

# Half-year financial report I 2017



**Key Figures at a glance**

Unless otherwise specified in € million

	<b>1st half-year 2017</b>	<b>1st half-year 2016</b>	<b>2nd quarter 2017</b>	<b>2nd quarter 2016</b>
<b>Backlog (as of June 30)</b>	<b>48.5</b>	<b>29.3</b>	<b>48.5</b>	<b>29.3</b>
<b>Revenue</b>	<b>48.0</b>	<b>37.9</b>	<b>26.4</b>	<b>19.4</b>
- Software	6.8	5.8	4.3	2.9
- Professional Services	41.2	32.1	22.2	16.6
<b>Recurring revenues *</b>	<b>4.4</b>	<b>2.3</b>	<b>2.9</b>	<b>1.0</b>
<b>EBIT</b>	<b>-1.9</b>	<b>3.4</b>	<b>0.5</b>	<b>1.8</b>
- Margin (%)	-3.9	9.0	2.1	9.2
<b>Consolidated net income</b>	<b>-2.1</b>	<b>2.2</b>	<b>0.2</b>	<b>1.1</b>
<b>Earnings per share (€)</b>				
- Undiluted	-0.41	0.58	0.05	0.30
- Diluted	-0.41	0.58	0.05	0.30
<b>Number of shares (million)</b>	<b>4.977</b>	<b>3.738</b>		
<b>Equity</b>	<b>43.5</b>	<b>18.5</b>		
- Ratio (%)	37.3	37.8		
<b>Number of employees (as of June 30)</b>	<b>1,077</b>	<b>638</b>		
<b>Personnel costs</b>	<b>30.2</b>	<b>22.0</b>	<b>15.5</b>	<b>11.4</b>

\* "Recurring revenue" refers to revenue that will in all probability recur in the future. This line item covers contracts that have, at the very least, a period of a year with a possibility for renewal.

# Content

- 04 Letter from the CEO
- 06 SNP in the capital markets

## **Interim Group Management Report**

- 10 Business model of the SNP Group
- 13 Significant events in the first half 2017
- 16 Economic report
- 17 Net assets, financial position and results of operations
- 22 Report on risks and opportunities, forecast

## **Consolidated Financial Statements**

- 24 Consolidated Balance Sheet
- 25 Consolidated Income Statement
- 26 Consolidated Statement of Comprehensive Income
- 27 Consolidated Cash Flow Statement
- 28 Consolidated Statement of Changes in Equity
- 30 Notes to the Consolidated Financial Statements
- 35 Segment reporting
- 38 Assurance by the Legal Representatives
- 39 Independent Auditors Report

## **Further Information**

- 41 Financial calendar
- 41 Contact
- 42 Legal notice

# Letter from the CEO

Dear Shareholders,

SNP AG's goal remains to become the global standard for software-based data transformation. We have once again made major progress towards this goal in the first half of 2017.

To achieve this goal, we are focusing on three strategic objectives at SNP:

1. Automation through software
2. Access to new markets through internationalization
3. The ability to deliver projects globally

## **Automation through software**

Our software portfolio is the technological core of our business model. Through technological innovations and improvements, we increase the benefits to the customer while also tapping into new sources of licensing income.

In May of this year, we presented SNP CrystalBridge at the SAPPHIRE NOW conference in Orlando, USA, for the first time. This new SNP software product revolutionizes data transformation by visualizing and automating complex transformations.

SNP is constantly expanding its software portfolio with the building blocks for transformation algorithms.

An extremely fascinating and new member of the SNP family is the SaaS company Innoplexia based in Heidelberg. They employ a data harvesting approach, whereby data is extracted from the internet and intelligently evaluated – data transformation for the internet.

In addition, we have successfully launched a new version of our core product SNP Transformation Backbone with SAP LT.

## **Access to new markets through internationalization**

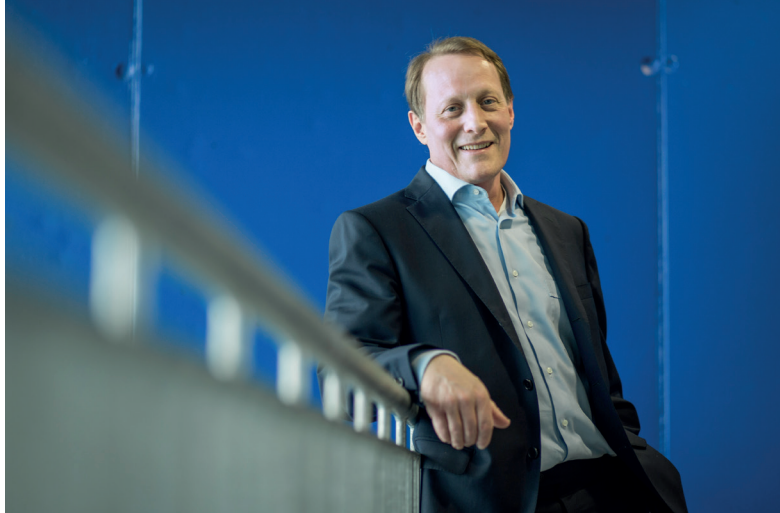
To achieve our goal of becoming the global standard for all data transformation with our software and service portfolio, we have gained access to international markets through the implementation of an accelerated inorganic internationalization strategy. Following acquisitions in Asia, North America and the United Kingdom, we have recently acquired the Polish BCC Group and the South American ADEPCON Group. As a result, SNP now has a presence in almost all commercially relevant regional markets.

By having greater access to customers, we are able to position SNP's software globally as well as provide our customers with access to regional employees with the necessary expertise in SNP's key domains for transformation projects.

## **The ability to deliver projects globally**

The acquisitions now bring the total number of employees to about 1,250 in the SNP Group. In order to service the increasing demand for SNP products and services, attracting new specialists is a key success factor in our growth strategy. With companies modifying their IT architectures and the existence of new software business suites with global significance, transformation experts are expected to become scarcer. We are ensuring SNP AG's efficiency and ability to deliver to customers in a timely and sustainable manner by expanding our global team and developing the increased sales potential of our portfolio.

In addition, our growth strategy is solidly financed. Our most recent growth initiatives were financed with additional equity and borrowed capital. A borrower's note loan resulted in an inflow of borrowed capital of € 40 million. With an average yield of 1.41% per annum, the financing conditions continue to be very attractive.



Dr. Andreas Schneider-Neureither has a PhD in physics and is the CEO of SNP AG.

A cash capital increase of 10% of the share capital resulted in an inflow of approximately € 19 million in equity. Around half a million new SNP shares were issued at a price of € 37.65 per share as part of a private placement. The capital increase is not yet recognized in the financial statements as of June 30, 2017.

The successful cash capital increase emphasizes investors' interest in participating in our growth strategy and the future development of the SNP Group. The successful issuance also proves that our business model is stable and sustainable, and confirms that SNP shares are attractive to the capital market.

The figures for the first six months of the year show that our growth is linked to significant extraordinary one-time expenses. Revenue increased by approximately 27% to € 48 million in the first half of the year, while the operating result (EBIT) amounted to € -1.9 million. However, the operating result in the second quarter is positive again at € 0.5 million. This positive trend in the interim period as well as our promising pipeline of software give us the continued confidence to maintain our earnings forecast for the current fiscal year.

#### Summary:

In order to prepare for the radical changes expected in the digital world, we have purposefully pursued SNP AG's growth and the expansion of our presence in key international markets with increased dynamism.

Digital transformation and the ability to rapidly respond to changes in the business environment are the most critical factors for competitive success today. In addition

to changes affecting an organization such as spin-offs, carve-outs and the sale of companies, there is particular attention given to the technological necessity to integrate previously diverse and complex IT infrastructure.

As a provider of a software standard that is cutting edge and unique in the industry while also spanning industries, SNP supports and promotes changes in companies. We do this as an internationally active Group with a highly competent team that is better positioned than any other team to derive the benefits from transformation software and thus generate real value for our customers.

I would therefore like to take this opportunity to offer my special thanks to our highly motivated employees, who, with their high level of commitment to and identification with the company, make daily contributions to SNP's progress. I would also like to sincerely welcome our new members of the SNP family and I look forward to working together. Furthermore, I would like to thank our customers and shareholders for the trust they have placed in us. We will continue to work hard in everything we do to maintain this trust.

Dr. Andreas Schneider-Neureither  
CEO

# SNP in the Capital Markets

During the first six months of 2017, the most successful asset classes included shares from the technology sector and European small- and mid-cap companies. Since the beginning of the year, the TecDAX, an index of technology-oriented small- and mid-cap companies, has grown by 21%. The MDAX mid-cap index was up by almost 10%, outpacing DAX shares with a return of nearly 7%. The SDAX, the small cap index of the German Stock Exchange, has grown by 14% since the beginning of January.

The NASDAQ Composite, the US technology index, also performed very well. In dollar terms, it has increased by 14% since the beginning of the year. In contrast, the

S&P 500, the market-wide US leading share index, and the British FTSE 100 in euro terms only saw gains of 3.0% and 0.9% respectively. Finally, the dollar dropped against the euro by a good 5% in the year to date.

SNP AG took advantage of the stable capital markets environment in order to obtain both debt and equity financing during the first half of the year. In February, the company gained gross issuing proceeds amounting to € 40 million due to the issuance of a borrower's note loan. In July, the company increased the existing share capital by 10% of the outstanding shares, which resulted in approximately € 18.74 million in gross issuing proceeds being generated.

