

# HALF-YEAR FINANCIAL REPORT 2020



## KEY FIGURES

AS OF JUNE 30, 2020

in € million	1st half-year 2020	1st half-year 2019	2nd quarter 2020	2nd quarter 2019
Revenue	68.7	58.9	34.3	30.1
Operating result (EBIT)	-4.9	-5.9	-0.9	-2.6
Consolidated net loss	-4.4	-4.8	-0.9	-2.0
Earnings per share (in €)	-0.65	-0.72	-0.13	-0.29
Operating cash flow	-1.8	-8.0		
Cash and cash equivalents	22.7	23.0		
Employees as of June 30	1,449	1,237		

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# LETTER OF THE CEO

Dear shareholders,

Dear readers,

Our results for the first six months of the year demonstrate that, in spite of the coronavirus pandemic and the immense challenges for the world economy, we are still very promisingly positioned from a strategic point of view. What is more: The drivers of our business model remain intact. This is documented by our current order situation as well as our revenue and earnings trends:

- The Group-wide order entry of around € 93 million in the first half of 2020 was approximately 9% higher than in the previous year. The Software business segment accounts for more than 30% of this.
- In the first six months of the year, Group revenue increased by around 17% on the previous year to € 68.7 million.
- The trend for operating earnings (EBIT) is clearly positive, both year-over-year and over the course of the current year.

Buoyed by an attractive pipeline and our most recent sales successes, we stand by our outlook for the 2020 fiscal year, which we had to adjust following publication of our figures for the first quarter of 2020 due to the impact of COVID-19. We thus expect Group revenue of € 145 million to € 170 million as well as an EBIT margin in the mid-single-digit percentage range.

The capital increase which we successfully implemented on July 17 is not yet visible in our statement of financial position as of June 30, 2020. We issued 610,000 new SNP shares at a placement price of € 46.00. Despite the pressures on the capital markets – triggered by the global coronavirus pandemic – our issue was several times oversubscribed: The level of investor interest thus significantly exceeded the placement volume. We intend to use this injection of fresh funds in order to strengthen our capital base and to finance our further growth.

The high level of demand underlines investors' interest in participating in our growth strategy as well as the SNP Group's continuing business development; this successful issue also confirms the attractiveness of our business model.

**Particularly during the current crisis with the stringent restrictions which this has imposed, we have impressively demonstrated our strength!**

A major advantage of our business model is that we are able to execute our projects from any location. Thanks to this remote-working capacity, we have been able to implement our projects with our customers and partners with our customary reliability and speed. Many members of the SNP team are working from home and are doing so successfully and highly effectively. As a strong team, while operating in "remote mode" we have completed a large number of projects, including go-lives, with considerable success. This means that in many cases our advisors and consultants haven't visited the customer even once! Even new projects have been negotiated over the telephone and via web sessions.

We have also made progress with our software and partner strategy: We achieved a further milestone with our new partnership with the All for One Group. This collaboration over a period of at least eight years will enable All for One's over 2,500 customers to make a software-based transition to SAP S/4HANA. The All for One Group is the leading SAP partner in the SME sector in the German-speaking world. In the future, it will offer SNP's CrystalBridge software as well as the BLUEFIELD approach.

It is not only this long-term partnership which demonstrates that increasing numbers of IT consulting firms are turning to technology and software support. Our customers and partners have recognized the added value which our technology offers, even in times of crisis – or even particularly in times



Dr. Andreas Schneider-Neureither, CEO

of crisis! Together with the enormous size of our market, this represents an extremely attractive basis for further growth.

**Our goal is to fundamentally change the entire IT consulting market and to achieve a continuous increase in the proportion of software-supported transformations.**

We will continue to invest for this purpose – in employees, in our software, in sales and in the expansion of our partner network. We expect that the effects of the coronavirus crisis will strengthen the megatrend of the digitalization of entire business models. We are ideally prepared for this and already have the products that support digital transformation and change. Overall, we thus have a confident view of the future.

I would like to take this opportunity to offer my special thanks to our more than 1,400 employees, who, with their high level of commitment to and identification with the company, make daily contributions to SNP's progress. I would also like to thank our customers and our shareholders for the trust which they have placed in us. We will continue to work hard in order to justify this trust

A handwritten signature in blue ink, appearing to read 'ASN'. The signature is fluid and cursive, written on a white background.

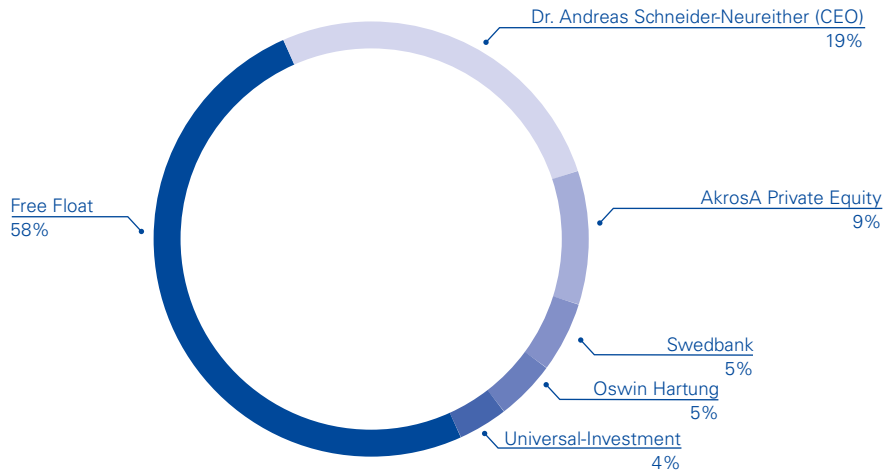
Dr. Andreas Schneider-Neureither, CEO

# SNP IN THE CAPITAL MARKETS



## SHAREHOLDER STRUCTURE

As of July 31, 2020



## KEY SHARE DATA

<b>Security identification number</b>	720 370
<b>Symbol</b>	SHF
<b>Market segment</b>	Prime Standard
<b>Class</b>	No-par-value shares
<b>Shares as of July 31, 2020</b>	7,212,447 (share capital: 7,21,447 €)
<b>Indices</b>	SDAX, CDAX, DAXsector All Software, DAXsubsector All IT-Services, Prime All-Share, Prime Standard Index



## SNP MOVES UP TO THE SDAX

SNP SE has been included in the SDAX, effective March 23, 2020. Accordingly, the SNP share fulfills the Prime Standard's strict transparency requirements as well as the size criteria for market capitalization and trading volume that are relevant for admission to an index.

The SDAX is part of the family of indexes, including the DAX, MDAX and TecDAX, managed by the German Stock Exchange.

