

INTERIM STATEMENT

Q3 2020

BUSINESS PERFORMANCE FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2020

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2020

Capital Increase in July

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 approximate amount of € 28.0 million from the capital increase. Through the issuance of new no-par-value shares, the number of shares increased to 7,212,447, and issued capital increased to € 7.2 million.

Cooperation with Microsoft

In close collaboration with Microsoft, the world's largest software company, SNP developed the new "Cloud Move for Azure" solution and integrated it into CrystalBridge® in September. As a new and standalone component of CrystalBridge, this new move-to-cloud solution offers an automated functionality for cloud dimensioning and provisioning. It simplifies and accelerates the introduction of the Azure-based target system, ensures full cost transparency and provides the foundations for impending transformation projects. The advantage for Microsoft is that this facilitates their customers' move to Azure Cloud. Besides improved market access and its move to entire SAP transformation projects, SNP benefits above all from Microsoft's huge reach.

SNP Software Receives Certification for Integration in SAP S/4HANA®

In September, SNP received SAP certification for integration in SAP S/4HANA® for its software CrystalBridge® Analysis Extractor 20.07. CrystalBridge Analysis is the analysis module of the data transformation platform CrystalBridge which helps companies to execute complex transformation projects rapidly, securely and automatically.

CrystalBridge Analysis Extractor extracts data from an SAP system so that they can be loaded into CrystalBridge Cloud. There, the SAP landscape can be visualized and analyzed and the entire transformation project can be simulated.

FUJITSU and SNP Agree Global Partnership for the Use of SNP Software

In September, Fujitsu Limited and SNP also announced an agreement on their strategic cooperation and on the use of SNP's CrystalBridge software and BLUEFIELD™ approach. The goal of this strategic partnership is to offer Fujitsu customers an automated, flexible and secure transformation of their IT landscapes and data structures to SAP S/4HANA. The agreement has a minimum term that expires at the end of 2024 and represents revenue for SNP at the lower end of the double-digit million range. With 130,000 employees and an annual revenue volume of € 35 billion, Fujitsu is Japan's leading IT company with customers in over 100 countries.

FINANCIAL POSITION AND FINANCIAL PERFORMANCE

Revenue Performance

Despite a persistently difficult economic environment due to the global coronavirus crisis, in the first nine months of the current fiscal year SNP was able to increase its revenue by € 7.0 million or approximately 7% year-over-year to € 106.3 million (previous year: € 99.3 million). Revenue development mainly reflected a disproportionately strong increase in the Software business segment. Here, revenue rose by 15.2% to € 35.5 million (previous year: € 30.8 million). SNP's partners provided € 14.9 million of this amount. Revenue in the Services business segment increased by € 2.3 million to € 70.8 million in the first nine months of the year. This represents an increase of 3.3%. Of this amount, € 8.6 million was realized with partners in this business segment.

While both business segments registered double-digit growth rates in the first two quarters of the year, in the third quarter of 2020 Group revenue declined by 6.9% to € 37.6 million year-over-year (Q3 2019: € 40.4 million). This decrease is attributable, in particular, to the muted level of customer demand in the context of the coronavirus crisis, which has resulted in a lower level of capacity utilization in the Services business segment. However, the Group revenue trend over the course of the year remains positive: In the third quarter, revenue was approximately 10% higher than the figures for the first and second quarters of the current fiscal year (Q1 2020: € 34.4 million; Q2 2020: € 34.3 million). This positive trend during the year reflects the sustained trend in the Software business segment, which likewise steadily improved on a quarterly basis year-over-year.

