

# Annual Report 2022



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## KEY FIGURES

in € million, unless otherwise indicated	2022	2021	Delta	Delta in %
Order entry	193.6	192.1	1.5	1%
Revenue	173.4	167.0	6.5	4%
EBITDA	17.6	16.3	1.3	8%
EBIT	6.8	6.3	0.5	8%
Profit or loss for the period	1.4	0.6	0.8	134%
Earnings per share (in €)	0.22	0.14	0.08	57%
Operating cash flow	-0.5	-1.4	0.8	-62%
Cash and cash equivalents	38.4	40.3	-2.0	-5%
Employees as of December 31	1,311	1,335	-24	-2%

in € million, unless otherwise indicated	Q4 2022	Q4 2021	Delta	Delta in %
Order entry	70.9	60.5	10.4	17%
Revenue	48.5	45.3	3.2	7%
EBITDA	7.7	7.9	-0.2	-3%
EBIT	4.9	4.5	0.4	9%
Profit or loss for the period	1.5	1.2	0.3	24%
Earnings per share (in €)	0.21	0.17	0.04	24%
Operating cash flow	12.4	8.1	4.2	52%

## KEY FIGURES (IN LIKE-FOR-LIKE TERMS\*)

in € million, unless otherwise indicated	2022	2021	Delta	Delta in %
Order entry	193.6	176.3	17.3	10%
Revenue	173.4	159.4	14.0	9%
EBIT	6.8	6.3	0.5	8%

in € million, unless otherwise indicated	Q4 2022	Q4 2021	Delta	Delta in %
Order entry	70.9	61.6	9.3	15%
Revenue	48.5	45.3	3.2	7%
EBIT	4.9	4.5	0.4	9%

\* As pro forma key figures, the like-for-like key figures for the fiscal year of 2021 differ from the reported key figures as follows; due to the addition of the key figures for Datavard for the period January to July 2021 as well as for EXA for January and February 2021 and the elimination of the key figures for SNP Poland for the first nine months of 2021.

# CONTENT

## TO OUR STAKEHOLDERS

- 06 Letter of the CEO
- 13 Report of the Board of Directors
- 26 SNP in the Capital Markets
- 29 Corporate Governance
- 46 Responsibility Statement
- 47 Independant Auditor's Report

## COMBINED MANAGEMENT REPORT

- 59 Strategy and Business Model
- 59 Our Task
- 60 Our Business Model
- 62 Subsidiaries, Changes to scope of Consolidation
- 62 Competitive Strengths
- 63 Partner Strategy
- 63 Research and Development
- 64 Employees
- 65 Remuneration Report
- 65 Economic Report
- 76 SNP SE Economic Report
- 80 Opportunity and Risk Report
- 93 Forecast Report

## CONSOLIDATED FINANCIAL STATEMENTS

- 103 Consolidated Balance Sheet
- 105 Consolidated Income Statement
- 106 Consolidated Statement of Comprehensive Income
- 107 Consolidated Cash Flow Statement
- 108 Consolidated Statement of Changes in Equity
- 109 Notes to the Consolidated Financial Statements
- 127 Segment Reporting

## ANNUAL FINANCIAL STATEMENTS

- 162 Balance Sheet
- 164 Profit and Loss Account

Success Story

# Evonik

“After initially expecting a carve-out from and to SAP S/4HANA – which was ambitious in itself – additional data to be considered in the area of business partners, HR and user management made the project even more complex. SNP solved the challenging task quickly and confidently.”

Matthias Frerick, Director M&A IT, Evonik Industries AG



Scan the QR code  
and learn more about  
the successful project.



**To our Stakeholders**



Dr. Jens Amlal, CEO since Januar 16, 2023 (left); Michael Eberhardt, CEO until January 15, 2023 (right)

**"SNP is a leader in the field of flexible data transformations in the SAP environment."**

## INTERVIEW

**Dr. Jens Amail is SNP SE's new CEO. In January, he took over from his predecessor, Michael Eberhardt. The two of them discuss the challenges and opportunities for the SNP Group and its goals.**

**Mr. Amail, you joined SNP in mid-January 2023. What motivated you to do so, and what are your initial impressions?**

**Dr. Jens Amail:** I am really excited about SNP's potential. It has an outstanding reputation as the number one in the field of flexible data transformations in the SAP environment. Its positioning in a robust growth market, its impressive customer and partner base, and its competent team offer tremendous opportunities. To take just one example: Even though SNP is already globally positioned, there is a series of attractive markets where we are not yet present. I would like to contribute my many years of industry and software experience here and expand our global footprint.

