



# TO THE SHAREHOLDERS

## KEY FIGURES AT A GLANCE

Unless otherwise specified in € million	2015	2014
<b>Backlog (as of 31 December)</b>	<b>20.0</b>	<b>11.2</b>
<b>Revenue</b>	<b>56.2</b>	<b>30.5</b>
- Software	9.4	7.7
- Professional Services	46.9	22.7
<b>EBIT</b>	<b>4.6</b>	<b>1.4</b>
- Margin (%)	8.1	4.7
<b>Consolidated net income</b>	<b>2.6</b>	<b>1.0</b>
<b>Earnings per share (€)</b>		
- Undiluted	0.69	0.27
- Diluted	0.69	0.27
<b>Number of shares (million)</b>	<b>3.738</b>	<b>3.738</b>
<b>Equity</b>	<b>16.0</b>	<b>13.9</b>
- Ratio (%)	35.4	53.1
<b>Number of employees (as of 31 December)</b>	<b>401</b>	<b>280</b>
<b>Personnel costs</b>	<b>31.2</b>	<b>20.5</b>

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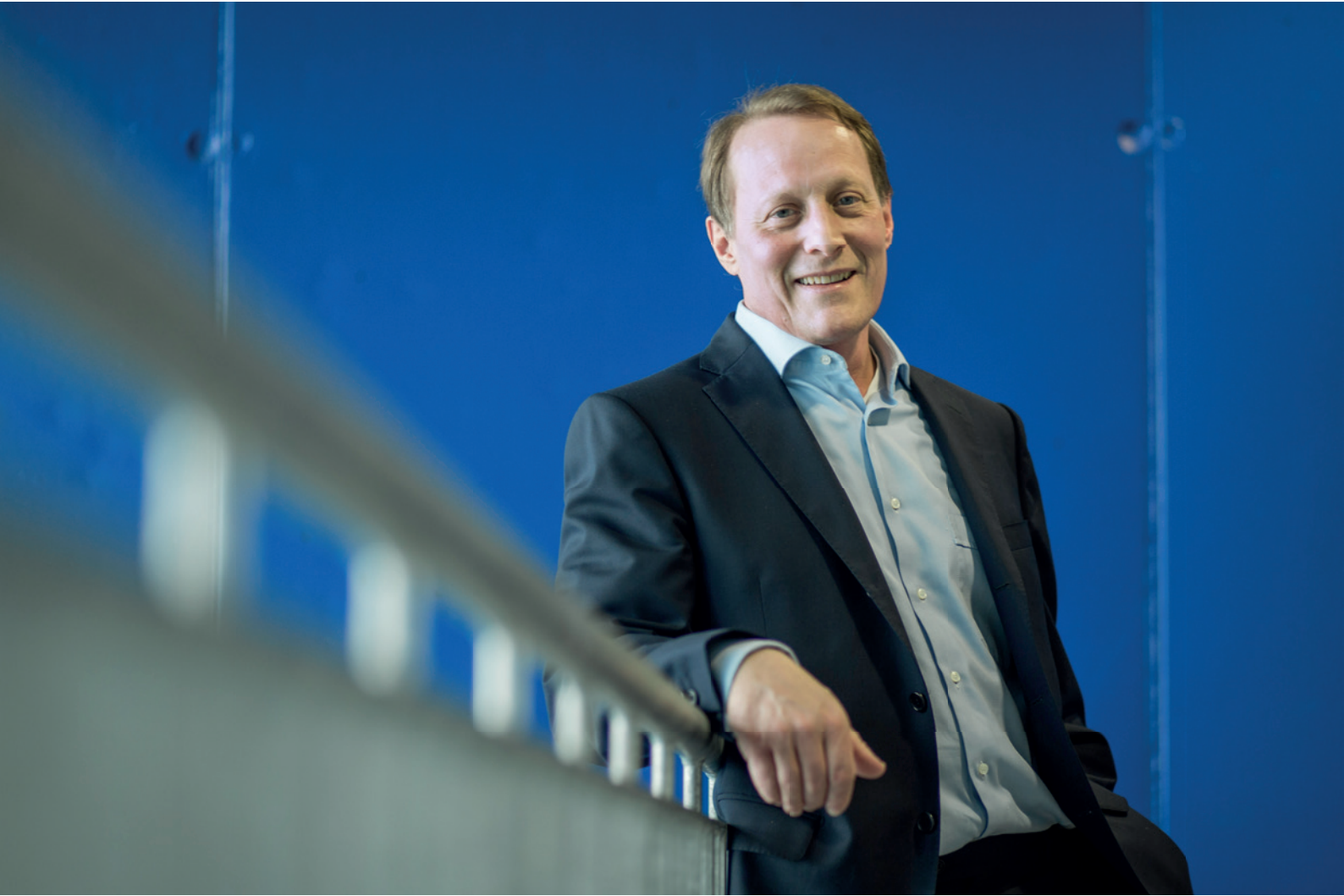
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Dr. Andreas Schneider-Neureither has a PhD in physics and is the CEO of SNP AG. The founder and majority shareholder was appointed and confirmed as CEO for another four years until the end of 2020.

# LETTER FROM THE CEO

Dear Shareholders,

SNP AG is currently on a path of strong growth and long-term success. The strategic course in the last two years was significantly successful in fiscal year 2015. The company has gained further stability, we have strengthened our unique competitive position and we have developed our presence on key markets around the world. Our efficient software and our advisory expertise are increasingly in demand for major and highly complex corporate transactions. The development of the SNP Group is rapidly progressing and we are working on confirming this high growth momentum once again in the coming months, which can be seen in the figures for the past fiscal year.

In fiscal year 2015, SNP generated revenue of € 56.2 million. This equates to an increase of approximately 85% year-on-year. The operating result (EBIT) improved from € 1.4 million to € 4.6 million. Revenue and earnings thus significantly exceeded forecasts made at the beginning of the year.

The company's excellent development and outstanding revenue and earnings figures highlight the fact that our growth strategy, which is based on a combination of organic and inorganic growth, is the right one. In particular, the RSP acquisition at the beginning of 2015 is already significantly contributing to positive development.

The successful division of Hewlett-Packard's global SAP system landscape within tight deadlines was a highlight of 2015 that demonstrated the high effectiveness of SNP software and consulting. With a data volume of around 50 terabytes, the division of the US

computer and IT group was one of the largest global company transformations in the history of mankind. Dealing with this complexity would be impossible without our software-based transformation approach in terms of time and cost efficiency. The project that was implemented by the deadline is to be considered a milestone not only by our company. SNP has set a genuine benchmark to find ways in which IT projects can contribute to the value-driven development of companies.

In 2015, SNP AG drove the development of global companies forward. We improved our position in the long run, particularly on the US market. We anticipate new growth incentives in the USA from our partnership with Amazon Web Services. Together with the leading Cloud provider worldwide, we are already supporting our first customers in the operation of SAP systems, which is no longer done at their own data centres but rather by making use of the advantages of Cloud infrastructures operated by Amazon or other providers.

While the shift of ERP systems to the Cloud is the dominant transformation topic in the USA, the migration to the pioneering ERP system SAP S/4HANA and the necessary transformation of old systems are the focus of numerous companies in Europe. Here as well, SNP gives answers and provides viable solutions.

With a majority interest in Hartung Consult and As-trums Consulting, SNP has gained far-reaching access to Asian markets that are seeing strong growth. With the goal of directly implementing projects in Asia, this is another significant step in our development towards becoming a global company.



The Management Team (from left to right): Henry Göttler (COO), Dr. Andreas Schneider-Neureither (CEO) and Jörg Vierfuß (CFO).

My special thanks go here to our highly motivated employees, whose dedication and sense of identity with SNP help to move the company forward every single day. Our operating and strategic progress in 2015 would not have been possible without their enormous efforts.

Looking at fiscal year 2016, we have set ourselves the goal of growing and developing our market position – even if global uncertainty shapes our economic environment and we have to closely monitor the effects of geopolitical crises.

On a global scale, digitisation is extensively changing sectors, companies and business models in fact – from production to insurance and from the automotive sector to the clothing sector. Traditional industry boundaries are losing significance and the business models of many companies have to change. Agile IT landscapes that are capable of embracing changes are increasingly decisive factors for a company's success. The necessary modernisation of obsolete IT worlds requires companies to invest in the unification of heterogeneous and

complex IT infrastructures. Today, change is an ongoing management task and the ability to change is a core skill at successful companies.

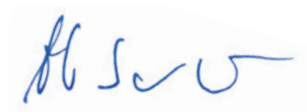
SNP accommodates all this: We accompany and support our customers and business partners to allow them to successfully manage the digital revolution and seize new opportunities on the market! Here, SNP adopts a consistent "software approach." The use of our cutting-edge and cross-industry software allows customers to save time and costs, reduce error rates and increase quality and project security at the same time. As we are aware that change is no longer an exceptional but rather standard situation at companies, we aim to provide our customers viable solutions for the future of their IT landscapes by means of a standard software.

Our convincing answers and our ability to solve our customers' problems are reflected in increasing project volumes and an excellent order situation: At year-end, the order backlog was € 20.2 million, which is around 80% higher than the previous year's figure. Incoming

orders were up by as much as approximately 87% year-on-year at € 59.2 million. But the following is also important: The rise in project volumes and excellent capacity utilisation go hand in hand with an increase in aggregated profitability. To put things clearly: SNP attaches significant importance to profitable growth.

SNP software products are the driver of our company's growth. Therefore, another focus in 2016 lies on the development of our software and on the attainment of another higher level of product quality. We are convinced that IT systems can – and must – contribute to a value increase in companies. In order to guarantee our customers all of the above, we are working hard on the use of artificial intelligence in transformation projects and on new transformation solutions in the Cloud.

Finally, I would like to thank our customers, partners and shareholders for the trust they have placed in us. We will continue to do everything we can to earn this trust.



Dr Andreas Schneider-Neureither  
CEO





Dr Michael Drill has been on the Supervisory Board of SNP AG since April 2011. He obtained his doctorate in the field of corporate finance. He has been the Chairman of the Supervisory Board since June 2014.



# SUPERVISORY BOARD REPORT

Dear Shareholders,

In fiscal year 2015, SNP's Supervisory Board performed the tasks incumbent on it in accordance with the law and the Articles of Association and rules of procedure of SNP Schneider-Neureither & Partner AG, paying particularly close attention to both the current development of the company and its strategic alignment for the coming years. The recommendations of the German Corporate Governance Code were followed with the exception of the items listed in the declaration of conformity.

After the company was able to confirm the operating turnaround with a tangible increase in revenue and earnings already in fiscal year 2014, growth momentum increased spectacularly in fiscal year 2015: Based on excellent capacity utilisation with a significant improvement in the order situation, consolidated revenue saw a year-on-year increase by around 85% to € 56.2 million. The substantial increase in revenue volume with high project profitability at the same time resulted in a rise in the EBIT margin by 3.4 percentage points to 8.1% in fiscal year 2015. The anticipated annual targets were raised twice and are therefore significantly above the forecasts made at the beginning of the year. The tangible rise in revenue and earnings and the considerable improvement in market position reflect the growth strategy of SNP AG. The financial and capital situation, which continues to be stable, underlines the company's sustainable development in fiscal year 2015.

Business development was closely monitored by the Supervisory Board in the period under review; the Executive Board and the Supervisory Board coordinated regularly on the development of operating business, the strategic goals and the measures to be taken to achieve these goals.

## Focus of monitoring and advisory activities

The Supervisory Board's activities in the past fiscal year focused in particular on the regular and comprehensive discussion of the sales, earnings and employment development of SNP AG, its subsidiaries and the Group as a whole. The Supervisory Board was provided with detailed, timely information on the current position of the Group and all transactions of significance to the Group's profitability or liquidity (see section 90 (1) of the German Stock Corporation Act (AktG)). Corporate planning and strategic development were also regularly discussed.

The Chairman of the Supervisory Board maintained direct and regular contact with the members of the Executive Board in order to obtain information on current developments and forthcoming decisions. In particular, the members of the Supervisory Board examined the annual financial statements prepared by the Executive Board, the consolidated financial statements, the management report, the Group management report, the Executive Board's proposal for the appropriation of net profit, and the report by the Executive Board on the disclosures required in accordance with sections 289 (4) and (5), 315 (4) of the German Commercial Code (HGB).

The Executive Board consulted the Supervisory Board on all company decisions of particular strategic importance and discussed them in detail in order to allow the Supervisory Board members to examine the decisions in question, comment on and approve them as necessary. The Executive Board fulfilled its duty of information to the Supervisory Board at all times and in a timely manner. In its monitoring function, the Supervisory



The Supervisory Board of SNP AG (from left to right): Gerhard A. Burkhardt (Deputy Chairman), Dr. Michael Drill (Chairman) and Rainer Zinow.

Board satisfied itself as to the legality and propriety with which the Executive Board carried out its management duties, discussed the organisation of the company with the Executive Board and satisfied itself as to its operational efficiency. The Supervisory Board's activities also included monitoring SNP AG's risk management and compliance structures.

A focus of the Supervisory Board's monitoring and advisory activities was supporting and advising the Executive Board in examining acquisitions. Possible acquisitions and resulting opportunities and risks were discussed during meetings in the past year. The integration process of RSP Reinhard Salaske & Partner Unternehmensberatung GmbH, in which SNP AG acquired 74.9% of shares at the beginning of 2015, was another key issue at meetings in 2015.

All measures and legal transactions requiring the approval of the Supervisory Board were submitted by the Executive Board to the Supervisory Board for approval in a proper manner. All proposals, measures and business transactions submitted by the Executive Board for the approval of the Supervisory Board were approved following a thorough review and examination.

## Meetings

In fiscal year 2015, the Supervisory Board held a total of four meetings in person; outside these meetings, it also discussed projects of particular significance to SNP Schneider-Neureither & Partner AG by telephone. In three cases, resolutions were adopted by way of written circulars.

The meetings were regularly attended by the Executive Board. The auditor, MOORE STEPHENS TREUHAND KURPFALZ GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, also discussed its audit of the annual and consolidated financial statements with the Supervisory Board at the meeting resolving on the approval of the company's accounts and answered the Supervisory Board's questions.

The deliberations of the Supervisory Board dealt primarily with the current course of business, company management and planning, business policy, risk assessment and risk management, and the corporate strategy and its implementation at the company and its subsidiaries. Since the Supervisory Board is made up

of three members and committees that take decisions instead of the full Supervisory Board also require a minimum of three members, the Supervisory Board has refrained from forming committees.

A circular resolution in January related to the acquisition of a majority interest in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH and an associated acquisition loan. The written circulars were preceded by an extraordinary Supervisory Board meeting held by telephone in December 2014. In this meeting, the Supervisory Board had already discussed the results of the due diligence review and the status of negotiations on the planned acquisition of a majority interest in RSP GmbH.

In January, the foundation of a joint venture with Axxiome Deutschland GmbH was resolved by written circular. The joint venture operates under the name SNP Axxiome GmbH and is based in Frankfurt.

The Supervisory Board meeting on 5 March 2015 was dominated by the discussion and approval of the annual and consolidated financial statements for fiscal year 2014. The Executive Board and the Supervisory Board

also approved the update to the declaration of conformity on the recommendations and suggestions of the German Corporate Governance Code at this meeting. Furthermore, the controlling body adopted the agenda for the 2015 Annual General Meeting and the relevant proposed resolutions. In addition, the Supervisory Board approved the issue of a corporate bond to finance the other acquisitions strategy.

On 21 May, the Supervisory Board and the Executive Board met to discuss business performance at the time and the integration of the acquisition in addition to the corporate strategy for the years to come. Moreover, the Supervisory Board conducted the efficiency review in accordance with the German Corporate Governance Code during this meeting.

At the meeting held on 30 July, the Executive Board and the Supervisory Board conferred to determine target figures for the proportion of women in leadership positions. Following a heated discussion, both bodies spoke against a fixed quota regulation and established target figures of 0% for the Executive Board and the Supervisory Board. The Supervisory Board then extended the mandate of Executive Board member

Dr Andreas Schneider-Neureither from 1 January 2016 to 31 December 2020. Subsequently, his position as CEO was confirmed.

A circular resolution in July related to the foundation of the US company SNP Labs Inc. Transformation projects in the USA are expected to be controlled and technologically processed via the wholly owned subsidiary in the future. Its work will initially focus on the development of a delivery centre for transformation projects in the USA.

On 30 October, development in the first nine months of the fiscal year was presented to the Supervisory Board. Afterwards, the budget and business plan for fiscal year 2016 was discussed and approved. Furthermore, both bodies agreed to replace EBT with EBIT as a target figure for the one-year variable remuneration paid to Executive Board members. EBIT serve as a company-wide financial control parameter for the SNP Group.

In a meeting held by telephone on 3 December, the Supervisory Board discussed the results of the due diligence review and the status of negotiations on the planned acquisition of a majority interest in Astrums Consulting (S) Pte. Ltd., Singapore. The controlling body unanimously approved the planned acquisition of a majority interest. At another meeting held by telephone on 17 December, the Supervisory Board approved the proposed resolution to acquire a majority interest in Hartung Consult GmbH. Capital market reporting followed on 22 December upon the signature of the two purchase agreements.

## **Compliance with the German Corporate Governance Code**

The Executive and Supervisory Boards have jointly examined the German Corporate Governance Code as it was applied during fiscal year 2015 and published an updated version of the declaration of conformity in accordance with section 161 AktG. SNP Schneider-Neureither & Partner AG complied with and continues to comply with the latest recommendations of the Commission of the German Corporate Governance Code with a few exceptions; this is also expected to remain the case in the future. The declaration of conformity is included in the corporate governance report and can be viewed on the company's website.

## **Composition of the Supervisory Board and the Executive Board**

In fiscal year 2015, there were no membership changes to the Supervisory Board or the Executive Board. The members of the Supervisory Board are Dr Michael Drill as Chairman, Mr Gerhard A. Burkhardt as Deputy Chairman and Mr Rainer Zinow. The members of the Executive Board are Dr Andreas Schneider-Neureither as CEO, Mr Jörg Vierfuß as CFO and Mr Henry Göttler as COO.

## **Audit of the annual and consolidated financial statements**

The annual and consolidated financial statements for the year ended 31 December 2015 and the management report and Group management report, together with the bookkeeping system, were audited by the auditor elected by the Annual General Meeting, MOORE

STEPHENS TREUHAND KURPFALZ GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, and issued with an unqualified audit opinion on 10 March 2016.

All financial records and audit reports were provided to all of the members of the Supervisory Board in good time ahead of the Supervisory Board meeting resolving on the approval of the company's accounts, which was held on 10 March 2016, and were carefully examined by the Supervisory Board members.

These documents were discussed in detail in the presence of the auditor. The auditor informed the Supervisory Board that there were no weaknesses in the internal control system or the risk management system. The Supervisory Board satisfied itself that the report by the auditor fulfilled all of the relevant statutory requirements.

The Supervisory Board duly approved the findings of the audits conducted by the auditor at the Supervisory Board meeting on 10 March 2016. The Supervisory Board examined the annual and consolidated financial statements, the management report, the Group management report and the Executive Board's proposal for the appropriation of net profit.

The information contained in the management report and the Group management report is consistent with the assessment of the Supervisory Board.

In considering the Executive Board's proposal for the appropriation of net profit, the Supervisory Board referred to the company's financial and investment plan and its liquidity position. After considering the interests

of the company and its shareholders, the Supervisory Board raised no objections to the Executive Board's proposal for the appropriation of net profit.

Based on the final results of its own examination, the Supervisory did not raise any objections with regard to the annual and consolidated financial statements, the management report and the Group management report.

The Supervisory Board therefore approved and adopted the annual and consolidated financial statements of SNP Schneider-Neureither & Partner AG prepared by the Executive Board. It also approved the Executive Board's proposal for the appropriation of net profit.

#### Closing remarks

The outstanding qualifications, experience and motivation of the SNP Group's employees form the basis for the growth in business in the past years and – so we are convinced – the successful future of the company.

We would therefore like to thank them in due form for their exemplary commitment, particularly in the past fiscal year.

Heidelberg, 10 March 2016

For the Supervisory Board



Dr Michael Drill, Chairman

# SNP on the capital market

Due to numerous geopolitical crises and tensions worldwide, the stock exchange experienced a volatile year in 2015. At the beginning of the year, day-to-day politics in Europe were shaped by the dispute between eurozone countries and the Greek government regarding a suitable reform and austerity programme. Following heated debates, an agreement was finally reached and the Greek government agreed to fundamental reforms in exchange for extensive loan commitments. In the middle of the year, the rise of the Islamic State hit the headlines and the crisis in the Middle East, which was caused by the Syrian civil war, further intensified. Last but not least, the ongoing conflict in Ukraine and

the economic downturn in China resulted in more trading turmoil.

Despite various periods of crisis leading to high price volatility, the DAX reported an increase of 9.6% to 10,743 points over the course of the year. The MDAX and the SDAX even saw a rise in growth rates that was more than twice as high, amounting to 22.6% and 26.6% respectively. The TecDAX still exceeded these results, as it climbed to 1,831 points, which corresponds to a rise of 33.5%. These increases are attributable to the robust economic situation and particularly the ECB's expansionary monetary policies.

## Key share data

ISIN	DE0007203705
Securities identification number	720 370
Number of shares	3,738,060
Share capital	3,738,060 €
Class	No-par value bearer shares
Market segment	Prime Standard
Trading exchanges/stock exchanges	Xetra®, Frankfurt, Berlin, Hamburg, Munich, Stuttgart, Dusseldorf
Ticker symbol	SHF
Bloomberg	SHF:GR
Reuters	SHFG.DE

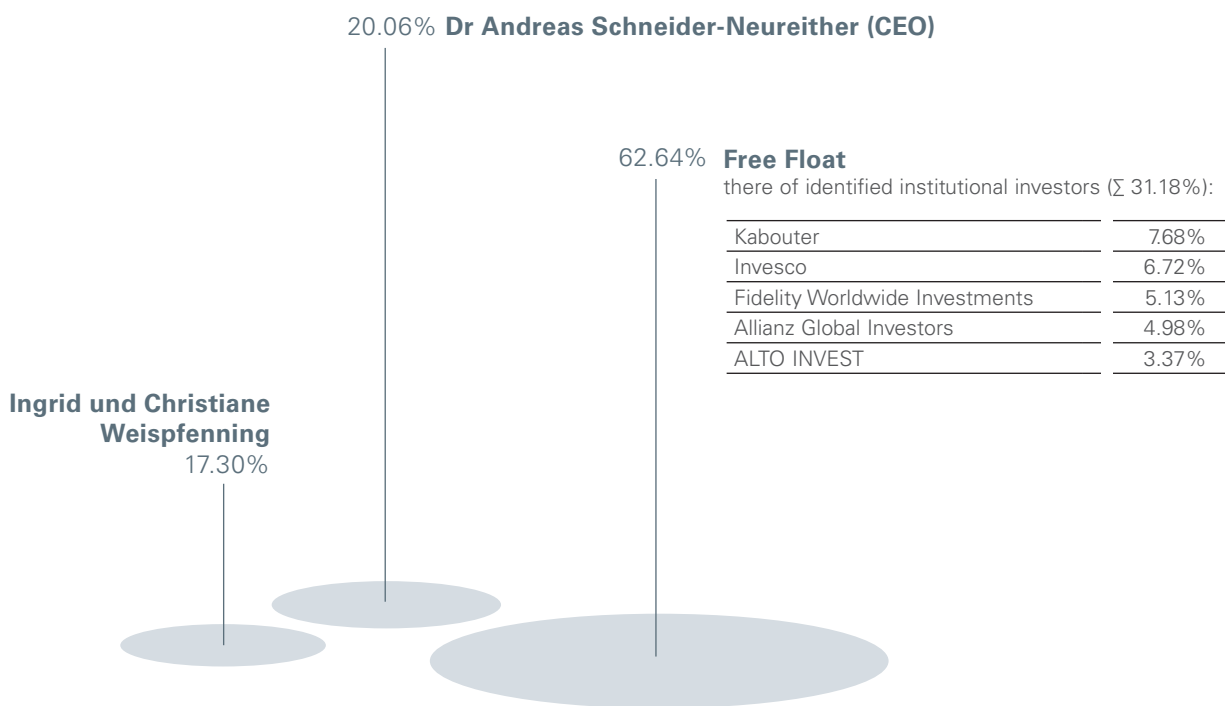
## Share performance indicators\*

	2015	2014
Earnings per share at 31 December (in €)	<b>0.69</b>	0.27
Market capitalisation at 31 December (in € million)	<b>107.58</b>	52.33
Closing price (in €)	<b>28.78</b>	14.00
High (in €)	<b>29.30</b>	15.00
Low (in €)	<b>12.31</b>	9.90

\* Adjusted data (XETRA), source: Bloomberg

**Shareholder structure**

As at 2nd March 2016



**SNP's share**

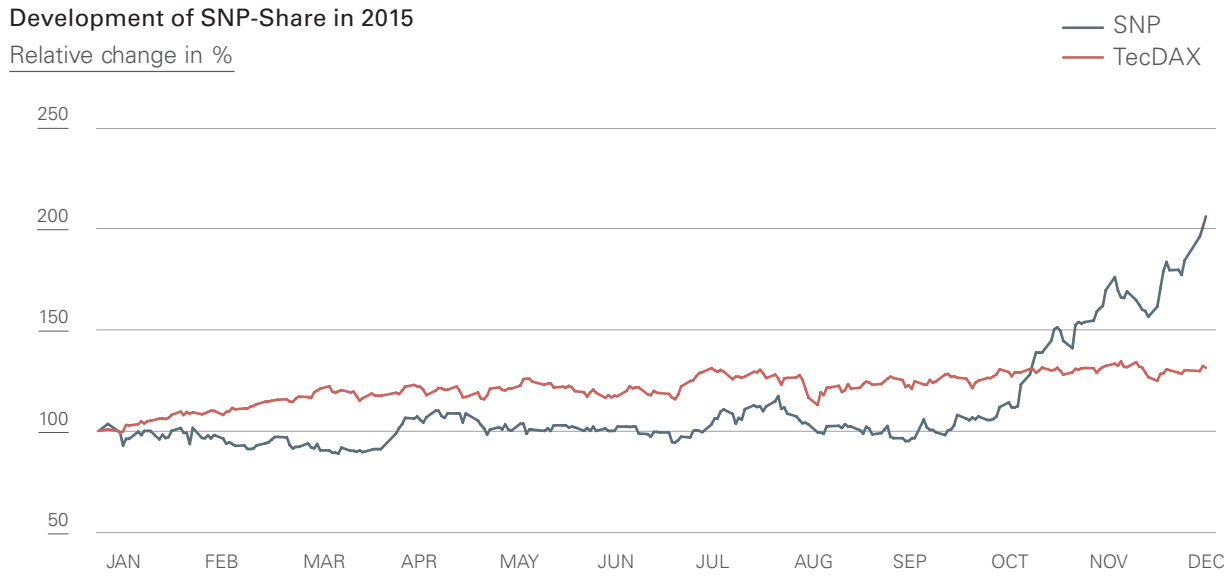
The dividend-adjusted closing price for SNP AG's share for 2014 was € 13.87. In the first three quarters in which the company presented excellent interim results and positive corporate news, the share fluctuated within a range between the annual low of € 12.31 and € 16.40. The revenue forecast, which was increased in October, and the excellent nine-month figures are proof of SNP

AG's strong operating performance in 2015. Supported by a strong upswing in trading volumes, the share price went up significantly. In December, the price finally reached its annual high of € 29.30. The XETRA year-end closing price was € 28.78. This corresponds to an increase of 107.5% over the course of the year.



### Development of SNP-Share in 2015

Relative change in %



At € 107.6 million, market capitalisation also broke the € 100 million mark at the end of the year. In addition, the share's trading volume soared: A monthly average of 5,043 shares per day were traded across various stock exchanges in 2015 (previous year: 1,559 shares). Daily trade reached a record volume of 41,241 shares at the beginning of November, shortly after the nine-month figures had been published. In May, a dividend of € 0.13 per share was distributed and the indicated share prices were adjusted accordingly.

**Further information on SNP's share can be found at:** <http://www.snp-ag.com/Investor-Relations/Aktie/>

**Further information on investor relations can be found at:** <http://www.snp-ag.com/Investor-Relations/>

**SNP's bond**

SNP Schneider-Neureither & Partner AG issued a bond in the form of a partial bearer bond with an aggregate principal amount of up to € 20 million. The total amount issued was € 10.0 million. The bond was issued on 9 March 2015 and it will mature on 9 March 2020. The corporate bond was exclusively signed by qualifying investors in Germany and abroad as part of a private placement. It has a nominal interest rate of 6.25% p.a.

**Bond reference data**

ISIN	DE000A14J6N4
Securities identification number	A14J6N
Total nominal amount	€ 20.0 mn
Issue volume	€ 10.0 mn
Issue date	9 March 2015
Coupon	6.250%

**Development of SNP-bond in 2015**

Relative change in %



# Corporate Governance Report 2015

SNP pledges to observe the rules set out in the German Corporate Governance Code for good and responsible corporate governance. Fundamental principles of these rules are close and efficient cooperation between the Executive Board and the Supervisory Board, upholding the interests of shareholders, a policy of open corporate communications, proper financial accounting and auditing, compliance with statutory provisions and internal guidelines and a responsible approach to risk.