## Key Share Data

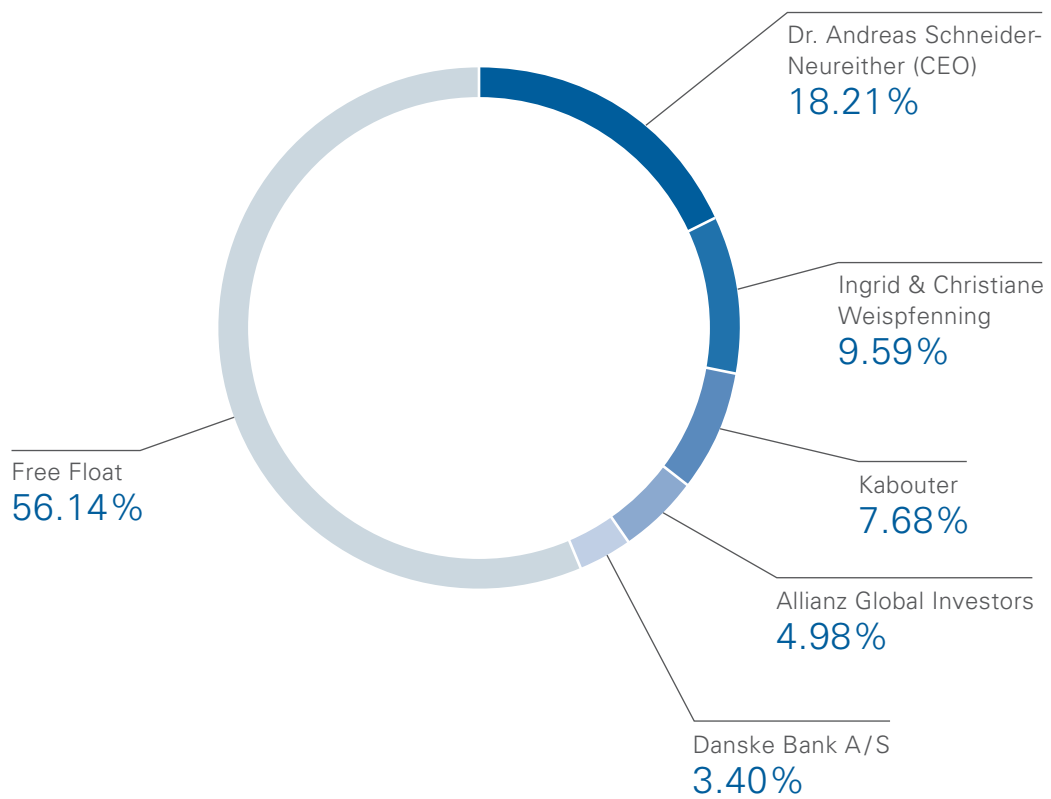
ISIN	DE0007203705
Security identification number	720 370
Number of shares as of July 7, 2017	5,474,463 (Share capital: 5,474,463 €)
Number of shares as of June 30, 2017	4,976,786 (Share capital: 4,976,786 €)
Number of shares as of June 30, 2016	3,738,060 (Share capital: 3,738,060 €)
Class	No-par-value shares
Market segment	Prime Standard
Trading exchanges/ stock exchanges	Xetra®, Frankfurt, Berlin, Hamburg, Munich, Stuttgart, Düsseldorf
Ticker symbol	SHF
Bloomberg	SHF:GR
Reuters	SHFG.DE

## Share Performance Indicators

		2017	2016
Earnings per share as of June 30	(in €)	<b>-0.41</b>	0.58
	(in € million)		
Market capitalization as of June 30		<b>190.21</b>	105.41
Price as of June 30	(in €)	<b>38.22</b>	28.20
Highest price in the first half of the year	(in €)	<b>49.20</b>	32.55
Lowest price in the first half of the year	(in €)	<b>38.18</b>	22.60

### Shareholder structure

As of July 2017



### SNP Shares Showing Marked Increase in Liquidity

After SNP shares exceeded the psychologically important market capitalization threshold of € 200 million at the end of 2016, this positive trend continued in the first trading weeks of 2017. SNP shares reached a peak of € 49.20 based on the closing price, which represented a market capitalization of approximately € 245 million in mid-February. During the rest of the year, SNP shares lost value and closed the first half of the stock market year with a slight drop of approximately 4%. As of June 30, 2017, the share price stood at € 38.22.

Trading volume across various stock exchanges increased significantly and therefore so did the share's liquidity. A monthly average of 12,248 shares per day were traded in the first half of the year (previous year: 8,393 shares). This equals an average trading volume of approximately € 265,000 per month (previous year: approximately € 181,000). Over the course of 2016, a monthly average of 10,104 shares per day were traded across various stock exchanges, compared with only 5,043 shares over the course of 2015.

In June, a dividend of € 0.39 per share was distributed. Taking into account adjustments for the higher number of shares from the capital increase in 2017, this is € 0.32 per share.

### A Significantly Oversubscribed Capital Increase

On July 5, 2017, SNP AG announced a cash capital increase, as a result of which the company's share capital was increased by € 497,677 divided into 497,677 no-par-value shares, to a total of € 5,474,463, divided into 5,474,463 shares. The new shares, which were issued at a price of € 37.65 per share xxx to selected institutional investors by means of an accelerated bookbuilding process under exclusion of subscription rights, are entitled to dividends in the 2017 fiscal year, beginning on January 1, 2017. The overall interest of investors significantly exceeded the placement volume so that it was not possible to meet all the subscription requests for shares. Through the successful cash capital increase, the company generated gross issue proceeds of € 18.74 million. The capital increase was entered in the German commercial register on July 7, 2017. The new shares were issued on July 10, 2017.

#### Parameters of the 2017 Cash Capital Increase

Issued shares	497,677 no-par-value shares
Subscription price	€ 37.65
Gross issue proceeds	€ 18.74 million
Type of placement	Private placement
Entry in the German commercial register	July 7, 2017
Issuance	July 10, 2017



### Performance of SNP Shares in 2017

Relative performance in %



Further information on SNP shares 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/>

### Issuance of a Borrower's Note Loan and Early Redemption of the Bond

In February, SNP AG reached agreement with investors on the issuance of a borrower's note loan with a total volume of € 40 million. The volume is spread across fixed and variable tranches in terms of three to seven years. The average yield at the time of issuance of the borrower's note loan amounted to 1.41% per annum. Due to the high level of investor interest and the favorable financing conditions, the original target volume was increased from € 30 million to € 40 million.

At the same time, effective March 27, 2017, the partial bearer bond (ISIN: DE000A14J6N4 / WKN: A14J6N) was redeemed early. In accordance with the bond conditions, the notice of redemption was published in the German Federal Gazette and on the company's website. The bond with a total amount issued of € 10 million (total nominal amount of up to € 20 million) was fully redeemed at a price of 103% plus interest accrued by March 27, 2017.

# Interim Group Management Report for the Period from January 1 to June 30, 2017

## SNP Group Business Activities

### SNP – The Transformation Company

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

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

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

### The Challenge for Modern Companies: IT Agility

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

### IT Transformations and Their Impact on ERP Systems

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

An ERP system handles the administration of corporate resources and business processes. SAP, Oracle and

Microsoft are among the most significant providers of such ERP systems. ERP systems are complex programs and are often heavily modified to accommodate their users. They combine essential and sensitive parts of a company, such as procurement, logistics, accounting and human resources administration.

The primary task of ERP transformations is to model data completely and correctly – including the data's history – in a new IT system, to integrate data into this environment or to extract data from it. The data being worked with frequently involves critical business transactions or highly sensitive data, for example from the area of financial accounting or personnel systems. As a result, the loss of such data could have serious consequences for the entire company. With its integrated range of software products and software-related consulting services, the SNP Group has created fitting solutions that optimally support companies in managing their IT transformations.

### **Catalyst of IT Transformations**

Business transformations include corporate mergers, acquisitions, spin-offs, carve-outs and sales. IT transformations include consolidations, combinations, data alignment and upgrades. Many ERP landscapes have increased in complexity over time so that enhancements or changes to existing ERP systems are no longer sufficient. Instead, ERP landscapes must be completely redesigned.

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

In the course of a transformation project, large amounts of data must be analyzed and processed. The length of time that a transformation takes may have an impact on a company's success. Critical factors are the seamless integration of legacy data into the new layout and the minimization of system downtimes during the transformation. In the traditional approach to data transfers, manual processes play an important role, resulting in significant personnel costs. We take a different software-based approach that allows us to automate significant steps in the transformation process while preserving a company's legacy data. The products and services provided by the SNP Group help companies adapt their IT landscape to changes quickly and flexibly, ensuring efficiency in terms of both time and money.

## Group Structure

The scope of consolidation of financial statements includes, aside from Heidelberg-based SNP Schneider-Neureither & Partner AG (in short "SNP AG"), the following subsidiaries, in which SNP Schneider-Neureither & Partner AG as the parent company holds the majority of the voting rights directly or indirectly as of June 30, 2017:

Company name	Company headquarters	Share ownership in %
SNP Transformations Deutschland GmbH (previously SNP Consulting GmbH)	Thale, Germany	100
SNP Business Landscape Management GmbH	Heidelberg, Germany	100
SNP Applications DACH GmbH	Heidelberg, Germany	100
SNP Applications Singapore Private Limited	Singapore	80
SNP Applications EMEA GmbH	Heidelberg, Germany	100
SNP Applications Americas, Inc. <sup>1</sup>	Irving, Texas, USA	100
SNP GmbH	Heidelberg, Germany	100
SNP Austria GmbH	Pasching, Austria	100
SNP (Schweiz) AG	Steinhausen, Switzerland	100
SNP Resources AG	Steinhausen, Switzerland	100
Schneider-Neureither & Partner Iberica, S.L.	Madrid, Spain	100
SNP Transformations, Inc. (previously SNP America Inc.) <sup>2</sup>	Jersey City, New Jersey, USA	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100
Hartung Consult GmbH	Berlin, Germany	100
Hartung Information System Co., Ltd.	Shanghai, China	100
SNP Transformations SEA Pte. Ltd. (previously Astrums Consulting (S) Pte. Ltd.) <sup>3</sup>	Singapore	81
SNP Transformations Malaysia Sdn. Bhd. (previously Astrums Consulting SDN. BHD.) <sup>3</sup>	Kuala Lumpur, Malaysia	81
Harlex Management Ltd.	London, United Kingdom	100
Harlex Consulting Ltd.	London, United Kingdom	100
RSP Reinhard Salaske & Partner Unternehmensberatung GmbH <sup>4</sup>	Wiehl, Germany	100
Business Consulting Center Sp. z o.o. <sup>5</sup>	Suchy Las, Poland	100
BCC IP Sp. z o.o. <sup>5</sup>	Suchy Las, Poland	100
BCC Business Consulting Center GmbH <sup>5</sup>	Berlin, Germany	100
BCC Business Consulting Center UK Ltd. <sup>5</sup>	London, United Kingdom	100
BCC Business Consulting Center Netherlands B.V. <sup>5</sup>	Amsterdam, The Netherlands	100
Innoplexia GmbH <sup>6</sup>	Heidelberg, Germany	80

<sup>1</sup> SNP Applications Americas Inc. was founded in February 2017.

