

SNP Schneider-Neureither & Partner SE

Analyst & Investor Call
Q3 2023 Results
October 26, 2023

Jens Amail, CEO
Andreas Röderer, CFO



DATA. TRANSFORMATION. EXPERIENCE.

Agenda

Overview: 9M Results

Detailed Financials

Q&As



Key Results – 9M 2023

SNP stays on its growth path after best Q3 results ever: At € 169.6m, order entry across the Group was up roughly 38% over previous year. Group revenue rose by 20% to € 149.6m in 9M 2023 YoY.

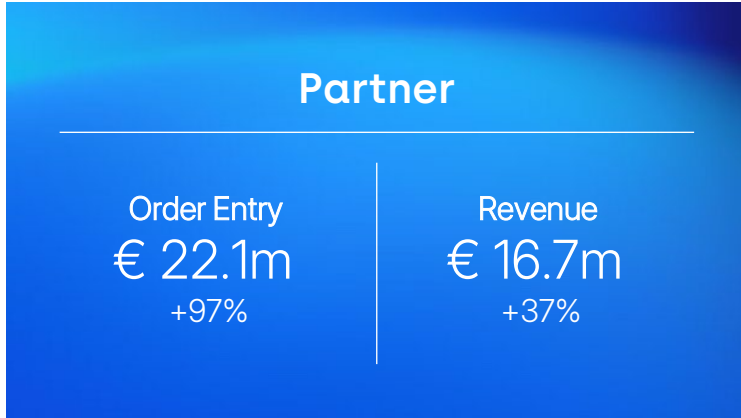
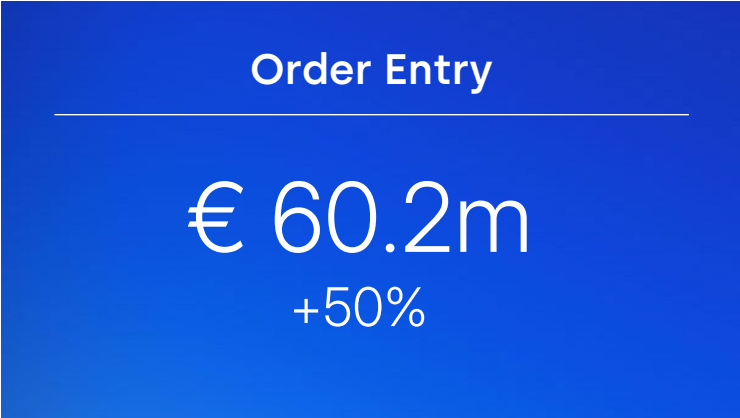
Above average growth in high margin Software business: High market acceptance of Software Platform CrystalBridge leads to order entry increase by 40% to € 50.4m after nine months (+62% to € 20.8m Q3 YoY). Software revenue up by 31% to € 47.7m in 9M 2023.

Significantly increased earnings and stronger profitability: EBIT marked €8.3m with an EBIT margin improvement by 4.0pp to 5.5% in 9M 2023. Operating cashflow significantly went up by € 11.3m to € -1.6m in the same period.

All strategic focus areas contribute to positive corporate development: (1) **S/4:** Order entry up by 114% to € 85.0 in 9M 2023; (2) **partner business:** Order entry (+61%) and revenue (+32%) in 9M 2023; (3) **internationalization:** Major projects with well-known customers in all regions (38 deals >€ 1m order entry in 9M 2023).

Guidance raised for 2023: Order entry is expected to reach € 220m to € 240m, revenue to be around the upper end of the range between € 190m and € 200m; EBIT is expected to reach, or even be slightly exceed, the upper end of the range of € 5m to €10m.

Q3 2023 – Key Figures



9M 2023 – Key Figures

Order Entry

€ 169.6m
+38%

Group Revenue

€ 149.6m
+20%

EBIT

€ 8.3m
>+100%

Service [incl. EXA]

Order Entry
€ 118.2m
+37%

Revenue
€ 101.1m
+15%

Software [incl. EXA]

Order Entry
€ 51.4m
+40%

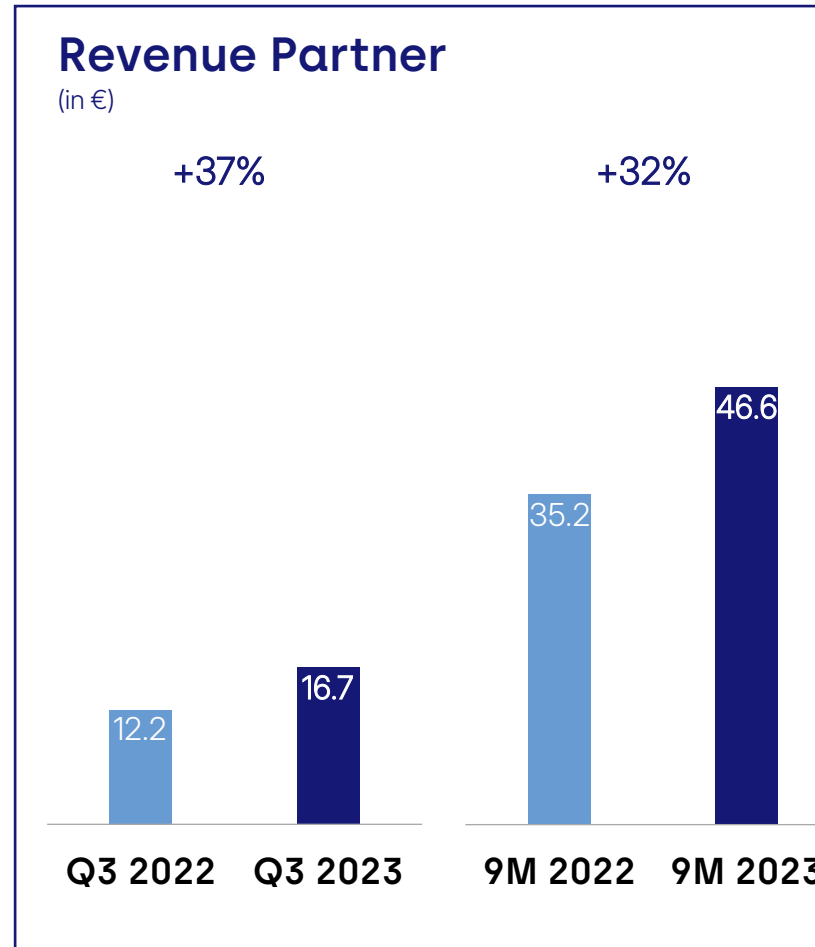
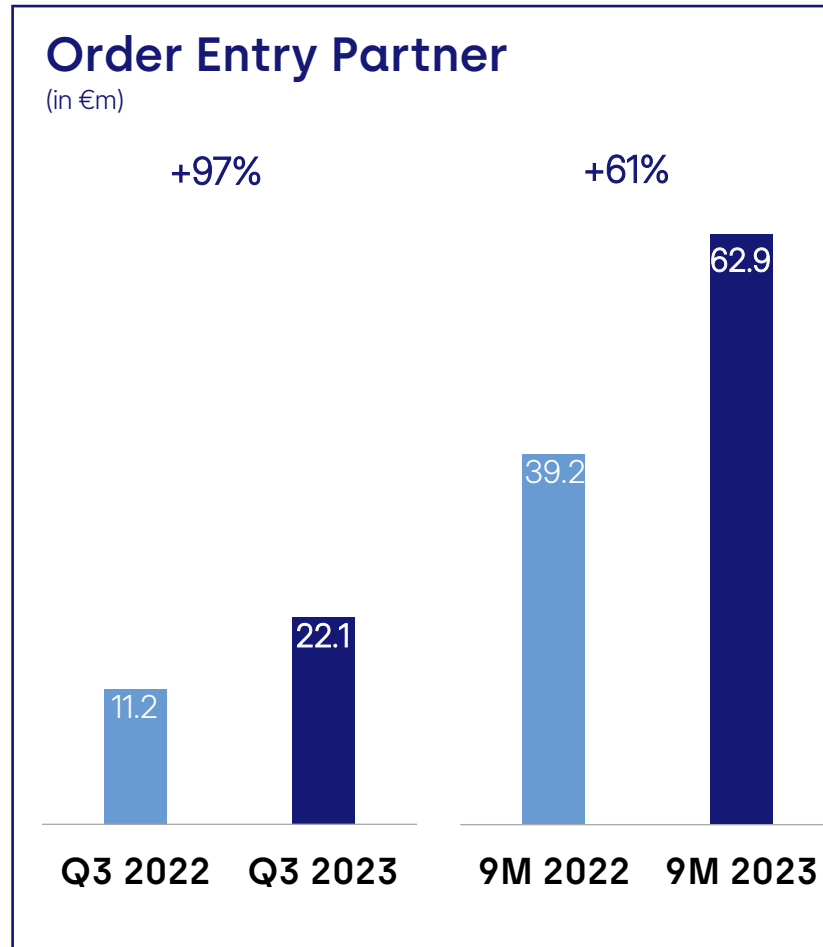
Revenue
€ 48.6m
+31%

