the company is governed and regarding the interaction between the company's managerial bodies, its shareholders, and other stakeholders.

SimCorp's Corporate Governance Guidelines are intended to ensure an efficient and adequate management of SimCorp within the framework defined by applicable legislation, rules, and recommendations for listed companies in Denmark and by SimCorp's articles of association, mission, vision, and values. The guidelines can be found on the company's website:

SimCorp's Corporate Governance Guidelines

SIMCORP'S STAKEHOLDER RELATIONSHIPS

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

THE WORK OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT BOARD

The Board of Directors is a collective body for promoting the long-term interests of the company. 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. 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.

COMPOSITION AND QUALIFICATIONS OF THE BOARD OF DIRECTORS

The Board of Directors is constituted to ensure its independence, adequate collective competences, and experiences within executive management disciplines related to global corporations, information technology, and business-to-business sales of software, and to hold sufficient members to enable an appropriate distribution of tasks and an effective decision-making process. As provided in the company's articles of association, SimCorp's Board of Directors currently 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. At the Annual General Meeting in March 2018, the Board of Directors will propose an expansion of the number of shareholder-elected Board members to be between four and eight members. This will enable an appropriate constitution of Board committees, currently the Audit Committee and Nomination Committee, and facilitate succession preparedness at Board of Directors level.

Members of SimCorp's Board of Directors are elected for one year at a time and employee-elected members for three years. At the Annual General Meeting 2018, Patricia McDonald will not seek re-election, and SimCorp's Board of Directors proposes the election of two new Board members. The election of the seventh member will in practice be proposed at an Extraordinary General Meeting on May 9, 2018 subject to the approval by the Annual General Meeting to expand the Board to between four and eight shareholder-elected members. At the beginning of 2016, SimCorp's employees elected three employee Board members. Accordingly, following the Annual General Meeting 2018 and the Extraordinary General Meeting in May, the Board will consist of seven members elected by the shareholders and three members elected by employees.

SimCorp complies with the Corporate Governance Recommendations issued by Nasdaq Copenhagen with the following exception:

In the specific matter of remuneration committees, SimCorp has decided not to comply with the Corporate Governance Recommendations issued by Nasdaq Copenhagen due to the limited complexity of its business.

SimCorp's remuneration guidelines clearly states SimCorp's remuneration principles and procedures. Remuneration matters are considered by the full Board of Directors and a remuneration committee is considered as adding unnecessary cost and complexity.

Targets and performance against these are disclosed in detail as part of the annual report on a retrospective basis. The mix between fixed salary and short-term incentive and long-term incentive programs for executive directors is in line with levels generally suggested and accepted within both Danish and international corporate governance guidelines.

Self-assessment

As part of its annual wheel activities, the Board of Directors carries out a self-assessment. As in 2016, the process was in 2017 facilitated by a third party, Odgers Berndtson, and comprised an evaluation of the work and contribution of the Executive Management Board, the Board of Directors, the Audit Committee, and the Nomination Committee within the areas of strategy, finance, risk management, sales, organization, management, and operations.

Based on the self-assessment, it was concluded that the Board's collective work is effective. The Board also concluded that it would be beneficial to add candidates with experience from the investment management industry and listed companies. With the addition of Joan A. Binstock and Morten Hübbe as Board members, the Board of Directors believes it has the appropriate competencies. The geographies represented by the Board members – Northern Europe, Southern Europe, UK, and North America – reflect an extensive coverage of SimCorp's markets. As part of the self-assessment, the Board concluded that SimCorp complies with the Danish Corporate Governance Guidelines' recommendation that at least half of the members elected by the Annual General Meeting are independent. Jesper Brandgaard has served at the Board for eleven years and Hervé Couturier for ten years.

Risk management

The Board of Directors has the overall responsibility for ensuring that SimCorp maintains appropriate procedures to monitor, measure, and manage the company's risks and that such procedures are firmly embedded in the company's organization. As part of its risk management, the Executive Management Board and the Board of Directors have defined and described the most critical risks to SimCorp and the related mitigating actions. A more detailed description of risks and mitigating actions is provided in the section 'Risk Management', pp 23-26.

Further, the company has established a whistleblower hotline, which, in addition to the usual control functions, is intended to enable reporting on suspected irregularities in the business. SimCorp has engaged with a third party, Got Ethics, who provides an internet-based reporting tool. All reports under the whistleblower hotline are handled by SimCorp's General Counsel and an independent member of SimCorp's Board of Directors.

Whistleblower hotline

NOMINATION COMMITTEEE

Following the Annual General Meeting in March 2017, SimCorp formed a Nomination Committee. This committee will assist the Board with oversight of the competence profile and composition of the Board, nomination of members and committees, succession plans for the Executive Management Board, and other tasks on an ad-hoc basis as decided by the Board. The Nomination Committee consists of four members elected by the Board on a one-year term by and among the Board of Directors. Further, SimCorp's CEO is an attendee at meetings of the Nomination Committee. In 2017, the Nomination Committee held two meetings.

AUDIT COMMITTEE

The Audit Committee is responsible for assisting the Board of Directors by monitoring SimCorp's financial reporting, its financial internal control and financial risks, as well as the effectiveness and independence of the external audit for the SimCorp Group of companies. The Audit Committee consists of three members elected by the Board on a one-year term by and among the Board of Directors. The Audit Committee meets as often as it and its Chairman deem necessary, however, at a minimum, the Committee will meet four times a year at appropriate times in the reporting and audit cycle. In 2017, four meetings were held.

Pursuant to the Danish Law and Corporate Governance guidelines, the majority of the members of the Committee should qualify as independent and the committee should possess the necessary financial expertise. The members of the Audit Committee are: Simon Jeffreys (Chairman – independent), Patricia McDonald (Member – independent), and Else Braathen (Member – employee-elected). See SimCorp's Corporate Governance Guidelines for a full description of the Audit Committee's activities.

External auditor – tasks, objectivity, and independence

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

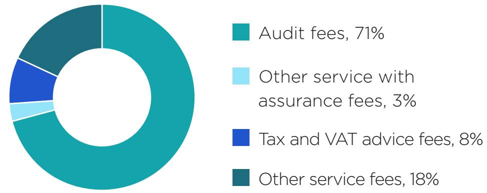
During the year, the Audit Committee has been informed about the external auditor's policies and procedures for safeguarding its objectivity and independence, and the audit partners and firm rotation requirements have been routinely observed. During the year, the Committee has approved audit-related and non-audit related service fees according to the Audit Committee guidelines for approval of non-audit services. Audit fees include the audit of the consolidated and local financial statements as well as services related to the audit of the adoption and interpretation of IFRS 15 as well as additional work regarding auditing the acquisition of A.P.L. Italiana S.p.A.

Other service fees include due diligence services regarding the acquisition of A.P.L Italiana S.p.A.

AUDITOR FEE

EUR '000	2017	2016
Audit fees	422	258
Other service with assurance fees	17	7
Tax and VAT advice fees	47	120
Other service fees	109	48
Total auditor fee	**595**	**433**

AUDITOR FEE 2017



Other ongoing activities

As part of its annual wheel activities, the Audit Committee reviews SimCorp's accounting policies, compliance with reporting requirements, risk policy and assessment, internal controls, whistleblower policy, insurance principles, and interim reports. It does also deep-dives into specific topics as appropriate.

Assessment

During 2017, the SimCorp Audit Committee has not observed issues of non-compliance with audit independence, or material risk in any of the areas it monitors for the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

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

SimCorp's statement can be found on the company website:

Corporate Social Responsibility in SimCorp 2017

Corporate social responsibility (CSR) 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 its 'Guideline for Good Business Behavior' (see link below) and CSR statement (see link above) combined include policies and principles for employees, ethics, human rights, suppliers, the environment, stakeholder engagement, governance, anti-bribery, and corruption that aim to maintain and enhance its professional and commercial relations with internal and external stakeholders based on mutual respect.

SimCorp's Guideline for Good Business Behavior

SimCorp maintains high standards when it comes to confidentiality and protection of personal data. This is ensured through compliance with technical data security standards and processes, as well as ongoing education of the employees in how to handle data in accordance with legislative requirements and confidentiality. A project has been initiated to ensure that SimCorp complies with the General Data Protection Regulation (GDPR) provisions taking effect as of May 2018 and stays compliant going forward.

Regarding the environment, SimCorp promotes responsibility and increasing use of environmental-friendly technologies, when it comes to especially electricity, heat-related energy, and CO_2, which are the key environmental factors affected by SimCorp's business model (see page 14). As an example, SimCorp's travel policy guides SimCorp employees to replace travel activity by video conferences when possible.

On a continuous basis, SimCorp is working with infrastructure service experts to identify areas for optimizing the energy level as much as possible within the limits pertaining to not owning but leasing its office space. A statutory energy report is conducted as and when required in accordance with EU law.

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

DIVERSITY

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

SimCorp's statement can be found on the company's website:

Diversity Action Plan for SimCorp 2017

SimCorp aims to promote diversity, which includes achieving a reasonable representation of both genders at Board and management level. This goal is based on a wish to strengthen the versatility and total competences of the business and to improve decision-making processes. SimCorp's approach to diversity is described in SimCorp's Diversity and Inclusion Policy, which is included in SimCorp's Corporate Governance Guidelines and its Diversity Action Plan.

Regarding the Board of Directors, the company has set as a target to have at least two directors of the underrepresented gender elected by the Annual General Meeting in 2018. This target will be realized through the recruitment of new Board members. As of the Annual General Meeting 2018 and the following Extraordinary General Meeting on May 9, 2018, and the proposal of Joan A. Binstock and Morten Hübbe as candidates, it is the result that one of the seven directors elected by the Annual General Meeting is of the underrepresented gender, which means that SimCorp has not reached the target figure.

Regarding gender diversity in SimCorp's total management team, it is SimCorp's objective to increase the proportion of women, so that it reflects the total proportion of female employees in the SimCorp Group. Activities to ensure these goals are described in the Diversity Action Plan for SimCorp 2017. At the end of 2017, the total management team comprises 70.9% (2016: 72.1%) men and 29.1% (2016: 27.9%) women.

REMUNERATION REPORT

SimCorp's remuneration policy and incentive programs have been designed in order to promote the awareness of profitable growth and SimCorp's long-term goals among Board members, executive management, and employees.

At SimCorp, remuneration and incentive levels are set to be competitive and aligned with the interests of both the program participants and the shareholders. The remuneration packages for SimCorp's Board of Directors (BoD) and Executive Management Board (EMB) are composed of the components illustrated in the table below.

REMUNERATION PACKAGE COMPONENTS

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

Remuneration	BoD	EMB	Comments
Fixed fee/base salary	√	√	
Fee for committee work	√		Members of Audit Committee and Nomination Committee
Short-term cash-based incentive		√	Up to 45% of base salary Proposed for 2018: Up to 90% of base salary
Conversion of cash bonus for shares (RSUs)		√	100% of cash bonus at 50% discount Proposed for 2018: No conversion possible
Long-term share-based incentive		√	55% of base salary Proposed for 2018: 100% of base salary
Travel allowance and other expenses	√		
Benefits		√	Company cars, phones, etc., comprising up to 10% of base salary
Severance payments		√	Up to 9 months' base salary

BOARD OF DIRECTORS (BoD)

Overall remuneration model

The overall remuneration level proposed to the Annual General Meeting is assessed to be in line with conventional compensation levels for Boards of Directors at comparable, Danish companies and Danish and international corporate governance guidelines. SimCorp's remuneration policy lays out a clear description of SimCorp's remuneration principles and procedures, and the company aims for simplicity and transparency in the creation of all its compensation packages.

After the decision of the Annual General Meeting in April 2017, the remuneration of the individual members of the Board of Directors, including the fee for Audit Committee work, remained unchanged. In addition, SimCorp has in 2017 formed a Nomination Committee to facilitate long-term succession planning for the Board of Directors and to focus on capacity building for the future.

Fixed fees and fees for committee work

The remuneration of the Board of Directors is composed of a cash element (2/3 of remuneration) and a share element (1/3 of remuneration) per board member, which are calculated each year to be aligned with the level proposed at the Annual General Meeting.

Travel allowance and other expenses

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

Share-based payment

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

BOARD OF DIRECTORS – REMUNERATION

Board fee	Total remuneration (cash and share-based) in DKK	
Chairman	937,500	(EUR 125,000)
Vice-chairman	562,500	(EUR 75,000)
Member	375,000	(EUR 50,000)
Audit Committee fee		
Chairman	187,500	(EUR 25,000)
Member	93,750	(EUR 12,500)
Nomination Committee fee		
Chairman	93,750	(EUR 12,500)
Member	46,875	(EUR 6,250)

BOARD OF DIRECTORS – RESTRICTED STOCKS UNITS AND SHARES AWARDED

	2017	2016
Total number of shares allotted[1]	4,120	4,873
Total number of restricted stock units to employee-elected Board members[2]	621	842

[1] Allotted as part of the remuneration of the Board of Directors. For 2017, the allotment will take place immediately after publication of this 2017 Annual Report in February 2018.
[2] Restricted stocks units in capacity as employees of SimCorp A/S. For further details, refer to note 7.1.

BOARD OF DIRECTORS – REMUNERATION

EUR '000	Board fees		Fees for committee work		Travel allowance		Share-based payment		Total	
Remuneration	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Jesper Brandgaard (Chairman Board & Chairman Nomination Committee)	84	84	6	-	-	-	46	42	136	126
Peter Schütze (Vice-chairman Board & Nomination Committee)	50	50	3	-	-	-	27	25	80	75
Hervé Couturier (Nomination Committee)	34	34	3	-	11	6	19	17	67	57
Simon Jeffreys (Chairman Audit Committee)	34	34	17	16	17	13	25	25	93	88
Patricia McDonald (Audit Committee)	34	34	8	8	17	9	21	21	80	72
Adam Warby[1]	34	-	-	-	10	-	17	-	61	-
Franck Cohen[2]	-	8	-	-	-	3	-	-	-	11
Else Braathen[3] (Audit Committee)	34	34	8	8	-	2	21	21	63	65
Vera Bergforth[3] (Nomination Committee)	34	34	3	-	10	6	19	17	66	57
Ulrik Elstrup Hansen[3]	34	34	-	-	-	-	17	17	51	51
Total	**372**	**346**	**48**	**32**	**65**	**39**	**212**	**185**	**697**	**602**

[1] Elected March 29, 2017.
[2] Appointed April 1, 2016 and resigned May 18, 2016.
[3] Employee elected effective April 1, 2016

EXECUTIVE MANAGEMENT BOARD (EMB)

Overall remuneration model

In line with the Remuneration Guidelines approved by the Annual General Meeting, the Chairmanship proposes the remuneration of the Executive Management Board (EMB) for the coming financial year to the Board of Directors, who collectively approves the remuneration.

For 2018, the Board will propose the annual general meeting to change the remuneration model for EMB to consist of a fixed base salary, benefits, participation in the short-term cash incentive program (STIP) with up to 90% of the base salary, participation in the long-term incentive program (LTIP) with up to 100% of the base salary, but no longer an option to convert the STIP bonus to restricted stock units (RSUs) – see model overview on previous page. The proposed change of remuneration model is made with a view to align remuneration of the EMB and the composition of the remuneration package with market practices of other large cap companies.

Total remuneration level

The total remuneration is benchmarked against total remuneration levels for Danish and international companies similar in size and with comparable business activities. The target salary constitutes the total remuneration if all the predefined short-term and long-term incentive targets are fully met.

Fixed base salary and benefits

The base salary includes all pension contributions. Other benefits such as company car, phone, etc. comprise in terms of annual cost for the company maximum 10% of the base salary.

Short-term cash-based Incentive program (STIP)

The Executive Management Board participates in the STIP with an annual cash bonus scheme of which the target value in 2017 was up to 45% and from 2018 is proposed to be up to 90% of the base salary.

For 2018, the cash bonus will be split as follows:

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

STIP: 2017 ACHIEVEMENTS

1. Balanced Scorecard (up to 30%)
The 2017 Balanced Scorecard consists of 23 KPIs. Point multipliers are used to signify the weight of the individual KPIs. The financial KPIs are assigned a point multiplier of three and one of the pipeline-specific KPIs is assigned a point multiplier of two. When a given KPI is fully met, the KPI yields three points. When a KPI meets the lower threshold, the KPI yields one point. A total of 108 points are available in the Scorecard. The threshold for a full 30% cash bonus payout is 86 points (80% of 108 points). With not all targets fully met in 2017, the scorecard will yield a total of 26.4% of the cash bonus against a maximum of 30%.

2. Specific targets (up to 6%)
For 2017, three specific targets related to the following strategic priority areas were defined:

- Delivery of major features in SimCorp's Alternative Investments solution
- Delivery of SimCorp's ASP offering, SimCorp Dimension as a Service, in accordance with service levels agreed with clients
- Completion of key milestones in a specific client implementation project

All three targets were fully met and, hence, the specific targets will yield a total of the maximum 6%.

3. Over-performance (up to 9%)
Based on the achievements in 2017, there will be no over-performance yield against a maximum of 9%.

In total, the short-term incentive programs for 2017, have yielded 32.4% against a maximum of 45%.

Long-term incentive program (LTIP)
The incentive to focus on long-term value creation is based on participation in the long-term incentive program (LTIP), where members of the EMB will be granted RSUs with an aggregate value at the time of grant of 55% of the base salary in 2017, and from 2018 at a proposed value of 100% of the base salary. The RSUs vest after three years pending achievement of two metrics: The EMB member must be employed with SimCorp at the vesting date and the SimCorp Group must at the vesting date have met defined performance targets for business growth and net operating profit after tax (NOPAT) margin. If such targets are only met partially, the number of shares acquired will be reduced or may lapse completely.

Severance payments
SimCorp may terminate employment by giving EMB members (hereafter executives) 12 months' notice. Executives may terminate their employment by giving SimCorp six months' notice.

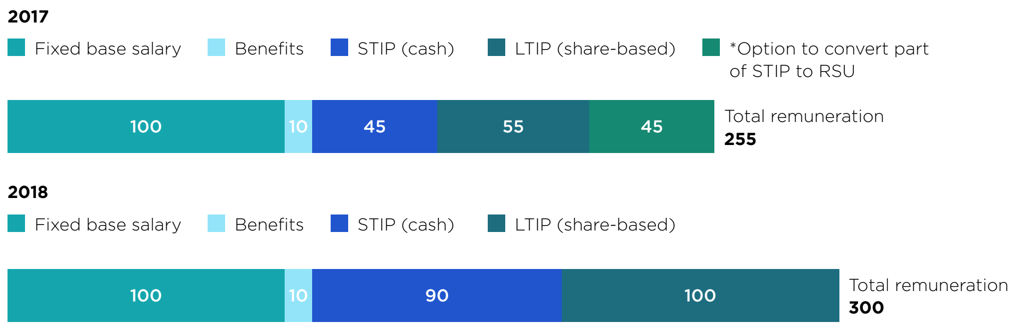
In the event that one party assumes ownership of more than 50% of the votes in SimCorp, or if SimCorp is dissolved by merger, the notice of termination to be given by SimCorp vis-à-vis the executives shall be prolonged to 24 months for two executives and 36 months for one executive (the latter according to contract from 2009) to expire at the end of a month, as of the date of the abovementioned change of ownership. The prolonged notice period is gradually reduced by one month per whole calendar month after the date of the abovementioned change of ownership during the period until the notice period is equivalent to the notice period in case of ordinary termination.

In addition to the notice period, executives are entitled to severance payments as described in the overview of the executives' remuneration package components on page 31.

EXECUTIVE MANAGEMENT BOARD – STIP 2017 ACHIEVEMENTS – BALANCED SCORECARD

Target area	Summary of measures by type	Target achievement	Weight in scorecard	Points achieved
Financial	- Revenue - Order inflow - EBIT	On balance, targets have been 72% met	50%	39
Product	- Product quality - New releases	All targets have been met		
Employee	- Employee satisfaction - Attrition	All targets have been met	50%	42
Client	- Pipeline development - Blockbuster sales penetration - Net promoter score (NPS)	Most targets have been met		
Total			**100%**	**81**

TARGET PERFORMANCE TOTAL REMUNERATION FOR THE EXECUTIVE MANAGEMENT BOARD



EXECUTIVE MANAGEMENT BOARD – LTIP 2017 ACHIEVEMENTS FOR RESTRICTED STOCK UNITS (RSUs)[1]

	NOPAT[2]	Sales CAGR[3]
Target	≥18.0%	≥10.0%
Achievement	20.0%	13.1%
RSU reduction	No reduction in RSUs allocated	No reduction in RSUs allocated
Total payout:	Transfer of 100% of RSUs granted in April 2015 to the Executive Management Board members (2016: 100%).	

[1] Vesting in February 2018
[2] The NOPAT (net operating profit after tax) margin for the financial period January 1, 2015 - December 31, 2017.
[3] CAGR (based on business growth) for the financial period January 1, 2015 - December 31, 2017.

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

EUR '000	Salary		Other benefits		Share-based payments[2]		Performance-related bonus		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Klaus Holse	935	681	51	62	491	462	305	205	1,782	1,411
Georg Hetrodt	396	378	34	34	237	213	128	114	795	739
Thomas Johansen[1]	-	335	-	31	-	-149	-	101	-	318
Michael Rosenvold[2]	87	-	-	-	49	-	28	-	164	-
Total EMB	**1,418**	**1,394**	**85**	**127**	**777**	**527**	**461**	**420**	**2,741**	**2,468**
Other members of GMC[3]	2,200	1,731	51	158	704	660	467	296	3,422	2,845
Total GMC	**3,618**	**3,125**	**136**	**285**	**1,481**	**1,187**	**928**	**716**	**6,163**	**5,313**

[1] 1/1-13/12-2016.
[2] Appointed October 1, 2017.
[3] Including Interim CFO January 1 - December 31, 2017 and one additional member appointed October 16, 2017.
[4] The accounting policy for share-based payment is described in note 7.1 and accounting policy for other remuneration can be found in note 2.5.

EXECUTIVE MANAGEMENT BOARD – RESTRICTED STOCKS UNITS

Awarded	**2017**	**2016**
Number of restricted stock units (LTIP)	15,231	19,726
Number of restricted stock units (STIP)	3,068	5,151
Cancelled		
Number of restricted stock units	-	20,566

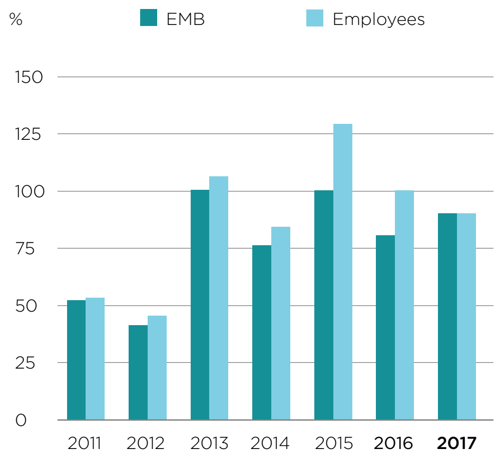
HISTORIC PAYOUT RATIOS IN THE SHORT- AND LONG-TERM INCENTIVE PROGRAMS

All employees participate in the annual Corporate bonus program with the maximum Corporate bonus set as a percentage of the fixed base salary (STIP):

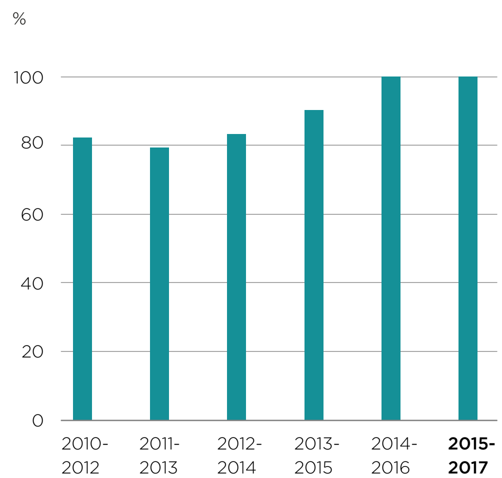
EMB members: 30%
Managers, who are not part of EMB: 5-25%
Other employees: 3-5%

The historic LTIP performance achievements since the initiation in 2010 are shown as actual bonus payouts in the first bar chart to the right for the Executive Management Board, along with other senior management members and key employees. The second bar chart to the right shows the actual RSU payouts, i.e. how much STIP has been converted into RSUs.

ACTUAL BONUS PAYOUT



ACTUAL RSU PAYOUT



SHAREHOLDER INFORMATION

In 2017, liquidity in the SimCorp share measured by average daily trading turnover was up by 29% to EUR 4.1m, and the average daily number of trades increased by 65% to 1,654. SimCorp's share price increased by 3%.

THE SIMCORP SHARE

The share price at December 31, 2017 was DKK 353.30 per share, equal to a market capitalization of EUR 1.9bn (DKK 13.9bn). The share price increased by 3% in 2017. By comparison, the Nasdaq Copenhagen blue chip index (OMXC20 CAP) increased by 12%, while the index for large-sized companies (OMXC Large Cap), which includes the SimCorp share, increased by 16%.

Relative to 2016, the average daily turnover of SimCorp shares on Nasdaq Copenhagen rose by 29% to EUR 4.1m, and the average number of trades per day increased by 65% to 1,654, reflecting a lower average volume size per trade.

SHARE CAPITAL

SimCorp's nominal share capital is DKK 40,690,767 divided into 40,690,767 shares of DKK 1. SimCorp holds 1,286,437 treasury shares of DKK 1 equivalent to 3.2% of the share capital.

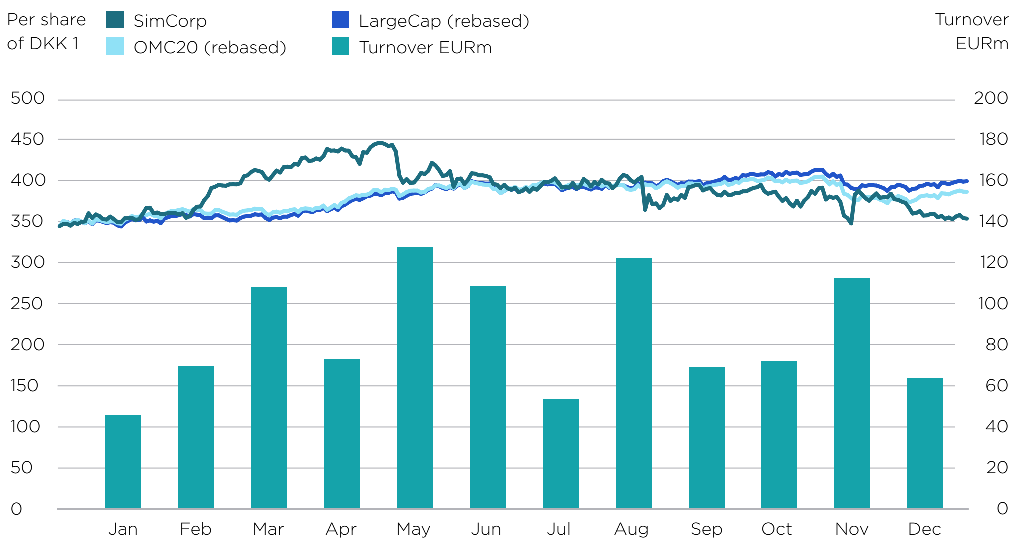
SHAREHOLDER STRUCTURE

At December 31, 2017, SimCorp had more than 8,300 registered shareholders representing close to 90% of the company's share capital, an increase of approximately 300 registered shareholders during the year. Approximately 41% of the share capital was held or managed by the 25 largest shareholders, and around 62% of the registered share capital was held by shareholders based outside Denmark. On December 31, 2017, around 6% of the company's share capital was held by the company's management. Furthermore, SimCorp estimates that Danish and foreign institutional investors held some 73% of the company's shares, slightly more than the level at year-end 2016.

Around 25% of SimCorp shares were managed by investors who are also clients of SimCorp. In accordance with section 55 of the Danish Companies Act, the following investors have reported holding more than 5% of SimCorp's share capital:

- Ameriprise Financial Inc. group, USA, with a part held by the subsidiary Columbia Wanger Asset Management LLC, 7.27%
- Allianz Global Investors GmbH, Luxembourg, 6.08%
- The Danish Labor Market Supplementary Pension Fund (ATP), Denmark, 5.04%

SHARE PRICE DEVELOPMENT AND TRADING ACTIVITY, 2017



SHARE-BASED INCENTIVE SCHEMES

In accordance with the remuneration policy, approved by the shareholders at the Annual General Meeting on March 29, 2017, the Board of Directors in 2017 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 3.2m at the time of allotment, and a total of 55,832 restricted stock units of DKK 1 were granted in 2017, including 15,231 restricted stock units 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 2017-2019. If the two latter conditions are only partially met, the number of shares transferred after three years will be reduced, potentially to zero.