<sup>2</sup> In January 2017, SNP Labs Inc. was merged with SNP America, Inc. Furthermore, SNP America Inc. was renamed SNP Transformations, Inc.

<sup>3</sup> In March 2017, Astrums Consulting (S) Pte. Ltd. was renamed SNP Transformations SEA Pte.; also in March 2017, Astrums Consulting SDN. BHD. was renamed SNP Transformations Malaysia Sdn. Bhd.; in June, SNP increased its shares in Singapore-based SNP Transformations SEA Pte Ltd. to 81% of the company shares.

<sup>4</sup> In April 2017, RSP GmbH was merged with SNP Transformations Deutschland GmbH retroactively.

<sup>5</sup> With economic effect on May 1, 2017, 100% of the shares in the Polish BCC Group were acquired.

<sup>6</sup> With economic effect on May 1, 2017, 60% of the shares in Innoplexia GmbH were acquired. As a result, SNP now holds 80% of the shares in the company. SNP already invested in Innoplexia GmbH back in April 2016 by purchasing 20% of its shares.

## Business Performance and Economic Situation

### Significant Events in the First Half of 2017

#### Legal Restructuring:

#### SNP Transformations Deutschland GmbH

On January 1, 2017, RSP Reinhard Salaske & Partner Unternehmensberatung GmbH (RSP GmbH) and Hartung Consult GmbH were merged with SNP Consulting GmbH. The combined company carries the new name SNP Transformations Deutschland GmbH.

According to the legal restructuring, on January 1, 2017, the German business operations of Hartung Consult GmbH were transferred to SNP Transformations Deutschland GmbH via an asset deal. On January 1, 2016, SNP AG acquired 51% of the shares in Hartung Consult GmbH. The remaining shares in Hartung Consult will be acquired on January 1, 2018.

In addition, in April 2017, RSP GmbH was merged with SNP Transformations Deutschland GmbH with retroactive effect as of January 1, 2017. SNP AG acquired 74.9% of the shares in RSP GmbH on January 1, 2015. SNP AG acquired the remaining shares (25.1%) on December 31, 2016.

With this, SNP successfully completed the integration of RSP GmbH (acquired in 2015) and Hartung Consult GmbH (acquired in 2016). The full organizational merger will ensure that the company can take a comprehensive consulting approach to digital transformation projects – particularly in view of the upcoming S/4 HANA projects.

#### Legal Restructuring: SNP Transformations, Inc.

Effective January 1, 2017, SNP Labs, Inc. was merged with SNP America, Inc. In a second step, SNP America, Inc. was renamed SNP Transformations, Inc.

SNP Labs was established in August 2015 as a fully owned subsidiary of SNP AG. Among the previous activities of SNP Labs were the process-oriented management and technical processing of transformation projects as a service for third parties in the USA and the establishment of a delivery center for transformation projects in the USA, including the recruitment and training of the necessary employees. As a result of the merger, these activities are being transferred to SNP Transformations, Inc.

SNP Transformations, Inc. (previously SNP America, Inc.) is similarly a fully owned subsidiary of SNP AG and is responsible for the sale of the SNP software and services portfolio in the USA. The objective of the legal merger is to further enhance coordination between the companies both in the sales and project preparation phases and in the implementation of projects.

#### Founding of SNP Applications Americas, Inc.

In February 2017, SNP Applications Americas, Inc. was founded in Irving, Texas. The U.S. subsidiary is fully owned by SNP AG. The company's purpose is the sale of SNP software portfolio products to the U.S. market beyond the SNP Transformation Backbone.

### **Successful Issuance of a Borrower's Note Loan**

In February, SNP Schneider-Neureither & Partner AG reached agreement with investors on the issuance of a borrower's note loan with a total volume of € 40 million. The volume is spread across fixed and variable tranches in terms of three to seven years. The average yield at the time of issuance of the borrower's note loan amounted to 1.41% per annum. Due to the high level of investor interest and the favorable financing conditions, the original target volume was increased from € 30 million to € 40 million.

### **Early Redemption of the Bond**

Effective March 27, 2017, the partial bearer bond (ISIN: DE000A14J6N4 / WKN: A14J6N) was redeemed early. In accordance with the bond conditions, the notice of redemption was published in the German Federal Gazette and on the company's website. The bond, which had a total amount issued of € 10 million (total nominal amount of up to € 20 million), was fully redeemed at a price of 103% plus interest accrued by March 27, 2017.

In the statement of financial position as of December 31, 2016, the bond was disclosed under current liabilities with a redemption rate of 103% plus interest of € 0.4 million that had accrued by the reporting date.

### **Acquisition of the Polish BCC Group**

With economic effect on May 1, 2017, SNP AG acquired 100% of the shares in the Suchy Las based Polish BCC Group. BCC ranks among the largest SAP partners in Central and Eastern Europe and specializes in the areas of SAP service, software development and cloud provisioning. The internationally focused Group has around 300 employees, which includes over 200 SAP and IT consultants.

With this purchase, SNP increases its presence in the Polish and Eastern European SAP and IT markets. Software development focused on software applications in the SAP environment particularly offers further synergy potential. The Suchy Las-based company has more than 20 years of market experience and generated revenue of € 20 million, with an EBIT margin in the mid-single-digit percentage range in the 2016 fiscal year.

### **Majority Stake in Innoplexia GmbH**

In May, SNP increased its investment from 20% to 80% of the shares in Innoplexia GmbH. The Heidelberg-based software and IT company specializes in developing software and IT solutions for competitive and market analysis. A key objective of the partnership is to further develop the SNP transformation software and to generate automated recommended actions for transformation projects using artificial intelligence and software algorithms. In addition, Innoplexia will further secure the established SNP Group distribution networks and will open up the necessary access to additional international markets.

Innoplexia GmbH was founded in 2010. It currently has 24 employees and generated revenue of about € 1 million in the 2016 fiscal year. The company founder and managing director holds the remaining 20% of Innoplexia shares. A unilateral purchase option was additionally agreed for these shares.

### **The 2017 Annual General Meeting**

The Annual General Meeting of SNP AG, which once again took place in Leimen, Germany on May 31, 2017, approved all the points on the agenda by a substantial majority. Among other items, the shareholders followed the proposal of the Executive Board and the Supervisory Board on the legal conversion of SNP Schneider-

Neureither & Partner AG into a stock corporation under EU law (Societas Europaea/SE). The conversion should further promote the internationalization of the SNP Group. In addition, the adoption of this European legal form speaks to the increasing significance of international business and the heightened international orientation of the SNP Group.

Furthermore, the shareholders followed the proposal of the Boards on the appropriation of profit and approved the distribution of a dividend of € 0.39 per share (previous year: € 0.34). This corresponds to a dividend increase of approximately 50% from the previous year and a payout ratio of approximately 46%. The total distribution therefore amounted to € 1.932 million (previous year: € 1.264 million).

#### **Increased Shareholding in SNP Transformations SEA Pte. Ltd.**

In June, SNP increased its shares in Singapore-based SNP Transformations SEA Pte. Ltd. to 81% of the shares in the company. By increasing the investment from 51% to 81%, the SNP Group has secured the potential to further expand its positions in Southeast Asian markets. A unilateral purchase option for January 1, 2018 was agreed upon regarding the remaining 19% of the shares.

In January 2016, the SNP Group acquired 51% of the shares in Singapore-based Astrums Consulting (S) Pte. Ltd., including its majority-owned, Malaysia-based subsidiary Astrums Consulting Sdn. Bhd. In March 2017, these companies were renamed SNP Transformations SEA Pte. Ltd. and SNP Transformations Malaysia Sdn. Bhd.

Both of these companies operating in Southeast Asia focus on consulting and services in the products and services sectors for various ERP systems. The objective of this enhanced partnership is to meet the rapidly increasing demand for SNP services in these high-growth markets and to expand the distribution of higher-margin software in these markets.

#### **SNP Receives Order from One of the Largest Automotive Suppliers in the World**

In June, SNP AG landed an extensive transformation project for one of the leading companies in the automotive supplies industry. The customer is consolidating its entire SAP ERP territory with respect to its strict orientation towards its new business model, which is focused on the area of intelligent mobility solutions. The company already obtained a license for the standard software SNP Transformation Backbone with SAP LT and analysis components last year and has now commissioned extensive services.

#### **Capital Increase**

On July 5, 2017, SNP AG announced a cash capital increase, as a result of which the company's share capital was increased by € 497,677, which was divided into 497,677 no-par-value shares, resulting in a total share capital of € 5,474,463 divided into 5,474,463 shares. The new shares were issued at a price of € 37.65 per share to selected institutional investors by means of an accelerated book building process under exclusion of subscription rights. These investors are entitled to dividends in the 2017 fiscal year, beginning on January 1, 2017. The overall interest of investors significantly exceeded the placement volume so that it was not possi-

ble to meet all the subscription requests for shares. Through the successful cash capital increase, the company generated gross issuing proceeds of € 18.74 million. The capital increase was entered in the German commercial register on July 7, 2017. The new shares were issued on July 10, 2017. The capital increase is therefore not yet recognized in the midyear financial statements as of June 30, 2017.

