HALF-YEAR FINANCIAL REPORT 2018

SNP | The Transformation Company

CONTENT

LETTER OF THE CEO

DEAR SHAREHOLDERS, DEAR READERS,

The SNP Group achieved highly dynamic growth in 2017 and significantly increased both its revenue and its workforce: We have exceeded the € 100 million revenue threshold, while the SNP Group's number of employees has risen by around 600 to 1,300 worldwide. Acquisitions in Poland and South America, the strongest quarter in the company's history in terms of revenue and its transformation into a European stock corporation (SE) underline the scope of our activities and demonstrate our strong momentum in 2017.

SNP is pursuing a clear strategic plan so that it can participate in the emerging wave of digitalization in companies worldwide. In 2017, we took the opportunity to make targeted acquisitions and to achieve inorganic growth. We have made initial investments in order to be ready for what lies ahead of us.

As a first step, we have strengthened SNP's international focus and achieved a new level of efficiency and ability to deliver to customers. With the development and expansion of our international positions and market access, we have taken important steps to ensure the Group's operational and strategic development.

In the second phase, we now face the task of consolidating what we have achieved and – alongside the integration and implementation of our new units – establishing a solid framework for transforming the strategic growth course of recent years into sustainable profitability.

SNP is on the move and we have clear goals. We have a confident view of the future for three reasons:

1. The market volume of the IT transformation market is enormous.

The future prospects and market potential of the SNP Group remain outstanding. Growth is being driven by two global megatrends in the markets which are relevant for SNP: On the one hand, global M&A activities are at a record level – in the first half of 2018, the global deal volume totaled approx. $ 2.5 trillion. On the other hand, technological progress in the direction of SAP S/4HANA remains unbroken. The start of a huge wave of S/4 migrations is already apparent. Over the next few years, around 50,000 companies will change over their IT landscapes to SAP S/4HANA.

However, many companies are adopting a wait-and-see attitude in relation to full-scale migration, and are staggering planned transformation projects and implementing them gradually. This has not least affected SNP's operating earnings situation. On the other hand, our first major customers have awarded us some attractive pilot projects. These pilot projects set the stage for a full-scale transformation and will initially migrate selected business divisions and country units to the new software environment.

2. SNP has a unique software approach

The core of our business model is a high-performance software portfolio that is unique on the market. With our broad experience and expertise in the transformation

Dr. Andreas Schneider-Neureither, CEO

business, no other provider is similarly positioned and able to more effectively resolve the IT challenges that are increasingly important for companies.

Our key current initiative in the field of S/4HANA migration is our SNP BLUEFIELD™ approach, which strongly deviates from traditional software implementation approaches and has already met with a very positive response from our customers. Our customer feedback shows that we are outstandingly positioned here. For this purpose, we have developed a partnership as well as a joint go-to-market strategy with IBM Services.

The technological core of SNP BLUEFIELD™ – a registered SNP trademark – is the unique combination of SNP software, methodology and experts. This offers our customers a flexible, automated and thus efficient transformation approach. Together with our innovative "one-step method," which merges various project steps into a single one, implementation expenses and periods as well as the associated level of risk can be significantly reduced.

3. SNP offers its customers demonstrably significant time and cost savings as well as efficiency gains.

The key benefit that we promise our customers is demonstrated time savings. The ability to respond quickly to changes in the competitive environment is now a key competency in the global economy. Agile IT landscapes are increasingly becoming a decisive factor for entrepreneurial success.

It is not only the migration to S/4HANA that is prompting many decision-makers at the highest management level in companies to intensively reflect on the IT architectures in their company. The increasing realization that a future-proof and, above all, secure IT landscape is almost inseparably tied to the development of business models has already been incorporated into our customer communications, which are now even more targeted.

SNP is increasingly addressing its IT challenges at a strategic customer level, while taking into consideration IT, compliance and risk aspects in equal measure. We concretely point out to decision-makers the potential benefits and added value which the use of our technology and our solution can provide. We begin by resolving concrete problems in the areas of security, compliance and governance.

Increased profitability and the Group's ongoing development

The SNP Group is thus on the right track in terms of its basic strategic orientation. On the other hand, the operating snapshot provided by its figures for the first half of 2018 is unsatisfactory. In this context, we will once again step up our efforts within the scope of our strategic planning. We will stick to our prioritized mid-term goal of a structural increase in profitability. In principle, we continue to assume that the increased contribution of software license revenue to total revenue in particular and related economies of scale should result in wider operating margins over the medium to long term.

Various development and learning processes are associated with the integration and implementation of the newly added units: We have once again streamlined and further standardized our global organizational structures and established the global processes necessary for this. In addition, we have implemented additional restructuring measures – in the USA in particular – and once again readjusted our focus in some market segments.

In view of our well-filled product pipeline and the foreseeable opportunities in the software segment, we are highly confident that we will be able to achieve an earnings situation for the second half of 2018 that will be significantly better than in the first half of the same year.

We are deliberately implementing the integration of our acquired companies – step by step – at different speeds: We have completed our acquisition of the UK's Harlex Group, which is now operating as SNP UK, in operational and organizational terms. The integration of Poland's BCC Group is proceeding as scheduled: The development of nearshoring is of particular priority here in order to realize higher project margins in the future. In South America, we have opted for a longer-term integration period. For all of these acquisitions, we will gradually integrate all of these companies into our internal IFRS reporting.

We are aware that we still have a lot of work ahead of us and have set ourselves very high standards. Our focus is very clear: In the current phase of our strategic planning, we are working at full speed in order to establish a solid foundation for profitable growth. The SNP Group has everything to ensure its long-term success. We are making progress, but we would like and indeed must achieve even faster progress in order to turn opportunities into results.

I would like to thank our customers and all of our shareholders for the trust they have placed in us. We will continue to do everything we can to earn your trust.

Dr. Andreas Schneider-Neureither
CEO

SNP IN THE CAPITAL MARKETS

The first half of the 2018 stock market year was characterized by growing global economic concerns and heightened nervousness on the capital markets. The resulting increase in volatility on the markets caused the leading German index, the Dax, to fall by around 5% in the first half of the year. The MDax mid-cap index is down nearly 1%. The TecDax, an index of technology-oriented small- and mid-cap companies, has grown by around 6% since the beginning of the year. The SDAX, the small-cap index of the German Stock Exchange, is almost unchanged by comparison with its level at the beginning of the year.

The NASDAQ Composite, the US technology index, has fared better and risen around 9% since the beginning of the year. On the other hand, the market-wide leading US share index, the S&P 500, and the British FTSE 100 are virtually unchanged and have registered performances of around 2% and -1% respectively. Finally, the euro dropped against the US-dollar by a good 3% in the year to date.

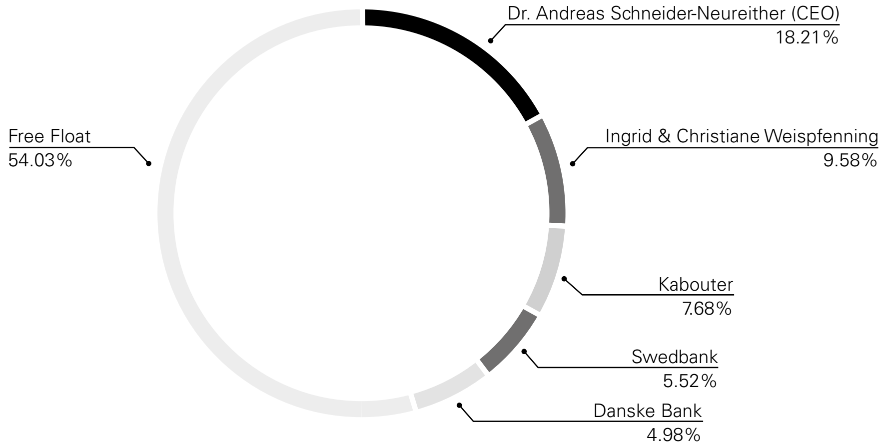
KEY SHARE DATA

ISIN	DE0007203705
Security identification number	720 370
Shares as of June 30, 2018	5,474,463 (share capital: 5,474,463 €)
Shares as of June 30, 2017	4,976,786 (share capital: 4,976,786 €)
Class	No-par-value shares
Market segment	Prime Standard
Trading exchanges/stock exchanges	Xetra, Frankfurt, Berlin, Hamburg, Munich, Stuttgart, Düsseldorf
Ticker symbol	SHF
Bloomberg	SHF:GR
Reuters	SHFG.DE

