

Elevate Digital Transformation

Analyst & Investor Call
Q1 2023 Results
April 27, 2023

Dr. Jens Amail, CEO
Prof. Dr. Thorsten Grenz, CFO
Gregor Stöckler, COO



SNP DATA. TRANSFORMATION. EXPERIENCE.

Agenda

- **Introduction & Key Results Q1**
- Financials & Outlook
- Questions & Answers



Key Results - Q1 2023

1. Solid growth in all major KPIs – order entry, revenue and EBIT

- Order entry a third above previous year; 15% increase in total revenue.
- Increases in costs more than compensated for; improved EBIT margin by +2.5pp to 5.2%.

2. Strong software business

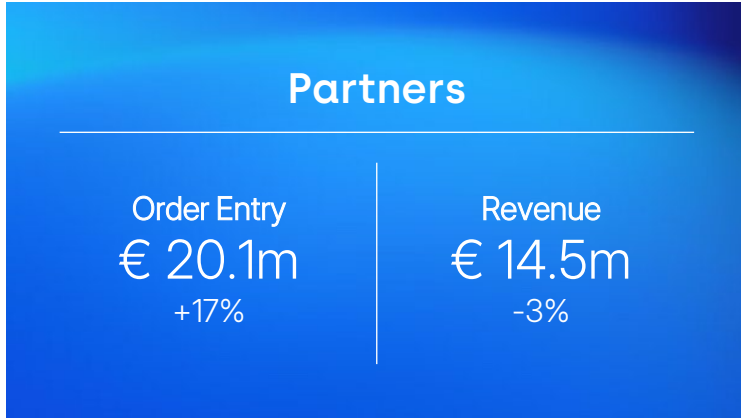
- The value creation potential of our software becomes clearer to customers and partners (significant progress with our partner factories).
- Software revenue with disproportional increase due to two large-scale deals in US and CEU (+27%).

3. Internationalization gaining momentum

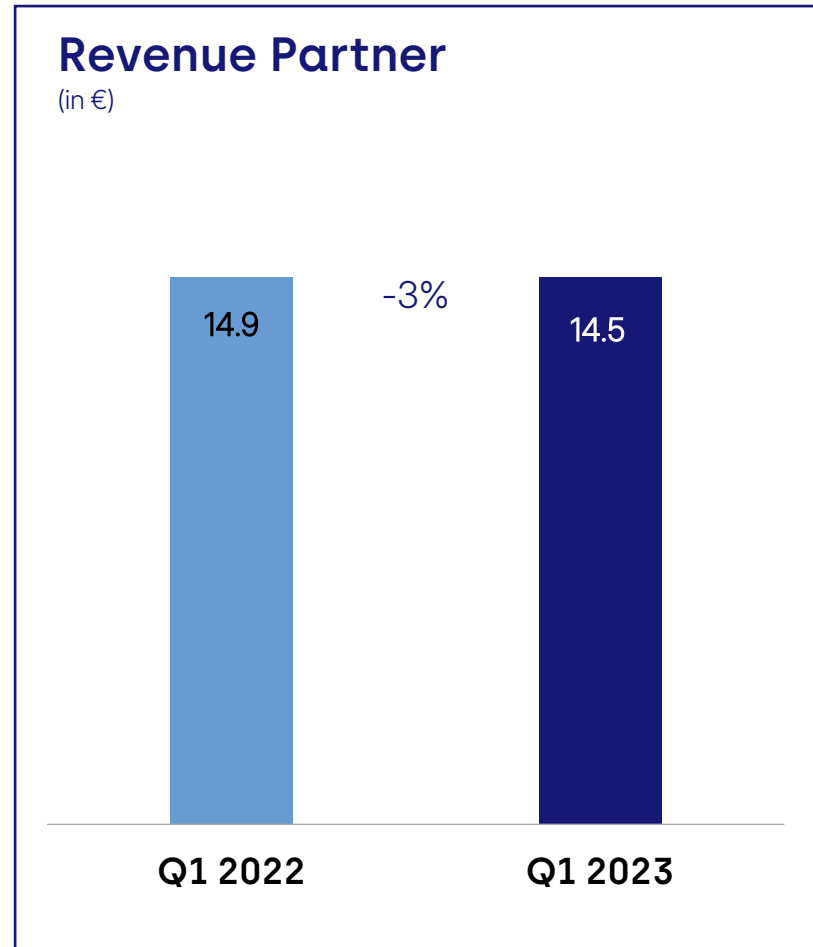
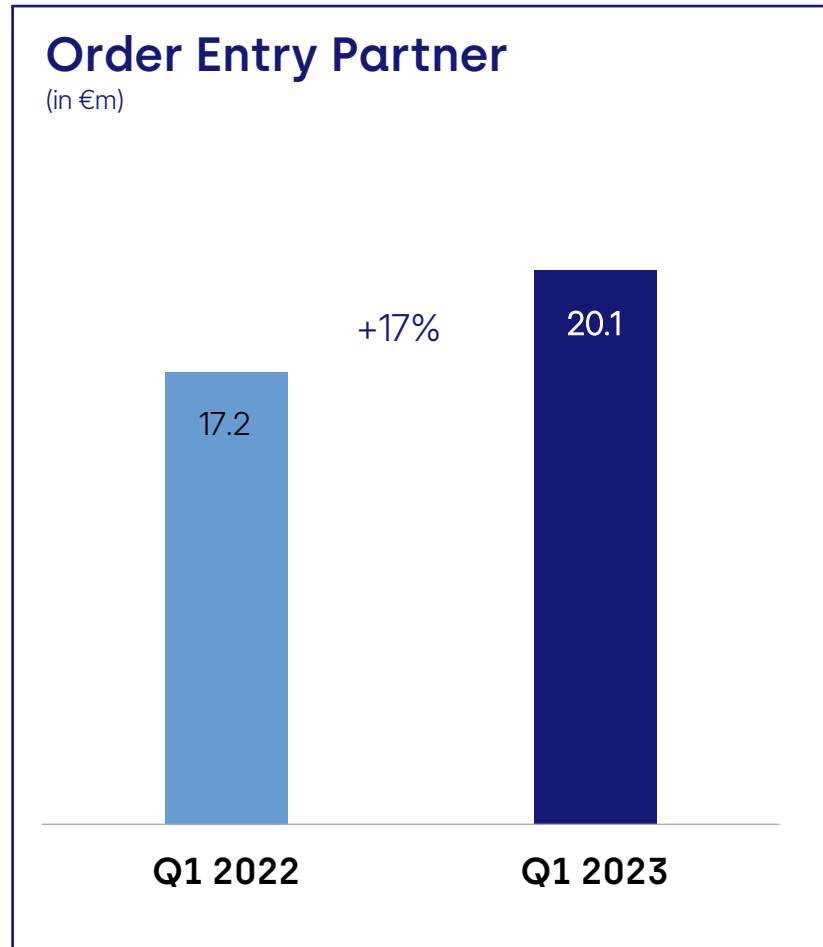
- Disproportional growth outside Central Europe; US and LATAM order entry accounts for 37% (+12pp).
- Significant increase of SAP S/4HANA projects, both in terms of number of transactions and volume.