**Let's start by looking back at the past year. Mr. Eberhardt, SNP set itself some ambitious goals. Which of those did it achieve?**

**Michael Eberhardt:** 2022 was a challenging fiscal year, but also one which was successful in overall terms. We set a goal for revenue of between € 170 million and € 190 million. We achieved this goal with around € 173 million and recorded the highest annual revenue in the history of the company. This represents a growth rate of 10% on a like-for-like basis. At € 6.8 million, we only slightly improved our operating result in comparison with the previous year, and thus unfortunately did not achieve our target of € 10.5 million to € 13 million. Overall, in an economic environment that remained difficult, we demonstrated the robustness of our business model.



„Our partner business is continuing to grow.“

**In the fourth quarter, you were highly successful in terms of the company's order entry in particular. What is the source of this dynamic development?**

**Michael Eberhardt:** Throughout the fiscal year, we observed a high level of interest in our products and pursued productive discussions with many different interested parties. The economic challenges resulting from the Russia-Ukraine war, the pandemic, and the related problems for global supply chains caused delays in our customers' decision-making processes. Toward the end of the year, we were able to successfully bring a large number of negotiations to fruition. Particularly worthy of emphasis here is the global contribution provided by all of our regions and the significant increase in SAP S/4 HANA transformation projects implemented by globally positioned companies. Our order entry thus reached a new record level.



### What would you describe as the strategic milestones in the past fiscal year?

**Michael Eberhardt:** On the one hand, we once again expanded our software and partner business. Revenue earned with our software grew disproportionately to overall growth to around € 54 million. At a technical level, with the expansion of CrystalBridge®, we have continued to systematically pursue our software strategy and have fully integrated within CrystalBridge® SNP Glue and SNP Outboard ERP Archiving, which were originally Datavard products. Our partner business is likewise continuing to grow: Order entry has increased here disproportionately strongly by around 14% to approx. €65 million; our partner business thus now accounts for one-third of our entire order entry volume.

On the other hand, we have simplified our Group structure – at the end of the year, we fully sold off our Polish investment to All for One and thus focused more strongly on our core business: software-based data migration and data management in the SAP environment.

### Mr. Eberhardt, you are now set to leave the company and have handed over the reins to Jens Amail. Why is this the right time for a change, and why is he the right person to replace you?

**Michael Eberhardt:** For me personally, it was the right moment to leave and to organize an orderly transition for my successor. I had a wonderful time with a great team, many challenges, and a lot of successes. I would like to once again thank our customers and partners and, above all, everyone at SNP for that. With Jens Amail, the Board of Directors has found the ideal successor and CEO who will be able to continue SNP's growth story and provide it with new momentum. He combines a strong entrepreneurial mindset with a wide international network and industry expertise from many years in management positions – including 15 years on SAP's senior executive team. From my point of view, those are the ideal ingredients to enable SNP to further expand its international presence.

### Mr. Amail, how do you intend to approach the company's ongoing strategic development?

**Dr. Jens Amail:** First of all, SNP needs to transition to a calmer phase of its development. That is the only way for it to focus wholeheartedly on our customers, partners, and employees – and thus ultimately also commercial success. We undoubtedly have the requisite products and services for this. However, we need to further improve our operating performance in order to achieve a sustained improvement in profitability.

### Have you already developed ideas and measures in order to optimize the company's effectiveness and efficiency?

**Dr. Jens Amail:** We will first align our processes, tools and cost structures even more strongly with factors shaping a successful software business. This includes the full range of go-to-market and service processes, product management, and all global functional areas, but also practical issues such as pricing and forecasting. Michael Eberhardt has already successfully set the company on this path – such as by establishing efficient offshore models in the consulting sector and strongly focusing on the establishment of a partner management system.

### What role will SNP's partner business play in its development?

**Dr. Jens Amail:** Our partner strategy is a core factor ensuring profitable growth. It will enable us to expand external use of our software and thus decisively increase the software element of our revenue mix. The establishment of transformation factories has already contributed to SNP products being increasingly incorporated in our partners' sales activities. We recently completed our 50th joint project with All for One. We also have trusting relationships with other partners such as Accenture, IBM, and PWC and are thus increasing the potential of our software business. We will further expand our strategic cooperation with well-known partners. Partner enablement plays an essential role here. It enables us to coordinate sales processes more effectively while empowering increasing numbers of our partners' consultants to use SNP software independently and implement projects more efficiently. This in turn means that our joint customers are able to more rapidly realize the benefits of their transformation programs.