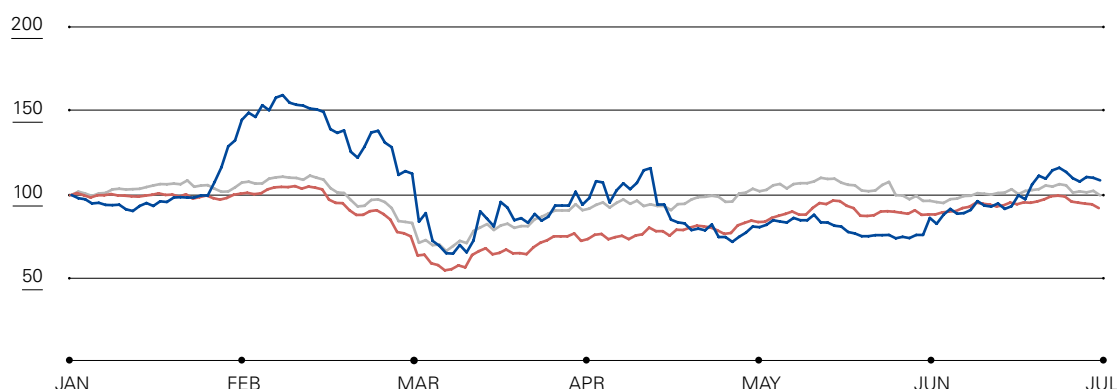




### PREVIOUS DEVELOPMENT OF SNP SHARE IN 2020

Index: Januar 1st, 2020 = 100

— SNP  
— SDAX  
— TecDAX



For further share information, please go to <https://www.snpgroup.com/de/aktie>

For further investor relations information, please go to <https://www.snpgroup.com/de/investor-relations>

### CAPITAL INCREASE

On July 15, 2020, the Board of Directors of SNP SE resolved to increase the company’s share capital by up to 9.2%, while excluding the shareholders’ subscription rights. The company’s share capital was increased by 610,000 new no-par-value shares to € 7,212,447. The new shares are entitled to dividends in the 2020 fiscal year beginning on January 1, 2020.

Due to the high level of demand, the order book was closed after a few hours.



### PARAMETER OF THE CAPITAL INCREASE

<b>Issued shares</b>	610,000 no-par-value shares
<b>Subscription price</b>	€ 46.00
<b>Gross issue proceeds</b>	approximately € 28.0 million
<b>Type of placement</b>	Private placement
<b>Entry in the German commercial register</b>	July 17, 2020
<b>Issuance</b>	July 21, 2020

### FINANCIAL CALENDAR

Q3 2020	October 30, 2020
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# INTERIM GROUP MANAGEMENT REPORT OF SNP SCHNEIDER-NEUREITHER & PARTNER SE FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2020

## **SNP – THE DATA TRANSFORMATION COMPANY**

SNP is one of the world's leading providers of software for the management of complex digital transformation processes. Unlike traditional IT consulting in an ERP environment, SNP employs an automated approach that uses proprietary software. With the data transformation platform CrystalBridge® and the SNP BLUEFIELD™ approach, IT landscapes can be restructured and modernized much faster and more securely, and data can be securely migrated to new systems or cloud environments. This provides customers and partners with clear qualitative benefits while also reducing their investment of time and expense.

The SNP Group has around 1400 employees worldwide. Headquartered in Heidelberg, the company generated Group revenue of approximately € 145 million in the 2019 fiscal year. SNP's customers are global corporations from all industries. SNP was founded in 1994, has been publicly traded since 2000 and listed on the Prime Standard segment of the Frankfurt Stock Exchange (ISINDE0007203705) since August 2014, and was admitted to the SDAX® in March 2020. Since 2017, the company has operated as a European stock corporation (Societas Europaea/SE).

### **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. At the same time, almost all companies in all sectors are forced to make these changes in order to keep pace with the digitalization trend. The change and adaptation of enterprise resource planning (ERP) systems is 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.

IT landscapes that can be easily adapted to reflect technological change are increasingly becoming key factors in our customers' success. Our software and services allow our customers to modernize their outdated and heterogeneous IT landscape and to transition to a homogenized IT landscape.



### Catalyst of Business Transformations

Business transformations include corporate mergers, acquisitions, spin-offs, carve-outs and sales. IT transformations include consolidations, combinations, data alignment and upgrades, e.g. SAP S/4HANA. Moreover, 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, Efficient and Safe

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 include 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.

### SNP BLUEFIELD™ – The Path to SAP S/4HANA

On the basis of its CrystalBridge® data transformation platform, SNP has developed an intelligent and rapid migration approach for the transition to SAP S/4HANA: SNP BLUEFIELD™.

As well as long-term strategic planning, the choice of a migration approach has a considerable impact on the success and the duration of a transformation project. Two traditional approaches are available for the implementation of SAP S/4HANA: Greenfield (new implementation) and Brownfield (conversion). In case of Greenfield, companies use preconfigured industry solutions for their migration.

With Brownfield, companies merely transfer their old SAP ECC system to SAP S/4HANA.

With its BLUEFIELD™ method, SNP has developed a migration approach which combines the best features of Greenfield and Brownfield: All of the investments made in solutions and data can be integrated and adopted, while the move to the cloud can be realized through a single go-live. Companies which opt for BLUEFIELD™ benefit from significant quality, cost and time advantages.

*For further information on the SNP portfolio, please refer to pages 41 et seq. of the 2019 Annual Report.*

## ECONOMIC REPORT

### Global Economic Development

The world economy is experiencing one of its most severe recessions for many decades. While 2020 got off to a relatively positive start, the outbreak of the COVID-19 pandemic and the countermeasures implemented in response considerably limited economic development – initially in China and subsequently also in Europe, the USA and other markets. It was not just the industrial sector which suffered due to these restrictions. The service sector was particularly badly affected by the national shutdowns. Consumer confidence and business climate indexes deteriorated significantly. The prospects for economic recovery gradually improved amid the first cautious easing measures initiated from May onwards, but the forecast released by the International Monetary Fund (IMF) in June 2020 continues to point to a global economy in recession, even if some economies such as China already appear to be in recovery mode.

The IMF expects global economic output in 2020 as a whole to decline by -4.9% (its April 2020 forecast had assumed a decrease of -3.0%). The downturn will be significantly stronger in the industrialized nations (-8.0%) than in the emerging markets and developing countries which are expected to contract by -3.0%.