SHARE PERFORMANCE INDICATORS

		2018	2017
Earnings per share as of June 30	(in €)	**-0.95**	-0.41
Market capitalization as of June 30	(in € million)	**149.45**	190.21
Price as of June 30	(in €)	**27.30**	38.22
Highest price in the first half of the year	(in €)	**36.75**	49.20
Lowest price in the first half of the year	(in €)	**27.30**	38.18

SHAREHOLDER STRUCTURE



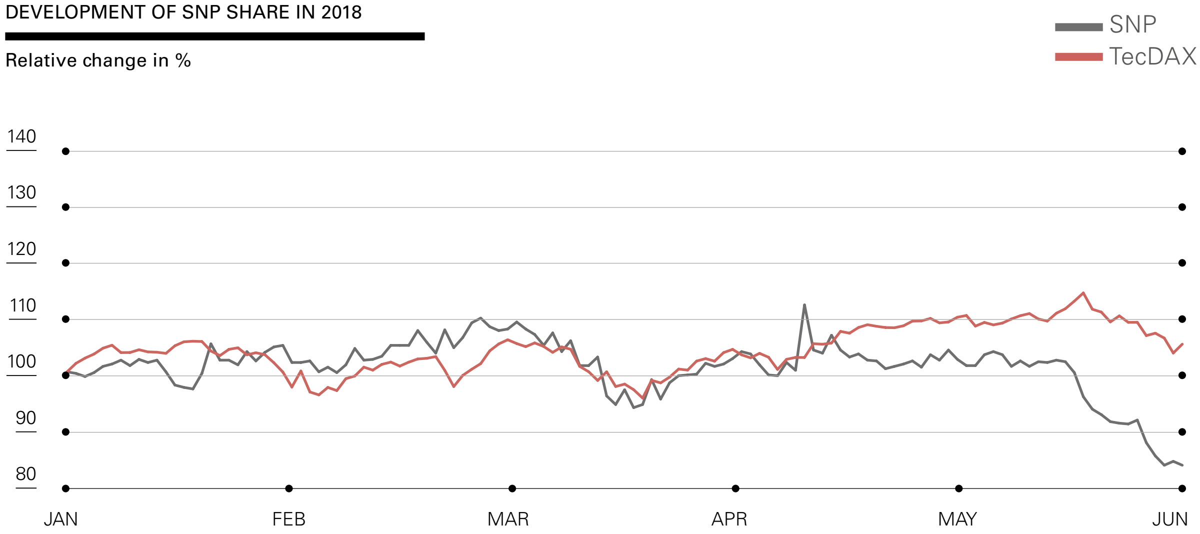
SNP Shares

The SNP share ended the 2017 stock market year at a closing price of € 32.00; this corresponded to a negative annual performance of around 22%. In the first few months of the first half of 2018, the share was traded in a range between approx. € 32 and € 36. The share reached its highest price in early March, at € 36.75. In June, the share came under selling pressure and ended the first half of the stock market year at € 27.30, which corresponds to a performance of approx. -15% and a market capitalization of around € 150 million.

Trading volume across various stock exchanges declined and therefore so did the share's liquidity. A monthly average of 8,867 shares per day were traded in the first half of the year (previous year: 12,248 shares). In 2017, a monthly average of 16,431 shares per day were traded across various stock exchanges, compared with 10,104 shares in 2016.

DEVELOPMENT OF SNP SHARE IN 2018

Relative change in %



For further investor relations and share information, please go to
https://www.snpgroup.com/en/investor-relations

INTERIM GROUP MANAGEMENT REPORT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2018

SNP – THE TRANSFORMATION COMPANY

Business model

The SNP Group is a software-oriented business consulting firm that specializes in the delivery of services in the area of data processing, whereby proprietary software developments are used, particularly in the area of digital transformation management.

SNP enables companies to successfully navigate the rapidly changing digital environment and seize their opportunities on the market with a highly flexible IT infrastructure. The solutions and software from SNP allow for the integration of previously divergent IT landscapes and provide support for M&A projects and carve-outs. With SNP Transformation Backbone® with SAP LT, SNP offers the world's first standardized software for automatically assessing and implementing changes to IT systems. This provides customers with clear qualitative advantages, while notably reducing the time and expense involved in transformation projects.

Its customers include corporations operating globally in the industrial, financial and service sectors. SNP SE was founded in 1994 and has been publicly traded since 2000. As of August 2014, the company is listed on the Prime Standard segment of the Frankfurt Stock Exchange (ISIN DE0007203705).

The Challenge for Modern Companies: IT Agility

Agile and flexible IT landscapes are increasingly becoming a decisive factor for entrepreneurial success. The modernization required of antiquated IT environments is forcing companies to invest in unifying their heterogeneous and complex IT infrastructures. Change is an ongoing management responsibility and the ability to change is a core competency of successful companies. We see our task as building and sustaining an IT landscape that helps create value. At the core of our work is a cross-industry software standard that supports and promotes permanent change on an ongoing and reliable basis.

IT Transformations and Their Impact on ERP Systems

From an economic perspective, transformation projects are among the most critical, complex and expensive projects that can affect the organization of companies and their business processes. "Business landscape transformation" describes the change and adaptation of enterprise resource planning (ERP) systems and represents the SNP Group's principal activity.

An ERP system handles the administration of corporate resources and business processes. SAP, Oracle and Microsoft are among the most significant providers of such ERP systems. ERP systems are complex programs and are often heavily modified to accommodate their users. They combine essential and sensitive parts of a company, such as procurement, logistics, accounting and human resources administration. The primary task of ERP transformations is to model data completely and correctly – including the data's history – in a new IT system, to integrate data into this environment or to extract data from it. The data being worked with frequently involves critical business transactions or highly sensitive data, for example from the area of financial accounting or personnel systems.

As a result, the loss of such data could have serious consequences for the entire company. With its integrated range of software products and software-related consulting services, the SNP Group has created fitting solutions that optimally support companies in managing their IT transformations.

Catalyst of IT Transformations

Business transformations include corporate mergers, acquisitions, spin-offs, carve-outs and sales. IT transformations include consolidations, combinations, data alignment and software upgrades such as SAP S/4HANA and "Move to the Cloud." Many ERP landscapes have increased in complexity over time so that enhancements or changes to existing ERP systems are no longer sufficient. Instead, ERP landscapes must be completely redesigned.

The Standardized Software Approach of SNP: Quick, Flexible, Inexpensive and Time Saving

In the course of a transformation project, large amounts of data must be analyzed and processed. The length of time that a transformation takes may have an impact on a company's success. Critical factors are the seamless integration of legacy data into the new layout and the minimization of system downtimes during the transformation.

In the traditional approach to data transfers, manual processes play an important role, resulting in significant personnel costs. We take a different software-based approach that allows us to automate significant steps in the transformation process while preserving a company's legacy data. The products and services provided by the SNP Group help companies adapt their IT landscape to changes quickly and flexibly, ensuring efficiency in terms of both time and money.

For further information on the SNP portfolio, please refer to pages 43 ff. of the 2017 Annual Report.

BUSINESS PERFORMANCE AND ECONOMIC CONDITION

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2018

New Organizational Structure

To secure further sustainable global growth, the SNP Group streamlined its organizational structure at the turn of the year and established a new management structure. Functions from the individual subsidiaries have mainly been allocated to newly created global managers. The newly created global responsibilities and horizontally shared services should ensure that uniform processes are implemented worldwide and SNP is thus well positioned for further growth. Since March 16, 2018, Dr. Andreas Schneider-Neureither has been the sole Managing Director. Mr. Henry Göttler left the company on April 24, 2018.

Restructuring of the North America Region

In January 2018, SNP resolved a reorganization and restructuring of its North American subsidiary SNP Transformations, Inc., which it implemented in the first quarter of 2018. As part of this reorganization, around 25 full-time positions were eliminated in the first quarter. SNP expects savings in the lower single-digit million range. These measures related to operating as well as administrative areas. The goal is to achieve a permanent improvement in competitiveness and efficiency throughout this subsidiary. In addition, core functions that were previously based at various locations are to be pooled.