SNP welcomes the German Corporate Governance Code as a tool that makes statutory requirements for corporate management and control at listed German companies transparent. In addition, the rules set out here for good and responsible corporate governance comply with recognised standards.

## Declaration of conformity

In accordance with section 161 of the German Stock Corporation Act (AktG), the Executive and Supervisory Boards of a public listed company must, every year, declare the extent to which the company has complied with and will continue to comply with the recommendations of the German Corporate Governance Code (GCGC) as published by the German Federal Ministry of Justice. As part of the declaration of conformity, the Executive and Supervisory Boards are obliged to disclose and explain any deviations from the GCGC. The declaration of conformity has also been made permanently available for viewing in the Investor Relations/Corporate Governance section of the company's website.

## Declaration of conformity for 2015 by SNP Schneider-Neureither & Partner AG on the recommendations of the Commission of the German Corporate Governance Code in accordance with section 161 AktG

The Executive and Supervisory Boards of SNP Schneider-Neureither & Partner AG hereby declare that, since their last declaration of conformity on 5 March 2015, they have complied with and will continue to comply with the currently applicable recommendations of the German Corporate Governance Code (GCGC) as published by the German Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger) in the version dated 5 May 2015 with the following exceptions:

### 1. Section 3.8 (3) of the GCGC

Section 3.8 (3) of the GCGC recommends that the liability insurance arranged by a company for its Supervisory Board members ("directors and officers liability insurance", D&O) should include a deductible. SNP is of the opinion that the commitment and responsibility with which its Supervisory Board members perform their duties is not enhanced by arranging for deductibles. Accordingly, contrary to section 3.8 (3) of the GCGC, the existing D&O policies for the members of SNP AG's Supervisory Board do not include deductibles. SNP AG will also continue to deviate from the recommendation of section 3.8 (3) of the GCGC in this regard.

## 2. Section 4.2.3 (2) of the GCGC

Section 4.2.3 (2) of the GCGC recommends that retroactive changes to the performance targets or comparison parameters for the variable remuneration paid to Executive Board members be excluded. EBT was replaced with EBIT to adjust the target figure for the one-year variable remuneration paid to Executive Board members to the company-wide financial control parameter. SNP AG will deviate once from the recommendation of section 4.2.3 (2) of the GCGC in this regard.

## 3. Sections 5.2 (2); 5.3.1 sentence 1; 5.3.2 sentence 1, 2 and 3; 5.3.3 and 5.4.6 (1) sentence 2 of the GCGC

Contrary to the recommendations of the GCGC as set out in sections 5.3.1, 5.3.2 and 5.3.3, the Supervisory Board has not formed any committees. The company's Supervisory Board is made up of only three members. Given that the identities of the three-member Supervisory Board and those of any committee would be the same, the Supervisory Board of SNP AG has deemed it unnecessary to form any committees. The members of the Supervisory Board therefore share responsibility for all decisions made on critical issues.

## 4. Section 5.4.1 (2) and (3) of the GCGC

Section 5.4.1 (2) of the GCGC recommends that the Supervisory Board define specific objectives regarding its composition, whilst taking into account the specific situation of the company, its international activities, potential conflicts of interest, a specified age limit for members of the Supervisory Board and a specified

control limit for the term of membership on the Supervisory Board in addition to the principles of diversity. Contrary to the recommendation of the code, the Supervisory Board has not established any other target figures with regard to its composition. The Supervisory Board is made up of only three members. Against this background, it sees no advantage in committing itself to specific objectives. Rather, the Supervisory Board deems it more expedient to maintain its flexibility, make proposals to the responsible election bodies on a case-by-case basis and consider the candidates with the best qualifications. It is the opinion of the Supervisory Board that the effort associated with naming and publishing specific targets and regularly adjusting them involves considerable work. In view of the ownership structure and the size of both the company and the Supervisory Board, this does not seem justifiable.

Heidelberg, 10 March 2016  
SNP Schneider-Neureither & Partner AG

For the Executive Board



Dr Andreas Schneider-Neureither, Vorstandsvorsitzender/CEO

For the Supervisory Board



Dr Michael Drill

### **Management and control structure**

As a stock corporation under German law, SNP AG is subject to the provisions of the German Stock Corporation Act and has a dual management and control structure consisting of an Executive Board and a Supervisory Board. The tasks, powers and responsibilities of these two bodies are each clearly regulated by law and there is a separation of the personnel concerned. The working methods, responsibilities and composition of the Executive and Supervisory Boards of SNP AG are described in greater detail in the following section.

### **Working methods of the Executive and Supervisory Boards**

For SNP AG, the fundamental principle of responsible corporate governance and control is to ensure that the Executive and Supervisory Boards work together in an efficient and trustworthy manner, whilst upholding the principles of impartiality and the independence of their members. In order to uphold the independence of persons in management positions so that they are able to take decisions without being subject to instructions from third parties, all positions held by members of the Supervisory and Executive Boards at other companies as their main occupation or as a member of supervisory boards at these companies or on the basis of comparable mandates are disclosed in the subsequent report. Furthermore, no member of either the Executive or Supervisory Board held more than three positions on the supervisory boards of public listed companies outside the Group. There were no conflicts of interest requiring immediate disclosure to the Supervisory Board in fiscal year 2015. In fiscal year 2015, the Supervisory and Executive Boards of SNP AG held four joint meetings at which they passed the necessary resolutions and discussed the strategic direction and further devel-

opment of the company and a number of other individual issues. Additional telephone conferences were held between Supervisory Board members and a total of three resolutions were adopted by way of written circulars.

### **The Executive Board**

The Executive Board is responsible for the operational management of SNP AG and reports to the Supervisory Board on the implementation and results of the corporate strategy. As an executive body, the Executive Board has sole responsibility for managing the company's business in the interests of the company with a view to creating sustainable value. The Executive Board is responsible for managing the company and works in close cooperation with the Supervisory Board in making fundamental decisions about business policy and strategy. For this reason, the Executive Board regularly, promptly and comprehensively updates the Supervisory Board on all topics relevant to the company, including in particular the course of business, compliance-related issues and corporate risks. The Executive Board's duty of information and reporting is laid down in detail by the Supervisory Board in the rules of procedure for the Executive Board. The Supervisory Board also ensures appropriate risk management and controlling within the company. In fiscal year 2015, the Executive Board of SNP AG consisted of Dr Andreas Schneider-Neureither (CEO), Mr Jörg Vierfuß (CFO) and Mr Henry Göttler (COO). At its meeting on 30 July 2015, the Supervisory Board resolved the extension of Dr Andreas Schneider-Neureither's service contract, expiring on 31 December 2015, to 31 December 2020 with effect on 1 January 2016.

<b>Members of the SNP AG Executive Board 2015</b>	<b>Tenure from/to</b>	<b>Responsibilities and Departments</b>	<b>Other Appointments</b>
<p><b>Dr Andreas Schneider-Neureither</b></p> <p>Physicist (diploma) d.o.b. 05.10.1964</p>	<p>01.10.2012 to 31.12.2015; 01.01.2016 to 31.12.2020</p>	<p><b>CEO</b></p> <p><b>Responsible for:</b></p> <ul style="list-style-type: none"> <li>• Corporate Strategy</li> <li>• Portfolio &amp; Product Strategy</li> <li>• Sales &amp; Partnermanagement</li> <li>• Marketing</li> <li>• Investor Relations &amp; Corporate Governance</li> <li>• Strategic and process consulting</li> </ul>	<p>Supervisory Board Casadomus AG, Stuttgart</p> <p>Supervisory Board VHV insurance services GmbH, Hanover</p> <p>Member of the Board of Directors VHV-Gruppe, Hanover</p>
<p><b>Jörg Vierfuß</b></p> <p>Master of Business Administration d.o.b. 05.07.1968</p>	<p>01.04.2014 to 31.12.2016</p>	<p><b>CFO</b></p> <p><b>Responsible for:</b></p> <ul style="list-style-type: none"> <li>• Finance, Controlling &amp; Accountancy</li> <li>• Purchasing department &amp; Taxes</li> <li>• Human Resources</li> <li>• Legal &amp; Compliance</li> <li>• Administration</li> <li>• IT</li> </ul>	<p>No further appointments</p>
<p><b>Henry Göttler</b></p> <p>MA d.o.b. 03.12.1965</p>	<p>01.07.2014 to 31.12.2016</p>	<p><b>COO</b></p> <p><b>Responsible for:</b></p> <ul style="list-style-type: none"> <li>• Product Management</li> <li>• Product Marketing</li> <li>• Pre-Sales</li> <li>• Development</li> <li>• Support</li> <li>• Quality Assurance</li> <li>• Professional Services</li> </ul>	<p>Supervisory Board Smart Commerce SE</p>

## The Supervisory Board

The Supervisory Board is responsible for advising and monitoring the Executive Board in its management of the company. As major company decisions require the approval of the Supervisory Board, the Supervisory Board is involved in all decisions of fundamental importance to the company. The Supervisory Board has established rules of procedure for its work. The Supervisory Board of SNP consists of three persons. When proposing the election of members to the Supervisory Board, the knowledge, skills and professional experience required for the position are considered. The current members of the Supervisory Board represent a highly competent advisory and controlling body of proven experts in the finance and software industries and ensure the most effective possible corporate governance and support for the Executive Board in matters of strategic orientation.

In fiscal year 2015, the Supervisory Board was made up of Dr Michael Drill as Chairman, Mr Gerhard A. Burkhardt as Deputy Chairman and Mr Rainer Zinow. The three members of the Supervisory Board were elected until the end of the Annual General Meeting resolving on the approval of the actions of the Supervisory Board for fiscal year 2015.

The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and attends to its affairs and interests externally. The members of SNP AG's Supervisory Board are not former members of the Executive Board. An efficiency review of SNP AG's Supervisory Board is conducted on a regular basis; most recently at the Supervisory Board meeting in May 2015.

The German Corporate Governance Code recommends that Supervisory Boards should form committees with sufficient expertise. Given that the identities of the three-member Supervisory Board and those of any committee would be the same, the Supervisory Board of SNP AG has deemed it unnecessary to form any committees. The members of the Supervisory Board therefore share responsibility for all decisions made on critical issues. Section 5.4.1 (2) and (3) GCGC recommends that the Supervisory Board define specific objectives for its composition and publish these along with a report on the status of their implementation in the Corporate Governance Report. The Supervisory Board has established a target figure for the proportion of women within this body. More detailed information can be found in the following paragraphs. Other than that, the Supervisory Board does not comply with the recommendation on defining specific objectives for its composition, and hence does not report on this matter.



<b>Members of the SNP AG Supervisory Board 2015</b>	<b>Appointed/elected from/to</b>	<b>Memberships on other Supervisory Boards and other similar bodies</b>
<p><b>Dr Michael Drill</b></p> <p>Chairman of the Executive Board Lincoln International AG</p>	<p>Chairman since: 06.06.2014</p> <p>Deputy Chairman from: 24.05.2012 until 06.06.2014</p> <p>First appointed: 04.04.2011</p> <p>Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015</p>	<p>Shareholder Value Beteiligungen AG Chairman of the Supervisory Board, Germany</p> <p>Lincoln International SAS Supervisory Board member, France</p> <p>Lincoln International LLP Supervisory Board member, England</p>
<p><b>Gerhard A. Burkhardt</b></p> <p>Chairman of the Executive Board Familienheim Rhein-Neckar eG</p>	<p>Deputy Chairman from: 06.06.2014</p> <p>First appointed: 01.05.2013</p> <p>Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015</p>	<p>Casadomus AG Chairman, Germany</p> <p>Haufe-Lexware Real Estate AG Germany</p> <p>GdW Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Germany</p> <p>GWE Gesellschaft für Wohnen im Eigentum AG Germany</p>
<p><b>Rainer Zinow</b></p> <p>Senior Vice President SAP SE</p>	<p>Member of the Supervisory Board</p> <p>First elected: 06.06.2014</p> <p>Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015</p>	<p>No further appointments</p>

### **Declaration on the target figures established for the proportion of women at management level**

The law on the equal participation of women and men in leadership positions in the private and public sectors entered into force on 1 May 2015. The law does not oblige listed companies that are subject to this law, such as SNP AG, to be fully involved in the determination of target figures for the proportion of women on the Supervisory Board, the Executive Board and two management levels below the Executive Board. In the version dated 5 May 2015, the German Corporate Governance Code incorporated the new statutory requirements into its rules and regulations under section 4.1.5 sentence 2, section 5.1.2 (1) sentence 2 and section 5.4.1 (2) sentences 2 and 3.

The Supervisory Board established target figures of 0% for itself and the Executive Board. The same target figure was resolved by the Executive Board for the proportion of women in lower management positions. SNP AG welcomes political efforts to ensure that diversity and gender equality exist in the corporate world. However, the executive bodies of SNP AG believe that establishing target figures beyond 0% would clash with the company's interests to a great extent. SNP AG operates in an industry where the employment of suitably qualified specialist staff is a critical success factor. At the same time, the sector is confronted with a shortage of candidates who fulfil these requirements. For SNP AG, attracting suitable employees in general and appropriate managers in particular is therefore both a crucial and particularly challenging task.

Against this backdrop, corporate responsibility requires that this already difficult task not be further complicated by imposing a fixed quota for women on companies. Based on the same grounds, a fixed quota for men is to be rejected. Another factor specifically against the es-

tablishment of a quota for women is the fact that SNP AG predominately employs individuals with an academic background in electrical engineering, IT, computer engineering, business IT, physics and physical engineering. These courses traditionally have a high to very high proportion of male students and an accordingly low to very low proportion of female students. Owing to this disproportion, the aggravation of the recruitment situation associated with the quota for women to be met is seen as drastic.

### **Share transactions by the Executive Board and Supervisory Board**

Section 15a of the German Securities Trading Act (WpHG) states that members of the Executive and Supervisory Boards of SNP AG, as well as senior staff and people closely associated with them ("management personnel"), must disclose any acquisitions or disposals of SNP shares and any related financial instruments if the total value of the transactions conducted exceeds € 5,000 within a calendar year. On the basis of the notifications submitted to SNP AG on shares and other transactions, this information was published immediately in accordance with the relevant provisions of capital market law.

The notifications submitted to SNP AG for the past fiscal year were published as required and can be viewed in the Investor Relations/Directors' Dealings section of the company's website.

### **Share retention bonus**

At the end of September 2015, the Executive Board of SNP AG resolved a scheme in the form of a share retention bonus for the benefit of the SNP employees. At the heart of this program lies a so-called share retention bonus that is paid to all SNP Group employees in the

amount of € 1.40 for each SNP share purchased from 1 October 2015 and held for at least twelve months. The objective is to further contribute to employee loyalty to the company and involve these employees in the company's success to an even greater extent. The bonus program applies to the purchase of shares up to and including 31 March 2016. With the exception of the Executive Board and the Supervisory Board, all employees have the right to participate. Employees purchase these shares on the market on their own account.

### Shareholdings of the Executive and Supervisory Boards

Section 6.2 GCGC stipulates that any ownership of shares in the company or related financial instruments by its Executive or Supervisory Board members should

be disclosed if this exceeds 1% of the shares issued by the company, either directly or indirectly. Furthermore, the total number of shares held should be disclosed separately for the Executive Board and the Supervisory Board. As of 31 December 2015, the members of the Executive Board directly and indirectly held around 20% of the shares issued by the company (754,218 shares). No subscription rights for SNP AG shares have been issued by the company. The members of the Supervisory Board also hold shares in SNP AG. There are no share option plans or similar securities-based incentive systems for the Supervisory Board or the Executive Board. In addition, there are no share option plans in place at the company. The following table shows the number of SNP shares held by or attributable to each member of the executive bodies and any changes in fiscal year 2015.

<b>Shares owned by the Executive Board</b>	<b>Number of shares on 31.12.2014</b>	<b>% on 31.12.2014</b>	<b>Number of shares on 31.12.2015</b>	<b>% on 31.12.2015</b>
Dr Andreas Schneider-Neureither	749,718	20.06	749,718	20.06
Jörg Vierfuß	2,500	0.07	2,500	0.07
Henry Göttler	2,000	0.05	2,000	0.05
<b>Total</b>	<b>754,218</b>	<b>20.18</b>	<b>754,218</b>	<b>20.18</b>
<b>Shares owned by the Supervisory Board</b>	<b>Number of shares on 31.12.2014</b>	<b>% on 31.12.2014</b>	<b>Number of shares on 31.12.2015</b>	<b>% on 31.12.2015</b>
Dr Michael Drill	5,500	0.13	11,500	0.31
Gerhard A. Burkhardt	0	0	3,200	0.09
Rainer Zinow	0	0	0	0.00
<b>Total</b>	<b>5,500</b>	<b>0.13</b>	<b>14,700</b>	<b>0.40</b>

### **Disclosures on risk management**

SNP AG's business activities are subject to a variety of risks that are unavoidable in the course of its business activities. Good corporate governance includes dealing with these risks responsibly. In order to identify and assess risks at an early stage and deal with them accordingly, SNP AG employs effective management and control systems that are combined as part of a uniform risk management system. A detailed description of the risk management system can be found in the report on risks and opportunities in the 2015 Group Management Report. This section also contains the reports on the accounting-related internal control and risk management system that are required in accordance with the German Accounting Law Modernisation Act (BilMoG).

### **Further information on corporate governance at SNP**

Comprehensive information on the activities of the Supervisory Board and cooperation between the Supervisory Board and the Executive Board can also be found in the Supervisory Board Report in this Annual Report.

SNP's consolidated financial statements and interim reports are prepared in accordance with the International Financial Reporting Standards (IFRS), while the annual financial statements of SNP AG are prepared in accordance with the provisions of the German Commercial Code (HGB). The Annual General Meeting on 21 May 2015 elected MOORE STEPHENS TREUHAND KURPFALZ GmbH, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Mannheim, as the auditor for SNP AG and the SNP Group for fiscal year 2015.

We place a high priority on transparency and an aspiration to provide our shareholders and the public with quick, comprehensive and simultaneous information. Accordingly, important company information and current developments are published in good time on our company website. In addition to detailed information on corporate governance at SNP, the website includes supplementary information on the Executive Board, Supervisory Board and Annual General Meeting, company reports (annual reports, annual financial statements, management reports and interim reports), a financial calendar containing all of the major dates and publications, ad hoc disclosures and directors' dealings.

### **Disclosures on other corporate governance practices**

SNP AG also voluntarily fulfils the non-mandatory suggestions set out in the GCGC to the extent that this is expedient and viable for the company. Other corporate governance practices going above and beyond the statutory requirements are set out in various internal documents and are implemented accordingly. These contain the fundamental principles and rules of conduct to be applied within the company and when dealing with external partners and the general public. The management encourages the implementation of these principles through management training in particular.

# Remuneration report

The remuneration report describes the structure and level of remuneration of the Executive Board and the Supervisory Board. It takes into account the legal requirements and the recommendations of the German Corporate Governance Code. It is an integral part of the annual financial statements and the management reports of the company and the Group.

## Remuneration of the Executive Board

According to the German law on the appropriateness of executive remuneration ("VorstAG"), the Supervisory Board is responsible for setting Executive Board remuneration. The structure and substance of the compensation system is regularly revised and monitored by the Supervisory Board. Criteria for determining the appropriate remuneration paid to Executive Board members include, in particular, the duties of Board members concerned, their personal performance, the performance of the Executive Board as a whole, the economic situation, and the performance and future prospects of the company when compared with corporate peers.

The total remuneration of Executive Board members still consists of a number of components and is composed of fixed and performance-based components. The non-performance-related components consist of a basic salary, fringe benefits and pension plans, whilst the performance-related components are based on the company's business performance.

The fixed component is a non-performance related basic remuneration and is paid as a salary on a monthly basis. In addition, Executive Board members receive further benefits in the form of benefits in kind, which consist mainly of insurance premiums and the private use of a company car. Although these additional bene-

fits are essentially available to all Executive Board members, tax is to be paid on them individually by each Board member.

Variable remuneration is calculated on the basis of the company's business results, specifically EBIT, which is defined as net income before interest and taxes on the SNP Group's statement of financial position. The calculation is performed by applying a percentage to EBIT, which the Supervisory Board sets for each fiscal year. This bonus is capped. If the SNP Group's EBIT result in a bonus calculation that is below a specific minimum level, this leads to a complete loss of the variable bonus for the fiscal year.

With regard to the targeted sustainability of results, a long-term remuneration component was agreed with effect from 1 January 2015; this component is based on the company's sales, EBIT margin and share price. Its weighting and target-attainment levels are uniformly defined; the target date is 31 December 2016. The provision on long-term remuneration was also incorporated into the new service contract of the CEO. Dr Andreas Schneider-Neureither was appointed once again as an Executive Board member from 1 January 2016 to 31 December 2020 and his position as CEO was confirmed.

The Supervisory Board set the remuneration of the Executive Board for fiscal year 2015 on 10 March 2016.

### Remuneration of the Executive Board in fiscal year 2015

The total remuneration awarded to Members of the Executive Board in fiscal year 2015 amounted to a total of € 1,034,210.93. Details of the remuneration paid to Executive Board members in fiscal year 2015 and in the previous year are itemised in the following tables:

#### Fiscal year 2015

In €	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr Andreas Schneider-Neureither	220,000.00	201,810.73	21,467.28	9,824.81	10,603.90	463,706.72
Jörg Vierfuß	120,000.00	89,693.66	18,621.00	0.00	4,408.58	232,723.24
Henry Göttler	180,000.00	134,540.49	22,454.76	0.00	785.72	337,780.97
<b>Total</b>	<b>520,000.00</b>	<b>426,044.88</b>	<b>62,543.04</b>	<b>9,824.81</b>	<b>15,798.20</b>	<b>1,034,210.93</b>

#### Fiscal year 2014

In €	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr Andreas Schneider-Neureither	220,008.00	154,622.68	21,390.48	9,774.81	10,323.62	416,119.59
Jörg Vierfuß	90,000.00	51,540.89	13,823.28	0.00	2,884.89	158,249.06
Henry Göttler	90,000.00	51,540.89	8,801.36	0.00	410.25	150,752.50
<b>Total</b>	<b>400,000.00</b>	<b>257,704.46</b>	<b>44,015.12</b>	<b>9,774.81</b>	<b>13,618.76</b>	<b>725,113.15</b>

In addition to general insurance and pension commitments, the company has also arranged Directors and Officers (D&O) liability insurance on behalf of the Executive Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for members of the Supervisory Board and senior executives. The corresponding D&O insurance for SNP America Inc. also

grants pro rata coverage for the CEO of SNP AG, who is also the Chairman of the Board of SNP America, Inc., and the CFO of SNP AG, who is also the Vice President for Finance of SNP America, Inc. The D&O insurance policy described totals an annual insurance premium of € 2,951.41. The pro-rata insurance premium paid per person per period of activity can be consulted in the insurance benefit table.

Table 1: Remuneration of the Executive Board in 2015 (benefits granted)

<b>Dr Andreas Schneider-Neureither</b>				
CEO / joined: 01.12.1994				
In €	<b>2014 Initial value</b>	<b>2015 Initial value</b>	<b>2015 Minimum</b>	<b>2015 Maximum</b>
Fixed remuneration	220,000.00	220,000.00	220,000.00	220,000.00
Variable remuneration	21,390.48	21,467.28	21,467.28	21,467.28
<b>Total</b>	<b>241,390.48</b>	<b>241,467.28</b>	<b>241,467.28</b>	<b>241,467.28</b>
One-year variable remuneration	180,000.00	180,000.00	0.00	360,000.00
Multi-year variable remuneration*	-	-	-	-
<b>Total</b>	<b>180,000.00</b>	<b>180,000.00</b>	<b>0.00</b>	<b>360,000.00</b>
Pension expenses	20,098.43	20,428.71	20,428.71	20,428.71
<b>Total sum</b>	<b>441,488.91</b>	<b>441,895.99</b>	<b>261,895.99</b>	<b>621,895.99</b>
<b>Jörg Vierfuß</b>				
CEO / joined: 01.04.2014				
In €	<b>2014 Initial value</b>	<b>2015 Initial value</b>	<b>2015 Minimum</b>	<b>2015 Maximum</b>
Fixed remuneration	90,000.00	120,000.00	120,000.00	120,000.00
Variable remuneration	13,823.28	18,621.00	18,621.00	18,621.00
<b>Total</b>	<b>103,823.28</b>	<b>138,621.00</b>	<b>138,621.00</b>	<b>138,621.00</b>
One-year variable remuneration	60,000.00	80,000.00	0.00	160,000.00
Multi-year variable remuneration*	-	-	-	-
<b>Total</b>	<b>60,000.00</b>	<b>80,000.00</b>	<b>0.00</b>	<b>160,000.00</b>
Pension expenses	2,884.89	4,408.58	4,408.58	4,408.58
<b>Total sum</b>	<b>166,708.17</b>	<b>223,029.58</b>	<b>143,029.58</b>	<b>303,029.58</b>
<b>Henry Göttler</b>				
COO / joined: 01.07.2014				
In €	<b>2014 Initial value</b>	<b>2015 Initial value</b>	<b>2015 Minimum</b>	<b>2015 Maximum</b>
Fixed remuneration	90,000.00	180,000.00	180,000.00	180,000.00
Variable remuneration	8,801.36	22,454.76	22,454.76	22,454.76
<b>Total</b>	<b>98,801.36</b>	<b>202,454.76</b>	<b>202,454.76</b>	<b>202,454.76</b>
One-year variable remuneration	60,000.00	120,000.00	0.00	240,000.00
Multi-year variable remuneration*	-	-	-	-
<b>Total</b>	<b>60,000.00</b>	<b>120,000.00</b>	<b>0.00</b>	<b>240,000.00</b>
Pension expenses	410.25	785.72	785.72	785.72
<b>Total sum</b>	<b>159,211.61</b>	<b>323,240.48</b>	<b>203,240.48</b>	<b>443,240.48</b>

\* The long-term remuneration component was agreed effective 1 January 2015, and is based on the company's sales, EBIT margin and share price. Its weighting and target-attainment levels are uniformly defined; the target date is 31 December 2016. The 100% target figures are staggered as follows: Dr Andreas Schneider-Neureither: € 200,000.00 Henry Göttler: € 150,000.00 and Jörg Vierfuß: € 100,000.00

For fiscal year 2015, remuneration of the Executive Board is once again reported in individualised form on the basis of the uniform model tables recommended in the German Corporate Governance Code. A key feature of these model tables is separate posting of the grant-

ed benefits (Table 1) and the actual allocations (Table 2). In terms of benefits, the target figures (payment in the event of 100% target attainment) and the attainable minimum and maximum figures are also stated.



Table 2: Remuneration of the Executive Board in 2015 (allocations)

In €	Dr A. Schneider-Neureither		Jörg Vierfuß		Henry Göttler	
	CEO from 01.12.1994		CFO from 01.04.2014		COO from 01.07.2014	
	2015	2014	2015	2014	2015	2014
Fixed remuneration	220,000.00	220,000.00	120,000.00	90,000.00	180,000.00	90,000.00
Variable remuneration	21,467.28	21,390.48	18,621.00	13,823.28	22,454.76	8,801.36
<b>Total</b>	<b>241,467.28</b>	<b>241,390.48</b>	<b>138,621.00</b>	<b>103,823.28</b>	<b>202,454.76</b>	<b>98,801.36</b>
One-year variable remuneration	201,810.73	154,622.68	89,693.66	51,540.89	134,540.49	51,540.89
Multi-year variable remuneration*	-	-	-	-	-	-
<b>Total</b>	<b>201,810.73</b>	<b>154,622.68</b>	<b>89,693.66</b>	<b>51,540.89</b>	<b>134,540.49</b>	<b>51,540.89</b>
Pension expenses	20,428.71	20,098.43	4,408.58	2,884.89	785.72	410.25
<b>Total sum</b>	<b>463,706.72</b>	<b>416,111.59</b>	<b>232,723.24</b>	<b>158,249.06</b>	<b>337,780.97</b>	<b>150,752.50</b>

#### Advances or loans to Executive Board members or contingent liabilities incurred on behalf of these persons

As at 31 December 2015, an advance on travel expenses of € 6 thousand (previous year: € 0 thousand) had been extended to one of the Executive Board members. There were no other loans, credits or advances extended to the Executive Board members. Furthermore, during the reporting year, SNP AG did not incur any contingent liabilities on behalf of members of the Executive Board.

#### Provisions for pension commitments to members of the Executive Board

In accordance with IFRS, SNP AG has made provisions for pension commitments to Dr Andreas Schneider-Neureither and Mrs Petra Neureither (CFO until 19 May 2011), totalling € 201 thousand (prior year: € 176 thousand). An insurance policy has been agreed to cover pension obligations.

#### Other transactions

Since 1 December 2010, there has been a lease agreement between a member of the Executive Board and SNP AG for office premises and parking spaces. Effective 1 September 2014, two separate agreements (office premises and parking spaces) were concluded for these with unchanged terms. These services are invoiced at arm's-length conditions. In financial year 2015, rental expenses of € 228 thousand (prior year: € 229 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2015. Since 1 September 2014 and 1 November 2014, there have also been five rental agreements between a company controlled by a member of the Executive Board and SNP AG for office premises and parking spaces. These services are invoiced at arm's-length conditions. In financial year 2015, rental expenses of € 157 thousand (prior year: € 46 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2015.