Partner

Order Entry
€ 62.9m
+61%

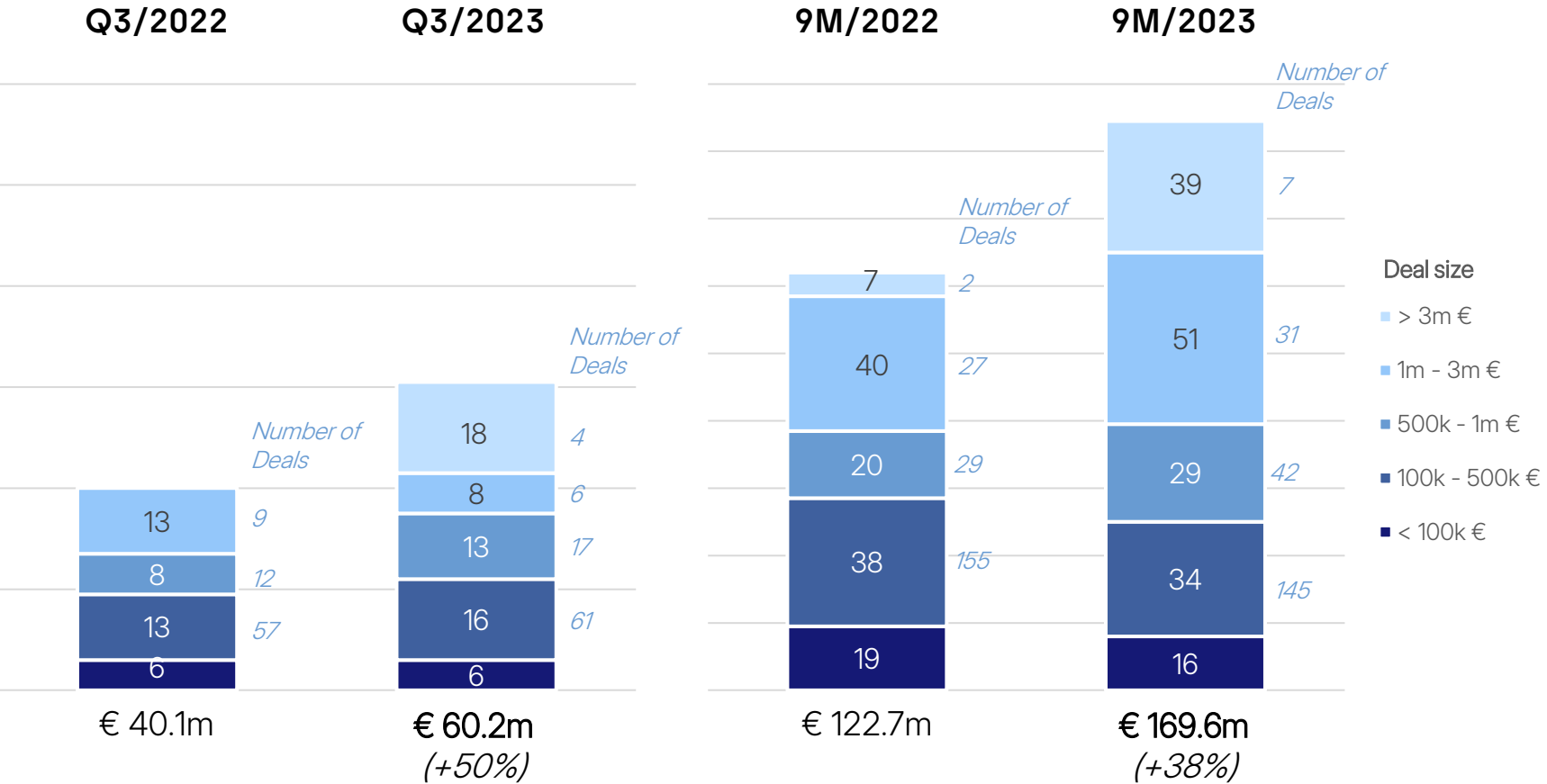
Revenue
€ 46.6m
+32%

Partner Business



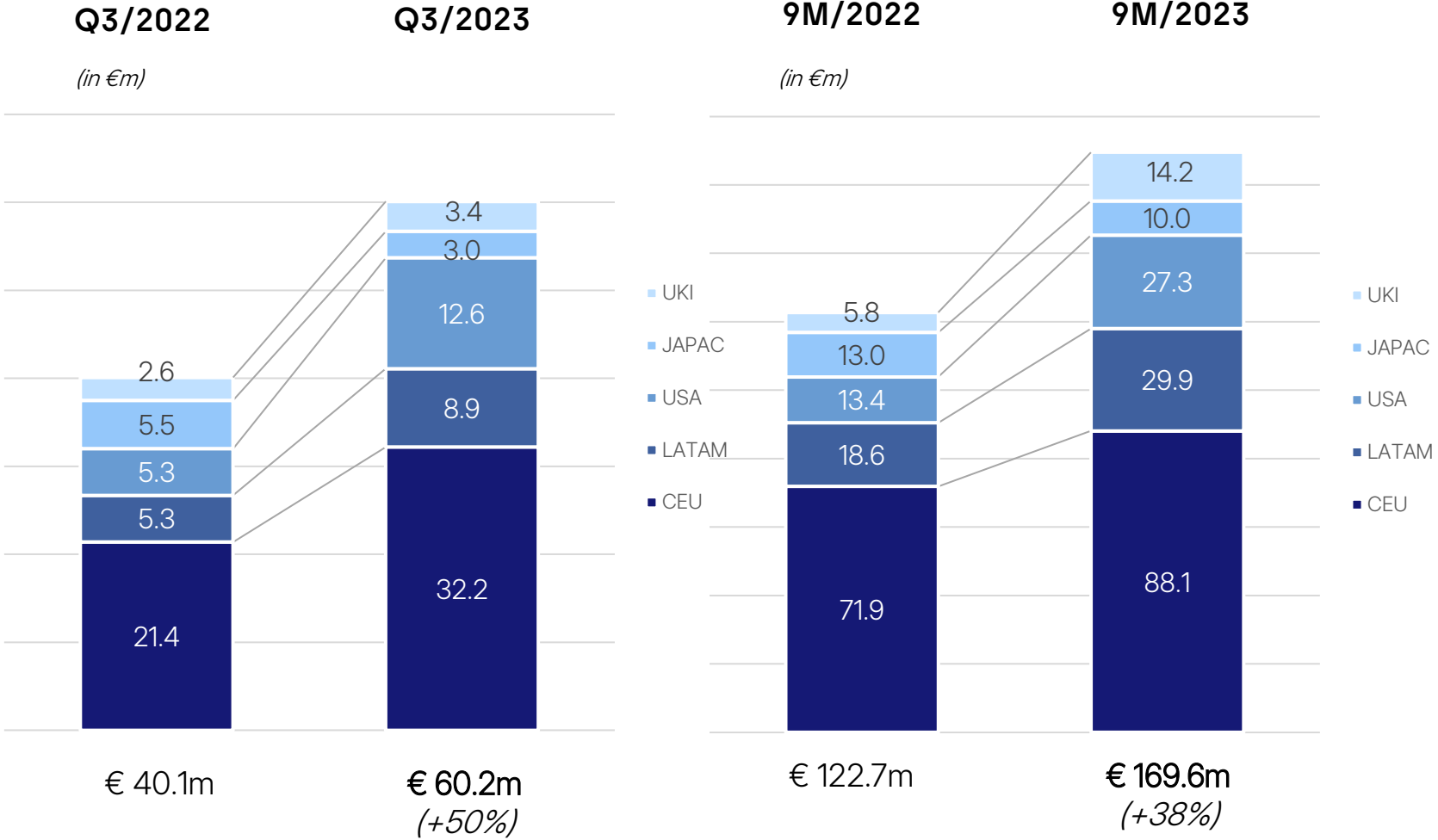
- Expanded partnership with IBM to include:
 - Integrated delivery factories through a global **Center of Excellence**
 - **Generative AI capabilities** enhancing efficiency in migration efforts
- Extended partnership with EY: Integration of CrystalBridge into EY's migration methodology.
- New global partnership with **smartShift** to address the market of code remediation.
- Stronger growth rates in order entry than last year.