Revenue Distribution by Region

In the first nine months of the year, Group revenue increased more or less evenly across all of SNP's regions. In the third quarter, the decline in revenue is mainly attributable to the trend for the CEU region, which accounts for more than 50% of total revenue. The Japan and UK regions also registered lower revenue in the third quarter. The following tables show the distribution and development of external revenue by region:

Revenue by region

in € million	9M 2020	9M 2019	Deviation as %
CEU ¹	57.6	55.6	4%
EEME ²	15.4	14.5	6%
Latam ³	11.6	9.6	21%
USA	11.6	9.5	22%
JAPAC ⁴	4.2	4.6	-8%
UKI ⁵	5.8	5.7	3%

in € million	Q3 2020	Q3 2019	Deviation as %
CEU ¹	23.0	27.5	-17%
EEME ²	5.1	4.3	19%
Latam ³	4.0	2.5	62%
USA	3.1	2.3	34%
JAPAC ⁴	1.1	1.9	-40%
UKI ⁵	1.3	1.9	-32%

¹ Central Europe

⁴ Asia-Pacific, Japan

² Eastern Europe, Middle East, Africa

⁵ United Kingdom, Ireland

³ Latin America

Revenue Distribution by Business Segment

In the first nine months of the year, the Services business segment provided € 70.8 million (previous year: € 68.5 million) of Group revenue. Revenue in the Services business segment thus increased by € 2.3 million, or 3.4%, year-over-year. This corresponds to a share of around 67% (previous year: 69%) of the overall revenue volume of € 106.3 million. While in the first six months of the year revenue growth had amounted to € +5.5 million or +12.5%, revenue declined in the third quarter (€ -3.2 million or -13.2%). This decrease is predominantly attributable to end customers' coronavirus-related restraint in awarding new projects as well as delays in major projects, particularly at the start of the third quarter. However, momentum had already revived by the end of the quarter.

The Software business segment (including maintenance and cloud) generated revenue of € 35.5 million (previous year: € 30.8 million) in the first nine months of the year. This corresponds to an increase of 15.2% year-over-year. Revenue generated with partners amounted to € 14.9 million and reflects the successful execution of SNP's software and partner strategy.

Within the Software business segment, licensing and cloud fees have increased by € 3.2 million or 14.5% to € 26.1 million (previous year: € 22.8 million). Software support revenue has increased by € 1.5 million or 23.8% to € 7.8 million (previous year: € 6.3 million). Software-as-a-service revenue declined slightly in the reporting period and amounted to € 1.6 million (previous year: € 1.7 million).

Revenue with higher-margin SNP in-house products (including software-as-a-service revenue) increased significantly, by € 4.5 million or 17.9% to € 29.9 million. In the same period, revenue in the amount of € 5.5 million (previous year: € 5.4 million) was registered with third-party products, which corresponds to a slight increase of 2.3%.

Order Backlog and Order Entry

Order entry as of September 30, 2020 totaled € 139.7 million, approximately 6% lower than the comparable figure for the previous year (previous year: € 148.7 million). The Software business segment accounts for € 57.3 million, or approximately 41%, of the order entry volume (previous year: € 59.0 million, or approximately 40%). € 82.4 million, or approximately 59%, of the order entry volume is attributable to the Services business segment (previous year: € 89.7 million or approximately 60%).

The Software business segment is largely stable. This is a positive development, particularly in view of the fact that in the third quarter of 2019 the order entry volume comprised a single order with a volume of € 26.5 million. SNP maintained the same high volume as in the previous year by securing new international partnerships.

On the other hand, the Services business segment registered a slight decline. This was mainly attributable to customers' coronavirus-related restraint in placing orders for new projects as well as projects pushed back into later quarters.

The order entry volume in connection with upcoming SAP S/4HANA projects has increased strongly. Here, the order entry figure amounts to € 41.2 million and has more than doubled year-over-year (previous year: € 16.8 million). SAP S/4HANA projects thus now represent approximately 29% of the entire order entry volume of the SNP Group.