Dr. Jens Amail

**SAP – which you left to join SNP – is also an important partner. What is the future of that relationship?**

**Dr. Jens Amail:** SNP traditionally has close links with SAP. As a leading provider in the field of tailored SAP S/4HANA transformations, we will remain committed to this partnership and will further develop it. Our common goal is to achieve a decisive increase in the adoption rate for SAP S/4HANA and to enable our customers to move rapidly and securely to the cloud. We are also working with the hyperscalers Amazon Web Services, Google, and Microsoft. We will further intensify these partnerships in order to participate even more strongly in the growing cloud market. I am delighted to be able to further expand our shared ecosystem with the SNP team and my old colleagues at SAP.

**Which unique selling points do you intend to exploit in order to succeed in the market?**

**Dr. Jens Amail:** SNP is a leader in the implementation of flexible data transformations in the SAP environment. It has pooled all of its areas of software expertise in its CrystalBridge® software. Our customers and partners greatly appreciate our technology and our service expertise, and they play a key role in the success of our core business. In the medium and long term, the aim must be to utilize this expertise in order to develop new solutions in a dynamic market that go beyond data transformation in the S/4 environment alone. Many of the areas where we are currently a market leader – such as our experience in relation to carve-outs and integration of companies – will be even more relevant for our global customers in the future.

**SNP's relations with investors also play an important role. How do you intend to include them in the company's development?**

**Dr. Jens Amail:** We maintain a lively dialog with our investors. It is very important to keep our ear to the ground on the capital market, and this provides us with valuable input for SNP's development. We intend to further build upon the confidence that investors have placed in us. They naturally expect us to set ambitious goals and then achieve or even exceed them. And so do we – and we aim to achieve a sustained increase in the company's value.

### Finally, which goals have you set yourself for 2023?

**Dr. Jens Amail:** In 2023, we will strive to further improve our opportunities to realize profitable growth. As I already remarked above, we will focus here even more strongly on the key factors that shape a successful software business. Michael Eberhardt and the SNP team have already taken some important steps in this respect, such as intensive collaboration with our partners. We also intend to further optimize SNP's branding and our mindshare on the market. We expect all of this to deliver a sustained improvement in our profitability. I am convinced that SNP can achieve a significant further increase in its operating margin through an intelligent mix of software, services and efficient processes. We are well placed to do so, and now we need to take action.

**„I am convinced that SNP can achieve a significant further increase in its operating margin through an intelligent mix of software, services and efficient processes.“**



(from left to right:) Prof. Dr. Torsten Grenz (CFO), Dr. Jens Amail (CEO), Gregor Stöckler (COO)

# Report of the Board of Directors

Dear Shareholders,

We hereby inform you of the Board of Directors' activities in the 2022 fiscal year. SNP SE is managed by the Board of Directors ("monistic system"), which determines the basic standards for its business activities and oversees their implementation by the Managing Directors. In accordance with this range of different tasks, we will provide an explanation of the core areas of focus for our management, monitoring and advisory activities in the following.

## PERSONNEL CHANGES

### New Chairman of the Board of Directors

On August 22, 2022, Prof. Dr. Claus E. Heinrich, the previous Chairman of the Board of Directors, stepped down from his position on the company's Board of Directors for personal reasons effective September 30, 2022. We appointed Richard Roy from among our members as the new Chairman of the Board with effect from October 1, 2022.

### Change in management

On March 30, 2022, we reached an agreement with Prof. Dr. Heiner Diefenbach, Managing Director and Chief Financial Officer (CFO), that he would be dismissed as a Managing Director with effect from March 31, 2022. We then appointed Prof. Dr. Thorsten Grenz as interim Managing Director and CFO with effect from April 1, 2022, until a new CFO is appointed. In March 2023, Andreas Röderer was finally appointed as CFO and as a member of the Managing Directors. He will take up this role no later than September 1, 2023. Prof. Dr. Thorsten Grenz will continue to serve the company until an orderly handover is completed.