The 2018 Annual General Meeting

The Annual General Meeting of SNP SE, which took place in Wiesloch for the first time on May 30, 2018, approved all the points on the agenda by a substantial majority. Among other items, the shareholders followed the proposal of the Boards on the appropriation of profit and resolved not to distribute a dividend for the 2017 fiscal year (previous year: € 0.39).

Partnership With IBM

Through a new partnership, SNP is working with IBM Services to help companies to accelerate the introduction of SAP S/4HANA as part of their overall digital transformation. The new SNP BLUEFIELD™ approach is used here. Unlike traditional approaches such as Greenfield and Brownfield, BLUEFIELD™ offers companies the technical capacity to migrate and update functions and data in a single, non-destructive step. The customer saves time and money and reduces the risk of errors. BLUEFIELD™ is made possible by means of a unique combination of SNP software. It is a registered trademark of SNP SE.

Major U.S. Order: Spectrum Brands

An agreement was signed with Spectrum Brands Holdings, Inc. in May to spin off the company's global divisions "Batteries and Lights" and "Home and Personal Care Appliances". The order volume has a total value of around $ 4.5 million; software licenses account for approximately $ 1.9 million of this amount. The two transformation projects – which encompass the execution of data transformations in North America and Europe – will run for a period of one year and are expected to be completed in April 2019. Spectrum Brands is a global supplier of consumer goods with a portfolio of leading brands.

Innoplexia GmbH: Increase in the Company's Investment to 100%

In June 2018, SNP SE exercised the agreed unilateral purchase option and purchased the remaining 20% of the shares in Innoplexia GmbH from this company's founder and managing director. SNP SE thus increased its investment to 100% of the shares by means of a multiple-phase acquisition plan. SNP SE had already increased its investment from 20% to 80% of the shares in this company in May 2017.

The Heidelberg-based software and IT company specializes in developing software and IT solutions for competitive and market analysis. A key objective of the partnership is to further develop the SNP transformation software and to generate automated recommended actions for transformation projects using artificial intelligence and software algorithms. In addition, Innoplexia will make greater use of the established SNP Group distribution networks and will open up the necessary access to additional international markets.

Innoplexia GmbH was founded in 2010. As of June 30, 2018, it has 31 employees and generated revenue of around € 1 million in the 2017 fiscal year.

ECONOMIC REPORT

Macroeconomic Environment

The International Monetary Fund (IMF) expects the global upturn to continue but considers the downward risks to be significantly more acute than a few months ago. The IMF sees dangers resulting from escalating trade conflicts as well as increasingly unbalanced growth. The IMF has reaffirmed its call for the avoidance of protectionist measures and for increased international cooperation.

According to the IMF, global economic output will pick up by 3.9% in the current year and in 2019. Its forecasts are thus unchanged by comparison with its April figures. However, the experts are concerned by growing protectionism which is seen as the most significant short-term threat to growth.

According to the experts, the key risk factors are rising interest rates in the USA, escalating trade conflicts, exchange rate gains for the US dollar and increasing geopolitical unrest.

The experts indicate that the US economy will continue to benefit from the consequences of the country's tax reform and stimulus spending programs. However, the International Monetary Fund sees an additional risk in stronger than expected inflation in the USA.

On the other hand, it is now less optimistic regarding the outlook for the 19 Eurozone countries: Due to disappointing first-quarter growth figures in Germany and France and tighter financing conditions as well as political uncertainty in Italy, the IMF has slightly downgraded its forecasts for this year and the next. The Eurozone's output will increase by 2.2% in the current year and by 1.9% in 2019, i.e. by 0.2 and 0.1 percentage points less than the IMF had predicted in April.

Industry-Related Environment

The global market for information technology and telecommunications (ICT) remains one of the most important markets, with one of the strongest growth rates by comparison with other international sectors: According to Gartner, total global expenditure amounted to $ 3.5 trillion in 2017, which represented a growth rate of 3.8% on the previous year. In the current year, expenditure is set to rise by 6.2% to $ 3.7 trillion.

The two segments of IT services and enterprise software are likewise once again expected to post the strongest growth rates: in 2017, IT services grew by 4.4% to $ 933 billion; in 2018, expenditure here will increase by 7.4% to around $ 1 trillion; the figures for the enterprise software segment are $ 352 billion (2017, +8.8%) and $ 391 billion (2018, +11.1%).

FINANCIAL POSITION AND FINANCIAL PERFORMANCE

Revenue Performance

After strong growth in the 2017 fiscal year, the SNP Group has again started the current fiscal year with renewed revenue growth. In the first six months of 2018, Group revenue amounted to € 65.0 million; this represents an increase of € 17.0 million, or 35.4%, year over year. At +26.7%, growth in the second quarter was lower than in the first quarter (+46.1%) due to the first-time incorporation of the acquisitions SNP Poland and Innoplexia in May 2017.

Organic and Inorganic Allocation of Revenue

The initial consolidations of Innoplexia GmbH (May 1, 2017), SNP Poland (previously the BCC Group, May 1, 2017), the Adepcon Group (August 1, 2017) and ERST GmbH (October 1, 2017) had a material impact on revenue growth in the quarterly financial statements. Inorganic growth amounted to € 16.0 million. This represents growth of approximately 33%. This contrasts with organic revenue growth of € 1.0 million, or approximately 2%.

Revenue Distribution by Region

In the DACH region (Germany, Austria and Switzerland), the SNP Group generated revenue in the amount of € 32.2 million (previous year: € 29.3 million) in the first half of 2018. This corresponds to a share of total revenue of approximately 50% (previous year: 61%). The increasing share of revenue outside of the DACH region is attributable to the continued successful internationalization strategy of the SNP Group.

Through SNP Poland, the Poland region contributed € 9.9 million (previous year, since May 2017: € 4.5 million), or around 15%, of total revenue in the first half of 2018. Through the Adepcon Group, the South America region provided a revenue contribution of € 8.3 million (previous year: € 0.0 million; initial consolidation since August 2017); this represents a revenue share of approximately 13%. The UK contributed € 3.6 million (previous year: € 3.0 million); this corresponds to a revenue share of approximately 6%. The Asia region contributed 4% of revenue with € 2.9 million (previous year: € 2.9 million)

Only the North America region saw a slight decline in revenue in the reporting period. External revenue decreased by approximately 4% to € 8.0 million in comparison with the first half of the previous year (previous year: € 8.3 million). The company's performance over the course of the financial year is positive. While the revenue generated in the first quarter was € 1.0 million lower than in the previous year, revenue in the second quarter had already increased by € 0.7 million. In the first quarter of 2018, the USA contributed approximately 12% of total revenue (previous year: 17%).

Revenue Distribution by Business Segment

On the segment side, the **Professional Services** division, which primarily includes consulting services, contributed € 52.3 million (previous year: € 41.2 million) to revenue in the first half of the year. This corresponds to an overall revenue share of 80.4% and represents a year-over-year increase of € 11.1 million, or 26.8%. While the inorganic portion of the company's revenue growth amounts to € 12.2 million, organic growth has declined by € 1.1 million or around 6%. This trend is almost entirely attributable to lower revenue generated by the North America region (€ -1.3 million by comparison with the previous year).

Revenue of € 12.7 million (previous year: € 6.8 million) came from the **Software division** (incl. maintenance) and the Cloud. This corresponds to a year-over-year increase of € 5.9 million, or approximately 88%. Of this, € 3.8 million relate to inorganic growth and € 2.1 million to organic growth. In this business segment, licensing fees have increased by € 2.8 million, or approximately 59%, to € 7.6 million (previous year: € 4.8 million); long-term maintenance fees have increased disproportionately strongly, by € 2.1 million, or approximately 107%, to € 4.2 million (previous year: € 2.0 million).

In the first half of 2018, revenue from SNP's in-house products amounted to € 8.6 million (previous year: € 6.3 million). In the same period, revenue in the amount of € 4.2 million (previous year: € 0.5 million) was registered with third-party products.