The order backlog amounted to € 98.2 million as of September 30, 2020; this represents an increase of around 8%, compared to € 91.3 million as of September 30, 2019.

in € million	9M 2020	9M 2019	Deviation as %
Order entry	139.7	148.7	-6%
Order backlog	98.2	91.3	8%

in € million	Q3 2020	Q3 2019	Deviation as %
Order entry	46.8	63.7	-27%

EARNINGS POSITION

in € million	9M 2020	9M 2019	Q3 2020	Q3 2019
EBITDA	6.1	7.0	7.0	9.1
EBITDA margin	5.8%	7.1%	18.5%	22.4%
EBIT	0.1	1.2	5.0	7.1
EBIT margin	0.1%	1.3%	13.2%	17.7%

In the first nine months of 2020, at € 6.1 million operating earnings (EBITDA) were lower than in the previous year (9M 2020: € 7.0 million). This is mainly due to investments in structures and personnel, in the expectation of significantly more dynamic revenue growth: In line with the Group-wide growth strategy and in the context of a largely stable order situation and a positive project pipeline, SNP had significantly expanded its workforce (+150 employees) in the second half of 2019 and the first quarter of 2020, i.e. prior to the outbreak of the global coronavirus pandemic. This growth largely stems from sales and development. Accordingly, personnel expenses rose by € 9.9 million, or 16.2%, to € 71.0 million (previous year: € 61.1 million) year-over-year in the first nine months of 2020. Of this amount, one-off severance expenses and expenses incurred during the termination of employees' positions amounted to approximately € 1 million in the current year. As of September 30, 2020, the Group had 1,468 employees (September 30, 2019: 1,291). This likewise represents an increase of 13.7% compared to September 30, 2019, and of 7.5% relative to the end of 2019 (as of December 31, 2019: 1,365). From the second quarter of 2020 onwards, on grounds of commercial prudence SNP only sporadically hired new personnel, including hirings to replace existing employees.

The increase in personnel expenses contrasts with a significant decrease in other operating expenses. While one-time expenses associated with SNP's internal SAP S/4HANA migration and further one-off internal projects had a negative impact in the first quarter of 2020 (€ +1.8 million), a long-term cost management strategy was established at the start of the coronavirus pandemic. This already resulted in a reduction in other operating expenses in the amount of € 0.9 million in the second quarter and of € 3.9 million in the third quarter, year-over-year. In the

first nine months of the year, this gave rise to other operating expenses in the amount of € 17.9 million, compared to € 20.9 million in the previous year. This represents a decrease of -14.5%. Accordingly, in the third quarter of 2020 operating earnings improved significantly by comparison with the first two quarters of the current fiscal year: While the EBIT and EBITDA figures were still negative in the first half of 2020, in the third quarter positive operating earnings contributions were realized. The cost of purchased services and materials decreased by € 0.4 million to € 12.8 million (previous year: € 13.2 million) in the reporting period. In the first nine months of the year, other operating income amounted to € 2.0 million, compared to € 2.5 million in the previous year. This was due to lower exchange rate gains.

Earnings before interest and taxes (EBIT) were at € 0.1 million, likewise lower than the previous year's figure of € 1.2 million. As well as the above-mentioned growth investments, which were not fully made up for by the higher revenue volume and the cost management strategy introduced, depreciation and amortization increased slightly from € 5.8 million in the first nine months of 2019 to € 6.1 million in the reporting period.

Due to the further loans that were taken out, financial expenses increased to € 1.1 million (previous year: € 0.8 million). Net financial costs declined accordingly. Earnings before taxes (EBT) thus amounted to € -1.0 million (previous year: € 0.4 million). With income tax income of € 0.2 million (previous year: expense of € -0.1 million), a net loss of € -0.8 million resulted in the first nine months of the 2020 fiscal year (previous year: € 0.3 million). This corresponds to a net margin of -0.8% (previous year: 0.3%). Accordingly, diluted and basic earnings per share amounted to € -0.09 (previous year: € 0.04).

NET ASSETS

Total equity and liabilities have increased by € 28.5 million compared with December 31, 2019, to € 202.5 million. The € +23.1 million increase on the asset side of the balance sheet is predominantly attributable to current assets. On the other hand, noncurrent assets increased much less strongly, by € +5.4 million.