## Industry Trend

The companies which have fared best in the coronavirus crisis have been those with the most advanced digital capabilities. This basic insight has already prompted a clear shift in thinking in the course of the crisis. In a current opinion poll, around two thirds of European managers indicate that they intend to accelerate their companies' digital transformation. This trend is already reflected in a survey by the Federal Association of German Management Consultants: In May 2020, 45% of IT consulting firms stated that they intended to expand their consulting capacities in spite of the coronavirus crisis. The business climate index for the consulting sector thus staged a rapid and pronounced recovery following the low reached in March 2020. Moreover, the industry's strong capacity to implement projects even without any travel has meant that, overall, some of the restrictions imposed have had a less dramatic impact on the industry's development.

## SIGNIFICANT EVENTS IN THE FIRST HALF OF 2020

### MHP and SNP Expand Partnership

In March 2020, the management and IT consulting firm MHP and SNP further expanded their long-term partnership. The goal of their intensified partnership is to assist and support customers with their upcoming SAP S/4HANA changeover. MHP is contributing its SAP end-to-end business process expertise – which is based on over 20 years of consulting experience in the mobility and manufacturing field – and is supporting companies throughout their transformation process. Alongside comprehensive SAP expertise and its proven BLUEFIELD™ transformation approach, SNP is providing its CrystalBridge® data transformation platform.

This combination of both partners' areas of expertise enables planning, management and control of every organizational, procedural and technological aspect of an SAP S/4HANA changeover. This includes analysis of the existing process and system landscape and simulation of different transformation scenarios, the development of a roadmap and testing and harmonization of data as well as the actual technological migration.

### Common MS and SNP Conclude Strategic Partnership

In March 2020, the Spanish IT company Common Management Solutions SL and SNP signed an agreement on their strategic cooperation. This contract has an initial term of three years. SNP will further expand its network of partners through this agreement; in the future, Common MS will use SNP software to boost the capability of its products and services for its projects.

Common MS is one of SAP's most important partners in the healthcare sector. In 2019, SAP recognized it as its fastest-growing partner for sales of on-premises licenses. By using SNP's CrystalBridge® software Common MS will be able to execute transformation projects even more rapidly and securely. SNP's powerful software solutions and its outstanding reputation as a leading specialist in the field of complex transformation projects and data migrations in the SAP environment provide added value for Common MS' existing customers as well as a significant advantage for new customer acquisition.

### (Virtual) 2020 Annual General Meeting

In view of the health risks associated with the coronavirus and in line with COVID-19-related legislation, this year's Annual General Meeting was held as a virtual annual general meeting, without the company's shareholders and their proxies being physically present. SNP SE's virtual Annual General Meeting, which took place on June 30, 2020, backed all but one of the items on the agenda.

Among other items, the shareholders accepted the proposal of the Board of Directors regarding the appropriation of net earnings and resolved not to distribute any dividend. The resolution on authorization to issue warrant-linked and convertible bonds, to exclude the subscription right, to create a contingent capital and to amend the articles of association was not passed. The authorization to purchase and sell treasury shares was extended until June 2025.

### SNP Signs Software Partnership Agreement with All for One Group

In June, SNP SE signed a long-term partnership with the All for One Group AG, Filderstadt. All for One assists more than 2,500 customers in Germany, Austria and Switzerland with their corporation transformation processes and strengthening their competitiveness. The goal of the agreement is to enable the All for One Group's more than 2,500 customers to achieve a highly automated and flexible transition to SAP S/4HANA. In the future, this company will employ both SNP's CrystalBridge software and the BLUEFIELD approach for this purpose. The agreement has a term of 8 years.

## FINANCIAL POSITION AND FINANCIAL PERFORMANCE

### Revenue Performance

In the second quarter of the year, despite a difficult economic environment due to the coronavirus crisis, SNP increased its revenue by 13.8% year-over-year to € 34.3 million. This revenue volume thus matched the level seen in the first quarter of 2020. In the first half of 2020, Group revenue increased by 16.6% compared with the previous year's period, to € 68.7 million (H1 2019: € 58.9 million). This trend mainly reflected a significant increase in revenue in the Software business segment as a result of the ongoing implementation of SNP's software and partner strategy. In the first six months of 2020, software revenue thus increased by 28.8% to € 19.0 million (previous year: € 14.8 million). Revenue in the Services business segment likewise increased; in the second quarter, service revenue was 12.7% higher than in the previous year at € 24.4 million (previous year: € 21.6 million). Service revenue in the amount of € 49.7 million (previous year: € 44.1 million) was realized in the first six months of the year. This represents an increase of 12.5%.

### Revenue Distribution by Region

The increase in Group revenue in the first half of 2020 is based on persistently strong demand in the DACH region (Germany, Austria and Switzerland). Here, the SNP Group

generated revenue of € 34.8 million (previous year: € 28.1 million). This corresponds to a total revenue share of around 51% (previous year: around 48%) and revenue growth of around 24%. The disproportionately strong growth rate in this region is mainly attributable to an increased level of software revenue generated with end customers and partner companies.

The EEMEA and UK regions contributed revenue in the amount of € 14.7 million (previous year: € 13.8 million); this corresponds to a share of around 21% (previous year: 23%). While the effects of the coronavirus crisis were more apparent in Poland – external revenue stagnated at the same level as in the previous year – revenue in the UK picked up by around 22% due to two major orders. The USA region staged a clear recovery following a weak first quarter: While this region had suffered declining revenue in the first quarter, over the first six months of the year its revenue has increased by € 1.3 million to € 8.4 million (previous year: € 7.2 million). This corresponds to a revenue share of around 12% (previous year: 12%). Revenue in the Latin America region increased by around 7%. This disproportionately low level of growth by comparison with the overall revenue volume is mainly attributable to the currently weak economic environment in Argentina. The Latin America region provided a revenue contribution of € 7.6 million (previous year: € 7.1 million); this represents a revenue share of approximately 11% (previous year: 12%). The JAPAC region achieved a revenue volume of € 3.1 million; its revenue thus rose by around 14% by comparison with the first half of 2019 (previous year: € 2.7 million). The region's revenue share amounts to around 5% (previous year: 5%).

### Revenue Distribution by Business Segment

In the first six months of the year, the **Services business segment** provided € 49.7 million (previous year: € 44.1 million) of Group revenue. Revenue in the Services business segment thus increased by € 5.5 million, or around 13%, in comparison with the first half of 2019, thanks to the continuing favorable order situation. This corresponds to a share of around 72% (previous year: 75%) of the overall revenue of € 68.7 million. The slight decline in the share of overall revenue accounted for by the Services business

segment is attributable to the Software business segment's particularly strong growth and is consistent with the Group's strategy of aiming for a significant increase in software license revenue and maintenance fees.