Q1 2023 – Key Figures

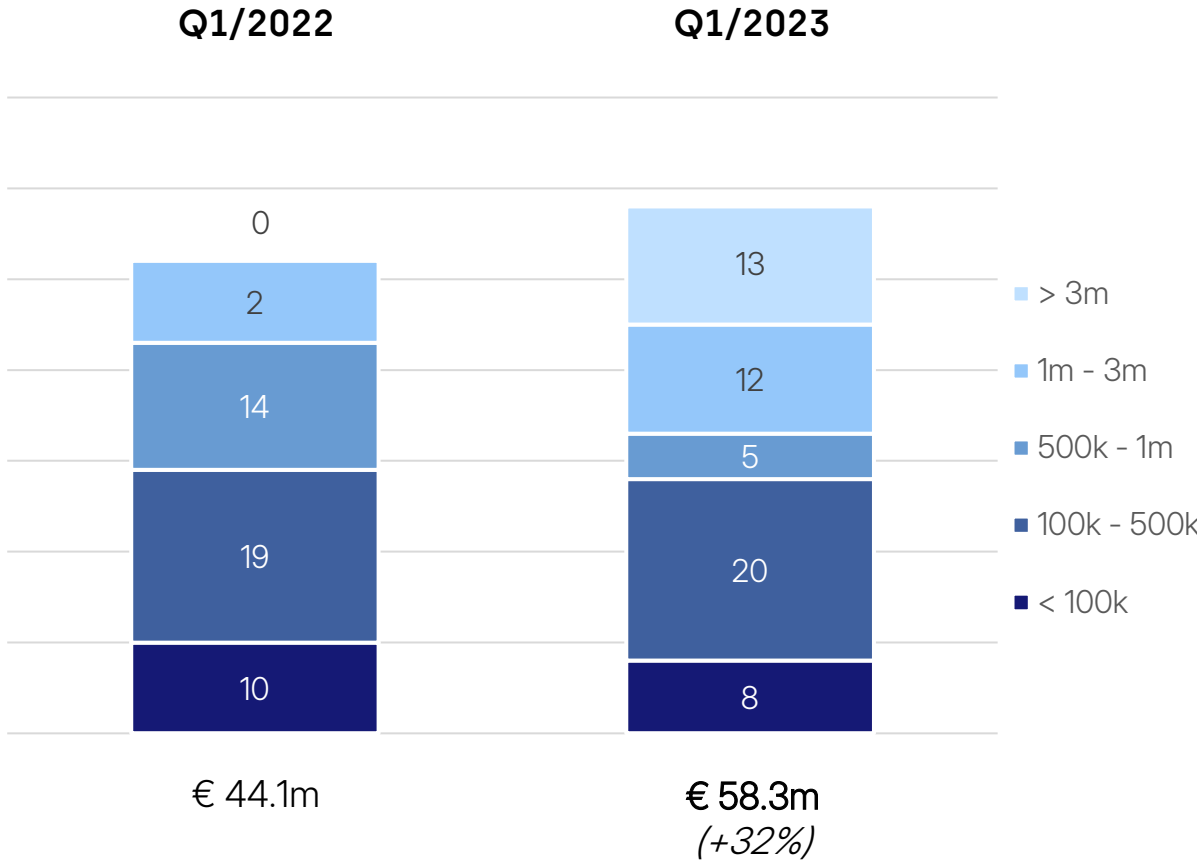


Partner Business



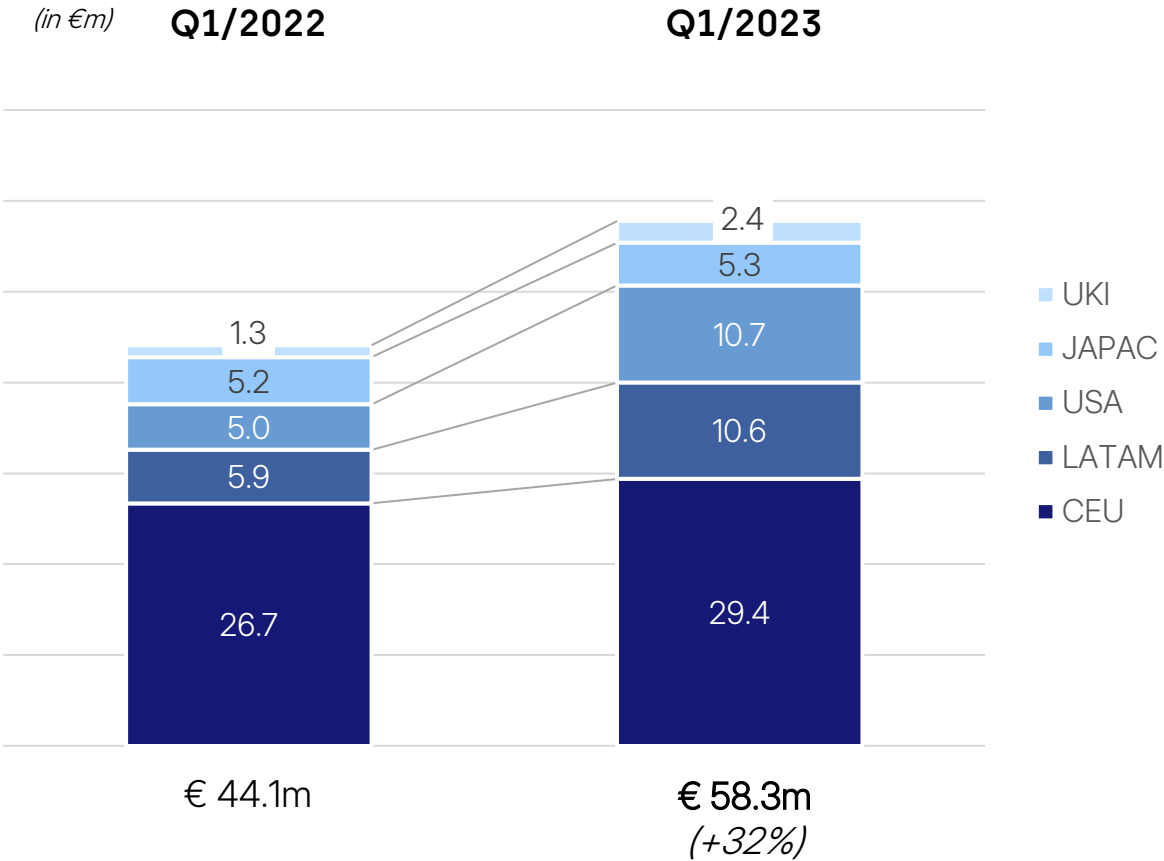
- Accenture & SNP factory extended to JAPAC region.
- IBM & SNP joint Data Transformation Factory in ramp up.
- SNP & PWC starting strategic initiative in the M&A market.
- Strategic partnerships with 16 of the world's 20 largest IT consulting companies.