With effect from January 16, 2023, we appointed Dr. Jens Amail as Managing Director and Chief Executive Officer (CFO) of SNP SE. Jens Amail is taking over as CEO from Michael Eberhardt, who will leave the company at his own request as of March 31, 2023.

## Areas of Focus for the Work of the Board of Directors

### CORPORATE GOVERNANCE

Since the restructuring of the Board of Directors in June 2021, strengthening SNP SE's corporate governance is one of the Board of Directors' areas of focus. To this end, various measures were already taken in 2021, including in particular:

- Establishing an Audit Committee with Prof. Dr. Christoph Hütten, who has expertise in the field of accounting and auditing, as Chairman and Sebastian Reppegather, who has expertise in the field of accounting,
- Introducing regular Board of Directors' meetings without the attendance of the Managing Directors, and
- Adoption of an internal guideline on the handling of SNP SE transactions with members of the company management (Board of Directors and Managing Directors) as well as persons and companies related to company management. This guideline, which restricts the admissibility of such transactions and regulates approval requirements and processing, has been consistently applied since its adoption.



The Board of Directors (from left to right:) Sebastian Repegather, Richard Roy, Prof. Dr. Christoph Hütten and Dr. Karl Benedikt Biesinger

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

In 2022, we increased SNP's level of compliance with the German Corporate Governance Code through the following decisions and measures:

- Introduction of an age limit for the Managing Directors;
- Drafting of a diversity concept and a succession planning concept for the Managing Directors;
- Implementation of a vertical comparison of the remuneration of the Managing Directors with that of the company's upper management level as well as of its overall workforce, and also a horizontal remuneration comparison for the Managing Directors; this horizontal remuneration comparison has been carried out with the support of an independent external remuneration consultant, using remuneration data for selected, mainly German companies which provide software and software-related services like SNP or which are comparable to SNP in terms of their size;
- Reflection of the additional work of the Audit Committee Chairman in the remuneration concept for the Board of Directors.

### **Establishment of a Dedicated Internal Audit Department**

Internal audit activities were previously handled by various departments at SNP. In the fourth quarter of 2021, we decided to establish a dedicated Internal Audit department, to report to the Chairman of the Audit Committee. However, despite intensive recruitment efforts, we have not succeeded in recruiting a suitably qualified internal auditor, with several promising candidates spurning us explicitly because of the uncertainty that currently surrounds the future of the Board of Directors and its composition.

### **COOPERATION BETWEEN THE BOARD OF DIRECTORS AND MANAGING DIRECTORS**

#### **Allocation of Roles Between the Board of Directors and the Managing Directors in the Monistic System**

The fundamental principle of responsible corporate management and control for SNP SE is safeguarding an efficient and trusting working relationship between the Board of Directors and Managing Directors, while accounting for the impartiality and independence of the members of the Board of Directors.

In the monistic system, the Managing Directors have joint responsibility for managing the affairs of the company, with the aim of sustainably creating value. They implement the guiding principles and requirements set out by the Board of Directors. The company currently has three Managing Directors and a Chairman of the Managing Directors.

#### **Information Received by the Board of Directors**

In the past fiscal year, the Managing Directors regularly, promptly and comprehensively informed us about all corporate issues relating to planning, implementation of strategy, business development, the risk situation, risk management and compliance. They also mentioned areas in which the company's business performance deviated from the established plans and targets, indicated the reasons for these deviations and notified us of business transactions of particular significance for SNP. This information was provided in written and oral form.

We reviewed the plausibility of the information provided by the Managing Directors and critically examined it.

The Chairman of the Board of Directors also discussed various aspects of the above-mentioned corporate issues as well as significant individual matters in a large number of discussions with the Managing Directors. The Chairman of the Board of Directors was also regularly in touch with the Managing Directors and was thus promptly informed of any events of material significance for SNP. The Chairman of the Board of Directors was therefore able to notify the other members of the Board of Directors of any new developments at meetings of the Board of Directors, but also in the intervals between meetings and always without delay.

We discussed in detail all business transactions that are significant for the company, based on the reports provided by the Managing Directors, and likewise commented on these transactions ourselves. We reviewed all explanations on the basis of the documents submitted. The Managing Directors provided us with an explanation of deviations in the company's business performance from targets which the Board of Directors had agreed with the Managing Directors. We were involved in all important decisions at an early stage.