#### **Acquisition of the ADEPCON Group**

With economic effect on August 1, 2017, SNP acquired 60% of the shares in the South American ADEPCON Group. The remaining 40% of the shares will be purchased over the coming years. The ADEPCON Group consists of three subsidiaries, namely ADP Consultores S.R.L. in Buenos Aires, Argentina, ADP Consultores Limitada in Santiago de Chile, Chile and the subsidiary ADP Consultores S.A.S. in Bogotá, Colombia.

#### **Economic Report**

##### **Economic Environment**

The International Monetary Fund (IMF) has predicted stronger global economic growth for this year than initially expected. Due to China's economic performance continuing to flourish, rising consumer prices and robust financial markets, global economic growth of 3.5% is predicted for 2017, compared with 3.1% in the previous year. This acceleration of economic activity not only includes industrialized countries but also emerging and developing countries.

The IMF expects consistent growth of 1.7% for the eurozone. For Germany, the IMF anticipates growth rates of 1.6% (previously 1.5%) for 2017 and 1.5% (previously 1.5%) for 2018. The growth forecasts for France and Italy were also both revised upwards by 0.1 percentage points for the current year, to 1.4% (previously 1.3%) and 0.8% (previously 0.7%). The IMF also improved its forecast for economic growth in Spain, according to which the Spanish economy could grow by 3.1% this year.

The experts predict growth in Japan of 1.2%, compared with 1.0% in the previous year, and growth of 6.6% in China, compared with 6.7% in 2016. By contrast, the IMF casts doubt on the U.S. growth target and therefore revised its forecast downward for the world's largest economy. The US economy is expected to grow 2.1% in 2017 compared with 1.6% in the previous year.

##### **Industry-Related Environment**

According to a forecast by the ICT industry association Bitkom, the German ICT market will grow by 1.3% in 2017 and thus generate € 161 billion in revenue.

With revenues of € 86 billion and growth of 2.7%, information technology is once again the driver of this positive trend. Providers of software (+6.3%) and IT services (+2.3%) are experiencing particularly high demand this year, with transactions expected to increase to a volume of € 23 billion and € 39 billion respectively. Revenue from IT hardware remains stable at € 24 billion.

Digitalization continues to create new jobs in Germany. According to projections, 21,000 additional jobs will be created in the ICT industry in 2017; this is on the basis



of up-to-date calculations made by the digital association Bitkom. As a result, it is predicted that 1,051,000 people will be employed in the industry at the end of 2017. This corresponds to an increase of 2% compared with the end of 2016. Software companies and IT service providers – which have the most dynamic development – are the main drivers of this growth and are creating many new jobs.

### Financial Position and Financial Performance

After strong growth in the 2016 fiscal year, the SNP Group started the 2017 fiscal year with renewed revenue growth. Following a year-on-year increase in Group revenue of 16.8% to € 21.6 million in the first quarter of the current fiscal year, revenue in the second quarter of 2017 compared with the second quarter of 2016 rose by 36.0% to € 26.4 million. At the end of the first six months of the fiscal year, the company reported Group revenue of € 48.0 million, corresponding to an increase of 26.7% compared with the same period of the previous year.

The initial consolidations of Harlex Consulting (as of October 1, 2016), Innoplexia GmbH (as of May 1, 2017) and the BCC Group (as of May 1, 2017) had a material impact on revenue growth in the 2017 midyear financial statements. At the end of the first six months of 2017, the acquired companies accounted for € 7.7 million of the total increase in revenue of € 10.1 million. Adjusted for this acquisition effect, organic revenue growth was € 2.4 million or approximately 6%.

In addition, going back as far as the beginning of the fourth quarter of 2016, there has been a focus on strategically developing the entire Group with the aim of securing sustainable growth. These measures aimed at securing growth had a negative impact on the half-year result in the mid-single-digit million range. These measures included:

- The adjustment of the Group structure in the U.S. and Germany
- The development of another training academy in Germany
- The planned legal conversion of SNP AG into a European stock corporation (SE)
- Investment expenses and start-up losses resulting from the intensified international sales strategy, with a twin emphasis on the U.S. and SNP Applications
- The advancing integration of corporate acquisitions in the past two years and the resulting integration expenses
- Expenses related to the issuance of the borrower's note loan
- Legal and consulting expenses related to the inorganic growth strategy of the SNP Group
- Expenses related to the recruitment of experienced employees at the senior level
- Increased research and development expenses to further the degree of automation, including the use of artificial intelligence in transformation projects
- Additional extraordinary restructuring expenses
- Exchange rate losses primarily due to unfavorable development of the USD exchange rate

With regard to earnings at the end of the first six months of the year, earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to € -0.6 million (previous year: € 4.1 million), while the earnings before interest and taxes (EBIT) came to € -1.9 million (previous year: € 3.4 million). These figures coincide with an EBITDA margin of -1.2% (previous year: 10.8%) and an EBIT margin of -3.9% (previous year: 9.0%). Adjusted for the extraordinary one-time expenses and investments in growth mentioned above, the EBIT and EBITDA margins are in the mid-single-digit percentage range.

The financial position of the company remains positive: Cash and cash equivalents as of June 30, 2017 amounted to € 26.5 million (as of December 31, 2016: € 31.9 million). The decrease of € 5.5 million is primarily due to a cash flow from investing activities of € -23.9 million (previous year: € -3.9 million) and a cash flow from operating activities of € -8.0 million (previous year: € -0.4 million). This was offset by a significantly positive cash flow from financing activities of € 26.6 million (previous year: € -2.3 million). The negative cash flow from investing activities was attributable not only to payments for property, plant and equipment (€ 1.3 million) and for intangible assets (€ 1.9 million) but also primarily to the cash flow related to the acquisition of the majority interest in the BCC Group, the acquisition of an additional 60% of the shares in Innoplexia GmbH and the increase in investment in SNP Transformations SEA Pte. Ltd. (total: € 20.7 million). Aside from the loss for the period (€ -2.1 million), cash flow from operational activities of € -8.0 million primarily resulted from the decrease in liabilities due to a corresponding offsetting effect (€ -6.1 million). The positive cash flow from financing activities (€ 26.6 million) was the result of proceeds from the issuance of the borrower's note loan (€ 39.6 million), which are offset by payments for the early redemption

of a bond and loan repayments (€ -11.1 million) as well as dividend payments made for the 2016 fiscal year of € 1.9 million.

### Revenue Situation

In the first half of the 2017 fiscal year, SNP AG achieved Group revenue of € 48.0 million. Compared with the same period of the previous year, this corresponds to revenue growth of € 10.1 million, or 26.7% on the previous year. The decisive growth driver for the positive revenue development was the core Transformations business area and the U.S. region in particular. The Transformations USA subdivision contributed € 8.7 million (previous year: € 4.0 million) to total revenue in the first half of the year. This was the result of a good order situation and the processing of a large order from the U.S. chemical industry. Revenue growth of € 1.6 million was achieved in the other corporate segments, including SNP Applications, SNP Business Landscape Management and Innovations.

The companies that were fully consolidated for the first time during the reporting period, including Harlex Consulting (initial consolidation as of October 1, 2016), Innoplexia (as of May 1, 2017) and the BCC Group (as of May 1, 2017), contributed approximately 20% to revenue growth in the first half of the year. Adjusted for this impact, organic revenue increased by approximately 6% over the first half of the previous year.

Revenue in the second quarter of 2017 amounted to € 26.4 million (previous year: € 19.4 million), 36.0% above the level of the same quarter of the previous year. Adjusted for acquisition effects, organic revenue increased by € 0.9 million or approximately 4% over the second quarter of the previous year.

### Revenue Distribution by Business Segment

Looking at revenue by business segment, the Professional Services segment, which primarily includes consulting services, contributed € 41.2 million (previous year: € 32.1 million) to revenue in the first half of the current fiscal year. This amounts to an increase of 28.6% over the same period in the previous year. Adjusted for acquisitions, the remaining organic revenue growth was € 2.2 million or approximately 7%. In the second quarter of 2017, Professional Services contributed € 22.2 million (previous year: € 16.6 million) to revenue. This amounts to an increase of 33.8% over the same period in the previous year. Adjusted for acquisitions, the remaining organic revenue growth was € 0.2 million or approximately 1%.

The Software segment (including maintenance) generated revenue of € 6.8 million (previous year: € 5.8 million) in the first six months of the fiscal year. This corresponds to an increase of 16.2% compared with the first half of 2016. Adjusted for acquisitions, the remaining organic revenue growth was € 0.2 million or approximately 3%. Within this segment, licensing fees increased by 2.9% from the first half of the previous year. Maintenance fees of € 2.0 million were € 0.8 million, or 67.8%, above the level of the previous year. The higher maintenance fees are attributable to a total of € 0.4 million from the Transformations and Applications segments and likewise € 0.4 million from maintenance fees for proprietary and third-party products of the BCC

Group, which was acquired in May. In the second quarter of 2017, the Software segment contributed € 4.3 million (previous year: € 2.9 million) to revenue.

The SNP Transformation Backbone with SAP LT remained the largest revenue driver in the Software segment in the first six months of the fiscal year. Including maintenance, the product contributed € 3.7 million (previous year: € 3.0 million) to segment revenue. As a result, its share of total software revenue, which was approximately 54%, was below the level of the previous year by almost 9 percentage points (previous year: 63%).

The standard software SNP Data Provisioning and Masking, the second largest product in terms of sales in the Software business segment, generated revenue of € 1.1 million (previous year: € 1.1 million) during the reporting period. Its percentage share of total software revenue declined to 16% (previous year: 19%).