The **Software business segment** (including maintenance and cloud) generated revenue of € 19.0 million (previous year: € 14.8 million). This corresponds to an increase of around 29% compared with the first half of 2019. Within this business segment, licensing and cloud fees have increased by € 3.5 million or approximately 38% to € 13.0 million (previous year: € 9.4 million). Software support revenue has increased by € 0.8 million to € 5.0 million (previous year: € 4.2 million). Software-as-a-service revenue declined slightly in the reporting period and amounted to € 1.0 million (previous year: € 1.2 million).

Revenue with higher-margin SNP in-house products (including software-as-a-service revenue) increased significantly, by € 4.3 million to € 15.3 million. In the same period, revenue in the amount of € 3.7 million (previous year: € 3.8 million) was registered with third-party products, which corresponds to a slight decline of approximately 1%.

### Order Backlog and Order Entry

Order entry as of June 30, 2020 totaled € 92.8 million, approximately 9% above the comparable figure for the previous year (previous year: € 85.1 million).

The Software business segment accounts for € 29.2 million, or approximately 31%, of the order entry volume (previous year: € 24.4 million, or 29%). € 63.7 million, or 69%, of the order entry volume is attributable to the Services business segment (previous year: € 60.6 million, or 71%).

In the core DACH market, the order entry trend remained positive. € 46.4 million in the first half of 2020 represents growth of approximately 7% on the same period in the previous year (previous year: € 43.2 million). The DACH region thus represents around 50% of the overall order entry volume (previous year: around 51%).

The order entry figure has increased particularly strongly in connection with upcoming SAP S/4HANA projects. The order entry volume amounts to € 28.1 million and has more than tripled in comparison to the first half of 2019 (previous year: € 9.5 million). SAP S/4HANA projects thus now represent almost a third of the entire order entry volume of the SNP Group.

The order backlog amounted to € 102.7 million as of June 30, 2020; this represents an increase of around 44%, compared to € 71.2 million as of June 30, 2019.

in € million	H1 2020	H1 2019	Deviation in %
Order entry	92.8	85.1	+9%
Order backlog	102.7	71.2	+44%
Revenue	68.7	58.9	+17%
EBITDA	-0.8	-2.0	+60%
EBIT	-4.9	-5.9	+17%

### EARNINGS POSITION

While the earnings trend in the first quarter of 2020 was not yet able to match the revenue trend due to structural growth investments relating to personnel in particular (EBITDA decreased by € 0.8 million), earnings in the second quarter of 2020 improved year-over-year: Revenue growth as well as sustainability measures on the cost side resulted in an EBITDA figure of € 1.2 million (€ -0.8 million) in the second quarter. Accordingly, the EBITDA figure for the first half of the year amounts to € -0.8 million (previous year: € -2.0 million). The EBITDA margin following the first six months of the year is thus -1.2% (previous year: -3.5%). The EBIT figure in the same period was € -4.9 million (previous year: € -5.9 million); the EBIT margin is thus -7.1% (previous year: -10.0%).

### Income and Expense Situation

In line with the Group-wide growth strategy and in view of the largely stable order situation and the positive project pipeline, SNP significantly increased its number of employees in the first quarter of 2020 in particular, having already increased its workforce in the second half of 2019. Accordingly, personnel expenses rose by € 7.1 million, or

approximately 17%, to € 48.4 million (previous year: € 41.3 million) year-over-year in the first six months of 2020. As of June 30, 2020, the Group had 1,449 employees (June 30, 2019: 1,237). This likewise represents an increase of approximately 17% compared to June 30, 2019, and of approximately 6% compared to the end of 2019 (as of December 31, 2019: 1,365).

On the other hand, the cost of purchased services and materials decreased by € 0.1 million to € 9.0 million (previous year: € 9.0 million) in the reporting period.

In the first quarter of the year, extraordinary expenses associated with SNP's internal SAP S/4HANA migration – which was successfully completed in the first quarter – as well as other one-off internal projects, such as the establishment of new locations in Japan and Australia, and resulting cost burdens had a negative impact on earnings. In the first quarter, this already resulted in a € 1.8 million increase in other operating expenses by comparison with the same quarter in the previous year. In the second quarter, other operating expenses were reduced by € 0.9 million on the same quarter in the previous year due to the fact that extraordinary expenses were no longer incurred and on account of the implementation of sustainability measures on the cost side. In the first half of 2020, other operating expenses resulted in the amount of € 13.1 million (previous year: € 12.2 million); this reflects a disproportionately weak increase of 6.8% by comparison with the revenue trend. Other operating income remained largely unchanged in the first six months of the year at € 1.2 million.

At € 4.1 million, depreciation and amortization are slightly higher than in the previous year (previous year: € 3.9 million).

At € -0.7 million, net financial costs were slightly lower than the figure for the previous year (previous year: € -0.5 million). Other financial expenses in the amount of € 0.8 million contrasted with only immaterial other financial income. Earnings before taxes thus amounted to € -5.6 million (previous year: € -6.4 million). With income tax income of € 1.2 million (income in previous year: € 1.6

million), a net loss of € -4.4 million resulted in the first six months of the 2020 fiscal year (previous year: € -4.8 million). This corresponds to a net margin of -6.4% (previous year: -8.2%). Accordingly, diluted and basic earnings per share amounted to € -0.65 (previous year: € -0.72).

### Net Assets

Total equity and liabilities have increased by € 1.0 million compared with December 31, 2019, to € 175.0 million. The trends for current and noncurrent assets have moved in opposite directions. While current assets increased by € 1.3 million to € 78.1 million, noncurrent assets decreased by € 0.3 million to € 97.0 million. In the current assets item, cash and cash equivalents increased by € 3.5 million to € 22.7 million (cf. "Development of Cash Flow and the Liquidity Position"), while trade receivables, other receivables and contract assets decreased by € 3.9 million to € 50.4 million. Other nonfinancial assets increased by € 1.1 million to € 3.3 million. This was attributable to support services due at the start of the year which are recognized as prepaid expenses. Noncurrent assets decreased by € 0.3 million to € 97.0 million. This change is mainly attributable to the currency-related decrease in goodwill. Moreover, rights of use decreased by € 1.7 million to € 19.7 million due to amortization, while deferred taxes rose by € 1.5 million to € 6.7 million, mainly on account of increased deferred taxes on loss carryforwards.

### FINANCIAL POSITION

On the equity and liabilities side, current liabilities declined by € 3.5 million by comparison with December 31, 2019 and amounted to € 46.3 million, while noncurrent liabilities increased by € 11.9 million to € 65.5 million.

Under current liabilities, overall trade payables and contract liabilities decreased by € 1.4 million to € 15.3 million. On the other hand, financial liabilities decreased by € 1.5 million to € 11.8 million due to the settlement of purchase price and lease liabilities. Other financial liabilities have decreased by € 0.3 million to € 18.3 million due to declining employee-related liabilities (in particular, reduced liabilities for bonus payments).