Order Entry by Deal Bands



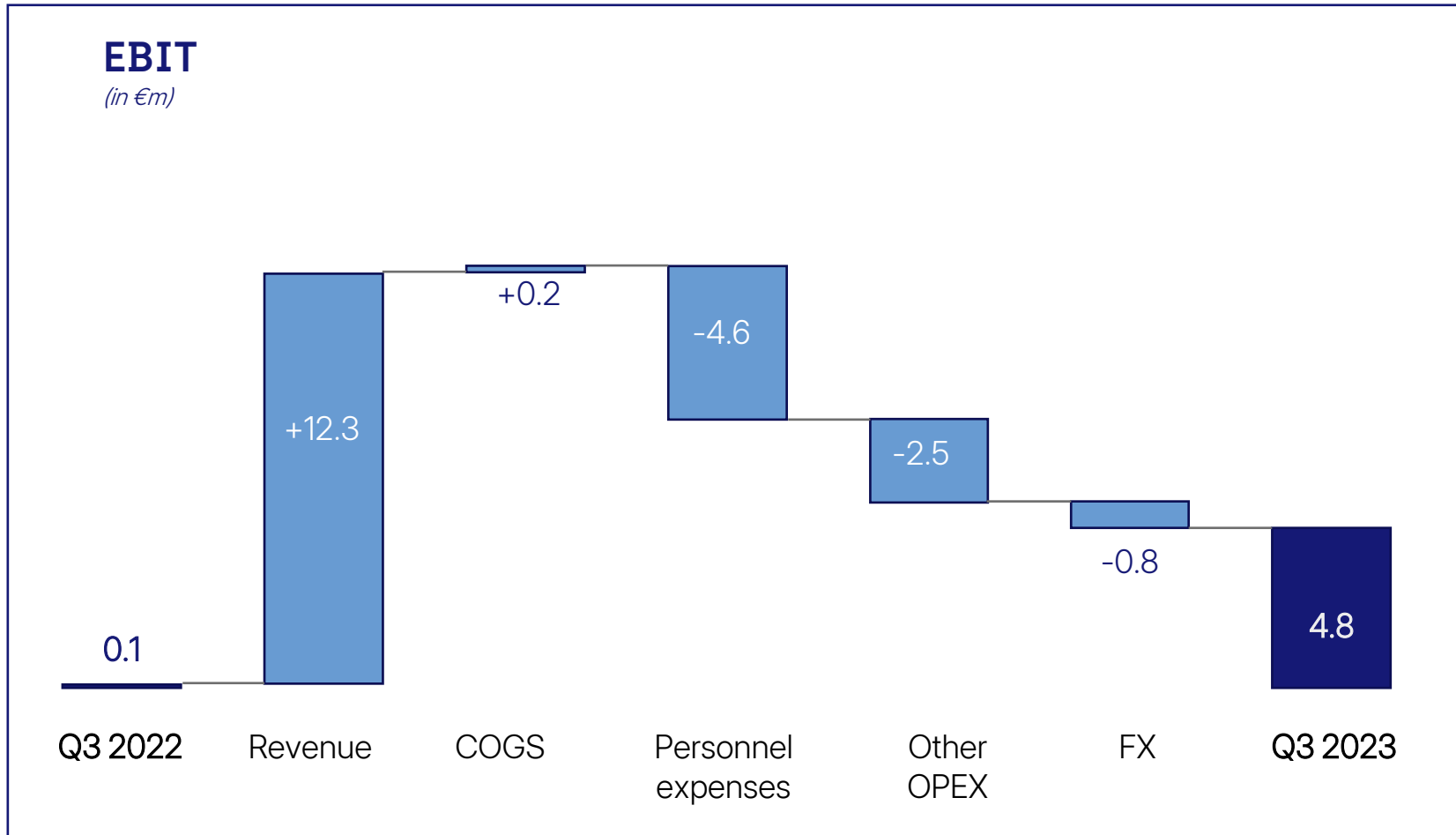
- Deals in the band of € >1m are the key driver of growth in order entry.
- Trend towards large-volume, strategic and long-term contracting.

Order Entry by Region



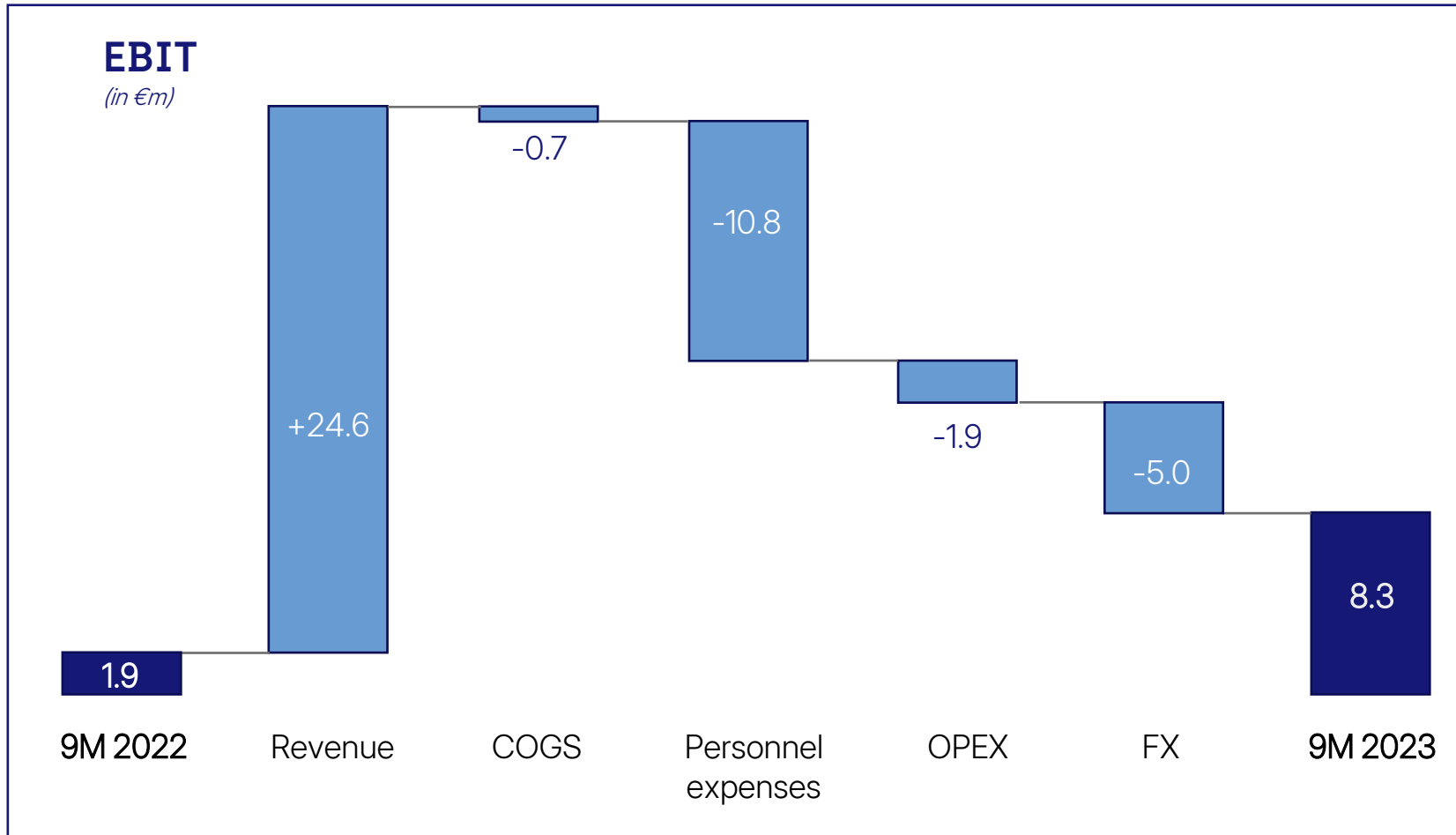
- Strongest percentage growth in the regions UKI (+147%), USA (+131%) and LATAM (+61%) in 9M.
- JAPAC: Q3 was a quarter of consolidation; strong performance in Southeast Asia
- Order entry in relation to SAP S/4HANA projects: +114% to € 85.0m (9M 2022: € 39.7m).
- SAP S/4HANA projects account for approx. 50% of the total order entry (9M 2022: 32%).