For the first time, SNP is also reporting revenue generated through cloud services; in the period under review, this amounts to € 1.0 million (previous year: € 0.0 million).

The SNP Transformation Backbone® with SAP LT remained the largest revenue driver in the in-house products division in the period under review. Including maintenance, this product contributed € 4.9 million (previous year: € 3.7 million) to business segment revenue. This corresponds to a share of total software revenue (excluding the Cloud) of approximately 41% (previous year: 54%). The share also amounts to approximately 57% of total software revenue from in-house products.

The standard software SNP Data Provisioning and Masking generated revenue of € 1.7 million (previous year: € 1.1 million) during the reporting period. The percentage share of total software revenue (excluding the cloud) amounts to around 14% (previous year: 16%). The share amounts to 19% of total software revenue from in-house products.

The SNP Interface Scanner contributed revenue in the amount of € 0.9 million in the period under review (previous year: € 0.8 million); this represents approximately 7% (previous year: 11%) of overall software revenue (excluding the Cloud). The share amounts to 10% of total software revenue from in-house products.

Revenue Recognition According to IFRS 15

In the period up to December 31, 2017, revenue from project licenses within the scope of multi-component contracts was recognized on the basis of a specific date, as of the conclusion of the contract and delivery of the software. Upon the application of IFRS 15, from January 1, 2018, this revenue will be realized in accordance with the progress of the project, over the duration of the project.

In the first half of 2018, € 2.1 million was generated as a result of this changeover through projects that began before January 1, 2018. At the same time, projects that began after January 1, 2018 only generated € 1.3 million in accordance with IFRS 15. According to IAS 18 (old standard), this € 3.5 million amount would have been fully recognized in the revenue figure. The changeover to IFRS 15 in the first half of 2018 has thus resulted in a net effect of € 0.02 million.

For further information, please see the notes to the consolidated financial statements 2017 on pages 89 ff. of the 2017 Annual Report.

Order Backlog and Order Entry

Order entry in the first half of 2018 totaled € 67.2 million, approximately 17% above the comparable amount in the previous year (€ 57.6 million). The order backlog, as of June 30, 2018, was € 63.3 million; this corresponds to an increase of approximately 31% over the previous year's comparable figure of € 48.5 million.

Earnings Position

The development of operating earnings in the first half of 2018 was primarily affected by delays in project completions, which will be achieved later than expected. This resulted in a temporarily lower level of capacity utilization in the field of Professional Services and, in particular, software license revenue from SNP in-house products, which fell short of expectations. In the same period, personal expenses increased disproportionately strongly by comparison with the largely inorganic revenue growth. This trend mainly reflects the increase in personnel due to acquisitions in the previous year and the recruitment of new employees in the second half of 2017. Moreover, in the first half of 2018 restructuring measures were necessary in individual subsidiaries which entailed one-off costs in the form of redundancies and severance compensation and thus had an extraordinary negative impact on earnings. Overall, costs in the amount of € 1.8 million arose for these measures. In the following, these costs and likewise acquisition-related amortization (amortization of identified intangible assets acquired through company acquisitions) will not be included in the non-IFRS figures.

In the first half of 2018, SNP SE achieved an EBITDA figure (IFRS) of € -3.5 million (previous year: € -0.6 million) and an EBITDA figure (non-IFRS; adjusted for exchange rate effects) of € -1.7 million (previous year: € 1.3 million).

The EBITDA margin (IFRS) is thus -5.4% (previous year: -1.2%); the EBITDA margin (non-IFRS; adjusted for exchange rate effects) is -2.7% (previous year: 2.8%). In the same period, the EBIT figure (IFRS) amounted to € -6.0 million (previous year: € -1.9 million) and the EBIT figure (non-IFRS; adjusted for exchange rate effects) to € -3.6 million (previous year: € 0.2 million).

Expenses (IFRS) increased in the reporting period disproportionately strongly by comparison with the largely inorganic revenue growth. Personnel expenses increased during the first half of 2018 by € 14.2 million to € 44.4 million. Of this, € 11.1 million (previous year: € 1.8 million) related to the companies acquired in the previous year. € 1.8 million is attributable to restructuring measures which were implemented in the first half of the year in various areas throughout the Group. The remaining cost increases reflect the organic growth in the Group's workforce as well as salary increases. As of June 30, 2018, the Group had 1,350 employees (previous year: 1,077). Of this, as of the reporting date 600 employees (previous year: 311) work for the companies acquired over the course of the previous year.

Costs of purchased services and the cost of materials increased by € 5.0 million on the previous year, to € 10.5 million. Of this, € 5.9 million (previous year: € 1.4 million) related to the companies acquired in the previous year.

Depreciation and amortization increased by € 1.3 million year-over-year to € 2.5 million. Of this, € 0.7 million is attributable to intangible assets capitalized for the first time within the scope of the initial consolidation of acquisitions and a further € 0.4 million (previous year: € 0.1 million) to companies acquired over the course of the previous year.

Other operating expenses have increased by € 1.9 million to € 15.1 million. Of this, € 3.2 million (previous year: € 0.6 million) is attributable to the companies acquired in the previous year. Adjusted for acquisition effects, cost savings of around € 1 million have thus been realized.

€ MILLION	1ST HALF-YEAR 2018				1ST HALF-YEAR 2017			
	IFRS	**Adaption**	**Currency impact**	**Non-IFRS, adjusted for exchange rate effects**	**IFRS**	**Adaption**	**Currency impact**	**Non-IFRS, adjusted for exchange rate effects**
Revenue	65.0	0.0	0.0	65.0	48.0	0.0	0.0	48.0
Other operating income	1.8	0.0	-1.2	0.7	0.5	0.0	-0.1	0.4
Cost of material	-10.5	0.0	0.0	-10.5	-5.5	0.0	0.0	-5.5
Personnel costs	-44.4	1.8	0.0	-42.6	-30.2	0.0	0.0	-30.2
Other operating expenses	-15.1	0.0	1.2	-14.0	-13.2	0.7	1.2	-11.3
Impairments on receivables and contract-based assets	-0.2	0.0	0.0	-0.2	0.0	0.0	0.0	0.0
Other taxes	-0.3	0.0	0.0	-0.3	-0.3	0.0	0.0	-0.3
EBITDA	**-3.5**	**1.8**	**0.0**	**-1.7**	**-0.6**	**0.7**	**1.1**	**1.3**
Depreciation	-2.5	0.7	0.0	-1.9	-1.3	0.1	0.0	-1.2
EBIT	**-6.0**	**2.5**	**0.0**	**-3.6**	**-1.9**	**0.8**	**1.1**	**0.2**

Other operating income increased by € 1.3 million to € 1.8 million. The increase in other operating income is mainly attributable to higher exchange rate gains.

Since other financial expenses of € 0.7 million were offset by only immaterial other financial income, net financial costs of € -0.6 million (previous year: € -0.8 million) were incurred, resulting in a loss before taxes of € -6.7 million (previous year: € -2.6 million). With income tax income of € 1.3 million (previous year: income of € 0.5 million), the first half of 2018 recorded a net loss of € -5.4 million (previous year: € -2.1 million). This corresponds to a net margin of -8.3% (previous year: -4.5%). Accordingly, diluted and basic earnings per share amounted to €-0.95 (previous year: €-0.41).

Net Assets

In accordance with the adopted transition options under IFRS 15, prior periods have not been adjusted in line with the new accounting and measurement method. The following comments on the net asset position therefore separately indicate the effect that would have resulted if the prior periods had been adjusted.

In comparison with December 31, 2017, the balance sheet total has mainly decreased by € 24.0 million (by € 22.9 million if the prior periods had been adjusted) to € 129.8 million due to the payment of short-term purchase price installments in connection with the previous company acquisitions as well as the settlement of employee-related other nonfinancial liabilities.

The decline on the asset side of the balance sheet is mainly attributable to current assets. Current assets decreased by € 20.1 million (by € 17.7 million if the prior periods had been adjusted) to € 58.5 million. This decline is primarily attributable to the € 15.4 million decrease in cash and cash equivalents which was chiefly due to the settlement of current liabilities. Trade receivables and other receivables decreased by € 2.4 million (by € 2.5 million if the prior periods had been adjusted) to € 33.0 million.