The SNP Interface Scanner superseded Dragoman as the third strongest product. The software solution, which has extended the SNP Group's range of services since the middle of last year, analyzes interfaces between SAP systems and ensures a transparent visualization of SAP landscapes. The product contributed € 0.8 million (previous year: € 0.0 million) to segment revenue in the reporting period. This corresponds to approximately 11% (previous year: 0%) of the total software revenue.

in € million	H1 2017	H1 2016	Q2 2017	Q2 2016
Order entry	576	46.1	33.2	19.9
Order backlog	48.5	29.3	48.5	29.3
Revenue	48.0	379	26.4	19.4
EBITDA	-0.6	4.1	1.2	2.2
EBIT	-1.9	3.4	0.5	1.8
Number of employees	1,077	638	1,077	638

### Order Backlog and Order Entry

Order entry, as of June 30, 2017, totaled € 57.6 million, approximately 25% above the comparable amount in the previous year (€ 46.1 million). Order entry increased by 36% in the second quarter of the current fiscal year compared with the first quarter. Consequently, the slight decline in order entries in the first quarter of the current fiscal year (€ 24.4 million; -7% compared with Q1 2016) was not only balanced out completely, but there was an overall increase since the start of the year.

The order backlog, as of June 30, 2017, was € 48.5 million; this corresponds to an increase of approximately 66% on the previous year's comparable figure of € 29.3 million. This significant increase is primarily attributable to the sharp increase in incoming orders and confirms the sustainability of the SNP business model.

### Earnings Position

The performance of operating earnings in the first half of the year was primarily affected by extraordinary one-time expenses as well as investments in growth in the mid-single-digit million range. Adjusted for these extraordinary one-time expenses and exchange rate effects, EBITDA and EBIT margins are in the mid-single-digit percentage range at the end of the first six months of the year.

Unadjusted, the SNP Group recorded earnings before interest, taxes, depreciation and amortization (EBITDA) of € -0.6 million at the end of the first six months of the year (previous year: € 4.1 million), while the operating result (EBIT) amounted to € -1.9 million in the same

period (previous year: € 3.4 million). These figures coincide with an EBITDA margin of -1.2% (previous year: 10.8%) and an EBIT margin of -3.9% (previous year: 9.0%).

EBITDA amounted to € 1.2 million in the second quarter (previous year: € 2.2 million); EBIT was € 0.5 million (previous year: € 1.8 million). These figures coincide with an EBITDA margin of 4.7% (previous year: 11.1%) and an EBIT margin of 2.1% (previous year: 9.2%).

In total, strategic investments in growth and restructuring are leading to higher personnel costs as well as to an increase in other operating expenses. Personnel costs increased in the first half of the year by € 8.2 million to € 30.2 million. Of this amount, € 3.1 million was attributable to the companies that underwent initial consolidation. Other operating expenses increased by € 4.0 million to € 13.1 million, of which approximately € 1.0 million are related to acquisitions. Other operating income increased by € 0.2 million to € 0.5 million in the reporting period.

Since the other financial expenses of € 0.8 million were only offset by immaterial financial income, there was a net financial result of € -0.8 million (previous year: € -0.5 million), which constitutes earnings before taxes of € -2.6 million (previous year: € 2.9 million). With income tax income of € 0.5 million (previous year provision: € 0.7 million), the quarter recorded a net loss of € -2.1 million in the first six months of the 2017 fiscal year after € 2.2 million in the previous year's period. This corresponds to a net margin of -4.5% (previous year: 5.8%). Accordingly, diluted and basic earnings per share amounted to € -0.41 (previous year: € 0.58).

## Net Assets

Total assets increased to € 116.6 million, a shift of € 28.1 million compared to December 31, 2016. This primarily reflects additional borrowing caused by the issuance of a borrower's note loan (cf. "Significant Events in the First Half of 2017").

Current assets decreased by € 1.4 million to € 58.1 million. While trade receivables and other assets increased by € 4.2 million, primarily due to acquisitions, cash and cash equivalents decreased by € 5.5 million to € 26.5 million.

Noncurrent assets increased during the reporting period from € 29.1 million, as of December 31, 2016, to € 58.6 million as of June 30, 2017. The increase was primarily due to the increase in goodwill as a result of the acquisition of the BCC Group, obtaining majority interest in Innoplexia GmbH and the increased investment in SNP Transformations SEA Pte. Ltd.

Goodwill increased by € 24.0 million to € 45.5 million compared with December 31, 2016. In addition, tangible assets (€ +2.6 million) and property, plant and equipment (€ +1.5 million) rose as a result of acquisitions and additional replacement and new investments. Deferred tax assets amounted to € 2.4 million, € 1.4 million above the figure as of December 31, 2016.

## Financial Position

Current liabilities decreased during the reporting period from € 34.4 million, as of December 31, 2016, to € 21.8 million, as of June 30, 2017. The change was caused primarily by the decline in bond-related liabilities as a

result of the bond's early termination and repayment in March 2017. At the same time, other current liabilities declined by € 3.5 million to € 14.7 million, primarily as a result of the utilization of personnel provisions and the payment of purchase price installments in connection with M&A transactions.

By contrast, noncurrent liabilities increased in the first six months of 2017 by € 45.7 million and amounted to € 51.3 million as of June 30, 2017 (as of December 31, 2016: € 5.6 million). The increase is primarily attributable to a € 39.2 million increase in noncurrent liabilities to banks to a total of € 39.6 million as a result of the issuance of the borrower's note loan and to the € 5.9 million increase in other noncurrent liabilities to € 9.5 million as a result of purchase price liabilities related to the acquisition of the BCC Group.

The equity of the company declined in the first six months from € 48.6 million to € 43.5 million. Subscribed capital, capital reserves and treasury shares remained unchanged. Retained earnings declined to € 2.5 million as a result of the loss for the period, the distribution for the 2016 fiscal year and the effect arising from the purchase of minority shares in SNP Transformations SEA Pte. Ltd. Due to the decrease in equity, combined with a simultaneous increase in total assets to € 116.6 million as of June 30, 2017 (December 31, 2016: € 88.5 million), the equity ratio declined from 54.9% to 37.3%.

Aside from the loss for the period, the operating cash flow of € -8.0 million (previous year: € -0.4 million) in the first six months of 2017 can essentially be traced back to the reduction in other liabilities (including the utilization of personnel provisions and the payment of purchase price installments in connection with M&A transactions).

The cash flow from investing activities of € -23.9 million (previous year: € -3.9 million) was attributable not only to payments for property, plant and equipment of € 1.3 million and for intangible assets of € 1.9 million, but also primarily to the cash flow related to the acquisition of the majority interest in the BCC Group, the acquisition of an additional 60% of the shares in Innoplexia GmbH and the increase in the investment in SNP Transformations SEA Pte. Ltd. (total: € 20.7 million).

Positive cash flow from financing activities of € 26.6 million (previous year: negative cash flow of € 2.3 million) resulted from the assumption of the borrower's note loan (€ 39.6 million). This was offset by the redemption of the bond and the repayment of loans in the amount of € 11.1 million.

Overall cash flow during the reporting period came to € -5.5 million (previous year: € -6.6 million). Taking into account the changes presented here, the level of cash and cash equivalents declined to € 26.5 million, as of June 30, 2017. As of December 31, 2016, cash and cash equivalents amounted to € 31.9 million. Overall, SNP AG remains very solidly positioned financially.

### **Employees**

During the reporting period, the number of employees increased from 712, as of December 31, 2016, to 1,077, as of June 30, 2017. The significant increase in the number of employees was primarily attributable to the majority acquisition of the Polish BCC Group. In addition, new hires were made during the reporting period

in order to manage the very good operational order situation and to build up and expand targeted resources for further corporate development.

The employees included two members of the Executive Board (as of December 31, 2016: three), 22 managing directors (as of December 31, 2016: 17) and 67 students and trainees (as of December 31, 2016: 60). The average number of employees during the reporting period was 800.

### **Risks, Opportunities and Forecast Report**

#### **Risks and Opportunities**

In the 2016 Annual Report, specifically in the Group management report under "Risk Management and Risk Report," extensive reference is made to operational and fiscal risks. Furthermore, business potential is identified in the "Opportunities and Forecast Report." During the reporting period, there were no material changes in the risk and opportunities profile of SNP AG.

#### **Forecast Report**

The Executive Board is pursuing the principal goal of consistent revenue growth for the SNP Group, in strict accordance with a structural increase in profitability. As in previous years, it is assumed that in the current fiscal year, revenue will not be evenly distributed over the quarters and that the second half of the year should be much stronger.

With the purchase of the BCC Group, the Executive Board has adjusted the SNP Group revenue forecast upward and expects Group revenue of approximately € 110 million in the 2017 fiscal year (original revenue forecast: € 96 to 100 million).

With a revenue forecast that has been improved by more than 15%, the Executive Board predicts an EBIT margin of 7% to 12%. Based on the organic and inorganic growth investments, the SNP Group's profitability is subject to a certain range of fluctuations.

Notwithstanding the extraordinary one-time expenses and investments in growth in the mid-single-digit million range, the SNP Group's overall operating growth performance remains stable. Given this situation and the expected increase in sales of software licenses in the second half of the year, the Executive Board has not revised its earnings forecast for the entire 2017 fiscal year, which was published in the 2016 Annual Report.