#### **Conflicts of Interest**

The Managing Directors are required to immediately disclose conflicts of interest to the Board of Directors and to inform the other Managing Directors. They may

take on secondary activities – particularly supervisory board positions and similar offices outside of SNP SE – only with the prior consent of the Board of Directors. All Managing Directors confirmed to the Board of Directors in early 2023 that no conflicts of interest had arisen in 2022 whose disclosure was required.

In case of transactions with related parties of SNP, we agreed to and approved the company's commissioning of such related parties as well as the related invoices.

To avoid any semblance of a conflict of interest in the context of his own business relationships with a member of the community of heirs of Dr. Andreas Schneider-Neureither and with one of SNP's largest shareholders, Dr. Karl Biesinger did not take part in the discussions and decision-making of the newly appointed Board of Directors regarding

- SNP SE's relationships with the community of heirs of Dr. Andreas Schneider-Neureither, and
- on how to deal with the motions submitted by the two largest shareholders or SNP's largest shareholder in fall 2022 and January 2023, respectively, to convene an annual general meeting and on the agenda items proposed by these shareholders and this shareholder

for this purpose.

#### **REMUNERATION OF THE MANAGING DIRECTORS**

Within the scope of a continuous review of the appropriateness of the remuneration system for the Managing Directors, at the start of 2022 the Board of Directors concluded that there was a need for changes to be made. Accordingly, in the 2022 fiscal year we considered in great depth the redesign of the remuneration system for the Managing Directors and were supported by an independent remuneration consultant in this task. Our goal was to revise and optimize the remuneration system while taking into consideration the company's corporate strategy and feedback from shareholders in order to incorporate best practices and ensure incentivization of the Managing Directors in line with our corporate strategy while reflecting SNP's specific requirements. The new remuneration system will be presented to the Annual General Meeting in May 2023 for approval, subject to which it will apply retrospectively to all of the Managing Directors newly appointed since January 1, 2023.



## INITIAL AND ADVANCED TRAINING

The members of the Board of Directors underwent the initial and advanced training which is required for our tasks – e.g., concerning changes in the legal situation, the market environment and new technologies – on our own authority and received support from SNP SE where necessary. This enabled us to continuously deepen our knowledge in the areas of our respective special expertise. Furthermore, various agenda items gave us a more in-depth insight into SNP's portfolio and processes.

As the Chairman of SNP's Audit Committee, Prof. Dr. Christoph Hütten became a member of the European Growth Audit Network (EGAN) in 2022. This network provides a platform for chairmen of audit committees of European companies to exchange experiences. SNP supports this membership by assuming some of the travel expenses incurred.

## MEETINGS OF THE BOARD OF DIRECTORS AND RESOLUTIONS PASSED

The Board of Directors held a total of 46 meetings in the past fiscal year. Due to the coronavirus-related travel restrictions and social distancing measures, some of the meetings were held as video conferences or hybrid meetings, where some participants were present in person while the others joined the meeting in virtual form.

In addition, seven resolutions were adopted by means of circular resolutions. The table presented further on in this report shows the number of meetings of the Board of Directors and the Audit Committee which the individual members of the Board of Directors attended in the year under review.

In 19 out of 46 Board of Director meetings in 2022, the Board of Directors addressed legal issues concerning the community of heirs of Dr. Andreas Schneider-Neureither and the treatment of the motions submitted by SNP's two largest shareholders in fall 2022 and the largest shareholder in January 2023 to convene an extraordinary general meeting.

- Against the backdrop of the findings in the course of the audit of the consolidated financial statements for the 2020 fiscal year that there was a lack of usability for a property in the USA accounted for as a right-of-use asset from as early as the beginning of its lease in 2019, the Board of Directors duly launched an audit of possible breaches of duty by Managing Directors and the compensation claims by SNP that could potentially result from them. To this end, the Board of Directors appointed an experienced law firm in D&O liability matters to examine the facts and provide an assessment of possible legal claims by SNP on the basis of this investigation. In several meetings, the Board of Directors discussed the extent and progress of the investigation with the appointed lawyers. Since the Board of Directors was continuously committed to settling the matter out-of-court, it worked together with the lawyers as soon as the investigation neared its conclusion to make several offers of talks to the community of heirs of the deceased former Managing Director, CEO and Chairman of the Board of Directors Dr. Andreas Schneider-Neureither. After these offers of talks were rejected by part of the community of heirs, the Board of Directors felt obligated to prepare

and file an action for damages against the community of heirs of Dr. Andreas Schneider-Neureither before the District Court to avoid having the deadline expire before the end of 2022.