Compared with December 31, 2019, noncurrent liabilities increased by € 11.9 million to € 65.5 million. This increase is mainly due to a € 10 million loan taken out in May 2020 which is refinanced by the bank KfW within the scope of KfW's 2020 special program and has mainly been reported under noncurrent financial liabilities.

The Group's equity declined in the first six months of 2020 from € 70.6 million to € 63.2 million. This decrease is mainly attributable to the loss for the period in the amount of € 4.2 million, which is attributable to SNP's own shareholders. As a result, retained earnings decreased from € 9.9 million as of December 31, 2019, to € 5.7 million. The deduction made for treasury shares increased in comparison with December 31, 2019, to € -2.2 million in the reporting period (as of December 31, 2019: € -1.5 million). This was due to the repurchase of 9,820 treasury shares. Subscribed capital remain unchanged. Due to the decrease in equity combined with a simultaneous increase in total equity and liabilities as of June 30, 2020, the equity ratio declined from 40.6% to 36.1%.

### **Development of Cash Flow and the Liquidity Position**

The negative operating cash flow in the amount of € -1.8 million (previous year: € -8.0 million) in the first six months of 2020 is mainly attributable to the net loss for the period (€ -4.4 million). On the other hand, other non-cash expenses/income had a negative impact of € -1.4 million. Working capital changes had no significant effect overall. Depreciation and amortization (€ +4.1 million) and the change in accruals for pensions (€ +0.2 million) had a positive effect on the cash flow from operating activities.

The negative cash flow from investing activities in the amount of € -2.1 million (previous year: € -4.5 million) is mainly attributable to payments for purchase price installments in connection with company acquisitions in previous years (€ -0.6 million) as well as investments in property, plant and equipment (€ -1.1 million).

Financing activities have resulted in a positive cash flow in the amount of € 7.8 million (previous year: negative cash flow of € 4.4 million). The positive cash flow has resulted from proceeds due to loans taken out in the amount of € 17.0 million (previous year: € 0.0 million). This contrasts with payments made for the repayment of loans and the settlement of other financial liabilities in the amount of € 5.3 million (previous year: € -0.1 million), payments for the settlement of lease liabilities in the amount of € 3.2 million (previous year: € 4.3 million) and payments for the purchase of treasury shares in the amount of € 0.6 million (previous year: € 0.0 million).

The effects of changes in foreign exchange rates on cash and bank balances have resulted in an impact of € -0.4 million (previous year: € -0.1 million).

Overall cash flow during the reporting period came to € +3.5 million (previous year: € -16.9 million). Taking into account the changes presented here, the level of cash and cash equivalents rose to € 22.7 million as of June 30, 2020. As of December 31, 2019, cash and cash equivalents amounted to € 19.1 million. Overall, the SNP Group remains solidly positioned financially.

### **EMPLOYEES**

As of June 30, 2020, the number of employees of the SNP Group increased to 1,449; as of December 31, 2019, they totaled 1,365 employees. The Group's employees included 4 Managing Directors (as of December 31, 2019: 4), 23 managers (as of December 31, 2019: 21) and 33 trainees, students and interns (as of December 31, 2019: 33).


The average number of employees during the reporting period (H1 2020), excluding the aforementioned group of individuals, was 1,363 (previous year: 1,213).

## FORECAST

SNP SE confirms the outlook for the 2020 fiscal year that was published on April 29, 2020. Management continues to expect Group revenue of € 145 million to € 170 million as well as an EBIT margin in the mid-single-digit percentage range for 2020 as a whole.

Heidelberg, July 31, 2020

The Managing Directors



Dr. Andreas Schneider-Neureither



Michael Eberhardt



Prof. Dr. Heiner Diefenbach



Frank Hohenadel

## SNP SCHNEIDER-NEUREITHER & PARTNER SE CONSOLIDATED BALANCE SHEET

As of June 30, 2020

ASSETS			
in € thousand	June 30, 2020	Dec. 31, 2019	June 30, 2019
<b>Current assets</b>			
Cash and cash equivalents	22,654	19,137	23,040
Other financial assets	1,306	703	1,385
Trade receivables and other receivables	28,469	33,318	26,063
Contract asset values	21,919	20,987	7,920
Inventories	404	374	377
Other non-financial assets	3,258	2,134	2,882
Tax receivables	71	86	138
	<b>78,081</b>	<b>76,739</b>	<b>61,805</b>
<b>Non-current assets</b>			
Goodwill	52,313	54,194	54,921
Intangible assets	7,125	7,889	7,803
Property, plant and equipment	5,676	5,513	5,489
Rights of use	19,713	21,428	18,846
Other financial assets	1,463	869	868
Investments accounted for under the equity method	225	25	0
Trade receivables and other receivables	0	137	205
Contract values	3,607	1,966	0
Other non-financial assets	179	60	18
Deferred taxes	6,663	5,207	8,349
	<b>96,964</b>	<b>97,288</b>	<b>96,499</b>
	<b>175,045</b>	<b>174,027</b>	<b>158,304</b>
<b>EQUITY AND LIABILITIES</b>			
in € thousand	June 30, 2020	Dec. 31, 2019	June 30, 2019
<b>Current liabilities</b>			
Trade payables and other liabilities	6,899	10,239	5,097
Contract liabilities	8,378	6,440	7,890
Tax liabilities	824	1,116	417
Financial liabilities	11,790	13,277	12,345
Other non-financial liabilities	18,334	18,672	14,501
Provisions	116	115	188
	<b>46,341</b>	<b>49,859</b>	<b>40,438</b>
<b>Non-current liabilities</b>			
Trade payables and other liabilities	0	0	270
Contract liabilities	2,842	0	42
Financial liabilities	58,618	49,309	48,484
Other non-financial liabilities	317	0	0
Provisions for pensions	3,063	2,891	2,109
Other provisions	0	603	0
Deferred taxes	660	763	886
	<b>65,500</b>	<b>53,566</b>	<b>51,791</b>
<b>Equity</b>			
Subscribed capital	6,602	6,602	6,602
Capital reserve	60,003	59,968	59,968
Retained earnings	5,650	9,922	2,826
Other components of the equity	-6,838	-4,467	-2,996
Treasury shares	-2,153	-1,509	-415
<b>Equity attributable to shareholders</b>	<b>63,264</b>	<b>70,516</b>	<b>65,985</b>
Non-controlling interests	-60	86	90
	<b>63,204</b>	<b>70,602</b>	<b>66,075</b>
	<b>175,045</b>	<b>174,027</b>	<b>158,304</b>