Heidelberg, July 27, 2017

The Executive Board



Dr. Andreas Schneider-Neureither



Henry Göttler

# Consolidated Balance Sheet

as at 30 June 2017

<b>ASSETS</b>			
€ k	<b>06/30/2017</b>	<b>12/31/2016</b>	<b>06/30/2016</b>
<b>Current assets</b>			
Cash and cash equivalents	26,456	31,914	7,143
Trade receivables	29,683	26,325	19,328
Current tax assets	227	363	141
Other current assets	1,689	876	1,410
	<b>58,055</b>	<b>59,478</b>	<b>28,022</b>
<b>Non-current assets</b>			
Goodwill	45,530	21,563	14,820
Intangible assets	5,264	2,616	1,930
Property, plant and equipment	4,681	3,161	2,451
Participations accounted for in accordance with the equity method	21	422	413
Other non-current assets	654	291	289
Non-current tax assets	0	0	5
Deferred taxes	2,414	1,001	907
	<b>58,564</b>	<b>29,054</b>	<b>20,815</b>
	<b>116,619</b>	<b>88,533</b>	<b>48,837</b>
<b>EQUITY AND LIABILITIES</b>			
€ k	<b>06/30/2017</b>	<b>12/31/2016</b>	<b>06/30/2016</b>
<b>Current liabilities</b>			
Corporate bond	0	10,699	189
Liabilities due to banks	1,734	2,100	2,100
Trade payables	5,330	3,083	2,648
Provisions	108	98	120
Tax liabilities	22	235	479
Other current liabilities	14,627	18,167	10,269
	<b>21,821</b>	<b>34,382</b>	<b>15,805</b>
<b>Non-current liabilities</b>			
Corporate bond	0	0	9,822
Liabilities due to banks	39,614	434	1,467
Provisions for pensions	1,529	1,519	1,359
Deferred taxes	697	59	8
Other non-current liabilities	9,485	3,564	1,922
	<b>51,325</b>	<b>5,576</b>	<b>14,578</b>
<b>Equity</b>			
Subscribed capital	4,977	4,977	3,738
Capital reserves	36,331	36,331	7,189
Retained earnings	2,527	6,913	6,398
Other reserves	-338	-296	-16
Treasury shares	-415	-415	-415
<b>Equity attributable to shareholders</b>	<b>43,082</b>	<b>47,510</b>	<b>16,894</b>
Non-controlling interests	391	1,064	1,560
	<b>43,473</b>	<b>48,574</b>	<b>18,454</b>
	<b>116,619</b>	<b>88,532</b>	<b>48,837</b>

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



# Consolidated Income Statement

for the period from 1 January to 30 June 2017

€ k	1st half-year 2017	1st half-year 2016	2nd quarter 2017	2nd quarter 2016
<b>Revenue</b>	<b>48,028</b>	<b>37,914</b>	<b>26,430</b>	<b>19,440</b>
Professional Services	41,240	32,074	22,151	16,558
Licenses	4,775	4,641	3,042	2,425
Maintenance	2,013	1,199	1,237	457
Other operating income	530	348	295	148
Cost of material	-5,504	-3,965	-3,244	-2,037
Personnel costs	-30,166	-21,986	-15,511	-11,382
Other operating expenses	-13,154	-8,160	-6,461	-3,986
Other taxes	-305	-49	-277	-27
<b>EBITDA</b>	<b>-571</b>	<b>4,102</b>	<b>1,232</b>	<b>2,156</b>
Depreciation and impairments on intangible assets and property, plant and equipment	-1,284	-695	-690	-372
<b>EBIT</b>	<b>-1,855</b>	<b>3,407</b>	<b>542</b>	<b>1,784</b>
Income from participations accounted for in accordance with the equity method	-1	-1	-1	-1
Other financial income	7	1	5	1
Other financial expenses	-765	-460	-186	-269
<b>Net financial income</b>	<b>-759</b>	<b>-460</b>	<b>-182</b>	<b>-269</b>
<b>EBT</b>	<b>-2,614</b>	<b>2,947</b>	<b>360</b>	<b>1,515</b>
Income taxes	475	-748	-182	-370
<b>Consolidated net income</b>	<b>-2,139</b>	<b>2,199</b>	<b>178</b>	<b>1,145</b>
Of which:				
Profit attributable to non-controlling shareholders	-105	35	-76	-108
Profit attributable to shareholders of SNP Schneider-Neureither & Partner AG	-2,034	2,164	254	1,253
<b>Earnings per share</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
- Undiluted	-0.41	0.58	0.05	0.30
- Diluted	-0.41	0.58	0.05	0.30
<b>Weighted average number of shares</b>	<b>in thousands</b>	<b>in thousands</b>	<b>in thousands</b>	<b>in thousands</b>
- Undiluted	4,955	3,716	4,955	3,716
- Diluted	4,955	3,716	4,955	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 30 June 2017

€ k	1st half-year 2017	1st half-year 2016	2nd quarter 2017	2nd quarter 2016
<b>Net income for the period</b>	<b>-2,139</b>	<b>2,199</b>	<b>178</b>	<b>1,145</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences	-42	-30	-45	-40
Deferred taxes on differences from currency conversion	0	0	0	0
	<b>-42</b>	<b>-30</b>	<b>-45</b>	<b>-40</b>
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of defined benefit pension plans	0	0	0	0
Deferred taxes on remeasurements of defined benefit pension plans	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income and expenses directly recognised in equity</b>	<b>-42</b>	<b>-30</b>	<b>-45</b>	<b>-40</b>
<b>Total comprehensive income</b>	<b>-2,181</b>	<b>2,169</b>	<b>133</b>	<b>1,105</b>
Profit attributable to non-controlling interests	-105	35	-76	-108
<b>Profit attributable to shareholders of SNP Schneider-Neureither &amp; Partner AG in total comprehensive income</b>	<b>-2,076</b>	<b>2,134</b>	<b>209</b>	<b>1,213</b>

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

# Consolidated Cash Flow Statement

for the period from 1 January to 30 June 2017

€ k	1st half-year 2017	1st half-year 2016
<b>Profit after tax</b>	<b>-2,139</b>	<b>2,199</b>
Depreciation	1,284	695
Change in provisions for pensions	11	27
Other non-cash income/expenses	-1,137	154
Change in trade receivables, other current assets, other non-current assets	33	-2,768
Changes in trade payables, other provisions, tax liabilities, other current liabilities	-6,052	-710
<b>Cash flow from operating activities (1)</b>	<b>-8,000</b>	<b>-403</b>
Payments for investments in property, plant and equipment	-1,307	-773
Payments for investments in intangible assets	-1,939	-642
Payments for investments in at-equity participations	0	-400
Payments for the acquisition of business operations	-20,655	-2,105
Proceeds from disposal of tangible fixed assets	49	30
<b>Cash flow used in investing activities (2)</b>	<b>-23,852</b>	<b>-3,890</b>
Dividend payments	-1,932	0
Dividend payments to non-controlling shareholders	0	0
Payments for purchase of shares in non-controlling shareholders	0	0
Proceeds from the issue of corporate bonds	0	0
Proceeds from loans	39,606	-1,050
Payments on loans received	-11,050	-525
<b>Cash flow used in financing activities (3)</b>	<b>26,624</b>	<b>-2,314</b>
Effects of exchange rate changes on cash and bank balances (4)	-230	-19
<b>Cash change in cash and cash equivalents (1) + (2) + (3) + (4)</b>	<b>-5,458</b>	<b>-6,626</b>
Cash and cash equivalents at the beginning of the fiscal year	31,914	13,769
<b>Cash and cash equivalents at 30 June</b>	<b>26,456</b>	<b>7,143</b>
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	26,456	7,143
<b>Cash and cash equivalents at 30 June</b>	<b>26,456</b>	<b>7,143</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 2016 to 30 June 2017

€ k	Subscribed capital	Capital reserve	Retained earnings
<b>As of 01/01/2016</b>	<b>3,738</b>	<b>7,189</b>	<b>5,498</b>
Dividend payment			-1,264
Change in companies consolidated			
Total comprehensive income			2,164
<b>As of 06/30/2016</b>	<b>3,738</b>	<b>7,189</b>	<b>6,398</b>
Dividend payment			0
Capital increase	1,239	29,142	
Total comprehensive income			1,900
Minority acquisition			-1,385
<b>As of 12/31/2016</b>	<b>4,977</b>	<b>36,331</b>	<b>6,913</b>
Dividend payment			-1,932
Change in companies consolidated			0
Total comprehensive income			-2,034
Minority acquisition			-420
<b>As of 06/30/2017</b>	<b>4,977</b>	<b>36,331</b>	<b>2,527</b>

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

Other components of equity						
Currency conversion	Revaluation of performance-oriented obligations	Other components of equity Total	Treasury shares	Shareholders of SNP AG attributable capital	Non-controlling shares	Total equity
<b>270</b>	<b>-256</b>	<b>14</b>	<b>-415</b>	<b>16,024</b>	<b>0</b>	<b>16,024</b>
		0		-1,264		-1,264
		0		0	1,525	1,525
-30	0	-30		2,134	35	2,169
<b>240</b>	<b>-256</b>	<b>-16</b>	<b>-415</b>	<b>16,894</b>	<b>1,560</b>	<b>18,454</b>
				0		0
				30,381		30,381
-110	-170	-280		1,620	79	1,699
				-1,385	-575	-1,960
<b>-130</b>	<b>-426</b>	<b>-296</b>	<b>-415</b>	<b>47,510</b>	<b>1,064</b>	<b>48,574</b>
		0		-1,932		-1,932
		0		0	42	42
-42	0	-42		-2,076	-105	-2,181
				-420	-610	-1,030
<b>88</b>	<b>-426</b>	<b>-338</b>	<b>-415</b>	<b>43,082</b>	<b>391</b>	<b>43,473</b>

# Notes to the Consolidated Interim Financial Statements

for the Period from January 1 to June 30, 2017

## Company Information

SNP Schneider-Neureither & Partner AG (SNP AG or “the company”) is a publicly traded corporation based in Heidelberg, Germany. These consolidated interim financial statements for the period from January 1 to June 30, 2017 were released for publication by resolution of the Executive Board on July 28, 2017.

## Basis for Reporting

These condensed consolidated interim financial statements were prepared in accordance with IAS 34 “Interim Financial Reporting.” Accordingly, this interim report does not contain all information and disclosures in the notes that are required for consolidated financial statements as of the end of a fiscal year in accordance with IFRS. The accounting and measurement principles applied in these interim financial statements essentially conform to those in the consolidated financial statements as of the end of the 2016 fiscal year. A detailed

description of accounting principles is published in the notes to the consolidated financial statements in the 2016 Annual Report, which can be viewed at [www.snp-ag.com](http://www.snp-ag.com) under the heading Investor Relations/Financial Publications.

The application of Standards to be applied for the first time beginning on January 1, 2016 has no material impact on the consolidated interim financial statements.

There are no seasonal factors.