- At the end of August 2022, SNP shareholders Tatiana Schneider-Neureither and Wolfgang Marguerre submitted a request to SNP to convene an extraordinary general meeting with the goal of removing three of the four current members of the Board of Directors. This was followed by a corresponding formal application in September 2022, which was submitted solely by shareholder Wolfgang Marguerre. The Board of Directors had a law firm specializing in stock corporation law review both of these demands. Based on a detailed legal opinion and following extensive discussions at several meetings of the Board of Directors, the Board of Directors decided to reject the request to convene an extraordinary general meeting as legally inadmissible.

The core issues of the other Board of Directors' meetings in 2022 are outlined below:

#### Meeting of January 12

At the meeting on January 12, 2022, the Board of Directors addressed the company's key indicators (order entry, revenue, EBIT and EBITDA) as of November 2021 and the results to be expected at the end of the fiscal year. In addition, the Board of Directors discussed with the Managing Directors the measures which had now been implemented in order to further wind down SNP's sponsorship activities as well as the current budget planning for the 2022 fiscal year. The Board of Directors also concerned itself with personnel issues, in particular in relation to Prof. Dr. Heiner Diefenbach and advice from Prof. Dr. Thorsten Grenz.

#### Meeting of January 14

On January 14, 2022, the Board of Directors discussed the publication of the preliminary figures for the 2021 fiscal year.

#### Meeting of January 18

The meeting of January 18, 2022, was held to prepare for the two-day strategy meeting in February covering the topics of portfolio management, employees and regions.

#### Meeting of February 9

This meeting held on February 9, 2022, focused on the reports from Prof. Dr. Thorsten Grenz on the performance of SNP in the 2021 fiscal year, the budget for 2022 and the underlying budget process. This budget was also subject to a critical analysis.

#### Meeting of February 16 and 17

At its two-day strategy meeting held on February 16 and 17, the Board of Directors once again considered the 2022 budget, the plans to conduct an employee survey and the other HR issues of performance management, remuneration and the diversity concept at the level of the company's management as well as SNP's product and service portfolio and the monthly reporting to the Board of Directors.

#### Meeting of March 7

At its meeting held on March 7, 2022, the Board of Directors once again considered the monthly reporting to the Board of Directors as well as measures to strengthen SNP's corporate governance and the current status of its medium-term planning.

#### Meeting of March 15

The subject of this meeting on March 15, 2022, was the intermediate status of the medium-term planning and compliance with the recommendations of the German Corporate Governance Code. The Board of Directors' self-assessment of its efficiency and effectiveness was also discussed. The Board of Directors also implemented a vertical and horizontal comparison of the remuneration received by the Managing Directors. This horizontal remuneration comparison was based on a peer group consisting of 14 German listed small and medium-sized software and software-related consulting firms.

#### Meeting of March 23

On March 23, 2022, the Board of Directors once again debated the annual planning for the 2022 fiscal year and the medium-term planning. Following intense discussions, these were finalized and released for communication by means of an ad hoc announcement.

#### Meeting of March 25 (financial statements meeting)

The meeting of March 25, 2022, focused on accounting and the Group accounting for the 2021 fiscal year as well as the remuneration report. Following the auditor's report and its own detailed discussion, the Board of Directors approved the annual financial statements, the consolidated financial statements and the management report, which was combined into a single report. It also approved the remuneration report. Further issues discussed at this meeting were the course of business in the first quarter of 2022 and the agenda for the upcoming Annual General Meeting. The Managing Directors informed the meeting about the status of the internal employee survey and about goals, strategies and budgets in Marketing/Communication.

#### Meeting of March 30

The subject of this extraordinary meeting on March 30, 2022, was the dismissal of Prof. Dr. Heiner Diefenbach as Managing Director (CFO) and the appointment of Prof. Dr. Thorsten Grenz as (interim) Managing Director (CFO).

#### Meeting of April 28

The subject of the meeting on April 28, 2022, was the comprehensive review of the remuneration system for the Managing Directors and the identification of possible needs for action and their implementation. The Board of Directors also concerned itself with the requirements of Section 87 AktG (requirement for long-term orientation and sustainability) related to the remuneration of Prof. Dr. Thorsten Grenz.