Order entry by deal bands



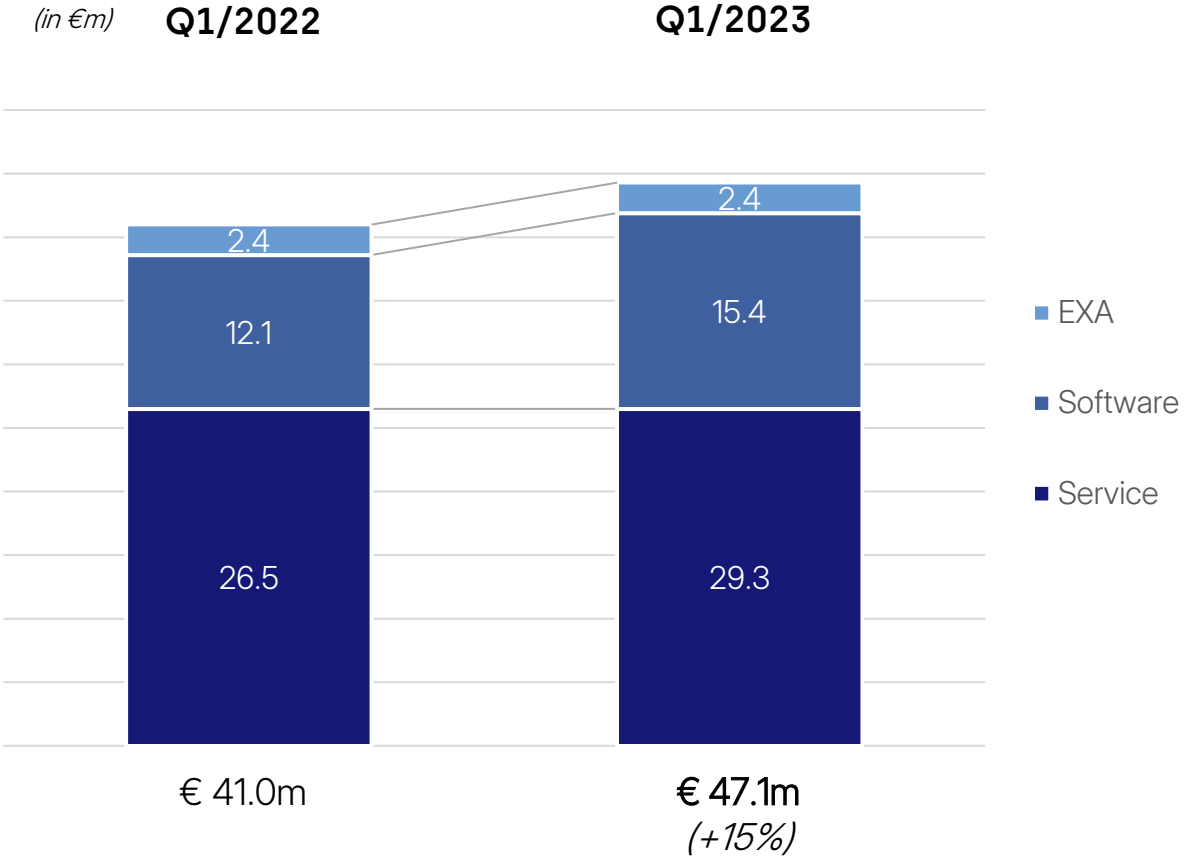
- SNP was awarded the contract for a multi-year S/4HANA migration project at a leading German manufacturer of mounting and assembly technology. The first phase of the project focuses on consolidating the current SAP system landscape; the long-term goal of the extensive program will be the move to S/4 using the SNP BLUEFIELD™ migration methodology.
- In the US, SNP was awarded a multi-million-dollar BLUEFIELD™ S/4HANA migration project for one of the largest aerospace and defense companies in the world, as a takeover from one of its competitors who failed to complete the project.

Order entry by region



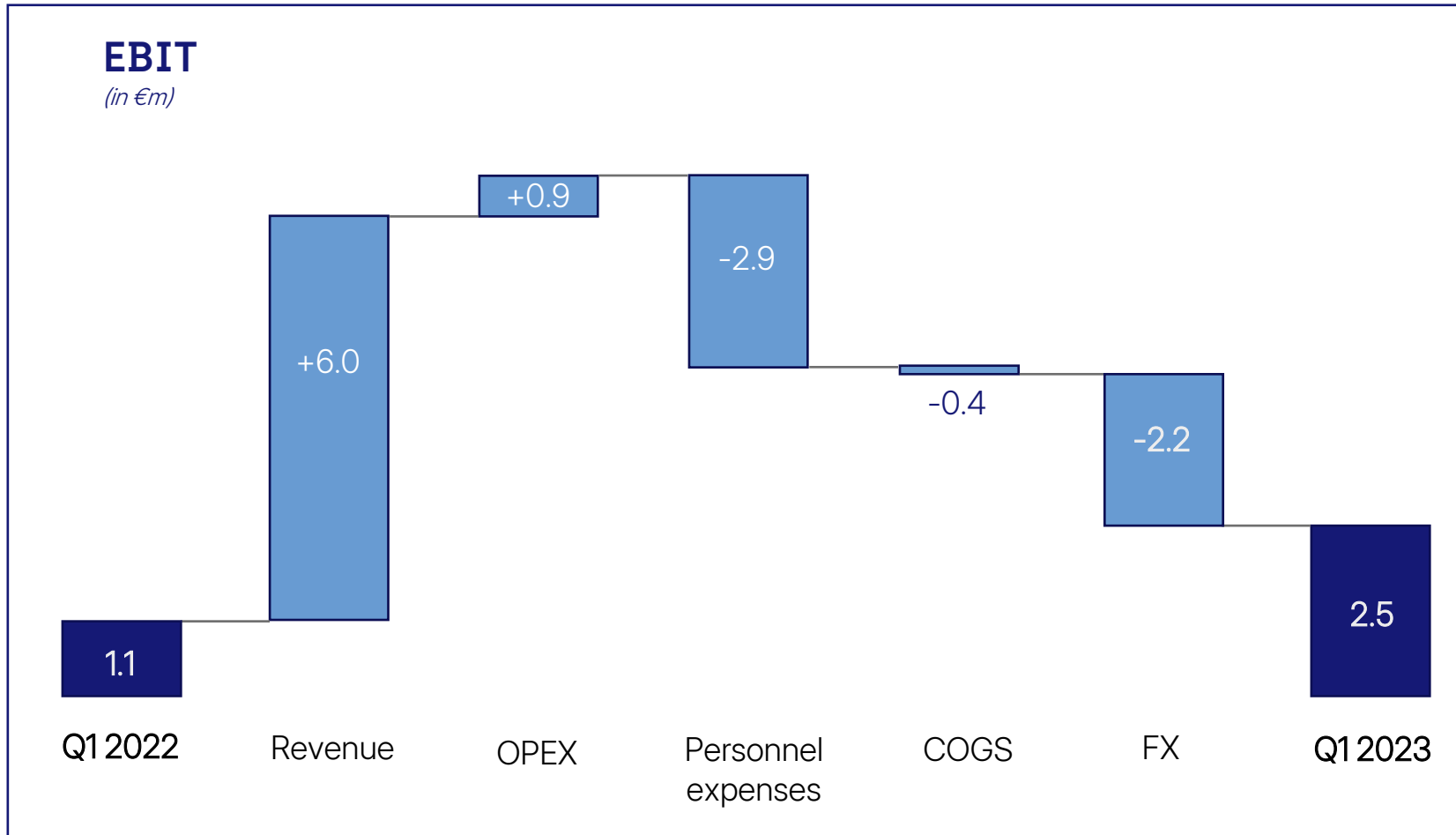
- Growth in all regions.
- Strongest percentage growth in the regions USA (112%), UKI (+86%) and LATAM (+78%).
- Despite growth decreasing CEU share (-10pp to 50% of total order entry).
- Strong order entry in relation to SAP S/4HANA projects: +134% to € 29.9m (Q1 2022: € 12.8m).
- SAP S/4HANA projects account for 51% of the total order entry (Q1 2022: 29%).