## Scope of Consolidation

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

Company name	Company headquarters	Share ownership in %
SNP Transformations Deutschland GmbH (previously SNP Consulting GmbH)	Thale, Germany	100
SNP Business Landscape Management GmbH	Heidelberg, Germany	100
SNP Applications DACH GmbH	Heidelberg, Germany	100
SNP Applications Singapore Private Limited	Singapore	80
SNP Applications EMEA GmbH	Heidelberg, Germany	100
SNP Applications Americas, Inc. <sup>1</sup>	Irving, Texas, USA	100
SNP GmbH	Heidelberg, Germany	100
SNP Austria GmbH	Pasching, Austria	100
SNP (Schweiz) AG	Steinhausen, Switzerland	100
SNP Resources AG	Steinhausen, Switzerland	100
Schneider-Neureither & Partner Iberica, S.L.	Madrid, Spain	100
SNP Transformations, Inc. (previously SNP America Inc.) <sup>2</sup>	Jersey City, New Jersey, USA	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100
Hartung Consult GmbH	Berlin, Germany	100
Hartung Informational System Co., Ltd.	Shanghai, China	100
SNP Transformations SEA Pte. Ltd. (previously Astrums Consulting (S) Pte. Ltd.) <sup>3a</sup>	Singapore	81
SNP Transformations Malaysia Sdn. Bhd. (previously Astrums Consulting Sdn. Bhd.) <sup>3b</sup>	Kuala Lumpur, Malaysia	81
Harlex Management Ltd.	London, United Kingdom	100
Harlex Consulting Ltd.	London, United Kingdom	100
RSP Reinhard Salaske & Partner Unternehmensberatung GmbH <sup>4</sup>	Wiehl, Germany	100
Business Consulting Center Sp. z o.o. <sup>5</sup>	Suchy Las, Poland	100
BCC IP Sp. z o.o. <sup>5</sup>	Suchy Las, Poland	100
BCC Business Consulting Center GmbH <sup>5</sup>	Berlin, Germany	100
BCC Business Consulting Center UK Ltd. <sup>5</sup>	London, United Kingdom	100
BCC Business Consulting Center Netherlands B.V. <sup>5</sup>	Amsterdam, The Netherlands	100
Innoplexia GmbH <sup>6</sup>	Heidelberg, Germany	80

<sup>1</sup> SNP Applications Americas Inc. was founded in February 2017.

<sup>2</sup> In January 2017, SNP Labs Inc. was merged with SNP America Inc. Furthermore, SNP America was renamed SNP Transformations Inc.

<sup>3a</sup> In March 2017, Astrums Consulting (S) Pte. Ltd. was renamed SNP Transformations SEA Pte. Ltd.; in June 2017, SNP AG increased its share in the company from 51% to 81%.

<sup>3b</sup> In March 2017, the subsidiary Astrums Consulting Sdn. Bhd. was renamed SNP Transformations Malaysia Sdn. Bhd.

<sup>4</sup> In April 2017, RSP GmbH was merged with SNP Transformations Deutschland GmbH retroactively.

<sup>5</sup> With economic effect on May 1, 2017, 100% of the shares in the Polish BCC Group were acquired.

<sup>6</sup> With economic effect on May 1, 2017, a further 60% of the shares in Innoplexia were acquired. SNP invested in Innoplexia GmbH back in April 2016 by purchasing 20% of its shares. As a result, SNP now holds 80% of the shares in the company.

## Associates

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

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

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

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

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

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

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

## Acquisitions/Business Combinations

### Acquisition of the BCC Group

With economic effect on May 1, 2017, SNP AG acquired 100% of the shares in the Suchy Las based Polish BCC Group. BCC ranks among the largest SAP partners in Central and Eastern Europe and specializes in the areas of SAP services, software development and cloud provisioning. The internationally focused Group has about 300 employees, including over 200 SAP and IT consultants. With this purchase, SNP increases its presence in the SAP and IT market in Poland and Eastern Europe.

From the Group accounting perspective, 100% of the shares are attributable to SNP AG as of May 1, 2017. At that time, the company was incorporated into the 2017 consolidated financial statements.

The initial consolidation took place in accordance with IFRS 3 ("Business Combinations") using the equity method. The goodwill from the acquisitions is assigned to the Professional Services business segment.

### Transferred Consideration

Summarized below is the fair value of each major class of consideration as of the acquisition date:

	in € thousand
Cash and cash equivalents	17,762
Liabilities (fixed purchase price installment)	5,921
<b>Total transferred consideration</b>	<b>23,683</b>

The first portion of the purchase price was paid with liquid assets in May 2017.

### Expenses Associated with the Business Combination

The Group incurred business combination-related expenses of € 48 thousand for legal and consulting fees. These expenses are included in the other operating expenses.

### Identifiable Acquired Assets and Assumed Liabilities

The fair values of the identifiable assets and liabilities as of the acquisition date are presented below:

	in € thousand
Intangible assets	565
Property, plant and equipment	1,053
Deferred taxes	237
Cash and cash equivalents	98
Trade receivables	4,131
Other assets	225
Trade payables	-1,324
Other liabilities	-2,940
<b>Total identifiable acquired net assets</b>	<b>2,045</b>

Trade receivables include outstanding contractual receivables for which no credit risk existed at the time the consolidated financial statements were prepared and therefore no impairment loss was recognized.

Since the time of acquisition, BCC has contributed € 4,529 thousand to Group revenue and € 851 thousand to Group earnings from continuing operations before taxes. If the business combination had taken place at the beginning of the year, Group revenue from continuing operations would have been € 11,764 thousand and Group earnings from continuing operations before taxes would have been € 520 thousand.

### Goodwill

The goodwill resulting from the acquisition was recorded as follows:

	in € thousand
Transferred consideration	23,683
Fair value of identifiable net assets	2,045
<b>Goodwill at the time of acquisition</b>	<b>21,638</b>

Of the € 23,683 thousand in consideration transferred, the initial portion of the purchase price amounting to € 17,762 thousand was paid in the first half of 2017 and thus represents a cash outflow. A further € 5,921 thousand will be settled over the next three years and is disclosed under "other noncurrent liabilities". No equity instruments were issued for the acquisition of shares. A cash inflow of € 98 thousand resulted from the transaction, leading to a net cash outflow from the Group's perspective of € 17,664 thousand.

### Fair Values Still Measured Provisionally at the Time of Initial Consolidation

Cash and cash equivalents, trade receivables, deferred items (assets, equity and liabilities) and liabilities were provisionally measured on the basis of contractual agreements. The valuations are continually monitored in view of information and facts that become known after the date of acquisition and are adjusted according to contractual arrangements. If new information about facts and circumstances come to light within a year of the date of acquisition, where these facts and circumstances existed at the time of acquisition and would have led to corrections to the aforementioned amounts or to additional provisions, accounting for the company acquisition will be adjusted.

### Majority Interest in Innoplexia GmbH

With economic effect on May 1, 2017, SNP AG increased its share in Innoplexia GmbH from 20% to 80% of the shares in the company. A key objective of increasing this investment is to further develop the SNP transformation software and to generate automated recommended actions for transformation projects using artificial intelligence and software algorithms. In addition, Innoplexia will further secure the established SNP Group distribution networks and will open up the necessary access to additional international markets.



From the Group accounting perspective, 80% of the shares are attributable to SNP AG as of May 1, 2017. At that time, business operations were incorporated into the 2017 consolidated financial statements (up until the increase of shares in the company, the interest was reported under equity investments; the result was shown under the item "result from investments accounted for using the equity method").

The initial consolidation took place in accordance with IFRS 3 ("Business Combinations") using the equity method.

The goodwill from the acquisitions is assigned to the Professional Services business segment.

### Transferred Consideration

Summarized below is the fair value of each major class of consideration as of the acquisition date:

	in € thousand
Cash and cash equivalents	2,400
<b>Total transferred consideration</b>	<b>2,400</b>

Both the purchase price of € 400 thousand for the acquisition of the 20% in April 2016 and the purchase price of € 2,000 thousand for the acquisition of the 60% in May 2017 were paid with liquid assets. The fair value of shares held prior to the acquisition totaled € 667 thousand. The gain of € 267 thousand is recognized under "other income" in the statement of comprehensive income.

Of the total consideration transferred, € 2,400 thousand represents the fixed portion of the purchase price, which was paid in full in installments of € 400 thousand in the first half of 2016 and € 2,000 thousand in the first half of 2017; this represents a cash outflow in both years. No equity instruments were issued for the acquisition of shares. A cash inflow of € 40 thousand resulted from the transaction, leading to a net cash outflow from the Group's perspective of € 2,360 thousand.

### Expenses Associated with the Business Combination

The Group incurred expenses related to the business combination of € 11 thousand, consisting of legal and consulting fees. These expenses are included in "other operating expenses".

### Identifiable Acquired Assets and Assumed Liabilities

The fair values of the identifiable assets and liabilities as of the acquisition date are presented below:

	in € thousand
Noncompete clause	240
Intangible assets	451
Property, plant and equipment	26
Cash and cash equivalents	40
Trade receivables	72
Other assets	2
Liabilities to banks	-119
Trade payables	-20
Other liabilities	-272
Deferred taxes	-207
<b>Total identifiable acquired net assets</b>	<b>213</b>

Trade receivables include outstanding contractual receivables for which no credit risk existed at the time the consolidated financial statements were prepared and therefore no impairment loss was recognized.

Noncompete clauses agreed upon with the seller were classified as substantial and capitalized separately. The noncompete clause was recognized at a fair value of € 240 thousand.

Since the time of acquisition, Innoplexia has contributed € 242 thousand to Group revenue and € -3 thousand to Group earnings from continuing operations before taxes. If the business combination had taken place at the beginning of the year, Group revenue from continuing operations would have been € 669 thousand and Group earnings from continuing operations before taxes would have been € -13 thousand.