Current assets amounted to € 99.8 million (December 31, 2019: € 76.7 million) as of September 30, 2020. This growth was mainly generated by cash and cash equivalents (€ +11.0 million to € 30.2 million, partly due to proceeds resulting from a capital increase in July as well as loans taken out), other financial assets (€ +20.7 million to € 21.4 million, partly on account of the short-term investment of cash and cash equivalents resulting from the capital increase) as well as other nonfinancial assets (€ +1.8 million to € 4.0 million, partly as a result of increased prepaid expenses). On the other hand, trade receivables, other receivables and current contract assets decreased by € 10.2 million to € 44.1 million.

Noncurrent assets increased by € 5.4 million to € 102.7 million. This change is predominantly attributable to the € 10.6 million rise in noncurrent contract assets to € 12.6 million. These noncurrent contract assets have largely resulted from contracts signed with partner companies. This contrasts with a € 2.2 million currency-related decrease in goodwill to € 52.0 million. In addition, rights of use in particular have decreased by € 2.4 million to € 19.1 million and intangible assets have declined by € 1.1 million to € 6.8 million. In each case, this was because amortization significantly exceeded new investments and amounts capitalized for the first time.

FINANCIAL POSITION

On the equity and liabilities side, current liabilities declined by € 4.2 million by comparison with December 31, 2019 and amounted to € 45.7 million, while noncurrent liabilities increased by € 10.5 million to € 64.0 million.

In the current segment, trade payables and contract liabilities decreased overall by € 3.2 million to € 13.5 million, analogously to trade receivables and contract assets. Financial liabilities declined by € 1.0 million to € 12.3 million due to the settlement of purchase price and lease liabilities. On the other hand, other nonfinancial liabilities rose by € 0.6 million to € 19.2 million on account of increased employee-related liabilities (bonus, anniversary, vacation).

Compared with December 31, 2019, noncurrent liabilities rose by € 10.5 million to € 64.0 million. This increase predominantly reflects a € 10 million loan taken out in May 2020 that is being 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 increased from € 70.6 million to € 92.8 million in the first nine months of 2020. Through the issuance of 610,000 no-par-value shares in July 2020, issued capital increased to € 7.2 million. The capital reserves rose from € 60.0 million to € 86.8 million as a result of the capital increase. Retained earnings decreased by € 0.6 million to € 9.3 million, due to the loss for the period that is attributable to SNP's own shareholders. 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. Due to the increase in equity combined with a simultaneous rise in the volume of total equity and liabilities as of September 30, 2020, the equity ratio improved from 40.6% to 45.8%.

Development of Cash Flow and the Liquidity Position

In the period under review, SNP achieved a positive operating cash flow in the amount of € 0.9 million (previous year: € -9.2 million), which thus represented a significant improvement year-over-year. This was mainly attributable to a merely moderate change in the volume of working capital (€ -4.0 million; previous year: € -14.8 million).

The negative cash flow from investing activities in the amount of € -22.7 million (previous year: € -7.1 million) is mainly attributable to the short-term investment of cash and cash equivalents (€ -20.0 million). Investments in property, plant and equipment and intangible assets in the amount of € 1.7 million, purchase price installments in connection with company acquisitions in previous years (€ 0.9 million) and payments for equity investments (€ 0.2 million) were further factors.

Financing activities have resulted in a positive cash flow in the amount of € 33.6 million (previous year: negative cash flow of € 5.8 million). The positive cash flow resulted from proceeds of the July 2020 capital increase in the amount of € 27.4 million as well as € 17.0 million in proceeds of loans taken out. This contrasts with payments made for the repayment of loans and the settlement of other financial liabilities in the amount of € 5.6 million, payments for the settlement of lease liabilities in the amount of € 4.5 million and payments for the purchase of treasury shares in the amount of € 0.6 million.

The effects of changes in foreign exchange rates on cash and bank balances have resulted in an impact of € -0.7 million.