Reconciliation EBIT – Q3



- Personnel expenses and OPEX partially off-setting the positive impact of revenue growth.
- Revenue: € +5.1m by Software business segment (+39%); Service business segment: € +7.5m (+28%); EXA segment: € -0.2m (-5%).
- Personnel expenses: (1) higher number of employees and (2) salary increases.
- FX: Positive impact both in Q3 2022 and 2023 (but less positive this year).

Reconciliation EBIT – 9M



- **Revenue:**
 - € +11.2m (+31%) by **Software** business segment;
 - Service** business segment: € +14.2m (+17%);
 - EXA** segment: € -0.7m (-10%).
- **Personnel expenses:** (1) higher number of employees, (2) salary increases in 2022 and (3) inflation adjustment payment (in January 2023).
- **FX:** Weak US dollar weighs on earnings compared to strong US dollar effect in 9M 2022.

2023 – Updated Outlook

View in August 2023

Order entry

€210m – 230m

Revenue

€190m – 200m

EBIT

€5m – 10m

Updated View (October 2023)

€220m – 240m

At the upper end of the range

At the upper end of the range
or even slightly better

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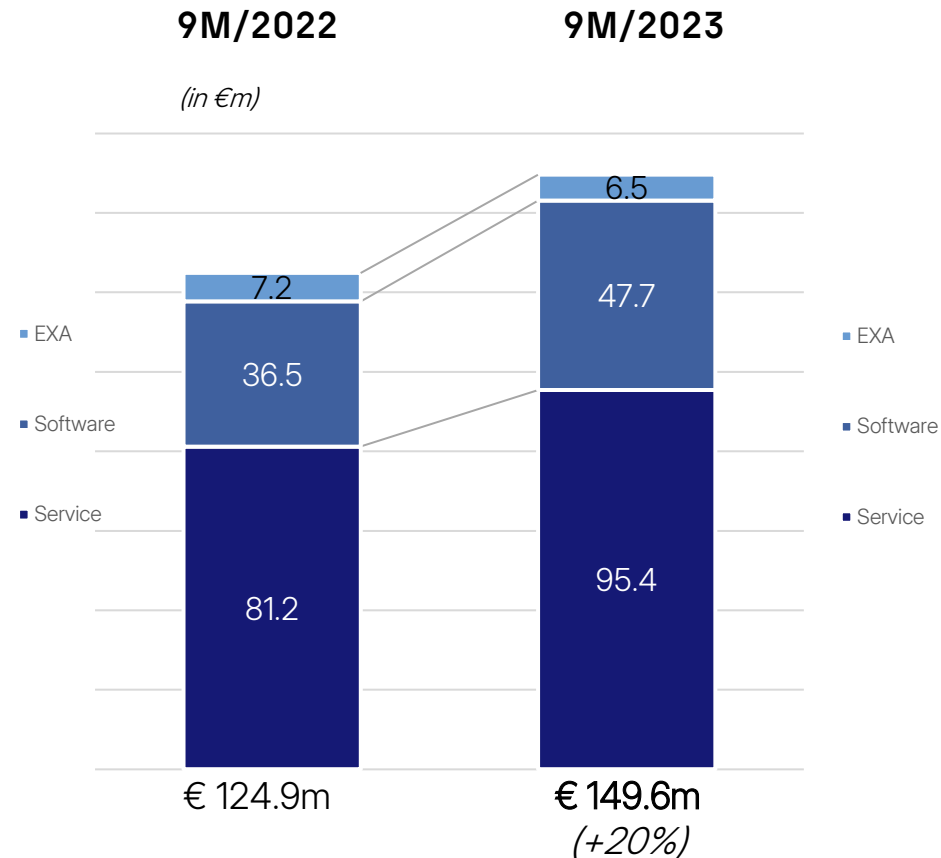
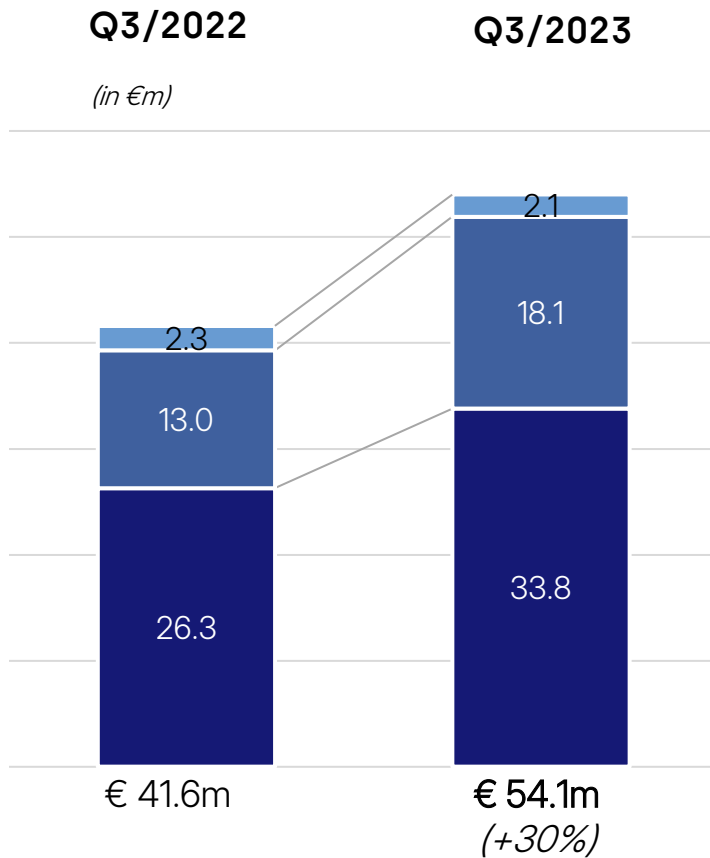


Income Statement Q3/9M 2023

(in €m)	Q3 2023	Q3 2022	Δ (%)	9M 2023	9M 2022	Δ (%)
Revenue	54.1	41.6	+29.9	149.6	124.9	+19.8
Gross profit	48.1	35.5	+35.5	132.0	108.1	+22.2
Personal expenses	-32.4	-27.9	+16.4	-93.0	-82.3	+13.0
Other income/expenses	-8.3	-4.9	+69.0	-23.0	-15.8	+45.1
EBITDA	7.4	2.7	+170.6	16.0	9.9	+61.5
EBIT	4.8	0.1	+5,494.9	8.3	1.9	+330.3
EBT	4.2	-0.4	n/a	6.5	-0.2	n/a
Net income	2.9	-0.2	n/a	4.5	-0.1	n/a
Gross profit margin	89.1%	85.4%	+3.7pp	88.2%	86.5%	+1.7pp
EBITDA margin	13.7%	6.6%	+7.1pp	10.7%	7.9%	+2.8pp
EBIT margin	8.9%	0.2%	+8.7pp	5.5%	1.5%	+4.0pp