To strengthen the retention of the North American management team, a separate incentive program of a total of 23,830 restricted stock units with a value of EUR 1.2m were granted in 2017. The program will vest after three years, subject to continuing employment and to certain conditions of revenue and EBIT growth. If the conditions are only partly met, the number of shares transferred after three years will be reduced.

Furthermore, in connection with the appointment of Michael Rosenvold as new Chief Financial Officer, 11,953 restricted stock units of DKK 1 each were granted to him on October 1, 2017 as he has completed his personal investment of DKK 2.5m in SimCorp shares. 60% of these restricted stock units will vest after three years, 20% after four years, and 20% after five years subject to continuing employment. The fair value of the restricted stock units amounted to EUR 0.6m.

Furthermore, in connection with various appointments of senior employees in the UK, Singapore, Italy, and Denmark during 2017, 3,778 RSUs with fair value EUR 0.2m were granted in 2017. These will vest after three years subject to continuing employment.

In addition, 87,246 restricted stock units relating to the corporate bonus program for 2016 were granted in 2017 and distributed among employees in the Group, including 3,068 restricted stock units to the Executive Management Board and 621 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 2018 and comprises restricted stock units with a market value of approximately EUR 4.2m on the date of grant. SimCorp's share-based incentive schemes are further detailed in note 7.1 to the financial statements. In accordance with SimCorp's remuneration policy, members of the Board of Directors will in 2018 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.

SHARE DATA

Stock exchange	Nasdaq Copenhagen A/S
Index	OMX LargeCap
Sector	Technology
ISIN code	DK0060495240
Short code	SIM
Share capital	DKK 40,690,767
Nominal size	DKK 1
Number of shares	40,690,767
Negotiable papers	Yes
Restriction in voting rights	No

FINANCIAL CALENDER 2018

March 23, 2018	Annual General Meeting
March 28, 2018	Expected date for pay-out of dividend
May 18, 2018	Publication of interim financial report 3M 2018 (evening)
Aug 23, 2018	Publication of interim financial report H1 2018 (early morning)
Nov 9, 2018	Publication of interim financial report 9M 2018 (evening)

MANAGEMENT SHARES/RESTRICTED STOCK UNITS

As at 31 December 2017, the members of the company's Board of Directors held a total of 126,038 SimCorp shares and 1,177 restricted stock units were held by employee-elected members of the Board. The members of the Group's Executive Management Board held a total of 193,960 SimCorp shares and 67,930 restricted stock units.

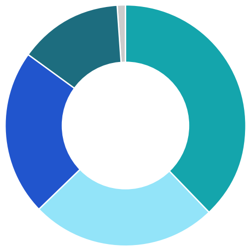
Additional information on the holdings of SimCorp shares and restricted stock units by members of the Board of Directors, the Executive Management Board, and other related parties is disclosed in note 7.4 to the financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting of SimCorp A/S will be held on:
Friday, **March 23, 2018 at 3 pm** at SimCorp's headquarters, Weidekampsgade 16, Copenhagen, Denmark.

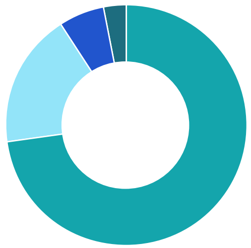
Five of the six members elected by the shareholders, who are currently serving on the Board of Directors, will stand for re-election at SimCorp's Annual General Meeting. Brief biographies of the current members of the Board of Directors are found on pages 39-41. Based on the Board of Directors' annual self-assessment and Patricia McDonald's decision not to stand for re-election, the Board intends to propose that Joan A. Binstock be elected as new member of the Board of Directors to meet the ideal competence profile for the Board.

SHAREHOLDER STRUCTURE BY GEOGRAPHY



	2017	2016
Denmark	38%	38%
North America	25%	28%
UK	22%	23%
Europe	14%	10%
Rest of the world	1%	1%

SHAREHOLDER STRUCTURE BY CATEGORY



	2017	2016
Institutional investors	73%	70%
Private investors	18%	19%
Employees and management	6%	6%
Treasury shares	3%	5%

Given that the shareholders accept the suggestion to increase the number of shareholder-elected Board members to four to eight, the Board will also propose to elect Morten Hübbe as a seventh member of the Board at an Extraordinary General Meeting on May 9, 2018. For more information on the proposed Board members, refer to page 7.

The Board of Directors intends to propose an unchanged Board member remuneration level in 2018. This will entail the following total remuneration to the Board of Directors for the financial year 2018: The remuneration comprises cash of EUR 0.5m (DKK 3.4m), representing two thirds of the total remuneration, and SimCorp shares with a market value of around EUR 0.2m (DKK 1.7m), representing one third of the remuneration, totaling EUR 0.7m (DKK 5.1m). See 'Guidelines for the 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 Board of Directors intends to recommend to the shareholders at the Annual General Meeting that the share capital be reduced by 190,767 shares of DKK 1 by cancellation of treasury shares. Following this cancellation, the nominal share capital would be DKK 40,500,000 comprising 40,500,000 shares of DKK 1. The change requires an amendment to the articles of association.

The agenda for the Annual General Meeting including proposed resolutions will be published on Tuesday, February 27, 2018, on which date the notice convening the meeting will be sent by email to all registered shareholders.

DIVIDENDS AND SHARE BUYBACK

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

The Board of Directors has considered SimCorp's cash position and liquidity forecast, and on the basis thereof, the Board of Directors intends to recommend to the shareholders at the Annual General Meeting that dividends of EUR 34.6m, equal to DKK 6.50 per share of DKK 1, be distributed for the financial year 2017. The dividends of EUR 34.6m are equivalent to 52% of profit for the year and 67% of free cash flow in 2017. In order to be eligible for dividends, shares must be registered before March 23, 2018. The ex-dividend date is March 26, 2018.

Dividends for the financial year 2017 are expected to be paid on March 28, 2018. In 2018, cash generation over and beyond what is used for dividend allocation will be used to repay the credit facility established in connection with the acquisition of A.P.L. Italiana (renamed SimCorp Italiana) and consequently, SimCorp does not anticipate initiating a new share buyback program in 2018.

INVESTOR RELATIONS

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

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

Announcements to Nasdaq Copenhagen in 2017 can be found at www.simcorp.com/en/news-and-announcements

SIMCORP PURSUES AN **OPEN DIALOGUE** WITH **INVESTORS AND ANALYSTS** ABOUT THE COMPANY'S BUSINESS AND FINANCIAL PERFORMANCE. IN ORDER TO ENSURE THAT **ALL SIMCORP'S STAKEHOLDERS** HAVE EQUAL ACCESS TO CORPORATE INFORMATION, **NEWS IS RELEASED TO NASDAQ COPENHAGEN, THE MEDIA, AND ON SIMCORP'S WEBSITE**, WHERE USERS CAN ALSO SUBSCRIBE TO SIMCORP'S NEWS SERVICE.

BOARD OF **DIRECTORS**

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.
Chairman of SimCorp A/S' Nomination Committee since 2017.
Member of the Board of Directors of Chr. Hansen A/S.

INDEPENDENCE
Executive Vice President and Head of Biopharm and Legal, Novo Nordisk A/S. Is regarded as independent.

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

ULRIK ELSTRUP HANSEN

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

PERSONAL AND EDUCATIONAL BACKGROUND
Born 1974, Danish citizen, MSc. (Economics) from University of Copenhagen.

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

RELEVANT COMPETENCES AND EXPERIENCES
Expertise within asset and wealth management as well as operational services and vendor management.

PETER SCHÜTZE

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

PERSONAL AND EDUCATIONAL BACKGROUND
Born 1948, Danish citizen, MSc (Econ.).

DIRECTORSHIPS
Vice-chairman of SimCorp A/S' Board of Directors since 2012. Member of SimCorp A/S' Nomination Committee since 2017. Chairman of the Board of Directors of DSB SOV and Falck A/S. Vice-chairman of the Board of Directors of Nordea-fonden and Nordea Bank-fonden. Member of the Board 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 investment committee of the Danish Climate Investment Fund and the Danish Agribusiness Fund.

INDEPENDENCE
Is regarded as independent.

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

BOARD OF **DIRECTORS**

VERA BERGFORTH

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

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

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

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

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 SimCorp A/S' Audit Committee since 2013. Director and Chairman of the Audit Committees of the Boards of Directors of St James's Place plc and Templeton Emerging Markets Investment Trust plc. Chairman of Aon UK Ltd. and Henderson International Income Trust plc.

INDEPENDENCE
Is regarded as independent.

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

HERVÉ COUTURIER

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

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

DIRECTORSHIPS
Member of SimCorp A/S' Nomination Committee since 2017.

INDEPENDENCE
Independent Business Angel.
Is regarded as independent.

RELEVANT COMPETENCES AND EXPERIENCES
International experience in software development for the financial sector as well as general management skills.

BOARD OF **DIRECTORS**

ELSE BRAATHEN

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

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

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

RELEVANT COMPETENCES AND EXPERIENCES
14 years in risk management in leading financial institutions. 11 years in SimCorp's Product Management shaping the risk solutions of SimCorp Dimension.

PATRICIA 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 Board and Audit Committee of TD Bank (Europe), TD Securities Ltd and TD Global Finance.
Board Director and Chair of the Risk Committee of the Davy Group and of Civilised Bank.

INDEPENDENCE
Is regarded as independent.

RELEVANT COMPETENCES AND EXPERIENCES
Significant board level experience within the financial services industry covering risk, strategy, corporate governance, major program management and consulting services.

ADAM WARBY

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

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

DIRECTORSHIPS
Member of SimCorp A/S' Board of Directors since 2017. Board member of Junior Achievement Europe.

INDEPENDENCE
CEO of Avanade Inc.
Is regarded as independent.

RELEVANT COMPETENCES AND EXPERIENCES
30+ years of international experience in Enterprise Sales, Consulting and Global Services from a career spanning IBM, Microsoft and Avanade.

GROUP MANAGEMENT **COMMITTEE**

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 and Lessor Group.

GEORG HETRODT

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

MICHAEL ROSENVOLD

Born 1967.
Chief Financial Officer.
Present position held since 2017.
Member of SimCorp A/S' Executive Management Board.
Vice-Chairman of the Board of Directors of Nyscan Holding A/S, Nyscan A/S, and Nyscan Biler A/S.
Member of the Board of Directors of Tabellae A/S.

GROUP MANAGEMENT **COMMITTEE**

ELISE HAUGE

Born 1967.
Chief Human Resources Officer, Group Human Resources.
Present position held since 2014.

JAMES CORRIGAN

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

JOCHEN MÜLLER

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

GROUP MANAGEMENT **COMMITTEE**

MARC SCHRÖTER

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

HENRIK SCHLÆGEL

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

JENS OLIVARIUS

Born 1969.
Chief Marketing Officer, Group Marketing & Communications.
Present position held since 2014.

FINANCIAL **TARGETS** 2018

FINANCIAL TARGETS 2018

Guidance (in local currencies)	Guidance 2018	Realized 2017
Revenue	10%-15%	12.5%
EBIT margin	24.5%-27.5%	26.0%

SimCorp expects revenue growth in local currencies between 10% and 15% in 2018, with an EBIT margin measured in local currencies between 24.5% and 27.5%. SimCorp's long-term target is to generate double-digit annual revenue growth, and to gradually expand margins year on year.

MARKET DEVELOPMENTS

The total number and size of deals available in 2018 is difficult to predict. However, based on the company's strong market performance over the last years, and considering the commercial breakthrough of its fully integrated front office offering in 2017, SimCorp expects to continue to gain market share in 2018.

On a macroeconomic level, SimCorp regards the underlying trends for 2018 as positive despite instability on the global equity markets, oil price uncertainty, and political turmoil.

In the financial industry, reports show that investment managers are allocating a growing part of their IT budgets to modernization of the operating model and legacy system replacement in order to stay competitive. This assumption is backed by analysts predicting the spend in the global investment management system (IMS) market to grow by 3.8% annually over the period 2016-2021, with the North American market growing at a slightly higher rate and representing more than 60% of the IMS spend in SimCorp's markets.[1] SimCorp also expects to continue to benefit from the full ownership of SimCorp Coric through cross-selling between SimCorp Dimension and SimCorp Coric.

Furthermore, the most important focus areas on the investment management industry agenda in 2018 are addressed by SimCorp's offering, including:

- Cost savings and cost-efficient in-house operations
- Compliance with new legislation and regulation in a cost-effective manner
- Establishing scalable platforms to support growth
- The ability to offer improved service to clients
- Risk management, transparency demands, and increased regulatory reporting requirements.

[1]Financial Markets Technology Spending through 2021, Ovum, December 2016.

REVENUE AND PROFIT OUTLOOK FOR 2018

Based on the current business environment, the current pipeline, and SimCorp's market position, the expectations for 2018 are to grow revenue in local currencies between 10% and 15%, of which 3% is related to the acquisition of SimCorp Italiana, and to generate an EBIT margin measured in local currencies between 24.5% and 27.5%.

Based on the exchange rates prevailing per end of January 2018, SimCorp estimates reported revenue to be negatively impacted from currency fluctuations by around 3%. The impact from currency fluctuations on reported EBIT margin is expected to be negative by around 0.5%-points.

For 2018, SimCorp expects a group effective tax rate between 23% and 25%.

In 2016, SimCorp changed its licensing model from a perpetual license model to a subscription-based model to support further growth, particularly in North America. This change applies to new SimCorp Dimension licenses only, as existing clients already have acquired

EXCHANGE RATE

Main currencies EUR per 100	Exchange rate January 31, 2018	Average rates 2017	Average rates 2016
USD	80.28	88.65	90.51
CAD	65.40	68.11	68.70
AUD	65.12	67.31	67.51
SGD	61.39	63.30	65.48
GBP	113.75	114.14	123.18
CHF	85.98	89.58	91.77
NOK	10.46	10.69	10.79
SEK	10.24	10.39	10.56

the right to use SimCorp Dimension under the perpetual license model. Some existing clients, however, might choose to move from a perpetual model to a subscription-based model, just as some new clients may want to enter a perpetual license model agreement.

Further, by January 1, 2017, SimCorp early adopted the new accounting standard IFRS 15. According to IFRS 15, license revenue from a subscription-based contract will be recognized in the year of sale, provided that no functionality gaps or unmet acceptance criteria exist. Revenue recognition according to IFRS 15 is similar to the revenue recognition for perpetual licenses, whereas the subscription-based license fees will be discounted to net present value. The cash flow from a subscription-based contract will, however, be recognized over the contract period. For subscription-based contracts, this results in some income recognition before cash-in-hand, leading to an increase in contract asset on the balance sheet.

Offering clients to operate SimCorp Dimension on their behalf is in some instances becoming a prerequisite for signing new deals, particularly in North America. Consequently, SimCorp has since 2016 made it a strategic priority to be able meet this demand. The ASP offering entails costs to third-party global IT-infrastructure providers, which SimCorp will be passing through to clients at very marginal profits.

Offering SimCorp Dimension as a service (ASP) will have a dilutive impact on EBIT margins as a result of the pass-through of hosting costs and revenues. In 2018, the offering is expected to impact revenue growth positively by around 0.7%-points and to have a negative impact on the EBIT margin of 0.4%-points included in the guidance.

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

Clients who already had business relations with SimCorp on January 1, 2018 are expected to account for around 85% of total revenue in 2018.

LONG-TERM EXPECTATIONS

SimCorp's long-term target is to generate double-digit annual revenue growth and to gradually expand margins year on year, excluding any dilutive impact from change of revenue mix. SimCorp's long-term expectations are based on the assumption that the level of new deals in the market will be between 40 and 50 per annum and that SimCorp is able to continuously increase its license sales.

“After an extensive vendor selection process, SimCorp Dimension proved to be the most comprehensive solution to meet our requirements for integration, automation and transparency, all on a single platform. Leveraging the integrated IBOR, the Bank of Thailand will use the system to manage its end-to-end business processes across all asset classes, which will allow us to consolidate our system landscape and improve our investment management capabilities.

DR AMPORN SANGMANEE
Head of Reserve Management Department, Bank of Thailand

Bank of Thailand, Thailand’s central bank, operates in one of the most advanced emerging markets economies in the region. The Bank of Thailand’s acquisition of SimCorp Dimension is a key element in realizing its Internal Excellence Strategy, which among other aims to secure Thailand’s sustainable economic well-being.

FINANCIAL **REVIEW** 2017

SimCorp generated revenue of EUR 343.4m in 2017, an increase of 11.0% compared with restated 2016 revenue and 12.5% when measured in local currencies. The increase was driven by strong growth in professional services and additional license sales to existing clients, while new subscription-based license sales were lower. The reported EBIT margin was 25.9% and 26.0% when measured in local currencies. Excluding a negative 0.4%-points impact from the acquisition of SimCorp Italiana, the EBIT margin was 26.4%, similar to the restated EBIT margin in 2016. SimCorp views the performance in 2017 as satisfactory.

FINANCIAL EXPECTATIONS AND RESULTS 2017 IN LOCAL CURRENCIES AND IN ACCORDANCE WITH IFRS 15 (REVENUE GROWTH BASED ON RESTATED 2016 REVENUE)

	Realized 2017	Q3 2017 Nov 14, 2017	Q2 2017 Aug 24, 2017	Acquisition of A.P.L. Italiana June 29, 2017	Annual Report 2016 Feb 24, 2017
Revenue growth	12.5%	9%-14%	9%-14%	9%-14%	7%-12%
EBIT margin	26.0%	24%-26%	24%-27%	25%-28%	25%-28%

FINANCIAL EXPECTATIONS AND RESULTS 2017

As SimCorp decided to early adopt IFRS 15 from January 1, 2017, this has an impact on both revenue recognition and EBIT margin. Accordingly, 2017 revenue growth in local currencies is calculated based on restated 2016 revenue, and the 2017 EBIT margin is compared with the restated 2016 EBIT margin, in order to enable comparison with past performance.

The 2016 Annual Report announced 2017 revenue growth expectations measured in local currencies, and compared with restated 2016 revenue, between 7% and 12%. The EBIT margin in local currencies was expected to be between 25% and 28%.

On June 29, 2017, SimCorp announced the acquisition of A.P.L. Italiana S.p.A (renamed SimCorp Italiana) and, consequently, increased the expectations for revenue growth in local currencies by 2%-points to 9%-14%, while leaving EBIT margin expectations unchanged.

In the interim report for Q2 2017 published on August 24, 2017, the expectations for revenue growth in local currencies were maintained, while the expectations for the EBIT margin in local currencies were lowered to between 24% and 27%, due to a changed business mix skewed towards a higher revenue share from professional services.

In the quarterly report for Q3 2017 published on November 14, 2017, the expectations for revenue growth in local currencies were maintained, while the expectations for the EBIT margin in local currencies were adjusted to between 24% and 26%, reflecting a further increase in the share of revenue from professional services.

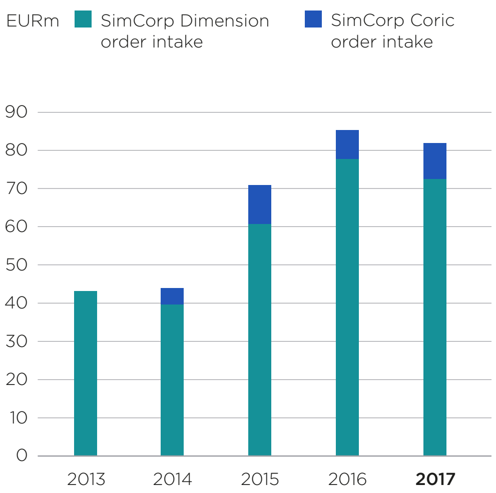
Measured in local currencies, SimCorp achieved a revenue growth for 2017 of 12.5% and an EBIT margin of 26.0%. A cost containment program initiated in the second half of 2017 contributed more positively than expected to the EBIT margin. SimCorp Italiana accounted for 1.9% of the revenue growth, with organic growth hence constituting 10.6%. SimCorp Italiana had a small negative impact on the EBIT margin of 0.4%-points, primarily due to transaction costs of EUR 0.4m. The currency rate fluctuations impacted revenue growth negatively by 1.5% and the EBIT margin negatively by 0.1%-point, leading to a reported revenue growth of 11.0% and a reported EBIT margin of 25.9%.

ORDER BOOK AND ORDER INTAKE

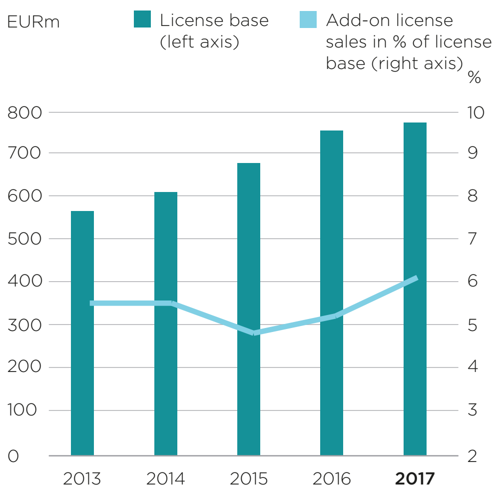
Total license order intake decreased compared with 2016 by 3.8% to EUR 81.8m in 2017, including SimCorp Dimension orders related to our Client-Driven Development program and SimCorp Coric orders. The order intake for SimCorp Dimension decreased by 7.2% to EUR 72.4m. Eight new SimCorp Dimension solutions were sold, totaling EUR 18.8m. The order intake for SimCorp Coric was EUR 9.4m. SimCorp Coric sold three new standalone solutions, one solution with SimCorp Dimension, and six solutions to existing SimCorp Dimension clients.

Total order book increased by EUR 8.8m from January 1, 2017 (EUR 16.0m restated) to EUR 24.8m at December 31, 2017, including an order book for SimCorp Dimension Client-Driven Development of EUR 3.5m and SimCorp Coric contracts of EUR 0.9m. The order book increase was due to income recognition being deferred until certain conditions are fulfilled. The split between subscription-based and perpetual SimCorp Dimension new license orders were 96%/4% in favor of subscription-based orders compared with a ratio of 40%/60% in 2016.

ORDER INTAKE 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.

Compared with 2016, the average size of new SimCorp Dimension license deals decreased from EUR 3.3m to EUR 2.4m in 2017.

The eight SimCorp Dimension orders in 2017 were distributed across SimCorp's growth and mature markets. Four new license orders were signed in the designated growth market North America, all on subscription-based terms and none of these to be delivered as ASP solutions. Two new subscription-based orders were signed in the APAC business unit, one subscription-based order was signed in the new Northern Europe business unit, and one perpetual license order was signed in the Central Europe business unit.

Of the three new SimCorp Coric standalone solutions sold in 2017; one was signed in the UK, one in the Netherlands, and one in North America. The latter was signed with a top 10 global asset manager.

Order intake of additional licenses for SimCorp Dimension increased by 30.4% in 2017. Large add-on sales deals were signed with clients in most business units, with particularly strong sales achievements in the Northern European, Southern European, Central European, North American, and APAC business units.

Measured as a percentage of the total value of the installed SimCorp Dimension license base, the conversion rate for additional licenses was 6.1% in 2017 compared with 5.2% in 2016. In 2017, the increase in adoption of SimCorp's Front Office Suite by existing clients continued. This was the case for clients previously using the former SimCorp Dimension front office solution as well as for clients previously using a non-SimCorp solution for front office operations.

In 2017, the subscription license renewal rate for SimCorp Coric clients subsequent to the initial subscription period was 100%. SimCorp also saw existing clients expanding their use of the SimCorp Coric platform, both in terms of functionality and in number of users.

Four clients cancelled SimCorp Dimension contracts in 2017 and a small perpetual Coric license was terminated. The annual maintenance fee for these clients amounted to EUR 1.0m, equivalent to 0.3%-points of 2017 revenue.

INCOME STATEMENT 2017

REVENUE

SimCorp derives revenue from three primary sources: license fees, fees from professional services, and maintenance income. License fees comprise sales to new clients and additional sales to existing clients.

SimCorp generated total revenue of EUR 343.4m in 2017 compared with EUR 309.2m in restated 2016 revenue, equal to an increase of 11.0%. The growth was driven by a significant increase in sales of professional services and additional licenses to existing clients, while sales of new subscription-based licenses were lower than restated 2016 figures. Exchange rate fluctuations for the year had a negative impact on revenue of EUR 4.6m, equal to 1.5%. In local currencies, revenue thus increased by 12.5%. The acquired company, SimCorp Italiana, accounted for 1.9% of the revenue growth.

Total license fee recognized from subscription-based licenses, new perpetual licenses, and add-on licenses was EUR 74.1m, a decrease of EUR 4.9m, or 6.2% compared with restated 2016 figures. Currency fluctuations impacted total license fee negatively by EUR 1.5m. In total, the reported total license fee revenue accounted for 21.6% of the Group's total revenue compared with 25.5% in restated 2016 figures.

License fee from new sales was EUR 21.1m compared with EUR 39.6m in restated 2016 figures. Currency fluctuations impacted revenue negatively by EUR 0.5m. The decrease in license fee from new sales was caused by a combination of fewer and smaller new sales than in 2016. Based on the existing pipeline, license fee from new sales are expected to increase in 2018.

License fee from additional sales to existing clients increased by 34.7% from EUR 39.4m in restated 2016 figures to EUR 53.0m. Currency fluctuations impacted additional sales revenue

INCOME STATEMENT 2017

EUR '000	2017	Restated 2016[1]	As reported 2016
Revenue	343,405	309,248	295,930
Cost of sales	132,528	111,773	111,773
Gross profit	**210,877**	**197,475**	**184,157**
Other operating income	211	324	324
Research and development costs	64,797	59,270	59,270
Sales and marketing costs	37,198	37,546	37,546
Administrative expenses	20,199	19,442	19,442
Operating profit (EBIT)	**88,894**	**81,541**	**68,223**

[1] Revenue measured in accordance with IFRS 15 for illustrative purposes.

DISTRIBUTION OF REVENUE 2017

EURm	Revenue 2017	Share of revenue 2017	Restated revenue 2016[1]	Share of revenue restated 2016[1]	Growth relative to restated 2016[1]	Growth local currency relative to restated 2016[1]
Licenses - new sales	21.1	6.1%	39.6	12.8%	-46.7%	-45.5%
Licenses - additional sales	53.0	15.5%	39.4	12.8%	34.7%	37.3%
Professional services	122.7	35.7%	94.3	30.5%	30.1%	31.6%
Maintenance	138.6	40.4%	129.3	41.8%	7.1%	8.4%
ASP hosting and training fees	8.0	2.3%	6.6	2.1%	20.7%	22.3%
Total revenue	**343.4**	**100.0%**	**309.2**	**100.0%**	**11.0%**	**12.5%**

[1] Revenue measured in accordance with IFRS 15 for illustrative purposes.

negatively by EUR 1.0m. The license fee from additional sales to existing clients in 2017 is the highest level achieved in the company's history. This achievement goes well in hand with a record high client satisfaction index score (Net Promotor Score) and a record low number of client-reported errors in 2017.

The accumulated value of the installed license base for SimCorp Dimension clients who have an installed license base above EUR 2m accounted for 91% of the value of the total installed license base compared to 92% in 2016. The decrease is partly due to exchange rates and partly due to conversions from perpetual to subscription-based licenses. The license base is the contract value of all software licenses sold.

Maintenance income increased by 7.1% from EUR 129.3m last year to EUR 138.6m with the completion and implementation of new client installations and new functionality to existing clients. The increase in local currency was 8.4%. Maintenance income accounted for 40.4% of total revenue compared with 41.8% in restated 2016 figures. License agreements signed in 2017 will increase annual maintenance income by around EUR 14m once fully implemented, while cancelled contracts in 2017 and conversions from perpetual to subscription-based licenses will decrease annual maintenance income by around EUR 3.5m.

Fees from professional services increased by 30.1% from EUR 94.3m last year to EUR 122.7m due to a strong demand for implementation assistance related to new installations for contracts signed the last two years and new functionality sold to existing clients, as well as solid sales of operational services to existing clients. Currency rate fluctuations impacted revenue growth from professional services negatively by EUR 1.4m. Fees from professional services accounted for 35.7% of total revenue in 2017 compared with 30.5% in 2016 based on restated figures.