## SNP SCHNEIDER-NEUREITHER & PARTNER SE CONSOLIDATED INCOME STATEMENT

for the period from January 1 to June 30, 2020

in € thousand	1st half-year 2020	1st half-year 2019	2nd quarter 2020	2nd quarter 2019
<b>Revenue</b>	<b>68,658</b>	<b>58,896</b>	<b>34,291</b>	<b>30,139</b>
Service	49,657	44,139	24,360	21,608
Software	19,001	14,757	9,931	8,531
Capitalized own services	9	552	0	552
Other operating income	1,234	1,252	410	532
Cost of material	-8,952	-9,042	-4,416	-4,771
Personnel costs	-48,427	-41,262	-23,487	-20,768
Other operating expenses	-13,082	-12,248	-5,439	-6,358
Impairments on trade receivables and contract assets	-19	-18	-19	-15
Other taxes	-246	-174	-129	-100
<b>EBITDA</b>	<b>-825</b>	<b>-2,044</b>	<b>1,211</b>	<b>-788</b>
Depreciation and impairments on intangible assets and property, plant and equipment	-4,062	-3,853	-2,113	-1,801
<b>EBIT</b>	<b>-4,887</b>	<b>-5,897</b>	<b>-902</b>	<b>-2,589</b>
Other financial income	23	174	15	165
Other financial expenses	-768	-701	-412	-452
<b>Net financial income</b>	<b>-745</b>	<b>-527</b>	<b>-397</b>	<b>-287</b>
<b>EBT</b>	<b>-5,632</b>	<b>-6,424</b>	<b>-1,299</b>	<b>-2,876</b>
Income taxes	1,217	1,592	350	883
<b>Consolidated net loss</b>	<b>-4,415</b>	<b>-4,832</b>	<b>-949</b>	<b>-1,993</b>
Thereof:				
Profit attributable to non-controlling shareholders	-143	-53	-78	-27
Profit attributable to shareholders of SNP Schneider-Neureither & Partner SE	-4,272	-4,779	-871	-1,966
<b>Earnings per share (in €)</b>				
- Undiluted	-0.65	-0.72	-0.13	-0.29
- Diluted	-0.65	-0.72	-0.13	-0.29
<b>Weighted average number of shares (in thousand)</b>				
- Undiluted	6,543	6,602	6,543	6,602
- Diluted	6,543	6,602	6,543	6,602

## SNP SCHNEIDER-NEUREITHER & PARTNER SE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to June 30, 2020

in € thousand	1st half-year 2020	1st half-year 2019	2nd quarter 2020	2nd quarter 2019
<b>Net income for the period</b>	<b>-4,415</b>	<b>-4,832</b>	<b>-949</b>	<b>-1,993</b>
<b>Items that may be reclassified to profit or loss in the future</b>				
Currency translation differences	-2,365	1,498	-753	781
Deferred taxes on currency translation differences	0	0	0	0
	<b>-2,365</b>	<b>1,498</b>	<b>-753</b>	<b>781</b>
<b>Items that will not be reclassified to profit or loss</b>				
Change from the revaluation of defined benefit pension plans	-10	0	3	0
Deferred taxes on revaluation of defined benefit pension plans	1	0	0	0
	<b>-9</b>	<b>0</b>	<b>3</b>	<b>0</b>
<b>Income and expenses directly recognized in equity</b>	<b>-2,374</b>	<b>1,498</b>	<b>-750</b>	<b>781</b>
<b>Total comprehensive income</b>	<b>-6,789</b>	<b>-3,334</b>	<b>-1,699</b>	<b>-1,212</b>
Profit attributable to non-controlling shareholders	-146	-54	-79	-33
<b>Profit attributable to shareholders of SNP Schneider-Neureither &amp; Partner SE in total comprehensive income</b>	<b>-6,643</b>	<b>-3,280</b>	<b>-1,620</b>	<b>-1,179</b>

## SNP SCHNEIDER-NEUREITHER & PARTNER SE CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to June 30, 2020

in € thousand	1st half-year 2020	1st half-year 2019
<b>Profit after tax</b>	<b>-4,415</b>	<b>-4,832</b>
Depreciation	4,062	3,853
Change in provisions for pensions	172	47
Other non-cash income/expenses	-1,430	-1,771
Changes in trade receivables, contract assets, other current assets, other non-current assets	-1,849	-2,767
Changes in trade payables, contract liabilities, other provisions, tax liabilities, other current liabilities	1,710	-2,510
<b>Cash flow from operating activities (1)</b>	<b>-1,750</b>	<b>-7,980</b>
Payments for investments in property, plant and equipment	-1,120	-1,014
Payments for investments in intangible assets	-244	-660
Payments for investments in at-equity investments	-200	0
Proceeds from the disposal of items of intangible assets and property, plant and equipment	28	197
Payments resulting from the acquisition of consolidated companies and other business units	-600	-3,040
<b>Cash flow from investing activities (2)</b>	<b>-2,136</b>	<b>-4,517</b>
Payments for the purchase of treasury shares	-644	0
Proceeds from loans taken out	17,013	23
Payments for the settlement of loans and other financial liabilities	-5,329	-67
Payments resulting from the settlement of lease liabilities	-3,240	-4,341
<b>Cash flow from financing activities (3)</b>	<b>7,800</b>	<b>-4,385</b>
Changes in cash and cash equivalents due to foreign exchange rates (4)	-397	-52
<b>Cash change in cash and cash equivalents (1) + (2) + (3) + (4)</b>	<b>3,517</b>	<b>-16,934</b>
Cash and cash equivalents at the beginning of the fiscal year	19,137	39,974
<b>Cash and cash equivalents as as of June 30</b>	<b>22,654</b>	<b>23,040</b>
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	22,654	23,040
<b>Cash and cash equivalents as of June 30</b>	<b>22,654</b>	<b>23,040</b>

## SNP SCHNEIDER-NEUREITHER & PARTNER SE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to June 30, 2020

in € thousand	Subscribed Capital	Capital reserve	Retained earnings
<b>As of Jan. 1, 2019</b>	<b>6,602</b>	<b>59,968</b>	<b>7,605</b>
Total comprehensive income			-4,779
<b>As of June 30, 2019</b>	<b>6,602</b>	<b>59,968</b>	<b>2,826</b>
Purchase of own shares			
Total comprehensive income			7,096
<b>As of Dec. 31, 2019</b>	<b>6,602</b>	<b>59,968</b>	<b>9,922</b>
Purchase of own shares			
Stock Option Plan		35	
Total comprehensive income			-4,272
<b>As of June 30, 2020</b>	<b>6,602</b>	<b>60,003</b>	<b>5,650</b>

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	
-4,013	-482	-4,495	-415	69,265	144	69,409	
1,499		1,499		-3,280	-54	-3,334	
-2,514	-482	-2,996	-415	65,985	90	66,075	
			-1,094	-1,094		-1,094	
-873	-598	-1,471		5,625	-4	5,621	
-3,387	-1,080	-4,467	-1,509	70,516	86	70,602	
			-644	-644		-644	
				35		35	
-2,363	-8	-2,371		-6,643	-146	-6,789	
-5,750	-1,088	-6,838	-2,153	63,264	-60	63,204	

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2020

## 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, 2020 were released for publication by resolution of the Managing Directors on July 31, 2020.