Noncurrent assets decreased in comparison with December 31, 2017, by € 3.9 million to € 71.2 million (by € 5.0 million if the prior periods had been adjusted). This decline is almost entirely attributable to the exchange rate-related decrease in goodwill. Goodwill accounts for € 51.6 million (12/31/2017: € 56.1 million).

Financial Position

In accordance with the adopted transition options under IFRS 15, prior periods have not been adjusted in line with the new accounting and measurement method. The following comments on the financial position therefore separately indicate the effect that would have resulted if the prior periods had been adjusted.

On the equity and liabilities side, current liabilities decreased from € 40.5 million as of December 31, 2017 (€ 41.9 million if the prior periods had been adjusted) to € 33.6 million as of June 30, 2018. This change is mainly attributable to the decline in financial liabilities by € 4.9 million, trade payables and other liabilities by € 4.2

million and in other nonfinancial liabilities by € 1.2 million. Financial liabilities mainly decreased due to the payment of purchase price installments in connection with company acquisitions; other nonfinancial liabilities decreased, in particular, due to the settlement of employee-related liabilities.

In contrast, noncurrent liabilities changed only slightly. They amounted to € 50.3 million on June 30, 2018, compared with € 53.2 million on December 31, 2017 (€ 53.2 million if the prior periods had been adjusted). Financial liabilities continued to account for the largest share, in the amount of € 48.0 million. Of this amount, € 39.6 million relates to liabilities in connection with the issuance of borrower's note loans and € 7.5 million to purchase price liabilities in connection with company acquisitions.

The equity of the Group declined in the first six months of 2018 from € 60.1 million (€ 57.5 million if the prior periods had been adjusted) to € 45.9 million. Subscribed capital, capital reserves and treasury shares remained unchanged. Retained earnings decreased by € 9.0 million (by € -6.4 million if the prior periods had been adjusted) to € -6.8 million. Of this amount, € -5.2 million resulted from the loss for the year and € -2.8 million from the first-time application of IFRS 15 as of January 1, 2018. The first-time application of IFRS 9 as of January 1, 2018 has resulted in an effect of € +0.3 million. Other reserves decreased by € 5.0 million to € -6.8 million due to the adjustment item for foreign currency translation. Due to the decrease in equity combined with a simultaneous reduction in total assets to € 129.8 million as of June 30, 2018 (December 31, 2017: € 153.8 million; € 152.7 million if the prior periods had been adjusted), the equity ratio declined from 39.1% (with a 37.7% increase if the prior periods had been adjusted) to 35.4%.

The negative operating cash flow in the amount of € -5.3 million (previous year: € -8.0 million) in the first six months of 2018 is mainly attributable to the loss for the year (€ -5.4 million). On the other hand, depreciation and amortization (€ 2.5 million) and the reduction in trade receivables and other current and noncurrent assets (€ 2.5 million) have had an increasing effect. This contrasts with a reduction in trade payables, other provisions, tax liabilities and other liabilities (€ 2.2 million). By way of a correction of the result for the period, other cash revenues/expenses (€ -2.8 million) have likewise resulted in a reduction in the cash flow from operating activities. This item mainly comprises the effects resulting from the posting of deferred taxes.

The negative cash flow from investing activities in the amount of € -9.1 million (previous year: € -23.9 million) is mainly attributable to payments for purchase price installments in connection with company acquisitions in previous years (€ 7.0 million) and for investments in property, plant and equipment (€ 2.2 million).

Negative cash flow from financing activities of € -0.6 million (previous year: positive cash flow of € 26.6 million) resulted from the repayment of loans.

The effects of changes in foreign exchange rates on cash and bank balances have resulted in an impact of € -0.5 million (previous year: € -0.2 million).

Overall cash flow during the reporting period came to € -15.4 million (previous year: € -5.5 million). Taking into account the changes presented here, the level of cash and cash equivalents decreased to € 18.5 million as of June 30, 2018. As of December 31, 2017, cash and cash equivalents amounted to € 33.9 million.

Employees

As of June 30, 2018, the number of employees of the SNP Group increased to 1,350; as of December 31, 2017, they totaled 1,341 employees. The employees included 1 Managing Director (as of December 31, 2017: 2), 21 managers (as of December 31, 2017: 23) and 83 trainees, students and interns (as of December 31, 2017: 92). There were no employees in partial early retirement in the 2018 fiscal year (previous year: 0).

Revised Forecast

The development of operating earnings in the first half of 2018 was primarily affected by delays in project completions, which will be achieved later than expected. This resulted in a temporarily lower level of capacity utilization in the field of Professional Services and, in particular, software license revenue from SNP in-house products, which fell short of expectations.

In light of this, the company is updating its forecasts for the development of the Group's revenue and financial performance for the 2018 fiscal year. Overall, the management expects Group revenue of between € 135 million and € 140 million in the 2018 fiscal year and plans on an operating earnings margin (EBIT margin, IFRS) in the slightly negative single-digit percentage range. The EBIT (non-IFRS) figure is expected to be largely balanced for the year as a whole. An EBIT margin (IFRS and non-IFRS) in the positive single-digit percentage range is expected again in the second half of the year.

The management originally forecast Group revenue of between € 150 million and € 155 million in the 2018 fiscal year and an operating earnings margin (EBIT margin) in the mid-single-digit percentage range.

Moreover, SNP anticipates an EBITDA (IFRS, non-IFRS) figure for the year as a whole in the lower (IFRS) or mid-single-digit (non-IFRS) million range.

The SNP Group is sticking to the prioritized mid-term goal of a structural increase in its profitability. The increased share of software license revenue in the total revenue and related economies of scale in particular will result in wider operating margins over the medium to long term.

Heidelberg, August 1, 2018

Managing Director
Dr. Andreas Schneider-Neureither

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2018

ASSETS In € thousand	June 30, 2018	Dec. 31, 2017[1]	adjusted June 30, 2017
Current assets			
Cash and cash equivalents	18,486	33,877	26,456
Other financial assets	197	403	90
Trade receivables and other receivables	33,014	35,385	23,654
Receivables from POC (Percentage of Completion)	3,554	6,519	5,342
Inventories	371	371	371
Other non-financial assets	2,610	1,877	845
Tax receivables	308	182	227
	58,540	**78,614**	**56,985**
Non-current assets			
Goodwill	51,621	56,126	45,530
Intangible assets	9,009	10,887	5,264
Property, plant and equipment	6,128	5,187	4,681
Other financial assets	794	809	670
Investments accounted for under the equity method	0	0	21
Trade receivables and other receivables	270	270	1,012
Other non-financial assets	66	85	42
Deferred taxes	3,348	1,807	2,414
	71,236	**75,171**	**59,634**
	129,776	**153,785**	**116,619**

EQUITY AND LIABILITIES In € thousand	June 30, 2018	Dec. 31, 2017[1]	adjusted June 30, 2017
Current liabilities			
Trade payables and other liabilities	7,238	11,437	4,279
Liabilities from POC (Percentage of Completion)	3,033	330	512
Tax liabilities	394	388	22
Financial liabilities	6,301	11,236	3,709
Other non-financial liabilities	15,242	16,448	8,612
Provisions	107	105	1,655
Deferred income	1,258	587	854
	33,573	**40,531**	**19,643**
Non-current liabilities			
Trade payables and other liabilities	661	580	599
Financial liabilities	47,993	49,487	50,609
Provisions for pensions	1,560	1,531	1,529
Deferred taxes	73	1,525	697
Deferred income	14	34	69
	50,301	**53,157**	**53,503**
Equity			
Subscribed capital	5,474	5,474	4,977
Capital reserve	54,260	54,260	36,331
Retained earnings	-6,830	2,181	2,527
Other components of the equity	-6,758	-1,678	-338
Treasury shares	-415	-415	-415
Equity attributable to shareholders	**45,731**	**59,822**	**43,082**
Non-controlling interests	171	275	391
	45,902	**60,097**	**43,473**
	129,776	**153,785**	**116,619**

[1] In accordance with the transition options that we have adopted under IFRS 15 and IFRS 9, prior periods have not been adjusted in line with the new accounting and measurement methods.