ASP hosting fees and training fees amounted to EUR 8.0m compared with EUR 6.6m in 2016.

The ten largest clients generated around 22% (2016: 25%) of SimCorp's total revenue, which is a decrease of 3%-points from last year's level. The largest client accounted for 3.4% (2016: 3.5%) of the revenue in 2017.

SimCorp entered 2018 with signed revenue for the full year of EUR 215.8m – an increase of EUR 8.5m compared with the beginning of 2017.

In 2017, SimCorp achieved a top-line growth of 25% in the designated growth market North America. SimCorp APAC achieved a top-line growth of 69%, while some of the mature markets also achieved relatively high growth rates, taking SimCorp's already strong position in these markets into consideration, while only the UK & Middle East business unit's top-line declined (for more details, see the Business Unit Review 2017, pp 60-61).

COSTS

SimCorp's total operating expenses (including amortization and depreciation) increased by 11.7% from EUR 228.0m in 2016 to EUR 254.7m. SimCorp Italiana accounted for EUR 5.7m or 2.5%-points of the increase, and hence 2017 showed a cost increase of 9.2% without the acquisition. Total costs were positively impacted by currency rate fluctuations, reducing costs by EUR 3.2m.

The cost increase was partly related to building capacity for business growth, which has led to an increase of 11.5% in the average number of full-time employees from 1,275 to 1,421, an increase of 146 compared with 2016. The number of employees were 1,547 at the end of 2017, including 119 employees from the SimCorp Italiana acquisition. Additionally, the cost increase can be attributed to a general annual salary increase of around 2%. The ratio of operating expenses to revenue was 74.2% compared with 73.7% in restated 2016 figures. 69% of SimCorp's total costs were directly related to employees compared with 72% in 2016. The relative decrease was primarily due to an increased use of external consultants delivering professional services in 2017.

Cost of sales increased by 18.6% to EUR 132.5m. Salary costs for implementation consultants are included in this category and account for a significant part of the cost of sales. The increase was mainly related to the employment of a higher number of professional services implementation consultants in North America and an increase in costs related to external implementation consultants due to a significantly higher business activity level in 2017. Cost of sales represents 38.6% of revenue compared with 36.1% in restated 2016 figures.

Research and development costs increased by 9.3% from EUR 59.3m in 2016 to EUR 64.8m and thereby at a lower rate than revenue growth. Consequently, research and development costs decreased to 18.9% of revenue compared with 19.2% in restated 2016 figures.

Sales and marketing costs decreased by 0.9% to EUR 37.2m in 2017, the decrease mainly being related to lower sales commission due to lower new order intake. Sales and marketing costs represent 10.8% of revenue compared with 12.1% in restated 2016 figures.

Administrative expenses increased by 3.9% to EUR 20.2m and thereby also at a lower rate than the revenue growth. Consequently, administrative expenses decreased to 5.9% of revenue compared with 6.3% in restated 2016 figures. In 2017, operating expenses included one-time transaction costs of EUR 0.4m related to the acquisition of SimCorp Italiana.

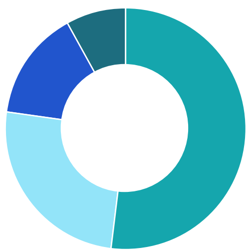
GROUP PERFORMANCE

SimCorp generated an EBIT of EUR 88.9m compared with EUR 81.5m in restated 2016 figures, an increase of EUR 7.4m. This increase was mainly due to strong additional license sales and robust professional services revenue. Exchange rate fluctuations of EUR 1.4m for the year had a negative net impact of 0.1%-point on the EBIT margin.

Foreign exchange adjustments generated financial income of EUR 3.4m. Financial expenses, primarily relating to foreign exchange adjustments, amounted to EUR 4.7m. This resulted in a net financial expense of EUR 1.2m compared with a net financial expense of EUR 0.6m in 2016.

Profit before tax was EUR 87.7m against EUR 80.9m in restated 2016 figures. The tax charges for 2017 amounted to EUR 21.2m against EUR 19.9m in restated 2016 figures and EUR 16.6m in reported 2016 figures. The effective tax rate was 24.2% compared with 24.6% in restated 2016 figures and 24.6% in reported 2016 figures.

COST STRUCTURE 2017



	2017	2016
Cost of sales	52.0%	49.0%
Research and development costs	25.4%	26.0%
Sales and marketing costs	14.6%	16.5%
Administrative expenses	8.0%	8.5%

OPERATING COSTS 2017

EURm	Costs 2017	Share of costs 2017	Share of revenue 2017	Costs 2016	Share of costs 2016	Share of restated revenue 2016[1]	Growth relative to 2016	Growth local currency relative to 2016
Cost of sales	132.5	52.0%	38.6%	111.8	49.0%	36.1%	18.6%	20.3%
Research and development costs	64.8	25.4%	18.9%	59.3	26.0%	19.2%	9.3%	10.3%
Sales and marketing costs	37.2	14.6%	10.8%	37.5	16.5%	12.1%	-0.9%	0.7%
Administrative expenses	20.2	8.0%	5.9%	19.4	8.5%	6.3%	3.9%	4.6%
Total operating costs	254.7	100.0%	74.2%	228.0	100.0%	73.7%	11.7%	13.1%

[1] Revenue measured in accordance with IFRS 15 for illustrative purposes.

The Group profit after tax was EUR 66.5m compared with EUR 61.0m in restated 2016 figures and EUR 51.0m in reported 2016 figures. After foreign currency translation differences and other items of EUR 2.7m, the total comprehensive income amounted to EUR 63.8m against EUR 59.3m in restated 2016 figures and EUR 49.3m in reported figures.

BALANCE SHEET

SimCorp had total assets of EUR 230.6m at December 31, 2017 compared with EUR 146.9m at December 31, 2016. The increase is reflecting an impact of EUR 47.0m related to the acquisition of SimCorp Italiana and the new category 'contract assets' of EUR 49.9m that is a result of adopting IFRS 15. Excluding the effect of these two items, total assets decreased by EUR 13.2m.

Cash holdings amounted to EUR 31.4m, of which EUR 8.3m relates to the opening balance of SimCorp Italiana, compared with EUR 31.6m at December 31, 2016. Bank loans related to the financing of the SimCorp Italiana acquisition was EUR 30m. Consequently, the net cash position was EUR 1.4m compared with a net cash position of EUR 31.6m at the end of 2016.

Total receivables amounted to EUR 86.1m at December 31, 2017, representing an increase of EUR 6.0m compared with December 31, 2016, of which SimCorp Italiana accounted for EUR 1.4m. The remaining increase of EUR 4.6m is related to strong sales at the end of 2017. SimCorp has not made provisions for bad debts since 2008 as no losses have incurred.

The Group's total non-current assets were EUR 29.0m higher compared with 2016, primarily due to the acquisition of SimCorp Italiana, and amounted to EUR 55.8m at December 31, 2017. Intangible assets related to SimCorp Italiana client contracts and software were EUR 9.3m and goodwill EUR 24.2m at the end of 2017.

Goodwill was EUR 28.0m at December 31, 2017 compared with EUR 4.0m at the end of 2016, and SimCorp Italiana accounted for the increase in goodwill. No impairment to goodwill was made in 2017.

The carrying amount of acquired software increased by EUR 4.3m to EUR 7.8m, of which SimCorp Italiana accounted for EUR 3.4m. The value of client contracts was EUR 8.5m at the end of 2017, which was an increase of EUR 5.2m from last year, of which SimCorp Italiana accounted for EUR 5.9m.

Property, plant, and equipment amounted to EUR 5.5m against EUR 4.8m in 2016. Deferred tax assets decreased by EUR 5.4m to EUR 3.1m.

CHANGES IN EQUITY

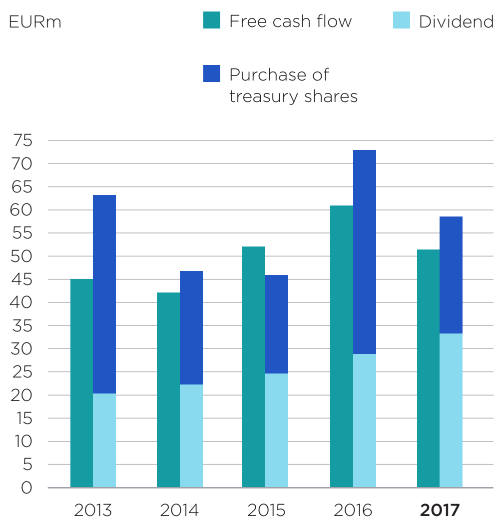
The Group's equity increased during the year from EUR 72.6m to EUR 116.6m. The implementation of IFRS 15 increased equity by EUR 20.7m at January 1, 2017, which comprised income of EUR 27.6m and tax of EUR 6.9m. Comprehensive income amounted to EUR 63.8m against EUR 49.3m last year. The net effect from share-based payments related to restricted stock units was EUR 7.9m, compared with EUR 6.3m in 2016. Dividend payments of EUR 33.2m against EUR 28.5m last year and purchases of treasury shares of EUR 25.1m against EUR 44.4m in 2016 reduced equity by EUR 58.3m in 2017 compared with EUR 72.9m in 2016. Equity was increased by EUR 10.0m due to the issuance of 190,767 new shares relating to the acquisition of SimCorp Italiana.

CASH FLOW STATEMENT

Operating activities generated a net cash inflow of EUR 55.5m against EUR 65.4m last year.

There was a net cash outflow of EUR 26.9m from investing activities, including net payment of consideration for SimCorp Italiana of EUR 19.9m and the deferred payment of EUR 2.9m related to the acquisition of SimCorp Coric in 2014, compared with EUR 4.3m in 2016.

FREE CASH FLOW/ CASH FLOW TO SHAREHOLDERS



Free cash flow (cash flow from operations reduced by CAPEX) was EUR 51.3m compared with EUR 60.8m in 2016. The lower free cash flow was related primarily to the change from perpetual license terms to subscription-based terms, increased current assets related to the growth in professional services, and higher payment of income taxes.

Financial activities in 2017 included borrowings of EUR 30.0m relating to the acquisition of SimCorp Italiana, while payment of dividend and purchase of treasury shares reduced liquidity by EUR 58.3m, compared with EUR 72.9m in 2016.

SimCorp purchased 472,829 treasury shares with a nominal value of DKK 1 in 2017 at an average price of DKK 394.57 per share. SimCorp delivered 223,761 treasury shares with a nominal value of DKK 1 on the vesting of restricted stock units and 1,000,000 treasury shares were cancelled. Furthermore, 4,120 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 2017.

At December 31, 2017, SimCorp held 1,286,437 treasury shares with a nominal value of DKK 1 each (3.2% of the total share capital) at a cost of EUR 63.3m and a market value of EUR 61.0m. At December 31, 2016, SimCorp held

2,037,369 treasury shares with a nominal value of DKK 1 each (4.9% of the total share capital) at a cost of EUR 77.7m and a market value of EUR 94.3m.

THE PARENT COMPANY SIMCORP A/S
In 2017, the parent company generated revenue of EUR 174.5m, an increase of EUR 23.4m compared with 2016. The parent company received dividends totaling EUR 11.6m from subsidiaries in 2017 compared with EUR 8.3m in 2016.

Profit before tax for the year was EUR 76.0m against EUR 61.5m in 2016. Income tax amounted to EUR 15.5m compared with EUR 12.3m in 2016.

Profit after tax for the year was EUR 60.4m against EUR 49.2m in 2016.

Equity increased from EUR 76.0m to EUR 103.6m, of which EUR 7.8m was due to adjustment of equity at January 1, 2017 related to IFRS 15.

PROFIT ALLOCATION
The Board of Directors intends to recommend to shareholders at the Annual General Meeting 2018 that, of the total recognized comprehensive income of EUR 60.3m, dividends of EUR 34.6m be declared, representing DKK 6.50 per share of DKK 1, and that EUR 25.7m be transferred to retained earnings.

FINANCIAL HIGHLIGHTS Q4
Q4 2017 was a strong quarter with high activity levels in professional services, record-high sales of additional licenses to existing clients, four new SimCorp Dimension deals, and one new SimCorp Coric deal. The new license sales comprised three subscription-based SimCorp Dimension orders; two in North America and one in APAC, one perpetual SimCorp Dimension license order in Central Europe, and a SimCorp Coric deal in North America.

ORDER BOOK
In Q4 2017, the total order intake was EUR 49.3m, an increase of EUR 2.3m compared with Q4 2016. This gives a total order book of EUR 24.8m at December 31, 2017.

REVENUE
Q4 2017 revenue was EUR 114.2m, a quarterly increase of 12.4% measured in EUR and 15.8% measured in local currencies compared with restated 2016 revenue. SimCorp Italiana accounted for EUR 3.8m or 3.7%-points of the increase.

Total license fee in Q4 2017 was EUR 39.9m, an increase of EUR 0.3m, or 0.7% compared with restated Q4 2016 figures. Currency fluctuations impacted total license fee negatively

DISTRIBUTION OF REVENUE Q4 2017

EURm	Revenue Q4 2017	Share of revenue Q4 2017	Restated revenue Q4 2016	Share of revenue restated Q4 2016	Growth relative to restated Q4 2016	Growth local currency relative to restated Q4 2016
Licenses - new sales	8.2	7.2%	19.4	19.1%	-57.7%	-55.3%
Licenses - additional sales	31.7	27.8%	20.2	19.9%	56.6%	61.1%
Professional services	37.0	32.4%	27.5	27.0%	34.8%	39.0%
Maintenance	35.4	31.0%	32.5	32.0%	8.7%	11,6%
ASP hosting and training fees	1.9	1.6%	2.0	2.0%	-3.1%	-0.9%
Total revenue	**114.2**	**100.0%**	**101.6**	**100.0%**	**12.4%**	**15.8%**

INCOME STATEMENT Q4 2017

EUR '000	2017 Q4	Restated Q4 2016	As reported Q4 2016
Revenue	114,183	101,602	93,659
Cost of sales	35,732	30,448	30,448
Gross profit	**78,451**	**71,154**	**63,211**
Other operating income	102	51	51
Research and development costs	17,681	16,113	16,113
Sales and marketing costs	9,821	10,917	10,917
Administrative expenses	5,184	5,885	5,885
Operating profit (EBIT)	**45,867**	**38,290**	**30,347**

by EUR 1.4m. License fee from additional sales to existing clients increased by 56.6% in Q4 2017 to EUR 31.7m, while license fee from new sales decreased by 57.7% to EUR 8.2m in Q4 2017 compared with restated 2016 figures.

Maintenance income increased by 8.7% in Q4 2017 to EUR 35.4m. The increase in local currencies was 11.6%.

Fees from professional services increased by 34.8% in Q4 2017 to EUR 37.0m. The increase in local currencies was 39.0%.

COSTS

Total costs in Q4 2017 (including depreciation and amortization) were EUR 68.4m, an increase of EUR 5.1m or 8.0% compared with the same period last year. SimCorp Italiana accounted for EUR 3.4m or 5.3%-points of the increase in costs. Total costs were reduced by approximately EUR 1.3m from the effect of currency fluctuations. The average number of full-time employees increased by 183 compared with same period last year. The increase in full-time staff included 119 employees from the SimCorp Italiana acquisition.

Cost of sales increased by EUR 5.3m or 17.4%. SimCorp Italiana accounted for 5.5%-points of the increase. The increase was driven by higher number of professional services implementation consultants and use of more external implementation consultants due to a significantly higher business activity than in Q4 2016.

Research and development costs increased by 9.7% compared with Q4 2016. SimCorp Italiana accounted for 8.7%-points of the increase.

Sales and marketing costs decreased by 10.0%, mainly related to lower sales commissions linked to the lower new order inflow in Q4 2017.

EBIT AND EBIT MARGIN

EBIT was EUR 45.9m compared with EUR 38.3m in restated figures for Q4 2016, an increase of EUR 7.6m. The EBIT margin increased to 40.2% compared with 37.7% in restated figures for the same period last year.

RESULT FOR THE PERIOD BEFORE TAX

The result before tax was EUR 45.6m against EUR 37.8m in restated figures and EUR 29.8m in reported figures for Q4 2016.

PROFIT FOR THE PERIOD

The Group profit after tax for Q4 2017 was EUR 35.4m against EUR 28.3m in restated figures and EUR 22.4m in reported figures for Q4 2016.

Fee pressures, regulatory demands, and increasing client sophistication are all putting demands on firms to deliver value in a more timely, efficient, and cost-effective way. In this environment, consolidating the number of systems across the investment lifecycle can make it easier for a firm to achieve a competitive advantage.

JAMES BRIDGERS
CEO, Cutter Associates, LLC

Cutter Associates provides industry research and consultancy services for the global investment management industry. The practices apply a holistic approach that incorporates people, processes, strategy, and technology to deliver knowledge, understanding, and solutions to clients, ensuring they have the tools needed to meet specific business needs and respond to market demands.

1 / 3 GROUP QUARTERLY DATA 2016 AND 2017 (UNAUDITED)

	2017				2016			
EUR ’000	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
EUR/DKK rate of exchange at end of quarter	7.4379	7.4366	7.4423	7.4449	7.4512	7.4393	7.4513	7.4344
REVENUE AS PER IFRS 15	**As reported**				**Adjusted to IFRS 15 for illustrative purposes only**			
Licenses - new sales	5,780	668	6,442	8,204	4,172	1,340	14,687	19,406
Licenses - additional sales	3,506	10,019	7,820	31,719	3,089	10,477	5,592	20,250
Professional services	27,860	28,136	29,721	37,008	21,288	24,731	20,834	27,458
Maintenance	34,371	34,174	34,654	35,359	31,344	31,965	33,484	32,534
ASP hosting and training fees	1,606	2,054	2,411	1,893	1,394	1,456	1,792	1,955
Total revenue	73,123	75,051	81,048	114,183	61,287	69,969	76,389	101,603
OTHER PROFIT ITEMS	**As reported**				**As reported**			
Cost of sales	31,709	32,724	32,363	35,732	26,676	27,084	27,565	30,448
Gross profit	41,414	42,327	48,685	78,451	32,932	41,454	46,560	63,211
Other operating income	41	40	28	102	84	52	137	51
Research and development costs	16,242	15,616	15,258	17,681	14,296	14,771	14,090	16,113
Sales and marketing costs	9,315	8,774	9,288	9,821	8,274	8,654	9,701	10,917
Administrative expenses	5,693	4,788	4,534	5,184	4,580	4,429	4,548	5,885
Operating profit (EBIT)	10,205	13,189	19,633	45,867	5,866	13,652	18,358	30,347
Financial items, net	-202	-671	-35	-296	51	-4	-157	-520
Profit before tax	10,003	12,518	19,598	45,571	5,917	13,648	18,201	29,827
Tax	2,459	3,153	5,437	10,144	1,404	3,560	4,205	7,432
Profit for the period	7,544	9,365	14,161	35,427	4,513	10,088	13,996	22,395
Earnings before interest, tax, depreciation, and amortization (EBITDA)	11,068	14,048	20,666	47,069	6,679	14,481	19,261	31,162

2/3 GROUP QUARTERLY DATA 2016 AND 2017 (UNAUDITED)

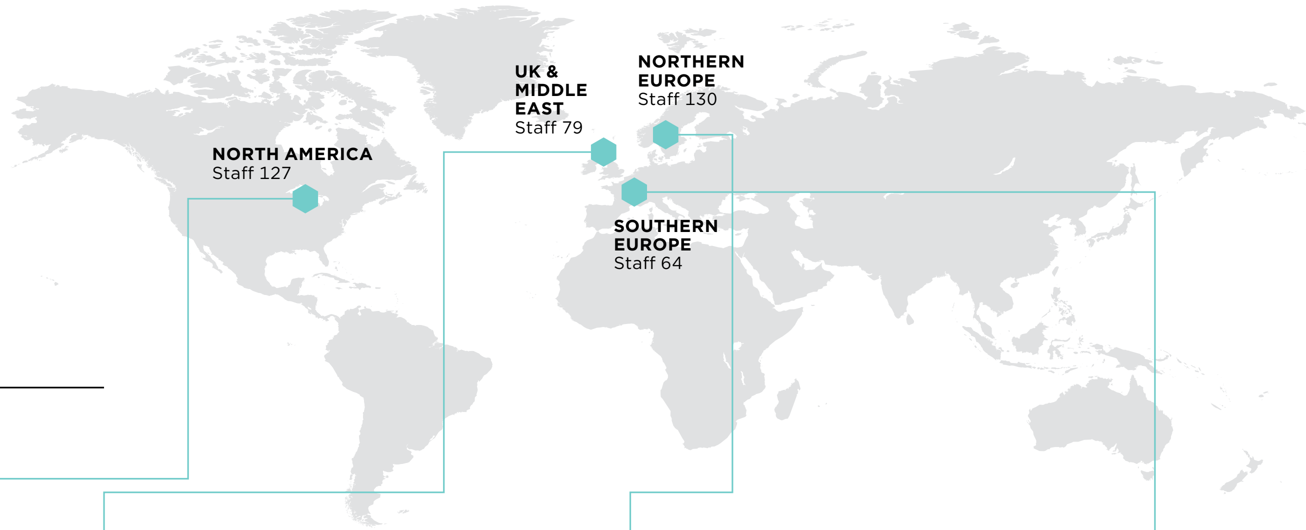
	2017				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
BALANCE SHEET, EUR '000	As reported				As reported			
Share capital	5,575	5,441	5,467	5,467	5,575	5,575	5,575	5,575
Equity	66,857	65,874	85,903	116,581	91,098	62,185	62,174	72,571
Property, plant, and equipment	6,095	5,562	5,778	5,528	4,597	4,486	4,558	4,779
Cash and cash equivalents	53,828	8,194	21,764	31,412	60,125	29,912	35,779	31,590
Total assets	189,472	142,198	198,735	230,616	160,409	126,085	135,585	146,928
CASH FLOWS, EUR '000								
Cash flow from operating activities	25,552	73	14,186	15,721	21,542	10,765	23,141	9,970
Cash flow from investing activities, net	5,977	20	-28,830	-4,097	-265	-864	-2,199	-981
Cash flow from financing activities	-4,082	-43,782	25,028	-4,094	-4,347	-40,140	-15,079	-13,290
Free cash flow	22,526	11	13,596	14,566	21,168	9,695	20,978	8,960
Net change in cash and cash equivalents	15,493	-43,689	10,384	18,120	16,930	-30,239	5,863	-4,301
EMPLOYEES								
Average number of employees	1,343	1,342	1,444	1,501	1,242	1,260	1,283	1,318
FINANCIAL RATIOS								
EBIT margin (%)	14.0	17.6	24.2	40.2	9.8	19.9	24.8	32.4
ROIC (return on invested capital) (%)	52.5	62.4	75.7	158.3	37.3	97.2	139.0	224.4
Debtor turnover rate	7.2	8.8	9.1	10.1	7.2	8.0	10.3	9.9
Equity ratio (%)	35.3	46.3	43.2	50.4	56.8	49.3	45.9	49.4
Return on equity (%)	46.8	58.2	74.6	138.9	20.0	52.7	90.0	133.0
SHARE PERFORMANCE								
Earnings per share - EPS (EUR)	0.19	0.24	0.36	0.89	0.11	0.25	0.35	0.57
Diluted earnings per share - EPS-D (EUR)	0.19	0.23	0.36	0.88	0.11	0.25	0.35	0.56
Operating cash flow per share - CFPS (EUR)	0.65	0.00	0.36	0.40	0.54	0.27	0.58	0.25
NUMBER OF SHARES								
Average number of shares (m)	39.6	39.5	39.3	39.3	40.2	40.2	39.9	39.5
Average number of diluted shares (m)	40.1	40.0	39.8	39.7	40.7	40.8	40.4	40.1

3/3 GROUP QUARTERLY DATA 2016 AND 2017 (UNAUDITED)

	2017				2016			
EUR '000	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
SEGMENT REVENUE	As reported				As reported			
Northern Europe	22,835	28,003	28,093	34,622	21,189	24,071	21,149	29,573
Central Europe	18,033	18,406	19,868	28,113	17,164	17,719	16,780	22,868
UK and Middle East	9,986	9,001	7,510	8,581	5,714	9,533	9,528	10,574
Southern Europe	7,989	6,231	8,013	16,324	4,998	5,564	5,812	19,031
Asia and Australia	4,879	4,876	6,221	16,690	4,187	4,347	6,735	5,147
North America	16,422	15,987	15,739	18,038	9,869	10,880	18,130	13,658
Dimension	26,322	28,613	30,473	58,897	24,003	25,105	35,676	48,000
SimCorp Coric	2,208	3,297	2,570	4,021	2,647	2,701	2,908	2,720
SimCorp Sofia	-	-	2,126	4,004	-	-	-	-
Segments total	108,674	114,414	120,613	189,290	89,771	99,920	116,718	151,571
Corporate functions	686	1,077	1,138	856	341	444	580	689
Elimination/not allocated	-36,237	-40,440	-40,703	-75,963	-30,504	-31,826	-43,173	-58,601
Group total revenue	**73,123**	**75,051**	**81,048**	**114,183**	**59,608**	**68,538**	**74,125**	**93,659**
SEGMENT OPERATING PROFIT (EBIT)								
Northern Europe	2,634	3,485	2,589	2,183	2,405	2,863	1,048	793
Central Europe	589	1,375	2,070	1,167	404	1,572	1,407	1,506
UK and Middle East	1,059	-1,568	1,524	-1,215	-379	2,434	39	-803
Southern Europe	1,169	-891	77	-914	31	435	235	1,884
Asia and Australia	265	128	604	29	121	666	401	119
North America	1,960	224	-327	2,543	-1,930	873	-667	342
Dimension	7,581	11,052	13,861	41,321	7,310	8,022	20,566	29,886
SimCorp Coric	-872	1,446	2,430	1,449	36	42	91	460
SimCorp Sofia	-	-	25	484	-	-	-	-
Segments total	14,385	15,251	22,853	47,047	7,998	16,907	23,120	34,187
Corporate functions	-4,180	-2,062	-3,220	-1,180	-2,132	-3,255	-4,762	-3,840
Group total operating profit (EBIT)	**10,205**	**13,189**	**19,633**	**45,867**	**5,866**	**13,652**	**18,358**	**30,347**

2016 is as reported and not restated to IFRS 15 and therefore not comparable with 2017. Figures for Northern Europe and Southern Europe have been restated to reflect the new structure. For additional information on the new structure refer to page 60.

1/2 BUSINESS UNIT REVIEW



NORTH AMERICA

North America delivered a solid performance in 2017 with total revenue growing 25%, driven by strong growth within professional services. Four new clients were signed – all on subscription-based license terms – bringing the total number of clients up to 28, corresponding to an estimated market share of 5% in North America. The new client wins and the order intake from additional licenses increased the value of the total installed license base by USD 23m, reaching USD 126m at the end of 2017.

UK & MIDDLE EAST

UK & Middle East performed below expectations with a total revenue decline of 12% in 2017. No new SimCorp Dimension clients were signed in the business unit in 2017. The disappointing license sale was partly offset by a robust performance in professional services. SimCorp has 19 SimCorp Dimension clients in the UK and Middle East, equaling an estimated market share of 10%. The total installed license base remained unchanged at GBP 52m by the end of 2017.

NORTHERN EUROPE

Northern Europe, which comprises the mature markets in the Nordics and Benelux, grew total revenue by 5% in 2017. The growth was driven by additional license sales, professional services revenue, and an increasing maintenance revenue generated by the completion and implementation of new client installations and new functionalities sold to existing clients. One new client was signed in 2017, while three smaller clients were lost, bringing the total number of Northern European clients to 63. The installed license base grew by EUR 11m to EUR 264m at the end of 2017.

SOUTHERN EUROPE

The newly formed market unit, Southern Europe, consists of France and the two new markets entered by SimCorp in 2016, Italy and Spain. Total revenue grew 4% in 2017 driven by strong license sales to existing clients and professional services revenue from implementing new client installations. After a very busy 2016, entering the Italian and Spanish market, no new clients were signed in 2017. The total installed license base grew by EUR 11m to EUR 59m at the end of 2017.