### Principles of the remuneration system for the Supervisory Board

The remuneration of Supervisory Board members is based on their responsibilities and the scope of their activities. As laid down in article 6 (20) of the Articles of Association, it consists of a fixed annual remuneration, attendance fees, and the reimbursement of proven necessary expenses. No performance-related component is attached to the remuneration. In addition to the reimbursement of their expenses and an attendance fee of € 1,000.00 per Supervisory Board meeting, the members of the Supervisory Board receive a fixed sum of € 10,000.00 per fiscal year for their work. The Chairman receives twice and his deputy one and a half times the fixed sum. In addition, the Supervisory Board members were covered in the performance of their tasks by

a Directors and Officers (D&O) loss and liability insurance arranged by the company with coverage of € 6,000,000.00 for each individual insurance claim and for all insurance claims in a period of insurance altogether. No deductible is agreed.

### Remuneration of the Supervisory Board in fiscal year 2015

The total remuneration awarded to members of the Supervisory Board in fiscal year 2015 amounted to a total of € 57,539.41. At the balance sheet date, there were no loan receivables due from the Supervisory Board members. The following table shows individual remuneration per Supervisory Board member:

#### Fiscal year 2015

In €	Fixed amount	Attendance fee	Other expenses	D&O-Insurance	Total
Dr Michael Drill	20,000.00	4,000.00	125.50	452.97	24,578.47
Gerhard A. Burkhardt	15,000.00	4,000.00	55.00	452.97	19,507.97
Rainer Zinow	10,000.00	3,000.00	0.00	452.97	13,452.97
<b>Summe</b>	<b>45,000.00</b>	<b>11,000.00</b>	<b>180.50</b>	<b>1,358.91</b>	<b>57,539.41</b>

#### Fiscal year 2014

In €	Fixed amount	Attendance fee	Other expenses	D&O-Insurance	Total
Dr Michael Drill	17,847.22	4,000.00	327.47	668.67	22,843.36
Gerhard A. Burkhardt	12,847.23	4,000.00	0.00	668.67	17,515.90
Rainer Zinow	5,694.44	3,000.00	0.00	334.33	9,028.77
Roland Weise	8,611.83	1,000.00	869.42	334.33	10,815.58
<b>Summe</b>	<b>45,000.72</b>	<b>12,000.00</b>	<b>1,196.89</b>	<b>2,006.00</b>	<b>60,203.61</b>

The company has arranged directors' and officers' liability insurance (D&O) on behalf of the Supervisory Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also

includes the D&O insurance for members of the Executive Board and senior executives. The pro-rata insurance premiums paid for each person for the period of their appointment are shown in the table.





# GROUP MANAGEMENT REPORT

# Group management report for fiscal year 2015

## Basic information on the Group

### Market position and business model of the SNP Group

#### SNP – The Transformation Company

SNP enables companies to successfully manage the digital revolution and thus seize opportunities on the market by means of changeable IT. SNP solutions and software allow for the consolidation of previously separated IT landscapes, provide support for M&A projects and carve outs and promote entry into new markets beyond the domestic market. In SNP Transformation Backbone®, SNP provides the world's first standard software for the automated analysis and implementation of changes in IT systems. For customers, this results in clear quality advantages and the amount of time and costs required in transformation projects can be significantly reduced at the same time.

Since the start of 2016, the SNP Group has employed around 600 people in Europe, Asia, South Africa and the United States, around 300 of whom in Germany. Following the majority takeover of Hartung Consult GmbH (hereinafter referred to as Hartung Consult) and Astrums Consulting (S) Pte. Ltd. (hereinafter referred to as Astrums Consulting) as at the start of 2016, around 180 employees relate to these acquisitions. The SNP Group, Heidelberg, generated revenue of € 56.2 million (not including Hartung Consult and Astrums Consulting) in 2015. Its customers are global corporations operating in industry and the finance and service sectors. SNP AG was founded in 1994 and has been listed since 2000. It was admitted to the Prime Standard of the Frankfurt Stock Exchange (ISIN DE0007203705) in August 2014.

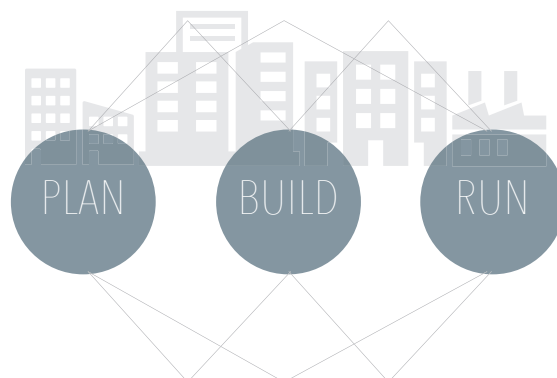
### Agility in IT as a challenge for modern companies

Global competition, constant technological changes and rapidly increasing requirements are driving markets as a result of increasingly shorter change cycles. Things that seem promising today can already be outdated tomorrow. In order to maintain their competitive advantage on global markets, companies have to constantly assess their business strategy and be ready to adjust to a change in framework conditions at all times.

When changes are imminent, global market leaders have to review their strategy and take action quickly. The speed of transformations can impact a company's success. If the IT landscape is sufficiently agile for rapid and efficient change processes, business transformation projects can be successful. Over time, ERP landscapes have become so vast that the implementation of ERP projects is no longer sufficient – the entire ERP landscape has to be completely redesigned. From an economic perspective, transformation projects are some of the most critical, complex and expensive programmes that may have an effect on the organisation of companies and their processes.

### Standardised solutions for company transformations

Transformation projects are among the biggest challenges for companies and their IT organisations. With the SNP Transformation Backbone software platform and the services for SNP Business Landscape Transformation, companies secure their investments and retain all their historical data. The SNP Group's range of products and services helps companies to adapt their IT landscape to changes in a fast, flexible and highly efficient manner – both in terms of time and cost.



The main challenge in ERP transformations is the complete and correct mapping and extraction of historical data and the integration of these data into a new IT system environment. Frequently, these data are related to business critical processes or are of a highly sensitive nature, as in the area of financial accounting or HR, and to lose such data could have serious consequences for the entire company. With its integrated range of software products and software-related consultancy services, the SNP Group has created appropriate solutions that offer companies optimal support in dealing with their IT transformations.

### Professional Services business segment

SNP's consultancy and training services aim to plan and implement corporate transformation processes more professionally. The experience gained in performing these consultancy services also helps SNP, as a driver of innovation, in the development of new transformation tools and in the refinement of existing tools and processes.

#### The SNP consultancy approach

SNP offers extensive IT consulting services. Here, management and project management consulting plays a key role in the service portfolio: For the most part, this type of consulting falls into both Business Landscape Transformation (BLT) and Business Landscape Management (BLM):

#### SNP Business Landscape Transformation (BLT)

SNP Business Landscape Transformation (BLT) covers all aspects and consultancy services required in trans-

formation projects, and, moreover, those additionally requested by customers. Projects are implemented using a tool-based approach on the basis of standardised tasks. With this approach, ERP systems can be amended and migrated using tailored software. As a result, the error rate declines while the transformation's quality improves. Key components include strategy consulting, subsequent process consulting and implementation in addition to data transformation.

#### Strategy consulting

Owing to the high significance of information technology for modern value-adding processes, the IT strategy is a key part of a company's strategy. With the use of suitable IT systems and applications, the strategic alignment of a company is expected to be effectively supported. Our IT strategy consulting is closely linked to process consulting, technology consulting and change management. From the business strategy and requirements of business processes, we derive requirements for IT systems and their organisation. Based on the created IT strategy, SNP supports its customers in the implementation of the IT strategy during the introduction of the suggested IT applications and related IT infrastructure.

#### Process consulting and implementation

Any process of advising starts with a detailed system analysis (Business Landscape Analysis). It forms the basis for successful transformation processes. Business processes are then examined and redesigned with the aim of improving their effectiveness and reliability. The result is a transformation roadmap that is clearly defined for the customer in order to achieve the transformation goals that have been set with regard to time and budget targets. Based on these differences, the

complexity of a transformation project can be estimated and expenses can be derived.

#### **Data transformation**

SNP implements the process of a Business Landscape Transformation with a standardised, software-driven approach. With the SNP software approach, transformation projects can be quickly and securely implemented – regardless of their complexity, the scope of the project and typing. SNP divides transformation projects into four types - merge, split, upgrade and harmonisation. The four standard transformation scenarios need to have an impact on business and technology processes in order to make a project successful. Each IT transformation can be performed using a combination of these four standard transformation scenarios.

In addition, SNP distinguishes transformation projects in business from IT transformations. Business transformations include the following scenarios: mergers and acquisitions, carve-outs and disposals in addition to restructurings. IT transformations include consolidations, harmonisations and new technologies (Cloud).

#### **Business Landscape Management (BLM)**

With Business Landscape Management (SNP BLM), SNP offers a holistic consultancy approach for service and support processes in SAP and non-SAP system landscapes. SNP BLM structures the implementation of SAP Solution Manager with standardised consultancy, best practices and finished enhancements. It encompasses all activities from the thorough analysis of the IT service management processes through to the design and implementation of customised solutions for service and support teams with SAP Solution Manager. SAP Solution Manager supports the implementation, monitoring and further development of a company's complete system landscape, referred to as application lifecycle management (ALM) for short. SNP BLM en-

compasses all application lifecycle management functions and modules in SAP Solution Manager. In around 550 successfully completed projects, SNP specialists have developed a variety of best practices, methods and enhancements to optimise SAP Solution Manager. SNP software and services cover all areas of application lifecycle management – from SAP standard scenarios to complex, customer-specific release management.

The range of functions and complexity of SAP Solution Manager pose a challenge to many companies. As the central system, the SAP Solution Manager can be individually adapted to companies' specific processes and organisations. The typical changes in the organisations and in IT service management (ITSM) and ALM processes must be constantly monitored and optimised where necessary.

Since 2015, SNP BLM has also been focusing on SAP architecture and technology consulting on an IT-decision-making level. The focal points of strategic consulting include current topics such as Cloud architectures, mobility, in-memory and HANA. The S/4 HANA challenges and topics that many customers face are significant and are an attractive portfolio expansion for our customers in combination with the established SNP BLM portfolio about SAP Solution Manager and IT processes.

In addition to the strategic consulting topics mentioned above, this area strengthens the traditional SNP transformation business and enables traditional SAP migration projects to be operated as well today. The combination of both methods within a project is particularly attractive for customers here.

#### **SNP Academy**

SNP's extensive range of training services is directed at customers and partners who would like to work with SNP products. SNP offers a broad range of training



services for SNP Transformation Backbone, SNP Business Landscape Transformation, SNP Business Landscape Management, SNP Dragoman and on the subject of SAP Solution Manager. These training sessions can be carried out both at the in-house SNP Academy in Heidelberg or at customers' premises around the world.

### Software business segment

#### **SNP Transformation Backbone – The integrated software solution to adapt to changes in business and IT structures**

For secure, cost-effective and speedy transformations, the SNP Group has combined its knowledge and experience from over 4,000 transformation projects in one innovative software technology: SNP Transformation Backbone is the world's first standard software that provides holistic, automated support for ERP transformations. By continuously improving the platform and closely collaborating with technology and OEM partners, SNP Transformation Backbone has developed into an international software standard for transformation processes. The software stands out thanks to its practical relevance and supports the agility of companies by means of open standards and a fully integrated project methodology.

#### **SNP Transformation Backbone**

- reduces the duration and cost of projects, increases project security and guarantees compliance through transparency at all levels of the project.
- allows precise forecasts of the transformation project and detailed planning of the business scenario – with a definite estimate of the costs involved.
- enables IT departments of major companies to carry out ERP transformations themselves.
- supports the transformation from planning to execution.

- minimises system downtime.
- meets all legal requirements regarding the transformation of accounting-relevant data.
- is certified by two of the world's largest accounting companies.

SNP Transformation Backbone actively supports all steps of a transformation project – from the ongoing analysis of company data and processes to meticulous planning and rapid implementation. Here, SNP Transformation Backbone is more than just a string of software tools. It rather involves a process, a range of steps that enable results to be planned reliably within the established time and budget framework.

#### **SNP System Scan: Identifying transformation needs**

The purpose of the SNP System Scan is to identify fundamental statistical and structural information in the respective SAP ERP system. Here, the System Scan serves as a basis for the creation of an assessment in order to obtain a complete overview of the customer's system. The focus here is the use of the system, such as the scope of the organisation's structure, how intensively the system is worked with or the type of module that is used in the system. Several scans of different systems or clients can also be compared. When preparing transformation projects in particular, customers can use the System Scan to make observations on the complexity of a project.

#### **SNP Analysis: Planning the migration strategy**

SNP System Landscape Analysis serves to identify the current situation of the SAP system landscape. The analysis can be used to present and assess the differences that exist in the systems. Based on these differences, the complexity of a transformation project can be estimated and expenses can be derived. These

analyses should be performed prior to the transformation project.

SNP Business Process Analysis (BPA) supports companies in visualising and analysing business processes from SAP systems in an automated manner. Based on the results of the analysis, customers have the option of actively intervening in the business processes running in a SAP system and ensuring optimal, process-compliant mapping of the processes in their systems. BPA can be integrated seamlessly in existing SAP environments, has interfaces with SAP Solution Manager and forms the technological basis for accompanying transformation projects in the analysis phase.

Based on all the analysis results, problems and potential can be found in each process and the corresponding changes and optimisations can be derived. As a result, users have the option of actively intervening in the business processes running in an SAP system and ensuring optimal, process-compliant mapping of the processes in the systems.

#### **SNP Project Cockpit: Implementing the transformation**

With the SNP Project Cockpit, users can obtain a consolidated view of the entire transformation process. Comprehensive test, risk management and compliance functions are also included. Users navigate intuitively and purposefully through the individual project phases and employ the appropriate transformation tools in the process. After establishing the overall framework of the project, users can adjust, simulate, implement and validate transformation rules previously fulfilled with the Transformation Cockpit.

#### **SNP Automated Testing**

To allow for a stable system landscape, it must be possible to systematically test changes and their effects on the entire system landscape. With SNP Automated

Testing for SAP, SNP has developed a standard software that automates the regression tests of application data and customising. Potential errors are already identified in an early project phase. As a result, project quality increases with the use of SNP Automated Testing and manual test efforts are significantly reduced at the same time. Developers and consultants in particular benefit from automation as it reveals inconsistencies in the data (master and transaction data) and the related customising settings at an early stage. Further tests performed by expert users become more efficient and can be completed in a shorter period of time. The automated and transaction-oriented tests are completely performed at application level, i.e. fully independently of the SAP user interface.

#### **SNP Data Provisioning and Masking**

Meaningful, realistic test data for development, test or training systems are needed for optimal operation of SAP systems, also in transformation processes. These data help to accelerate software development, to automate quality assurance processes and to introduce new business functions successfully.

The standard SNP Data Provisioning and Masking software provides realistic, secure test data. The technology for the migration and secure masking of productive ERP data for tests and training purposes as well as quality assurance allows test data from the productive systems to be copied and made anonymous.

SNP Data Provisioning and Masking helps companies to reduce development and transformation processes significantly, allows more cost-effective test and training scenarios and, at the same time, protects sensitive customer and product data from internal and external abuse – flexibly, rapidly and easily. SNP Data Provisioning and Masking is a component of the SNP Transformation Backbone solution.

**SNP Verification**

SNP Verification serves to ensure successful data transformation between two clients after a transformation project. Various verification methods are used to compare the data from selected table and application levels. The results of the verification are automatically documented and archived and are thus suitable for auditing purposes.

**SAP Solution Manager – Functional enhancements**

SAP Solution Manager supports the implementation, monitoring and further development of a company's complete ERP system landscape ("application lifecycle management"). The SNP Business Landscape Management (BLM) range of solutions encompasses all application lifecycle management functions and modules in SAP Solution Manager. Based on best practices and around 550 successfully completed projects, the SNP BLM specialists have developed useful add-ons for SAP Solution Manager. These relate to functional enhancements to optimise IT processes, simplify dealing with SAP Solution Manager and make the application more user-friendly. The standardised SNP add-ons for SAP Solution Manager can be integrated in SAP environments without difficulty and are ready for use immediately.

**SNP Dragoman**

Internationally operating companies must provide their SAP applications in the respective national language – a major challenge, especially if the SAP standards have been enhanced with self-developed software. For international projects, a large number of texts must therefore be transferred into other languages. Manual translations are time-consuming, prone to error and expensive. SNP Dragoman automates and simplifies the entire translation process, minimises errors and consequently reduces costs considerably.

**Sales**

With its international sales strategy for software and services, SNP focuses on the direct sales channel and on partners. Revenue of € 8.622 million was generated via the partner channel in fiscal year 2015 (previous year: € 6,417 million); this corresponds to a year-on-year increase of around 34%. The share of total sales thus declined from around 21% to around 15%.

In 2015, the Group succeeded in further expanding the core business via partners both at national and international level and further penetrating the transformation market. In fiscal year 2015, the number of partner companies, which include companies such as system integrators and consultants, increased to 54 globally operating SNP partners (previous year: 50).

Thanks to the strong growth in direct sales, € 47.614 million in revenue was generated in the year under review. This corresponds to a share of total sales amounting to approximately 85% and a year-on-year increase of around 98% (previous year: € 24.063 million). Sales organisation was diversified in the past year. Wholesale client sales focus on consulting and software solutions for global groups and establishes close relations to strategic customers. Software sales focus on the efficient sale of small to medium-sized software products with a minor service component. Staff levels expanded in both sales areas in the past year to significantly increase contact frequency with customers and interested parties.

As at 31 December 2015, the number of sales employees had increased to 30 (previous year: 21).

Subsidiary	Place of business	Shareholding in %
SNP Consulting GmbH	Thale, Germany	100
RSP Reinhard Salaske & Partner Unternehmensberatung GmbH*	Wiehl, Germany	100
SNP Business Landscape Management GmbH**	Heidelberg, Germany	100
SNP Applications GmbH	Heidelberg, Germany	100
SNP Austria GmbH	Pasching (previously Linz), Austria	100
SNP (Schweiz) AG	Steinhausen (previously Zug), Switzerland	100
Schneider-Neureither & Partner Iberica, S.L.	Madrid (previously León), Spain	100
SNP America, Inc.	Jersey City, NJ, USA	100
SNP Labs, Inc.***	Irving, TX, USA	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100

\* In January 2015, SNP AG acquired 74.9% of the shares in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH in a share deal under civil law. It was also agreed that the remaining 25.1% of the shares would be formally acquired at a prescribed purchase price with effect from 1 January 2018. From an economic perspective, the shares are to be allocated to SNP AG with effect from 1 January 2015.

\*\* SNP Business Landscape Management GmbH was created as a new company and included in consolidation for the first time in fiscal year 2015.

\*\*\* SNP Labs, Inc. was created as a new company and included in consolidation for the first time in fiscal year 2015.

## Marketing

A growing sales organisation also requires many appointments with potential customers. These leads are generated thanks to digital direct marketing and are qualified thanks to telemarketing. These lead machines successfully expanded on the US market in the middle of last year. The increased investments in marketing are directly associated with revenue growth thanks to this system.

## Group structure

In addition to the parent company SNP Schneider-Neureither & Partner AG ("SNP AG" for short) in Heidelberg, Germany, the consolidated group includes the following subsidiaries in which SNP Schneider-Neureither & Partner AG directly holds the majority of voting rights as at 31 December 2015 (table above).

## Business performance and economic situation

### Significant events in fiscal year 2015

#### Successful company acquisition

Effective 1 January 2015 SNP AG acquired 74.9% of shares in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH (hereafter referred to as RSP). SNP AG will formally acquire the remaining 25.1% of the shares at a fixed purchase price as at 1 January 2018. The purchase agreement was closed on 30 January 2015.

RSP advises and supports companies across all industries in SAP launch projects and in the optimisation of their business processes with the use of suitable IT systems and applications. The investment allows SNP

AG to expand its strategy- and process-oriented consulting range and, at the same time, to extend its value chain on the market for company transformations.

#### SNP secures one of the biggest orders in its history

In February, SNP was commissioned to globally divide the SAP system landscape of the US computer and IT company Hewlett-Packard. With an order volume of well over USD 5 million, this was one of the biggest contracts in the history of SNP. Overall, data volume of around 50 terabytes from 16 systems was transformed in 14 days. The entire project, which was aimed at the legal separation of the Group as a whole into two independent units, was completed and concluded as planned and without delay as at 1 November 2015.

The high effectiveness of SNP software was demonstrated thanks to the successful implementation of this major project. In addition, the particular advantages of a software-based transformation approach became apparent. In view of the significant cost and time savings, the use of SNP software ensures that the IT landscape can be transformed into two separate ERP structures without having any considerable effects on ongoing business operations or problems. As a result, during this extremely challenging project, SNP successfully carried out its task to create and sustainably secure IT landscapes that are agile, changing and contribute to a value increase.

#### Formation of a new German subsidiary

SNP Business Landscape Management GmbH, wholly owned by the SNP Group, was founded in March. The purpose of the subsidiary is the sale of IT consulting services and software. In particular, the company pro-

vides a holistic consulting concept for service and support processes in ERP system landscapes.

#### **Placement of a corporate bond**

Also in March, SNP Schneider-Neureither & Partner AG placed a corporate bond with a volume of € 10 million on the capital market. The bonds were exclusively offered to qualifying investors in Germany and abroad as part of a private placement. The corporate bond has a coupon of 6.25% p.a. and matures in March 2020. The bond is traded on the open market on the Frankfurt Stock Exchange under ISIN DE000A14J6N4 and securities code number A14J6N.

#### **Annual General Meeting 2015**

The Annual General Meeting of SNP AG, which took place in Leimen on 21 May 2015, approved all the points on the agenda by a substantial majority. Among other items, the shareholders followed the proposal by the Executive Board and the Supervisory Board on the appropriation of net profit and resolved to pay a dividend of € 0.13 per share (previous year: € 0.08 per share). The total distribution therefore amounted to € 0.483 million (previous year: € 0.297 million).

With the approval of the Supervisory Board, shareholders authorised the Executive Board to increase the company's share capital by 20 May 2020 once or several times by up to € 1,869,030 in total against cash contributions or contributions in kind. This was to be done by issuing new ordinary bearer shares (authorised capital in 2015).

With the approval of the Supervisory Board, the Executive Board was also authorised to contingently increase the share capital by up to € 1,869,030 to be divided in

up to 1,869,030 ordinary bearer shares (contingent capital in 2015).

Furthermore, the shareholders voted on the resolutions on a control and profit or loss transfer agreement, firstly between SNP AG and SNP Applications GmbH and secondly between SNP AG and SNP Consulting GmbH.

#### **Greater contractual cooperation with SAP SE**

In June, SNP AG signed a master agreement with SAP SE regarding support for the development of the SAP Landscape Transformation Software. One of the agreement's objectives is to increase the functionality of the SAP Landscape Transformation Software and to raise the automation level for transformation projects. The agreement is another step following the OEM partnership with SAP SE concluded in December 2014. For more details, see page 49 under Innovations.

#### **Mandate extension of the CEO**

At its ordinary meeting on 30 July, the Supervisory Board resolved to extend the service contract between SNP Schneider-Neureither & Partner AG and Dr Andreas Schneider-Neureither, which expires on 31 December 2015. It also resolved to appoint him as a member of the Executive Board from 1 January 2016 to 31 December 2020. In addition, his position as CEO was confirmed.

#### **Formation of a new US subsidiary**

July saw the establishment of SNP Labs Inc., a company wholly owned by the SNP Group. The purpose of the US subsidiary is process-oriented controlling and technological handling of transformation projects as a service for third parties. Its work will initially focus on the

development of a delivery centre for transformation projects in the USA. In order to recruit and train the employees needed there, SNP uses the company-specific recruitment and training programme. The purpose is to offer young professionals a trainee programme in the USA as well in order to prepare them for the high demands of SNP.

### Key performance indicators

Various financial performance indicators are used internally in order to monitor the SNP Group's business performance in line with the corporate strategy. These include segment sales, the order backlog and utilisation (in the Professional Services segment). As a growth-oriented company, profitably increasing sales is also particularly important. Accordingly, all activities for increasing sales are also measured in terms of profitability, and particularly in terms of the potential for increasing earnings before interest and taxes (EBIT) and the EBIT margin in the long term.

### Economic report

#### Macroeconomic environment

The global economy saw restrained growth in 2015. Growth rates stabilised to a lower level in the individual quarters, resulting in annual growth of 3.1% in total according to an estimate of the Kiel Institute for the World Economy (IfW). As a result, this is the lowest growth rate since the crisis year of 2009.

This weak growth was mainly caused by the economic situation in emerging economies. In Russia and Brazil, the recession intensified although the Russian economy continued to show signs of stabilisation around the end of the year. In 2015, China had to accept another slowdown of its growth rate. For the first time since

1990, economic growth was below the 7% mark at 6.9%. Catch-up effects resulted in tremendous growth rates for the Chinese economy in recent years. But due to the rise in wages, the Chinese business model, as the "workbench of the world," is no longer able to generate the (in some cases) double-digit growth rates of the previous year.

Compared with emerging economies, a moderate upturn is to be observed in developed economies. We are looking back at a successful economic year in 2015, particularly in the United States. The IfW estimated annual growth for 2015 at 2.5%. The good economic situation is reflected in a very low unemployment rate, which fell to 5.0% at the end of the year. The eurozone also reported a rise in economic performance. In the third quarter, the results of the previous quarter were exceeded for the tenth time in a row. At the same time, economic momentum, which was responsible for sustained growth, still has to be considered as restrained. The German economy has grown by 1.7% according to the Federal Statistical Office. The good growth rate of the previous year therefore improved by 0.1 percentage points. The willingness to consume and invest is to be named as growth drivers. In the area of consumer expenditure, an increase of 1.9% was reported in the private sector while government consumption even increased by 2.8%. Investment activities were particularly aimed at purchasing equipment. Corporate and government expenditure for machinery and other equipment rose by 3.6%.

The business prospects of German companies indicate that the local economy will continue on its growth path. The Ifo Business Climate Index of February 2016 is at a good 105.7 points. In line with corporate forecasts, the IfW anticipates another increase in the growth rate for the next two years to come. Growth of 2.2% is anticipated for 2016 and 2.3% is anticipated for 2017. Frame-

work conditions involving the willingness to consume and invest are still responsible for this momentum. Furthermore, exports will increase again in the near future as a result of the depreciation of the euro.

The global economy will also see a growth spurt according to IfW estimates. 3.4% growth in 2016 and 3.8% growth in 2017 are mentioned in forecasts for the next two years. Developed economies will benefit from the expansive monetary policy and the low price of oil in the coming months. The situation in emerging economies is expected to stabilise even if restrained growth is still expected.

#### Industry-specific framework conditions

According to an estimate of the European IT Observatory (EITO), the global ITC market grew by 3.8% to € 2.81 billion in 2015. Telecommunications reported an above-average growth rate of 4.3%. A total of € 1.62 billion was generated in the telecommunications business. Information technology saw an increase of 3.1% or € 1.19 billion. This increase was driven by the software business in particular, which rose by 6.8% to € 331 billion.

China and India were among key emerging markets in the ITC sector. In 2015, India exceeded China's growth rate although the latter grew twice as fast in the previous year. Growth in India was unsuccessful at 9.8%, only around the 10% mark with total sales of € 52.4 billion. Low energy costs and growing domestic consumption are responsible for this development. Although the Chinese ITC market was behind India with 8.1% sales growth, China was clearly in front of India in terms of revenue, with a total volume of € 328 billion.

For the German ITC market, the BITKOM industry association anticipates annual revenue of € 156 billion based

on market figures from October, constituting a year-on-year increase of 1.9%. Information technology remains a driver of growth in this sector, which increased by 3.5% and thus achieved a revenue volume of € 80.4 billion. IT services, which also includes IT consulting and the project business, contributed the largest amount to this revenue result with € 37.3 billion. With regard to growth, the IT services business (3% sales growth) was beaten by the area of software, which reported sales growth of 5.4% and thus generated € 20.1 billion in revenue. Following a double drop in revenue, telecommunications reported a slight increase again of 0.9% and thus a revenue volume of € 65.8 billion. The moderate upturn is mainly attributable to a stronger demand for devices and infrastructure systems. The area of maintenance electronics is still in a downward spiral. Still, the drop in revenue was somewhat slowed down. Compared to the previous year, sales went down by 3.8% to € 9.8 billion.

Optimistic future business development is to be seen in the ITC sector according to the latest BITKOM economic survey from January. Three quarters of companies (74%) anticipate a year-on-year rise in revenue in the first half of 2016. Only 8% expect a drop in revenue. This represents a slight increase to 66 points in the BITKOM index as against the summer. However, business prospects in the individual areas turn out to be significantly different. Although 81% of software providers and 80% of IT service providers anticipate a rise in revenue, only 63% of communication technology manufacturers and only one in two IT hardware providers (51%) anticipate the same.

IT security, cloud computing and Industry 4.0 are among the most significant trends in the ITC sector. This is the result of the annual trend survey conducted by BITKOM. With 59% of citations, IT security comes at the top, closely followed by cloud computing with



58% of citations. Industry 4.0 is now in the top 3 for the first time. 54% of companies consider the digitisation of production processes to be a key trend.