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2018

In € thousand	1st half-year 2018	1st half-year 2017	2nd quarter 2018	2nd quarter 2017
Revenue	**65,045**	**48,028**	**33,492**	**26,430**
Professional Services	52,308	41,240	26,867	22,151
Cloud	989	0	565	0
Licenses	7,585	4,775	3,888	3,042
Maintenance	4,163	2,013	2,172	1,237
Capitalized own services	0	0	0	0
Other operating income	1,848	530	1,015	295
Cost of material	-10,481	-5,504	-5,346	-3,244
Personnel costs	-44,373	-30,166	-23,010	-15,511
Other operating expenses	-15,058	-13,154	-7,875	-6,461
Impairments on receivables and contract-based assets	-225	0	-225	0
Other taxes	-255	-305	-137	-277
EBITDA	**-3,499**	**-571**	**-2,086**	**1,232**
Depreciation and impairments on intangible assets and property, plant and equipment	-2,544	-1,284	-1,336	-690
EBIT	**-6,043**	**-1,855**	**-3,422**	**542**
Income from investments accounted for using the equity method	0	-1	0	-1
Other financial income	31	7	8	5
Other financial expenses	-669	-765	-359	-186
Net financial income	**-638**	**-759**	**-351**	**-182**
EBT	**-6,681**	**-2,614**	**-3,773**	**360**
Income taxes	1,311	475	729	-182
Consolidated net loss / income	**-5,370**	**-2,139**	**-3,044**	**178**
Thereof:				
Profit attributable to non-controlling shareholders	-179	-105	-118	-76
Profit attributable to shareholders of SNP Schneider-Neureither & Partner SE	-5,191	-2,034	-2,926	254
Earnings per share	**€**	**€**	**€**	**€**
- Undiluted	-0.95	-0.41	-0.54	0.05
- Diluted	-0.95	-0.41	-0.54	0.05
Weighted average number of shares	**in thousands**	**in thousands**	**in thousands**	**in thousands**
- Undiluted	5,474	4,955	5,474	4,955
- Diluted	5,474	4,955	5,474	4,955

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2018

In € thousand	1st half-year 2018	1st half-year 2017	2nd quarter 2018	2nd quarter 2017
Net income for the period	**-5,370**	**-2,139**	**-3,044**	**178**
Items that may be reclassified to profit or loss in the future				
Currency translation differences	-5,071	-42	-4,989	-45
Deferred taxes on currency translation differences	0	0	0	0
	-5,071	**-42**	**-4,989**	**-45**
Items that will not be reclassified to profit or loss				
Change from the revaluation of defined benefit pension plans	0	0	0	0
Deferred taxes on revaluation of defined benefit pension plans	0	0	0	0
	0	**0**	**0**	**0**
Income and expenses directly recognized in equity	**-5,071**	**-42**	**-4,989**	**-45**
Total comprehensive income	**-10,441**	**-2,181**	**-8,033**	**133**
Profit attributable to non-controlling shareholders	-170	-105	-109	-76
Profit attributable to shareholders of SNP Schneider-Neureither & Partner SE in total comprehensive income	**-10,271**	**-2,076**	**-7,924**	**209**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2018

In € thousand	1st half-year 2018	1st half-year 2017
Profit after tax	**-5,370**	**-2,139**
Depreciation	2,544	1,284
Change in provisions for pensions	29	11
Other non-cash income/expensesn	-2,767	-1,137
Changes in trade receivables, other current assets, other non-current assets	2,516	33
Changes in trade payables, other provisions, tax liabilities, other current liabilities	-2,247	-6,052
Cash flow from operating activities (1)	**-5,295**	**-8,000**
Payments for investments in property, plant and equipment	-2,183	-1,307
Payments for investments in intangible assets	-134	-1,939
Proceeds from disposals of intangible and tangible assets	283	49
Payments for the acquisition of consolidated companies and other business units	-7,016	-20,655
Cash flow from investing activities (2)	**-9,050**	**-23,852**
Dividend payments	0	-1,932
Proceeds from capital increase	0	0
Proceeds from loans	0	39,606
Payments on loans and other financial liabilities	-582	-11,050
Cash flow from financing activities (3)	**-582**	**26,624**
Changes in cash and cash equivalents due to foreign exchange rates (4)	-464	-230
Cash change in cash and cash equivalents (1) + (2) + (3) + (4)	**-15,391**	**-5,458**
Cash and cash equivalents at the beginning of the fiscal year	33,877	31,914
Cash and cash equivalents as of June 30	**18,486**	**26,456**
Composition of cash and cash equivalents		
Cash and cash equivalents	18,486	26,456
Cash and cash equivalents as of June 30	**18,486**	**26,456**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM JANUARY 1, 2017 TO JUNE 30, 2018

In € thousand	**Subscribed Capital**	**Capital reserve**	**Retained earnings**
As of Jan. 1, 2017	**4,977**	**36,331**	**6,913**
Dividend payment			-1,932
Change consolidation group			
Total comprehensive income			-2,034
Acquisition minorities			-420
As of June 30, 2017	**4,977**	**36,331**	**2,527**
Dividend payment			0
Capital increase	497	17,929	
Change consolidation group			
Total comprehensive income			-397
Acquisition minorities			50
As of Dec. 31, 2017	**5,474**	**54,260**	**2,180**
Adoption of IFRS 15			-2,833
Adoption of IFRS 9			269
As of Jan. 01, 2018	**5,474**	**54,260**	**-384**
Dividend payment			0
Total comprehensive income			-5,191
Acquisition minorities			-1,255
As of June 30, 2018	**5,474**	**54,260**	**-6,830**

Other components of equity						
Currency conversion	**Revaluation of performance-oriented obligations**	**Other components of equity Total**	**Treasury**	**Shareholders of SNP SE attributable capital**	**Non-controlling shares**	**Total equity**
130	**-426**	**-296**	**-415**	**47,510**	**1,064**	**48,574**
				-1,932		-1,932
				0	42	42
-42	0	-42		-2,076	-105	-2,181
				-420	-610	-1,030
88	**-426**	**-338**	**-415**	**43,082**	**391**	**43,473**
				0		0
				18,426		18,426
				0	70	70
-1,372	32	-1,340		-1,737	-135	-1,872
				50	-50	0
-1,284	**-394**	**-1,678**	**-415**	**59,821**	**276**	**60,097**
				-2,833		-2,833
				269		269
-1,284	**-394**	**-1,678**	**-415**	**57,257**	**276**	**57,533**
				0		0
-5,080	0	-5,080		-10,271	-170	-10,441
				-1,255	65	-1,190
-6,364	**-394**	**-6,758**	**-415**	**45,731**	**171**	**45,902**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2018

COMPANY INFORMATION

SNP Schneider-Neureither & Partner SE (SNP SE or “the company”) is a listed corporation based in Heidelberg, Germany. These consolidated interim financial statements for the period from January 1 to June 30, 2018 were released for publication by resolution of the Managing Director on August 1, 2018.

BASIS FOR REPORTING

These condensed consolidated interim financial statements were prepared in accordance with IAS 34 “Interim Financial Reporting.” Accordingly, this interim report does not contain all information and disclosures in the notes that are required for consolidated financial statements as of the end of a fiscal year in accordance with IFRS. The accounting and measurement principles applied in these interim financial statements essentially conform to those in the consolidated financial statements as of the end of the 2017 fiscal year. A detailed description of accounting principles is published in the notes to the consolidated financial statements in the 2017 Annual Report, which can be viewed at www.snpgroup.com under the heading Investor Relations/Financial Publications.

There are no seasonal factors.

SCOPE OF CONSOLIDATION

Aside from SNP Schneider-Neureither & Partner SE (Dossenheimer Landstrasse 100, 69121 Heidelberg, Germany) as the parent company, the scope of consolidation includes the following subsidiaries in which SNP Schneider-Neureither & Partner SE holds the majority of the voting rights directly or indirectly.