USDm	2017	2016	Change
Revenue	68.9	55.3	25%
New wins	4	5	
Market share	5%	4%	25%
SimCorp clients	28	24	17%
Number of employees	127	108	18%

GBPm	2017	2016	Change
Revenue	23.2	26.5	-12%
New wins	0	0	
Market share	10%	10%	0%
SimCorp clients	19	19	0%
Number of employees	79	76	4%

EURm	2017	2016	Change
Revenue	94.3	89.9	5%
New wins	1	4	
Market share	57%	59%	-3%
SimCorp clients	63	65	-3%
Number of employees	130	128	2%

EURm	2017	2016	Change
Revenue	37.8	36.4	4%
New wins	0	2	
Market share	7%	7%	0%
SimCorp clients	10	10	0%
Number of employees	64	63	2%

The total market numbers for each business unit have been updated in 2017 to reflect an update of the asset under management thresholds deciding the size of SimCorp's potential market. The market shares for 2016 have been restated to reflect til update. See pp. 12-13 for more information on market definition and calculation of market share.

2/2 BUSINESS UNIT REVIEW

CENTRAL EUROPE

In Central Europe, one new client was signed towards the end of the year. Overall, the revenue grew 9% in 2017. The growth was primarily driven by additional license sales to existing clients and the implementation hereof. Central Europe currently holds 51 clients, equaling an estimated market share of 46%. The total value of the installed license base increased by EUR 6m to EUR 246m at the end of 2017.

EURm	2017	2016	Change
Revenue	75.0	68.6	9%
New wins	1	0	
Market share	46%	46%	0%
SimCorp clients	51	51	0%
Number of employees	164	167	-2%

APAC

In APAC, total revenue grew 69% in 2017, with two new clients signed in Australia and Thailand, respectively. In addition, license sales to existing clients performed well. Currently, SimCorp holds 15 clients in the APAC region, corresponding to an estimated market share of 12%. The total value of the installed license base increased by AUD 21m to AUD 102m at the end of 2017.

AUDm	2017	2016	Change
Revenue	45.8	27.1	69%
New wins	2	1	
Market share	12%	10%	20%
SimCorp clients	15	13	15%
Number of employees	25	24	4%

SIMCORP CORIC

In 2017, SimCorp Coric continued to show strong performance, but most revenue from new sales are recognized in the regional business units. Six new SimCorp Coric clients were signed in 2017 (including three clients who are also SimCorp Dimension clients), bringing the total number of SimCorp Coric clients up to 62. The 62 clients comprise 29 SimCorp clients who are also SimCorp Dimension clients and 33 SimCorp clients who are only SimCorp Coric clients.

GBPm	2017	2016	Change
Revenue	9.6	9.6	0%
New wins	3	4	
SimCorp Coric clients who are also SimCorp Dimension clients	29	26	12%
SimCorp Coric clients who are only SimCorp Coric clients	33	31	6%
Number of employees	62	68	-9%

SIMCORP SOFIA

In August 2017, SimCorp acquired A.P.L. Italiana (renamed SimCorp Italiana), whose main product offering Sofia has been rebranded SimCorp Sofia. During the five months of SimCorp ownership in 2017, SimCorp Sofia generated total revenue of EUR 6m. No new SimCorp Sofia clients were signed in 2017 and the total number of SimCorp Sofia clients remained at 55. The 55 clients comprise five SimCorp Sofia clients who are also SimCorp Dimension clients and 50 clients who are only SimCorp Sofia clients.

EURm	2017 Aug 1 - Dec 31
Revenue	5.8
New wins	0
SimCorp Sofia clients who are also SimCorp Dimension clients	5
SimCorp Sofia clients who are only SimCorp Sofia clients	50
Number of employees	119

The total market numbers for each business unit have been updated in 2017 to reflect an update of the asset under management thresholds deciding the size of SimCorp's potential market. The market shares for 2016 have been restated to reflect til update. See pp. 12-13 for more information on market definition and calculation of market share.

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 2017 of SimCorp A/S.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and further requirements according to the Danish Financial Statements Acts. In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position as of December 31, 2017 and of the results of the parent company's and the Group's operations and cash flows for the financial year January 1 to December 31, 2017.

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

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

Copenhagen, February 20, 2018

EXECUTIVE MANAGEMENT BOARD

Klaus Holse
Chief Executive Officer

Georg Hetrodt
Chief Technology Officer

Michael Rosenvold
Chief Financial Officer

BOARD OF DIRECTORS

Jesper Brandgaard
Chairman

Peter Schütze
Vice-chairman

Hervé Couturier

Simon Jeffreys

Vera Bergforth

Ulrik Elstrup Hansen

Patricia McDonald

Adam Warby

Else Braathen

To the shareholders of SimCorp A/S

INDEPENDENT AUDITOR'S REPORT

Our opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at December 31, 2017 and of the results of the Group's and parent company's operations and cash flows for the financial year January 1 to December 31, 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial statements Act.

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

What we have audited
SimCorp's consolidated financial statements and the parent company's financial statements for the financial year January 1 to December 31, 2017 comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

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

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

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

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

Appointment
We were first appointed as auditors of SimCorp A/S for the financial year 2014. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 4 year including the financial year 2017.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition of license and maintenance revenue The Group and parent company have adopted the accounting standard IFRS 15 "Revenue from Contracts with Customers" from 1 January 2017 using the modified retrospective method. The Group and the parent company provide its products and services to clients in bundled packages as multi-element contracts, and recognition of revenue is subject to the inherent complexities in the software industry. Revenue is recognised when control is passed and if the revenue criteria for recognising revenue over time or at a point of time have been met. We focused on this area due to the complex nature of revenue recognition for multiple element arrangements that include identification of performance obligations in the contracts and allocation of the relative standalone selling prices to the identified performance obligations.	We assessed the design and implementation of the controls over the Group's revenue cycle. We tested relevant controls including applicable information systems and Management's review controls. For multi-element contracts, we obtained and evaluated Management's allocation of revenue to the specific performance obligations identified in the contracts and assessed the allocation of the standalone selling prices to the performance obligations including rebates, discounts, allowances and inherent interests. For revenue recognised we obtained and evaluated Managements assessment that customers has the ability to direct use and obtain substantially all benefits for the licenses transferred. For revenue recognised point in time we obtained and evaluated Management's documentation for right to payment and that the licenses has been transferred and made available to the customer. For revenue recognised over time we obtained Managements assessment that customers over time consumes and benefit from the services delivered.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition of license and maintenance revenue (Continued) Further, we focused on deferral of revenue, presentation in the balance sheet of contracts assets and revenue recognition for fixed fee projects due to the inherent estimation uncertainty of the percentage of completion. Refer to note 2.1 "Revenue", 2.2 "Segment and Revenue information" and 2.3 "Future Performance Obligations in the consolidated financial statements and note 2.1 "Revenue" and 2.2 "Future Performance Obligations" in the financial statements of SimCorp A/S".	(Continued) We assessed the percentage of completion on specific fixed fee projects based on Management reports, project estimates and intervieww with project managers. We also assessed the outcome of prior period estimates. We assessed the transition from IAS 18 and IAS 11 to IFRS 15 applying the modified retrospective method. Our assessment comprise on-going contracts as of 31 December 2016. We obtained for these contracts Management's allocation of revenue to the specific performance obligations identified in the contracts and assessed the allocation of the standalone selling prices to the performance obligations including rebates, discounts, allowances and inherent interests.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for taxation The Group operates in a complex multinational tax environment and there are open tax and transfer pricing cases with domestic and foreign tax authorities. We focused on this area as the amounts involved are potentially material and the valuation of tax assets and liabilities are associated with uncertainty and judgement. Refer to note 3.1 "Income tax", 3.2 "Deferred tax" and 3.3 "Income tax payables".	In understanding and evaluating Management's judgements, we considered the status of recent and current tax authority audits and enquiries, the outcome of previous claims, judgemental positions taken in tax returns and current year estimates and developments in the tax environment. In addition, we used our own local and international tax specialists, evaluated the adequacy of Management's key assumptions and read relevant correspondence with tax authorities to assess the valuation of tax assets and liabilities.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for the acquisition of A.P.L. Italiana S.p.A (SimCorp Italiana) On 1 August 2017 A.P.L. Italiana S.p.A was acquired by the Group for a total consideration of EUR 38.2 million. Management has assessed the fair value of assets and liabilities acquired in the business combination. We focused on this area as there is a significant level of judgement involved in estimating the fair value of especially the intangible assets and provisions. Refer to note 5.3 "Acquisition of enterprises".	We assessed the assumptions and methodology used by Management to calculate the fair value of intangible assets against normally applied valuation methodologies. We considered the approach taken by Management, assessed key assumptions and obtained supporting evidence by comparing key assumptions to market data, where available, underlying accounting records, our past experience of similar transactions and Management's forecasts supporting the acquisition. We consulted with subject matter experts regarding the valuation methodologies applied. We also considered the adequacy of the disclosures provided by Management related to the acquisition of A.P.L Italiana S.p.A including the fair value of acquired intangible assets and provisions.

Reporting on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management Review and, in doing so, consider whether the Management Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial statements Act.

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

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

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

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

As part of an audit in accordance with ISAs and additional applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Copenhagen February 20, 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Mikkel Sthyr
State Authorised Public Accountant
mne26693

Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

CONSOLIDATED **FINANCIAL STATEMENTS**

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CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

	Note	2017 EUR '000	2016 EUR '000
Revenue	2.1, 2.2, 2.3	343,405	295,930
Cost of sales	2.4, 2.5, 5.1, 7.1	132,528	111,773
Gross profit		210,877	184,157
Other operating income		211	324
Research and development costs	2.4, 2.5, 5.1, 7.1	64,797	59,270
Sales and marketing costs	2.4, 2.5, 5.1, 7.1	37,198	37,546
Administrative expenses	2.4, 2.5, 5.1, 7.1, 7.5	20,199	19,442
Operating profit (EBIT)		88,894	68,223
Share of profit after tax in associates	5.2	51	94
Financial income	6.3	3,425	2,694
Financial expenses	6.3	4,680	3,418
Profit before tax		87,690	67,593
Tax on the profit for the year	3.1	21,193	16,601
Profit for the year		66,497	50,992
Earnings per share			
Earnings per share - EPS (EUR)	2.6	1.69	1.28
Diluted earnings per share - EPS-D (EUR)	2.6	1.67	1.26

STATEMENT OF COMPREHENSIVE INCOME

	Note	2017 EUR '000	2016 EUR '000
Profit for the year		66,497	50,992
Other comprehensive income			
Items that will not be reclassified subsequently to the income statement:			
Remeasurements of defined benefit plans	7.2	-113	-259
Tax		33	57
Items that may be reclassified subsequently to the income statement, when specific conditions are met:			
Foreign currency translation differences for foreign operations		-2,663	-1,529
Other comprehensive income after tax		-2,743	-1,731
Total comprehensive income		63,754	49,261

2016 is as reported and not restated to IFRS 15 and therefore not comparable with 2017.

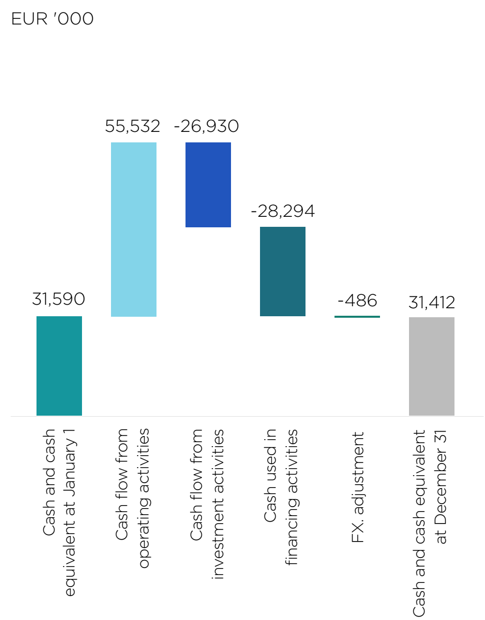
CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT

	Note	2017 EUR '000	2016 EUR '000
Profit for the year		66,497	50,992
Adjustments for non-cash operating items	7.8	33,905	25,672
Changes contract assets		-21,922	0
Changes in working capital		-7,931	1,997
Cash from operating activities before financial items		70,549	78,661
Financial income received		180	218
Financial expenses paid		-299	-368
Income tax paid	3.3	-14,898	-13,093
Net cash from operating activities		55,532	65,418
Deferred payment, purchase of subsidiaries		-2,931	0
Purchase of subsidiaries, net of cash acquired	5.3	-19,851	0
Purchase of intangible fixed assets	5.1	-1,362	-1,644
Purchase of property, plant, and equipment	5.1	-3,162	-2,973
Proceeds from sale of property, plant, and equipment	5.1	309	0
Purchase of financial assets	5.4	-123	-132
Proceeds from sale of financial assets	5.4	104	349
Dividends from associates	6.3	86	91
Net cash used in investing activities		-26,930	-4,309
Net cash from operating and investing activities		28,602	61,109
Dividends paid		-33,235	-28,450
Purchase of treasury shares	6.1	-25,059	-44,406
Proceeds, loans	6.4	30,000	0
Net cash used in financing activities		-28,294	-72,856
Change in cash and cash equivalents		308	-11,747
Cash and cash equivalents at January 1		31,590	43,344
Foreign exchange adjustment of cash and cash equivalents		-486	-7
Cash and cash equivalents at December 31		31,412	31,590

2016 is as reported and not restated to IFRS 15 and therefore not comparable with 2017.

CASH FLOW 2017



CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET DECEMBER 31		2017	2016
	Note	EUR '000	EUR '000
ASSETS			
Non-current assets			
Intangible assets	5.1, 5.3		
Goodwill		28,009	3,976
Software		7,777	4,215
Client contracts		8,470	2,804
Total intangible assets		44,256	10,995
Property, plant, and equipment	5.1, 5.3		
Leasehold improvements		3,295	2,446
Technical equipment		1,277	1,179
Other equipment, fixtures, fittings, and prepayments		956	1,154
Total property, plant, and equipment		5,528	4,779
Other non-current assets			
Investments in associates	5.2	854	551
Deposits	5.4	1,995	1,890
Deferred tax	3.2	3,123	8,534
Total other non-current assets		5,972	10,975
Total non-current assets		55,756	26,749
Current assets			
Receivables	4.1	86,080	80,041
Contract assets	4.2	49,946	0
Income tax receivables	3.3	1,387	1,966
Prepayments		6,035	6,582
Cash and cash equivalents		31,412	31,590
Total current assets		174,860	120,179
Total assets		230,616	146,928

2016 is as reported and not restated to IFRS 15 and therefore not comparable with 2017.

		2017	2016
	Note	EUR '000	EUR '000
LIABILITIES AND EQUITY			
Equity			
Share capital		5,467	5,575
Share premium		9,963	0
Exchange adjustment reserve		-3,170	-518
Retained earnings		69,751	34,173
Proposed dividend		34,570	33,341
Total equity		116,581	72,571
Non-current liabilities			
Deferred tax	3.2	8,514	1,149
Provisions	5.5,7.2	8,025	5,573
Total non-current liabilities		16,539	6,722
Current liabilities			
Bank loan	6.4	30,000	0
Prepayments from clients	4.2	11,969	14,647
Trade payables and other payables	4.3	50,358	50,922
Income tax payables	3.3	4,976	1,946
Provisions	5.5	193	120
Total current liabilities		97,496	67,635
Total liabilities		114,035	74,357
Total liabilities and equity		230,616	146,928

CONSOLIDATED FINANCIAL STATEMENTS

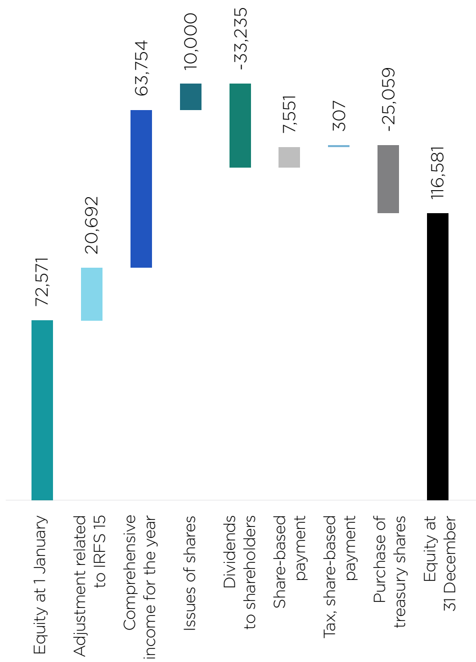
STATEMENT OF CHANGES IN EQUITY

EUR '000 **2017**	Note	**Share capital**	**Share premium**	**Exchange adjustment reserve**	**Retained earnings**	**Proposed dividends for the year**	**Total**
Equity at January 1 as previously reported	6.1	5,575	-	-518	34,173	33,341	72,571
Adjustment related to IFRS 15		-	-	-	27,641	-	27,641
Tax, adjustment related to IFRS 15		-	-	-	-6,949	-	-6,949
Adjusted balance at January 1		5,575		-518	54,865	33,341	93,263
Net profit for the year		-	-		66,497	-	66,497
Total other comprehensive income		-	-	-2,663	-80	-	-2,743
Total comprehensive income for the year		-	-	-2,663	66,417	-	63,754
Transactions with owners							
Issue of shares		26	9,963	11	-	-	10,000
Cancellation of treasury shares		-134	-	-	134	-	0
Dividends paid to shareholders		-	-	-	106	-33,341	-33,235
Share-based payment		-	-	-	7,551	-	7,551
Tax, share-based payment		-	-	-	307	-	307
Purchase of treasury shares		-	-	-	-25,059	-	-25,059
Proposed dividends to shareholders		-	-	-	-34,570	34,570	0
Equity at December 31		5,467	9,963	-3,170	69,751	34,570	116,581

2016	Note	Share capital	Share premium	Exchange adjustment reserve	Retained earnings	Proposed dividends for the year	Total
Equity at January 1	6.1	5,575	-	1,011	54,825	28,409	89,820
Net profit for the year		-	-		50,992	-	50,992
Total other comprehensive income		-	-	-1,529	-202	-	-1,731
Total comprehensive income for the year		-	-	-1,529	50,790	-	49,261
Transactions with owners							
Dividends paid to shareholders		-	-	-	-41	-28,409	-28,450
Share-based payment		-	-	-	6,293	-	6,293
Tax, share-based payment		-	-	-	53	-	53
Purchase of treasury shares		-	-	-	-44,406	-	-44,406
Proposed dividends to shareholders		-	-	-	-33,341	33,341	0
Equity at December 31		5,575	-	-518	34,173	33,341	72,571

MOVEMENTS IN EQUITY 2017

EUR '000



NOTES

SECTION 1 BASIS OF PREPARATION

This section provides an overview of the financial accounting policies and key accounting estimates. 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 note or section following definitions and policies relevant to each note.

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

Section 1	Basis of preparation
Section 2	Revenue and earnings
Section 3	Tax
Section 4	Current assets and liabilities
Section 5	Invested capital
Section 6	Capital structure and financing items
Section 7	Other disclosures

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

Accounting policies

General

The annual report for the period January 1 - December 31, 2017, includes the consolidated financial statements of SimCorp A/S and its subsidiary undertakings (the Group), as well as separate financial statements for the Parent company SimCorp A/S. Reference is made to page 128 for the Parent's specific accounting policies.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for the presentation of financial statements.

On February 20, 2018 the Board of Directors and the Executive Management Board considered and approved the annual report for 2017 of SimCorp A/S and the Group. The annual report will be presented to the shareholders for approval at the Annual General Meeting to be held on March 23, 2018.

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.

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 Group has early adopted IFRS 15, opting for the modified retrospective application method with the cumulative effect on equity of initially applying IFRS 15 recognized at the date of initial application of January 1, 2017.

Following the adoption of the new standard, accounting policies have been updated. Refer to Note 1.2 for details of the significant changes as well as the quantitative impact of the changes.

New financial reporting standards

Except as described above, the annual report for 2017 is presented in conformity with the new and revised IFRS/IAS standards and new IFRIC interpretations endorsed by the EU, which apply to financial years beginning on January 1, 2017.

In January 2016, the IASB issued IFRS 16 Leases. In 2017, it was endorsed by the EU. The standard becomes effective January 1, 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, payments are allocated between installments on the lease obligation, and interest expense classified as financial items. SimCorp has assessed that the balance sheet recognition of leases will affect a number of financial ratios such as EBITDA margin and return on equity. Preliminary estimates show that right-of-use assets and corresponding liabilities will amount to EUR 40-45m at initial application with no effect on equity.

The impact on the income statement in 2019 is estimated to be a reduction in rental costs of EUR 8.0m and an increase in amortization costs of EUR 8.0m. Hence no impact on EBIT in 2019. Impact on interest expenses is expected to be around EUR 0.2m.

NOTES

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS (CONTINUED)

IASB has issued IFRS 9 Financial Instruments to take effect from January 1, 2018. The standard contains requirements for the classification and measurement of financial assets and financial liabilities, impairment methodology and general hedge accounting. The implementation of IFRS 9 is not expected to have a significant effect on the consolidated financial statements.

In addition, a number of other new standards and interpretations not applicable/mandatory for the preparation of the 2017 annual report have been published. The 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 Group's results, assets and liabilities or the equity.

Basis of consolidation

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

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 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 other comprehensive income in the consolidated financial statements.

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 arising 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 Group's presentation currency (EUR).

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

Other operating income

Other operating income consists of 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 and government grants.

Government grants relate to research and development funding in the United Kingdom. As the grant is receivable as compensation for costs already incurred, with no future related costs, it is recognized as other operating income in the period in which it is receivable.

NOTES

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS (CONTINUED)

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

Cash flows from investing activities consist of 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 are comprised of changes in share capital and related costs, purchase of treasury shares, proceeds from loans and distributions of dividends to shareholders.

Cash and cash equivalents consist of cash at bank and in hand less current bank loans due on demand.

Dividend

Dividends are recognized as a liability when approved by the shareholders at the annual general meeting. Dividends recommended to be paid for the year are stated as a separate line item under equity until approved at the annual general meeting.

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

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

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

In addition, the company is subject to risks and uncertainties encountered in the ordinary course of business that may cause actual results to deviate from the estimates.

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

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

Revenue (Note 2.1)
Income tax (Note 3.1)
Deferred tax (Note 3.2)
Acquisition of enterprises (Note 5.3)

Risk factors specific to the Group are described in the management report from pages 23-26 and in Note 6.2.

NOTES

1.1 ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS (CONTINUED)

Group financial highlights

Key ratios are calculated as per definitions given.

Financial ratio definitions

EBIT margin (%)	Operating profit (EBIT) / Revenue x 100
EBITDA	Earnings before interest, tax, depreciation, and amortization
ROIC (return on invested capital) (%)	EBITDA / Average operating assets x 100
Average operating assets	Average non-interest-earning assets - Average non-interest-bearing liabilities
Average non-interest-earning assets	(Total assets current year - Cash and cash equivalents current year) + (Total assets previous year - Cash and cash equivalents previous year) / 2
Average non-interest-bearing liabilities	((Provisions current year + Trade payables current year) + (Provisions previous year + Trade payables previous year)) / 2
Receivables turnover ratio	Revenue / Receivables at year-end
Equity ratio (%)	Equity at year-end / Total assets at year-end x 100
Return on equity (ROE) (%)	Profit for the year / Average equity x 100

Share performance definitions

Earnings per share (EPS)	Profit for the year / Average No. of shares
Diluted earnings per share (EPS-D)	Profit for the year / Average No. of diluted shares
Cash flow per share (CFPS)	Cash flow from operating activities / Average No. of diluted shares
Book value per share (BVPS)	Equity at year-end / Average No. of shares
Dividend per share (DPS)	Dividends paid / No. of shares at year-end
Dividend payout ratio (%)	Dividends paid / Profit for the year x 100
Total payout ratio (%)	Dividends paid plus value of share buybacks / Profit for the year x 100
Average number of shares	((No. of shares at the start x No. of days prior to share issue or cancellation) + (No. of shares at the end x (365 – No. of days prior to share issue)))/365
Average number of diluted shares	Calculated as average No. of shares, but replacing “No. of shares” with “No. of diluted shares”

Market value ratio definitions

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

Other definitions

Order intake	Representing license revenue of new licenses and add-on licenses
Order book	Accumulated value of software licenses which are yet to be recognized as income
Revenue signed	Representing total revenue commitment for license and maintenance fee, professional services, etc.
Restated	Restated to IFRS 15, unaudited and presented for illustrative purposes only
Free cash flow	Net cash from operating activities – CAPEX
CAPEX	Purchase of intangible fixed assets + Purchase of property, plant, and equipment - Proceeds from sale of property, plant, and equipment

NOTES

1.2 CHANGES IN ACCOUNTING POLICIES

The Group early adopted IFRS 15 Revenue from Contracts with Customers opting for the modified retrospective method with the cumulative effect of initially applying IFRS 15 recognized on equity at the date of initial application of January 1, 2017. As a result, the Group has changed its accounting policy for revenue recognition as detailed below.

The Group has applied IFRS 15 as an adjustment to the opening balance of equity at January 1, 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

Revenue is derived from fees charged to clients for software licenses, maintenance fees, professional services, application service provider (ASP) on-boarding fees and hosting fees, and operational services.

Software is licensed to clients via subscription, fixed term, or perpetual licensing agreements. Accounting policies for revenue derived from standard perpetual software licenses remain unchanged.

License revenue for on-premise fixed term license agreements and subscription agreements are no longer recognized on a straight-line basis over the terms of the agreements, but when the client has obtained control of the license or service and has the ability to use and obtain substantially all the benefits from the license or service.

SimCorp has assessed that the client obtains control of the license when a contract is agreed, the license is delivered, and the client has the right to use it. Revenue will therefore be recognized in the year of sale, provided that the contract does not have functionality gaps or unmet acceptance criteria. The IFRS 15 recognition is similar to revenue recognition for perpetual licenses, the only difference is that subscription-based license fees are discounted to net present value.

For multi-element contracts, the basis for revenue recognition is an assessment of the standalone selling prices for the identified performance obligations, including rebates, discounts, allowances, and inherent interest. The right to use software license is considered a separate performance obligation when it satisfies the following conditions: can be delivered separately from other services, can be installed by a third party, can be used without upgrades, and is functional without upgrades or technical support.

Revenue recognition for maintenance fees, professional services, application service provider (ASP) on-boarding and hosting fees, and operational services remain unchanged.

In addition, management expects commission paid to employees as a result of acquiring new client contracts to be recoverable. In accordance with IFRS 15, capitalized commission fees are expensed when the related revenues are recognized.

In the initial year of application, the Group presents revenue both as reported (applying IFRS 15), and adjusted (applying IAS 18 and IAS 11).

The following tables summarize the impact of adopting IFRS 15 on the Group's consolidated financial statements for the year ending December 31, 2017.

IMPACT ON INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME 2017

EUR '000	2017 As reported	Adjust-ments	Result without adoption of IFRS 15
Revenue	343,405	-29,215	314,190
Cost of sales	132,528	120	132,648
Gross profit	210,877	-29,335	181,542
Other	121,983	-	121,983
Operating profit (EBIT)	88,894	-29,335	59,559
Financial income	3,425	-410	3,015
Financial expenses	4,629	-	4,629
Profit before tax	87,690	-29,745	57,945
Tax on the profit for the year	21,193	-7,189	14,004
Profit for the year	66,497	-22,556	43,941
Earnings per share			
Earnings per share - EPS (EUR)	1.69		1.11
Diluted earnings per share - EPS-D (EUR)	1.67		1.10
Total comprehensive income	63,754	-22,556	41,198

NOTES

1.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IMPACT ON CASH FLOW STATEMENT

EUR '000	As reported	Adjust-ments	Result without adoption of IFRS 15
Profit for the year	66,497	-22,556	43,941
Adjustments for non-cash operating items*	33,905	634	34,539
Changes contract assets	-21,922	21,922	0
Changes in working capital	-7,931	-	-7,931
Cash from operating activities before financial items	70,549	0	70,549
Net cash from operating activities	55,532	-	55,532
Net cash used in investing activities	-26,930	-	-26,930
Net cash from operating and investing activities	28,602	-	28,602
Net cash used in financing activities	-28,294	-	-28,294
Change in cash and cash equivalents	308	-	308
Cash and cash equivalents at January 1	31,590	-	31,590
Foreign exchange adj. of cash and cash equivalent	-486	-	-486
Cash and cash equivalents at December 31	31,412	-	31,412

* Adjustments include financial income and taxes.