## 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 2019 fiscal year. A detailed description of accounting principles is published in the notes to the consolidated financial statements in the 2019 Annual Report, which can be viewed at [www.snpgroup.com](http://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 Deutschland GmbH	Heidelberg, Germany	100
SNP Applications DACH 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
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
Shanghai SNP Data Technology Co., Ltd. (previously Hartung Information System Co., Ltd.)	Shanghai, China	100
Qingdao SNP Data Technology Co., Ltd.	Qingdao, 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.	Suchy Las, Poland	100
Innoplexia GmbH	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
SNP Australia Pty Ltd.	Sydney, Australia	100
SNP Japan Co., Ltd <sup>1</sup>	Tokyo, Japan	100

<sup>1</sup> SNP Japan Co., Ltd was established in February 2020.

## ACCOUNTING AND MEASUREMENT METHODS

### Application of New Accounting Rules

No standards and interpretations (of relevance to the Group) have entered into force or been applied in the first half of 2020 which have a material impact on the Group's financial position and financial performance.

### Financial Instruments

In May 2020, a low-interest working capital loan granted by the German government was taken out, with a volume of € 10,000 thousand. This fixed-rate amortizing loan has a term of approx. 5 years. Standard covenants have been agreed that include termination options.

This low-interest working capital loan has been carried at fair value as of initial recognition and will be subsequently measured at amortized cost, in accordance with the effective interest method. The difference between the payment received and the fair value of the loan, determined at the time of initial recognition on the basis of a market interest rate, is a benefit which has been treated as a government grant. This grant has been recognized in the statement of financial position as deferred income, under other nonfinancial liabilities, and will be released to income over the term of the loan, in accordance with the effective interest method. In the income statement, this release of deferred income has been presented as a decrease in interest expense (net method). As of the balance sheet date, deferred income amounts to € 460 thousand (previous year: € 0 thousand).

The terms of this government grant have been fully complied with and it is not subject to any uncertainty.

### Goodwill

With regard to goodwill, on the basis of a qualitative and quantitative analysis, we have reviewed whether any triggering events occurred which would have resulted in impairment testing in the first half of 2020. SNP expects that the coronavirus crisis will have only a short-term impact on SNP's business development. A few of our customers' projects were interrupted or deferred in 2020 due to the effects of the pandemic. We anticipate catch-up effects for these projects and expect that, in the medium to long term, SNP will return to the revenue growth and profitability levels which it had targeted prior to the coronavirus crisis. For this reason and since the impact on the IT software and consulting industry will in all likelihood be shorter-lived than for other sectors, in the light of the available information we are convinced that the coronavirus crisis will generally have only short-term consequences in relation to the cash-generating units to which goodwill is allocated. Since no triggering events are thus applicable, we did not perform impairment testing in the first half of 2020.

### 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 chang-

es 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/loss attributable to equity holders of the associate and therefore is the profit/loss after taxes and noncontrolling interests in the subsidiaries of 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.



## SNP SCHNEIDER-NEUREITHER & PARTNER SE SEGMENT REPORTING

for the Period from January 1 to June 30, 2020

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.

in € thousand	Services	Software	Total
<b>External revenue</b>			
1st half-year 2020	49,657	19,001	68,658
1st half-year 2019	44,139	14,757	58,896
<b>Segment earnings (EBIT)</b>			
1st half-year 2020	440	471	911
Margin	0.9%	2.5%	1.3%
1st half-year 2019*	-1,390	1,379	-11
Margin	-3.1%	9.3%	0.0%
<b>Depreciation, amortization and write-downs included in the segment earnings*</b>			
1st half-year 2020	2,468	1,141	3,609
1st half-year 2019*	2,861	420	3,281

in € thousand	1st half-year 2020	1st half-year 2019*
<b>Reconciliation</b>		
<b>Result</b>		
Total reportable segments	911	-11
Expenses not allocated to the segments	-5,798	-5,885
<i>of which depreciation, amortization and write-downs</i>	-452	-571
<b>EBIT</b>	<b>-4,887</b>	<b>-5,897</b>
Net financial result	-745	-527
<b>Earnings before taxes (EBT)</b>	<b>-5,632</b>	<b>-6,424</b>

\* The previous-year figures have been adjusted on account of a more precise classification of the non-segment-related expenses.

## **ADDITIONAL INFORMATION ON SEGMENT REPORTING**

A more precise calculation method for the non-segment-related expenses was adopted in December 2019. The previous-year figures were adjusted for this purpose.

The increase in service revenue is attributable to a relatively good order situation, despite the difficult economic environment due to the coronavirus. Since the costs allocable to this business segment have increased less strongly, the segment margin improved from -3.1% in the previous year to 0.9% in the first half of 2020. In the second quarter, some projects were postponed on account of the coronavirus crisis. For this reason and in view of the expected recovery of business, we expect to see a significant improvement in the level of utilization and the margin in the second half of 2020.

Revenue in the Software business segment has increased significantly year-over-year, by around 29% to € 19,001 thousand (previous year: € 14,757 thousand). However, since the implementation of the company's software and partner strategy entailed a disproportionately strong increase in costs, segment earnings declined (€ 471 thousand, compared to € 1,379 thousand in the previous year), while the segment margin decreased from 9.3% to 2.5%. In the second half of the year, SNP envisages considerable growth in software revenue through partner companies in particular. The margin should therefore likewise increase significantly in the second half of the year.

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

Cash flow from investing activities includes payments for company acquisitions of € 600 thousand (previous year: € 3,040 thousand). These relate to payments for company acquisitions made in 2018. The company also invested in an at-equity investment in the amount of € 200 thousand.

In March 2020, the first tranche of the promissory note loans was repaid, with a volume of € 5 million. This was

refinanced by taking out a loan in the amount of € 3,000 thousand and, in part, by means of short-term loans within the scope of a € 5,000 thousand credit line agreement. In addition, in May 2020 SNP took out a € 10,000 thousand loan which is refinanced by the bank KfW through KfW's entrepreneur loan program (37), as part of its 2020 special program (within the scope of the "coronavirus assistance for companies" one-off measures, supported by the package of measures implemented by the German government in response to the coronavirus pandemic).