COMPANY NAME	COMPANY HEADQUARTERS	SHARE OWNERSHIP IN %
SNP Transformations Deutschland GmbH	Thale, Germany	100
SNP Business Landscape Management GmbH	Heidelberg, Germany	100
SNP Applications DACH GmbH	Heidelberg, Germany	100
SNP Applications Singapore Private Limited [1]	Singapore	100
SNP Applications EMEA GmbH	Heidelberg, Germany	100
SNP GmbH	Heidelberg, Germany	100
SNP Austria GmbH	Pasching, Austria	100
SNP (Schweiz) AG	Steinhausen, Switzerland	100
SNP Resources AG	Steinhausen, Switzerland	100
Schneider Neureither & Partner Iberica, S.L.	Madrid, Spain	100
SNP Transformations, Inc.	Jersey City, New Jersey, USA	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100
Hartung Consult GmbH	Berlin, Germany	100
Hartung Informational System Co., Ltd.	Shanghai, China	100
SNP Transformations SEA Pte. Ltd.	Singapore	81
SNP Transformations Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	81
Harlex Management Ltd.	London, U.K.	100
Harlex Consulting Ltd.	London, U.K.	100
SNP Poland Sp. z o.o. (previously Business Consulting Center Sp. z o.o.)	Suchy Las, Poland	100
BCC IP Sp. z o.o.	Suchy Las, Poland	100
BCC Business Consulting Center GmbH i. L.	Berlin, Germany	100
BCC Business Consulting Center UK Ltd.	London, U.K.	100
SNP Netherlands B.V. (previously BCC Business Consulting Center Netherlands B.V.)	Amsterdam, The Netherlands	100
Innoplexia GmbH [2]	Heidelberg, Germany	100
ADP Consultores S.R.L.	Buenos Aires, Argentina	100
ADP Consultores Limitada	Santiago de Chile, Chile	100
ADP Consultores S.A.S	Bogotá, Colombia	100
ERST European Retail Systems Technology GmbH	Hamburg, Germany	100

[1] The remaining 20% of the shares in SNP Applications Singapore Private Limited were acquired in April 2018.
[2] The remaining 20% of the shares in Innoplexia GmbH were acquired in June 2018.

ACCOUNTING AND MEASUREMENT METHODS

As of January 1, 2018, SNP revised some of its accounting and measurement methods within the scope of its implementation of the new rules in IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments).

IFRS 15 (Revenue from Contracts with Customers)

The IASB issued IFRS 15 on May 28, 2014. The new standard on revenue realization will apply for us from January 1, 2018. IFRS 15 replaces IAS 11 Construction Contracts and IAS 18 Revenue as well as the related interpretations. Within the scope of our preparations for application of IFRS 15, in 2017, we developed new accounting and measurement principles for revenue realization based on IFRS 15 and adjusted the relevant business processes in line with these new accounting guidelines. These efforts were part of a project which we implemented throughout our company. We have also developed a global introduction and training concept for all relevant stakeholder groups within SNP and introduced internal controls for application of the new accounting guidelines and processes.

We are applying IFRS 15 retrospectively with effect as of January 1, 2018, on the basis of the cumulative catch-up method. We are also making use of the exemption permitting the new standard to be applied only to contracts not yet fulfilled as of January 1, 2018. This exemption affects both the cumulative effect of first-time application of this standard for retained earnings and our future revenue and expenses. Please see below for further information.

There are several differences between our accounting and measurement methods based on IFRS 15 and our previous accounting and measurement methods in line with IAS 11 and IAS 18. The key differences are as follows:

In the period up to December 31, 2017, revenue from licensing fees within the scope of multi-component contracts (project licenses) was realized on the basis of a specific date, as of the conclusion of the contract and delivery of the software. Upon the application of IFRS 15, since January 1, 2018, this revenue has been realized in accordance with the progress of the project, over the duration of the project. In our opening balance as of January 1, 2018, equity declined by € 2.8 million due to the above-mentioned changes in the revenue realization methods after taking into account deferred taxes. In line with the degree of completion of these projects, from January 1, 2018, we expect an increase in our revenue and EBIT figures in the amount of € 3.9 million. Receivables under customer contracts in connection with POC-related accounting were previously reported under trade receivables. This item has been reported separately since 2018. Where customer payments exceed the performance provided to date, this will be reported as a trade payable. In the future, we will report a customer contract either as a contract liability or as a contract asset once one of the parties has begun to fulfill the contract. Legal claims to the provision of consideration by customers will only be reported as trade receivables if the legal claim is unconditional. In our opening balance as of January 1, 2018, the trade receivables item decreased by € 2.5 million while the contract liabilities item increased by € 1.4 million.

Due to the application of the new accounting and measurement methods, licensing fees have declined by € 19 thousand in the first half of 2018.

IFRS 9 (Financial Instruments)

On July 24, 2014, the IASB issued the fourth and final version of IFRS 9. We have applied IFRS 9 since January 1, 2018. IFRS 9 introduces a consistent approach to the classification and measurement of financial assets. The standard is based on the cash flow properties and the business model used to manage these assets. Furthermore, it provides for a new model of impairment that is based on expected credit losses. IFRS 9 also includes new regulations for the application of hedge accounting in order to improve the presentation of the risk management activities of a company, particularly with regard to the management of nonfinancial risks.

SNP makes use of the exemptions from full retrospective application and thus recognizes the effect of first-time application as an adjustment to the opening balance of retained earnings. We have reviewed our financial assets and liabilities. The consistent approach to the classification and measurement of financial assets and liabilities introduced by IFRS 9 has not had any effect on SNP's financial position and financial performance.

Impairments

We have applied the simplified impairment model provided by IFRS 9 since January 1, 2018 and thus recognize any losses resulting from trade receivables and contract assets expected over the entire term. For the purposes of the impairment matrix, our local subsidiaries' customers are classified in terms of various risk classes, mainly on the basis of the information available regarding the country risk classification for their home country. We then assess the default risk for trade receivables on the basis of the historical default risks as well as information available in relation to the country risk classification. On the basis of our analyses, historical default rates generally serve in this respect as a reasonable approximation of the default risks envisaged in the future. Outstanding receivables are continuously monitored at a local level in order to determine whether there are any objective indications that the credit standing of our trade receivables and contract assets is impaired. Information e.g. regarding significant financial difficulties for the customer or non-compliance with a payment plan will indicate the impairment of trade receivables and contract assets. Our consolidated income statement presents expenses resulting from expected loan losses due to the application of the impairment matrix as well as customers with impaired credit standing under impairments on receivables and contract-based assets. Outstanding debts are written off in part or entirely if we assume that their realization is improbable. For example, this may be the case if the insolvency proceedings for the customer have been completed or all of the options for the recovery of claims have been exhausted.

We apply the general impairment rules under IFRS 9 in accordance with our new accounting and measurement methods for bank balances, debt instruments and loans, as well as other financial receivables not classified at fair value through profit or loss. We exclusively invest financial resources with well-known financial institutions in order to minimize the default risk. By virtue of the historical default data, we do not envisage any credit risk in this respect. On account of the small number of individual items, impairments for other financial assets have been determined on the basis of the specific credit risk.

Due to the changeover to the simplified impairment model according to IFRS 9, as of January 1, 2018 impairments had decreased by € 338 thousand to € 107 thousand. In the first half of 2018, impairments have declined by a further € 21 thousand to € 86 thousand.

CORRECTION TO PRESENTATION OF THE PREVIOUS YEAR

In the previous year, SNP made changes to its reporting that did not have any effect on equity. These changes are outlined below and in the section that provides information on the key accounting policies. In the period up to and including September 30, 2017, as a rule, the company classified and categorized trade receivables and trade payables as current. This reporting format meant that current assets and current liabilities were reported as too high. In addition, rent-free periods were reclassified from current deferred income to trade payables and other liabilities. Licenses held for resale were reclassified from trade receivables and other receivables to inventories. Finally, the noncurrent portions of the prepaid expenses item were reclassified from current assets to noncurrent assets.

In € thousand	June 30, 2017	July 1, 2016
Current assets	-1,070	-177
Noncurrent assets	1,070	177
Total assets	**0**	**0**
Current liabilities	-2,178	-2,025
Noncurrent liabilities	2,178	2,025
Total liabilities	**0**	**0**
Net effect on equity	**0**	**0**

Associates

The Group's investments in associates are accounted for using the equity method. An associate is a company over which the Group exerts significant influence.

According to the equity method, investments in associates are recorded in the statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. The goodwill attributable to associates is included in the carrying amount of the equity interest and is neither amortized nor subjected to a separate impairment test.