IMPACT ON BALANCE SHEET DECEMBER 31 2017

EUR '000	As reported	Adjust-ments	Balances without adoption of IFRS 15
Deferred tax	3,123	-311	2,812
Contract assets	49,946	-49,946	0
Income tax receivables	1,387	1,477	2,864
Prepayments	6,035	-120	5,915
Other	170,125	-	170,125
Total assets	230,616	-48,900	181,716
Retained earnings	49,059	-22,556	26,503
Opening balance adjustment to retained earnings	20,692	-20,692	0
Other	46,830	-	46,830
Total equity	116,581	-43,248	73,333
Deferred tax	8,514	-7,996	518
Prepayments from clients	11,969	7,320	19,289
Income tax payables	4,976	-4,976	0
Other	88,576	-	88,576
Total liabilities	114,035	-5,652	108,383
Total equity and liabilities	230,616	-48,900	181,716

NOTES

SECTION 2
REVENUE AND EARNINGS

This section provides information related to the composition of revenue, operating costs, and earnings per share. The notes present details of the Group's profit and earnings per share for the year. Details include disclosures on revenue, segment information, operating costs, and employee costs and other operating profit (EBIT) items.

Group operating profit (EBIT) was EUR 88.9m. Due to the adoption of IFRS 15, this figure is not comparable with the EUR 68.2m achieved in 2016. In 2017, operating costs increased to EUR 254.7m compared with EUR 228.0m in 2016. The main contributor to the higher operating costs was a surge in the level of business activity, in particular professional services that increased by 30.1%.

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

Accounting policy
Revenue is mainly derived from fees charged for SimCorp Dimension, SimCorp Coric, and SimCorp Sofia software licenses, maintenance fees, professional services, and application service provider (ASP) fees. For software contracts, which are comprised of several components, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

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

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

For multi-element contracts, the basis for revenue recognition is an assessment of the standalone selling prices for the identified performance obligations, including rebates, discounts, allowances, and inherent interest.

License fees
Fixed term license agreements and subscription agreements give the right to use the software for a determined period of time, which can be extended at the end of the initial term.

Standard perpetual software licenses provide clients with the right to use the software whilst the contract remains in force. Clients obtain control of the license for installation on their premises or in a cloud-based infrastructure.

New license fees are comprised of income derived from new clients and additional license income originating from supplementary sales to existing clients.

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

SimCorp has assessed that the client obtains control of the license when a contract is agreed, the license is delivered, and the client has the right to use it. License revenue is therefore generally recognized at that point-in-time. When the contract contains functionality gaps or requires client acceptance of functionality, the revenue recognition will be deferred until the time of acceptance or delivery. Subscription-based license fees are discounted to net present value when the value of the financing element is deemed significant.

Professional service fees
Professional service agreements can include multiple performance obligations. The main possible performance obligations are described below.

Implementation service relates to the implementation of new and existing contracts irrespective of the terms of the contract. Time and material implementation contracts are recognized based on work performed. Fixed fee agreements are recognized based on percentage of completion.

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

Validation and testing services help clients streamline, document, prepare, and execute the entire testing process surrounding the operation of the SimCorp Dimension. Revenue is recognized upon client acceptance.

ASP on-boarding services comprise setup of infrastructure, these services are sold for a fixed fee and revenue is recognized based on percentage of completion.

ASP operating services occur when, in addition to hosting, SimCorp undertakes the operation of the client's system in a cloud-based environment. Revenue is recognized on a straight-line basis over the contract period.

NOTES

2.1 REVENUE (CONTINUED)

Maintenance fees
Maintenance fees are related to contracts made on perpetual and subscription-based license terms. Maintenance fees include both initial license and additional license-based maintenance fees. Performance obligations include: unspecified future upgrades, maintenance, and helpline support. Revenue from maintenance agreements is recognized on a straight-line basis over the contract period.

ASP fees
The ASP offering gives the client the right to use the SimCorp Dimension software in a cloud-based infrastructure provided by SimCorp (hosting). Revenue from ASP hosting fees is recognized on a straight-line basis over the contract period.

Other revenue
Other revenue consists of, for instance, training and education and is recognized when the services have been delivered.

Transaction price allocation
The total transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service.

An apportionment has been determined for the allocation of the transaction price between license and maintenance after deducting other performance obligations from the total consideration.

For SimCorp Dimension subscription agreements, it has been determined that 50% of the subscription value relates to license and 50% to maintenance. For perpetual licenses agreements the allocation is similar if assuming a five-year term.

For SimCorp Coric subscription agreements, it has been determined that 75% of the subscription value relates to license and 25% to maintenance.

For SimCorp Sofia subscription agreements it has been determined that 50% of the subscription value relates to license and 50% to maintenance.

Professional services stand-alone value is determined based on the hourly billing rate for the relevant market unit.

Hosting services are assumed to be quoted to the client at their stand-alone value if it is equal or above hosting costs.

Contract modifications
A modification is considered a separate contract if additional distinct licenses or services are promised and the price of the contracts increases by an amount of consideration that reflects the stand-alone price of the additional goods. If this is not the case, the original contract is considered terminated at the modification point.

Accounting estimates and judgments
Revenue recognition requires management to make judgments which are based on assumptions on historical and forecast information, as well as on regional and industry economic conditions in which we or our clients operate. A short description of main judgments made in relation to revenue recognition follows.

Assessing whether it is probable that the consideration from contracts with clients will be collected requires judgment and might impact the timing and amount of revenue recognition.

Establishing whether distinct goods or services are considered to be separate performance obligations requires judgment and might impact the timing and amount of revenue recognition.

The allocation of the total transaction fee of a client contract to the distinct deliverables requires judgment in determining an apportionment which reflects the fair value measurement of each performance obligation. This may impact the timing and amount of revenue recognized.

Determining whether different contracts with the same client are accounted for as one agreement involves the use of judgment as it requires us to assess whether the contracts are negotiated together or linked in any other way. The timing and amount of revenue recognition can vary depending on whether two contracts are accounted for separately or as one single arrangement.

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 percentage-of-completion, or to estimate the total contract revenue, revenue recognition is limited to the amount of contract costs incurred provided the contract is expected to be profitable.

The determination of whether a sufficient basis to measure the percentage-of-completion exists is judgmental. Changes in estimates of progress towards completion and of contract revenue and costs are accounted for as cumulative catch-up adjustments to the reported revenue for the applicable contract.

NOTES

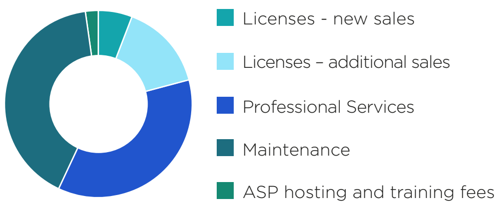
2.1 REVENUE (CONTINUED)

REVENUE

EUR '000	2017	Share of revenue	2016	Share of revenue
Licenses - new sales	21,094	6.1%	27,396	9.3%
Licenses - additional sales	53,064	15.5%	38,300	12.9%
Professional services	122,725	35.7%	94,310	31.9%
Maintenance	138,558	40.4%	129,327	43.7%
ASP hosting and training fees	7,964	2.3%	6,597	2.2%
Total revenue	343,405	100.0%	295,930	100.0%

The Group has applied IFRS 15 using the modified retrospective principle as a cumulative catch-up adjustment to the opening balance of equity at January 1, 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. Unaudited restated information is presented for illustrative purposes only on page 50.

REVENUE PER TYPE 2017



2.2 SEGMENT AND OTHER REVENUE INFORMATION

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

In addition, the business units SimCorp Coric and SimCorp Sofia represent two product-based units, which develop and sell exclusively SimCorp Coric and SimCorp Sofia, respectively.

Accounting policy

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

Segment reporting is prepared in accordance with the Group's internal management reporting structure for performance management and resource allocation. The segment information has been updated to reflect the formation of a new Southern Europe market unit encompassing operations in France, Italy, and Spain and the merger of the Nordic and Benelux operations to form a new Northern Europe market unit. In addition, the business unit SimCorp Sofia has been added in connection with the acquisition of SimCorp Italiana, for more information see page 22 and Note 5.3.

The segments reflect the geographical business unit structure for the sale of the SimCorp Dimension software and related services as well as the product division (Dimension) 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. SimCorp Sofia develops and sells SimCorp Sofia software and Sofia Online services.

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.

NOTES

2.2 SEGMENT AND OTHER REVENUE INFORMATION (CONTINUED)

SEGMENT INFORMATION EUR '000	Northern Europe	Central Europe	UK and Middle East	Southern Europe	Asia and Australia	North America	Dimen-sion*	SimCorp Coric	SimCorp Sofia**	Segments total	Corpo-rate functions	Elimina-tion/ Not allocated	Group total
2017													
External revenue	94,254	75,041	26,384	37,796	30,585	60,710	1,250	10,903	5,785	342,708	697	-	343,405
Revenue between segments	19,299	9,379	8,694	761	2,081	5,476	143,055	1,193	345	190,283	3,060	-193,343	0
Total segment revenue	113,553	84,420	35,078	38,557	32,666	66,186	144,305	12,096	6,130	532,991	3,757	-193,343	343,405
EBITDA	11,007	5,246	134	-383	1,078	4,677	73,933	5,025	1,060	101,777	-8,926	-	92,851
Depreciation and amortization	116	45	334	176	52	277	118	572	551	2,241	1,716	-	3,957
Segment operating profit (EBIT)	10,891	5,201	-200	-559	1,026	4,400	73,815	4,453	509	99,536	-10,642	-	88,894
Total assets	35,581	20,670	7,042	27,918	17,628	38,715	2,858	24,266	47,026	221,704	4,688	4,224	230,616
2016* **													
External revenue	83,880	68,839	30,733	34,917	18,577	47,476	1,579	9,521	-	295,522	408	-	295,930
Revenue between segments	12,102	5,692	4,616	488	1,839	5,061	131,205	1,455	-	162,458	1,646	-164,104	0
Total segment revenue	95,982	74,531	35,349	35,405	20,416	52,537	132,784	10,976	-	457,980	2,054	-164,104	295,930
EBITDA	7,230	4,928	1,435	2,720	1,362	-1,284	65,912	1,225	-	83,528	-11,945	-	71,583
Depreciation and amortization	121	39	144	135	55	98	128	596	-	1,316	2,044	-	3,360
Segment operating profit (EBIT)	7,109	4,889	1,291	2,585	1,307	-1,382	65,784	629	-	82,212	-13,989	-	68,223
Total assets	19,743	14,768	9,031	31,553	5,595	28,168	1,551	12,656	-	123,065	5,222	18,641	146,928

* Dimension includes all development costs for SimCorp Dimension.
** SimCorp Sofia from August 1, 2017.
*** 2016 is as reported and not restated to IFRS 15 and therefore not comparable with 2017.
Figures for Northern Europe and Southern Europe have been restated to reflect the new structure. Refer to Note 7.9 for a reconciliation to income statement.

NOTES

2.2 SEGMENT AND OTHER REVENUE INFORMATION (CONTINUED)

Geographical segmentation is presented for revenue and non-current assets for the most significant countries for the Group.

GEOGRAPHICAL INFORMATION

	2017		2016	
	EUR '000	%	EUR '000	%
Revenue allocation by country (significant)				
United States	49,681	14.5%	46,448	15.7%
Germany	47,741	13.9%	39,838	13.5%
Canada	26,543	7.7%	13,820	4.7%
France	26,071	7.6%	23,039	7.8%
Netherlands	22,928	6.7%	20,247	6.8%
Sweden	22,523	6.6%	15,155	5.1%
Switzerland	22,343	6.5%	22,447	7.6%
Denmark	20,053	5.8%	17,355	5.9%
United Kingdom	12,524	3.6%	16,889	5.7%
Non-current assets allocation by country (significant)				
Italy	33,617	66.4%	-	-
United Kingdom	10,154	20.1%	7,223	44.2%
Denmark	3,327	6.6%	3,200	19.6%

Significant countries are defined as countries representing 5.0% or more of the Group's revenue and 5.0% of the Group's non-current assets.

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

The Group has no clients contributing revenue of more than 3.4% (2016: 3.5%) of total revenue.

NOTES

2.3 FUTURE PERFORMANCE OBLIGATIONS

This table depicts revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

FUTURE PERFORMANCE OBLIGATIONS

	2017
	EUR '000
Future revenue within 1 year	64,101
Future revenue within 2 years	38,053
Future revenue within 3 years	31,422
Future revenue within 4 years	22,206
Future revenue within 5 years	11,610
Future revenue after 5 years	11,921
Total future performance obligations	179,313

Figures presented above are not discounted and are translated at exchange rates as of December 31, 2017. These balances refer mainly to maintenance for subscription agreements and fixed fee for multi-year professional services agreements.

Considerations from contracts with clients are included in the amounts presented above except for rolling maintenance agreements with cancellation periods of 12 months or less, and time and material services agreements. Unsatisfied performance obligations include: license agreements where there is a requirement for client acceptance of functionality, performance obligations satisfied over time (maintenance agreements and ASP agreements), and fixed fee professional services from multi-year contracts that are recognized as the work has been performed under the percentage-of-completion method.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Accounting estimates and judgments
Uncertainties exist with respect to the timing of the satisfaction of performance obligations when contracts include functionality gaps or a requirement for client acceptance of functionality. Judgment is used to determine when such performance obligations will be satisfied.

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

For time and material agreements for professional services, it is not possible to accurately determine the timing and amount of revenue to be recognized until the client has requested delivery. Such contracts have not been included above.

NOTES

2.4 OPERATING COSTS

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

Accounting policy

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

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

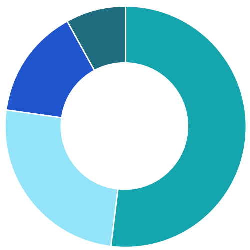
Administrative expenses comprise salaries, bonuses, share-based payments and other employee costs and expenses, office costs, depreciation and amortization, and indirect costs such as rent and technological infrastructure directly or indirectly attributable to the Group's administrative activities. Acquisition costs of EUR 0.4m incurred as a part of the acquisition of A.P.L. Italiana S.p.A. have been classified within administrative expense at the time of occurrence.

OPERATING COSTS

EURm	Costs 2017	Share of costs 2017	Share of Revenue 2017	Costs 2016	Share of costs 2016	Share of Revenue 2016	Growth relative to 2016	Growth local currency relative to 2016
Cost of sales	132.5	52.0%	38.6%	111.8	49.0%	37.8%	18.6%	20.3%
Research and development costs	64.8	25.4%	18.9%	59.3	26.0%	20.0%	9.3%	10.3%
Sales and marketing costs	37.2	14.6%	10.8%	37.5	16.5%	12.7%	-0.9%	0.7%
Administrative expenses	20.2	8.0%	5.9%	19.4	8.5%	6.6%	3.9%	4.6%
Total operating costs	254.7	100.0%	74.2%	228.0	100.0%	77.1%	11.7%	13.1%

Unaudited restated information is presented for illustrative purposes only on page 52.

COST STRUCTURE 2017



	2017	2016
Cost of sales	52.0%	49.0%
Research and development costs	25.4%	26.0%
Sales and marketing costs	14.6%	16.5%
Administrative expenses	8.0%	8.5%

NOTES

2.5 EMPLOYEE COSTS

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

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

Management expects commissions paid to employees as a result of acquiring new client contracts to be recoverable. In accordance with IFRS 15, such commissions are deferred and expensed when the related revenues are recognized. In 2017, no cost was expensed from deferred commission cost.

Where SimCorp provides long-term incentives and benefits, costs are accrued to match the rendering of services by the employees. The accounting policy for share-based remuneration is described in Note 7.1.

Obligations related to contribution-based pension schemes are recognized in the income statement under employee costs in the period for which the related service is provided. The accounting treatment for defined benefit plans is described in Note 7.2.

EMPLOYEE COSTS

	2017	2016
	EUR '000	EUR '000
Salaries	143,045	132,386
Defined contribution pension plans	2,934	3,053
Defined benefit pension plans	615	505
Share-based payments	6,102	5,073
Social security and other costs	13,285	11,426
Total employee costs	165,981	152,443
Average number of employees	1,421	1,275

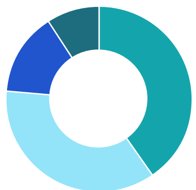
Remuneration to the Executive Management Board and Board of Directors is given below:

REMUNERATION TO EXECUTIVE MANAGEMENT BOARD AND BOARD OF DIRECTORS

	2017	2016
	EUR '000	EUR '000
Salaries	1,418	1,394
Other benefits	85	127
Share-based payment	777	527
Performance-related bonus	461	420
Executive Management Board total	2,741	2,468
Board fees	372	346
Fees for committee work	48	32
Travel allowance	65	39
Share-based payment	212	185
Board of Directors total	697	602
Total	3,438	3,070

For additional disclosures on the Executive Management Board and Board of Directors remuneration please refer to the Remuneration report, pages 31-34.

AVERAGE NUMBER OF EMPLOYEES BY FUNCTION 2017



	2017	2016
Professional services	40.5%	41.0%
Research and development	36.1%	35.7%
Internal support and service	14.6%	14.4%
Sales and sales support	8.9%	8.9%

NOTES

2.6 EARNINGS PER SHARE

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

EARNINGS PER SHARE	2017	2016
Profit for the year (EUR´000)	66,497	50,992
Average number of shares	40,987,662	41,500,000
Average number of treasury shares	-1,577,109	-1,530,961
Average number of shares in circulation	39,410,553	39,969,039
Average dilutive impact of outstanding restricted stock units	443,965	527,186
Average number of diluted shares in circulation	39,854,518	40,496,225
Earnings per share - EPS (EUR)	1.69	1.28
Diluted earnings per share - EPS-D (EUR)	1.67	1.26

All allotted restricted stock units were included in 2016 and 2017 as the conditions stipulated in Note 7.1 are expected to be met.

NOTES

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 4.6m to EUR 21.2m compared with EUR 16.6m in 2016. Income tax has increased due to higher profit compared with 2016, partly offset by lower tax rates in some jurisdictions. The Group's effective tax rate has decreased from 24.6% to 24.2%.

The cumulative catch-up effect of the adoption of IFRS 15 on January 1, 2017 has impacted current and deferred tax by EUR 7.0m. In addition, the tax impact of IFRS 15 for the year amounts to EUR 7.2m in 2017.

In many tax jurisdictions, the IFRS 15 adoption will not be applicable for tax purposes in 2017. For those jurisdictions, the income tax related to IFRS 15 is recognized as deferred tax. The total tax impact of IFRS 15 is EUR 14.2m, whereof EUR 7.7m is recognized as deferred tax and EUR 6.5m as income tax payable.

In this section, the following notes are presented:

3.1 Income tax
3.2 Deferred tax
3.3 Income tax payables

3.1 INCOME TAX

Accounting policy

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

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

INCOME TAX

	2017	2016
	EUR '000	EUR '000
Tax for the year:		
Tax on profit	21,193	16,601
Tax on other comprehensive income	-33	-57
Total tax	21,160	16,544
Tax on profit for the year breaks down as follows:		
Current tax	16,897	16,170
Deferred tax	4,505	100
Prior-year adjustments	187	77
Change in tax rates	-396	254
Total tax on profit for the year	21,193	16,601
Tax paid during the year	14,898	13,093
Tax on profit for the year breaks down as follows:		
Tax calculated on the year's pre-tax profit, 22% (2016: 22%)	19,291	14,870
Difference in tax in subsidiaries relative to 22% (2016: 22%)	687	523
Change in tax rates	-396	254
Tax effect:		
Non-taxable income	-1,490	-1,366
Non-deductible expenses	1,339	1,432
Other, including prior-year adjustments	1,762	888
Total tax on profit for the year	21,193	16,601
Effective tax rate	24.2%	24.6%

NOTES

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 management finds 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 years.

DEFERRED TAX

	2017	2016
	EUR '000	EUR '000
Deferred tax at January 1	7,385	8,105
Foreign exchange adjustment	65	326
Deferred tax, profit and loss	-4,505	-100
Prior-year adjustment, profit and loss	-79	-32
Change in tax rates	396	-254
Adjustment of deferred tax, other comprehensive income	33	57
Adjustment of deferred tax, equity	-5,277	-717
Addition from acquisitions of subsidiaries	-3,409	0
Net deferred tax (liability)/asset at December 31	-5,391	7,385
Recognized in the balance sheet as follows:		
Deferred tax assets	3,123	8,534
Deferred tax liabilities	-8,514	-1,149
Net deferred tax (liability)/asset at December 31	-5,391	7,385

NOTES

3.2 DEFERRED TAX (CONTINUED)

DEFERRED TAX

EUR '000	Balance January 1	Foreign exchange adjustment	Recognized in: Profit and loss	Recognized in: Other comprehen-sive income	Recognized in: Equity	Addition on acquisition	Balance December 31
2017							
Intangible assets	-1,368	35	41	-	-	-2,507	-3,799
Property, plant, and equipment	791	-129	-163	-	-	-	499
Current assets	-45	-4	166	-	-	-	117
Contract assets	0	213	-3,128	-	-4,770	-	-7,685
Provisions	1,325	62	457	33	-	-914	963
Current liabilities	260	9	-50	-	-	-	219
Share-based payment	1,878	-3	280	-	-507	-	1,648
Tax losses carry-forward	4,544	-118	-1,791	-	-	12	2,647
Total	7,385	65	-4,188	33	-5,277	-3,409	-5,391
2016							
Intangible assets	-1,439	181	-110	-	-	-	-1,368
Property, plant, and equipment	802	-7	-4	-	-	-	791
Current assets	-178	0	133	-	-	-	-45
Provisions	894	23	351	57	-	-	1,325
Current liabilities	284	0	-24	-	-	-	260
Share-based payment	2,723	10	-138	-	-717	-	1,878
Tax losses carry-forward	5,019	119	-594	-	-	-	4,544
Total	8,105	326	-386	57	-717	-	7,385

Tax value of the capitalized tax losses are expected to be realized within the foreseeable future, as the affected subsidiaries expect a sufficient future taxable income. In 2018, EUR 2.1m (2016: in 2017, EUR 3.5m) of the deferred tax assets are expected to be utilized.

NOTES

3.3 INCOME TAX PAYABLES

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.

INCOME TAX PAYABLES

	2017	2016
	EUR '000	EUR '000
Receivables at January 1	20	2,466
Foreign exchange adjustment	142	-94
Prior-year adjustments	-108	-45
Current tax on profit for the year	-16,897	-16,170
Current tax on equity	-1,366	770
Income tax paid	14,898	13,093
Addition on acquisition of subsidiaries	-278	0
Net income tax (payables)/receivables at December 31	-3,589	20
Recognized in the balance sheet as follows:		
Income tax receivables	1,387	1,966
Income tax payables	-4,976	-1,946
Net income tax (payables)/receivables at December 31	-3,589	20

NOTES

SECTION 4
CURRENT ASSETS AND LIABILITIES

This section contains information on working capital and other current assets. The main components are work in progress related to professional services, accounts receivable, and accounts payable.

Contract assets are expected to be realized within the Group's normal operating cycle and around 20% of it is expected to be realized within twelve months.

Working capital management prioritizes ensuring a strong cash flow performance.

In this section, the following notes are presented:

4.1 Receivables
4.2 Contracts balances
4.3 Trade payables and other payables

4.1 RECEIVABLES

Accounting policy
A receivable is the Group's unconditional right to consideration, and is accounted for in accordance with IAS 39.

Receivables are measured at amortized 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.

Derivative financial instruments are initially recognized at fair value as of the trade date.

RECEIVABLES

	2017	2016
	EUR '000	EUR '000
Trade receivables from clients	45,425	37,837
Accrued revenue	37,183	40,564
Derivative financial instruments	776	0
Other receivables	2,696	1,640
Total receivables at December 31	86,080	80,041
Aging of trade receivables from clients at December 31:		
Not due	37,556	32,063
Not more than 30 days	5,911	3,456
More than 30 days but not more than 90 days	1,524	1,772
More than 90 days	434	546
Total trade receivables from clients	45,425	37,837

No security has been received with respect to trade receivables.

Accrued revenue consists mainly of revenue from the sale of perpetual software licenses and receivables from professional services contracts in progress.

Other receivables are comprised mainly of sales and payroll taxes.

No write-down has been made in 2017 or in 2016 for trade receivables. Balances presented above are past due, but not individually impaired.

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

NOTES

4.2 CONTRACT BALANCES

Contract balances consist of client-related assets and liabilities. Contract assets stem from subscription agreements with payments in the future. Contract assets originate from the adoption of IFRS 15. The initial adoption caused a reduction of EUR 3.0m in prepayments from clients and the recognition of EUR 24.6m to contract assets with opposite postings of EUR 27.6m to equity.

Accounting policy

When control over goods or services is transferred to a client before the client pays consideration, the contract is recognized as either a contract asset or a receivable.

A contract asset represents the right to consideration in exchange for the right to use software or services transferred to a client when that right is linked to, but not conditional on SimCorp's future performance.

If the timing of payments specified in the contract provides the client with a significant financing benefit, the transaction price is adjusted to reflect this financing component. The Group applies the practical expedient in paragraph 129 of IFRS 15 and does not adjust the amount of consideration for the effects of a financing component if it expects, at contract inception, that the period between delivery and payment will be one year or less.

Contract assets relate to the Group's rights to consideration for software licensed to clients under subscription agreements with future payments, subsequent to revenue recognition.

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

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

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

Contracts in progress relating to fixed fee professional services are measured at the estimated sales value of the proportion of the contract completed at the balance sheet date. Amounts invoiced on account in excess of work completed are included in prepayments under current liabilities.

Significant changes in the contract assets and the contract liabilities balances are as follows:

CHANGES IN CONTRACT ASSETS AND LIABILITIES

EUR '000	Opening balance	IFRS 15 adoption adjustment	Net additions	Invoiced from IFRS 15 adjustment	Revenue recognized from liabilities opening balance	Adjustments*	Business combinations	Financing income recognized	Closing balance
Contract assets (gross)	-	25,453	34,742	-9,450	-	-1,584	3,386	-	52,547
Contract interest element	-	-806	-2,275	-	-	70	0	410	-2,601
Contract assets (NPV)	-	24,647	32,467	-9,450	-	-1,514	3,386	410	49,946
Contract liabilities - licenses	5,840	-2,994	-34	-	-1,484	-113	1,463	-	2,678
Contract liabilities - services	2,861	0	1,334	-	-1,828	-17	0	-	2,350
Contract liabilities - maintenance	2,037	0	1,979	-	-1,614	-369	1,463	-	3,496
Contract liabilities - other	3,909	0	425	-	-2,048	-385	1,544	-	3,445
Contract liabilities (prepayments from clients)	14,647	-2,994	3,704	-	-6,974	-884	4,470	-	11,969

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

NOTES

4.3 TRADE PAYABLES AND OTHER PAYABLES

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

TRADE PAYABLES AND OTHER PAYABLES

	2017	2016
	EUR '000	EUR '000
Trade payables	12,358	12,690
Accrued vacation payables	12,449	10,926
Bonus and commissions payables	16,438	15,316
Payroll taxes, VAT etc., payables	9,113	8,942
Derivate financial instruments	0	59
Other debt	0	2,989
Total trade payables and other payables	50,358	50,922

Exposure to currency and liquidity risk for trade and other payables is disclosed in Note 6.2.

NOTES

SECTION 5 INVESTED CAPITAL

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

Additions to intangible assets amounted to EUR 35.3m in 2017 (2016: EUR 1.6m), the increase was caused mainly by the acquisition of A.P.L. Italiana S.p.A.

Additions to property, plant, and equipment amounted to EUR 3.3m in 2017 (2016: EUR 2.9m), the change is mainly a result of three North American offices moving to new facilities in 2017.

In this section, the following notes are presented:

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

5.1 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT

Accounting policy

Goodwill

Initially, goodwill is recognized at cost. Subsequently, goodwill is measured at cost less accumulated impairment. Goodwill is not amortized. The carrying amount of goodwill is tested for impairment at least annually. Impairment losses are recognized directly in profit for the year and are not subsequently reversed.

Other intangible assets

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

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

Proprietary software for resale

Costs of development projects for software for resale are recognized as intangible assets where they are clearly defined and identifiable, where there are sufficient resources to implement the projects, and where it is 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 employee costs and amortization. To the extent that the development costs are not capitalized, they are recognized as research and development costs in the income statement.

Acquired software

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

Client 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 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 exceeds its recoverable amount, the carrying amount of the asset is written down to the recoverable amount.

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

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment. Property, plant, and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which are as follows:

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

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

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

NOTES

5.1 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

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.

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.