Revenue by segments



- Increase in revenue attributable to all business segments (Service, Software and EXA).
- In the Software business segment, revenue increased well above average by 27%; the two large-scale projects account for € 3.7 m.
- Book-to-bill: 1.24

Reconciliation EBIT



- **Revenue:** € +3.5 m by Software business segment (+28%); Service business segment: € +2.5 m (+9%).
- **Personnel expenses:** (1) higher number of employees, (2) salary increases in 2022 and (3) inflation adjustment payment.
- **FX:** Weak US dollar weighs on earnings compared to strong US dollar effect in Q1 2022.

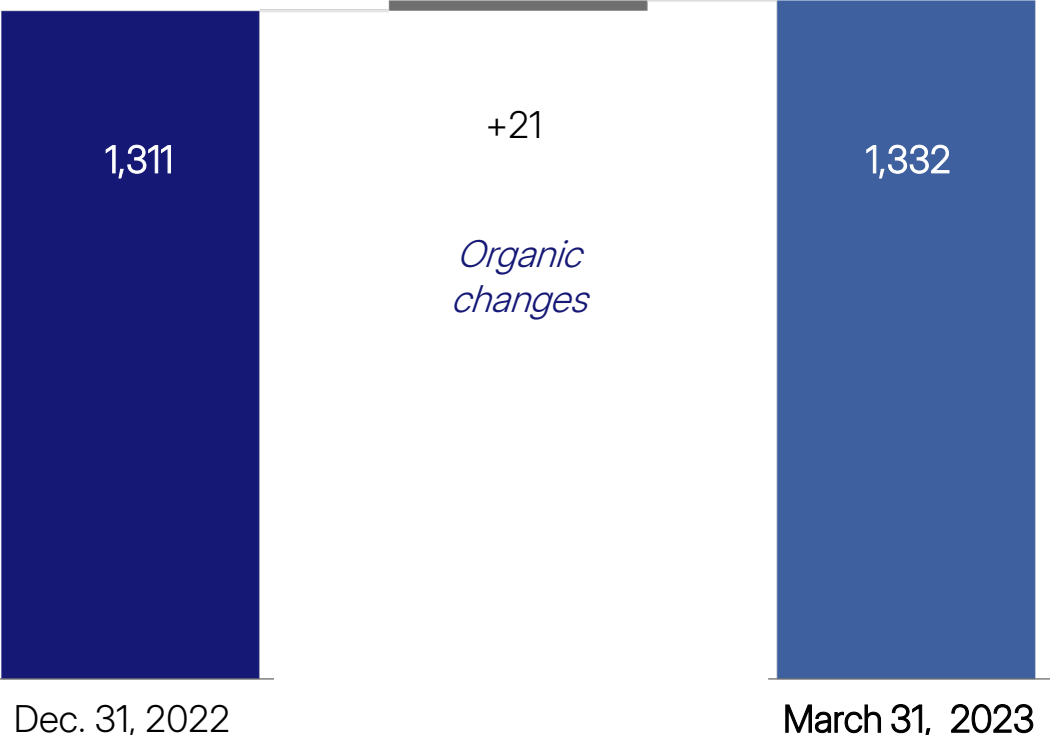
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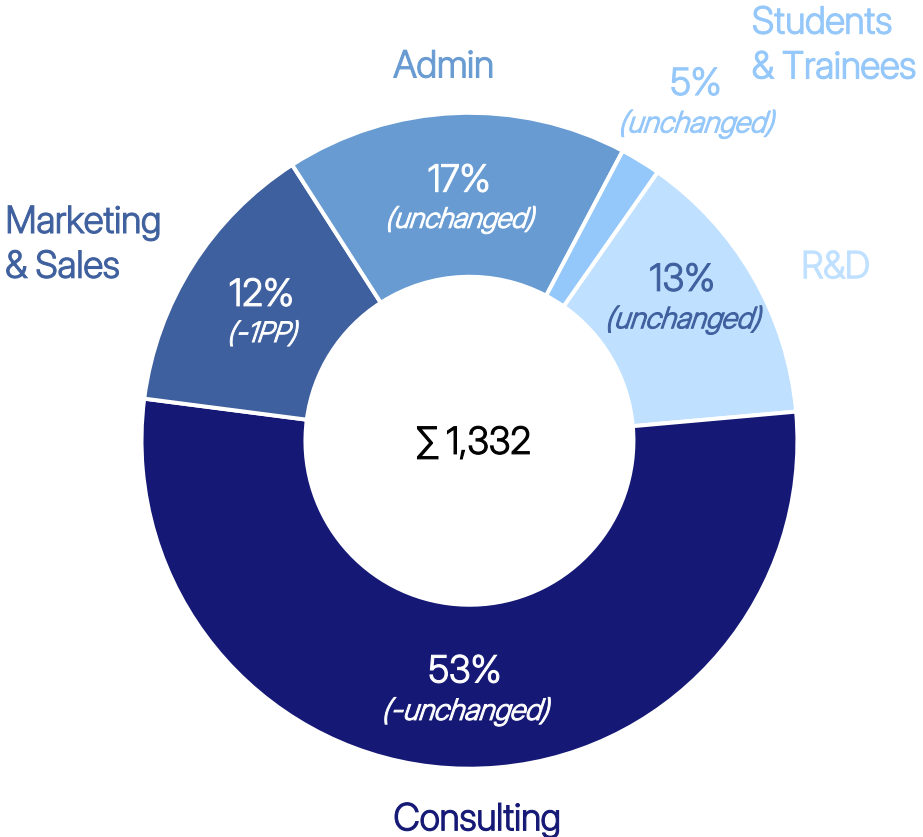