#### Meeting of May 9

At the meeting on May 9, 2022, the results of the 2022 employee survey were presented to the Board of Directors. The participation rate of the survey was particularly high at 81%. The Board of Directors was very keen to create maximum transparency towards employees about the results of the survey and strongly insists that consequences should be drawn from the survey (planning and implementation of follow-up activities). All members agreed to identify focal topics and measures to be derived from the survey in an exchange with employees.

#### Meeting of May 20

The meeting on May 20, 2022, considered the remuneration system for the Managing Directors, in particular the discussion and definition of the general guidelines of the remuneration system, the discussion and determination of the key performance indicators of corporate management and the discussion and definition of the design parameters of the variable remuneration.

#### Meeting of May 23

On May 23, 2022, the Board of Directors was intensively concerned, in exchange with the Managing Directors, with the course of business in the current second quarter and again with the results, findings and consequences of the employee survey. Other topics were the monthly reporting and update of the division of responsibilities for the Managing Directors.

#### Meetings on June 1 and July 6

At its meetings held on June 1 and July 6, 2022, the Board of Directors discussed with the commissioned independent remuneration consultants the details of the new remuneration system for the Managing Directors.

#### Meeting of July 21

At the meeting of July 21, 2022, the Board of Directors discussed the development and challenges of the partner strategy with the Managing Directors as well as the current status of the measures in connection with the results of the employee survey. It also considered the status and further planning to improve the implementation of the target for female employees in management positions and discussed the current product portfolio with the Managing Directors.

The Board of Directors also exchanged views about the first promising CFO candidates resulting from the recruitment process.

#### Meeting of September 28

At its meeting held on September 28, 2022, the Board of Directors once again discussed with the commissioned independent remuneration consultants details of the new remuneration system for the Managing Directors.

#### Meeting of October 1

Following the departure of the previous Chairman of the Board of Directors Claus Heinrich on September 30, 2022, the Board of Directors elected Richard Roy as the new Chairman of the Board of Directors.

#### Meeting of October 20

On October 20, 2022, the Board of Directors addressed the proposed measures in relation to the results and findings of the employee survey, the course of business in the third quarter, the outlook for the fourth quarter and guidance for the full year, the targets set for 2022 (STI) for the Managing Directors, the tax framework for the current LTI program, the budget planning process for 2023 and SNP's energy conservation program.

In addition to the status of the search for candidates for the office of CFO and CEO, and the legal issues in connection with the community of heirs of Dr. Andreas Schneider-Neureither and the request to convene the extraordinary general meeting, the meeting considered in particular the restructuring of the remuneration system for the Managing Directors.

#### Meeting of October 26

At its meeting held on October 26, 2022, the Board of Directors considered the latest developments relating to the recruitment of a new CEO, the need to notify the general public of the future change of CEO (in view of the advanced status of the recruitment process) and the finalization of the related ad hoc notice.

#### Meeting of November 4

The meeting on November 4, 2022, considered the contract negotiations and finalization of the employment contract with the candidate for the role of CEO, Dr. Jens Amail, the conditions for termination by mutual agreement of the position of the current CEO, Michael Eberhardt, as well as the challenges and the ongoing progress in the search for a candidate for the office of CFO.

#### Meeting of November 21

On November 21, 2022, the Board of Directors discussed a bonus system for employees, the gender quota (target figures, actual state, measures), the costs of the employee participation program, the disposal of an investment, the financial figures of EXA AG, its product portfolio, its customer structure and planning up to 2025. The Board of Directors also concerned itself with SNP's revenue and types of revenue.

#### Meeting of December 8

At its meeting of December 8, 2022, the Board of Directors discussed the provisional figures for the first month of the third quarter and the business opportunities for the current fourth quarter. The Board of Directors also considered the budget planning for the year 2023 as well as the envisaged early sale of the shares still held in the former SNP Poland and the tax framework for the current LTI program.

#### PRESENCE AT THE BOARD OF DIRECTORS MEETINGS AND THE AUDIT COMMITTEE IN THE 2022 FISCAL YEAR

Verwaltungsräte	BOARD OF DIRECTORS MEETINGS			AUDIT COMMITTEE		
	Attended	Meetings	Rate of attendance in %	Attended	Meetings	Rate of attendance in %
Prof. Dr. Claus E. Heinrich (until September 30, 2022)	25	26	96%	-	-	-
Dr. Karl Benedikt Biesinger	27	46	59%	-	-	-
Prof. Dr. Christoph Hütten	46	46	100%	9	9	100%
Sebastian Reppegather	46	46	100%	9	9	100%
Richard Roy	46	46	100%	9	9	100%

Eight Board of Directors meetings were held in person, one in hybrid form. The other meetings were held as video conferences or conference calls.