The income statement includes the Group's share of the associates' profit or loss for the period. The Group records its share of the changes shown directly in the equity of the associates and presents it in the statement of changes in equity, as required. Unrealized gains and losses from transactions between the Group and the associates are eliminated in relation to the investments in associates.

The Group's share of the profit of an associate is presented in the income statement. This involves the profit attributable to equity holders of the associate and is therefore the profit after taxes and noncontrolling interests in the subsidiaries of the associates.

The financial statements of the associates are prepared as of the same reporting date as the financial statements of the Group. Adjustments to Group-wide accounting methods are made, as required.

Following the application of the equity method, the Group determines whether it is necessary to record an additional impairment loss for its shares in an associate.

On every reporting date for financial statements, the Group determines whether objective grounds exist to state that the equity interest in an associate could be impaired. If this is the case, the difference between the recoverable amount of the investment in an associate and the carrying amount of the "share in the profit/loss of associates" is recorded as an impairment loss affecting net income.

ACQUISITIONS / BUSINESS COMBINATIONS

Increase in the Investment Held in SNP Applications Singapore Private Limited to 100%

As of April 1, 2018, SNP SE acquired the remaining 20% of the shares in SNP Applications Singapore Private Limited. SNP SE has thus increased its interest in this company to 100%. Consideration of € 0 thousand was paid to noncontrolling interest holders. The carrying amount of the net assets of the noncontrolling interests amounted to € -149 thousand. The acquisition should be recognized as a transaction between shareholders, whereby a shift in shareholding occurs between the majority shareholder SNP SE and the noncontrolling interests. Noncontrolling interests of € -149 thousand were derecognized, while the remaining difference of € 149 thousand reduced retained earnings.

Increase in the Investment Held in Innoplexia GmbH to 100%

As of June 1, 2018, SNP SE exercised the agreed unilateral purchase option and purchased the remaining 20% of the shares in Innoplexia GmbH from this company's founder and managing director. SNP SE thus increased its investment to 100% of the shares by means of a multiple-phase acquisition plan. SNP SE had already increased its investment from 20% to 80% of the shares in this company in May 2017. Consideration of € 1,190 thousand was agreed to noncontrolling interest holders. The carrying amount of the net assets of the noncontrolling interests amounted to € 84 thousand. The acquisition should be recognized as a transaction between shareholders, whereby a shift in shareholding occurs between the majority shareholder SNP SE and the noncontrolling interests. Noncontrolling interests of € 84 thousand were derecognized, while the remaining difference of € 1,106 thousand reduced retained earnings.

SEGMENT REPORTING

Segment reporting was prepared in accordance with IFRS 8. Based on the Group's internal reporting and organizational structure, the presentation of individual information from the consolidated financial statements is subdivided according to segment.

Additional Information on Segment Reporting

In 2017, reporting of the segment expenses was adjusted in line with the internal reporting structure. The figures from previous years for the segment result have been adjusted accordingly on grounds of comparability.

The increase in external revenue has resulted from acquisition effects in connection with the acquisition of the shares in the BCC Group, Innoplexia GmbH, the Adepcon Group and ERST GmbH in 2017.

The development of operating earnings in the two business segments in the first half of 2018 was primarily affected by delays in project completions, which will be achieved later than expected. This resulted in a temporarily lower level of capacity utilization in the field of Professional Services and, in particular, software li-

In € thousand	PROFESSIONAL SERVICES	SOFTWARE	TOTAL
EBIT of the business segments			
1st half-year 2018	-4,454	1,801	-2,653
Margin	-8.5%	14.1%	-4.1%
1st half-year 2017	-1,109	947	-162
Margin	-2.7%	14.0%	-0.3%
External revenue			
1st half-year 2018	52,308	12,737	65,045
1st half-year 2017	41,240	6,788	48,028

RECONCILIATION

In € thousand	**1st half-year 2018**	**1st half-year 2017**
Result		
Total reportable segment	-2,653	-162
Expenses not allocated to the segments	-3,390	-1,693
EBIT	**-6,043**	**-1,855**

cense revenue from SNP in-house products, which fell short of expectations. The contribution margins in the two business segments have declined due to the simultaneous and disproportionately strong increase in costs. This has resulted in the lower segment returns as reported.

ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS AND THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The payments resulting from the acquisition of consolidated companies and other business units include purchase price payments for the acquisitions in the period from 2016 to 2018.

Material actuarial gains/losses are not expected from the actuarial measurement of pensions and other post-employment benefits either at the end of the first six months of 2018 or at the end of 2018. Currency translation effects, which are to be reflected in equity without an effect on profit or loss, amounted to € -5,071 thousand in the first six months of 2018 (previous year: € -42 thousand). This change is mainly associated with the foreign-currency measurement of goodwill.

RELATED PARTY DISCLOSURES

SNP SE has signed several rental agreements for office space and parking spaces for cars. These agreements have been concluded between the Chairman of the Board of Directors (who is also a Managing Director) and related parties. The invoicing of services is done at arm's length conditions as with third parties. As of June 30, 2018, related expenses were € 219 thousand (previous year: € 206 thousand); as of June 30, 2018, there were no outstanding liabilities.

THE 2018 ANNUAL GENERAL MEETING

The Annual General Meeting of SNP SE, which took place in Wiesloch on May 30, 2018, approved all the points on the agenda by a substantial majority. Among other items, the shareholders accepted the proposal of the Board of Directors regarding the appropriation of profit and resolved not to distribute any dividend (previous year: € 0.34 per share). The total distribution therefore amounted to € 0 million (previous year: € 1.932 million).

TREASURY SHARES

During the reporting period, SNP SE did not acquire any additional treasury shares..

EVENTS AFTER THE INTERIM REPORTING PERIOD

As of July 16, 2018, Dr. Uwe Schwellbach was appointed as SNP SE's Chief Financial Officer (CFO). He is responsible for Finance and Human Resources. Schwellbach has taken over from Dieter Matheis as CFO. During his interim position as CFO, Matheis established the basis for a structural reorientation within the scope of SNP's internationalization strategy. Schwellbach will continue to pursue these organizational changes.

David Kenneson resigned from his position as Chief Revenue Officer (CRO) with effect as of July 9, 2018 and has left the SNP Group.

OTHER DISCLOSURES

The members of the Board of Directors do not own any share options in accordance with Section 160 (1) (2) and (5) of the German Stock Corporation Act (AktG).

No major changes occurred to contingent liabilities and other financial obligations stated as of December 31, 2017, during the 2018 reporting period.

PENDING LITIGATION AND CLAIMS FOR DAMAGES

The companies included in the consolidated financial statements are not involved in any court proceedings, litigation or damage claim lawsuits that could have a material impact on the economic situation of the Group.

Heidelberg, Germany, August 1, 2018

Managing Director

Dr. Andreas Schneider-Neureither

RESPONSIBILITY STATEMENT

We certify to the best of our knowledge that in accordance with applicable accounting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the net assets, financial and earnings position of the Group in accordance with the principles of standard accounting practices and that the business performance, including the result of operations, and the position of the Group are presented in the interim Group management report in a way that gives a true and fair view, and that significant opportunities and risks for the expected performance of the Group for the remainder of the fiscal year are described.

Heidelberg, Germany, August 1, 2018

Managing Director
Dr. Andreas Schneider-Neureither

REVIEW REPORT

To SNP Schneider-Neureither & Partner SE, Heidelberg

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of SNP Schneider-Neureither & Partner SE, Heidelberg, for the period from January 1 to June 30, 2018, which are part of the half-year financial report according to § 37w WpHG (”Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company´s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor´s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, Germany, August 1, 2018

Rödl & Partner GmbH
Auditing company
Tax consulting company

Peter Künkele	Jörg Müller
Auditor	Auditor

FINANCIAL CALENDER

October 30, 2018	Publication of the Interim Statement for Quarter III

All dates are provisional only.
The current financial calendar can be sonsulted at:
www.snpgroup.com/eng/Investor-Relations/Financial-calendar

CONTACT

Do you have questions or need more information? We are at your disposal:

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This Interim Statement is also available in German. The legally binding document is the original German version, which shall prevail in any case of doubt.