Overall cash flow during the reporting period totaled € +11.0 million. Taking into account the changes presented here, the level of cash and cash equivalents rose to € 30.2

million as of September 30, 2020. As of December 31, 2019, cash and cash equivalents amounted to € 19.1 million. Overall, the SNP Group remains very solidly positioned financially.

EMPLOYEES

As of September 30, 2020, the number of employees of the SNP Group increased to 1,468; as of December 31, 2019, they totaled 1,365 employees. The Group's employees included 4 Managing Directors (as of December 31, 2019: 4), 22 managers (as of December 31, 2019: 21) and 38 trainees, students and interns (as of December 31, 2019: 36).

The average number of employees during the reporting period (H1 2020), excluding the aforementioned group of individuals, was 1,376 (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, October 29, 2020

The Managing Directors



Dr. Andreas Schneider-Neureither



Michael Eberhardt



Prof. Dr. Heiner Diefenbach

SNP SCHNEIDER-NEUREITHER & PARTNER SE CONSOLIDATED BALANCE SHEET

as of September 30, 2020

ASSETS			
in € thousand	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019
Current assets			
Cash and cash equivalents	30,169	19,137	17,670
Other current assets	21,366	703	1,324
Trade receivables and other receivables	22,803	33,318	28,631
Contract assets	21,298	20,987	13,745
Inventories	166	374	381
Other non-financial assets	3,971	2,134	2,169
Tax receivables	71	86	78
	99,844	76,739	63,998
Non-current assets			
Goodwill	51,952	54,194	53,174
Intangible assets	6,774	7,889	7,679
Property, plant and equipment	5,303	5,513	5,640
Rights of use	19,067	21,428	18,402
Other financial assets	1,011	869	859
Investments accounted for under the equity method	225	25	0
Trade receivables and other receivables	0	137	1,784
Contract assets	12,584	1,966	0
Other non-financial assets	159	60	20
Deferred taxes	5,582	5,207	6,915
	102,657	97,288	94,473
	202,501	174,027	158,471
LIABILITIES			
in € thousand	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019
Current liabilities			
Trade payables and other liabilities	5,845	10,239	6,091
Contract liabilities	7,632	6,440	5,303
Tax liabilities	509	1,116	379
Financial liabilities	12,330	13,277	13,050
Other non-financial liabilities	19,223	18,672	15,426
Provisions	112	115	174
	45,651	49,859	40,423
Non-current liabilities			
Trade payables and other liabilities	0	0	283
Contract liabilities	2,486	0	17
Financial liabilities	57,581	49,309	45,825
Other non-financial liabilities	281	0	0
Provisions for pensions	3,071	2,891	2,141
Other provisions	0	603	0
Deferred taxes	613	763	801
	64,032	53,566	49,067
Equity			
Subscribed capital	7,212	6,602	6,602
Capital reserve	86,810	59,968	59,968
Retained earnings	9,312	9,922	7,906
Other components of the equity	-8,221	-4,467	-4,819
Treasury shares	-2,153	-1,509	-813
Equity attributable to shareholders	92,960	70,516	68,844
Non-controlling interests	-142	86	137
	92,818	70,602	68,981
	202,501	174,027	158,471