Headcount

Headcount evolution



Headcount split by function March 31, 2023

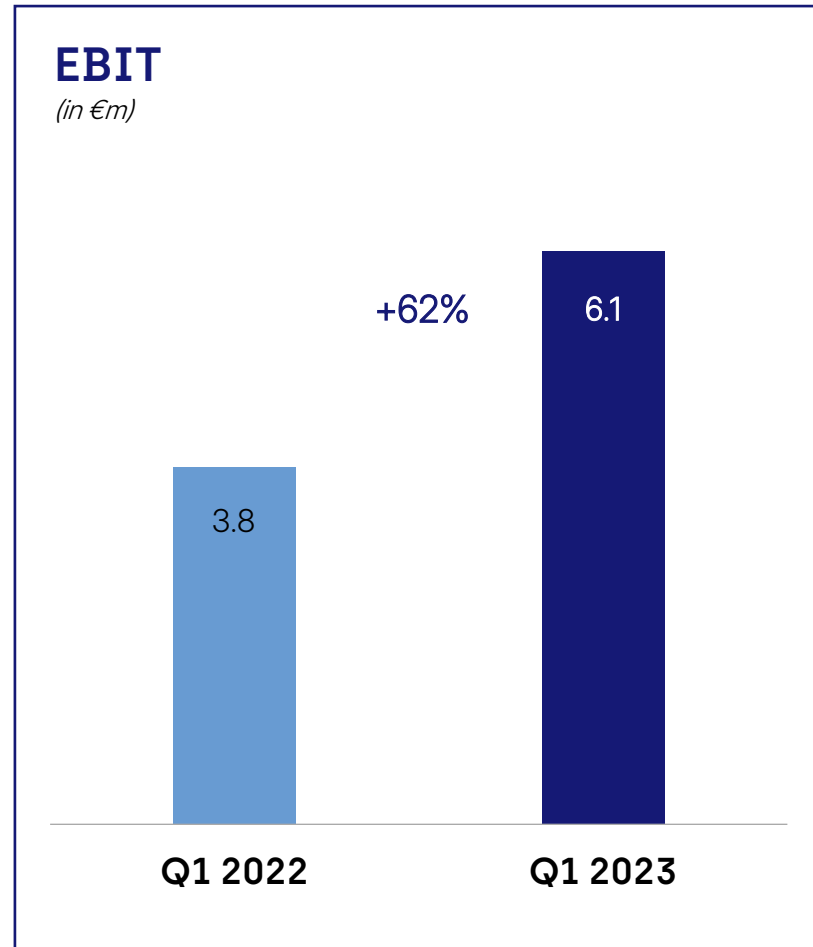
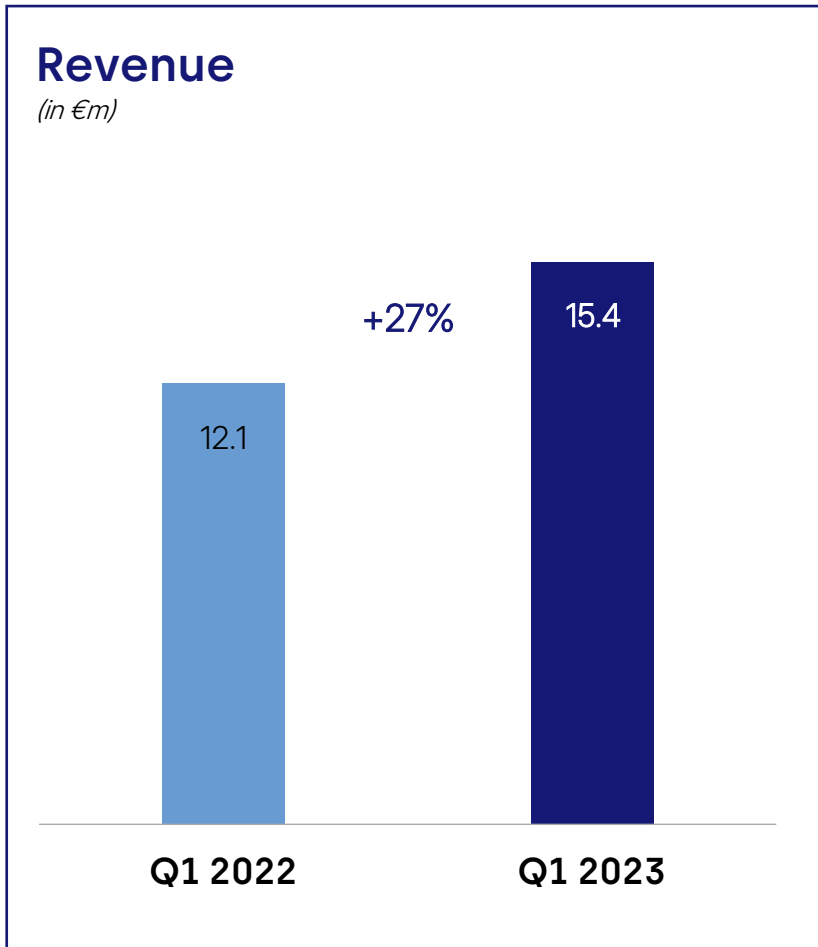


Income Statement Q1 2023

(in €m)	Q1 2023	Q1 2022	Δ (%)
Revenue	47.1	41.0	+14.7
Gross profit	41.2	35.6	+15.9
Personal expenses	-30.0	-27.1	+10.5
Other income/expenses	-6.1	-4.6	+32.7
EBITDA	5.1	3.8	+34.0
EBIT	2.5	1.1	+118.1
EBT	1.8	-0.8	-
Net income	1.3	-0.6	-
Gross profit margin	87.6%	86.7%	+0.9pp
EBITDA margin	10.7%	9.2%	+1.5pp
EBIT margin	5.2%	2.7%	+2.5pp