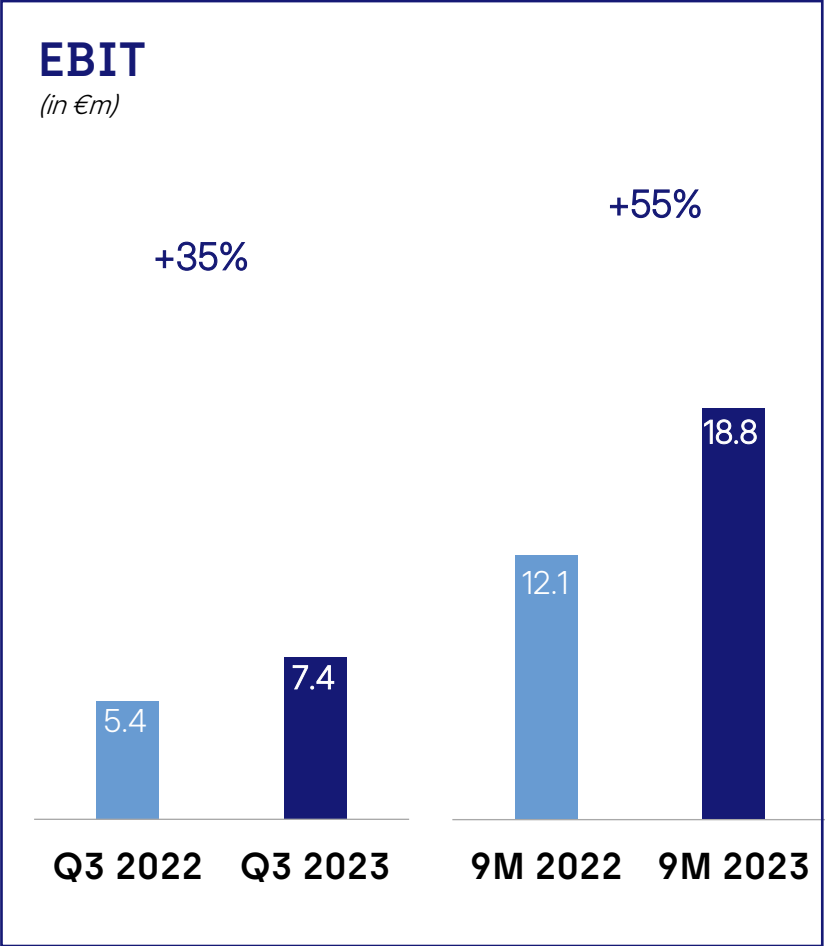
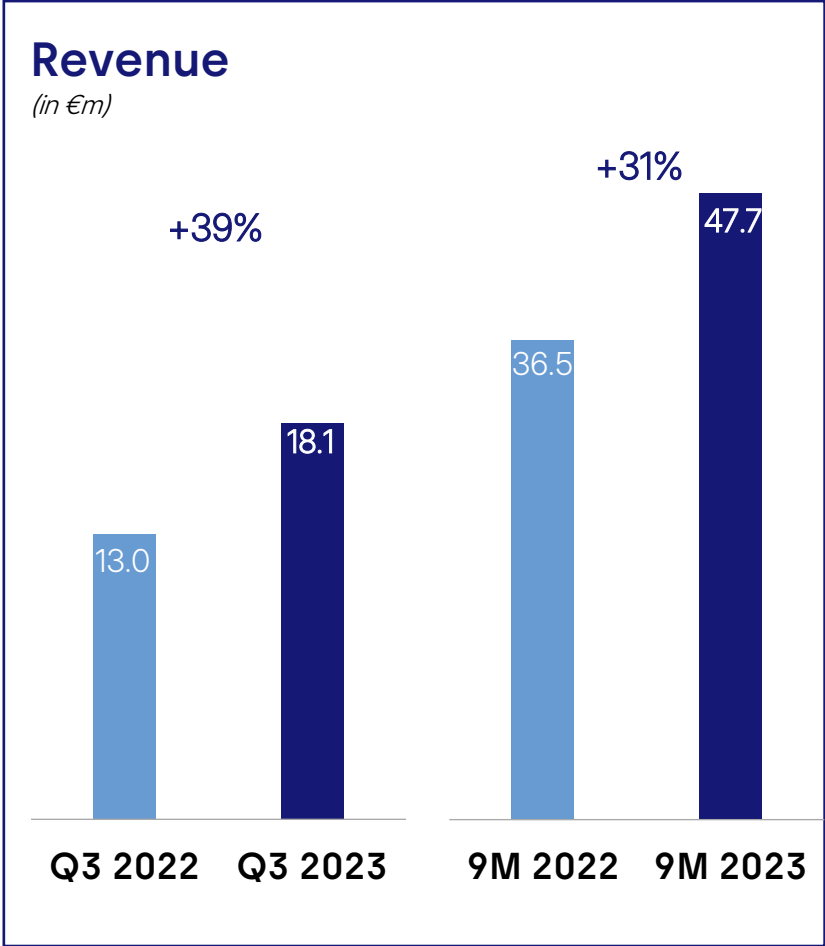
- Increased **personnel expenses** mainly due to (1) higher number of employees, (2) salary increases in 2023 and (3) inflation adjustment payment granted to employees in Germany in January 2023.
- Other income / expenses: Change mainly attributable to negative FX effect of € -5.0m compared to a positive FX effect of € 4.0 m in the previous year.
- One time M&A costs of € 0.3m.
- Improved **earnings per share** to € 0.63.

Revenue by segments



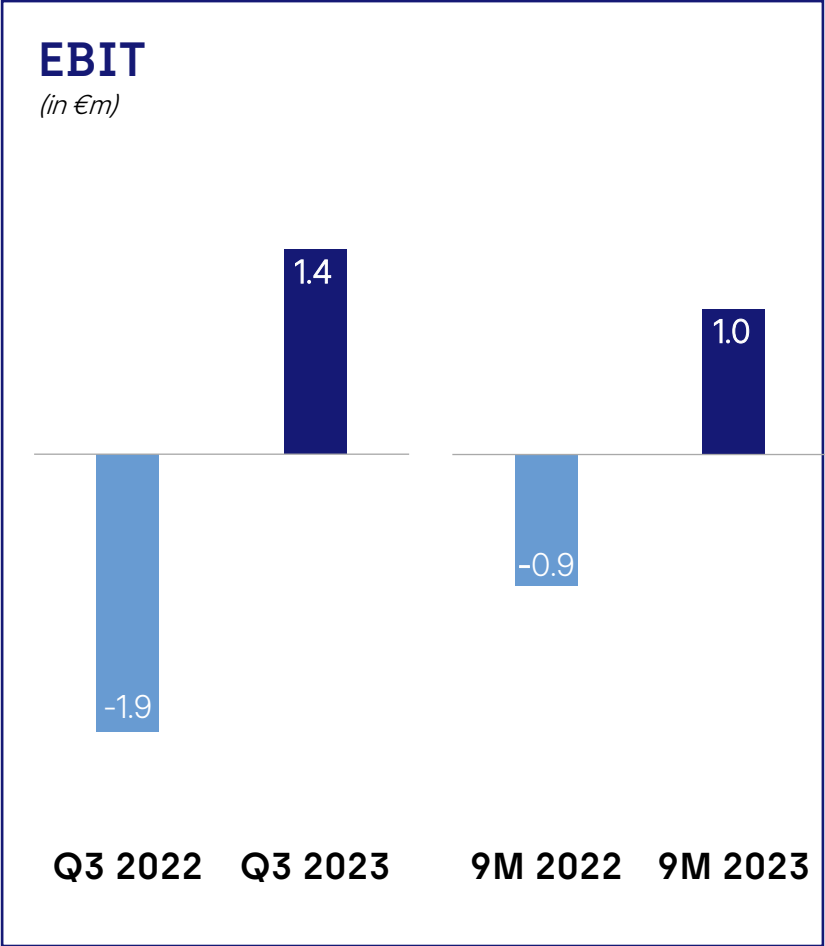
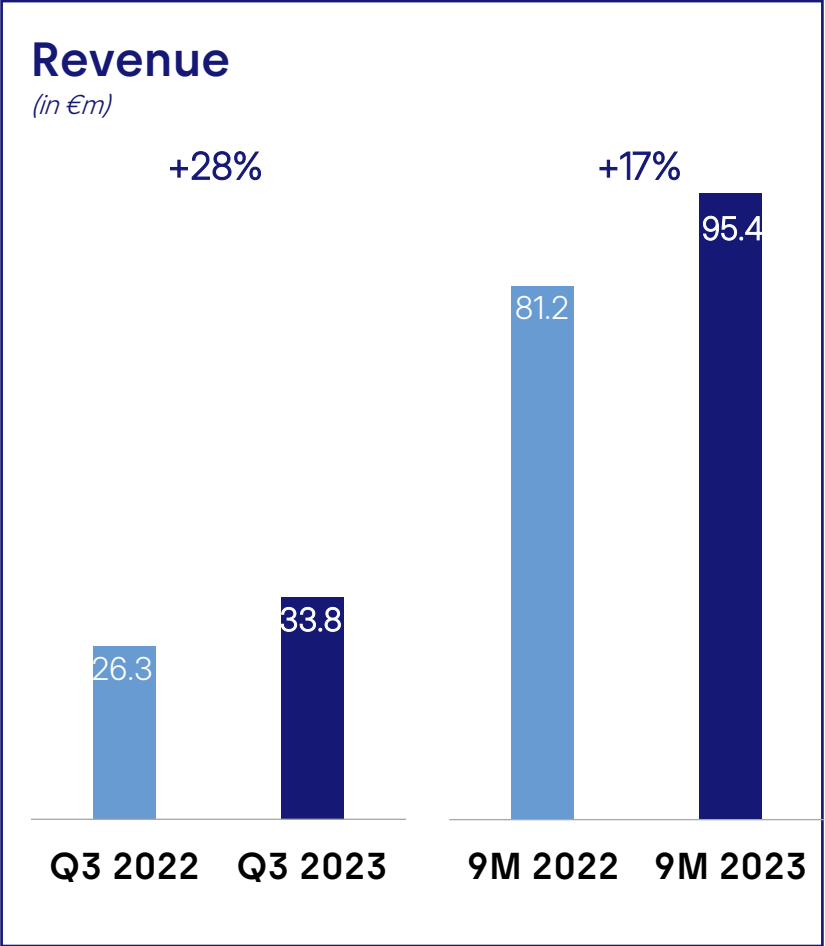
- Increase in revenue attributable to Service and Software business segments.
- In the Software business segment, revenue increased well above average by 30%.
- Revenue in the Software segment in the reporting period corresponds to a share of 32% of total revenue (previous year: 30%).
- **Book-to-bill: 1.13**