#### **Target achievement**

The development of revenue and earnings in fiscal year 2015 exceeds forecasts from the beginning of the year in view of the positive business trend and the excellent order situation in the year as a whole. The revenue target (between € 47 million and € 49 million) issued in the published 2014 annual report was raised to an amount between € 51 million and € 53 million at the beginning of October. The Executive Board retained its earnings forecast and continued to expect an operating EBIT margin of at least 6%. With the new raise of the revenue forecast to € 56 million, the EBIT margin forecast was also raised by two percentage points to 8% at the same time in December. As a result, the anticipated annual targets were raised twice and are therefore significantly above the forecasts made at the beginning of the year.

#### **Net assets, financial position and results of operations**

In fiscal year 2015, SNP generated sales of € 56.236 million as against € 30.480 million in the previous year (+84.5%). This was due mainly to a significantly improved order situation in virtually all regions and areas of the company and excellent consulting capacity utilisation with a clear increase in the order backlog. The DACH region (Germany, Austria and Switzerland) accounted for sales of € 42,416 million in 2015, equivalent to around 75% of total sales. In the previous year, the DACH region had contributed € 23.079 million or 76% of total sales.

Both SNP business segments contributed to the positive sales and business development: The excellent order situation over the year, associated with a rise in projects and project sizes, led to a rise in revenue by 106.1% to € 46.868 million in the Professional Services consultancy segment (previous year: € 22.742 million). In the Software segment, which comprises licence and maintenance revenue, sales increased by 21.1% to € 9.368 million in the same period (previous year: € 7.737 million).

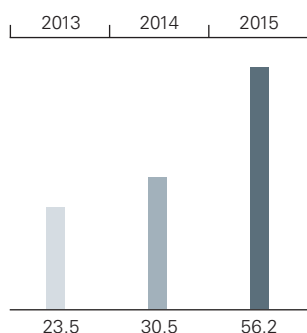
The first-time consolidation of RSP Reinhard Salaske & Partner Unternehmensberatung GmbH in the 2015 annual financial statements also had a substantial influence on revenue growth. € 8.787 million of the revenue increase totalling € 25.756 million was attributable to RSP. Adjusted for this acquisition effect, operating revenue growth was therefore € 16.969 million or 55.7%. Regardless of other growth investments and acquisition costs arising from the acquisition of a majority stake in RSP at the start of 2015 and in Hartung Consult and Astrums Consulting at the start of 2016, EBITDA improved from € 2.367 million to € 5.840 million. In the same period, EBIT increased to € 4.578 million (previous year: € 1.439 million). Based on these figures, there was an EBITDA margin of 10.4% and an EBIT margin of 8.1%.

This pleasing development shows the success of the organic and inorganic growth strategy, which is particularly reflected in an improved perception on the market for company transformations and increased value creation for customers. By expanding its range of consultancy services with strategic and process-oriented consulting elements, it was possible to extend the value added chain for customers and therefore achieve a higher share in the respective projects and generate higher sales and earnings from these projects.



**Revenue performance**

€ million

**Revenue performance**

In fiscal year 2015, SNP generated consolidated sales of € 56.236 million (prior year: € 30.480 million). This equates to sales growth of 84.5% year-on-year. The excellent capacity utilisation with a clear increase in the order backlog and rising project volumes made a significant contribution to this revenue development. RSP Reinhard Salaske & Partner Unternehmensberatung GmbH, included in consolidation for the first time in the reporting period, contributed around € 8.787 million to revenue growth in the year under review. After adjustment for the acquisition, organic revenue growth therefore amounted to € 16.969 million or 55.7% as against fiscal year 2014.

In terms of segment performance, the Professional Services segment, which includes consultancy services in particular, generated revenue of € 46.868 million in the period under review (previous year: € 22.742 million). This represents an increase of 106.1% as against the previous year. Adjusted for the acquisition, growth amounted to 69.0%.

The Software segment (including maintenance) accounted for revenue of € 9.368 million in fiscal year 2015 (previous year: € 7.737 million). This corresponds to a year-on-year increase of 21.1%. Within the segment, maintenance revenue in particular rose significantly by € 0.594 million (€ 0.304 million of which due to acquisitions) to € 1.931 million. This corresponds to an increase in maintenance revenue of 44.5% as against the previous year. Licence revenue was above the figure of the previous year by 16.2% at € 7.437 million (previous year: € 6.401 million).

The biggest revenue driver in the Software segment was again SNP Transformation Backbone in fiscal year 2015. Including maintenance, the product contributed €

6.195 million (previous year: € 4.881 million) to segment revenue. It thus accounted for around 66% (previous year: 63%) of total software revenue. Thanks to the SNP Data Provisioning and Masking standard software, the second-strongest product in the Software segment in terms of revenue generated € 1.161 million (previous year: € 1.397 million) in the year under review.

Overall, the share of sales attributable to the Software segment declined from around 25% in the previous year to approximately 17% in fiscal year 2015. This is essentially due to the acquisition of RSP as the revenue of the majority interest included in consolidation for the first time in the year under review was nearly fully attributable to the area of Professional Service.

**Results of operations**

The significant increase in revenue volume and simultaneously higher profitability in projects led to a substantially above-average rise in earnings: Despite continuous growth investments, EBITDA rose to € 5.840 million in fiscal year 2015 (previous year: € 2.367 million). This corresponds to an EBITDA increase of 146.7% as against the previous year and an EBITDA margin of 10.4% (previous year: 7.8%). In the same period, EBIT amounted to € 4.578 million (previous year: € 1.439 million). This corresponds to an EBIT increase of 218.2% compared to the previous year and an EBIT margin of 8.1% (previous year: 4.7%).

This positive earnings performance was achieved despite ongoing investments in organic growth and growth through acquisitions. Staff costs rose by € 10.694 million to € 31.208 million in fiscal year 2015. € 5.918 million of this relates to RSP, which was included in consolidation for the first time. The increase in the cost of materials by € 5.434 million to € 6.793 million resulted from greater purchasing of external services to handle

**Overview Consolidated Income Statement**

€ million	2015	2014	Δ in %
<b>Revenue</b>	<b>56.236</b>	<b>30.480</b>	<b>84.5</b>
Professional Services	46.868	22.742	106.1
Licenses	7.437	6.401	16.2
Maintenance	1.931	1.336	44.5
Other operating income	1.225	2.112	-42.0
Cost of material	-6.793	-1.358	400.0
Personnel costs	-31.208	-20.514	52.1
Other operating expenses	-13.568	-8.316	63.1
Other taxes	-53	-37	43.9
<b>EBITDA</b>	<b>5.840</b>	<b>2.367</b>	<b>146.7</b>
<b>EBIT</b>	<b>4.578</b>	<b>1.439</b>	<b>218.2</b>
<b>Net financial income</b>	<b>-831</b>	<b>-66</b>	<b>1,159.1</b>
<b>EBT</b>	<b>3.747</b>	<b>1.373</b>	<b>173.0</b>
Income taxes	-1.195	-344	247.3
<b>Consolidated net income</b>	<b>2.552</b>	<b>1.028</b>	<b>148.1</b>

the excellent order situation, of which € 2.549 million was attributable to RSP. Other operating expenses increased by € 5.252 million to € 13.568 million, in line with the expansion of operating business, but were below-average, with RSP accounting for € 1.385 million. Other operating income decreased from € 2.112 million to € 1.225 million. Other operating income essentially consists of currency effects and an adjustment of the fair value of the variable purchase price instalment for the acquisition of RSP GmbH.

As other financial expenses amounted to € 0.853 million in the period under review while other financial income was only immaterial, the financial result was negative at € 0.831 million (previous year: € -0.066 million), resulting in EBT of € 3.747 million (previous year: € 1.373 million). With income taxes of € 1.195 million (previous year: € 0.344 million) there was net profit of € 2.552 million for fiscal year 2015 after € 1.028 million in the previous year. This corresponds to a net margin of 4.5% (previous year: 3.4%). Earnings per share therefore amounted to € 0.69 (previous year: € 0.27).

**Proposed dividend**

The Annual General Meeting of SNP AG, which took place in Leimen on 21 May 2015, approved all the points on the agenda by a substantial majority. Among other items, the shareholders followed the proposal by the Executive Board and the Supervisory Board on the appropriation of net profit and resolved to pay a dividend of € 0.13 per share (previous year: € 0.08 per share). The total distribution therefore amounted to € 0.483 million (previous year: € 0.297 million).

As the distributing company pursuant to the German Commercial Code (HGB), SNP AG recorded net income for fiscal year 2015 of € 0.735 million (prior year: € 2.008 million).

In light of the positive development in fiscal year 2015, the Executive Board and the Supervisory Board will propose to the Annual General Meeting to be held on 12 May 2016 that a dividend of € 0.34 per share be paid for fiscal year 2015 (prior year: € 0.13 per share).

**Order backlog**

As at 31 December 2015, the order backlog of € 20.162 million was about 80.6% above the prior-year level of € 11.163 million.

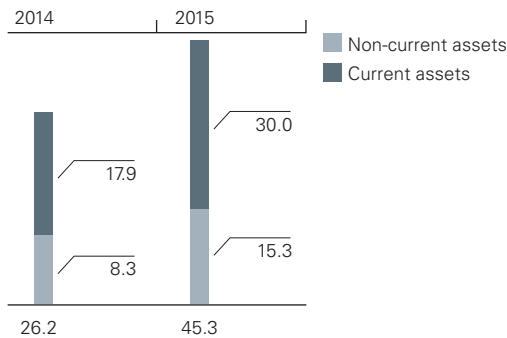
€ million	2015	2014
Order backlog	20.2	11.2
Revenue	56.2	30.5
EBIT	4.6	1.4
EBITDA	5.8	2.4
Number of employees	401	280

**Net assets**

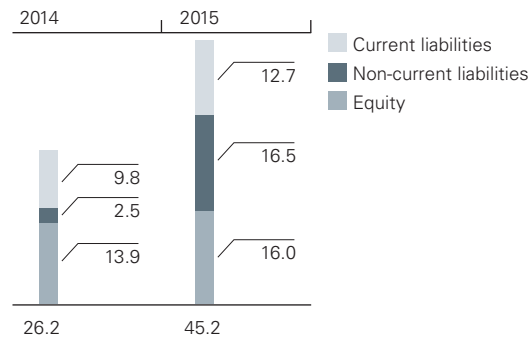
At 31 December 2015, total assets rose significantly by € 19.067 million as against 31 December 2014 to € 45.239 million, mainly as a result of the acquisition of RSP GmbH and the placement of a corporate bond. An increase of € 12.114 million to € 29.996 million is attributable to current assets; non-current assets increased by € 6.952 million to € 15.243 million.

With current assets, the increase was due mainly to the € 8.088 million rise in cash and cash equivalents to € 13.769 million as a result of the placement of a corporate bond and a € 4.889 million increase in the level of trade receivables (with RSP accounting for € 0.936 million) to € 15.498 million. In addition to the acquisition effect, higher receivables resulted in strong revenue growth. Other current assets and tax assets declined by € 0.863 million to € 0.729 million.

**Aktiva**  
€ million



**Passiva**  
€ million



Non-current assets increased from € 8.291 million to € 15.234 million in the reporting period. The increase was due essentially to the rise in goodwill from € 3.980 million to € 10.162 million as a result of the acquisition of RSP. In addition, plant, property and equipment went up by € 0.768 million to € 1.999 million as a result of investments in office and factory equipment that were associated with growth and intangible assets increased by € 0.304 million to € 1.513 million as a result of the purchase of software licences.

On the liabilities side, current liabilities rose by € 3.921 million to € 13.703 million. While current liabilities to banks rose by € 1.500 million to € 2.100 million as a result of taking up a bank loan to finance the acquisition of RSP, trade payables were down by € 1.588 million to € 2.311 million essentially as a result of the settlement of a liability in connection with the acquisition of software licences. Furthermore, the current share of bonds in the amount of € 0.502 million is reported under current liabilities. The increase in provisions, other current liabilities and tax liabilities by € 3.507 million in total essentially resulted from higher other staff-related liabilities in addition to the effects of the acquisition of RSP in the amount of € 0.490 million and the obligation arising from the GLA compromise in the amount of € 0.918 million.

Non-current liabilities rose from € 2.501 million as at 31 December 2014 by € 13.012 million to € 15.513 million as at 31 December 2015. The increase is primarily attributable to borrowing to finance organic and non-organic growth. For example, the non-current share of liabilities from the placement of a corporate bond amounted to € 9.811 million (previous year: € 0.0 million). In addition, a bank loan was taken up to finance the acquisition of RSP GmbH, causing non-current liabilities to banks to rise by € 0.883 million to € 2.533 million. Non-current

liabilities in connection with the acquisition of the outstanding shares and the expensing of another purchase price payment in connection with the acquisition of RSP GmbH increased other non-current liabilities by € 1.922 million. Provisions for pensions rose by € 0.508 million to € 1.234 million, essentially as a result of provisions from the first time consolidation of RSP GmbH.

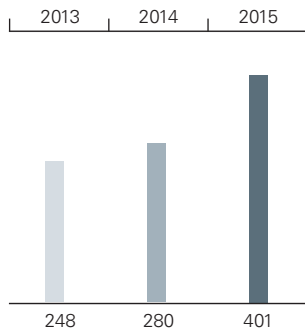
The company's equity expanded from € 13.890 million to € 16.023 million as at 31 December 2015. Issued capital, capital reserves and treasury shares remained unchanged. Based on the net income generated less the dividend payment for 2014, retained earnings rose from € 3.429 million to € 5.497 million in fiscal year 2015. All in all, total assets increased to € 45.239 million as at 31 December 2015 (previous year: € 26.173 million), leading to a decline in the equity ratio from 53.1% to 35.4%.

**Financial position**

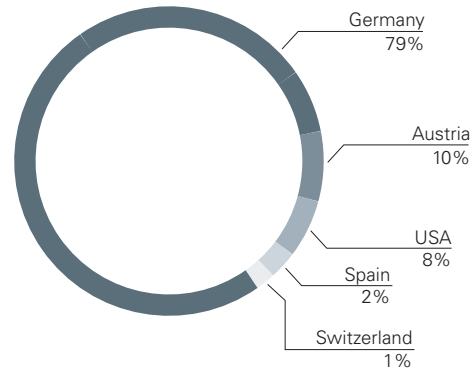
SNP generated positive operating cash flow of € 1.158 million in fiscal year 2015 (previous year: € 1.411 million). This includes net income for the year of € 2.552 million and non-cash write-downs of € 1.262 million generated for the period and a reduction in trade payables (€ 1.588 million) in particular as a result of a non-recurring effect (approximately € 2 million) as against 31 December 2014 as well as the rise in trade receivables, current assets and other non-current assets (€ 1.940 million).

The negative cash flow used in investing activities of € 5.006 million (previous year: € -0.701 million) was largely due to the payment for the acquisition of the operations of RSP GmbH (€ 3.203 million) and the investments in property, plant and equipment (€ 1.307 million) and intangible assets (€ 0.540 million).

**Employees at year end**



**Employees by region**  
As at 31 December 2015



This was offset by cash generated by financing activities of € 11.917 million (previous year: net cash used of € -1.435 million), € 10.000 million of which was due to the corporate bond issued and € 4.500 million of which from taking up a loan. This is offset by loan repayments of € 2.100 million and dividend payments of € 0.483 million.

In the period under review, total cash flow amounted to € 8.088 million (previous year: € -0.674 million). Taking into account the changes shown, cash and cash equivalents increased to € 13.769 million as at 31 December 2015. Cash and cash equivalents had amounted to € 5.681 million as at 31 December 2014. The SNP Group's financial position therefore remains very solid overall.

The Executive Board anticipates that in fiscal year 2016 all payment obligations arising from normal operating activities can be covered by the cash inflows from the current year. Possible liquidity fluctuations within individual months can be covered by existing cash and cash equivalents.

## Non-financial performance indicators

### Employees

#### Training junior employees – Combining theoretical study and practice

The excellent qualifications and high levels of motivation among SNP's employees are crucial elements in its success. Since the competition for qualified IT specialists continues unabated, SNP is heavily committed to training its own young professionals. By opening a training centre in Magdeburg, SNP has been focusing on training young talents since October 2014. The training programme lasts nine months and is primarily directed at college graduates. The theoretical basics are impart-

ed during a four-month academy course to prepare graduates for the high demands at SNP in the best possible way. In 2015, this was followed by the second and third trainee programme. At the beginning of 2016, the fourth programme had already started. A total of 36 trainees took part in the first three training programmes. Absolventa GmbH, an employment website for students, graduates and young professionals, has awarded the training programme. This award distinguishes career-promoting and fair trainee programmes. As a result, SNP is committed to high-quality trainee programmes and the corresponding training structure.

The company also offers all its employees the chance to participate in comprehensive training and further education programmes, both in-house and externally, in order to acquire professional knowledge and also develop soft skills. In addition, SNP promotes various sports and health-beneficial activities.

#### Significant rise in staff numbers

In the reporting period, the number of employees increased from 280 as at 31 December 2014 to 401 as at 31 December 2015. The significant rise in headcount is essentially due to the majority acquisition of RSP Reinhard Salaske & Partner Unternehmensberatung GmbH, which employed 65 people as at 31 December 2015. In addition, new staff were hired in the period under review in order to handle the excellent operative order situation and to develop and extend resources for further corporate growth in a targeted manner. Accordingly, nominal personnel expenses rose by 52.1% year-on-year to € 31.208 million (prior year: € 20.514 million). The personnel expenses ratio (staff costs in relation to sales) fell from 67.3% in the previous year to 55.5%.

These figures include three members of the Executive Board (previous year: three), ten managing directors (previous year: four) and 38 trainees, students, pupils

and interns (previous year: 15). There were no employees in partial early retirement in fiscal year 2015 (previous year: 0). The average number of employees in the reporting period – excluding the aforementioned group of individuals – was 336 (previous year: 244 employees).

### Innovations

SNP's products help organisations to react fast to technological and economic changes. To ensure this, the company itself must constantly evolve and produce new technologies. Innovation is therefore a key component of the Group's strategic development and makes a crucial contribution to the future growth of the company.

The company demonstrated its ability to be innovative with the market launch of the core product SNP Transformation Backbone, the first standard software for IT transformations available all around the world. To satisfy increasing technical and economic change in corporate landscapes, the company is constantly working to offer its customers even more efficient solutions in terms of time and cost for their transformation projects. There is continuous investment in the extension of software to cover additional functionalities in its application and to target additional markets.

Research and Development are therefore working actively on new product ideas, enhancements and new solutions. Through communication between its Research and Development (R&D) and Sales departments, the company has, so far, been able to detect changes in the market promptly and so develop market-driven and market-relevant product innovations.

In fiscal year 2015, research and development costs in relation to revenue amounted to 12.7% (prior year: 19.5%).

### Partnership with SAP

In the planned cooperation with SAP, SNP Transformation Backbone will be expanded in a future version with parts of the SAP Landscape Transformation Software. With this expansion, SNP will be able to cover highly standardised end-to-end-scenarios in its software and service portfolio. As a result of the cooperation with SAP, SNP is closely following up on the latest developments in transformation software. This will decisively strengthen SNP's market position as an innovation leader for business and IT transformations.

### SNP Transformation Cloud

The SNP Transformation Cloud guarantees a new form of transparency in transformation projects. In order to offer customers a solid base for quick decisions in transformation processes, SNP has particularly shifted the presentation of key information about transformation projects to the Cloud. In concrete terms, thanks to the SNP Transformation Cloud, there is a significant increase in the transparency of IT system statuses and hidden performance potential or transformation barriers are revealed automatically without any additional effort. With the Transformation Cloud, key figures and reports on the status of the IT systems in addition to information on ongoing transformation projects can be retrieved automatically. The information is collected in the respective IT landscape and loaded in the individual, highly secure transformation Cloud environment. Subsequently, this information is easily available anywhere as documents or an analysis assessment. Potential improvements can therefore be recognized more quickly and display anonymised comparisons with other IT system landscapes potential in order to optimise structures, data and customizing.

### Migration projects to SAP Business Suite 4 SAP HANA (SAP S/4HANA)

Changes to the technological basis are a significant driver of company transformations. Company switches

to SAP S/4HANA as a future-oriented ERP system is an example of a technically-driven transformation. During initial pilot projects, SNP deals with issues regarding data and process transformations into SAP S/4HANA. As a “first mover” on the market for company transformations, SNP aims to develop migration solutions and strategies and play a key role in shaping this market.

#### **Development of the Package Manager**

One of the biggest challenges in SAP landscapes are installation and maintenance processes in technological developments. SNP Package Manager simplifies the installation process and maintenance of SNP products. The Package Manager allows for the fully automated update of the complete system landscape. Thanks to package management, necessary software packages are directly and easily delivered to the customer.

#### **Artificial intelligence**

SNP has therefore started to explore opportunities with the use of artificial intelligence in data transformation projects. The aim is to reach a significantly higher level of automation by using artificial intelligence in transformation projects.

#### **Social commitment**

SNP gets involved sustainably and with great commitment in helping the people and the region at the company location in Heidelberg. As an active member of society, the company contributes to shaping its economic and social environment in a positive way, in particular by promoting education and enthusiasm for technology among the young generation. The company encourages social interaction by means of initiatives, donations, sponsorship and other forms of support and thereby contributes added value for the company and society.

#### **Disclosures relating to takeover law**

The disclosures relating to takeover law that are required in accordance with section 315 (4) HGB are presented below:

**Composition of issued capital:** As at 31 December 2015, the share capital of SNP Schneider-Neureither & Partner AG amounted to € 3,738,060, consisting of 3,738,060 ordinary bearer shares in the form of no-par value shares each with a nominal share of the share capital of € 1.00. Each share entitles the holder to one vote.

**Restrictions on voting rights or the transfer of shares:** No restrictions affecting the exercise of voting rights or the transfer of shares are known. All shares have the same voting rights and entitlements to dividends. This does not include shares held by the company from which the company has no such rights. Holdings of treasury shares totalled 21,882 shares as at 31 December 2015.

**Direct or indirect investments in capital exceeding 10%:** The following companies and persons have a share of the voting rights that exceeds 10% of the total voting rights:

- Dr Andreas Schneider-Neureither: 20,0006%.

Pursuant to section 22 (1) sentence 1, no. 6 of the WpHG, 0.0245% of the voting rights are attributable to Dr Schneider-Neureither. Pursuant to section 22 (1) sentence 1, no. 1 of the WpHG, 18.81% of the voting rights are attributable to Dr Schneider-Neureither. These voting rights are held via the following entities controlled by Dr Schneider-Neureither, which each hold a share in the voting rights of SNP Schnei-

der-Neureither & Partner AG of 3% or more:

- Schneider-Neureither GmbH
- SN Verwaltungs GmbH & Co. KG
- SN Holding GmbH
- SN Assets GmbH

- Ms Ingrid Weispfenning: 13,29%

Pursuant to section 22 (1) sentence 1, no. 1 of the WpHG, 1.67% of the voting rights are attributable to Ms Weispfenning.

As at the date the financial statements were prepared, the voting rights attributable to Ms Ingrid Weispfenning fell below the 10% threshold to 9.09%.

**Shareholders with special rights conferring powers of control:** : No shares have been issued with special rights conferring powers of control.

**Rights to control voting rights in employee investments in capital:** There are no rights to control voting rights.

**Appointment and dismissal of Executive Board members:** The appointment and dismissal of Executive Board members is based on sections 84 and 85 of the German Stock Corporation Act (AktG) and article 5 of the Articles of Association in the version dated 21 May 2015. In accordance with article 5 of the Articles of Association, the Executive Board is made up of one or several individuals. The Supervisory Board decides on the number of Executive Board members. Even if share capital amounts to more than € 3 million, the Supervisory Board has the right to resolve that the Executive Board be made up of only one person.

**Amendments to the Articles of Association:** In accordance with section 179 AktG in conjunction with article 6 of the Articles of Association in the version dated 21 May 2015, amendments to the Articles of Association must be resolved by the Annual General Meeting with a majority of at least 75% of the share capital represented during the resolution. In accordance with article 6 of the Articles of Association, the Supervisory Board has the authorisation to resolve amendments and additions to the Articles of Association that are only formal in nature and do not lead to any changes to the contents.

**Acquisition and buyback of own shares:** The company was authorised by the Annual General Meeting of 20 May 2010 to purchase its own shares for the next five years, up to a total of 10% of the outstanding share capital as of the time of the resolution. Within the framework of two share buy-back programmes, a total of 7,294 shares were bought back on the stock market at an average price of € 56.85 up to 21 February 2013. Taking into account the allocation of bonus shares (capital increase in 2013), SNP AG held 21,882 of its own shares as at 31 December 2015. The authorisation expired at the end of the five-year term.

**Authorised capital:** With the approval of the Supervisory Board, the Executive Board is authorised to increase the company's share capital by 20 May 2020 to up to € 1,869,030 in total against cash contributions or contributions in kind by issuing new, ordinary bearer shares (authorised capital in 2015). The implementation of individual utilisation may also be done in individual tranches.

With the approval of Supervisory Board, shareholders can be barred from their subscription rights by the Executive Board in four instances in the case of the utili-



sation of authorised capital: firstly, to remove fractional amounts from the subscription right of shareholders; secondly, if new shares, particularly in connection with company acquisitions, are issued in exchange for contributions in kind; thirdly, in accordance with section 186 (3) sentence 4 AktG, if new shares are issued in exchange for cash contributions and the offering price is not significantly below the stock market price of the share already listed at the time it is ultimately determined; and fourthly, as necessary, in order to grant a subscription right to new shares to the owners or creditors of warrant-linked bonds or convertible bonds.

Authorised capital should allow SNP to quickly and flexibly react to opportunities on the capital market and, if required, acquire equity at favourable conditions. It was not used in the past fiscal year.

**Contingent capital:** As of the end of the reporting period, contingent capital amounted to € 1,869,030 (contingent capital in 2015). The contingent capital increase will only be implemented to the extent that the holders or creditors of warrant or conversion rights or those subject to conversion obligations issued for cash contributions, warrant-linked bonds or convertible bonds issued or guaranteed by the company by virtue of the authorisation of the Executive Board by resolution of the Annual General Meeting of 21 May 2015 by 20 May 2020 exercise their warrant or conversion rights or fulfil their conversion obligations if applicable, or if the company exercises a voting right, grant shares in the company in full or in part instead of paying the amount of money due, provided that a cash contribution is not granted or the company's own shares are not used for this purpose.

**Key agreements subject to a change of control following a takeover bid:** No agreements have been reached relating to the rights of a contractual partner in

the event of any change in shareholders, partners or owners of the company.

**Indemnity agreements in the event of a takeover bid:** No indemnity agreements have been reached with either Executive Board members or employees in the event of a takeover bid.

#### Report on risks and opportunities, forecast

#### Risk management and risk report

The SNP Group is subject to a variety of risks that are unavoidable in the course of its business activities. In order to identify risks at an early stage, and to be able to assess them and act accordingly, SNP employs effective management and control systems which are combined in a uniform risk management system. This system will be presented below. Risks refer to the possibility of events occurring with unfavourable consequences for SNP's economic situation. All risks are systematically identified, assessed and controlled. As a rule, risks are balanced by appropriate opportunities. However, opportunities are not included in the risk management system. There were no material changes in the risk management system in the reporting period as compared to the prior year.

#### Risk management systems (report and explanations pursuant to section 315 (2) no. 5 and section 289 (5) HGB)

SNP aims to achieve sustainable growth and a steady increase in the value of the company. This strategy is reflected in its risk policy. The foundations of risk management involve monitoring and evaluating financial, economic and market-related risks. A crucial part in the planning and execution of a business strategy is an IT-based risk management system, in which both qualita-



tive and quantitative methods can be used at all levels of the Group. The risk consolidation group is identical to the consolidated group; it also includes RSP Reinhard Salaske & Partner Unternehmensberatung GmbH, which was acquired at the beginning of 2015. SNP's constantly evolving risk management system ensures that it can react promptly to changing conditions that may directly or indirectly impact on the net assets, financial position and results of operations of SNP AG. Significant projects are continuously reviewed in terms of their feasibility and profitability.

In accordance with section 91 (2) of the German Stock Corporation Act (AktG), a "monitoring system for the early detection of risks that may threaten the survival of the company" has been installed at SNP. This early detection system ensures that the SNP Group can adapt promptly to changes in its environment.

#### **Risk management system covering significant risks that threaten the company's survival**

The risk management system in relation to significant risks threatening the company's survival is integrated into the value-oriented management and planning system of the SNP Group. It is an important component of the complete planning, controlling, and reporting process in all relevant legal entities, business fields and central functions. It aims to systematically identify significant risks and threats, to assess and control them and to document them. The Executive Board sets out risk management guidelines that serve as a basis for risk management by the risk management officer. The risk management officer ensures that the specialist departments identify risks proactively and in good time, assess these risks both quantitatively and qualitatively and develop suitable measures to avoid or compensate for the risks. Using a systematic risk inventory, the risks are revised and reassessed by the employee responsi-

ble at least once each fiscal year. In addition to the regular reporting process, a Group-wide obligation to report has been established to cover any unexpected risks which may occur. Each risk is allocated to a risk group. When reporting and reassessing risks, the level of loss and the probability of occurrence must be stated in accordance with the provisions of a guideline. The task of the people responsible is to develop and, where necessary, implement measures in line with the risk assessment which serve to avoid risks, reduce them or to protect against them. Significant risks and the countermeasures initiated in response are monitored as part of regular processes. The Executive and Supervisory Boards are regularly informed about significant identified risks.