AMORTIZATION AND DEPRECIATION

	2017			2016		
EUR '000	Intangible	Property, plant, and equipment	Total	Intangible	Property, plant, and equipment	Total
Cost of sales	1,035	757	1,792	253	701	954
Research and development costs	605	719	1,324	418	1,013	1,431
Sales and marketing costs	42	378	420	184	272	456
Administrative expenses	70	351	421	53	466	519
Total amortization and depreciation	1,752	2,205	3,957	908	2,452	3,360

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

NOTES

5.1 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT

EUR '000	Goodwill	Software	Client contracts	Intangible total	Leasehold improve-ment	Technical equipment	Other equipment, fixtures, fittings, and prepay-ments	Property, plant, and equipment total
2017								
Cost at January 1	3,976	12,077	3,267	19,320	7,599	7,918	5,371	20,888
Foreign exchange adjustment	-142	-140	-114	-396	-175	-116	-127	-418
Additions	0	1,362	0	1,362	1,817	901	444	3,162
Addition on acquisition of subsidiaries	24,175	3,500	6,300	33,975	15	153	3	171
Disposals	0	0	0	0	-686	-432	-465	-1,583
Cost at December 31	28,009	16,799	9,453	54,261	8,570	8,424	5,226	22,220
Amortization/depreciation at January 1	-	7,862	463	8,325	5,153	6,739	4,217	16,109
Foreign exchange adjustment	-	-54	-18	-72	-157	-118	-73	-348
Amortization/depreciation	-	1,214	538	1,752	953	965	287	2,205
Disposals	-	0	0	0	-674	-439	-161	-1,274
Amortization and depreciation at December 31	-	9,022	983	10,005	5,275	7,147	4,270	16,692
Carrying amount at December 31	28,009	7,777	8,470	44,256	3,295	1,277	956	5,528
2016								
Cost at January 1	4,579	10,976	3,790	19,345	6,410	8,468	4,396	19,274
Foreign exchange adjustment	-603	-543	-523	-1,669	-37	-49	-10	-96
Additions	0	1,644	0	1,644	1,479	424	1,070	2,973
Disposals	0	0	0	0	-253	-925	-85	-1,263
Cost at December 31	3,976	12,077	3,267	19,320	7,599	7,918	5,371	20,888
Amortization/depreciation at January 1	-	7,227	348	7,575	4,710	6,085	4,146	14,941
Foreign exchange adjustment	-	-110	-48	-158	-35	-11	-6	-52
Amortization/depreciation	-	745	163	908	700	1,590	162	2,452
Disposals	-	0	0	0	-222	-925	-85	-1,232
Amortization and depreciation at December 31	-	7,862	463	8,325	5,153	6,739	4,217	16,109
Carrying amount at December 31	3,976	4,215	2,804	10,995	2,446	1,179	1,154	4,779
Amortization/depreciation period		Up to 10 years	Up to 20 years		Up to 10 years	3 years	5 years	

Additions to goodwill, software and client contracts in 2017 are mainly related to the acquisition of A.P.L. Italiana S.p.A. (renamed SimCorp Italiana S.p.A.).

NOTES

5.1 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

Impairment test
Goodwill is tested for impairment once a year, other intangible assets are tested when there is indication of impairment.

No indication of impairment beyond what is expressed through normal amortization has been perceived in relation to software and client contracts.

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

Cash generating units are defined as the smallest group of identifiable assets which together generate incoming cash flow from continued operations. For SimCorp Coric and SimCorp Sofia this has been defined as the business unit. For SimCorp Asia Pty. Ltd. it has been defined as the legal entity.

An estimate was made of the future free cash flow based on budgets and strategy for 2018 and projections for the next 4 years. Significant parameters in this estimate are discount rate, revenue growth rate, and profit margin. The recoverable amount is based on the value in use calculated by discounting expected future cash flows.

At December 31, 2017, the carrying amount of goodwill was tested for impairment. The expected performance of SimCorp Dimension was assessed for SimCorp Asia Pty. Ltd. and-SimCorp Coric for SimCorp Coric Ltd. The expected performance of SimCorp Sofia was assessed for SimCorp Italiana S.p.A. This assessment was performed in order to verify if sufficient to offset the carrying amount of the cash generating unit.

The impairment test as of December 31, 2017 showed no indication of impairment for 2017 (2016: Nil). Management's assessment is that currently no changes in key assumptions are reasonably likely to reduce the value in use below the carry value for any of the cash generating units.

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

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 1.2% (2016: 0.4%) and a risk premium of 5.6% (2016: 6.3%) assuming a Beta of 1.1 (2016: 1.1). The risk-free rate is based on 10-year British government bonds. Estimated leveraged European industry Beta was used. For USD cash flows (SimCorp Coric Inc.), the following has been used: risk-free rate of 2.4% based on yields for 10-year US government bonds and risk premium of 5.3%.

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

For SimCorp Sofia, the estimated growth rate is based on management's expectations. The WACC is determined based on a risk-free rate of 1.5% and a risk premium of 8.5% assuming a Beta of 1.

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 profit margin development.

CARRYING AMOUNTS AND ASSUMPTIONS

EUR '000	Goodwill	Software	Client Contracts	Total Intangibles 2017	Total Intangibles 2016	Discount rate before tax 2017	Discount rate before tax 2016	Annual average growth 2017	Annual average growth 2016
SimCorp Coric	3,664	2,069	2,549	8,282	9,092	6.0%	6.9%	5.0%	13.9%
SimCorp Asia Pty. Ltd.	170	0	0	170	179	NA	8.1%	NA	1.5%
SimCorp Sofia	24,175	3,354	5,921	33,450	-	10.0%	-	NA	-
Total carrying amount	28,009	5,423	8,470	41,902	9,271				

NOTES

5.2 INVESTMENTS IN ASSOCIATES

Accounting policy
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.

A change in ownership interest resulting from the acquisition of a subsidiary with interest in the associate is recognized at equity value at acquisition.

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 under administrative expenses. 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.

INVESTMENT IN ASSOCIATES

	2017	2016
	EUR '000	EUR '000
Cost at January 1	173	173
Addition on acquisition of subsidiaries	339	0
Cost at December 31	512	173
Adjustments at January 1	378	455
Foreign exchange adjustment	-17	-112
Share of profit for the year	51	94
Disposals and other adjustments	-70	-59
Adjustments at December 31	342	378
Carrying amount at December 31	854	551

ASSOCIATES

							Share attributable to the SimCorp Group	
EUR '000	Country of incorporation	Ownership interest	Revenue	Profit for the year	Assets	Liabilities	Equity	Profit for the year
2017								
Dyalog Ltd.	United Kingdom	39.8%	2,343	143	3,320	897	727	75
Opus Nebula Ltd.	United Kingdom	30.0%	248	-79	53	42	127	-24
2016								
Dyalog Ltd.	United Kingdom	19.9%	2,891	412	3,583	901	402	82
Opus Nebula Ltd.	United Kingdom	30.0%	394	42	118	28	149	12

SimCorp's investment in Dyalog Ltd. is a strategic investment as the company is an important supplier. SimCorp purchases APL licenses from Dyalog Ltd. both for SimCorp Dimension and SimCorp Sofia. Please refer to Note 7.4.
An additional 19.9% share ownership in Dyalog Ltd. was acquired in connection with the acquisition of A.P.L. Italiana S.p.A.

NOTES

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.

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

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

Acquisition cost

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

Transaction costs related to acquisitions are charged to the income statement as administration expenses at the time of acquisition. In 2017, cost related to acquisitions of EUR 0.4m was charged to the income statement.

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.

SimCorp Italiana S.p.A.

The Group made one acquisition during 2017 (2016: none). On June 29, 2017, SimCorp entered into an agreement to acquire 100% of the shares in A.P.L. Italiana S.p.A. (renamed SimCorp Italiana S.p.A.) for an enterprise value of EUR 35.0m, of which EUR 10.0m was paid in SimCorp shares. The acquisition became effective as of August 1, 2017. The purchase price was adjusted upwards by EUR 3.2m upon closing reflecting a higher value of net assets acquired. SimCorp Italiana S.p.A. is a leading provider of investment and portfolio management software for the Italian insurance market.

CONSIDERATION TRANSFERRED

	EUR '000
Cash consideration	28,195
Equity instruments (190,767 ordinary shares)	10,000
Total consideration transferred	38,195

CASH FLOW FOR ACQUISITION

	EUR '000
Cash payment	28,195
Cash and cash equivalents in acquired business	-8,344
Cash outflow for acquisition	19,851

Under the terms of the share purchase agreement, the sellers of A.P.L. Italiana S.p.A. have accepted certain restrictions on the sale and transfer of the shares, including a lock-up period. Refer to pages 102 and 103 for additional information.

NOTES

5.3 ACQUISITION OF ENTERPRISES (CONTINUED)

As no active market exits for the assets and liabilities acquired, especially in regard to intangible assets, management has estimated the fair value. The methods applied are based on present value of future cash flows calculated based on client contracts and other expected cash flows related to the assets. Trade receivables has been recognized at the contractual amounts and no adjustments has been required.

The goodwill is attributable to a well-positioned business for investment management software and services, a highly skilled workforce, and buyer synergies in relation to entry into the Italian market.

At the end of 2017, the allocation of the purchase price was finalized for the assets and liabilities acquired in the acquisition of SimCorp Italiana S.p.A.

The goodwill cannot be deducted for tax purposes.

Had SimCorp Italiana S.p.A. been owned for the entire reporting period, recognized revenue would have been around EUR 17.9m and operating profit (EBIT) EUR 5.6m. These estimates are based on unaudited financial information and presented for informational purposes only. This information does not necessarily represent the results the Group would have achieved, had the acquisition occurred on January 1. In addition, the information should not be used as the basis for or prediction of any annualized calculation.

The allocation of the purchase price had the following effect on the Group's consolidated financial statements at acquisition date:

FAIR VALUE AT ACQUISITION 2017

	Fair value at acquisition
	EUR '000
Intangible assets - client contracts	6,300
Intangible assets - software	3,500
Associates	339
Property, plant, and equipment	171
Deposits	115
Receivables	4,327
Contract assets	3,386
Cash and cash equivalents	8,344
Deferred tax liability	-2,495
Income tax payables	-1,211
Prepayments from clients	-4,470
Trade and other payables	-1,964
Provisions	-2,322
Identifiable net assets	14,020

GOODWILL

	EUR '000
Consideration transferred	38,195
Fair value of identifiable net assets	-14,020
Goodwill	24,175

NOTES

5.4 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. Commitment 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

	2017	2016
	EUR '000	EUR '000
Cost at January 1	1,890	2,102
Foreign exchange adjustment	-29	5
Additions	123	132
Addition on acquisition of subsidiaries	115	0
Disposals*	-104	-349
Carrying amount at December 31	1,995	1,890

* 2016: Disposals include reclassifications to current receivables.

5.5 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.

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

Re-establishment costs for rented premises
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.

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

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

NOTES

5.5 PROVISIONS (CONTINUED)

PROVISIONS EUR '000	Re-establish-ment costs for rented premises	Anniversary bonuses	Pension	Termination indemnity	Other	Total
2017						
Liability at January 1	1,504	1,431	2,724	0	34	5,693
Foreign exchange adjustment	-28	-17	-220	0	0	-265
Addition on acquisition of subsidiaries	0	0	0	2,322	0	2,322
Used during the year	2	-88	0	0	0	-86
Reversal of unused liabilities	0	-38	-158	0	0	-196
Provisions for the year	61	205	337	147	0	750
Total provisions	1,539	1,493	2,683	2,469	34	8,218
Expected due dates for provisions:						
Falling due within 1 year	0	71	0	122	0	193
Falling due within 2 to 5 years	1,539	648	0	490	0	2,677
Falling due after 5 years	0	774	2,683	1,857	34	5,348
Total provisions	1,539	1,493	2,683	2,469	34	8,218
2016						
Liability at January 1	1,068	1,297	2,325	-	0	4,690
Foreign exchange adjustment	-32	10	42	-	0	20
Used during the year	4	-101	0	-	0	-97
Reversal of unused liabilities	-38	-34	0	-	0	-72
Provisions for the year	502	259	357	-	34	1,152
Total provisions	1,504	1,431	2,724	-	34	5,693
Expected due dates for provisions:						
Falling due within 1 year	0	120	0	-	0	120
Falling due within 2 to 5 years	1,403	527	0	-	0	1,930
Falling due after 5 years	101	784	2,724	-	34	3,643
Total provisions	1,504	1,431	2,724	-	34	5,693

NOTES

SECTION 6 CAPITAL STRUCTURE AND FINANCING ITEMS

SimCorp's has aimed, until now, to pay dividends of at least 50% of Group profit on ordinary activities after tax. As a consequence of SimCorp moving from perpetual licenses to subscription-based licenses, and the introduction of the IFRS 15 accounting standard, we expect a lower level of cash conversion in the coming years. Based on this, the Board has evaluated and decided to update SimCorp's profit distribution policy.

Going forward, SimCorp intends to pay dividends of at least 40% of Group profit on ordinary activities after tax. Additional cash will, unless we foresee other cash requirements, be used to buy treasury shares. In 2018, cash generation over and beyond what is used for dividend allocation will be used to repay the loan established in connection with the acquisition of SimCorp Italiana and consequently, SimCorp does not anticipate initiating a new share buyback program in 2018.

In this section, the following notes are presented:

6.1 Equity, treasury shares, and dividend
6.2 Financial instruments and risk
6.3 Financial income and expenses
6.4 Loans and borrowings

6.1 EQUITY, TREASURY SHARES, AND DIVIDEND

Accounting policy
Treasury shares acquired by the Parent company are recognized in the balance sheet at zero value. Proceeds on the purchase of treasury shares and dividends from such shares are recognized in equity.

At December 31, 2017, the share capital amounted to DKK 40,690,767 divided into 40,690,767 shares (2016: DKK 41,500,000 divided into 41,500,000 shares). During the year 1,000,000 shares were canceled (2016: none) and 190,767 shares were issued (2016: none). The company's shares are traded on Nasdaq Copenhagen in denominations of DKK 1. No shares confer any special rights upon any shareholder. No shares are subject to restrictions on transferability or voting rights.

The share capital may be increased in one or more issues by a total nominal amount of up to DKK 4,000,000 (4,000,000 shares of DKK 1 nominal value) as directed by the Board of Directors with respect to time and terms. This authority is valid for a period of five years, expiring on March 1, 2022, and may be extended by the shareholders for one or more periods of up to five years at a time.

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

SHARE CAPITAL

	Number of shares		Nominal value EUR '000	
	2017	**2016**	**2017**	**2016**
At January 1	41,500,000	41,500,000	5,575	5,575
Cancellation of treasury shares	-1,000,000	0	-134	0
Shares issued	190,767	0	26	0
At December 31	40,690,767	41,500,000	5,467	5,575

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 35 to 38 for additional information.

At the Extraordinary Shareholder Meeting held on April 26, 2017, an amendment to the articles of association of the Company was approved allowing the Company to reduce its nominal share capital by DKK 1,000,000 by cancellation of treasury shares. The reduction was effective on May 31, 2017.

On August 1, 2017, pursuant to the authority granted by SimCorp's shareholders, 190,767 shares were issued. The new shares were subscribed-for by contribution of shares in A.P.L. Italiana S.p.A. totaling EUR 10.0m. The market

NOTES

6.1 EQUITY, TREASURY SHARES, AND DIVIDEND (CONTINUED)

price has been calculated based on the average closing price of SimCorp A/S' shares on Nasdaq Copenhagen for the 5 (five) trading days following SimCorp A/S' publication of the execution of the agreement on June 29, 2017, i.e. during the period June 30, 2017 – July 6, 2017, both days inclusive. The subscription nominal price per share is of DKK 1 is DKK 389.84. Under the terms of the share purchase agreement, the sellers of A.P.L. Italiana S.p.A. have accepted certain restrictions on the sale and transfer of the shares, including a lock-up period. One third of the shares will be released after publication of the Group's 2018 first quarter interim report (May 2018). The second third will be released after publication of the 2018 Annual Report (February 2019). The final third will be released after the publication of the 2019 Annual Report (February 2020).

Treasury shares
The market value of treasury shares at December 31, 2017 was EUR 61.0m (2016: EUR 94.3m). The treasury shares are carried at EUR 0.0m (2016: 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 2017, SimCorp A/S has acquired 472,829 treasury shares at an average price of DKK 394.57 for a total purchase price of EUR 25.1m (2016: 948,047 shares at an average price of DKK 348.23 per share equal to a purchase price of EUR 44.4m).

In 2017, SimCorp A/S delivered 223,761 treasury shares as part of the share based remuneration program for a nominal value of DKK 223,761 (2016: DKK 228,017) calculated at an average market price of DKK 377.62 per share (2016: DKK 288.69 per share), equal to a calculated price of EUR 11.4m (2016: EUR 8.9m).

The company acquires treasury shares for the purpose of reducing the share capital and for covering the Group's obligations arising from the restricted stock unit incentive programs.

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

In 2018, additional cash will be used to repay loan facilities and consequently, SimCorp does not anticipate initiating a new share buyback program in 2018.

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 34.6m (2016: EUR 33.3m), equal to DKK 6.50 (2016: DKK 6.25) 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. In addition, the Board proposes to cancel 190,767 shares, see page 37.

TREASURY SHARES

	Number of shares		Acquisition value EUR '000		Percent of share capital	
	2017	2016	2017	2016	2017	2016
At January 1	2,037,369	1,317,339	77,655	39,470	4.9	3.2
Foreign exchange adjustment	-	-	-109	149	-	-
Cancellation	-1,000,000	0	-28,780	0	-2.5	0.0
Purchases	472,829	948,047	25,059	44,406	1.2	2.3
Used RSU program	-223,761	-228,017	-10,513	-6,370	-0.4	-0.6
At December 31	1,286,437	2,037,369	63,312	77,655	3.2	4.9

NOTES

6.2 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 in writing and approved by the Board of Directors. The purpose is to ensure efficient liquidity management. Excess liquidity is transferred to SimCorp A/S which operates as the internal bank for the Group.

The scope and nature of the Group's financial instruments appear from the income statement and the balance sheet in accordance with the accounting policies applied. 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 23-26 of the annual report.

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

The consolidated income statement is impacted by changes in exchange rates. The results of foreign subsidiaries are translated from their functional currency to EUR at the exchange rates ruling on the dates of underlying transactions. The average exchange rate for the month is used to reflect the transaction dates' exchange rates.

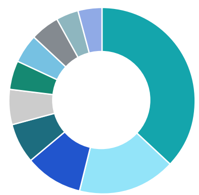
The table below shows currency exposure to each currency as at the balance sheet date based on the functional currencies of the individual Group companies. Additionally, the revenue allocation by currency is illustrated.

CURRENCY EXPOSURE

					2017				2016
EUR '000	Cash/ equivalents	Receivables	Contract assets	Debt	Net position	Cash/ equivalents	Receivables	Debt	Net position
EUR/DKK	3,367	7,277	0	31,693	-21,049	1,125	9,628	645	10,108
CHF/DKK*	2	768	55	9,747	-8,922	3	0	21,138	-21,135
USD/SGD	0	253	5,566	0	5,819	0	296	0	296
SEK/DKK	29	655	3,334	459	3,559	0	125	710	-585
EUR/SEK	0	284	2,273	3	2,554	1	0	0	1
USD/GBP	647	797	743	51	2,136	30	1,346	730	646
CAD/USD	86	1,910	0	31	1,965	247	560	143	664
EUR/CHF	275	1,200	0	0	1,475	185	74	0	259
GBP/DKK	1,167	28	0	62	1,133	663	8	1,507	-836
EUR/GBP	0	39	729	43	725	19	1	173	-153
USD/HKD	0	2	680	0	682	0	1	0	1
USD/DKK	703	22	0	101	624	1,039	9	17	1,031
CHF/GBP	0	0	561	0	561	0	0	195	-195

* CHF hedge against DKK.

REVENUE BY CURRENCY 2017



	2017	2016
EUR	37%	37%
USD	17%	18%
DKK	10%	10%
GBP	7%	10%
CHF	6%	7%
SEK	5%	5%
CAD	5%	2%
SGD	5%	2%
NOK	4%	5%
AUD	4%	3%
Other	0%	1%

NOTES

6.2 FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

Currency risk (continued)
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 10.5m (2016: CHF 22.7m) relating to future cash flows from a subsidiary for 2018 at CHF rates against DKK of between 6.90 and 6.93.

In order to mitigate currency risk in relation to Ukraine, SimCorp is using USD for salaries in that country.

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

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

SENSITIVITY ANALYSIS

	2017		2016	
	Change in cross rate	EUR '000	Change in cross rate	EUR '000
CHF/DKK	10%	-892	10%	-2,114
USD/SGD	5%	291	10%	30
SEK/DKK	5%	178	5%	-29
EUR/SEK	5%	128	10%	0
USD/GBP	10%	214	10%	65
CAD/USD	10%	197	10%	66
EUR/CHF	10%	148	5%	13
GBP/DKK	10%	113	10%	-84
EUR/GBP	10%	73	10%	-15
USD/HKD	5%	34	5%	0
USD/DKK	10%	62	10%	103
CHF/GBP	10%	56	10%	-20

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 interest rate risks are generally related to its bank deposits, credit facilities, and short-term loan.

Deposits
The Group had cash deposits of EUR 31.4m at December 31, 2017 (2016: EUR 31.6m) carrying a variable rate of interest based on the money market rate. The effective rate of interest varies with the currency and, made up at the balance sheet date, fluctuated between -1.0%-0.0% in 2017 (2016: -1.0%-0.0%) for significant cash deposits.

Debt
The Group had debt of EUR 30.0m at December 31, 2017 (2016: none) carrying a variable rate of interest based on the money market rate. See Note 6.4 for additional information.

Sensitivity
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 2017 and 2016, respectively, would have a positive impact of EUR 0.3m (2016: EUR 0.3m) for 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 Group does not deviate significantly from the impact on the profit and loss for the year.

If interest rates increased by one percentage point, the interest rate sensitivity as calculated based on quarterly bank loan balance at the end of the quarters in 2017 would have a negative impact of EUR 0.3m for 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 Group does not deviate significantly from the impact on the profit and loss for the year.

NOTES

6.2 FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

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 equivalent and unutilized credit facilities. The Group aims to have sufficient cash reserves to allow it to continue to operate adequately in case of unforeseen fluctuations in cash. At December 31, 2017, the Group had unused credit facilities in banks of EUR 5.3m (2016: EUR 4.2m). Cash and cash equivalents amounted to EUR 31.4m in 2017 (2016: EUR 31.6m).

At the beginning of 2018, SimCorp obtained a 3 year committed revolving credit facility of EUR 20m.

The cash reserve and expected cash flow for 2018 are considered to be adequate to meet the obligations of the Group as they fall due.

The table indicates when the current and non-current liabilities including interest per December 31, 2017 and December 31, 2016, respectively, are expected to fall due. Interest payments are estimated based on current market conditions. The maturity profile of the Group's operational leasing obligations appears in Note 7.3.

LIABILITIES AT 31 DECEMBER

	Current				Non-current			
	1 to 6 months		7 to 12 months		1 to 5 years		later than 5 years	
EUR '000	2017	2016	2017	2016	2017	2016	2017	2016
Bank loan	0	0	30,000	0	0	0	0	0
Prepayments from clients	7,762	10,295	2,054	2,815	2,146	1,537	7	0
Trade payables	11,450	12,104	245	185	332	460	331	0
Provisions	947	67	554	53	3,266	1,931	3,451	3,642
Other payables	32,534	29,783	3,414	3,548	2,052	1,853	0	0
Income tax and deferred tax	1,146	636	4,363	1,425	5,799	552	2,182	482
Other debts	0	2,989	0	0	0	0	0	0
Total liabilities	53,839	55,874	40,630	8,026	13,595	6,333	5,971	4,124

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.

Credit risk relating to cash funds comprising current account bank 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.

The maximum exposure to credit risk equals the carrying amounts:

CREDIT RISK

	2017	2016
	EUR '000	EUR '000
Cash and cash equivalents	31,412	31,590
Contract assets (gross)	52,547	0
Receivables	85,304	80,041
Maximum credit exposure	169,263	111,631

Financial assets are classified as receivables.

The Group's trade receivables at December 31, 2017 include no impairments (2016: no impairments), see Note 4.1. Impairments are based on individual assessments and result from objective indication of impairment. Impairment will be charged to administrative expenses. Maturity dates for receivables are specified in Note 4.1. No single client represents more than 7.1% (2016: 7.5%) of total trade receivables.

The table indicates when the balance in contract assets with clients, gross of interest, as per December 31, 2017 is expected to be invoiced.

CONTRACT ASSETS

	2017
	EUR '000
Invoiced within 1 to 6 months	8,349
Invoiced within 7 to 12 months	3,768
Invoiced within 2 years	11,007
Invoiced within 3 years	9,200
Invoiced within 4 years	6,761
Invoiced within 5 years	6,298
Invoiced after 5 years	7,164
Total contract assets (gross)	52,547

The table indicates when the balance in contract assets with clients, gross of interest, as per 31.12.2017 is expected to be invoiced. For additional information refer to Note 4.2.

NOTES

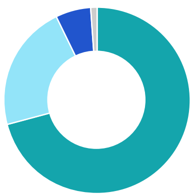
6.2 FINANCIAL INSTRUMENTS AND RISK (CONTINUED)

The table below depicts trade receivables by region:

TRADE RECEIVABLES QUALITY BY GEOGRAPHICAL REGION

	2017	2016
	EUR '000	EUR '000
Europe	26,756	23,090
North America	8,395	7,155
Asia	2,027	248
Australia	48	690
Other	330	880
Total	37,556	32,063

TRADE RECEIVABLES, BY REGION 2017



	2017	2016
Europe	71%	72%
North America	22%	22%
Asia	6%	1%
Australia	0%	2%
Other	1%	3%

Financial instruments
The Group has the following financial instruments:

FINANCIAL INSTRUMENTS

	2017	2016
	EUR '000	EUR '000
Receivables	79,533	71,067
Derivate financial instruments	776	-59
Financial obligations measured at amortized cost	-42,358	-15,679

Fair values
SimCorp measures derivative financial instruments comprising, in 2017, of forward exchange transactions for the sale of CHF 10.5m (2016: CHF 22.7m) against DKK in the period from February 2018 to November 2018 at fair value.

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), positive EUR 0.8m (2016: negative EUR 0.1m).

NOTES

6.3 FINANCIAL INCOME AND EXPENSES

Accounting policy
Financial income and expenses include: interest income, interest expense, amortization of borrowing issue costs, realized and unrealized exchange gains and losses, refunds under the Danish tax prepayment scheme, changes to the fair value of derivative financial instruments, withholding tax, amortization of financial assets and liabilities, as well as surcharges under the Danish tax prepayment scheme. All borrowing cost is recognized in profit or loss using the effective interest method.

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

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

FINANCIAL INCOME AND EXPENSES

	2017	2016
	EUR '000	EUR '000
Financial income		
Dividend from associates	86	91
Interest income, cash etc.	18	94
Interest income, client contracts	410	0
Fair value adjustments, derivatives	827	37
Foreign exchange gains	162	140
Foreign exchange adjustments	1,922	2,332
Total financial income	3,425	2,694
Financial expenses		
Interest expenses, financial assets carried at amortized cost	63	52
Interest expenses, deferred payment acquisition	2	31
Interest expenses, pension	24	28
Other financial expenses	369	1,471
Foreign exchange adjustments	4,222	1,836
Total financial expenses	4,680	3,418

6.4 LOANS AND BORROWINGS

SimCorp has obtained a EUR 30m loan for the acquisition of A.P.L. Italiana S.p.A. The loan matures in July 31, 2018. SimCorp has options to twice extend the loan for a year. No covenants apply. The variable interest rate is subject to adjustment quarterly based upon the 3-month CIBOR plus a premium.

Accounting policy
Loans are initially recognized at fair value. Transaction costs are reported in the initial book value of the financial liability. Loans are subsequently carried at amortized cost using the effective interest method.

LOANS AND BORROWINGS

	2017
	EUR '000
Unsecured bank loans	30,000
Total loans and borrowings	30,000

Information about the Group's exposure to interest rate, foreign currency, and liquidity risks is included in Note 6.2.

In compliance with published amendments to IAS 7 - Statement of Cash Flows, the following disclosures aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities.

LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Short-term borrowings
	EUR '000
Outstanding January 1, 2017	0
Cash flows during the year	30,000
Outstanding December 31, 2017	30,000

NOTES

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

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

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 2017 financial year, EUR 6m was charged to the income statement in respect of share-based remuneration: EUR 4.7m relate to issued RSUs, EUR 1.1m relate to corporate bonus 2017 provision, and EUR 0.2m relate to shares to the Board of Directors (2016: EUR 5.1m charged to the income statement; EUR 3.9m from RSUs, EUR 0.9m from corporate bonus provision and EUR 0.2m from shares to the Board of Directors).