Segment Software – Revenue & EBIT Q3/9M 2023



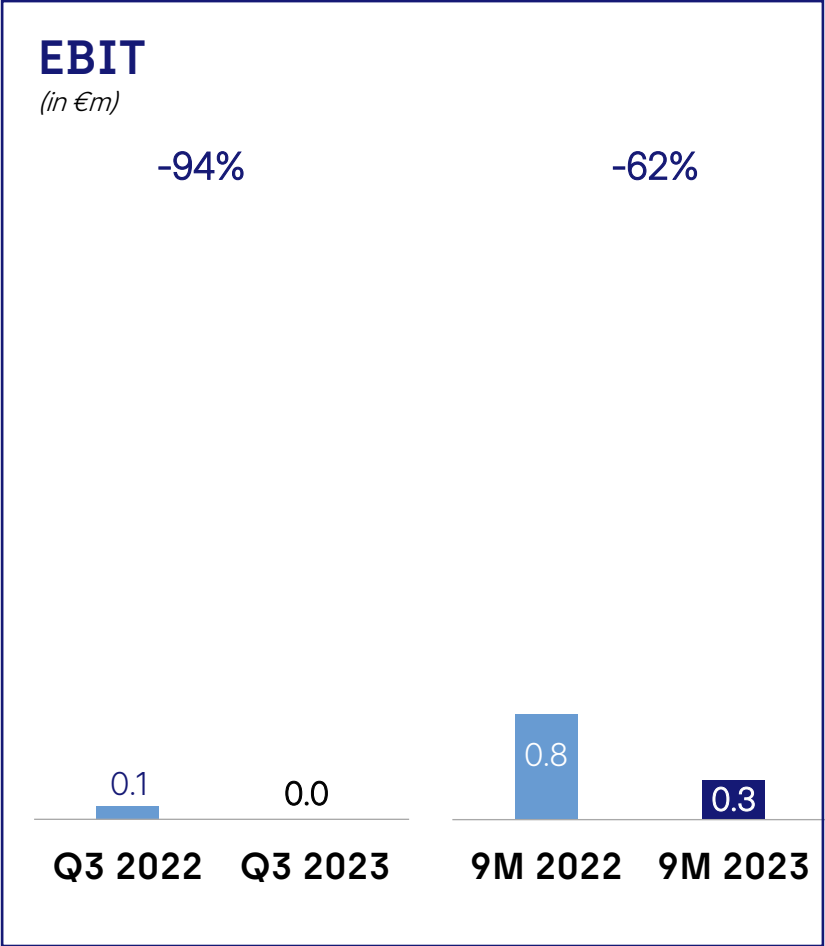
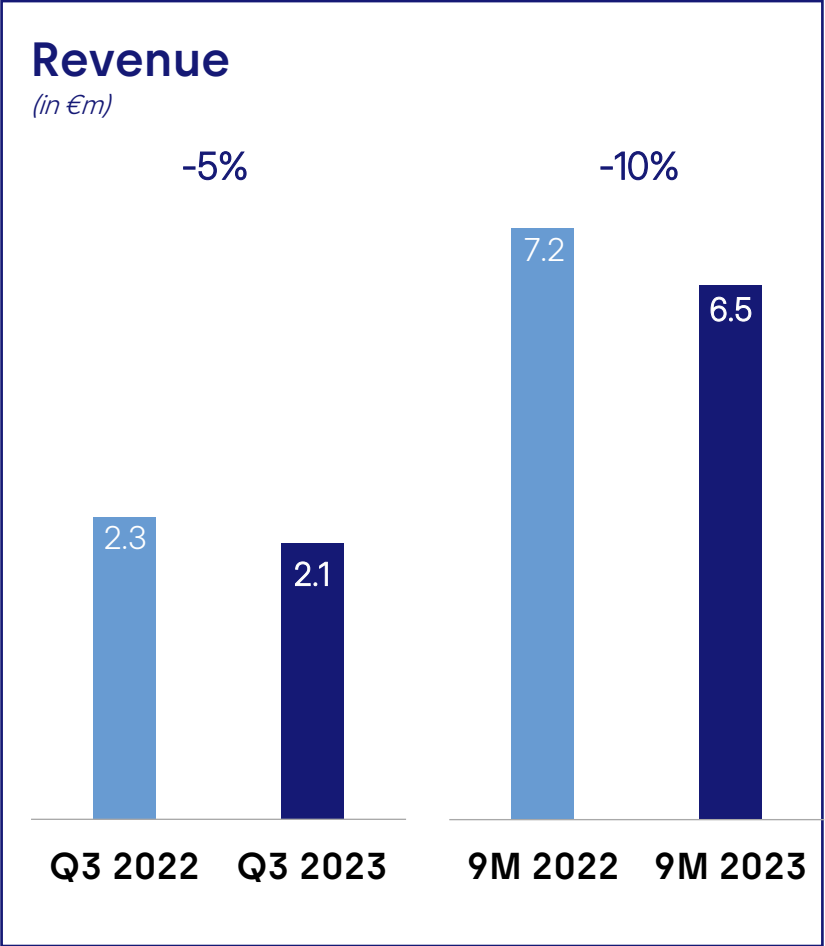
- Significantly higher revenues from software licenses with a volume of € 33.5m (9M 2022: € 22.5m).
- Revenues from software support as well as cloud and SaaS revenues largely at the previous year's level.