#### **Internal control and management system covering accounting**

The aim of the internal control and risk management system covering accounting is to ensure the correctness and effectiveness of accounting and financial reporting. It is continuously updated and is an integral part of the accounting and financial reporting processes in all relevant legal entities and central functions.

The system contains policies and procedures as well as prevention and detection checks. Amongst other things, it regularly checks whether Group-wide accounting and evaluation rules are being updated and followed; whether intra-Group transactions are fully recorded and properly eliminated; whether matters of accounting significance or those subject to disclosure requirements in relation to contractual agreements are identified and correctly shown in financial statements; whether processes are in place which guarantee the completeness of financial statements; whether processes are in place governing the segregation of functions and the dual control principle in the case of preparing financial state-

ments; and whether rules exist regarding authorisation and access to IT accounting systems.

The effectiveness of the internal control and management system covering accounting is systematically assessed. To judge the effectiveness of controls, regular random tests are carried out. These form the basis for self-assessment and indicate whether controls are appropriate and effective. The Executive and Supervisory Boards are regularly informed both about significant weak points in the control system and the effectiveness of the controls in place. The internal control and risk management system covering accounting processes is, however, not an absolute guarantee against significant accounting inaccuracies.

#### **Monitoring of the internal control and risk management system**

The monitoring of the internal control and risk management system is the duty of the Supervisory Board. The independent auditor checks to establish whether the risk management system has an in-built early risk detection system which is able to detect early risks threatening the company's survival. It also reports to the Supervisory Board on any weakness detected in the internal control and risk management system.

#### **Risk report**

There were no material changes in the risks in the reporting period as compared to the prior year. In particular, no significant risks arose that threaten the company's survival in terms of their probability of occurrence and the losses they would cause. Adequate measures have been taken to avoid or compensate for risks.

#### **Market and economic risks**

SNP's customers are mainly large companies and multinational corporations. Economic cycles have an effect on the business and investment behaviour of these firms, and their success may be influenced by global trade cycles and economic situations. Cost-reduction measures and investment freezes for IT projects by customers can lead to project delays and/or cancellations. SNP tries to mitigate this market risk through regional diversification.

Diversification does help during global crises but the effect is limited. The company's management therefore tries to address these risks by observing the market in order to be able, where necessary, to respond to serious changes by promptly adapting the business and its cost structures.

Over the course of the year SNP is also subject to the business cycles specific to the IT industry. This typically includes significantly strong demand in the fourth quarter. As company capacities, particularly in the area of Professional Services, are largely aligned for the year to meet the expected peak in demand, there is an added risk should there be sudden changes in investment behaviour. SNP therefore tries to reduce these risks by commissioning freelancers. Compared to the previous year, commissioning of external service providers soared by 400.0% to € 6.793 million, which was significantly above-average in relation to revenue growth.

In the Software segment, it is also possible that scheduled software purchases may fall through at short notice or that customers will have to postpone their purchases, and this may impact on the achievement of the company's targets. SNP seeks to reduce this risk by means of greater diversification of the software products and stronger marketing of all software products. In

the current fiscal year, software sales were consequently increased by 21.0% to € 9.368 million. The share of the main product, SNP Transformation Backbone, was 66% in 2015 (previous year: 63%).

#### Risks in the development of technology

With its portfolio of products and services, SNP offers specific solutions for the transformation of ERP landscapes. It therefore concentrates on a niche market. It is possible that other providers may offer better or more cost-effective solutions, resulting in SNP losing market share, or even being forced out of the market entirely. SNP counters this risk through the development of new products and the continuous refinement and improvement of its existing products. The share of research and development costs in relation to sales was 12.7% in 2015 (prior year: 19.5%). Here, the pro rata decline is predominately due to the strong rise in sales in the Segment Professional Services in 2015. The complexity of SNP products and processes has meant that SNP has, thus far, been able to maintain an innovative advantage over its competitors with the general possibility of imitation being limited.

SNP's performance largely depends on whether it succeeds in adjusting its products to changes in the market and realising a rapid return on investment (ROI) in the creation of new high quality products and services. Sales and earnings may be adversely affected if technologies prove to be dysfunctional, or are not well received on the market or are not launched on the market at the right time.

Through communication between the Sales department, the Professional Services segment and the Research and Development (R&D) department, the company has, so far, been able to detect changes in the market promptly and so develop market-driven and market-relevant product innovations.

#### Operational risks

Project implementation in the ERP transformation market often requires a considerable deployment of resources by customers. This is subject to a variety of risks, which are often beyond customers' control. These risks include a lack of resources, system availability and the reorganisation of existing projects. In order to minimise project risks, the SNP Group and its customers choose to use a modular approach dividing projects up into subprojects.

Remaining risks resulting from conventional liability scenarios are minimised by arranging insurance cover.

#### Risks of dependency on SAP SE

The success of SNP products and consulting services is strongly linked to the popularity and market penetration of the standard ERP software of SAP SE. There is a risk that SAP SE solutions may be supplanted by competing products.

However, the risk of a sudden collapse in the market base is low. Given the high costs and the time needed to install new standard business software, the company's management expects there would be sufficient time to realign its own products, should there be a change in the market.

The SNP Group is constantly developing its portfolio and increasingly seeks to align its solutions to the ERP market as a whole. In this way the company creates new sources of potential sales whilst reducing its dependency on SAP SE.

### **Growth risks**

SNP remains focused on both organic and inorganic growth. Corporate acquisitions can lead to a considerable increase in SNP's value. However, there is risk that any company purchased may not be successfully incorporated in the SNP Group.

Acquired companies or business areas may also fail to develop according to expectations after being incorporated. In such cases, depreciation on these assets could negatively affect earnings. There is also a risk that certain markets or sectors, contrary to expectations, demonstrate only limited growth potential. SNP generally safeguards against this risk by agreeing variable purchase price components that depend on future key performance indicators. In most cases, in a first step SNP does not acquire all shares in companies due to liquidity preservation and risk hedging.

### **Personnel risks**

SNP employees and their skills are of fundamental importance to the success of the company. The loss of key personnel in strategic positions is therefore a significant risk factor. Furthermore, the competition for skilled IT professionals continues unabated and could lead to shortages.

To help mitigate this risk, SNP is committed to providing a motivational working environment that allows staff to develop their abilities and realise their full potential.

To achieve this SNP offers individual training and attractive incentive programmes. Furthermore, the company is constantly trying to identify suitable people to hire and retain within the company long-term. Additional measures have been taken in the form of newly launched university marketing programmes and regular information events for employees.

In addition, SNP has increasingly begun to train young professionals in customised training programmes. As at 31 December 2015, SNP employed 20 trainees (previous year: 10). This number is to be increased significantly in the coming years.

Nevertheless, insuring against personnel risks is generally possible to a limited extent only.

### **Insurance risks**

SNP has taken out appropriate insurance cover against potential damage and liability risks. However, additional liability obligations or losses may arise that are unknown at present or for which insurance cover would be economically disproportionate. The amount of insurance cover is examined continuously taking due account of the respective probability of occurrence and adjusted if necessary.

### **Legal risks**

Legal risks relate mainly to matters of company law, commercial and trademark law, contract law, product liability law, capital market law and cases of changes to relevant existing laws and their interpretations. An existing provision may be breached through ignorance or negligence. SNP involves external service providers and experts to minimise most of these risks. Legal disputes could lead to substantial costs and damage to the company's image even if SNP's legal position was judged positively. At the beginning of 2016, SNP performed a comparison with the majority shareholder in GLA, which was acquired in 2013, with regard to the amount of variable purchase price remuneration. This amount was USD 1.0 million and was expensed in other operating expenses in 2015. There were no other material legal risks associated with lawsuits and third-party claims during fiscal year 2015.

## Sales risks

SNP Transformation Backbone software is sold via partners such as system integrators and consultants as well as via the SNP in-house sales team. The success of marketing through the in-house sales team or via these partners is determined in particular through specific market conditions such as the availability of competing products, general demand for standard software products for transformation projects and our own product positioning in the market.

Distributing through third parties also entails the risk that products are not sold with the commitment expected by SNP. There is the risk that distributors might end partnerships against the wishes of SNP. This could lead to medium-term substitution problems and a significant increase in sales expenses. SNP tries to reduce this risk by strengthening its in-house sales team and by selecting partners carefully as well as offering attractive sales terms.

As at 31 December 2015, the number of sales employees had increased to 30 (31 December 2014: 21). The number of partner companies rose by 4 to 54 in the same period.

## Risk of dependency on individual customers

In fiscal year 2015, one customer generated sales that exceeded 10% of total sales (prior year: none). In 2015, the largest customer generated total sales of € 6.973 million (prior year: € 2.961 million), the second largest € 4.037 million (prior year: € 1.409 million) and the third € 1.953 million (prior year: € 1.082 million). Management considers that dependency on individual customers is relatively low.

## Financial risks

### • Credit risk (risk of default)

A credit risk arises when a customer or counterparty to a financial instrument fails to meet their contractual obligations. SNP is constantly working to improve its credit management and carefully monitors the creditworthiness of its major customers. To reduce the risk of default, SNP demands deposits for individual projects, irrespective of their respective significance, and invoices when milestones are reached. Consequently, credit risks usually concern only the remaining amounts owed.

### • Liquidity risk

SNP has a large amount of liquid assets, which are invested exclusively in euro as fixed deposits, overnight money, or similar conservative products with a maturity of up to 90 days. Interest rate risks associated with such investments are therefore negligible. If the interest paid on the investments mentioned is low but prices are rising more rapidly at the same time, SNP is exposed to the risk of a loss of purchasing power in relation to its cash holdings. The risk of default by business partners with whom we have made deposits or agreed derivative contracts is minimised by regular credit checks conducted on the institutions concerned. Derivative contracts were not concluded during fiscal year 2015. SNP will be able to service the bank loan taken out to finance the acquisition in the USA at the respective agreed maturities.

### • Currency risk

The functional currency of the Group and the presentational currency for the consolidated financial statements is the euro. The majority of sales is generated from within the euro zone. As a consequence of the Group's increasing internationalisation outside the euro zone, its operating business and financial transactions involve fluctuations in exchange rates.

These result in particular from fluctuations in the US dollar and the Swiss frank. Exchange rate risks arising from contracts and loans to subsidiaries outside the euro zone relate primarily to the absolute amounts of the figures reported in euro. In view of the limited extent of its activities outside the euro zone up until the end of fiscal year 2015, SNP considers the risk to be manageable but it nonetheless examines the need for adequate hedging measures on an ongoing basis.

### **Risk report summary**

On the whole, risks are limited and predictable. As far as currently available information shows, the Executive Board deems that, at present or for the foreseeable future, there are no significant individual risks whose occurrence would be likely to threaten the existence of the Group or of a significant Group company.

Owing to the current commercial basis and the solid financial structure, the company's management believes that the total sum of individual risks does not endanger the survival of the SNP Group.

No risks endangering the survival of the company occurred in fiscal year 2015.

### **Forecast**

#### **Opportunity management**

SNP operates in a dynamic market environment in which new opportunities are constantly emerging. Identifying, correctly assessing and taking advantage of these opportunities is a key factor for the sustainable growth and long-term success of the SNP Group. Opportunities may relate to internal or external potential. There is no special opportunity management system at SNP. Opportunities are analysed by the Executive Board on a regular basis. This gives rise to the company's strategic focus and the

operational measures that are derived from this. However, the opportunities that arise are always associated with risks as well. Assessing these risks and reducing them as far as possible is the task of risk management. SNP aims to achieve a good balance of opportunities and risks.

The main opportunities for SNP are described below. However, this list covers only part of the available opportunities. Furthermore, the assessment of opportunities is subject to continuous changes, as the company, the market for transformation services and the technological environment are constantly evolving. At the same time, these developments may also give rise to new opportunities.

#### **• Further strengthening sales**

In addition to its international sales strategy for software and services and partner strategy, SNP AG also focuses on the direct sales channel. Sales organisation was diversified in the past year. Wholesale client sales focus on consulting and software solutions for global groups and establishes close relations to strategic customers. Software sales focus on the efficient sale of small to medium-sized software products with a minor service component. Staff levels expanded in both sales areas in the past year to significantly increase contact frequency with customers and interested parties.

In future, wholesale client sales and other software sales are set to be coordinated even better. The aim is to further strengthen the higher margin and more scalable software sales. In addition, collaboration between the sales organisations of SNP AG and those of Hartung Consult and Astrums Consulting is set to be developed in order to exploit cross-selling potential between the companies and coordinate sales strategies in an optimal manner.

- **Development of the market position in the USA**

With two locations in the United States to date, SNP AG has an excellent position in order to develop the US transformation services market. The commission from the US computer and IT group Hewlett-Packard with an order volume of much more than USD 5 million in the past year was one of the biggest contracts in the company's history. By successfully implementing this major project, the high effectiveness of SNP software was demonstrated and its reputation on the US IT market significantly improved. In addition, the particular advantages of a software-based transformation approach became apparent.

Further growth potential is secured by training young talents by means of trainee programmes in the USA in line with the established German SNP model. In addition, another US subsidiary (SNP Labs, Inc.) was established to offer process-oriented controlling and technological handling of transformation projects as a service for third parties. Its work will initially focus on the development of a delivery centre for transformation projects in the USA.

- **Market entry in Asia**

Via the majority interests in Hartung Consult and in Astrums Consulting, the SNP Group will expand its range of services for international customers and gain in-depth access to strongly growing Asian markets at the same time. With the promoted internationalisation strategy, SNP will directly implement projects in Asia.

Hartung Consult advises and supports global companies in the introduction and harmonisation of cross-country IT processes and procedures and the service environment of SAP. Thanks to its subsidiary Hartung Informational Systems Co. Ltd., Shanghai, Hartung Consult directly implements projects in China.

Astrums Consulting is a consulting and services company in the product and services environment of various ERP systems. Astrums has its headquarters in Singapore and one subsidiary based in Malaysia. Core competences include implementation projects based on SAP including process analyses, design and implementation in addition to maintenance and support. Both Hartung Consult and Astrums have an attractive customer list and established partner networks.

- **Expanding the solution portfolio and opportunities by changing the system environment of SAP SE**

Innovation leadership in transformation software and the constant enlargement of the solution portfolio entail major growth opportunities for SNP. By continuously developing the methodology and software, SNP is able to perform the transformation of business processes in an ERP-independent manner (any-to-any). As a highly innovative company, SNP can react to changes in relation to SAP ERP systems with a fast reaction time and by expanding the existing software and can accordingly take advantage of the opportunities arising, for example, from the launch of SAP S/4HANA. For more details, see page 49 under Innovations.

- **Further integrating RSP**

The investment in RSP allowed the SNP Group to expand its strategy- and process-oriented consulting range while significantly extending its value chain on the market for company transformations. By expanding its range of consultancy services with fundamental strategic components, SNP will further increase value added for its customers and therefore achieve a higher share in the respective projects and generate higher sales and earnings from these projects. RSP advises and supports companies across all industries



in SAP launch projects and in the optimisation of their business processes with the use of suitable IT systems and applications.

- **Developing the market position**

Thanks to its highly innovative software portfolio, SNP has a clearly unique selling position on the market for IT and business transformations. SNP is able to manage and accompany transformations both at global and regional level using various ERP systems. With the increase in projects and growing project volumes, both the reputation of the SNP brand and customer trust in SNP's software and consulting services increase.

- **Developing the SNP software portfolio**

The basis and driver of growth at SNP AG is the company's own software portfolio. Our highly innovative and unique product range already offers our customers a vital contribution to the increase in value. We therefore allow our customers to successfully shape the digital revolution and seize opportunities on the market. The strategic goal is to develop SNP into the industry's standard for software-based IT transformations in order to reliably support and promote permanent change in companies. In 2016, the focus has been placed on the technological development of software products.

- **Growth through acquisitions**

Additional acquisitions give rise to further opportunities for SNP to add to the strategic product and solution ranges, to tap new sales markets, to gain technical expertise and to expand capacity. In the past, SNP has successfully integrated companies on sev-

eral occasions, which now contribute to improving its market penetration. Monitoring the market for possible target companies – primarily in the field of software – remains one of the Executive Board's ongoing responsibilities.

#### **Forecast**

As a result of the growth investments made and the greater reputation on the market in the past fiscal year, the Executive Board anticipates an increase in sales in both the Professional Services segment and the Software segment. In particular, the increasing contribution to total sales of software licenses and the economies of scale that they generate indicate that SNP can expect increasing operating margins in the medium to long term.

The development of the SNP Group is largely independent of the general economic development, since SNP's positioning as a specialist provider of standardised ERP transformations means that it is generally less affected by economic downturns. This is because companies also need to adjust their IT landscapes during weaker economic phases in order to remain competitive.

As in previous years, it is assumed that revenues in the current fiscal year will not be evenly distributed across the quarters and that the second half of the year will be considerably stronger. Overall, the Executive Board is forecasting consolidated revenue for the 2016 financial year of between € 72 million and € 78 million and is planning an operating EBIT margin between 8% and 10%.



## Supplementary report

### Majority interest in Hartung Consult GmbH and Astrums Consulting (S) Pte. Ltd.

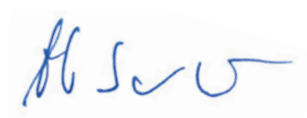
Effective 1 January 2016, SNP AG acquired 51% of shares in Hartung Consult GmbH, Berlin, including the majority-owned subsidiary Hartung Informational Systems Co. Ltd., Shanghai. SNP intends to acquire the remaining 49% in Hartung as at 1 January 2018.

Also effective 1 January 2016, the SNP Group acquired 51% of shares in Astrums Consulting (S) Pte. Ltd., Singapore, including the majority-owned subsidiary Astrums Consulting Sdn. Bhd., Malaysia. The Group intends to acquire another 19% in Astrums Consulting as at 1 January 2018. The two purchase agreements were concluded on 22 December 2015 and announced by ad-hoc announcement on the capital market.

Between the end of the fiscal year and the completion of this management report, there were no further events of particular significance to the assessment of the Group's net assets, financial position and results of operations.

Heidelberg, 10 March 2016

The Executive Board



Dr. Andreas Schneider-Neureither



Henry Göttler



Jörg Vierfuß





# CONSOLIDATED FINANCIAL STATEMENT

# Consolidated Financial Statement

## Consolidated Balance Sheet as at 31 December 2015

<b>ASSETS</b>			
€	Notes	31.12.2015	31.12.2014
<b>Current assets</b>			
Cash and cash equivalents	11.	13,769,161.99	5,680,874.35
Trade receivables	12.	15,497,636.65	10,608,539.88
Current tax assets	18.	142,467.50	914,704.40
Other current assets	13.	586,793.05	677,443.65
		<b>29,996,059.19</b>	<b>17,881,562.28</b>
<b>Non-current assets</b>			
Goodwill	8./14.	10,161,875.47	3,980,121.27
Intangible assets	14.	1,513,312.70	1,209,547.59
Property, plant and equipment	15.	1,998,513.21	1,230,658.19
Participations accounted for in accordance with the equity method	16.	22,355.14	1.00
Other non-current assets	13.	204,419.40	70,964.64
Non-current tax assets	18.	4,588.13	6,371.93
Deferred taxes	33.	1,338,314.96	1,793,484.27
		<b>15,243,379.01</b>	<b>8,291,148.89</b>
		<b>45,239,438.20</b>	<b>26,172,711.17</b>
<b>EQUITY AND LIABILITIES</b>			
€	Notes	31.12.2015	31.12.2014
<b>Current liabilities</b>			
Corporate bond	20.	501,736.08	0.00
Liabilities due to banks	25.	2,100,000.00	600,000.00
Trade payables	12.	2,310,718.71	3,898,419.35
Provisions	17.	120,000.00	160,138.65
Tax liabilities	18.	416,690.91	148,597.28
Other current liabilities	19.	8,253,730.75	4,974,675.38
		<b>13,702,876.45</b>	<b>9,781,830.66</b>
<b>Non-current liabilities</b>			
Corporate bond	20.	9,810,941.30	0.00
Liabilities due to banks	25	2,532,610.26	1,650,000.00
Provisions for pensions	21.	1,234,009.00	726,432.00
Deferred taxes	33.	13,028.90	124,229.44
Other non-current liabilities	19.	1,922,070.00	0.00
		<b>15,512,659.46</b>	<b>2,500,661.44</b>
<b>Equity</b>			
Subscribed capital	22./23.	3,738,060.00	3,738,060.00
Capital reserves	24.	7,189,482.76	7,189,482.76
Retained earnings	24.	5,497,097.46	3,428,687.87
Other reserves		13,912.26	-51,361.37
Treasury shares	23.	-414,650.19	-414,650.19
<b>Equity attributable to shareholders</b>		<b>16,023,902.29</b>	<b>13,890,219.07</b>
Non-controlling interests		0.00	0.00
		<b>16,023,902.29</b>	<b>13,890,219.07</b>
		<b>45,239,438.20</b>	<b>26,172,711.17</b>

The following notes are an integral part of the consolidated financial statements.

## Consolidated Income Statement

for the period from 1 January to 31 December 2015

€	Notes	2015	2014
<b>Revenue</b>	27.	<b>56,236,203.16</b>	<b>30,479,923.29</b>
Professional Services		46,868,314.34	22,742,474.19
Licenses		7,437,286.62	6,401,079.88
Maintenance		1,930,602.20	1,336,369.22
Other operating income	28.	1,224,807.58	2,111,922.87
Cost of material	29.	-6,792,586.22	-1,358,410.37
Personnel costs	30.	-31,208,100.60	-20,513,628.55
Other operating expenses	31.	-13,567,583.95	-8,316,052.31
Other taxes		-52,876.56	-36,756.48
<b>EBITDA</b>		<b>5,839,863.41</b>	<b>2,366,998.45</b>
Depreciation and impairments on intangible assets and property, plant and equipment		-1,262,147.07	-928,313.04
<b>EBIT</b>		<b>4,577,716.34</b>	<b>1,438,685.41</b>
Income from participations accounted for in accordance with the equity method		-2,645.86	0.00
Other financial income		22,032.41	19,872.27
Other financial expenses		-850,168.39	-85,851.89
<b>Net financial income</b>	32.	<b>-830,781.84</b>	<b>-65,979.62</b>
<b>EBT</b>		<b>3,746,934.50</b>	<b>1,372,705.79</b>
Income taxes	33.	-1,195,421.77	-344,242.12
<b>Consolidated net income</b>		<b>2,551,512.73</b>	<b>1,028,463.67</b>
Of which:			
Profit attributable to non-controlling shareholders		0.00	40,137.24
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG		2,551,512.73	988,326.43
<b>Earnings per share</b>	9.	<b>€</b>	<b>€</b>
- Undiluted		0.69	0.27
- Diluted		0.69	0.27
<b>Weighted average number of shares</b>		<b>in thousands</b>	<b>in thousands</b>
- Undiluted		3,716	3,716
- Diluted		3,716	3,716

The following notes are an integral part of the consolidated financial statements.

## Consolidated Statement of Comprehensive Income for the period from 1 January to 31 December 2015

€	Jan. – Dec. 2015	Jan. – Dec. 2014
<b>Net income for the period</b>	<b>2,551,512.73</b>	<b>1,028,463.67</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Currency translation differences	150,641.13	28,359.46
Deferred taxes on differences from currency conversion	0.00	0.00
	<b>150,641.13</b>	<b>28,359.46</b>
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit pension plans	-121,552.00	-128,824.00
Deferred taxes on remeasurements of defined benefit pension plans	36,184.50	34,833.20
	<b>-85,367.50</b>	<b>-93,990.80</b>
<b>Income and expenses directly recognised in equity</b>	<b>65,273.63</b>	<b>-65,631.34</b>
<b>Total comprehensive income</b>	<b>2,616,786.36</b>	<b>962,832.33</b>
Profit attributable to non-controlling interests	0.00	-40,137.24
<b>Profit attributable to shareholders of SNP Schneider-Neureither &amp; Partner AG in total comprehensive income</b>	<b>2,616,786.36</b>	<b>922,695.09</b>

The following notes are an integral part of the consolidated financial statements.

## Consolidated Cash Flow Statement

for the period from 1 January to 31 December 2015

€	2015	2014
<b>Profit after tax</b>	<b>2,551,512.73</b>	<b>1,028,463.67</b>
Depreciation	1,262,147.07	928,313.04
Change in provisions for pensions	176,779.07	171,467.00
Other non-cash income/expenses	331,416.50	-852,305.04
Change in trade receivables, other current assets, other non-current assets	-1,939,912.77	-2,393,066.68
Changes in trade payables, other provisions, tax liabilities, other current liabilities	-1,224,097.41	2,527,954.34
<b>Cash flow from operating activities (1)</b>	<b>1,157,845.19</b>	<b>1,410,826.33</b>
Payments for investments in property, plant and equipment	-1,307,355.01	-679,105.51
Payments for investments in intangible assets	-539,787.06	-65,281.17
Payments for investments in at-equity participations	-25,000.00	0.00
Payments for the acquisition of business operations	-3,202,665.05	0.00
Proceeds from disposal of tangible fixed assets	68,497.07	43,883.22
<b>Cash flow used in investing activities (2)</b>	<b>-5,006,310.05</b>	<b>-700,503.46</b>
Dividend payments	-483,103.14	-297,294.24
Dividend payments to non-controlling shareholders	0.00	-37,500.00
Payments for purchase of shares in non-controlling shareholders	0.00	-500,000.00
Proceeds from the issue of corporate bonds	10,000,000.00	0.00
Proceeds from loans	4,500,000.00	0.00
Payments on loans received	-2,100,000.00	-600,000.00
<b>Cash flow used in financing activities (3)</b>	<b>11,916,896.86</b>	<b>-1,434,794.24</b>
Effects of exchange rate changes on cash and bank balances (4)	19,855.64	50,515.87
<b>Cash change in cash and cash equivalents (1) + (2) + (3) + (4)</b>	<b>8,088,287.64</b>	<b>-673,955.50</b>
Cash and cash equivalents at the beginning of the fiscal year	5,680,874.35	6,354,829.85
<b>Cash and cash equivalents at 31 December</b>	<b>13,769,161.99</b>	<b>5,680,874.35</b>
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	13,769,161.99	5,680,874.35
<b>Cash and cash equivalents at 31 December</b>	<b>13,769,161.99</b>	<b>5,680,874.35</b>

The following notes are an integral part of the consolidated financial statements.

## Consolidated Statement of Changes in Equity

for the period from 1 January 2014 to 31 December 2015

€	Subscribed capital	Capital reserve	Retained earnings
<b>As of 01.01.2014</b>	<b>3,738,060.00</b>	<b>7,189,482.76</b>	<b>3,010,258.68</b>
Capital increase from company funds			-275,000.00
Dividend payment			-297,294.24
Total comprehensive income			990,723.43
<b>As of 31.12.2014</b>	<b>3,738,060.00</b>	<b>7,189,482.76</b>	<b>3,428,687.87</b>
Dividend payment			-483,103.14
Total comprehensive income			2,551,512.73
<b>As of 31.12.2015</b>	<b>3,738,060.00</b>	<b>7,189,482.76</b>	<b>5,497,097.46</b>

The following notes are an integral part of the consolidated financial statements.