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 2020 or at the end of 2020. Currency translation effects, which are to be reflected in equity without an effect on profit or loss, amounted to € 2,371 thousand in the first six months of 2020 (previous year: € -1,498 thousand). This change is mainly associated with the foreign-currency measurement of goodwill.

## **SNP 2020 STOCK OPTION PLAN**

In April 2020, SNP launched a stock option plan with settlement in equity instruments for certain employees of the company. By virtue of its resolution passed on May 12, 2016, the Annual General Meeting has authorized the Executive Board of the company to repurchase shares of the company and to make use of shares purchased on the basis of this same resolution of the Annual General Meeting, inter alia, within the scope of an employee profit-sharing scheme, in line with the conditions prescribed therein. On the basis of this authorization, the company's Board of Directors has resolved the introduction of a 2020 Stock Option Plan comprising a maximum of 60,000 options. Upon exercise, a stock option will be converted into an ordinary share in the company. Employees must pay a fee of € 50 for the exercise of options. The options do not confer either a dividend right or a voting right. The options may be exercised at any time from the date as of which they may first be exercised up to their expiry if the average closing price of the share on the XETRA index exceeds € 60.66 in the four-week period prior to exercise. The plan has a term of 9 years, but options may not be

exercised in the first 4 years of the waiting period. In the period up to June 30, 2020, overall 31,850 options were issued within the scope of the plan at a weighted average exercise price of € 60.66. The estimated market values of the options granted as of this date total € 849 thousand. The market value of the options has been determined by means of a binomial model. The key input factors are a risk-free interest rate of -0.62%, an expected level of volatility of 48.4% and an expected term of 6.5 years. The expected term that has been applied in this calculation has been adjusted on the basis of the management's best estimate, to reflect the consequences of non-transferability, exercise restrictions and behavioral considerations. This results in a weighted average fair value per option of € 26.64. In the current fiscal year, the Group has registered personnel expenses in the amount of € 35 thousand in connection with share-based remuneration transactions with settlement in equity instruments.

## 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, 2020, related expenses were € 211 thousand (previous year: € 211 thousand); as of June 30, 2020, there were no outstanding liabilities. In June 2019, SNP Transformations, Inc. signed a rental agreement with a related party for the use of premises over a period of 10 years. Advance payments in the amount of USD 1.3 million (previous year: USD 3 million) were made for this rental agreement in the first half of 2020.

A legal consulting agreement has been concluded between SNP SE and a member of the Board of Directors as well as related parties. The invoicing of services is done at arm's-length conditions as with third parties. In the period up to June 30, 2020, related expenses were € 286 thousand; as of June 30, 2020, there were outstanding liabilities in the amount of € 174 thousand.

In addition, SNP SE acquired a minority interest of 22% in an IT company from a member of the Board of Directors for a purchase price of € 200 thousand in the first quarter of 2020.

## THE 2020 ANNUAL GENERAL MEETING

SNP SE's 2020 Annual General Meeting took place on June 30, 2020 as a virtual annual general meeting. The Annual General Meeting backed all but one of the items on the agenda. Among other items, the shareholders accepted the proposal of the Board of Directors regarding the appropriation of net earnings and resolved not to distribute any dividend. The resolution on authorization to issue warrant-linked and convertible bonds, to exclude the subscription right, to create a contingent capital and to amend the articles of association was not passed. The authorization to purchase and sell treasury shares was extended until June 2025.

## TREASURY SHARES

In the period from 2011 to 2013, the company purchased a total of 21,882 shares at a cost of € 414,650.19. As of June 30, 2020, the company continues to hold these shares.

On May 12, 2016, the Annual General Meeting authorized the company to acquire for the coming five years treasury shares up to a total of 10% of the outstanding share capital at the time of the resolution. In August 2019, the Board of Directors resolved a multi-year share buyback program beginning on September 1, 2019 and with a term ending no later than May 11, 2021. During this period, a maximum of 638,362 treasury shares will be repurchased via the stock exchange. This corresponds to 9.67% of the company's share capital. As part of this buyback program, a total of 34,000 shares were acquired at a price of € 1,094,436.46 in the 2019 fiscal year. As of June 30, 2020, a further 9,820 shares had already been purchased at a price of € 643,713.16.

On June 30, 2020, the Annual General Meeting authorized the company to acquire for the coming five years treasury shares up to a total of 10% of the outstanding share capital at the time of the resolution. At the same time, the existing authorization granted in 2016 was canceled.

The acquisition cost of € 2,152,799.81 for the total of 65,702 shares has been disclosed as a negative item in equity in accordance with IAS 32.33.

Acquired treasury shares have been recognized at cost and deducted from subscribed capital.

The security identification number for the shares is 720 370, ISIN: DE0007203705.

#### **EVENTS AFTER THE INTERIM REPORTING PERIOD**

SNP Schneider-Neureither & Partner SE successfully completed a capital increase on July 15, 2020. A total of 610,000 new shares were placed at a price of € 46.00 through a private placement. The company gained gross issuing proceeds in the amount of approximately € 28.0 million from the capital increase. The new shares were admitted to the Frankfurt Stock Exchange without a prospectus on the regulated market and concurrently to a section of the regulated market with further admission requirements (prime standard). The first trading day for the new shares was July 21, 2020. The capital increase was supervised by Mainfirst Bank AG as the sole bookrunner.

#### **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, 2019, during the 2020 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, July 31, 2020

The Managing Directors

Dr. Andreas Schneider-Neureither

Michael Eberhardt

Prof. Dr. Heiner Diefenbach


Frank Hohenadel

## 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, July 31, 2020

The Managing Directors



Dr. Andreas Schneider-Neureither



Michael Eberhardt



Prof. Dr. Heiner Diefenbach



Frank Hohenadel

## 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, 2020, which are part of the half-year financial report according to § 115 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, July 31, 2020

Rödl & Partner GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Peter Künkele  
Wirtschaftsprüfer

Jörg Müller  
Wirtschaftsprüfer

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## CONTACT

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

SNP Schneider-Neureither & Partner SE  
Dossenheimer Landstraße 100  
69121 Heidelberg  
Tel.: +49 6221 6425-0  
E-Mail: [info@snpgroup.com](mailto:info@snpgroup.com)  
Internet: [www.snpgroup.com](http://www.snpgroup.com)

Contact Investor Relations

Christoph Marx  
Global Head of Investor Relations  
Phone: +49 6221 6425-172

Marcel Wiskow  
Director Investor Relations  
Phone: +49 6221 6425-637

Email: [investor.relations@snpgroup.com](mailto:investor.relations@snpgroup.com)

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.



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