Accounting policy

For restricted stock units (RSUs), the fair value is measured at the grant date, adjusted for estimated dividends and recognized in the income statement as employee cost over the vesting period. The counter entry is recognized directly in equity.

On initial recognition, the number of RSUs expected to vest is estimated. Subsequently, adjustments are made for changes in the number of employees estimated to become entitled to RSUs. The number of the RSUs is also adjusted when performance conditions are only partly met. All adjustments are recognized in the income statement as employee cost.

Shares

Shares to the Board of Directors

In the financial year January 1 to December 31, 2017, a provision of EUR 212 thousand (2016: EUR 168 thousand) was charged to the income statement in respect of this program. The company will allot 4,120 treasury shares after publication of the Annual Report 2017 to members of SimCorp's Board of Directors (2016: 4,873 treasury shares).

NOTES

7.1 SHARE-BASED REMUNERATION (CONTINUED)

Restricted stock units (RSUs)
The Group grants RSUs to its employees and Executive Management Board as part of its three incentive programs: long-term incentive program, corporate bonus, and special retention programs. The table below shows a summary of changes in the balance of outstanding RSUs from January 1, 2016 to December 31, 2017. A specification of the different incentive programs which grant RSUs to employees follows.

RSUs

Grant year	2012	2013	2014	2015	2016	2017	**Total**	Board of Directors*	Executive Management Board	Other employees
Fair value at time of grant EURm	1.4	2.8	7.6	6.5	6.5	9.7	34.5			
Outstanding January 1, 2016	42,888	116,129	205,670	215,513	0	-	580,200	1,671	133,211	445,318
Granted	-	-	-	-	165,577	-	165,577	842	24,877	139,858
Vested	-21,444	-114,018	-47,689	-40,074	0	-	-223,225	-675	-55,725	-166,825
Canceled / transferred to another category	0	-2,111	-10,346	-13,558	-9,179	-	-35,194	-461	-20,566	-14,167
Performance adjustment	0	0	-1,995	0	0	-	-1,995	0	0	-1,995
Outstanding January 1, 2017	21,444	0	145,640	161,881	156,398	-	485,363	1,377	81,797	402,189
Granted	-	-	-	-	-	183,124	183,124	621	30,252	152,251
Vested	-21,444	-	-130,015	-38,313	-29,631	0	-219,403	-821	-44,119	-174,463
Canceled	0	-	-625	-4,651	-3,832	-3,129	-12,237	0	0	-12,237
Outstanding December 31, 2017	0	-	15,000	118,917	122,935	179,995	436,847	1,177	67,930	367,740
Average remaining term (years)										
2017	-	-	1.17	0.58	1.50	1.79				
2016	0.75	-	1.17	2.88	1.64	-				
Charged to the income statement EURm										
2017	0.03	-	0.22	0.97	1.27	2.20	4.69			
2016	0.10	0.15	1.08	1.28	1.38	-	3.99			

* Board of Director's restricted stock units are acquired in a capacity as employees of SimCorp A/S.

NOTES

7.1 SHARE-BASED REMUNERATION (CONTINUED)

Long-term incentive program
RSUs are granted annually in April to members of the Executive Management Board and key employees as part of the long-term incentive program. These RSUs vest three years after being granted subject to continuing employment and 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 2013, a total of 119,790 RSUs were granted to members of the Executive Management Board and key employees. This program was completed in 2016. In 2016 (the program's final year), 100,188 shares were transferred to participants in the long-term incentive program who had fulfilled the program's criteria. The number of shares was reduced by 9.9% compared with maximum under the program.

In 2014, a total of 83,325 RSUs were granted to members of the Executive Management Board and key employees. In 2017, 72,246 shares were transferred to participants who have fulfilled the program's criteria and remained employed. The number of shares was not reduced compared with maximum under the program (2016: no reduction).

In 2015, a total of 87,116 RSUs were granted to members of the Executive Management Board and key employees. The number of shares was not reduced compared with maximum under the program (2016: no reduction).

In April 2016, 69,773 RSUs were granted to members of the Executive Management Board and key employees, additional 1,927 RSUs were granted to senior management employees during the remainder of the year. The number of shares was not reduced compared with the maximum under the program (2016: no reduction).

In April 2017, 54,866 RSUs were granted to members of the Executive Management Board and key employees, additional 1,451 RSU were granted to senior management employees. The number of shares was not reduced compared with the maximum under the program.

NOTES

7.1 SHARE-BASED REMUNERATION (CONTINUED)

LONG-TERM INCENTIVE PROGRAM

Grant year	2013	2014	2015	2016	2017	Total	Board of Directors*	Executive Manage-ment Board	Other employees
Vesting period	Feb-16	Feb-17	Feb-18	Feb-19	Feb-20				
Fair value at time of grant EURm	2.5	2.4	2.7	2.9	3.2	13.7			
Outstanding January 1, 2016	102,299	80,036	84,852	0	-	267,187	0	79,544	187,643
Granted	-	-	-	71,700	-	71,700	0	19,726	51,974
Vested	-100,188	-	-	-	-	-100,188	0	-30,003	-70,185
Canceled / transferred to or from another category	-2,111	-7,165	-8,491	-4,944	-	-22,711	313	-17,573	-5,451
Outstanding January 1, 2017	0	72,871	76,361	66,756	-	215,988	313	51,694	163,981
Granted	-	-	-	-	56,317	56,317	0	15,231	41,086
Vested	-	-72,246	-	-	-	-72,246	-313	-18,230	-53,703
Canceled	-	-625	-2,786	-2,113	-485	-6,009	0	0	-6,009
Outstanding December 31, 2017	-	0	73,575	64,643	55,832	194,050	0	48,695	145,355
Average remaining term (years)									
2017	-	-	0.17	1.17	2.17				
2016	-	0.17	1.17	2.17	-				
Charged to the income statement EURm									
2017	-	0.13	0.72	0.86	0.78	2.49			
2016	0.14	0.57	0.73	0.68	-	2.12			

*Board of Director's restricted stock units are acquired in a capacity as employees of SimCorp A/S.

NOTES

7.1 SHARE-BASED REMUNERATION (CONTINUED)

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

In March 2018, the company will grant RSUs as part of its corporate bonus program for 2017. EUR 1.07m was charged to the income statement in respect of this program in 2017 (2016: EUR 0.91m). These are not included in the specification below.

CORPORATE BONUS

Grant year	2013	2014	2015	2016	2017	**Total**	Board of Directors*	Executive Management Board	Other employees
RSUs at time of grant	14,350	144,718	120,031	93,396	87,246	459,741			
Vesting period	Mar-16	Mar-15/16/17	Mar-16/17/18	Mar-17/18/19	Mar-18/19/20				
Fair value at time of grant EURm	0.3	4.2	3.4	3.5	4.5	15.9			
Outstanding January 1, 2016	13,830	89,107	114,856	-	-	217,793	1,671	10,779	205,343
Granted	-	-	-	93,396	-	93,396	842	5,151	87,403
Vested	-13,830	-44,525	-37,579	-	-	-95,934	-675	-4,278	-90,981
Canceled / transferred to another category	0	-2,022	-5,067	-4,235	-	-11,324	-774	-2,993	-7,557
Outstanding January 1, 2017	0	42,560	72,210	89,161	-	203,931	1,064	8,659	194,208
Granted	-	-	-	-	87,246	87,246	621	3,068	83,557
Vested	-	-42,560	-35,818	-29,631	-	-108,009	-508	-4,445	-103,056
Canceled	-	0	-1,381	-1,719	-2,644	-5,744	0	0	-5,744
Outstanding December 31, 2017	-	0	35,011	57,811	84,602	177,424	1,177	7,282	168,965
Average remaining term (years)									
2017	-	-	0.25	0.75	1.25				
2016	-	0.25	0.75	1.25	-				
Charge to the income statement EURm									
2017	-	0.04	0.17	0.40	1.00	1.61			
2016	0.01	0.32	0.44	0.69	-	1.46			

*Board of Director's restricted stock units are acquired in a capacity as employees of SimCorp A/S.

NOTES

7.1 SHARE-BASED REMUNERATION (CONTINUED)

Other incentive programs
RSUs with particular vesting conditions are occasionally granted to key personnel upon hiring as a part of a sign-on agreement, special performance incentives, or similar incentives. The following tables offer an overview of balances related to such incentive programs. A description of particular vesting conditions follows.

In connection with Klaus Holse's appointment as CEO, 107,220 RSUs were granted to him on September 1, 2012, when Klaus Holse completed his personal investment of DKK 5m in SimCorp shares. Sixty percent of these RSUs vested in 2015, further twenty percent vested in 2016, and the remaining twenty percent in 2017. Shares transferred during the 2017 financial year in connection with this program totaled 21,444 (2016: 21,444). The program was completed in 2017.

In connection with Michael Rosenvold's appointment as CFO, 11,953 RSUs were granted to him on October 1, 2017, when he completed his personal investment of DKK 2.5m in SimCorp shares. Sixty percent of these RSUs will vest in 2020, further twenty percent will vest in 2021 and the remaining twenty percent will vest in 2022.

OTHER INCENTIVE PROGRAMS – EXECUTIVE MANAGEMENT BOARD

Grant year	2012	2017	**Total**
Program	CEO	CFO	
Vesting period	Sep-15/16/17	Oct-20/21/22	
Fair value at time of grant EURm	1.4	0.6	2.0
Outstanding January 1, 2016	42,888	-	42,888
Vested	-21,444	-	-21,444
Outstanding January 1, 2017	21,444	-	21,444
Granted	0	11,953	11,953
Vested	-21,444	-	-21,444
Outstanding December 31, 2017	0	11,953	11,953
Average remaining term (years)			
2017	-	3.83	
2016	0.75	-	
Charged to the income statement EURm			
2017	0.03	0.04	0.07
2016	0.10	-	0.10

NOTES

7.1 SHARE-BASED REMUNERATION (CONTINUED)

Occasionally RSUs with particular vesting conditions are granted to other employees, either as retention or sign-on incentives.

Granted 2014

In 2014, following the appointment of a senior management employee in the UK, 9,170 RSUs were granted which vested in 2017. The number of shares was reduced by 1,995 (2016: no reduction). The program was completed in February 2017 and 7,175 shares were transferred.

In relation to the acquisition of SimCorp Coric Ltd., 8,431 RSUs were granted to management and key employees of SimCorp Coric Ltd., vesting in 2017 subject to continuing employment. The program has been completed in February 2017 and 4,869 shares were transferred.

In relation to the appointment of a new head of North America, 9.493 RSUs were granted, equivalent to EUR 200 thousand. These vested one third per year over the following three years, subject to continuing employment. All shares has been transferred in 2017 and the program has been completed.

In 2014, the company granted 15,000 RSUs to a new head of North America. The terms and conditions for the program have been updated and RSUs will vest at the end of February 2019, subject to continuing employment and conditions with respect to annual revenue growth in North America for the financial years 2015 to 2018. If the conditions are only partially satisfied, the number of shares transferred after four years will be reduced, and may possibly lapse completely. The number of shares was not reduced compared with maximum under the program (2016: no reduction).

Granted 2015

In connection with the appointment of senior management employees in North America, a total of 7,971 RSUs have been granted as sign-on incentive. One third of these RSUs vests 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.

In connection with an incentive program for a senior management employee in France, 7,834 RSUs have been granted. These will vest in 2018 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. The number of shares was not reduced compared with maximum under the program (2016: no reduction). The criteria for the program has been met and 7,834 shares will be transferred in February 2018.

Granted 2016

In January 2016, with the appointment of senior management employees in SimCorp Coric Ltd., 481 RSUs were granted as a sign-on incentive. The RSUs vest after three years, subject to continuing employment.

Granted 2017

During 2017, 3,778 RSUs were granted to employees in Denmark, Singapore, United Kingdom, and Italy as part of sign-on agreements and incentive programs. These vest during 2020 subject to continued employment.

Also in 2017, 23,830 RSUs were granted to the North American management team in order to strengthen retention. The RSUs will vest after three years subject to continued employment and certain performance conditions for revenue and EBIT growth in North America for the financial years 2017 to 2019. If the conditions are only partially satisfied, the number of shares transferred will be reduced.

NOTES

7.1 SHARE-BASED REMUNERATION (CONTINUED)

OTHER INCENTIVE PROGRAMS – OTHER EMPLOYEES

Grant year	2014	2014	2014	2014	2015	2015	2016	2017	2017	Total
Program	Senior employee UK	Key employees Coric	Senior employee sign-on North America	Senior employee North America	Senior employees North America	Senior employee France	Senior employee UK	Senior employees DK, Singapore, UK, and Italy	Incentive North America	
Vesting period	Mar-17	Mar-17	Sep-17	Feb-19	Feb-16/17/18	Feb-18	Feb-19	Feb-20	Feb-20	
Fair value at time of grant EURm	0.3	0.2	0.2	0.3	0.2	0.2	0.0	0.2	1.2	2.8
Outstanding January 1, 2016	9,170	6,028	6,329	15,000	7,971	7,834	-	-	-	52,332
Granted	-	-	-	-	-	-	481	-	-	481
Vested	-	-	-3,164	-	-2,495	-	-	-	-	-5,659
Canceled	0	-1,159	0	0	0	0	0	-	-	-1,159
Performance adjustment	-1,995	-	-	0	-	0	-	-	-	-1,995
Outstanding January 1, 2017	7,175	4,869	3,165	15,000	5,476	7,834	481	-	-	44,000
Granted	-	-	-	-	-	-	-	3,778	23,830	27,608
Vested	-7,175	-4,869	-3,165	0	-2,495	-	-	-	-	-17,704
Canceled	0	0	0	0	-484	0	0	0	0	-484
Outstanding December 31, 2017	0	0	0	15,000	2,497	7,834	481	3,778	23,830	53,420
Average remaining term (years)										
2017	-	-	-	1.17	0.17	0.17	1.17	2.17	2.17	
2016	0.25	0.25	0.75	1.17	0.67	1.17	2.17	-	-	
Charged to the income statement EURm										
2017	0.01	0.01	0.01	0.02	0.02	0.06	0.01	0.04	0.34	0.52
2016	0.05	0.02	0.04	0.09	0.04	0.06	0.01	-	-	0.31

NOTES

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

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

Accounting estimates and judgments

For defined-benefit plans, annual actuarial calculations are made of the net present value of future benefits to be paid under the plan. The net present value is calculated based on assumptions of the future developments of salary, interest, inflation, and mortality rates. Assumptions are assessed at reporting date and changes in these assumptions may significantly affect the liabilities and pension cost under defined benefit plans.

The pension obligations of the Parent company and most foreign subsidiaries 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.

PENSIONS AND SIMILAR LIABILITIES

	2017	2016
	EUR '000	EUR '000
Pension liabilities		
At January 1	8,532	7,991
Foreign exchange adjustment and other adjustments	-694	163
Addition of Belgian pension plan	2,733	0
Employee contributions	178	197
Expensed in the income statement	615	505
Calculated interest	98	111
Actuarial loss/(gain) change in demographic assumptions	0	-248
Actuarial loss/(gain) change in financial assumptions	-118	217
Actuarial loss/(gain) change in experience	104	-476
Payroll taxes	-45	-35
Settlements	0	-151
Benefits paid through pension assets	-809	258
Present value of pension liabilities at December 31	10,594	8,532
Fair value of plan assets		
At January 1	5,808	5,671
Foreign exchange adjustment	-472	126
Addition of Belgian pension plan	2,409	0
Calculated interest	73	82
Return on plan assets in addition to calculated interest	197	-800
Employee contributions	230	197
Employer contributions	492	444
Settlements	0	-151
Benefits paid through pension assets	-809	258
Other	-17	-19
Fair value of plan assets at December 31	7,911	5,808
Net liability included in the balance sheet	2,683	2,724

NOTES

7.2 PENSIONS AND SIMILAR LIABILITIES (CONTINUED)

As of 2017, the pension plan in Belgium has been included as a defined benefit-plan. New regulations were imposed on defined-contribution plans in Belgium, which require that they be treated as defined-benefit plans. The plan entitles employees to defined future benefits. These primarily depend on number of years of service, salary level at retirement age, and the size of the national pension.

The actuarial assessments of assets and liabilities in the Norwegian defined-benefit plan have been done by Storebrand Pensjonstjenester AS Norway) on basis of standardized assumptions, prepared by Forsikringsnæringens Hovedorganisasjon (Norway), regarding life expectancy and other demographic factors.

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.

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

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

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

The Group expects to pay EUR 492 thousand to the defined-benefit pension plans in 2018 (2016: EUR 453 thousand for the year 2017). 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.

ASSET ALLOCATION AT SEPTEMBER 30 (LATEST INFORMATION)

	Switzerland		Norway		Belgium	
	2017	2016	2017	2016	2017	2016
Shares	-	-	13.0%	9.0%	4.0%	-
Bonds/mortgage bonds	-	-	59.0%	72.0%	87.0%	-
Property	-	-	14.0%	14.0%	-	-
Other financial assets	-	-	14.0%	5.0%	9.0%	-
Assets held at Allianz Suisse collective foundation	100.0%	100.0%	-	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	-

MOST IMPORTANT ASSUMPTIONS FOR ACTUARIAL CALCULATIONS

	Switzerland		Norway		Belgium	
	2017	2016	2017	2016	2017	2016
Discount rate	0.7%	0.5%	2.3%	2.1%	1.3%	-
Future salary increases	1.5%	1.5%	2.5%	2.3%	-	-

SENSITIVITY ANALYSIS ON REPORTED PENSION LIABILITIES

	Switzerland		Norway		Belgium	
EUR '000	2017	2016	2017	2016	2017	2016
Discount rate +1%	-891	-957	-373	-372	-632	-
Discount rate -1%	1,247	1,362	509	512	829	-
Future remuneration +1%	238	299	248	256	-	-
Future remuneration -1%	-212	-263	-211	-216	-	-

NOTES

7.3 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

	2017	2016
	EUR '000	EUR '000
Rent commitments		
Payable within 1 year	10,976	9,889
Payable within 2 to 5 years	15,410	19,387
Payable after 5 years	5,488	5,993
Rent commitments until expiry of minimum term of tenancy	31,874	35,269
Other commitments		
Payable within 1 year	671	711
Payable within 2 to 5 years	879	1,055
Total other commitments	1,550	1,766
Total commitments		
Payable within 1 year	11,647	10,600
Payable within 2 to 5 years	16,289	20,442
Payable after 5 years	5,488	5,993
Total commitments	33,424	37,035

In 2017, EUR 12.1m (2016: EUR 11.2m) were charged to the income statement in relation to operating leases. 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 on market terms and with normal rent adjustment clauses. The initial lease is for a period of ten years.

During 2017, the Company has evaluated various alternatives for office space for its headquarters and it is currently negotiating an agreement to renew the lease at Weidekampsgade 16 until the end of 2029.

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.

7.4 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.

The Group did not enter into any agreements, deals, or other transactions in 2017 in which the Parent company's Board of Directors or Executive Management Board had a financial interest, except for transactions following from the employment relationship. See Note 7.1 and Remuneration on pages 31-34.

Purchases of services from associates amounted in 2017 to EUR 0.5m compared with EUR 1.2m in 2016.

Key Management Personnel (cf. IAS 24) consists of the Board of Directors and the Executive Management Board.

Remuneration to members of the Board of Directors and the Executive Management Board is disclosed on page 32 and on page 34.

Members of the Board of Directors are elected by the shareholders at the Annual General Meeting for terms of one year. Members of the Board of Directors elected by the employees are elected among all SimCorp Group employees every third year. Election was held in March 2016, the next election will be held in March 2019. Refer to pages 39-41 for additional information on Board of Directors members.

NOTES

7.4 RELATED PARTY TRANSACTIONS (CONTINUED)

INTERESTS IN THE COMPANY OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT BOARD

Number of shares	2017	2016
Shareholdings, Board of Directors:		
Jesper Brandgaard	87,851	86,743
Peter Schütze	10,457	9,793
Herve Couturier	8,273	7,830
Simon Jeffreys	10,597	9,933
Patricia McDonald	-	1,461
Else Braathen	5,888	4,611
Vera Bergforth	1,203	760
Ulrik Elstrup Hansen	1,769	1,228
Board of Directors, total	126,038	122,359
Shareholdings, Executive Management Board:		
Klaus Holse	72,201	91,392
Georg Hetrodt	115,782	147,472
Michael Rosenvold [1]	5,977	-
Thomas Johansen [2]	-	9,607
Executive Management Board, total	193,960	248,471
Total shareholdings by members of the Board of Directors and the Executive Management Board	319,998	370,830

[1] Appointed on October 1, 2017
[2] Retired on December 13, 2016

Number of restricted stock units	2017	2016
Restricted stock units, Board of Directors:		
Else Braathen	762	1,081
Ulrik Elstrup Hansen	415	296
Board of Directors, total	1,177	1,377
Restricted stock units, Executive Management Board:		
Klaus Holse	36,072	59,846
Georg Hetrodt	18,975	21,951
Michael Rosenvold [1]	12,883	-
Executive Management Board, total	67,930	81,797
Total restricted stock units granted to members of the Board of Directors and the Executive Management Board	69,107	83,174

NOTES

7.5 AUDITORS' REMUNERATION

FEES TO INDEPENDENT AUDITORS

	2017	2016
	EUR '000	EUR '000
Audit fees	422	258
Other service with assurance fees	17	7
Tax and VAT advice fees	47	120
Other service fees	109	48
Total auditors' remuneration	595	433

Audit fees include the audit of the consolidated and local financial statements as well as services related to the audit of the adoption and interpretation of IFRS 15 as well as additional work regarding auditing the acquisition of A.P.L. Italiana S.p.A.

In 2017, tax fees relate primarily to assistance with transfer pricing audits in Canada. In 2016, tax fees relate to preparation of Advanced Pricing Agreements with Germany.

Other service fees include due diligence services regarding the acquisition of A.P.L Italiana S.p.A.

7.6 CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

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

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

On March 13, 2014, the Court of Justice of the European Union ("ECJ") published its judgment in the case C-464/12 ATP PensionService A/S determining that services provided to certain pension funds may be covered by the VAT exemption in section 13, subsection 1, no. 11, litra c and f of the Danish VAT Act.

As a consequence of the ECJ ruling, a number of SimCorp's Danish clients have filed a claim against SimCorp for recovery of the VAT levied on SimCorp's products and services. Pursuant to the Danish Tax Administration Act, SimCorp has claimed a refund from the Danish Tax Authorities ("SKAT") of the VAT collected on services provided to its Danish clients. SKAT has not yet replied to this claim for a refund. However, in August 2016 SimCorp received a so-called "binding ruling" from the Danish Tax Council and in this binding ruling the Danish Tax Council concluded that SimCorp's products and services are subject to VAT.

On this basis, SimCorp does not expect the above ruling from the ECJ to significantly have an effect on profit for the year and the assessment of the Group's financial position and accordingly, SimCorp has not made a provision for this in its annual accounts 2017.

7.7 EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after December 31, 2017, that have consequences for annual report 2017.

7.8 ADJUSTMENTS, CASH FLOW

This note provides details to cash flow statement reported on page 68.

ADJUSTMENTS, CASH FLOW

	2017	2016
	EUR '000	EUR '000
Depreciation	3,957	3,360
Share of profit after tax in associates	-51	-94
Financial income	-3,425	-2,694
Financial expenses	4,680	3,418
Tax on profit for the year	21,193	16,601
Adjustment share based remuneration	7,551	5,081
Total adjustments, cash flow	33,905	25,672

NOTES

7.9 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

	2017	2016
	EUR '000	EUR '000
Total segment profit reported (EBIT)	88,894	68,223
Share of profit after tax in associates	51	94
Financial income	3,425	2,694
Financial expenses	-4,680	-3,418
Profit before tax	87,690	67,593

7.10 SUBSIDIARIES

Group's subsidiaries are at December 31, 2017:

SUBSIDIARIES

NAME	Registered office	Ownership interest in 2017	Ownership interest in 2016	Share capital	
SimCorp Ltd.	London, United Kingdom	100%	100%	100,000	GBP
SimCorp GmbH	Bad Homburg, Germany	100%	100%	102,000	EUR
SimCorp Österreich GmbH	Vienna, Austria	100%	100%	17,500	EUR
SimCorp Norge AS	Oslo, Norway	100%	100%	1,000,000	NOK
SimCorp Sverige AB	Stockholm, Sweden	100%	100%	100,000	SEK
SimCorp Benelux SA/NV	Brussels, Belgium	100%	100%	62,000	EUR
SimCorp USA Inc.	New York, USA	100%	100%	7,010,000	USD
SimCorp Schweiz AG	Zurich, Switzerland	100%	100%	100,000	CHF
SimCorp Asia Pty. Ltd.	Sydney, Australia	100%	100%	1,000,000	AUD
SimCorp Singapore Pte. Ltd.	Singapore, Singapore	100%	100%	1	SGD
SimCorp Ukraine LLC	Kiev, Ukraine	100%	100%	2,968,000	UAH
SimCorp Canada Inc.	Vancouver, Canada	100%	100%	9,000,000	CAD
SimCorp France S.A.S	Paris, France	100%	100%	500,000	EUR
SimCorp Hong Kong Ltd.	Hong Kong, China	100%	100%	14,000,000	HKD
SimCorp Luxembourg S.A.	Luxembourg, Luxembourg	100%	100%	31,000	EUR
SimCorp Coric Ltd.	Wolverhampton, United Kingdom	100%	100%	722,342	GBP
SimCorp Iberia S.L.	Barcelona, Spain	100%	-	3,000	EUR
SimCorp Italiana S.p.A.	Milan, Italy	100%	-	2,100,000	EUR

SimCorp Benelux SA/NV has branches in the Netherlands, Luxembourg and France.
SimCorp Ltd. has a branch in the United Arab Emirates and in Azerbaijan.
SimCorp Sverige AB has a branch in Finland.
SimCorp USA Inc. has a branch in Canada.
SimCorp Coric Ltd. has a 100% owned subsidiary in the USA, SimCorp Coric Inc.
SimCorp Italiana S.p.A. has a 100% owned subsidiary in France, APL Ville S.r.l. and a 100% owned subsidiary in Italy, Sofia Online S.r.l.