<b>Other components of equity</b>						
<b>Currency conversion</b>	<b>Revaluation of performance-oriented obligations</b>	<b>Other components</b>	<b>Treasury shares</b>	<b>Shareholders of SNP AG attributable capital</b>	<b>Non-controlling shares</b>	<b>Total equity</b>
<b>91,403.97</b>	<b>-74,737.00</b>	<b>16,666.97</b>	<b>-414,650.19</b>	<b>13,539,818.22</b>	<b>222,362.76</b>	<b>13,762,180.98</b>
				-275,000.00	-225,000.00	-500,000.00
28,359.46	-96,387.80	-68,028.34		-297,294.24	-37,500.00	-334,794.24
<b>119,763.43</b>	<b>-171,124.80</b>	<b>-51,361.37</b>	<b>-414,650.19</b>	<b>13,890,219.07</b>	<b>0.00</b>	<b>13,890,219.07</b>
				-483,103.14		-483,103.14
150,641.13	-85,367.50	65,273.63		2,616,786.36		2,616,786.36
<b>270,404.56</b>	<b>-256,492.30</b>	<b>13,912.26</b>	<b>-414,650.19</b>	<b>16,023,902.29</b>	<b>0.00</b>	<b>16,023,902.29</b>

## Changes in Consolidated Fixed Assets

for the period from 1 January to 31 December 2015

€	Acquisition/ production costs 01.01.2015	Currency differences	Additions	Additions from acquisitions	Disposals	Acquisition/ production costs 31.12.2015
<b>I. Intangible fixed assets</b>						
1. Concessions, industrial property rights and similar rights and licenses to such rights and values	2,789,152.64	167,010.77	530,297.56	195,976.00	-595.00	3,681,841.97
2. Goodwill	3,980,121.27	220,289.84	0.00	5,961,464.37	0.00	10,161,875.48
	<b>6,769,273.91</b>	<b>387,300.61</b>	<b>530,297.56</b>	<b>6,157,440.37</b>	<b>-595.00</b>	<b>13,843,717.45</b>
<b>II. Property, plant and equipment</b>						
1. Land, rights equivalent to property and buildings on third-party land	70,732.29	95.26	63,925.69	167,261.00	0.00	302,014.24
2. Other equipment, office and factory equipment	3,489,990.21	27,067.27	1,243,429.32	65,761.27	-382,534.87	4,443,713.20
	<b>3,560,722.50</b>	<b>27,162.53</b>	<b>1,307,355.01</b>	<b>233,022.27</b>	<b>-382,534.87</b>	<b>4,745,727.44</b>
<b>Total fixed assets</b>	<b>10,329,996.41</b>	<b>414,463.14</b>	<b>1,837,652.57</b>	<b>6,390,462.64</b>	<b>-383,129.87</b>	<b>18,589,444.89</b>

## Changes in Consolidated Fixed Assets

for the period from 1 January to 31 December 2014

€	Acquisition/ production costs 01.01.2014	Currency differences	Additions	Additions from acquisitions	Disposals	Acquisition/ production costs 31.12.2014
<b>I. Intangible fixed assets</b>						
1. Concessions, industrial property rights and similar rights and licenses to such rights and values	2,257,674.48	160,182.18	65,291.17	-55,304.94	361,309.75	2,789,152.64
2. Goodwill	4,099,354.69	242,076.33	0.00	0.00	-361,309.75	3,980,121.27
	<b>6,357,029.17</b>	<b>402,258.51</b>	<b>65,291.17</b>	<b>-55,304.94</b>	<b>0.00</b>	<b>6,769,273.91</b>
<b>II. Property, plant and equipment</b>						
1. Land, rights equivalent to property and buildings on third-party land	70,732.29	0.00	0.00	0.00	0.00	70,732.29
2. Other equipment, office and factory equipment	3,233,454.04	21,348.01	679,105.51	-443,917.36	0.00	3,489,990.20
	<b>3,304,186.33</b>	<b>21,348.01</b>	<b>679,105.51</b>	<b>-443,917.36</b>	<b>0.00</b>	<b>3,560,722.49</b>
<b>Total fixed assets</b>	<b>9,661,215.50</b>	<b>423,606.52</b>	<b>744,396.68</b>	<b>-499,222.30</b>	<b>0.00</b>	<b>10,329,996.40</b>

Consolidated Financial Statement

	Depreciation and impairments cumulated 01.01.2015	Currency differences	Additions	Disposals	Depreciation and impairments cumulated 31.12.2015	Book value 31.12.2015	Book value 31.12.2014
	1,579,605.05	50,590.73	538,928.00	-594.50	2,168,529.28	1,513,312.69	1,209,547.59
	0.00	0.00	0.00	0.00	0.00	10,161,875.48	3,980,121.27
	<b>1,579,605.05</b>	<b>50,590.73</b>	<b>538,928.00</b>	<b>-594.50</b>	<b>2,168,529.28</b>	<b>11,675,188.17</b>	<b>5,189,668.86</b>
	22,926.29	1.05	12,338.57	0.00	35,265.91	266,748.33	47,806.00
	2,307,138.02	5,864.77	710,880.50	-311,934.97	2,711,948.32	1,731,764.88	1,182,852.19
	<b>2,330,064.31</b>	<b>5,865.82</b>	<b>723,219.07</b>	<b>-311,934.97</b>	<b>2,747,214.23</b>	<b>1,998,513.21</b>	<b>1,230,658.19</b>
	<b>3,909,669.36</b>	<b>56,456.55</b>	<b>1,262,147.07</b>	<b>-312,529.47</b>	<b>4,915,743.51</b>	<b>13,673,701.38</b>	<b>6,420,327.05</b>

	Depreciation and impairments cumulated 01.01.2014	Currency differences	Additions	Disposals	Depreciation and impairments cumulated 31.12.2014	Book value 31.12.2014	Book value 31.12.2013
	1,163,436.03	35,645.02	435,818.94	-55,294.94	1,579,605.05	1,209,547.59	1,094,238.45
	0.00	0.00	0.00	0.00	0.00	3,980,121.27	4,099,354.69
	<b>1,163,436.03</b>	<b>35,645.02</b>	<b>435,818.94</b>	<b>-55,294.94</b>	<b>1,579,605.05</b>	<b>5,189,668.86</b>	<b>5,193,593.14</b>
	18,691.29	0.00	4,235.00	0.00	22,926.29	47,806.00	52,041.00
	2,215,861.92	4,534.42	488,259.10	-401,517.43	2,307,138.01	1,182,852.19	1,017,592.12
	<b>2,234,553.21</b>	<b>4,534.42</b>	<b>492,494.10</b>	<b>-401,517.43</b>	<b>2,330,064.30</b>	<b>1,230,658.19</b>	<b>1,069,633.12</b>
	<b>3,397,989.24</b>	<b>40,179.44</b>	<b>928,313.04</b>	<b>-456,812.37</b>	<b>3,909,669.35</b>	<b>6,420,327.05</b>	<b>6,263,226.26</b>





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# Notes To The Consolidated Financial Statement

for the fiscal year ended 31 December 2015

## 1. Basic information on the company

SNP Schneider-Neureither & Partner AG was created by way of the transformation of SNP Schneider-Neureither & Partner GmbH with a subsequent change of name. Its transformation into a German stock corporation (AG) was entered in the commercial register on 28 December 1998. The company is based in Heidelberg, Germany. The company is entered in the commercial register of the Mannheim District Court under HRB 335155.

The shares of SNP Schneider-Neureither & Partner AG (ISIN DE007203705) are traded on the Prime Standard of the Frankfurt Stock Exchange.

SNP AG assists companies in responding to changes in their business environment more quickly. The SNP Transformation Backbone® solution allows them to adapt their IT landscape quickly and economically to new general conditions. SNP Transformation Backbone is the world's first standard software for the automated analysis and standardised implementation of changes in IT systems. It is based on the experience that SNP AG has gathered from more than 4,000 projects worldwide with its software-based services for Business Landscape Transformation®.

The consolidated financial statements of SNP Schneider-Neureither & Partner AG, Heidelberg, for the fiscal year ended 31 December 2015 were approved for publication by way of resolution of the Executive Board on 10 March 2016 after consultation with the Supervisory Board.

## 2. General information

The consolidated financial statements of SNP Schneider-Neureither & Partner AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) in line with section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code).

The IFRS consist of the IFRS newly released by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), as adopted by the EU. The consolidated financial statements also satisfy commercial law requirements in accordance with section 315a(1) HGB.

The consolidated financial statements were prepared in euro (€), the functional currency of the parent company. Unless otherwise stated, all amounts in the notes to the consolidated financial statements are given in thousands of euro.

The income statement was prepared using the nature of expense method. SNP Schneider-Neureither & Partner AG has exercised the option of presenting the income statement and statement of comprehensive income separately.

The consolidated financial statements were prepared on the basis of historical cost, with the exception of financial assets available for sale, which were measured at fair value.

The key standards, interpretations and amendments that were published and effective from 2015 or to be applied voluntarily at an earlier date are listed below:

Provision	Description	Degree of obligation for 2015
IFRIC 21	Levies	Mandatory
Improvements to IFRS (2011-2013)		Mandatory
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Voluntary
Improvements to IFRS (2010-2012)		Voluntary
Amendments to IAS 16 and IAS 41	Bearer Plants	Voluntary
Amendment to IFRS 11	Joint arrangements – Accounting for Acquisitions of Interests	Voluntary
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	Voluntary

IFRIC 21 contains guidelines on when to recognise a liability for a levy that is imposed by the public sector based on statutory provisions. Here, the obligating event for the recognition of a liability is identified as the activity that triggers a payment in accordance with relevant legislation. Disclosures are to be recognised in the statement of financial position only as soon as the obligating event occurs. The obligating event may also arise successively over a period of time to allow the liability to be recognized in the period to which it relates. The interpretation had no effect on the consolidated financial statements.

IAS 19 contains a clarification in which contributions from employees or third parties may also be recognized as a reduction in service costs in the period in which they are due, provided that they are completely associated with the services provided by the employee in this period (this is possible for contributions that constitute a fixed percentage of their salary). The adjustment had no effect on the consolidated financial statements.

The amendments to the other standards had no effect on the Group's financial position, net assets, or results of operations.

The key standards, amendments and interpretations not yet effective are listed below:

IFRS 9 introduces a consistent approach to classify and measure financial assets. Here, the standard is based on cash flow characteristics and the business model used to manage these assets. Furthermore, it provides for a new impairment model that is based on anticipated credit losses. IFRS 9 also contains new regulations on the application of hedge accounting in order to present the risk management activities of a company more efficiently, particularly with regard to non-financial risk management.

In accordance with IFRS 15, the transfer of promised goods or services to customers must be depicted as revenue in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognized when the customer obtains control over these goods or services. In addition, IFRS 15 contains provisions on reporting surpluses or payment obligations that exist at contract level. These are assets and liabilities from customer contracts that arise depending on the ratio of the service rendered by the company to the customer's payment. In addition, the new standard requires the disclosure of a range of quantitative and qualitative information to enable users of the consolidated financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 replaces IAS 11, Construction Contracts, and IAS 18, Revenue, and the related interpretations.

Description	Endorsed by the EU	Effective from fiscal year
<b>New standards</b>		
IFRS 9 Financial Instruments	No	2018
IFRS 15 Revenue from Contracts with Customers	No	2018
<b>Amendments to existing standards</b>		
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	No	2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	No	2016
Amendment to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	No	2016
Amendment to IAS 1: Disclosure Initiative	No	2016

SNP Schneider-Neureither & Partner AG is examining the impact the other listed standards, amendments and interpretations will have on the consolidated financial statements in future. It is currently assumed that they will have no material impact on the Group's financial position, net assets, or results of operations.

## Consolidated group

Subsidiary	Place of business	Shareholding in %
SNP Consulting GmbH	Thale, Germany	100
RSP Reinhard Salaske & Partner Unternehmensberatung GmbH*	Wiehl, Germany	100
SNP Business Landscape Management GmbH**	Heidelberg, Germany	100
SNP Applications GmbH	Heidelberg, Germany	100
SNP Austria GmbH	Pasching,(previously Linz), Austria	100
SNP (Schweiz) AG	Steinhausen,(previously Zug), Switzerland	100
Schneider Neureither & Partner Iberica, S.L.	Madrid, Spain	100
SNP America, Inc.	Jersey City, NJ, USA	100
SNP Labs, Inc.***	Irving, TX, USA	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100

\* In January 2015, SNP AG acquired 74.9% of the shares in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH in a share deal under civil law. It was also agreed that the remaining 25.1% of the shares would be formally acquired at a defined purchase price with effect from 1 January 2018. From an economic perspective, the shares are already allocable to SNP AG with effect from 1 January 2015.

\*\* SNP Business Landscape Management GmbH was created as a new company and included in consolidation for the first time in fiscal year 2015.

\*\*\* SNP Labs, Inc. was created as a new company and included in consolidation for the first time in fiscal year 2015.

### 3. Consolidated group

In addition to the parent company SNP Schneider-Neureither & Partner AG, Dossenheimer Landstrasse 100, 69121 Heidelberg, Germany, the consolidated group includes the following subsidiaries in which SNP Schneider-Neureither & Partner AG indirectly holds the majority of voting rights.

### 4. Principles of consolidation

The consolidated financial statements are based on the annual financial statements of SNP Schneider-Neureither & Partner AG and its consolidated subsidiaries, prepared in accordance with the uniform Group-wide accounting policies. Subsidiaries are included in consolidation from the acquisition date, i.e. from when the Group achieves control. Their inclusion in the consolidated financial statements ends when the parent company no longer controls them.

Capital is consolidated in accordance with the purchase method. As at the acquisition date, the consideration transferred, including the non-controlling interests in the acquired company, is offset against the net identifiable assets acquired and liabilities assumed. Any remaining positive difference is recognised as goodwill. Any negative remaining difference is reassessed and recognised in profit or loss.

The fiscal year of SNP Schneider-Neureither & Partner AG and its subsidiaries ends on 31 December.

All intercompany balances, transactions, income, expenses, profits and losses resulting from intercompany transactions that are included in the carrying amounts of assets are eliminated in full.

Non-controlling interests are the parts of profit or loss for the period and the net assets attributable to interests neither directly nor indirectly assigned to SNP AG. Non-controlling interests are reported separately from the equity of the owners of SNP AG within equity in the consolidated statement of financial position. Changes in the parent company's ownership interest in a subsidiary that do not lead to a loss of control are accounted for as equity transactions.

#### Associates

The Group's shares in an associate are accounted for using the equity method. An associate is a company over which the Group has significant influence.

Under the equity method, the shares in an associate are recognised in the statement of financial position at cost plus the changes in the Group's share of the net assets of the associate that have occurred since the acquisition. The goodwill relating to the associate is included in the carrying amount of the interest and is neither amortised nor subject to a separate impairment test.

The Group's share of the associate's profit or loss for the period is included in the income statement. Changes reported directly in the equity of the associate are



recognised by the Group in the amount of its interest and, where necessary, shown in the statement of changes in equity. Unrealised profits and losses from transactions between the Group and the associate are eliminated in accordance with the interest in the associate.

The Group's share of an associate's profit is reported in the income statement. This is the profit attributable to the shareholders of the associate, and hence the profit after taxes and non-controlling interests in the subsidiaries of the associate.

The associate's financial statements are prepared as at the same date as the consolidated financial statements. Adjustments in line with the Group's uniform accounting methods are made as necessary.

Under the equity method, the Group determines whether an additional impairment loss must be recognised for its shares in an associate. At the end of each reporting period, the Group determines whether there are objective indications that the equity interest in an associate could have become impaired. If this is the case, the difference between the recoverable amount of the interest in the associate and the carrying amount of the "Share in the profit/loss of associates" is recognised as an impairment loss in profit or loss.

## 5. Currency conversion

The consolidated financial statements have been prepared in euro, the parent company's functional and reporting currency. Each company within the Group determines its own functional currency. The items included in the financial statements of the respective companies are measured using this functional currency. Foreign currency transactions are initially converted using the spot rate between the functional and the foreign currencies on the day of the transaction. Monetary assets and liabilities in foreign currencies are converted into the functional currency at the closing rate. All exchange differences are recognised in profit or loss for the period.

The functional currency of SNP (Schweiz) AG is the Swiss franc, that of SNP America, Inc. and SNP Labs, Inc. the US dollar and that of SNP Schneider-Neureither & partner ZA (Pty) Limited the South African rand. The assets and liabilities of these subsidiaries are converted into the reporting currency of SNP Schneider-Neureither & Partner AG at the closing rate as at the end of the reporting period. Income and expenses are converted at the weighted average exchange rate for the fiscal year. Exchange rate differences are recognised as a separate component of equity under "Other equity effects not recognised in profit and loss". Exchange rates developed as follows as against the previous year:

Country	Currency	Currency	Closing rates		Average rates	
			2015	2014	2015	2014
Switzerland	CHF	€ 1	1.0835	1.2024	1.0679	1.2146
US	USD	€ 1	1.0887	1.2141	1.1095	1.3285
South Africa	ZAR	€ 1	16.9530	14.0353	14.1723	14.4037

## 6. Use of estimates

The preparation of the consolidated financial statements requires estimates and assumptions made by the Executive Board that affect the amounts of assets, liabilities, income and expenses disclosed in the consolidated financial statements and the disclosure of contingent liabilities. The actual results may differ from these estimates.

The most important assumptions about the future and other key sources of uncertainty in the estimates at the end of the reporting period, on account of which there is a significant risk that a material adjustment to the carrying amounts of assets and liabilities could be necessary, are discussed below.

### Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is evidence of the impairment of non-financial assets, particularly goodwill. Goodwill is reviewed at least once a year and at any time when there is sufficient evidence of impairment. The management must estimate the expected future cash flows of the cash-generating unit and select a suitable discount rate in order to estimate the value in use.

### Pensions and other post-employment benefits

The expense of defined benefit plans and other post-employment benefits is determined on the basis of actuarial calculations. The actuarial valuation is based, among other things, on assumptions about discount rates, expected returns on plan assets, future wage and salary increases, mortality, employee turnover and future pension increases. Owing to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### Project measurement

Individual customer projects are measured based on the percentage of completion method. Under this method the total anticipated cost of a project, its percentage of completion and the revenue it is expected to generate must be estimated. The underlying assumptions and estimates inherent in determining the percentage of completion affect the timing and amounts of the revenue recognised and are therefore uncertain. If there is insufficient information revenue is only recognised in the amount of the costs that have been incurred.

## 7. Key accounting policies

In order to improve the clarity and information value of the financial statements, individual items of the statement of financial position and income statement have been aggregated and reported separately in these notes.

### Cash and cash equivalents

Cash and cash equivalents include short-term, highly liquid assets that can be converted to cash within one month or less without any value risk.

### Receivables and other assets

Receivables and other assets are measured at amortised cost, taking into account appropriate deductions for all discernible risks.

Trade receivables and other assets are unsecured and are therefore subject to default risk. In the past the company has had to accept defaults by individual customers or groups of customers, which were immaterial to the presentation of the net assets, financial position and results of operations.

### Goodwill

Goodwill resulting from mergers is initially measured at cost, i.e. the excess of the cost of the business combination over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. After initial recognition goodwill is measured at cost less cumulative impairment. Goodwill is tested at least once a year for impairment and also if events or a change in circumstances indicates that impairment might be necessary.

For the purpose of impairment testing, the goodwill acquired in a business combination must be assigned, from the acquisition date, to the cash-generating units in the Group expected to benefit from the synergies of the combination. This applies regardless of whether other Group assets or liabilities are already assigned to these units. Each unit to which goodwill is assigned represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Impairment is determined by calculating the recoverable amount of the cash-generating unit to which the goodwill relates. If the recoverable amount of the cash generating unit is less than its carrying amount then an impairment loss is recognised.

Goodwill of € 10,162 thousand (previous year: € 3,980 thousand) was assigned to the Professional Services segment for the purpose of impairment testing.

The Professional Services segment is the smallest cash-generating unit in the Group for which goodwill is monitored as part of internal controlling.

As part of the continuation of the respective units, the impairment test is based on the value in use, obtained by discounting the planned cash flows. Cash flow planning is based on current operating results and a three-year business plan. Cash flows for subsequent years are updated using a constant growth rate of 0.50% (previous year 0.50%): These cash flow forecasts are discounted at rate of 8.4% (previous year: 8.5%) before taxes on the value in use. Both current information and past developments are taken into account in business planning. No impairment losses were required in either the reporting year or the previous year.

There is estimate uncertainty for the following assumptions used to calculate the value in use of the Professional Services unit:

- EBIT margin
- Discount rate
- Growth rate.

The EBIT margins are calculated on the basis of expected average values, applying the findings of the three preceding fiscal years. Working capital effects are also taken into account in the calculation.

The discount rates represent the current market assessments of the specific risks relevant to the cash-generating units, including the time value of money and the risks specific to assets. The calculation of the discount rate takes into account the specific circumstances of the Group and the business segment being tested for impairment and is based on its weighted average cost of capital (WACC). The weighted average cost of capital (WAAC) was derived on the basis of the capital asset pricing model (CAPM). Data from a financial service provider are used to derive the beta factor in a peer group analysis (peer companies in the same industry) to determine the risk specific to the segment. Other parameters are the market risk premium and the basic rate of interest. The weighted average cost of capital includes both borrowing and equity.

The growth rates are based on the industry-specific values expected.

In the year under review, there were positive translation effects with regard to goodwill in accordance with IAS 21 in the amount of € 220 thousand (2014: € 158 thousand).

### Intangible assets

Individually acquired intangible assets are measured at cost on first-time recognition. Borrowing costs are recognised as expenses unless they are capitalised as part of the cost of a qualifying asset.

After first-time recognition, intangible assets are carried at cost less cumulative amortisation and impairment losses.

It must be determined whether intangible assets have a finite or indefinite useful life. Intangible assets with finite useful lives are amortised over their economic life using the straight-line method and tested for impairment whenever there are indications that the intangible asset may have become impaired. The amortisation

period and method for intangible assets with finite useful lives are examined at least once a year as at the end of each fiscal year. If the expected useful life of an asset or its expected amortisation pattern change, a different amortisation period or method is chosen. Such changes are treated as changes in estimates.

Amortisation is based on useful lives of three to ten years.

There are currently no intangible assets with indefinite useful lives.

### Research and development costs

In accordance with IAS 38, research costs are recognised as expenses while development costs are capitalised if other criteria are met. If it is clearly not possible to distinguish between the research and development phases of an internal project, all expenses associated with this project are to be treated as research costs. In fiscal year 2015, research and development costs totalled € 7,169 thousand (previous year: € 5,950 thousand) and were recognised as an expense as a clear distinction between the research and development phases was not possible. This corresponds to 12.7% of revenue (previous year: 19.5%).

### Property, plant and equipment

Property, plant and equipment are measured at cost less scheduled depreciation and impairment. Borrowing costs are recognised as expenses unless they are capitalised as part of the cost of a qualifying asset. Property, plant and equipment essentially comprise office equipment, vehicles and PCs, and are depreciated on a straight-line basis over a useful life of between three and 13 years.

At the end of each reporting period, the Group determines whether there are indications that an asset could have become impaired. If this is the case the Group estimates its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and written down to its recoverable amount.

The company did not recognise any impairment in the reporting year.

## Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets** are classified as financial assets measured at fair value through profit and loss, loans and receivables, investments held to maturity or financial assets available for sale. Financial assets are measured at fair value on first-time recognition. In the case of financial investments not measured at fair value through profit and loss, transaction costs that are directly attributable to acquisition of the financial asset are also included.

The Group determines the classification of its financial assets on initial recognition and reviews this classification at the end of each fiscal year, to the extent permitted and appropriate.

Regular way purchases and sales of financial assets are accounted for as at the trade date, i.e. the date on which the company has committed to purchase the asset. Regular way purchases or sales of financial assets are those which require the delivery of assets within a period prescribed by a set of market rules or conventions.

**Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the net income for the period when the loans and receivables are written off or impaired.

**Financial assets at fair value through profit and loss** include financial assets held for trading and financial assets classified as fair value option financial assets on first-time recognition. Financial assets are classified as held for trading if they are acquired with a view to subsequent disposal in the near future. Derivatives, including embedded derivatives recognised separately, are also classified as held for trading, with the exception of any derivatives which are a financial guarantee or have been designated as a hedging instrument and are effective as such. Gains and losses on financial assets held for trading are recognised in profit or loss. The Group has not designated any financial instruments to this category under the fair value option.

Changes in the fair value of derivative financial instruments are recognised in profit or loss. Other regulations can apply in the context of cash flow hedges. The

Group did not perform any derivatives transactions in either the reporting year or the previous year.

## Financial assets available for sale

Available-for-sale financial assets are non-derivative financial assets that either do not qualify for allocation to one of the three above categories or that are designated as available for sale. After first-time measurement financial assets held for sale are measured at fair value. Unrealised gains or losses are recognised directly in equity. If such a financial asset is derecognised or impaired, the cumulative gain or loss previously recognised in equity is reclassified to profit or loss.

## Assets recognised at amortised cost

At the end of each reporting period the carrying amounts of financial assets not measured at fair value through profit or loss are checked for substantial objective evidence of impairment. If there is objective evidence that loans and receivables recognised at amortised cost have become impaired, the amount of the loss is the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced using an allowance account. The impairment loss is recognised in profit or loss.

The Group then determines whether there is objective evidence of impairment on financial assets. If it determines that there is no objective evidence of impairment on an individually tested financial asset, then it assigns the asset to a group of financial assets with similar credit risks and tests them collectively for impairment. Assets that are individually tested for impairment and on which impairment is recognised are not included in the general portfolio-based impairment test.

If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively attributed to an event occurring after the impairment was recognised, this previously recognised impairment loss is reversed. The amount of the reversal is limited to the amortised cost as at the date of reversal. The reversal is recognised in profit or loss.

If, in the case of trade receivables, there is objective evidence to suggest that not all amounts due, according to the originally agreed terms, will be received (such as the probability of insolvency or significant financial difficulties on the part of the debtor), an impairment is recognised using an allowance account. Impairment losses are derecognised when they are classified as irrecover-

able. The decision as to whether a default risk is taken into account using an allowance account or by directly reducing the receivable depends on the reliability of the assessment of the risk situation.

Financial liabilities are classified as financial liabilities at fair value through profit and loss or as other liabilities.

**Financial liabilities measured at fair value through profit and loss** include financial liabilities held for trading and financial liabilities that are classified as fair value option financial liabilities on first-time recognition. Financial liabilities are classified as held for trading if they are acquired with a view to subsequent disposal in the near future. Derivatives, including embedded derivatives recognised separately, are also classified as held for trading, with the exception of any derivatives which are a financial guarantee or have been designated as a hedging instrument and are effective as such. Gains and losses on financial liabilities held for trading are recognised in profit or loss. The Group has not designated any financial instruments to this category under the fair value option.

Changes in the fair value of derivative financial instruments are recognised in profit or loss. Other regulations can apply in the context of cash flow hedges. The Group did not perform any derivatives transactions in either the reporting year or the previous year.

**Other liabilities** are carried at fair value on first-time recognition, adjusted for transaction costs. They are subsequently measured at amortised cost using the effective interest method.

#### **Fair value of financial assets and liabilities**

The fair value of financial instruments traded on active markets is determined by the market price quoted as at the end of the reporting period.

A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Fair value is defined in terms of a price agreed by a willing buyer and a willing seller in an arm's length transaction. The fair value of these financial instruments has the highest degree of reliability (level 1).

The fair value of financial instruments that are not traded on an active market (such as over-the-counter deriv-

atives) is determined using measurement methods. The application of these measurement methods maximises the use of observable market inputs and largely dispenses with company-specific estimates. If all material inputs for determining the fair value of a financial instrument are observable on the market, its measurement satisfies the reliability criteria of level 2.

Where one or more inputs are not observable market data, the financial instrument belongs to the lowest level of reliability with respect to its subsequent measurement (level 3).

The measurement methods applied in determining the fair value of financial instruments include:

- quoted market prices or dealer prices for similar financial instruments.
- the discounted cash flow method.

Owing to their short-term maturity, the carrying amount of cash and cash equivalents, receivables, current liabilities and provisions is approximately their fair value.

The carrying amount of non-current liabilities is approximately their fair value assuming the market price for similar financing.

#### **Share retention bonus**

At the end of September 2015, the Executive Board of SNP AG resolved a scheme in the form of a share retention bonus. At the heart of this program lies a so-called share retention bonus that is paid to all SNP Group employees in the amount of € 1.40 for each SNP share purchased from 1 October 2015 and held for at least twelve months. The objective is to further contribute to employee loyalty to the company and involve these employees in the company's success to an even greater extent. The bonus program applies to the purchase of shares up to and including 31 March 2016. With the exception of the Executive Board and the Supervisory Board, all employees have the right to participate. Employees purchase these shares on the market on their own account.

The effects on the consolidated financial statements are insignificant overall.

There are no share option plans or similar securities-based incentive systems for the Supervisory Board or the Executive Board. In addition, there are no share option plans in place at the company.

### Provisions for pensions

Provisions for pensions are recognised using the projected unit credit method in accordance with IAS 19 Employee Benefits. This process not only considers the pensions and vested benefits known as at the end of the reporting period, but also the expected future increases in pensions and salaries when estimating relevant influencing factors. The calculation is based on actuarial assessments that take into account biometric data. The amounts recognised in the statement of financial position include the actuarial gains and losses arising from changes in inventories and differences between the assumptions made and actual developments. Actuarial gains and losses are offset outside profit or loss. IAS 19 (2011) was applied for the first time in 2013. The expense incurred from the allocation of pension provisions in the amount of current service cost is reported under staff costs, while the interest component contained therein is recognised in net finance costs.

Under defined contribution plans, contributions are immediately offset as an expense. As there are no other obligations aside from these contributions, no provisions are required.

### Treasury shares

When the Group acquires treasury shares these are deducted from equity. The purchase, sale, issue or cancellation of treasury shares is not recognised in profit or loss. In a sale of treasury shares in the amount of the proceeds from resale, the previous cost is first posted against the deduction entry in equity. Any proceeds in excess of these acquisition costs are transferred to capital reserves.

SNP Schneider-Neureither & Partner AG bought back a total of 7,294 treasury shares by 21 February 2013. Following the allocation of bonus shares (capital increase resolved by the Annual General Meeting on 16 May 2013), the number of treasury shares currently held is 21,882. The cost of € 414,650.19 has been reported in equity as a negative item in accordance with IAS 32.33. There were no changes in fiscal year 2014 and fiscal year 2015.

### Other provisions

A provision is recognised when the Group has a present legal or constructive obligation arising from past events for which an outflow of resources embodying economic benefits to settle the obligation is probable and a reliable estimate of the amount of the obligation is possible. The expense incurred in recognising the provision

is reported in the income statement after deducting any highly probable reimbursement. Where the effect of the time value of money is material, provisions are discounted. In the event of a discount, the increase in provisions over time is recognised as interest expense.