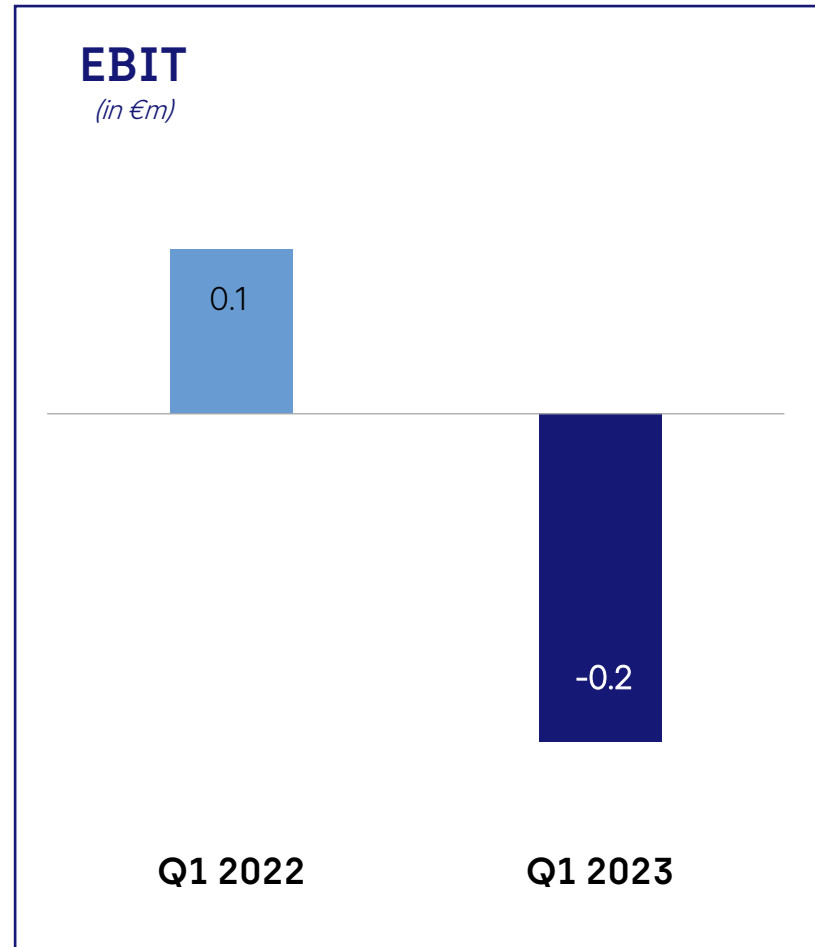
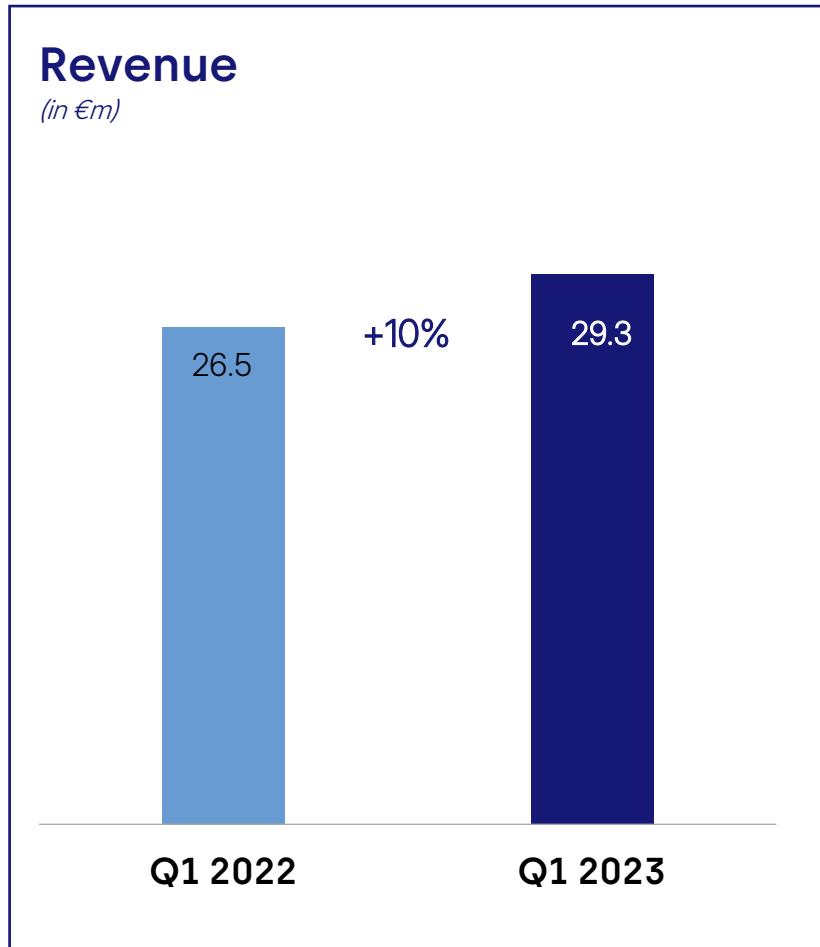
- Increased **personnel expenses** mainly due to (1) higher number of employees, (2) salary increases in 2022 and (3) inflation adjustment payment granted to employees in Germany in January 2023.
- Risen **operating expenses** attributable to FX losses (€ 2.1 m compared with € 0.0 m in Q1 2022; weak US dollar) & higher travel expenses (€ 0.5 m compared with € 0.1 m).
- Marketing costs down by € 0.3 m to € 0.7 m due to lower sponsorship costs as part of last year's cutback in sponsorship activities.
- Improved **earnings per share** by € 0.27 to € 0.19.

Segment Software – Revenue & EBIT Q1 2023



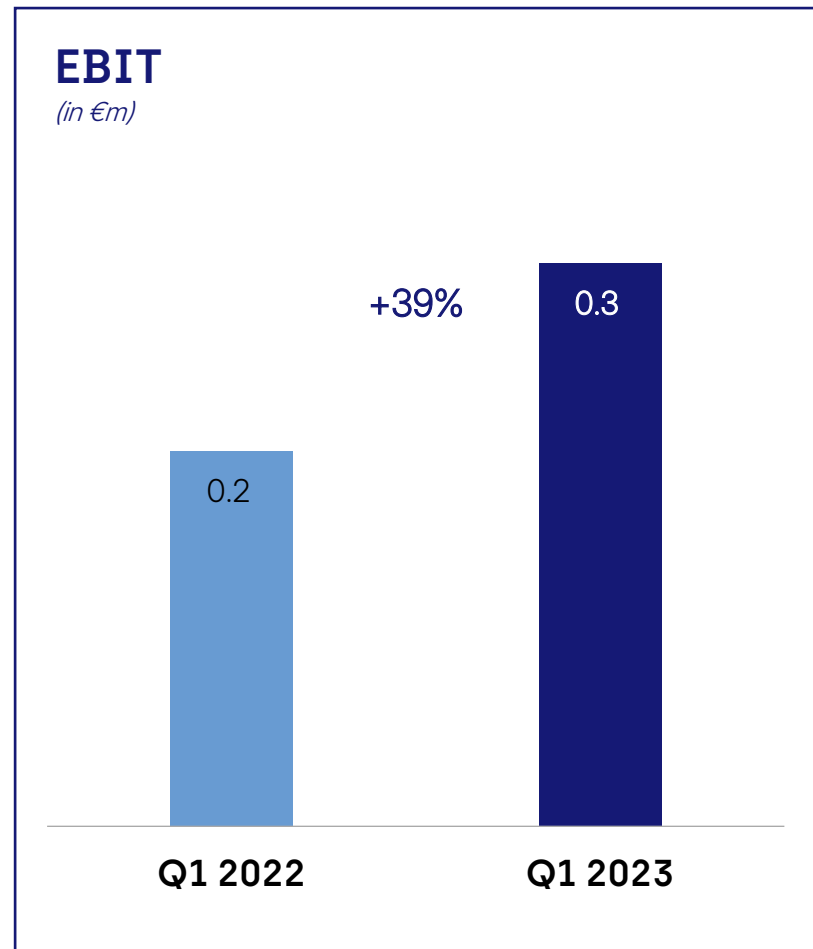
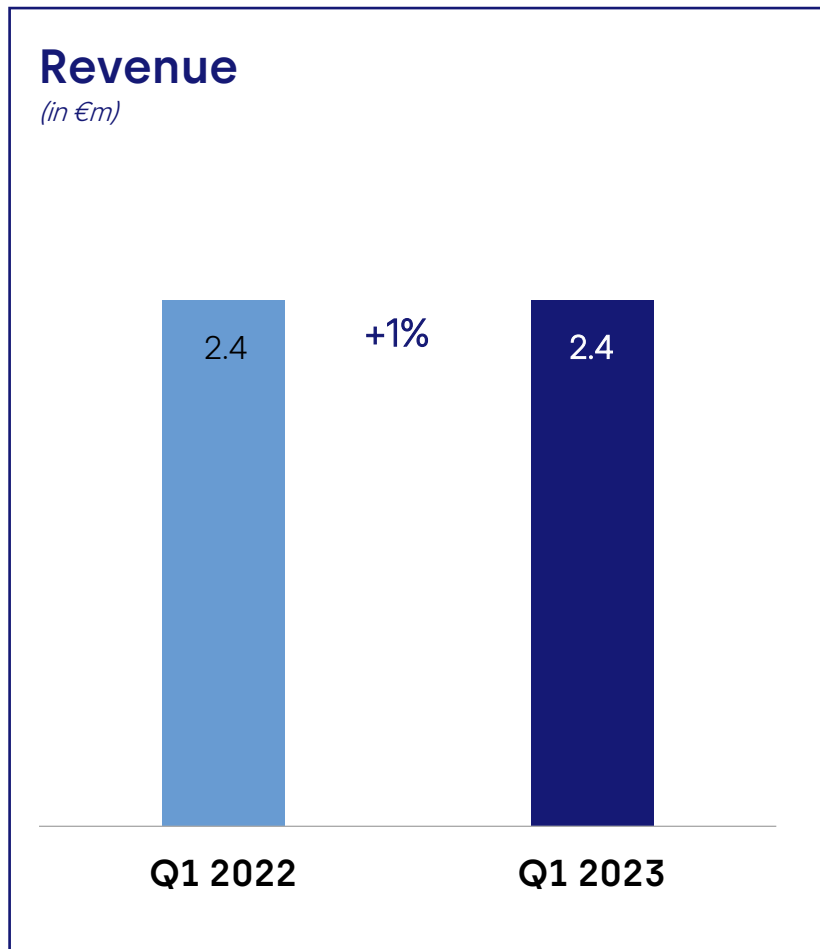
- Significantly higher revenues from software licenses with a volume of € 10.9 m (Q1 2022: 7.5 m).
- Revenues from software support as well as cloud and SaaS revenues largely at the previous year's level.