FINANCIAL STATEMENTS OF SIMCORP A/S

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FINANCIAL STATEMENTS OF SIMCORP A/S

INCOME STATEMENT

	Note	2017 EUR '000	2016 EUR '000
Revenue	2.1, 2.2	174,480	151,087
Cost of sales	2.3	56,303	43,261
Gross profit		118,177	107,826
Other operating income		25,742	22,550
Research and development costs	2.3	45,969	41,835
Sales and marketing costs	2.3	9,067	12,532
Administrative expenses	2.3, 7.3	23,680	22,181
Operating profit (EBIT)		65,203	53,828
Financial income	6.1	14,526	10,305
Financial expenses	6.1	3,769	2,635
Profit before tax		75,960	61,498
Tax on the profit for the year	3.1	15,535	12,282
Profit for the year		60,425	49,216

STATEMENT OF COMPREHENSIVE INCOME

	2017 EUR '000	2016 EUR '000
Profit for the year	60,425	49,216
Other comprehensive income		
Items that may be reclassified subsequently to the income statement, when specific conditions are met:		
Foreign currency translation differences for foreign operations	-148	400
Other comprehensive income after tax	-148	400
Total comprehensive income	60,277	49,616
Proposed distribution		
Dividend	34,570	33,341
Transferred to retained earnings	25,707	16,275
	60,277	49,616

FINANCIAL STATEMENTS OF SIMCORP A/S

CASH FLOW STATEMENT

	Note	2017	2016
		EUR '000	EUR '000
Profit for the year		60,425	49,216
Adjustments for non-cash operating items	7.4	14,045	11,736
Changes in working capital and contract assets		-25,385	8,049
Cash from operating activities before financial items		49,085	69,001
Financial income received	6.1	530	395
Financial expenses paid	6.1	-314	-291
Income tax paid	3.1	-10,549	-11,141
Net cash from operating activities		38,752	57,964
Deferred payment, purchase of subsidiaries		-2,931	0
Purchase of subsidiaries		-28,195	0
Purchase of intangible fixed assets	5.1	-1,362	-1,644
Purchase of property, plant, and equipment	5.1	-486	-346
Purchase of financial assets	5.3	-37	-27
Proceeds from sale of financial assets	5.3	29	20
Dividends from associates	6.1	86	91
Dividends from subsidiaries	6.1	11,572	8,309
Net cash from/used in investing activities		-21,324	6,403
Net cash from operating and investing activities		17,428	64,367
Dividends paid		-33,235	-28,450
Purchase of treasury shares		-25,059	-44,406
Proceeds, loans	6.2	30,000	0
Net cash used in financing activities		-28,294	-72,856
Change in cash and cash equivalents		-10,866	-8,489
Cash and cash equivalents at January 1		19,703	28,299
Foreign exchange adjustment of cash and cash equivalents		28	-107
Cash and cash equivalents at December 31		8,865	19,703

FINANCIAL STATEMENTS OF SIMCORP A/S

BALANCE SHEET 31 DECEMBER

	Note	2017 EUR '000	2016 EUR '000
ASSETS			
Non-current assets			
Intangible assets	5.1		
Software		2,354	1,708
Total intangible assets		2,354	1,708
Property, plant, and equipment	5.1		
Leasehold improvements		248	563
Technical equipment		713	914
Other equipment, fixtures, fittings, and prepayments		12	15
Total property, plant, and equipment		973	1,492
Other non-current assets			
Investments in subsidiaries	5.2	75,119	36,996
Investments in associates	5.2	161	162
Deposits	5.3	1,561	1,555
Deferred tax	3.2	0	2,455
Total other non-current assets		76,841	41,168
Total non-current assets		80,168	44,368
Current assets			
Receivables	4.1	76,379	42,587
Contract assets	4.2	4,505	0
Prepayments		3,045	2,812
Cash and cash equivalents		8,865	19,703
Total current assets		92,794	65,102
Total assets		172,962	109,470

	Note	2017 EUR '000	2016 EUR '000
LIABILITIES AND EQUITY			
Equity			
Share capital		5,467	5,575
Share premium		9,963	0
Retained earnings		53,617	37,070
Proposed dividend		34,570	33,341
Total equity		103,617	75,986
Non-current liabilities			
Deferred tax	3.2	3,929	0
Provisions	5.4	1,668	1,523
Total non-current liabilities		5,597	1,523
Current liabilities			
Bank loan	6.2	30,000	0
Prepayments from clients	4.2	258	85
Trade payables and other payables	4.3	31,822	30,686
Income tax payables	3.3	1,668	1,182
Provisions	5.4	0	8
Total current liabilities		63,748	31,961
Total liabilities		69,345	33,484
Total liabilities and equity		172,962	109,470

FINANCIAL STATEMENTS OF SIMCORP A/S

STATEMENT OF CHANGES IN EQUITY

EUR '000

2017	Share capital	Share premium	Retained earnings	Proposed dividends for the year	Total
Equity at January 1 as previously reported	5,575	-	37,070	33,341	75,986
Adjustment related to IFRS 15	-	-	10,001	-	10,001
Tax, adjustment related to IFRS 15	-	-	-2,200	-	-2,200
Adjusted balance at January 1	5,575	-	44,871	33,341	83,787
Net profit for the year	-	-	60,425	-	60,425
Total other comprehensive income	-	-	-148	-	-148
Total comprehensive income for the year	-	-	60,277	-	60,277
Transactions with owners					
Issue of shares	26	9,963	-	-	9,989
Cancellation of treasury shares	-134	-	134	-	0
Dividends paid to shareholders	-	-	106	-33,341	-33,235
Share-based payment	-	-	7,551	-	7,551
Tax, share-based payment	-	-	307	-	307
Purchase of treasury shares	-	-	-25,059	-	-25,059
Proposed dividends to shareholders	-	-	-34,570	34,570	0
Equity at December 31	5,467	9,963	53,617	34,570	103,617

2016	Share capital	Share premium	Retained earnings	Proposed dividends for the year	Total
Equity at January 1	5,575	-	58,896	28,409	92,880
Net profit for the year	-	-	49,216	-	49,216
Total other comprehensive income	-	-	400	-	400
Total comprehensive income for the year	-	-	49,616	-	49,616
Transactions with owners					
Dividends paid to shareholders	-	-	-41	-28,409	-28,450
Share-based payment	-	-	6,293	-	6,293
Tax, share-based payment	-	-	53	-	53
Purchase of treasury shares	-	-	-44,406	-	-44,406
Proposed dividends to shareholders	-	-	-33,341	33,341	0
Equity at December 31	5,575	-	37,070	33,341	75,986

NOTES

SECTION 1
BASIS OF PREPARATION

1.1 ACCOUNTING POLICIES

General
SimCorp A/S is a public limited company based in Denmark. The Annual Report for the period January 1 – December 31, 2017 includes the financial statements of SimCorp A/S, the Parent company.

Statement of compliance
SimCorp A/S financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for the annual reports of listed companies.

The financial statements are presented in EUR, which is the reporting currency of the activities of the Parent, rounded to the nearest EUR 1,000. The functional currency of the Parent company SimCorp A/S is DKK.

Except for the changes implemented due to the early adoption of IFRS 15 Revenue from Contracts with Customers, accounting policies are unchanged from last year. SimCorp A/S has early adopted IFRS 15 with initial application as of January 1, 2017. Following the adoption of the new standard, accounting policies have been updated. Refer to Note 1.2. Changes in accounting policies for details of the significant changes as well as quantitative impact of the changes.

The accounting policies are the same as for the consolidated financial statements, with exceptions described below. For a description of the accounting policies of the Group, please refer to the consolidated financial statements.

Foreign currency translation
Foreign exchange adjustments of intra-group accounts are recognized in the income statement in SimCorp A/S' financial statements. Foreign exchange adjustments of intra-group accounts between SimCorp A/S and subsidiaries are considered part of the net investment in the subsidiaries concerned. Settlement of intra-group balances considered part of the net investment are not, per se, considered a partial divestment of a subsidiary.

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

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.

Dividends
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.

Other operating income comprises income of a secondary nature relative to the activities of the Parent, including gains on the sale of intangible assets and property, plant, and equipment and invoicing to subsidiaries of delivered services.

Risk
For information on risk refer to note 6.2 of the consolidated financial statements and overview of risk factors in "Risk management", pages 23-26.

NOTES

1.2 CHANGES IN ACCOUNTING POLICIES

Except for the changes related to the adoption of IFRS 15 Revenue from Contracts with Customers, the Parent has consistently applied the accounting policies to all periods presented in these statements.

The Parent early adopted IFRS 15 opting for the modified retrospective method with the cumulative effect of initially applying IFRS 15 recognized at the date of initial application of January 1, 2017. As a result, it has changed its accounting policy for revenue recognition in line with the Group. The Parent has applied IFRS 15 as an adjustment to the opening balance of equity at January 1 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

For a detailed description of the changes in the accounting policy for revenue recognition, refer to Note 1.2 in the consolidated financial statements.

In the initial year of application, revenue is presented both as reported, and adjusted (applying IAS 18 and IAS 11). The following tables summarize the impact of adopting IFRS 15 on the Parent's financial statements for the year ending December 31, 2017.

IMPACT ON INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME 2017

EUR '000	As reported	Adjustments	Balances without adoption of IFRS 15
Revenue	174,480	-17,122	157,358
Cost of sales	56,303	-451	55,852
Gross profit	118,177	-16,671	101,506
Other	52,974	-	52,974
Operating profit (EBIT)	65,203	-16,671	48,532
Financial income	14,526	-	14,526
Financial expenses	3,769	-	3,769
Profit before tax	75,960	-16,671	59,289
Tax on the profit for the year	15,535	-3,668	11,867
Profit for the year	60,425	-13,003	47,422
Total comprehensive income	60,277	-13,003	47,274

NOTES

1.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IMPACT ON FINANCIAL STATEMENTS CASH FLOW STATEMENT 2017

EUR '000	As reported	Adjust-ments	Balances without adoption of IFRS 15
Profit for the year	60,425	-13,003	47,422
Adjustments for non-cash operating items*	14,045	-3,668	10,377
Changes in working capital and contract assets	-25,385	16,671	-8,714
Cash from operating activities before financial items	49,085	0	49,085
Net cash from operating activities	38,752	-	38,752
Net cash used in investing activities	-21,324	-	-21,324
Net cash from operating and investing activities	17,428	-	17,428
Net cash used in financing activities	-28,294	-	-28,294
Change in cash and cash equivalents	-10,866	-	-10,866
Cash and cash equivalents at January 1	19,703	-	19,703
Foreign exchange adj. of cash and cash equivalents	28	-	28
Cash and cash equivalents at December 31	8,865	-	8,865

*Adjustments include taxes

IMPACT ON BALANCE SHEET AT DECEMBER 31 2017

EUR '000	As reported	Adjustments	Balances without adoption of IFRS 15
Deferred tax	0	1,935	1,935
Receivables	76,379	-22,163	54,216
Contract assets	4,505	-4,505	0
Other	92,078	-	92,078
Total assets	172,962	-24,733	148,229
Retained earnings	45,816	-13,003	32,813
Opening balance adjustment	7,801	-7,801	0
Other	50,000	-	50,000
Total equity	103,617	-20,804	82,813
Deferred tax	3,929	-3,929	0
Other	65,416	-	65,416
Total liabilities	69,345	-3,929	65,416
Total equity and liabilities	172,962	-24,733	148,229

NOTES

SECTION 2
REVENUE AND EARNINGS

2.1 REVENUE

	2017	2016
	EUR '000	EUR '000
Licenses - new sales	11,447	18,040
Licenses - additional sales	35,998	25,151
Professional services	24,421	14,095
Maintenance	98,528	92,119
ASP hosting and training fees	4,086	1,682
Total revenue	174,480	151,087

The Company has applied IFRS 15 using the modified retrospective principle as a cumulative catch up adjustment to the opening balance of equity at January 1, 2017, refer to note 1.2 of the consolidated financial statements for additional information. Comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. For accounting policies refer to note 2.1 in the consolidated financial statements.

NOTES

2.2 FUTURE PERFORMANCE OBLIGATIONS

This table depicts revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

Figures presented are not discounted and are translated at exchange rates as of December 31, 2017. These balances refer mainly to license contracts, maintenance subscription contracts, ASP agreements, and fixed fee professional services.

FUTURE PERFORMANCE OBLIGATIONS

	2017
	EUR '000
Future revenue within 1 year	9,544
Future revenue within 2 years	2,457
Future revenue within 3 years	3,392
Future revenue within 4 years	3,276
Future revenue within 5 years	1,090
Future revenue after 5 years	57
Total future performance obligations	19,816

Considerations from contracts with clients are included in the amounts presented above except for rolling maintenance agreements with cancellations periods of 12 months or less and time and material services agreements.

Unsatisfied performance obligations include: license agreements where there is a requirement for client acceptance of functionality as well as performance obligations satisfied over time (maintenance agreements and ASP agreements) in addition to professional service fees from fixed fee multi-year contracts that are recognized as and when the work has been performed.

For accounting policies, estimates and judgment please refer to the consolidated financial statements Note 2.3.

2.3 EMPLOYEE COSTS

EMPLOYEE COSTS

	2017	2016
	EUR '000	EUR '000
Salaries	55,857	52,478
Defined-contribution pension plans	1,425	1,283
Share-based payments	6,166	5,073
Social security costs	149	144
Total employee costs	63,597	58,978
Average number of employees	481	462

Remuneration to the Executive Management Board and Board of Directors is given on page 84 of the annual report. For additional disclosures on share-based remuneration refer to Note 7.1 of the consolidated financial statements.

NOTES

SECTION 3
TAX

SimCorp A/S' Income taxes amount to EUR 15.5m relative to EUR 12.3m in 2016. Income tax has increased due to a higher profit compared with 2016.

SimCorp A/S's effective tax rate has increased from 20.0% to 20.5% primarily due to higher withholding taxes partly offset by increased dividend received and lower prior years adjustments.

The Danish corporate tax rate was 22% in 2017 unchanged from 2016.

Deferred tax has moved from a deferred tax asset of EUR 2.5m in 2016 to a deferred tax liability of EUR 3.9m in 2017, which mainly relates to the adoption of IFRS 15. The tax impact of IFRS 15 amounts to EUR 5.9m, of which EUR 2.2m is recognized in equity, and has been recognized as contract assets to deferred tax liability.

For accounting policies, estimates, and judgments, please refer to pages 86-89 of the consolidated financial statements.

3.1 INCOME TAX

INCOME TAX

	2017	2016
	EUR '000	EUR '000
Tax for the year:		
Tax on profit	15,535	12,282
Total tax	15,535	12,282
Tax on profit for the year breaks down as follows:		
Current tax	12,002	12,024
Deferred tax	3,706	337
Prior-year adjustment	-173	-79
Total tax on profit for the year	15,535	12,282
Tax paid during the year	10,549	11,141
Tax on profit for the year breaks down as follows:		
Tax calculated on the year's pre-tax profit, 22% (2016: 22%)	16,711	13,530
Dividend and value adjustment, subsidiaries	-2,565	-1,848
Tax effect:		
Non-taxable income	-1,390	-1,279
Non-deductible expenses	888	971
Other, including prior-year adjustments	1,891	908
Total tax on profit for the year	15,535	12,282
Effective tax rate	20.5%	20.0%

NOTES

3.2 DEFERRED TAX

DEFERRED TAX

	2017	2016
	EUR '000	EUR '000
Deferred tax at January 1	2,455	3,475
Foreign exchange adjustment	1	13
Deferred tax, profit, and loss	-3,706	-337
Prior-year adjustment, profit and loss	28	21
Adjustment of deferred tax, equity	-2,707	-717
Net deferred tax (liability)/asset at December 31	-3,929	2,455
Recognized in the balance sheet as follows:		
Deferred tax assets	0	2,455
Deferred tax liabilities	-3,929	0
Net deferred tax (liability)/asset at December 31	-3,929	2,455

DEFERRED TAX

		Recognized in:			
EUR '000	Balance January 1	Foreign exchange adjust-ment	Profit and loss	Equity	Balance December 31
2017					
Intangible assets	-376	1	-143	-	-518
Property, plant, and equipment	565	-1	-42	-	522
Contract assets	-	1	-3,665	-2,200	-5,864
Provisions	335	3	29	-	367
Current liabilities	53	0	-137	-	-84
Share-based payment	1,878	-3	280	-507	1,648
Total	2,455	1	-3,678	-2,707	-3,929
2016					
Intangible assets	-91	-1	-284	-	-376
Property, plant, and equipment	500	2	63	-	565
Provisions	304	2	29	-	335
Current liabilities	39	0	14	-	53
Share-based payment	2,723	10	-138	-717	1,878
Total	3,475	13	-316	-717	2,455

NOTES

3.3 INCOME TAX PAYABLES

INCOME TAX PAYABLES

	2017	2016
	EUR '000	EUR '000
Payables at January 1	-1,182	-1,111
Foreign exchange adjustment	8	-16
Prior-year adjustments	145	58
Current tax on profit for the year	-12,002	-12,024
Current tax on equity	814	770
Income tax paid	10,549	11,141
Net income tax (payables)/receivables at December 31	-1,668	-1,182
Recognized in the balance sheet as follows:		
Income tax payables	-1,668	-1,182
Net income tax (payables)/receivables at December 31	-1,668	-1,182

NOTES

SECTION 4
CURRENT ASSETS AND LIABILITIES

4.1 RECEIVABLES

RECEIVABLES

	2017	2016
	EUR '000	EUR '000
Trade receivables from clients	3,929	2,888
Receivables from subsidiaries	63,717	29,451
Accrued revenue	6,634	9,539
Derivative financial instruments	776	0
Other receivables	1,323	709
Total receivables at December 31	76,379	42,587
The aging of trade receivables from clients was at December 31:		
Not due	3,050	2,761
Not more than 30 days	670	28
More than 30 days but not more than 90 days	190	48
More than 90 days	19	51
Total trade receivables from clients	3,929	2,888

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

No security has been received with respect to trade receivables.

No write-down has been made in 2017 and 2016 for trade receivables.

NOTES

4.2 CONTRACT BALANCES

Contract assets primarily relate to the Company's rights to consideration for software licensed to clients under subscription or fixed term agreements which include payments in the future, subsequent to revenue recognition.

Contract liabilities represent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to licenses, maintenance and services. Maintenance and ASP billing generally occur at periodic intervals (e.g. quarterly or yearly) prior to revenue recognition, resulting in contract liabilities.

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

Contracts in progress relating to fixed fee professional services are measured at the estimated sales value of the proportion of the contract completed at the balance sheet date. Amounts invoiced on account in excess of work completed are included in prepayments under current liabilities.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

CHANGES IN CONTRACT ASSETS & LIABILITIES

EUR '000	Opening balance	IFRS 15 adoption adjustment	Net additions	Invoiced from IFRS 15 adjustment	Revenue recognized from liability opening balance	Adjustments	Closing balance
Contract assets (gross)	-	3,794	1,148	-432	-	-5	4,505
Contract assets (NPV)	-	3,794	1,148	-432	-	-5	4,505
Contract liabilities – licenses	3	-2	34	-	0	-1	34
Contract liabilities – services	39	0	87	-	-39	0	87
Contract liabilities – maintenance	0	0	25	-	0	2	27
Contract liabilities – other	42	0	108	-	-42	2	110
Contract liabilities (prepayments from clients)	84	-2	254	-	-81	3	258

4.3 TRADE PAYABLES AND OTHER PAYABLES

TRADE PAYABLES AND OTHER PAYABLES

	2017	2016
	EUR '000	EUR '000
Trade payables	5,702	6,249
Debt to subsidiaries	13,133	10,708
Accrued vacation payables	8,584	8,030
Bonus and commissions payables	4,309	4,651
Payroll taxes, VAT etc., payables	94	123
Derivate financial instruments	0	59
Other debt	0	866
Total trade payables and other payables	31,822	30,686

NOTES

SECTION 5
INVESTED CAPITAL

5.1 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT

AMORTIZATION AND DEPRECIATION

	2017			2016		
EUR '000	Intangible	Property, plant, and equipment	Total	Intangible	Property, plant, and equipment	Total
Cost of sales	546	189	735	206	337	543
Research and development costs	106	514	620	92	856	948
Sales and marketing costs	12	60	72	11	107	118
Administrative expenses	49	240	289	42	392	434
Total amortization and depreciation	713	1,003	1,716	351	1,692	2,043

NOTES

5.1 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

EUR '000	Software	Intangible total	Leasehold improvement	Technical equipment	Other equipment, fixtures, fittings, and prepayments	Property, plant, and equipment total
2017						
Cost at January 1	9,121	9,121	3,617	6,636	3,301	13,554
Foreign exchange adjustment	-13	-13	-5	-9	-5	-19
Additions	1,362	1,362	0	486	0	486
Disposals	0	0	0	-426	0	-426
Cost at December 31	10,470	10,470	3,612	6,687	3,296	13,595
Depreciation at January 1	7,413	7,413	3,054	5,722	3,286	12,062
Foreign exchange adjustment	-10	-10	-4	-8	-5	-17
Depreciation	713	713	314	686	3	1,003
Disposals	0	0	0	-426	0	-426
Depreciation at December 31	8,116	8,116	3,364	5,974	3,284	12,622
Carrying amount at December 31	2,354	2,354	248	713	12	973
2016						
Cost at January 1	7,448	7,448	3,604	7,080	3,272	13,956
Foreign exchange adjustment	29	29	13	26	12	51
Additions	1,644	1,644	0	329	17	346
Disposals	0	0	0	-799	0	-799
Cost at December 31	9,121	9,121	3,617	6,636	3,301	13,554
Depreciation at January 1	7,033	7,033	2,725	5,130	3,271	11,126
Foreign exchange adjustment	29	29	10	21	12	43
Depreciation	351	351	319	1,370	3	1,692
Disposals	0	0	0	-799	0	-799
Depreciation at December 31	7,413	7,413	3,054	5,722	3,286	12,062
Carrying amount at December 31	1,708	1,708	563	914	15	1,492
Depreciation period	Up to 10 years		Up to 10 years	3 years	5 years	

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

NOTES

5.2 INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The Parent accounts for its investments in subsidiaries and associates at cost.

INVESTMENT IN ASSOCIATES

	2017	2016
	EUR '000	EUR '000
Cost at January 1	162	161
Foreign exchange adjustment	-1	1
Cost at December 31	161	162

INVESTMENTS IN SUBSIDIARIES

	2017	2016
	EUR '000	EUR '000
Cost at January 1	36,996	36,857
Foreign exchange adjustment	-51	139
Additions	38,174	0
Cost at December 31	75,119	36,996
Dividends received	11,572	8,309

Please refer to Note 7.10 in the consolidated financial statements for a list of subsidiaries and Note 5.2 in the consolidated financial statements for a list of associates.

5.3 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

	2017	2016
	EUR '000	EUR '000
Cost at January 1	1,555	1,542
Foreign exchange adjustment	-2	6
Additions	37	27
Disposals*	-29	-20
Carrying amount at December 31	1,561	1,555

* Disposals include reclassifications to current receivables.

NOTES

5.4 PROVISIONS

PROVISIONS

EUR '000	Re-establishment costs for rented premises	Anniversary bonuses	Total
2017			
Liability at January 1	648	883	1,531
Foreign exchange adjustment	-1	-1	-2
Used during the year	0	-8	-8
Reversal of unused liabilities	0	-38	-38
Provisions for the year	26	159	185
Total provisions	673	995	1,668
Expected due dates for provisions:			
Falling due within 2 to 5 years	673	295	968
Falling due after 5 years	0	700	700
Total provisions	673	995	1,668
2016			
Liability at January 1	621	766	1,387
Foreign exchange adjustment	2	2	4
Reversal of unused liabilities	0	-34	-34
Provisions for the year	25	149	174
Total provisions	648	883	1,531
Expected due dates for provisions:			
Falling due within 1 year	0	8	8
Falling due within 2 to 5 years	648	174	822
Falling due after 5 years	0	701	701
Total provisions	648	883	1,531

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

NOTES

SECTION 6
CAPITAL STRUCTURE AND FINANCING ITEMS

6.1 FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME AND EXPENSES

	2017	2016
	EUR '000	EUR '000
Financial income		
Dividend from subsidiaries	11,572	8,309
Dividend from associates	86	91
Interest income, subsidiaries	365	195
Interest income, cash etc.	3	60
Fair value adjustments, derivatives	827	37
Foreign exchange gains	162	140
Foreign exchange adjustments	1,511	1,473
Total financial income	14,526	10,305
Financial expenses		
Interest expenses, subsidiaries	124	88
Interest expenses, financial assets carried at amortized cost	26	25
Interest expenses, deferred payment acquisition	2	31
Other financial expenses	190	1,248
Fair value adjustments, derivatives	0	7
Foreign exchange adjustments	3,427	1,236
Total financial expenses	3,769	2,635

6.2 LOANS AND BORROWINGS

SimCorp has obtained a EUR 30m loan for the acquisition of A.P.L. Italiana S.p.A. The loan matures on July 31, 2018. SimCorp has options to twice extend the loan for a year. No covenants apply. The variable interest rate is subject to adjustment quarterly based upon the 3-month CIBOR plus a premium.

Accounting policy
Loans are initially recognized at fair value. Transaction costs are reported in the initial book value of the financial liability. Loans are subsequently carried at amortized cost using the effective interest method.

LOANS AND BORROWINGS

	2017
	EUR '000
Unsecured bank loans	30,000
Total loans and borrowings	30,000

In compliance with published amendments to IAS 7 - Statement of Cash Flows, the following disclosures aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities.

LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Short-term borrowings
	EUR '000
Outstanding January 1, 2017	0
Cash flows during the year	30,000
Outstanding December 31, 2017	30,000

NOTES

SECTION 7 OTHER DISCLOSURES

7.1 OPERATING LEASES

Amounts of EUR 4.9m (2016: EUR 4.8m) relating to operating leases have been recognized in the income statement for 2017 in the Company.

In November 2008, SimCorp moved into the headquarters at Weidekampsgade 16, Copenhagen. The lease has been entered on market terms and with normal rent adjustment clauses. The initial lease is for a period of ten years.

During 2017, the Company has evaluated various alternatives for office space for its headquarters and it is currently negotiating an agreement to renew the lease at Weidekampsgade 16 until the end of 2029.

OPERATING LEASES

	2017	2016
	EUR '000	EUR '000
Rent commitments		
Payable within 1 year	5,407	5,331
Payable within 2 to 5 years	2,832	5,088
Rent commitments until expiry of minimum term of tenancy	8,239	10,419
Other commitments		
Payable within 1 year	128	172
Payable within 2 to 5 years	60	140
Total other commitments	188	312
Total commitments		
Payable within 1 year	5,535	5,503
Payable within 2 to 5 years	2,892	5,228
Total commitments	8,427	10,731

7.2 RELATED PARTY TRANSACTIONS

For the Parent company, in addition to transactions with other related parties depicted in note 7.4 of the consolidated financial statements, related parties also comprise subsidiaries and associates in which SimCorp A/S has a controlling or significant influence.

TRADING WITH SUBSIDIARIES AND ASSOCIATES

	2017	2016
	EUR '000	EUR '000
Purchases of services from subsidiaries	37,054	28,523
Purchases of services from associates	412	1,033
Sale of services to subsidiaries and associates	167,227	142,664

The Parent company's outstanding balance with subsidiaries is specified in Notes 4.1 and 4.3.

Balances with subsidiaries and associates comprise ordinary trade balances relating to the purchase and sale of services. Outstanding balances carry interest and are subject to terms and conditions identical to those made with the Parent company's and the Group's clients and suppliers.

Trading with subsidiaries and associates is conducted on arm's length terms. Ownership interests are shown in Note 7.10 and Note 5.2 of the consolidated financial statements.

Interest on outstanding balances with subsidiaries and associates is specified in Note 6.1 in the financial statements of the Parent company. In 2017, the Parent company has received dividends of EUR 11.6m (2016: EUR 8.3m) from subsidiaries and EUR 0.1m dividends were received from associates (2016: 0.1m).

The Parent company has provided delivery bonds to certain clients of its subsidiaries, and the Parent company has issued letters of support to certain subsidiaries, see Note 7.5.

NOTES

7.3 AUDITORS' REMUNERATION

AUDITORS' REMUNERATION

	2017	2016
	EUR '000	EUR '000
Audit fees	193	100
Other service with assurance fees	17	0
Tax and VAT advice fees	18	24
Other service fees	88	27
Total auditors' remuneration	316	151

Audit fees include the audit of the Parent company's financial statements. It also includes services related to the audit of the adoption and interpretation of IFRS 15 as well as additional work regarding auditing the acquisition of SimCorp Italiana S.p.A.

Other service fees include due diligence services regarding the acquisition of A.P.L. Italiana S.p.A.

7.4 ADJUSTMENTS, CASH FLOW

This note provides details to cash flow statement reported on page 125.

ADJUSTMENTS, CASH FLOW

	2017	2016
	EUR '000	EUR '000
Depreciation	1,716	2,043
Financial income	-14,526	-10,305
Financial expenses	3,769	2,635
Tax on profit for the year	15,535	12,282
Adjustment share based remuneration	7,551	5,081
Total adjustments, cash flow	14,045	11,736

NOTES

7.5 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 ten years from the date of the contract.

SimCorp A/S has issued guarantees for its subsidiaries' delivery commitments to clients for a total of EUR 35.9m (2016: EUR 36.2m). 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 Parent company is party to legal proceedings and inquiries from authorities when investigating various issues. The outcome of such is not expected to have a significant effect on profit for the year and the assessment of the company's financial position.

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

On 13 March 2014, the Court of Justice of the European Union ("ECJ") published its judgment in the case C-464/12 ATP Pension Service A/S determining that services providedto certain pension funds may be covered by the VAT exemption in section 13, subsection 1, no. 11, litra c and f of the Danish VAT Act.

As a consequence of the ECJ ruling, a number of SimCorp's Danish clients have filed a claim against SimCorp for recovery of the VAT levied on SimCorp's products and services. Pursuant to the Danish Tax Administration Act, SimCorp has claimed a refund from the Danish Tax Authorities ("SKAT") of the VAT collected on services provided to its Danish clients. SKAT has not yet replied to this claim for a refund. However, in August 2016 SimCorp received a so-called "binding ruling"from the Danish Tax Council and in this binding ruling the Danish Tax Council concluded that SimCorp's products and services are subject to VAT.

On this basis, SimCorp does not expect the above ruling from the ECJ to have a significant effect on profit for the year and the assessment of the Group's financial position and accordingly, SimCorp has not made a provision for this in its annual accounts 2017.

7.6 EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after December 31, 2017 that have consequences for the Annual Report 2017.

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