### Liabilities

After their initial recognition, non-current liabilities are then measured at amortised cost using the effective interest rate method.

### Taxes

#### Current tax assets and tax liabilities

Current tax assets and tax liabilities for both the current period and prior periods are measured at the amount expected in the form of a refund from the tax authorities or to be paid to the tax authorities respectively. The calculation of this amount is based on the tax rates and tax laws in effect or that have been announced at the end of the reporting period.

#### Deferred taxes

In accordance with IAS 12, Income Taxes, deferred taxes are recognised on all temporary differences between the carrying amounts in the consolidated statement of financial position and the tax carry amounts of assets and liabilities (liability method) and for tax loss carryforwards. Deferred tax assets for accounting and measurement differences and for tax loss carryforwards have only been recognised to the extent that it is probable that these differences will lead to the recognition of the corresponding benefit in future. Deferred tax assets and liabilities are not discounted.

Write-downs on the carrying amount of deferred tax assets are only recognised when it is unlikely that the expected benefits from deferred taxes will be recognised. The estimate made here can be subject to change over time, resulting in an adjustment of write-downs in subsequent periods.

Deferred tax assets and liabilities are measured at the tax rates that apply to the period in which the asset is expected to be realised or the liability settled. The tax rates (and tax laws) which are in effect or that have been announced as at the end of the reporting period apply.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.



Deferred tax assets and deferred tax liabilities are offset against each other if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and these income taxes relate to the same taxable entity, which is assessed by the same tax authority.

### Leases

The determination as to whether an agreement is or contains a lease is made on the basis of the economic content of the agreement and requires an assessment of whether the fulfilment of the contractual agreement is dependent on the use of a particular asset or assets, and of whether the agreement grants the right to use the asset.

Finance leases in which essentially all risks and opportunities associated with ownership of the transferred asset are transferred to the Group are capitalised at the fair value of the leased asset or, if lower, the present value of the minimum lease payments at the inception of the lease. A matching liability is recognised at the same time, which is subsequently repaid and updated using the effective interest rate method. Lease payments are broken down into the components finance costs and repayment of the balance of the lease liability, so that the remaining carrying amount of the lease liability bears interest at a constant rate. Finance costs are expensed immediately.

Expenses from operating leases are recognised directly in the income statement. The corresponding future obligation in respect of leasing is reported under other financial obligations.

At the end of December 2014 SNP Schneider-Neureither & Partner AG acquired software licence rights that were resold at the same time as a sale-and-lease-back transaction. They were resold at the same amount, with the result that the transaction gave rise to neither a profit or a loss. The lease is classified as an operating lease. Details of the future payments obligations arising from this can be found under note 37, Contingent liabilities and other financial obligations. At the end of 2014, the transaction resulted in receivables and liabilities of € 2.5 million each, which were reported under trade receivables or trade payables. The receivables and liabilities were settled in fiscal year 2015.

### Revenue recognition

Revenue is recognised when it is probable that the Group will receive the economic benefit and the amount of revenue can be reliably determined.

In accordance with IAS 18, revenue is recognised when service has been rendered.

Revenue from fixed price contracts is recognised in line with the percentage of completion. The percentage of completion is determined in accordance with the number of hours worked as at the end of the reporting period as a percentage of the total estimated working hours for the respective project. If the result of a service transaction cannot be reliably estimated, revenue is only recognised to the extent that the expenses incurred are recoverable.

Software revenues are recognised immediately provided that no significant modifications or other adjustments to the software are required as part of the sale. Software carries an unlimited licence by default. Maintenance agreements are usually concluded separately. In cases of advance payment for maintenance charges for several years, revenues are deferred pro rata temporis.

Interest is recognised using the effective interest rate method and dividends/profit entitlements are recognised at the time when the right to receive payment is established.

A regional breakdown of revenues can be found in the segment report.

## 8. Mergers and acquisitions

In January 2015, SNP AG acquired 74.9% of the shares in RSP Reinhard Salaske & Partner Unternehmensberatung GmbH in a share deal. It was also agreed that the remaining 25.1% of the shares would be formally acquired at a defined purchase price with effect from 1 January 2018. From an economic perspective, the shares are already allocable to SNP AG with effect from 1 January 2015. RSP GmbH advises and supports companies across all industries in SAP launch projects and in the optimisation of their business processes with the use of suitable IT systems and applications. The investment has allowed SNP AG to expand its strategy- and process-oriented consulting range while significantly extending its value chain on the market for company transformations. The IT service and management consulting company, which has been active on the market for more than 20 years, had 65 salaried employees as at 31 December 2015, boasting an attractive customer list consisting of large and medium-sized companies from various industries.

The acquisition was closed with economic effect from 1 January 2015; business operations were included in the 2015 consolidated financial statements from this date. In accordance with IFRS 3 Business Combinations, the company was consolidated for the first time in accordance with the purchase method. The goodwill resulting from the acquisition of € 5,961 thousand comprises the value of the anticipated synergies. The goodwill resulting from the acquisition is assigned to the Professional Services segment.

### Consideration transferred

The fair values of each major class of consideration as at the acquisition date are shown below:

	€ k
Initial purchase price payment	4,494
2. Agreed second purchase price instalment	1,382
Contingent consideration	1,817
<b>Total consideration transferred</b>	<b>7,693</b>

### Costs in connection with the business combination

The Group incurred costs of € 284 thousand for legal and consulting fees in connection with the business combination. These costs are reported in other operating expenses.

### Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the acquisition date break down as follows:

	€ k
Intangible assets	186
Property, plant and equipment	233
Cash and cash equivalents	1,291
Receivables	1,938
Other assets	280
Trade payables	-599
Other liabilities	-1,267
Pension provisions	-330
<b>Total identifiable net assets acquired</b>	<b>1,732</b>

The trade receivables include contractual receivables due for which there was no credit risk at the time the consolidated financial statements were prepared, and hence for which no impairment loss was recognised.

### Goodwill

Goodwill was recognised as follows as a result of the acquisition:

	€ k
Consideration transferred	7,693
Fair value of identifiable net assets	-1,732
<b>Goodwill as at acquisition date</b>	<b>5,961</b>

The purchase price for the acquisition of RSP GmbH was divided at the time of first-time consolidation into a fixed price and a variable component (contingent consideration). The fixed price is payable partially at the acquisition date and partially when the remaining 25.1% of the shares are acquired by SNP AG effective 1 January 2018. The amount of the contingent consideration originally depended on contractually agreed key performance indicators defined within 36 months of the acquisition date. As the acquisition date, the Group recognised a variable component of € 1,817 thousand, equivalent to the fair value at the acquisition date.

Considering the development of contractually agreed performance indicators and discussions between both parties, the contingent consideration was changed to a fixed amount equal to € 1,469 thousand at the beginning of the fourth quarter. € 500 thousand of this amount was paid in fiscal year 2015. In accordance with contractual regulations, the remaining amounts will be settled in the next two years. The resulting income from the change into a fix amount is reported under other income. The remaining obligations are reported under other non-current or current liabilities.

The consideration of € 4,494 thousand represents the initial, fixed portion of the purchase price that was paid in full as at 31 March 2015. It therefore represented the cash outflow. No equity instruments were issued to acquire the shares. The transaction resulted in an inflow of financial resources in the amount of € 1,291 thousand, resulting in a cash outflow of € 3,203 thousand on balance from the Group's perspective.

### Provisional fair value remaining at the date of first-time consolidation

The cash and cash equivalents, receivables, deferred income, prepaid expenses and liabilities were still measured provisionally on the basis of contractual agreements at the beginning of 2015. The carrying amounts were reviewed on an ongoing basis using information and



facts that became known after the acquisition date and adjusted in line with the contractual arrangements. If new information on facts and circumstances that existed at the acquisition date and resulted in adjustments to the above amounts or additional provisions became apparent within a year of the acquisition date, the accounting for the acquisition would have been adjusted. There were no changes until the end of the measurement period.

The contractually agreed non-compete clause and the order backlog as at 31 December 2014 were classified as substantial and recognised as intangible assets. The

non-compete clause is carried at a fair value of € 110 thousand and will be amortised over a three-year period from the date on which the remaining shares are acquired. The order backlog has a carrying amount of € 60 thousand and was written down in fiscal year 2015 based on the degree of completion.

Since the date of first-time consolidation on 1 January 2015, RSP GmbH has generated revenue of € 8.787 million and gains of € 3078 thousand, which are included in the consolidated statement of comprehensive income.

## 9. Earnings per share

		<b>2015</b>	<b>2014</b>
<b>Earnings attributable to SNP AG shareholders</b>	<b>€</b>	<b>2,551,512.73</b>	<b>988,326.43</b>
Weighted average number of shares (basic)	Shares	3,716,178	3,716,178
Weighted average number of shares (diluted)	Shares	3,716,178	3,716,178
Basic earnings per share	€/share	0.69	0.27
Diluted earnings per share	€/share	0.69	0.27

## 10. Segment reporting

The segment report was prepared in accordance with IFRS 8. Using the Group's internal reporting and organisational structure as a basis, individual Group financial data is presented below according to business area.

€ k	Professional Services	Software	Total
<b>Segment result</b>			
2015	4,936	2,290	7,226
Marge	10.5%	24.4%	12.8%
2014	1,162	1,787	2,949
Marge	5.1%	23.1%	9.7%
<b>External revenue</b>			
2015	46,868	9,368	56,236
2014	22,743	7,737	30,480
<b>Depreciation included in the segment result</b>			
2015	807	455	1,262
2014	477	139	616
<b>Segment assets</b>			
31.12.2015	39,819	3,940	43,759
31.12.2014	19,890	3,575	23,465
<b>Segment investments</b>			
31.12.2015	7,789	463	8,252
31.12.2014	697	47	744

€ k	2015	2014
<b>Reconciliation</b>		
<b>Net earnings</b>		
Total reportable segments	7,226	2,949
Non-segment-related expenses	-2,916	-2,080
Non-segment-related amounts:		
- Other operating income	321	607
- Other taxes	-53	-37
<b>EBIT</b>	<b>4,578</b>	<b>1,439</b>
<b>Assets</b>		
Total reportable segments	43,759	23,465
Assets not allocated to the segments	1,480	2,708
<b>Group assets</b>	<b>45,239</b>	<b>26,173</b>
<b>Assets not allocated to the segments</b>		
- Deferred tax assets	1,338	1,793
- Income tax claims	142	915
<b>Total</b>	<b>1,480</b>	<b>2,708</b>

## Reporting by region

Regions	Revenue (external)		non-current assets		Investments	
	2015	2014	2015	2014	2015	2014
€ k						
Germany	33,627	17,929	10,061	3,083	7,821	462
US	10,485	2,910	3,222	3,129	110	99
Switzerland	4,746	1,584	85	31	64	38
Austria	4,043	3,566	300	170	230	139
United Kingdom	1,665	682	0	0	0	0
South Africa	61	182	1	1	0	1
Spain	0	0	27	6	25	5
Others	1,609	3,627	0	0	0	0
<b>Total</b>	<b>56,236</b>	<b>30,480</b>	<b>13,696</b>	<b>6,420</b>	<b>8,252</b>	<b>744</b>

Segmentation into operational areas is based on internal reporting and organisational structures which are organised according to business areas.

The Software segment primarily includes the development and marketing of the software developed in-house for ERP transformations such as SNP Transformation Backbone, the translation software SNP Dragoon and the SNP Data Provisioning and Masking software for migration and secure masking of productive ERP data for tests, training and quality assurance.

The Professional Services segment comprises Business Landscape Transformation consulting. Here, management and project management consulting plays a key role in the service portfolio: For the most part, this type of consulting falls into both Business Landscape Transformation (BLT) and Business Landscape Management (BLM):

The segment data are determined using financial controlling data and are based on IFRS figures. EBIT (earnings before interest and taxes) and EBITDA (earnings before interest, taxes, depreciation and amortisation) are used for internal management purposes within the company.

Transfer prices between segments by region are determined according to the normal market conditions among third parties. Segment income, segment expenses and segment earnings include transfers between business segments. These transfers are eliminated in consolidation.

In fiscal year 2015, one customer generated sales that exceeded 10% of total sales (prior year: none). In 2015 the largest customer generated total revenues of € 6,973 thousand (previous year: € 2,961 thousand), the second largest € 4,037 thousand (previous year: € 1,409 thousand) and the third € 1,953 thousand (previous year: € 1,082 thousand). These revenues relate to the Professional Services and Software segments.

## Notes to the consolidated statement of financial position

### 11. Cash and cash equivalents

Cash and cash equivalents relate to bank balances and cash in hand.

### 12. Trade receivables/trade payables

Trade receivables break down as follows:

€ k	31.12.2015	31.12.2014
Trade receivables	12,102	9,304
Receivables from fixed price projects (POC method)	3,462	1,401
	<b>15,564</b>	<b>10,705</b>
Write-downs	-66	-97
	<b>15,498</b>	<b>10,608</b>

Trade receivables are non-interest-bearing and are reported at amortised cost.

Fixed price projects measured in line with the percentage-of-completion method but not yet conclusively invoiced as at the end of the reporting period are reported as follows:

€ k	31.12.2015	31.12.2014
Costs incurred plus results from uninvoiced projects	6,301	3,759
Less partial invoices	3,163	2,563
	<b>3,138</b>	<b>1,196</b>
of which receivables from fixed price projects	3,462	1,401
of which liabilities for fixed price projects	324	205

Changes in write-downs on receivables:

€ k	31.12.2015	31.12.2014
As at 1 January	97	47
Addition from company acquisitions	16	0
Addition	11	51
Utilisation	-49	0
Reversal	-9	-1
<b>As at 31 December</b>	<b>66</b>	<b>97</b>

Trade payables break down as follows:

€ k	31.12.2015	31.12.2014
Trade payables	1,987	3,694
Liabilities for fixed price projects (POC method)	324	205
	<b>2,311</b>	<b>3,899</b>

### 13. Other assets

Other current assets essentially include prepaid expenses of € 443 thousand (previous year: € 615 thousand), creditors with debit balances of € 3 thousand (previous year: € 1 thousand), receivables from employees of € 26 thousand (previous year: € 4 thousand), VAT receivables of € 52 thousand (previous year: € 40 thousand), input tax that is not deductible yet of € 31 thousand and other receivables of € 32 thousand (previous year: € 14 thousand). Non-current assets essentially include rent deposits of € 204 thousand (previous year: € 71 thousand).

### 14. Intangible assets

The changes in the individual items of intangible assets are shown in the statement of changes in assets for fiscal year 2015 and the previous year.

There are no restrictions on title or disposal.

### 15. Property, plant and equipment

The changes in individual items of plant, property and equipment for fiscal year 2015 and the previous year are shown in the statement of changes in assets.

There are no restrictions on title or disposal.

### 16. Participations accounted for in accordance with the equity method

An equity investment of 24% of the share capital of Composite Design Transformation GmbH was acquired in fiscal year 2012. In fiscal year 2012, the measurement of the equity investment was written down to € 1.00.

There has been no change in the assessment of the recoverability of the investment based on the latest information.

No further risks are associated with the equity investment. The equity investment is classified as immaterial overall from the Group's perspective.

In February 2015, SNP AG and Axxiome Deutschland GmbH agreed a strategic partnership for IT projects in the banking and insurance sector. On 6 February 2015, the two companies formed a joint venture, SNP Axxiome GmbH, headquartered in Frankfurt/Main. SNP AG holds 50% of the shares in this joint venture.

The last available and provisional financial statements relate to fiscal year 2015; they show a loss for the year of € 5 thousand and equity of around € 45 thousand. The pro rata loss for the year of € 3 thousand was recognized in the financial result.

## 17. Provisions

€ k	As at 01.01.2015	Access resulting from company acquisitions	Utilisation	Reversal	Addition	As at 31.12.2015
Warranty risks	30	160	0	120	0	70
Archiving costs	26	19	0	0	0	45
Legal costs	104	0	99	0	0	5
<b>Total</b>	<b>160</b>	<b>179</b>	<b>99</b>	<b>120</b>	<b>0</b>	<b>120</b>

## 18. Tax assets and tax liabilities

The tax assets and tax liabilities relate to receivables and liabilities for current income taxes.

## 19. Other liabilities

Other **current** liabilities break down as follows:

€ k	2015	2014
Staff obligations (holiday, bonus, others)	4,577	2,903
Payroll and other taxes	1,122	1,171
Settlement payment	918	0
Payment obligation RSP acquisition	490	0
Deferred maintenance	310	238
Social security costs	120	61
Annual financial statement costs	111	56
Employer's liability insurance contributions	81	55
Commission	42	185
Miscellaneous	483	306
<b>Total</b>	<b>8,254</b>	<b>4,975</b>

At the beginning of 2016, a legal dispute involving the majority shareholder in GLA, which was acquired in 2013, with regard to the amount of variable purchase price remuneration was settled by a compromise. This amount was USD 1.0 million and was expensed in other operating expenses in 2015.

Other **non-current** liabilities exclusively relate to remaining payment obligations arising from the acquisition of RSP GmbH.

## 20. Corporate bond

In March 2015, SNP Schneider-Neureither & Partner AG placed a corporate bond with a volume of € 10 million on the capital market. The bonds were exclusively offered to qualifying investors in Germany and abroad as part of a private placement. The corporate bond has a coupon of 6.25% p.a. and a (bullet) maturity until March 2020. The bond is traded on the open market on the Frankfurt Stock Exchange under ISIN DE000A14J6N4 and securities code number A14J6N.

In this bond, expenses directly relating to the transaction were accounted for using the effective interest method.

Interest is paid each year as at March.

Deferred interest payments at the end of fiscal year 2015 were reported under current liabilities.

## 21. Provisions for pensions

The pension provisions relate to the severance payment provisions of SNP Austria GmbH, which by law must be recognised for employees in Austria, and commitments made to one member of the Executive Board and to the CFO of the parent company who left in 2011. Due to the acquisition of RSP GmbH, this company's pension provisions were also taken over. At the moment, ongoing pension payments are incurred exclusively at RSP GmbH.

In fiscal year 2006, an insurance policy was taken out to cover future payment obligations to both SNP AG beneficiaries. The insurance policy has been pledged on behalf of its beneficiaries. At RSP GmbH as well, an insurance policy has been pledged on behalf of its benefici-

aries.

The following amounts from defined benefit plans for post-employment benefits were included in the consolidated financial statements:

€ k	2015	2014
<b>Defined benefit obligation (DBO)</b>	<b>1,364</b>	<b>797</b>
Fair value of plan assets	130	71
Net carrying amount of defined benefit plans	1,234	726

The costs for defined benefits plans break down as follows:

€ k	2015	2014
<b>Current service cost</b>	<b>46</b>	<b>33</b>
Net interest cost *	23	20
<b>Expenses for defined benefit plans recognised in the consolidated income statement</b>	<b>69</b>	<b>53</b>
Actuarial gains (-)/losses	121	124
Loss on plan assets (not including interest income)	4	5
<b>Remeasurement of defined benefit plans recognised in the consolidated statement of comprehensive income</b>	<b>125</b>	<b>129</b>
<b>Costs for defined benefit plans</b>	<b>194</b>	<b>182</b>

\* Reported in the income statement under "Interest expenses".

The following table shows the development of the defined benefit obligation (DBO) in detail:

€ k	2015	2014
<b>DBO at the beginning of the fiscal year</b>	<b>797</b>	<b>618</b>
<b>Current service cost</b>	<b>46</b>	<b>33</b>
Interest cost	27	22
<b>Remeasurement</b>		
• Actuarial gains (-)/losses due to changes in demographic assumptions	0	0
• Actuarial gains (-)/losses due to changes in financial assumptions	121	124
Benefit payments	-13	0
Access resulting from company acquisitions	386	0
<b>DBO at the end of the fiscal year</b>	<b>1,364</b>	<b>797</b>

The detailed reconciliation of changes in the fair value of plan assets is shown in the following table:

€ k	2015	2014
<b>Fair value of plan assets at beginning of fiscal year</b>	<b>71</b>	<b>63</b>
Interest income	4	2
<b>Remeasurement</b>		
• Gains (+)/losses (-) on plan assets not including amounts included in net interest expense and income	-4	-5
Employer contributions	15	11
Access resulting from company acquisitions	44	0
<b>Fair value of plan assets at end of fiscal year</b>	<b>130</b>	<b>71</b>

€ k	2015	2014
<b>Discount rate</b>	<b>2.3%</b>	<b>1.8% to 2.7%</b>
Salary trends	0% to 3.0%	0% to 3.0%
<b>Pension trends</b>	<b>0% to 3.0%</b>	<b>0% to 3.0%</b>
Average employee turnover *)	0%	0% to 0.5%

\*) Depending on years of service

The underlying benefits are not linked to changes in medical costs. The implications of expected changes in medical costs were therefore not considered.

The calculation is based on annual actuarial assessments that take into account biometric data.

#### Sensitivity analysis:

A change in the above basic assumptions, with other assumptions remaining constant, would have increased or reduced the DBO as at 31 December 2015 as follows:

Basic assumption	Defined-benefit obligations	
	Increase	Decrease
€ k		
Discount rate (1% change)	-234	272
Future pension trend (1% change)	105	-93
Future income trend (1% change)	103	-91
Future mortality (-10%)	28	-

On 31 December 2015; the weighted average term of the defined benefit obligations was approximately 18 years.

The employee contributions to plan assets expected for 2016 and the following nine years amount to € 16 thousand per year.

The benefit payments expected in the next few years relate to the employees of SNP Austria GmbH from severance payment provisions and of RSP GmbH from pension payments. The actual payments depend on the fulfilment of additional criteria. On average, an annual payment of € 111 thousand is expected for the next ten years.

## 22. Subscribed capital

As at 31 December 2015, the share capital of the company amounted to € 3,738,060.00 (previous year: € 3,738,060.00) and was made up of 3,738,060 (previous year: 3,738,060) ordinary no-par-value bearer shares of SNP Schneider-Neureither & Partner AG, each with a nominal value of € 1.00.

## 23. Authorised capital

The Annual General Meeting on 21 May 2015 authorised the Executive Board, with the approval of the Supervisory Board, to increase the share capital of the company by up to € 1,869,030.00 in total against cash or non-cash contributions by issuing new voting bearer ordinary shares with a pro rata amount of the share

capital of € 1.00 per share by 20 May 2020 once or several times (Authorised Capital 2015). This was not used in fiscal year 2015.

## Contingent capital

As of the end of the reporting period, contingent capital amounted to € 1,869,030 (contingent capital in 2015). The contingent capital increase will only be implemented to the extent that the holders or creditors of warrant or conversion rights or those subject to conversion obligations issued for cash contributions, warrant-linked bonds or convertible bonds issued or guaranteed by the company by virtue of the authorisation of the Executive Board by resolution of the Annual General Meeting of 21 May 2015 by 20 May 2020 exercise their warrant or conversion rights or fulfil their conversion obligations if applicable, or if the company exercises a voting right, grant shares in the company in full or in part instead of paying the amount of money due, provided that a cash contribution is not granted or the company's own shares are not used for this purpose. This was not used in fiscal year 2015.

## Treasury shares

The Annual General Meeting on 20 May 2010 authorised the company to acquire treasury shares of up to a total of 10% of the share capital as at the time of the resolution. In August 2011, the Executive Board had resolved to initiate a share buyback programme for initially up to 4,000 shares, representing 0.35% of the share capital of the company at the time. As part of this buyback programme, a total of 3,472 shares were acquired at a price of € 210,398 in fiscal year 2011 plus a total of 528 shares at a price of € 35,894 in January 2012.

In February 2012 the Executive Board resolved to continue the share buyback programme and acquire up to 4,000 more of the company's no-par value shares on the stock exchange, corresponding to a further approximately 0.35% of the share capital of the company at the time. In fiscal year 2012, a further 2,551 of these shares were acquired at a price of € 133,133.22. In fiscal year 2013, a further 743 shares were acquired at a price of € 35,224.97. The share buyback programme ended in February 2013 with 7,294 shares acquired.

The costs for the 7,294 shares in total of € 414,650.19 are reported in equity as a negative item in accordance with IAS 32.22. Following the allocation of bonus shares (capital increase resolved by the Annual General Meeting on 16 May 2013), the number of treasury shares currently held is 21,882.

The nominal amount of treasury shares was deducted from issued capital on the face of the balance sheet in accordance with section 272(1a) HGB.

The securities identification number of the shares is 720 370, ISIN: DE0007203705.

#### 24. Retained earnings and capital reserves

Please see the consolidated statement of changes in equity for details of changes in retained earnings.

The capital reserves were unchanged year-on-year (previous year: € 7,189,482.76).

#### 25. Financial instruments

##### Objectives and methods of financial risk management

The Group is essentially financed from its operating cash flow. For investments in shareholdings, borrowed capital (bank loans, bonds) is also used. Furthermore, there are financial liabilities that contribute to the funding of operational activities in the form of trade payables and obligations to employees. These are offset by various financial assets, such as trade receivables and cash and cash equivalents that result directly from operating activities.

The management monitors and manages the Group's financing and capital structure on an ongoing basis. It does this using performance indicators such as the gearing ratio and the equity ratio. The Group can make adjustments to dividend payments to shareholders to maintain or adjust its capital structure. As at 31 Decem-

ber 2014 and 31 December 2015, no changes were made to the objectives, policies or procedures for monitoring financing and the management of the capital structure.

There was no trading in derivatives in fiscal year 2015 and fiscal year 2014.

The possible risks arising from financial instruments include interest rate cash flow risks and liquidity, currency, and credit risks. The Group monitors these risks on an ongoing basis and compares individual risks to the total risk exposure in order to determine risk concentrations. Where necessary, the management resolves strategies and methods for controlling the individual types of risk presented below.

##### Credit risk

The Group enters into transactions with creditworthy third parties. All customers who wish to complete transactions with the Group on a credit basis are subject to a credit check. Receivables are also monitored on an ongoing basis, hence the Group is not exposed to any significant risk of default. No credit is granted without prior review and approval in accordance with the current regulations set by the Executive Board. The Group has no significant credit risk clusters.

For receivables and other financial assets of the Group, in the event of default by the counterparty, the maximum credit risk is equivalent to the carrying amount of these instruments.

The following table shows the credit and default risk of financial assets according to gross carrying amounts:

€ k	Neither past due nor impaired	Past due and not impaired	Impaired	31 December 2015
Non-current financial and other assets	204	0	0	204
Trade receivables	12,698	2,800	0	15,498
Other assets	52	0	0	52
<b>Total</b>	<b>12,954</b>	<b>2,800</b>	<b>0</b>	<b>15,754</b>

€ k	Neither past due nor impaired	Past due and not impaired	Impaired	31 December 2014
Non-current financial and other assets	71	0	0	71
Trade receivables	9,314	1,294	0	10,608
Other assets	16	0	0	16
<b>Total</b>	<b>9,401</b>	<b>1,294</b>	<b>0</b>	<b>10,695</b>



The extent to which financial assets that are not impaired are past due is shown in the table below:

€ k	Up to 30 days	31 to 60 days	More than 60 days	31 December 2015
Trade receivables not impaired	1.107	743	950	2,800

€ k	Up to 30 days	31 to 60 days	More than 60 days	31 December 2014
Trade receivables not impaired	657	554	83	1,294

At the time the consolidated financial statements were prepared, the trade receivables either had been paid or related primarily to customers with top credit ratings.

### Liquidity risk

The Group monitors the risk of a possible liquidity bottleneck with ongoing cash flow planning and monitoring procedures.

As at 31 December 2015, the cash flows from the Group's financial liabilities were due to mature as follows:

At 31 December 2015	Up to 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
€ k					
Corporate bond	625	625	11,875	0	13,125
Liabilities due to banks	2,230	2,150	455	0	4,835
Trade payables	2,311	0	0	0	2,311
Other liabilities (contractual obligations)	6,621	479	1,443	0	8,543
<b>Total</b>	<b>11,787</b>	<b>3,254</b>	<b>13,773</b>	<b>0</b>	<b>28,814</b>

At 31 December 2014	Up to 1 year	1 to 2 years	3 to 5 years	More than 5 years	Total
€ k					
Financial liabilities	642	628	1,071	0	2,341
Trade payables	3,898	0	0	0	3,898
Other liabilities (contractual obligations)	3,449	0	0	0	3,449
<b>Total</b>	<b>7,989</b>	<b>628</b>	<b>1,071</b>	<b>0</b>	<b>9,688</b>

Financial liabilities that can be repaid at any time are assigned to the earliest possible time period.

### Market price risk

#### Interest rate risk management

On the one hand, the Group is financed through its operating cash flow. To finance organic and inorganic growth, SNP has also taken up interest-bearing borrowed capital in the form of two bank loans and a corporate bond. Bank loans have a fixed basic interest rate and a variable interest rate oriented based on Euribor. Changes in market interest rates could therefore lead to higher interest expenses. The development of market interest rates and the necessity of adequate hedging

measures are continuously assessed by management.

#### Currency risk management

The functional currency of the Group and the presentational currency for the consolidated financial statements is the euro. The majority of sales is generated from within the euro zone. As a consequence of the Group's increasing internationalisation outside the euro zone, its operating business and financial transactions involve fluctuations in exchange rates. These result in particular from fluctuations in the US dollar and the

Swiss frank. Exchange rate risks arising from contracts and loans to subsidiaries outside the euro zone relate primarily to the absolute amounts of the figures reported in euro. The development of exchange rates and the necessity of adequate hedging measures are continuously assessed by management.