Segment Service – Revenue & EBIT Q1 2023



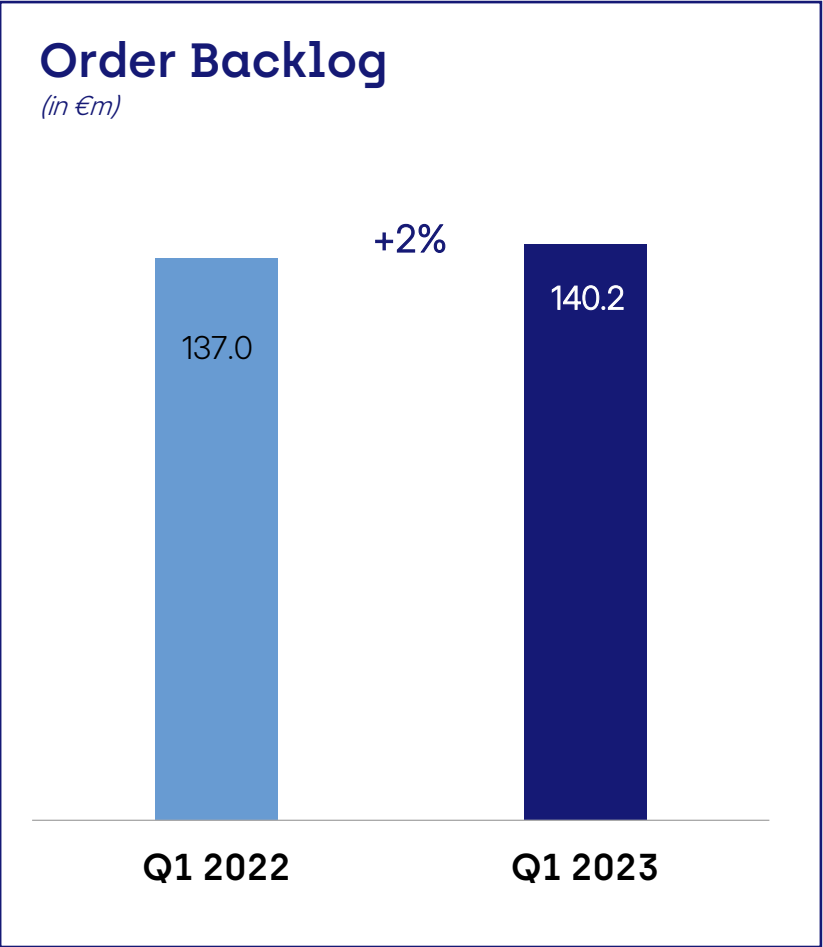
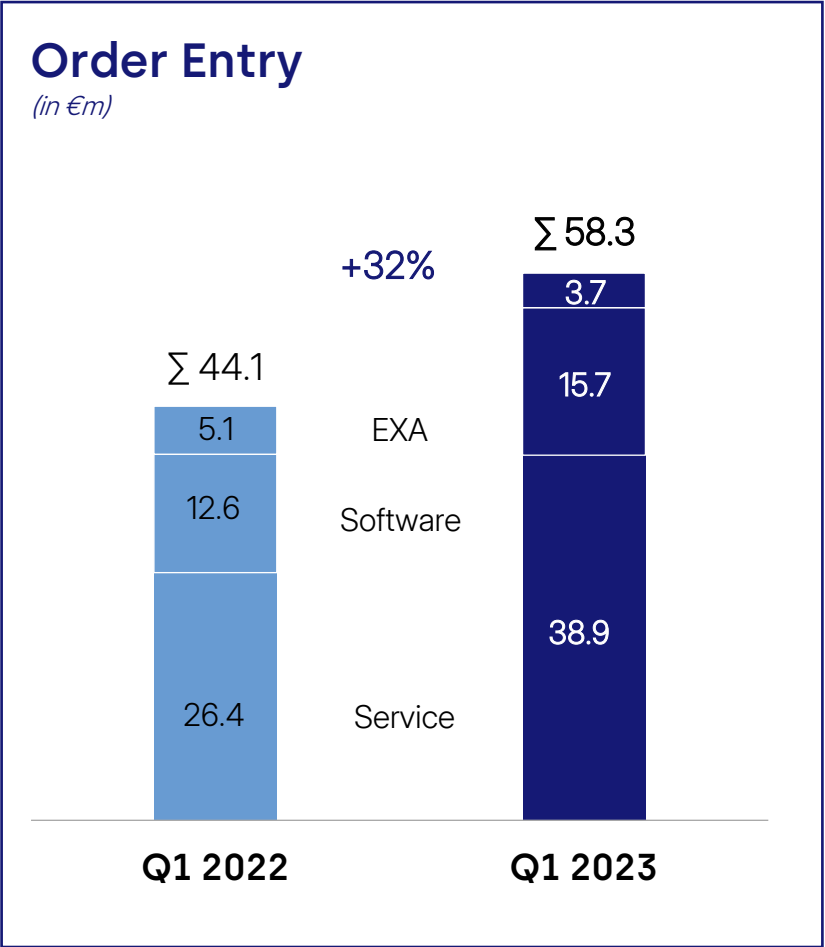
- Only balanced margin despite increased revenues.
- Measures initiated to improve project profitability.