Segment Service – Revenue & EBIT Q3/9M 2023



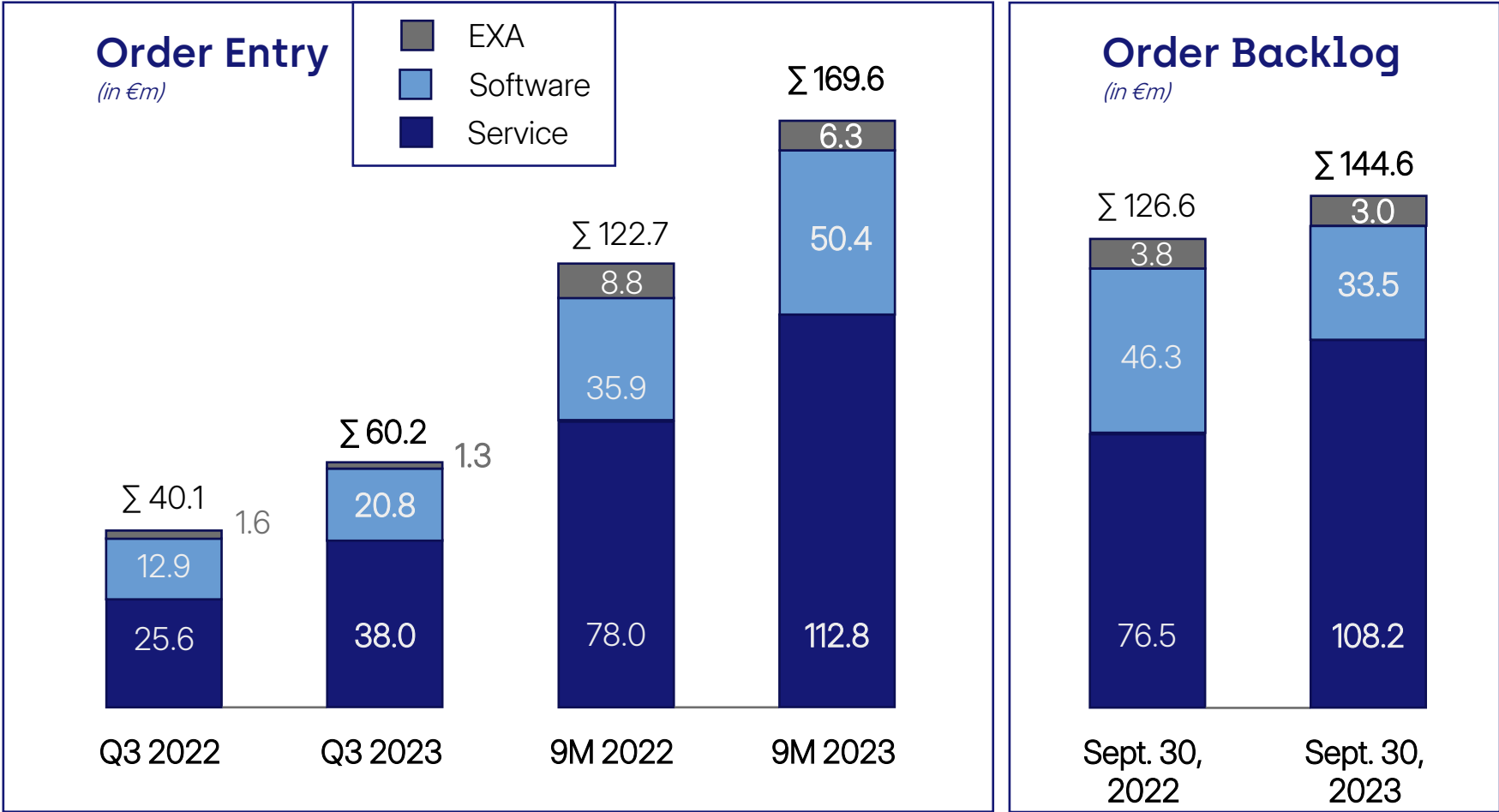
- Return to positive EBIT and margin growth by 11.4pp Q3/Q3 due to improved order situation and higher customer prices.
- Measures initiated to improve project profitability.

Segment EXA – Revenue & EBIT Q3/9M 2023



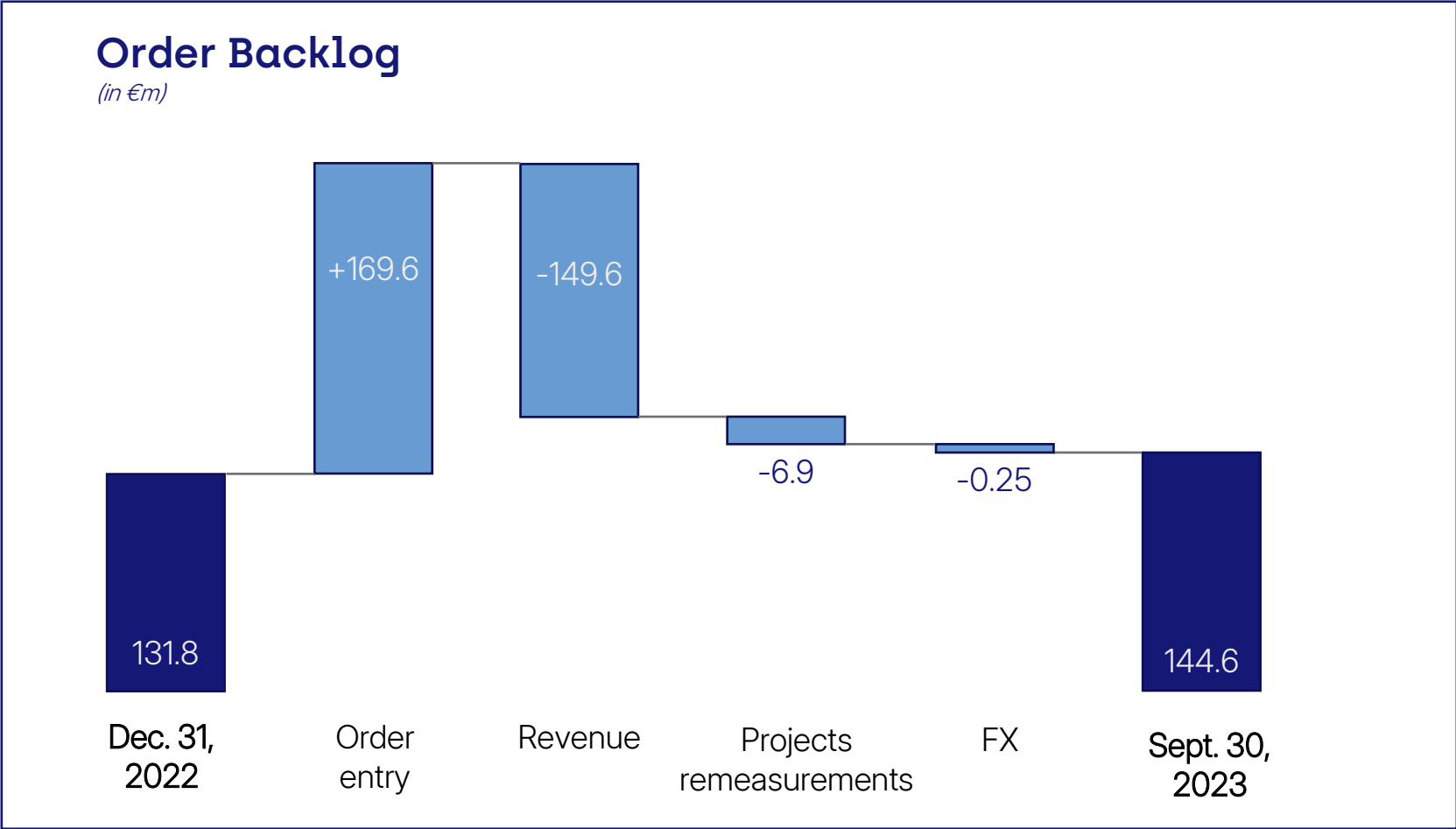
- Similarly, to the previous year, a strong Q4 is expected driven by higher software sales

Order Entry Q3/9M 2023 and Order Backlog



- Strong increasing order entry due to significant growth in the UKI, USA and LATAM regions with major projects for renowned customers.
- SAP S/4HANA projects represent ~50% of the entire order entry volume (9M 2022: ~32%).
- Reduction of software backlog due to restructuring of a partner contract and corresponding correction of the already booked order backlog as of Dec. 31, 2022.