## Goodwill

The goodwill resulting from the acquisition was recorded as follows:

	in € thousand
Consideration transferred plus "former shares" revaluation effect	2,667
Fair value of identifiable net assets	213
<b>Goodwill at the time of acquisition</b>	<b>2,454</b>

## Fair Values Still Measured Provisionally at the Time of Initial Consolidation

Cash and cash equivalents, receivables, deferred items (assets, equity and liabilities) and liabilities were provisionally measured on the basis of contractual agreements. The valuations are continually monitored in view of information and facts that become known after the date of acquisition and are adjusted according to contractual arrangements. If new information about facts and circumstances come to light within a year of the date of acquisition, where these facts and circumstances existed at the time of acquisition and would have led to corrections to the aforementioned amounts or to additional provisions, accounting for the company acquisition will be adjusted.

## Acquisition of Additional Shares in SNP Transformations SEA Pte. Ltd.

On June 8, 2017, the Group acquired an additional 30% of voting shares in SNP Transformations SEA Pte. Ltd., which increased SNP AG's share in the company to 81%. Consideration of € 1,031 thousand was paid to noncontrolling interest holders. The carrying amount of the net assets of the noncontrolling interests amounted to € 610

thousand. The acquisition should be recognized as a transaction between shareholders, whereby a shift in shareholding occurs between the majority shareholder SNP AG and the noncontrolling interests. Noncontrolling interests of € 610 thousand were derecognized, while the remaining difference of € 420 thousand reduced retained earnings.

## Successful Issuance of a Borrower's Note Loan

In February, SNP Schneider-Neureither & Partner AG reached agreement with investors on the issuance of a borrower's note loan with a total volume of € 40.0 million. The volume is spread across fixed and variable tranches in terms of three to seven years. The average yield at the time of issuance of the borrower's note amounted to 1.41% per annum. The corporate bond was recognized in the statement of financial position, less the brokerage commission and plus deferred interest, at € 39.6 million.

## Early Redemption of the Bond

Effective March 27, 2017, the partial bearer bond (ISIN: DE000A14J6N4 / WKN: A14J6N) was redeemed early. In accordance with the bond conditions, the notice of redemption was published in the German Federal Gazette and on the company's website. The bond with a total amount issued of € 10 million (and a total nominal amount of up to € 20 million) was fully redeemed at a price of 103% plus interest accrued by March 27, 2017.

In the statement of financial position as of December 31, 2016, the bond was disclosed with a redemption rate of 103%, plus interest accruing by the reporting date of € 0.4 million, under current liabilities.

## Segment Reporting

for the Period from January 1 to June 30, 2017

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

€ k	Professional Services	Software	Total
<b>Segment result</b>			
1st half-year 2017	-813	981	167
Margin	-2.0%	14.4%	0.3%
1st half-year 2016	3,215	1,447	4,662
Margin	10.0%	24.8%	12.3%
<b>External revenue</b>			
1st half-year 2017	41,240	6,788	48,028
1st half-year 2016	32,074	5,840	37,914
<b>Depreciation included in the segment result</b>			
1st half-year 2017	900	384	1,284
1st half-year 2016	416	279	695
<b>Segment assets</b>			
June 30, 2017	107,971	6,008	113,979
June 30, 2016	43,583	4,206	47,789
<b>Segment investments</b>			
June 30, 2017	26,506	1,536	28,042
June 30, 2016	6,120	602	6,722

€ k	1st half-year 2017	1st half-year 2016
<b>Reconciliation</b>		
<b>Net earnings</b>		
Total reportable segments	167	4,662
Non-segment-related expenses	-2,159	-1,406
Non-segment-related amounts:		
- Other operating income	442	200
- Other taxes	-305	-49
<b>EBIT</b>	<b>-1,855</b>	<b>3,407</b>
<b>Assets</b>		
Total reportable segments	113,979	47,789
Assets not allocated to the segments	2,640	1,048
<b>Group assets</b>	<b>116,619</b>	<b>48,837</b>
<b>Assets not allocated to the segments</b>		
- Deferred tax assets	2,413	907
- Income tax claims	227	141
<b>Total</b>	<b>2,640</b>	<b>1,048</b>

### **Additional Information on Segment Reporting**

Increases in segment revenue in the first half of 2017 compared with the previous year's period and the increase in segment assets relate to an improved order situation and additional effects resulting from the acquisition of shares in Business Consulting Center Sp. z o.o. and Innoplexia GmbH in 2017, as well as in Harlex Consulting Ltd. in 2016.

Segment revenue includes effects from realized and unrealized exchange rate differences due to the sharp fluctuation in exchange rates, particularly that of the U.S. dollar, in the first half of 2017.

### **Additional Information on the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity**

Payment for the acquisition of business operations is comprised of the initial purchase price installment for Business Consulting Center Sp. z o.o. und Innoplexia GmbH of € 20,792 thousand, less the acquired cash and cash equivalents of the newly acquired companies of € 138 thousand.

Material actuarial gains/losses are not expected from the actuarial measurement of pensions and other post-employment benefits either at the end of the first six months of 2017 or at the end of 2017. Currency translation effects, which are to be reflected in equity without an effect on profit or loss, amounted to € -42 thousand in the first six months of 2017.

### **Related Party Disclosures**

Since December 1, 2010, a lease agreement has existed between a member of the Executive Board and SNP AG for office space and parking spaces. Effective September 1, 2015, two separate agreements were concluded for this purpose (office space and parking spaces) at unchanged conditions. The invoicing of services is done at arm's length conditions as with third

parties. As of June 30, 2017, related expenses were € 114 thousand (previous year: € 114 thousand); as of June 30, 2017, there were no outstanding liabilities. In addition, since September 1, 2014, and November 1, 2014, five lease agreements have existed between a company controlled by a member of the Executive Board and SNP AG for office space and parking spaces. The invoicing of services is done at arm's length conditions as with third parties. As of March 31, 2017, related expenses were € 78 thousand (previous year: € 78 thousand); as of June 30, 2017, there were no outstanding liabilities. In addition, since February 1, 2016, two new lease agreements have existed between a company controlled by a member of the Executive Board and SNP AG for office space and parking spaces. The invoicing of services is done at arm's length conditions as with third parties. As of June 30, 2017, related expenses were € 14 thousand (previous year: € 11 thousand); as of June 30, 2017, there were no outstanding liabilities.

Furthermore, no advance payments for travel expenses were granted to any members of the Executive Board (previous year: €1 thousand) during the 2017 reporting period. Furthermore, no loans, credit or advances were granted to any members of the Executive Board.

### **The 2016 Annual General Meeting**

The Annual General Meeting of SNP AG, which took place in Leimen on May 31, 2017, approved all the points on the agenda by a substantial majority. Among other items, the shareholders followed the proposal of the Executive Board and the Supervisory Board on the appropriation of profit and approved the distribution of a dividend of €0.39 per share (previous year: €0.34 per share). The total distribution therefore amounted to € 1.932 million (previous year: € 1.264 million).

### **Treasury Shares**

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

## Events After the Interim Reporting Period

### Capital Increase

On July 5, 2017, SNP AG announced a cash capital increase, as a result of which the company's share capital was increased by € 497,677.00 divided into 497,677 no-par-value shares, to a total of € 5,474,463.00, divided into 5,474,463 shares. The new shares were issued at a price of € 37.65 per share to selected institutional investors by means of an accelerated book building process under exclusion of subscription rights. These investors are entitled to dividends in the 2017 fiscal year, beginning on January 1, 2017. The overall interest of investors significantly exceeded the placement volume so that it was not possible to meet all the subscription requests for shares. Through the successful cash capital increase, the company generated gross issuing proceeds of € 18.74 million. The capital increase was entered in the German commercial register on July 7, 2017. The new shares were issued on July 10, 2017. The capital increase is therefore not yet recognized in the midyear financial statements as of June 30, 2017.

### Acquisition of the ADEPCON Group

With economic effect on August 1, 2017, SNP acquired 60% of the shares in the South American ADEPCON Group. The remaining 40% of the shares will be purchased over the coming years. The ADEPCON Group consists of three subsidiaries, namely ADP Consultores S.R.L. in Buenos Aires, Argentina, ADP Consultores Limitada in Santiago de Chile, Chile and the subsidiary ADP Consultores S.A.S. in Bogotá, Colombia.

## Other Disclosures

The Executive Board and Supervisory Board do not own any share options in accordance with Section 160 (1) (2) and (5) of the German Stock Corporation Act (AktG). No major changes occurred to contingent liabilities and other financial obligations stated as of December 31, 2016, during the 2017 reporting period.

### Pending Litigation and Claims for Damages

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

Heidelberg, July 27, 2017

The Executive Board



Dr. Andreas Schneider-Neureither



Henry Göttler

## Responsibility Statement

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

Heidelberg, July 27, 2017

The Executive Board



Dr. Andreas Schneider-Neureither



Henry Göttler

## Review report

### To SNP AG, Heidelberg

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of SNP AG, Heidelberg, for the period from January 1 to June 30, 2017, which are part of the half-year financial report according to § 37w WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Stuttgart, July 27, 2017

Rödl & Partner GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Künkele  
Wirtschaftsprüfer

Müller  
Wirtschaftsprüfer

## Disclaimer

SAP and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP SE (or an SAP affiliate company) in Germany and other countries. All other product and service names mentioned are the trademarks of their respective companies. Please see <http://www.sap.com/corporate-en/about/legal/copyright/index.html> for additional trademark information and notices.



## Financial Calendar

27. October 2017	Publication of the Interim Statement for Quarter III
November 2017	German Equity Forum 2017

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

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

SNP Schneider-Neureither & Partner AG  
Dossenheimer Landstraße 100  
69121 Heidelberg  
Ph. +49 6221 6425-0  
Fax +49 6221 6425-20  
E-mail: [info@snp-ag.com](mailto:info@snp-ag.com)  
Internet: [www.snp-ag.com](http://www.snp-ag.com)

Investor Relations  
Marcel Wiskow  
Ph. +49 6221 6425-637  
Fax +49 6221 6425-470  
E-mail: [ir@snp-ag.com](mailto:ir@snp-ag.com)

This Half-year financial 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

Contents  
SNP Schneider-Neureither & Partner AG  
Dossenheimer Landstraße 100  
69121 Heidelberg

Layout & Structure  
Compart Media GmbH

Translation  
EnglishBusiness AG