Segment EXA – Revenue & EBIT Q1 2023



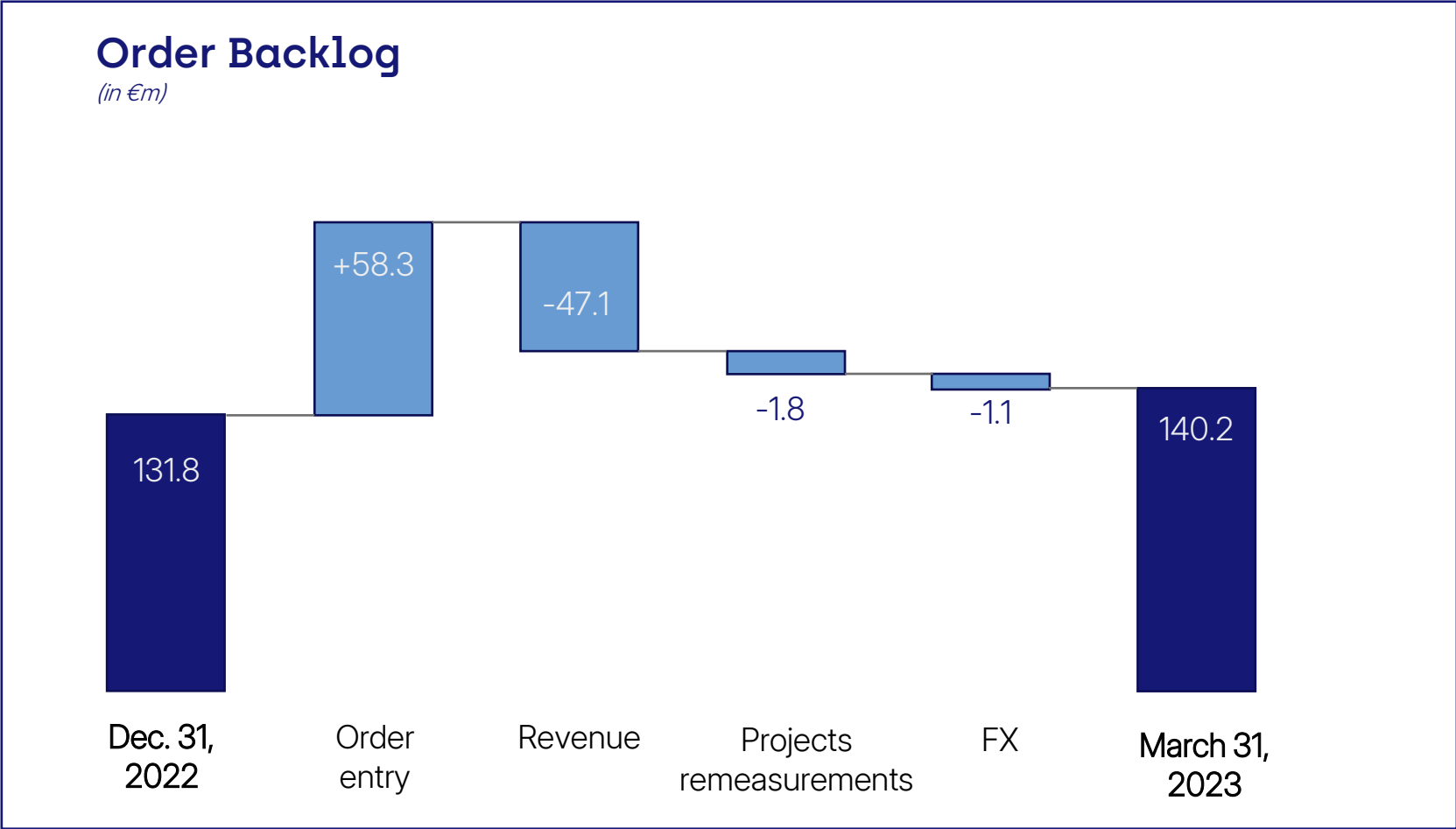
- Software revenues more than doubled to € 0.4 m.
- Significant improvement in earnings due to increased software sales and additional intercompany settlements.

Order Entry Q1 2023 and Order Backlog



- Strong increasing order entry due to significant growth in the US and LATAM regions.
- SAP S/4HANA projects represent around 51% of the entire order entry volume (Q1 2022: around 29%).
- Slightly increase of order backlog compared to Q1 2022.

Reconciliation Order Backlog Q1 2023



- Increase in order backlog by 6% compared to year end 2022..
- Minor projects remeasurements in Q1.
- Backlog includes €4.4 m from EXA.

Balance Sheet Structure

Assets (in €m)	March 31, 2023	Dec. 31, 2022
Cash & cash equivalents	30.5	38.4
Other financial assets	10.5	11.5
Receivables & contract assets	81.6	74.4
Other currents assets	8.4	5.9
Total current assets	131.0	130.2
Total non-currents assets	131.7	134.8
Total assets	262.6	265.0
Equity & Liabilities (in €m)		
Total current liabilities	70.3	64.6
Total non-current liabilities	83.8	93.2
Equity	108.6	107.2
Total Equity & Liabilities	262.6	265.0

- Higher trade receivables and contract assets as a result of a high sales volume in Q1 and a one-time sale of receivables in December.
- Increased other non-financial assets due to seasonally higher prepaid expenses at the beginning of the year.
- Liabilities: Changes mainly due to a reclassification of promissory note loans due in March 2024 from noncurrent to current (approx. € 9 m). At the same time, short-term loans of € 5.1 m were repaid in Q1.
- Slightly improved equity ratio of 41.3% (+0.8pp).

Cash flow Statement Q1 2023

(in €m)	Q1 2023	Q1 2022	Δ (abs.)
Net income	1.3	-0.6	+1.9
Depreciation	2.6	2.6	0.0
Change in W/C	-5.4	-5.5	+0.1
Change in other items	0.4	-1.8	+2.2
Operating Cash flow	-1.0	-5.2	+4.2
Investing Cash flow	-0.3	-3.3	+3.0
Repayment of lease liabilities	-1.2	-1.1	-0.1
Free cash flow	-2.5	-9.6	+7.1
W/C ratio (LTM)	23.9%	19.9%	

- Despite negative value of € -1.0 m continued positive trend in **operating cash flow** development.
- **Financing activities:** Cash outflow resulted from the repayment of short-term loans (€ 5.1 m) and the repayment of lease liabilities (€ 1.2 m)
- **W/C ratio** increased by 4.0pp due to increase in contract assets values and trade receivables effected by higher revenues.

Outlook confirmed

SNP continues to assume a positive business trend for fiscal year 2023; for the full year, the following is expected in the SNP Group:

- the **order entry** and **revenue** volumes will be driven, in particular, by the Group's software and partner strategy that continues to gain market acceptance, and growth rates will be significantly above those of the previous year (2022 order entry: € 193.6 million; 2022 revenue: € 173.4 million). However, they will not match the level of the first quarter, which was characterized by the two large-scale projects.
- **EBITDA** and the operating result (**EBIT**) will grow more strongly on a moderate basis in percentage than revenue (EBITDA 2022: EUR 17.6 million, EBIT 2022: EUR 6.8 million).
- In accordance with the predicted trend for Group revenue, SNP expects growth rates in the **Service and Software segments** to be significantly above those of the previous year; at **EXA**, a growth rate close to the previous year is expected.
- As in previous years, it is assumed that revenue will not be evenly distributed over the quarters in 2023. However, due to the exceptionally strong first quarter, we currently do not necessarily expect that the second half of the year will be stronger.

The management will provide a quantitative **update of its forecast** for the 2023 fiscal year with the **half-year financial report**. The management will also comment on the mid-term outlook when it presents the figures for the first six months of the year.

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We are happy to take your questions!

Financial Calendar 2023

Publication of the
Annual Report
2022

Mar 30, 2023

Publication of the
Interim Statement
Q1 2023

Apr 27, 2023

Annual General
Meeting 2023

May 23, 2023

Publication of the
Half-Year Financial
Report 2023

Aug 4, 2023

Publication of the
Interim Statement
Q3 2023

Oct 26, 2023

Thank you

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