Reconciliation Order Backlog 9M 2023



- Increase in order backlog by 10% compared to year end 2022.
- Projects remeasurements in 9M by € 6.9m.
- Backlog includes €3.0m from EXA.

Balance Sheet Structure

Assets (in €m)	Sept. 30, 2023	Dec. 31, 2022
Cash & cash equivalents	29.3	38.4
Other financial assets	4.9	11.5
Receivables & contract assets	91.1	74.4
Other currents assets	5.4	5.9
Total current assets	130.7	130.2
Total non-currents assets	128.2	134.8
Total assets	258.9	265.0
Equity & Liabilities (in €m)		
Total current liabilities	63.8	64.6
Total non-current liabilities	82.6	93.2
Equity	112.5	107.2
Total Equity & Liabilities	258.9	265.0

- Higher **trade receivables and contract assets** as a result of a high sales volume in 9M and a one-time sale of receivables in December.
- Decreased **Cash and cash equivalents** by €9.0m as a result of the repayment of loans, the payment of bonuses in April and the build-up of working capital due to growing revenues.
- **Liabilities:** Change mainly due to lower non-current liabilities to banks as a result of the reclassification from non-current to current financial liabilities.
- Improved **equity ratio** of 43.5% (+3.0pp).

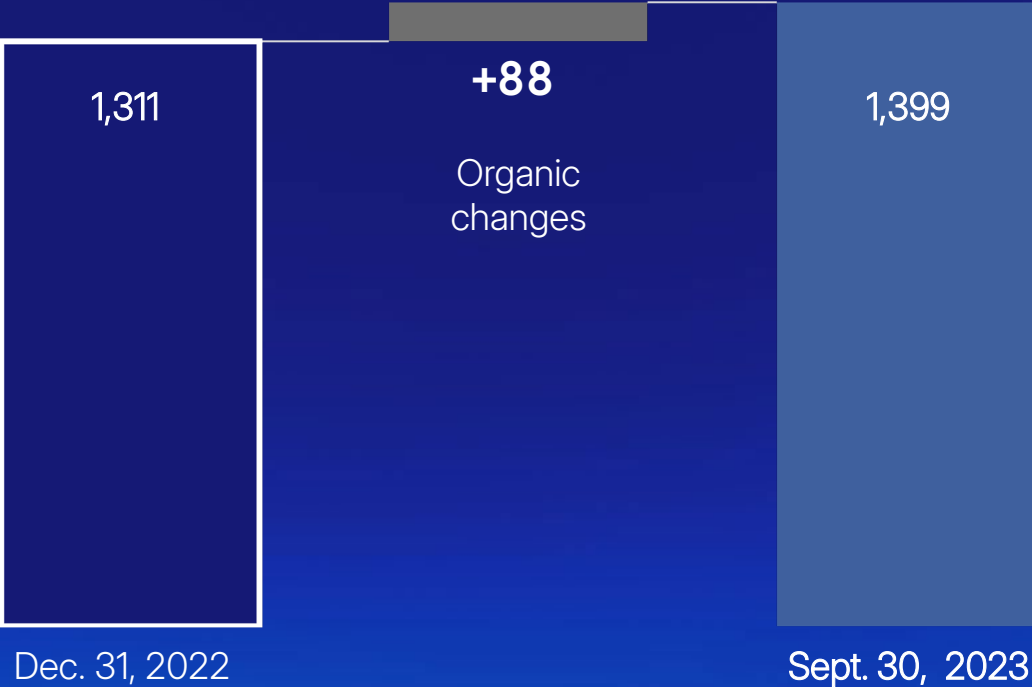
Cash flow Statement Q3/9M 2023

(in €m)	Q3 2023	Q3 2022	Δ (abs.)	9M 2023	9M 2022	Δ (abs.)
Net income	2.9	-0.2	+3.2	4.5	-0.1	+4.6
Depreciation	2.6	2.7	-0.1	7.7	8.0	-0.3
Change in W/C	0.2	1.2	+3.2	-16.8	-17.0	+0.2
Change in other items	1.5	-4.1	+1.4	2.9	-3.9	+6.8
Operating Cash flow	7.3	-0.3	+7.6	-1.6	-12.9	+11.3
Investing Cash flow	-0.3	-3.1	+2.7	3.8	-9.1	+12.9
Repayment of lease liabilities	-1.3	-1.2	-0.1	-3.7	-3.5	-0.3
Free Cash flow	5.7	-4.7	+10.3	-1.5	-25.4	+23.9
W/C ratio (LTM)				29.7%	25.2%	

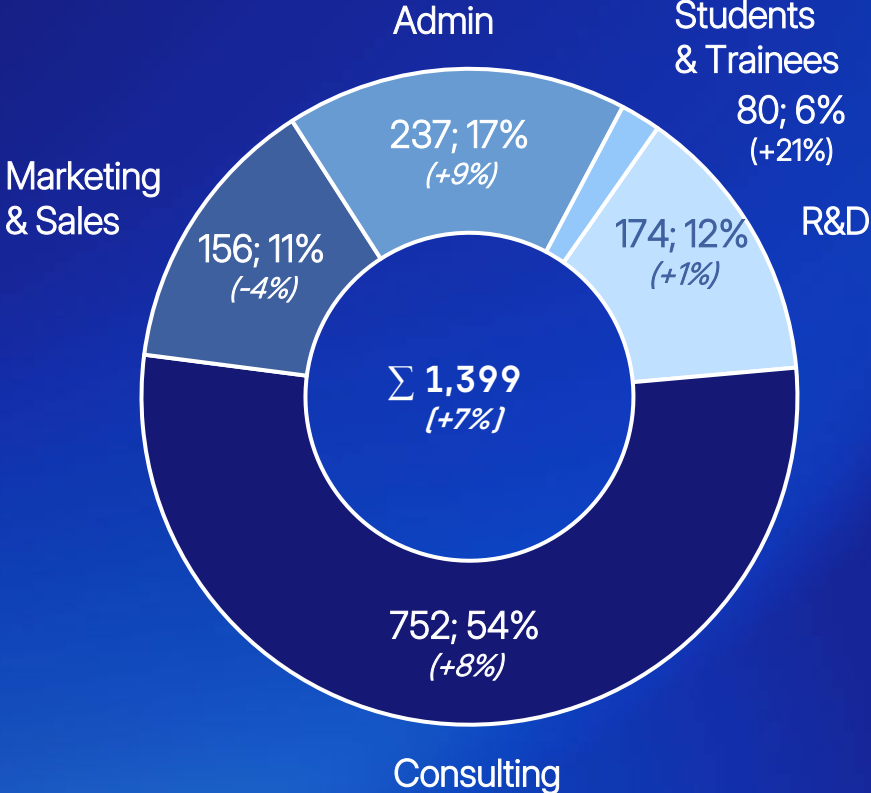
- Continued positive trend in **Operating Cash flow** development.
- After a good Q3 2023 **Operating Q3 Cash flow** positive; after nine months at € -1.6m significantly improved by € 11.3m.
- **Investing Cash flow** positive due to a purchase price payment for the sale of shares in All for One Poland Sp. z.o.o.
- **Free Cash flow** at -1.5m compared to -25.4m in the previous year (improved by € 23.9m).

Headcount

Headcount evolution



Headcount split by function Sept. 30, 2023



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We are happy to take your questions!

Financial Calendar 2023 / 2024

Interim Statement
Q3 2023

Annual Report
2023

Interim Statement
Q1 2024

Half-Year Financial
Report 2024

Interim Statement
Q3 2024



Thank you

SNP Schneider-Neureither & Partner SE

Speyerer Strasse 4
69115 Heidelberg
Germany



+49 6221 64 25 – 0



+49 6221 64 25 - 20



info@snpgroup.com



www.snpgroup.com



linkedin.com/company/snp-schneider-neureither-&-partner-se

Marcel Wiskow, Director IR

+49 6221 64 25 – 637

Investor.relations@snpgroup.com

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