SNP SCHNEIDER-NEUREITHER & PARTNER SE CONSOLIDATED INCOME STATEMENT

for the period from January 1 to September 30, 2020

in € thousand	Jan. – Sept. 2020	Jan. – Sept. 2019	Q3 2020	Q3 2019
Revenue	106,282	99,317	37,624	40,421
Service	70,814	68,517	21,157	24,378
Software	35,468	30,800	16,467	16,043
Capitalized own services	9	724	0	172
Other operating income	2,039	2,517	805	1,265
Cost of material	-12,838	-13,242	-3,886	-4,200
Personnel costs	-70,984	-61,105	-22,557	-19,843
Other operating expenses	-17,869	-20,900	-4,787	-8,652
Impairments on receivables and contract assets	-39	-57	-20	-39
Other taxes	-450	-241	-204	-67
EBITDA	6,150	7,013	6,975	9,057
Depreciation and impairments on intangible assets and property, plant and equipment	-6,086	-5,765	-2,024	-1,912
EBIT	64	1,248	4,951	7,145
Other financial income	27	185	4	11
Other financial expenses	-1,140	-1,018	-372	-317
Net financial income	-1,113	-833	-368	-306
EBT	-1,049	415	4,583	6,839
Income taxes	210	-125	-1,007	-1,717
Consolidated net loss / income	-839	290	3,576	5,122
Thereof:				
Profit attributable to non-controlling shareholders	-229	-7	-86	46
Profit attributable to shareholders of SNP Schneider-Neureither & Partner SE	-610	297	3,662	5,076
Earnings per share (in €)				
- Undiluted	-0.09	0.04	0.56	0.76
- Diluted	-0.09	0.04	0.56	0.76
Weighted average number of shares (in thousand)				
- Undiluted	6,539	6,602	6,539	6,602
- Diluted	6,539	6,602	6,539	6,602

SNP SCHNEIDER-NEUREITHER & PARTNER SE CONSOLIDATED CASH FLOW STATEMENT

for the period from January 1 to September 30, 2020

in € thousand	Jan. – Sept. 2020	Jan. – Sept. 2019
Profit after tax	-839	290
Depreciation	6,086	5,765
Change in provisions for pensions	180	79
Other non-cash income/expenses	-598	-482
Changes in trade receivables, other current assets, other non-current assets	-5,728	-12,776
Changes in trade payables, other provisions, tax liabilities, other current liabilities	1,766	-2,040
Cash flow from operating activities (1)	867	-9,164
Payments for investments in property, plant and equipment	-1,244	-1,633
Payments for investments in intangible assets	-408	-1,166
Proceeds from the disposal of items of intangible assets and property, plant and equipment	35	237
Payments from investments in financial assets	-20,000	0
Payments from investment in At-Equity-Shareholdings	-200	0
Payments for the acquisition of consolidated companies and other business units	-906	-4,530
Cash flow from investing activities (2)	-22,723	-7,092
Proceeds from capital increase	27,364	0
Payments for the purchase of treasury shares	-644	-398
Proceeds from loans	17,022	57
Payments for the settlement of loans and other financial liabilities	-5,682	-96
Payments resulting from the settlement of lease liabilities	-4,506	-5,324
Cash flow from financing activities (3)	33,554	-5,761
Changes in cash and cash equivalents due to foreign exchange rates (4)	-666	-287
Cash change in cash and cash equivalents (1)+(2)+(3)+(4)	11,032	-22,304
Cash and cash equivalents at the beginning of the fiscal year	19,137	39,974
Cash and cash equivalents as of September 30	30,169	17,670
Composition of cash and cash equivalents:		
Cash and cash equivalents	30,169	17,670
Cash and cash equivalents as of September 30	30,169	17,670

SNP SCHNEIDER-NEUREITHER & PARTNER SE SEGMENT REPORTING

for the period from January 1 to September 30, 2020

in € thousand	Service	Software	Gesamt
External revenue			
Jan. – Sept. 2020	70,814	35,468	106,282
Jan. – Sept. 2019	68,517	30,800	99,317
EBIT of the business segments			
Jan. – Sept. 2020	1,511	6,865	8,376
Margin	2.1%	19.4%	7.9%
Jan. – Sept. 2019 *	865	7,932	8,797
Margin	1.3%	25.8%	7.3%
Depreciation, amortization and write-downs included in the segment earnings			
Jan. – Sept. 2020	3,789	1,624	5,413
Jan. – Sept. 2019 *	4,351	683	5,034

RECONCILIATION

in € thousand	Jan. – Sept. 2020	Jan. – Sept. 2019*
Result		
Total reportable segment	8,376	8,797
Expenses not allocated to the segments	-8,312	-7,549
<i>thereof depreciation</i>	-672	-731
EBIT	64	1,247
Financial result	-1,113	-833
Earning before taxes (EBT)	-1,049	415

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

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