As part of the presentation of market risks, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the prices of financial instruments.

Stock exchange prices are a particular concern as risk variables. As at 31 December 2015 and 31 December 2014, the Group held no financial instruments with associated share price risks.

#### Fair value

The following table shows the carrying amounts and fair values of all financial instruments recognised in the consolidated financial statements:

#### Financial instruments measured at amortised cost:

€ k	Carrying amount		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
<b>Loans and receivables</b>				
Trade (receivables)	15,498	10,608	15,498	10,608
Cash and cash (equivalents)	13,769	5,681	13,769	5,681
Miscellaneous financial assets	52	16	52	16
<b>Total</b>	<b>29,319</b>	<b>16,305</b>	<b>29,319</b>	<b>16,305</b>
<b>Financial liabilities measured at amortised cost</b>				
Corporate bond	10,313	0	10,800	0
Financial liabilities	4,633	2,250	4,633	2,250
Trade (payables)	2,311	3,898	2,311	3,898
Miscellaneous financial liabilities	6,621	3,449	6,621	3,449
<b>Total</b>	<b>23,878</b>	<b>9,597</b>	<b>24,365</b>	<b>9,597</b>

The financial liabilities relate to floating-rate bank loans.

#### Net results by measurement category

€ k	Loans and receivables	
	2015	2014
From interest	13	20
Outside profit or loss	0	0
In profit or loss	13	20

The following is also to be mentioned:

- Interest on current bank loans in the amount of € 180 thousand (previous year: € 60 thousand) is recognized in profit or loss.
- Interest expenses from the corporate bond (financial liability measured at amortised cost) in the amount of € 502 thousand are recognized in profit or loss.

#### 26. Capital management

The Group aims to secure the company's continued existence in the long-term and to safeguard the interests of its shareholders, employees and all other readers of the financial statements.

The capital structure is managed based on changes in the general economic environment and the risks resulting from the assets held.

The Group's strategy is to increase the value of the company continuously and sustainably.

The Group's capital is equal to its recognised equity. The equity ratio was 35.4% on 31 December 2015 (previous year: 53.1%).

## Income statement disclosures

### 27. Fixed-price projects – POC (percentage of completion) projects

Revenues relating to fixed-price projects that were not yet completed as at 31 December 2015 amounted to € 4,755 thousand (previous year: € 2,128 thousand) and equal the costs incurred plus the pro rata realisable profit.

Revenues from construction contracts for fiscal year 2015 amount to € 46.7 million in total (previous year: € 22.5 million).

### 28. Other operating income

Other operating income breaks down as follows:

€ k	2015	2014
Exchange rate differences	578	438
Earn-out reversal	356	1,505
Reversal of provisions and derecognition of liabilities	123	14
Insurance compensation	31	35
Reversal of write-downs	9	1
Proceeds from the disposal of assets	9	17
Commission income	8	8
Discount income	4	3
Miscellaneous	107	91
<b>Total</b>	<b>1,225</b>	<b>2,112</b>

### 29. Cost of material

These relate almost exclusively to costs of third-party consultants for the implementation of projects (costs of purchased services).

### 30. Personnel costs

Staff costs contain expenses for defined contribution pension schemes of € 280 thousand (previous year: € 244 thousand) (not including insurance contributions to statutory pension schemes). Contributions to statutory pension schemes amounted to € 1,893 thousand (previous year: € 1,281 thousand).

Staff costs include severance payments of € 79 thousand (previous year: € 20 thousand).

The average number of employees in the Group developed as follows:

	2015	2014
Full-time	336	244

### 31. Other operating expenses

Other operating expenses break down as follows:

€ k	2015	2014
Travel costs	2,129	1,054
Rent, leases	2,104	1,011
Vehicles	1,913	1,455
Legal and consulting costs	1,604	1,218
Advertising, representation	1,525	1,121
Occupancy costs, energy	1,004	479
Settlement payment	901	0
Other staff costs	561	454
Communications	547	368
Foreign exchange losses	324	25
Insurance policies, contributions	236	167
Losses on receivables, specific write-downs	12	50
Miscellaneous	708	914
<b>Total</b>	<b>13,568</b>	<b>8,316</b>

### 32. Net financial income

Net financial income mainly includes interest expenses and income and expenses from write-downs of loans not qualifying as "net investments".

### 33. Income tax expense

Current and deferred income taxes break down as follows:

€ k	2015	2014
<b>Current taxes</b>		
Domestic	187	389
Foreign	605	248
	<b>792</b>	<b>637</b>
<b>Deferred taxes</b>		
Domestic	447	-287
Foreign	-44	-6
	403	-293
<b>Total</b>	<b>1,195</b>	<b>344</b>

In the fiscal year, income taxes in Germany amounted to 30.0% (previous year: 30.0%).

The deferred taxes recognised directly in equity under other components of equity can be seen in the statement of comprehensive income and break down as follows:

€k	2015		
	Before taxes	Taxes	After taxes
<b>Remeasurement of defined benefit obligations</b>	-121	36	-85
	2014		
	-129	35	-94

## Tax reconciliation

Income taxes are derived from earnings before taxes as follows:

€k	2015	2014
Earnings before taxes, after other taxes	3,747	1,373
Theoretical tax rate *)	30.0%	30.0%
Notional tax expense	1,124	412
<b>Changes in notional tax expense owing to</b>		
- differences between domestic and foreign tax rates	-267	-47
- prior-period taxes	3	-2
- non-deductible operating expenses	406	41
- ineligible deferred tax assets on loss carryforwards	4	508
- tax-exempt income	0	-572
<b>- other effects</b>	<b>-75</b>	<b>4</b>
<b>Calculated on the basis of domestic income tax rates</b>	<b>1,195</b>	<b>344</b>

\*) Calculated on the basis of domestic income tax rates

Deferred tax assets and tax liabilities from temporary differences between the carrying amounts and the tax values of assets and liabilities are shown in the table below:

€k	31.12.2015	31.12.2014
<b>Deferred tax liabilities</b>		
Intangible assets	-20	-16
Receivables	-378	-230
Non-current liabilities	-58	0
<b>Total deferred tax liabilities</b>	<b>-456</b>	<b>-246</b>
<b>Deferred tax assets</b>		
Intangible assets	611	715
Loss carryforward	954	1,020
Pension obligations	216	180
<b>Total deferred tax assets</b>	<b>1,781</b>	<b>1,915</b>
<b>Carrying amount after offsetting</b>		
Deferred tax liabilities	-13	-124
Deferred tax assets	1,338	1,793

The deferred taxes recognised on tax loss carryforwards in fiscal year 2015 still related to the parent company. These loss carryforwards were partially utilised in fiscal year 2015. Planning assumes positive taxable income in subsequent years; the conclusion of another profit transfer agreement with a subsidiary is also expected to contribute to this. The tax loss carryforwards are therefore expected to be reduced further in the next few years.

As at 31 December 2015, there were tax loss carryforwards abroad of around € 3.3 million (previous year: € 3.6 million) for which no deferred tax assets were recognised as the requirements of IAS 12 were not met as at the end of the reporting period. There are the following time limits for the use of tax loss carryforwards abroad:

- around € 1.8 million by 2033 and
- around € 1.5 million by 2034.

## Notes to the statement of cash flows

### 34. Interest and income tax payments

The cash flow from operating activities includes the following items: interest paid of € 180 thousand (previous year: € 86 thousand), interest received of € 13 thousand (previous year: € 20 thousand), income taxes paid of € 554 thousand (previous year: € 1,102 thousand) and income taxes received of € 1,019 thousand (previous year: € 279 thousand).

## Other disclosures

### 35. Members of the Executive Board

The members of the Executive Board of the company are:

<b>Members of the SNP AG Executive Board 2015</b>	<b>Tenure from/to</b>	<b>Responsibilities and Departments</b>	<b>Other Appointments</b>
<b>Dr Andreas Schneider-Neureither</b>  Physicist (diploma) d.o.b. 05.10.1964	01.10.2012 to 31.12.2015; 01.01.2016 to 31.12.2020	<b>CEO</b>  <b>Responsible for:</b> <ul style="list-style-type: none"> <li>• Corporate Strategy</li> <li>• Portfolio &amp; Product Strategy</li> <li>• Sales &amp; Partnermanagement</li> <li>• Marketing</li> <li>• Investor Relations &amp; Corporate Governance</li> <li>• Strategic and process consulting</li> </ul>	Supervisory Board Casadomus AG, Stuttgart  Supervisory Board VHV insurance services GmbH, Hanover  Member of the Board of Directors VHV-Gruppe, Hanover
<b>Jörg Vierfuß</b>  Master of Business Administration d.o.b. 05.07.1968	01.04.2014 to 31.12.2016	<b>CFO</b>  <b>Responsible for:</b> <ul style="list-style-type: none"> <li>• Finance, Controlling &amp; Accountancy</li> <li>• Purchasing department &amp; Taxes</li> <li>• Human Resources</li> <li>• Legal &amp; Compliance</li> <li>• Administration</li> <li>• IT</li> </ul>	No further appointments
<b>Henry Göttler</b>  MA d.o.b. 03.12.1965	01.07.2014 to 31.12.2016	<b>COO</b>  <b>Responsible for:</b> <ul style="list-style-type: none"> <li>• Product Management</li> <li>• Product Marketing</li> <li>• Pre-Sales</li> <li>• Development</li> <li>• Support</li> <li>• Quality Assurance</li> <li>• Professional Services</li> </ul>	Supervisory Board Smart Commerce SE

## 36. Members of the SNP AG Supervisory Board

<b>Members of the SNP AG Supervisory Board 2015</b>	<b>Appointed/elected from/to</b>	<b>Memberships on other Supervisory Boards and other similar bodies</b>
<p><b>Dr Michael Drill</b></p> <p>Chairman of the Executive Board Lincoln International AG</p>	<p>Chairman since: 06.06.2014</p> <p>Deputy Chairman from: 24.05.2012 until 06.06.2014</p> <p>First appointed: 04.04.2011</p> <p>Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015</p>	<p>Shareholder Value Beteiligungen AG Chairman of the Supervisory Board, Germany</p> <p>Lincoln International SAS Supervisory Board member, France</p> <p>Lincoln International LLP Supervisory Board member, England</p>
<p><b>Gerhard A. Burkhardt</b></p> <p>Chairman of the Executive Board Familienheim Rhein-Neckar eG</p>	<p>Deputy Chairman from: 06.06.2014</p> <p>First appointed: 01.05.2013</p> <p>Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015</p>	<p>Casadomus AG Chairman, Germany</p> <p>Haufe-Lexware Real Estate AG Germany</p> <p>GdW Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Germany</p> <p>GWE Gesellschaft für Wohnen im Eigentum AG Germany</p>
<p><b>Rainer Zinow</b></p> <p>Senior Vice President SAP SE</p>	<p>Member of the Supervisory Board</p> <p>First elected: 06.06.2014</p> <p>Elected until: AGM resolving on the approval of the actions of the Supervisory Board FY 2015</p>	<p>No further appointments</p>

## 37. Related party transactions and disclosures

In accordance with IAS 24, Related Party Disclosures, transactions with persons or companies that can either be influenced by the reporting company or that can exercise influence over the company must be disclosed unless they have already been included in the consolidated financial statements as a consolidated company.

## Executive Board

The total remuneration of Executive Board members consists of a number of components and is composed of fixed and performance-based components. The non-performance-based components consist of a basic salary, additional benefits and pension commitments, while the performance-based components are based on the company's business performance.

The total remuneration awarded to Members of the Executive Board in fiscal year 2015 amounted to a total of € 1,034,210.93. Details of the remuneration paid to Executive Board members in fiscal year 2015 are itemised in the following table:

## Fiscal year 2015

In €	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr Andreas Schneider-Neureither	220,000.00	201,810.73	21,467.28	9,824.81	10,603.90	463,706.72
Jörg Vierfuß	120,000.00	89,693.66	18,621.00	0.00	4,408.58	232,723.24
Henry Göttler	180,000.00	134,540.49	22,454.76	0.00	785.72	337,780.97
<b>Total</b>	<b>520,000.00</b>	<b>426,044.88</b>	<b>62,543.04</b>	<b>9,824.81</b>	<b>15,798.20</b>	<b>1,034,210.93</b>

## Fiscal year 2014

In €	Basic salary	Variable salary	Fringe benefits	Pension fund	Insurance benefits	Total
Dr Andreas Schneider-Neureither	220,008.00	154,622.68	21,390.48	9,774.81	10,323.62	416,119.59
Jörg Vierfuß	90,000.00	51,540.89	13,823.28	0.00	2,884.89	158,249.06
Henry Göttler	90,000.00	51,540.89	8,801.36	0.00	410.25	150,752.50
<b>Total</b>	<b>400,000.00</b>	<b>257,704.46</b>	<b>44,015.12</b>	<b>9,774.81</b>	<b>13,618.76</b>	<b>725,113.15</b>

In addition to general insurance and pension commitments, the company has also arranged Directors and Officers (D&O) liability insurance on behalf of the Executive Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for members of the Supervisory Board and senior executives. The corresponding D&O insurance for SNP America Inc. also grants pro rata coverage for the CEO of SNP AG, who is also the Chairman of the Board of SNP America, Inc., and the CFO of SNP AG, who is also the Vice President for Finance of SNP America, Inc. The D&O insurance policy described totals an annual insurance premium of € 2,951.41. The pro-rata insurance premium paid per person per period of activity can be consulted in the insurance benefit table.

#### Advances or loans to Executive Board members or contingent liabilities incurred on behalf of these persons

As at 31 December 2015, an advance on travel expenses of € 6 thousand (previous year: € 0 thousand) had been extended to one of the Executive Board members. There were no other loans, credits or advances extended to the Executive Board members.

Furthermore, during the reporting year, SNP AG did not incur any contingent liabilities on behalf of members of the Executive Board.

#### Provisions for pension commitments to members of the Executive Board

In accordance with IFRS, SNP AG has made provisions for pension commitments to Dr Andreas Schneider-Neureither and Mrs Petra Neureither (CFO until 19 May 2011), totalling € 201 thousand (prior year: € 176 thousand). An insurance policy has been agreed to cover pension obligations.

#### Other transactions

Since 1 December 2010, there has been a lease agreement between a member of the Executive Board and SNP AG for office premises and parking spaces. Effective 1 September 2014, two separate agreements (office premises and parking spaces) were concluded for these with unchanged terms. These services are invoiced at arm's-length conditions. In fiscal year 2015, rental expenses of € 228 thousand (prior year: € 229 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2015. Since 1 September 2014 and 1 November 2014, there have also been five rental agreements between a company controlled by a member of the Executive Board and SNP AG for office premises and parking spaces. These services are invoiced at arm's-length conditions. In fiscal year 2014, rental expenses of € 157 thousand (prior year: € 46 thousand) were incurred for this; there were no outstanding liabilities as at 31 December 2015.

## Supervisory Board

The total remuneration granted to members of the Supervisory Board in fiscal year 2014 amounted to a total of € 58 thousand (previous year: € 60 thousand). At the

balance sheet date, there were no loan receivables due from the Supervisory Board members. The following table shows individual remuneration per Supervisory Board member:

### Fiscal year 2015

In €	Fixed amount	Attendance fee	Other expenses	D&O-Insurance	Total
Dr Michael Drill	20,000.00	4,000.00	125.50	452.97	24,578.47
Gerhard A. Burkhardt	15,000.00	4,000.00	55.00	452.97	19,507.97
Rainer Zinow	10,000.00	3,000.00	0.00	452.97	13,452.97
<b>Summe</b>	<b>45,000.00</b>	<b>11,000.00</b>	<b>180.50</b>	<b>1,358.91</b>	<b>57,539.41</b>

### Fiscal year 2014

In €	Fixed amount	Attendance fee	Other expenses	D&O-Insurance	Total
Dr Michael Drill	17,847.22	4,000.00	327.47	668.67	22,843.36
Gerhard A. Burkhardt	12,847.23	4,000.00	0.00	668.67	17,515.90
Rainer Zinow	5,694.44	3,000.00	0.00	334.33	9,028.77
Roland Weise	8,611.83	1,000.00	869.42	334.33	10,815.58
<b>Summe</b>	<b>45,000.72</b>	<b>12,000.00</b>	<b>1,196.89</b>	<b>2,006.00</b>	<b>60,203.61</b>

The company has arranged directors' and officers' liability insurance (D&O) on behalf of the Supervisory Board members. The annual insurance premium of € 7,021.00 (€ 5,900.00 plus 19% insurance tax) also includes the D&O insurance for members of the Executive Board and senior executives. The pro-rata insurance premiums paid for each person for the period of their appointment are shown in the table.

In fiscal year 2014, as at 31 December 2014, the member of the Supervisory Board Dr Michael Drill held 5,500 voting rights in SNP AG. In fiscal year 2015, as at 31 December 2015, the members of the Supervisory Board Dr Michael Drill and Mr Gerhard Burkhardt held 11,500 and 3,200 voting rights respectively in SNP AG.

### 38. Contingent liabilities and other financial obligations

The obligations arising from rental and lease agreements essentially consist of rental agreements for office space and lease agreements for intangible assets and cars. The following payments for non-cancellable rental and lease agreements are due in the coming fiscal years:

€ k	2015	2014
Within one year	2,747	1,881
Between one and five years	5,111	3,894
After five years	1,484	1,591
	<b>9,342</b>	<b>7,366</b>

### 39. Dividends paid and proposed

A dividend for 2014 of € 483,103.14 (previous year: € 297,294.24) was resolved and distributed in the fiscal year. The dividend amounted to € 0.13 per share (previous year: € 0.08 per share).

A dividend of € 1,263,500.52 (€ 0.34 per share) for fiscal year 2015 will be proposed for approval at the Annual General Meeting on 12 May 2016. The dividend was not recognised in the consolidated financial statements as liability as at 31 December 2015.

### Disclosures in accordance with section 315(4) HGB

As at 31 December 2015, the share capital of SNP Schneider-Neureither & Partner AG amounted to € 3,738,060, consisting of 3,738,060 ordinary bearer shares in the form of no-par value shares each with a nominal share of the share capital of € 1.00. Each share entitles the holder to one vote. Accordingly, the disclosures made in the WpHG notifications below regarding the number of voting rights relate to the share capital as at the respective date.

Disclosures in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) regarding investments in capital exceeding 3%, 5%, 10%, 15% and 20% of voting rights:



- Dr Andreas Schneider-Neureither: 20,0006%.

Pursuant to section 22 (1) sentence 1, no. 6 of the WpHG, 0.0245% of the voting rights are attributable to Dr Schneider-Neureither. Pursuant to section 22 (1) sentence 1, no. 1 of the WpHG, 18.81% of the voting rights are attributable to Dr Schneider-Neureither. These voting rights are held via the following entities controlled by Dr Schneider-Neureither, which each hold a share in the voting rights of SNP Schneider-Neureither & Partner AG of 3% or more:

- Schneider-Neureither GmbH
- SN Verwaltungs GmbH & Co. KG
- SN Holding GmbH
- SN Assets GmbH

- Ms Ingrid Weispfenning: 13,29%

Pursuant to section 22 (1) sentence 1, no. 1 of the WpHG, 1.67% of the voting rights are attributable to Ms Weispfenning.

- Invesco

Invesco (UK) Limited, Henley-on-Thames, United Kingdom, notified us on 31 December 2014 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the thresholds of 3% and 5% of the voting rights on 24 December 2014, amounting to 6.72% (or 251,279 voting rights) on this date. 6.72% of the voting rights (251,279 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG in conjunction with sentence 2 WpHG.

Invesco Limited, Hamilton, Bermuda, notified us on 31 December 2014 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the thresholds of 3% and 5% of voting rights on 24 December 2014, amounting to 6.72% (or 251,279 voting rights) on this date.

6.72% of the voting rights (251,279 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG in conjunction with sentence 2 WpHG.

- Kabouter

Kabouter Management, LLC, Chicago, Illinois, United States of America, notified us on 11 February 2015 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 5% of voting rights on 9 February 2015 and amounted to 7.68% (287,224 voting rights) on this date. 7.68% of the voting rights (287,224 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG. The voting rights attributed are held by the following shareholders whose share in the voting rights of SNP Schneider-Neureither & Partner AG amounts to 3% or more: Kabouter Fund I QP, LLC.

Mr Peter Zaldivar, United States of America, notified us on 11 February 2015 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 3% of voting rights on 9 February 2015 and amounted to 7.68% (287,224 voting rights) on this date. 7.68% of the voting rights (287,224 voting rights) are attributable to Mr Zaldivar in accordance with section 22(1) sentence 1 no. 6 WpHG in conjunction with sentence 2 WpHG. The voting rights attributed are held by the following shareholders whose share in the voting rights of SNP Schneider-Neureither & Partner AG amounts to 3% or more: Kabouter Fund I QP, LLC.

Kabouter Fund I QP, LLC, Chicago, Illinois, United States of America, notified us on 11 February 2015 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 3% of voting rights on 9 February 2015 and amounted to 3.87% (144,544 voting rights) on this date.

Kabouter Fund II, LLC, Chicago, Illinois, United States of America, notified us on 10 July 2015 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 3% of voting rights on 4 June 2015 and amounted to 3.05% (114,139 voting rights) on this date.

- Inflection Point

Inflection Point Investments LLP, London, United Kingdom, notified us on 11 February 2015 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, was below the threshold of 5% of voting rights on 5 February 2015 and amounted to 3.59% (134,295 voting rights) on this date. 3.59% of the voting rights (134,295 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG.

Inflection Point Investments LLP, London, United Kingdom, notified us on 11 February 2015 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, was below the threshold of 3% of voting rights on 6 February 2015 and amounted to 2.26% (84,295 voting rights) on this date. 2.26% of the voting rights (84295 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG.

• **HANSAINVEST**

HANSAINVEST Hanseatische Investment-GmbH, Hamburg, Germany, notified us on 12 February 2015 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, had exceeded the threshold of 5% of voting rights on 10 February 2015 and amounted to 5.55% (207,329 voting rights) on this date.

HANSAINVEST Hanseatische Investment-GmbH, Hamburg, Germany, notified us on 22 July 2015 in accordance with section 21(1) WpHG that its share in the voting rights of SNP Schneider-Neureither & Partner AG, Heidelberg, Germany, was below the threshold of 5% of voting rights on 20 July 2015 and amounted to 4.99% (186,647 voting rights) on this date.

## Other disclosures in accordance with section 315a HGB

### 40. Auditing and consulting fees


In the fiscal year, the fees for the Group's auditor amounted to € 60 thousand for audits of financial statements (previous year: € 57 thousand), € 7 thousand for tax advisory services (previous year: € 12 thousand) and € 17 thousand for other consulting services (previous year: € 16 thousand).

### 41. Corporate governance

The Executive Board and the Supervisory Boards have issued the declaration on the German Corporate Governance Code. This has been published on the company's website [www.snp-ag.de](http://www.snp-ag.de).

Heidelberg, 10 March 2016

The Executive Board



Dr Andreas Schneider-Neureither



Henry Göttler



Jörg Vierfuß

## Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidelberg, 10 March 2016

The Executive Board



Dr Andreas Schneider-Neureither



Henry Göttler



Jörg Vierfuß



## Auditor's report

We have audited the consolidated financial statements of SNP Schneider-Neureither & Partner AG, Heidelberg – comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to consolidated financial statements – and the Group management report for the financial year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law in accordance with section 315(1) HGB are the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law in accordance with section 315(1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, 10 March 2016

MOORE STEPHENS TREUHAND KURPFALZ GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Dr. Matthias Ritzl  
German public auditor

Stefan Hamsch  
German public auditor

## Annual Financial Statements

SNP Schneider-Neureither & Partner AG, Heidelberg  
Balance Sheet (HGB) as at 31 December 2015

<b>ASSETS</b>	€	<b>2015</b> €	<b>2014</b> €k
<b>A. Fixed assets</b>			
<b>I. Intangible assets</b>			
1. Concessions, industrial property rights and similar rights and values such as licenses to such rights and values		507,893.00	133.5
<b>II. Fixed assets</b>			
1. Land, rights equivalent to property and buildings including buildings on third-party land	54,647.00		478
2. Other equipment, office and factory equipment	645,125.00	699,772.00	541.2
<b>III. Financial assets</b>			
1. Shares in affiliated companies	16,169,278.91		5,456.1
2. Loans in affiliated companies	4,832,111.53		4,166.9
3. Participations	25,001.00	21,026,391.44	0.0
<b>B. Current assets</b>			
<b>I. Inventories</b>			
1. Work in progress	2,763,152.34		742.0
2. Goods	371,250.00	3,134,402.34	671.2
<b>II. Receivables and other assets</b>			
1. Trade receivables	2,979,268.37		6,650.2
2. Receivables from affiliated companies	6,590,259.19		2,662.6
3. Other assets	217,394.25	9,786,921.81	570.2
<b>III. Cash reserves and bank balances</b>		1,862,475.50	1,831.1
<b>C. Deferred items</b>		266,545.08	482.4
		<b>37,284,401.17</b>	<b>23,955.2</b>

<b>LIABILITIES</b>	€	<b>2015</b> €	<b>2014</b> €k
<b>A. Own capital</b>			
<b>I. Subscribed capital</b>	3,738,060.00		3,738.1
1. Own shares	-21,882.00	3,716,178.00	-21.9
			3,716.2
<b>II. Capital reserves</b>		7,451,959.30	7,451.9
<b>III. Revenue reserves</b>			
1. Statutory reserves	19,100.00		19.1
2. Other reserves	52,888.55	71,988.55	52.9
<b>VI. Retained earnings</b>		2,289,541.72	2,037.9
<b>B. Provisions</b>			
1. Provisions for pensions and similar obligations	99,016.75		78.2
2. Tax provisions	0.00		27.3
3. Other provisions	2,456,171.09	2,555,187.84	2,010.2
<b>C. Liabilities</b>			
1. Corporate bond	10,501,736.08		0.0
2. Liabilities to credit institutions	4,650,000.00		2,250.0
3. Payments received on orders	1,915,890.32		1,124.7
4. Liabilities for goods and services	681,999.44		3,440.0
5. Liabilities to affiliated companies	420,754.10		796.3
6. Other liabilities	2,989,427.88	21,159,807.82	947.6
<b>D. Deferred items</b>		39,737.94	2.9
		<b>37,284,401.17</b>	<b>23,955.2</b>

SNP Schneider-Neureither & Partner AG, Heidelberg  
 Profit and Loss Account (HGB) from 1 January to 31 December 2015

€	2015 €	2014 €k
<b>1. Sales revenue</b>	<b>21,883,729.88</b>	<b>18,489.3</b>
<b>2. Increase (previous year: decrease) in inventories of finished and unfinished goods</b>	2,021,129.93	-1,174.0
<b>3. Other operating income</b> - Of which expenses from foreign currency conversion € 209,826.03 € (€k 71)	3,071,528.99	3,720.6
<b>4. Material costs</b> a) Costs for purchased goods	12,171,188.17	2,949.7
<b>5. Personnel costs</b> a) Wages and salaries 8,611,942.64 b) Social security and expenses for pensions and related employee benefits 1,210,391.29 - Of which expenses for pensions € 119,410.16 (€k 137.9)	9,822,333.93	9,388.7 1,393.7
<b>6. Depreciation</b> a) Of intangible assets and fixed assets	404,147.81	400.6
<b>7. Other operating expenses</b> - Of which expenses from foreign currency conversion € 167,219.08 (€k 5.8)	7,600,483.26	5,663.7
<b>8. Income from participations</b> - Of which from affiliated companies € 600,000.00 (€k 712)	600,000.00	712.5
<b>9. Income from other securities and financial assets</b> - Of which from affiliated companies € 172,787.45 (€k 95.3)	172,787.45	95.4
<b>10. Other interest and similar income</b> - Of which from affiliated companies € 165,122.83 (€k 127.4)	171,636.76	144.2
<b>11. Received profits due to a profit transfer agreement</b>	3,613,280.44	0.0
<b>12. Interest and similar expenses</b> - Of which from affiliated companies € 7,354.15 (€k 14)	763,381.86	82.5
<b>13. Profit/loss from ordinary activities</b>	<b>772,558.42</b>	<b>2,109.1</b>
<b>14. Taxes on income</b> 15,065.56		81.8
<b>15. Other taxes</b> 22,755.00	37,820.56	19.6
<b>16. Net income</b>	<b>734,737.86</b>	<b>2,007.6</b>
<b>17. Profit carried forward from previous year</b>	1,554,803.86	30.3
<b>18. Retained earnings</b>	<b>2,289,541.72</b>	<b>2,037.9</b>

## Disclaimer

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## Financial Calendar

30 March 2016	Publication of Annual Report 2015
29 April 2016	Publication of the Interim Statement for Quarter I
12 May 2016	Annual General Meeting 2016
29 July 2016	Publication of Half Year Figures
28 October 2016	Publication of the Interim Statement for Quarter III
November 2016	German Equity Forum 2016

All dates are provisional only.

The current financial calendar can be consulted at: [www.snp-ag.com/eng/Investor-Relations/Financial-calendar](http://www.snp-ag.com/eng/Investor-Relations/Financial-calendar)

## Contact

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

## Legal notice

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Henry Göttler (COO)

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