## THE WORK OF THE AUDIT COMMITTEE

The Audit Committee held a total of nine meetings in the 2022 fiscal year. Four of these meetings were held in person and the remaining five meetings administered as video conferences or conference calls. Outside of these meetings, the Chairman of the Audit Committee maintained a regular dialogue with the auditor and with the CFO and the manager responsible for accounting.

### Organization of Meetings

In addition to the committee members, the Managing Director responsible for finance, his employees in charge of external accounting and risk management and representatives of the auditor attended most committee meetings as guests. We also consulted the Chairman of the Managing Directors and representatives of the legal and investor relations departments on individual items of the agenda. In addition, we held discussions with representatives of the auditor on our own, and also met to discuss various topics without any guests present.

The table found earlier in this report documents how regularly the committee members attended the committee meetings.

### Topics Discussed by the Audit Committee

We discussed the following topics in particular at the Audit Committee meetings:

- Analysis of the current accounting system and processes for the preparation of financial statements for SNP SE and the SNP Group and discussion of potential areas of improvement
- Discussion of the details of significant specific accounting policies in the consolidated financial statements of SNP SE and related internal controls
- Discussion and review of the Group non-financial report and the remuneration report, and proposal to the Board of Directors for the approval/confirmation/adoption of the annual financial statements and the consolidated financial statements of SNP SE as of December 31, 2021, the combined management report and the Group non-financial report for the 2021 fiscal year
- Recommendation to the Board of Directors on the proposed appropriation of profits for the 2021 fiscal year and on the proposal to the Annual General Meeting on the appointment of the auditor
- Implementation of the global reorganization in Finance, Controlling and Administration and amendments in essential processes in connection with preparing and auditing the annual financial statements
- Proposals for and implementation of the internal rotation of the auditor
- Discussion of the 2022 half-year financial report and the interim report for the first and third quarter prior to their publication and the processes for their preparation
- Engagement of the auditor to undertake voluntary reviews of SNP's Group non-financial report and remuneration report
- Discussion of the audit planning and core areas of audit focus for the 2022 audit
- Negotiation of the audit fees with the auditor
- Discussion and approval of the non-audit services provided by the auditor
- Establishment of an Internal Audit department and discussion on filling the advertised position
- Monitoring the risk management system of SNP SE and the SNP Group and discussion of material risks and relevant risk mitigation
- Recommendations on the adjustments in the compliance management system of SNP SE and the SNP Group

### **Recommendation for the selection of the auditor**

In the monistic system, the Board of Directors makes a proposal to the Annual General Meeting for the selection of the auditor. This proposal is based on a recommendation from the Audit Committee to the Board of Directors which the Audit Committee produced in March 2023. The decision on this recommendation is based on a review of the independence, quality and qualifications of the auditor. The review of the auditor's quality encompassed the auditor's reporting on its quality assurance system, key findings resulting from internal quality audits and external quality controls, and inspections by means of peer, regulator and supervisory authority reviews.

### **Activities Outside the Scope of Committee Meetings**

The committee chairman also discussed various aspects of the above points and key individual topics within the remit of the Audit Committee in a large number of discussions with the Managing Director responsible for finance and some of his managers as well as representatives of the auditor. The committee chairman informed the other committee members of these discussions at the next meeting.

The committee chairman regularly reported on the activities of the Audit Committee at the meetings of the Board of Directors.

### **AUDIT OF ACCOUNTS AND GROUP ACCOUNTS IN 2022**

In the monistic system, the Board of Directors is required to ensure that the Managing Directors keep the necessary accounts and that an early risk detection system is established.

#### **Unqualified Audit Opinions**

SNP SE's Annual General Meeting held on June 2, 2022, selected Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft ("Rödl & Partner") as the auditor and Group auditor, as proposed by the Board of Directors. Rödl & Partner has served as the auditor of SNP SE and the SNP Group since the 2017 fiscal year. Before the Board of Directors proposed this firm as the auditor at the Annual General Meeting, Rödl & Partner had confirmed to the Chairman of the Board of Directors that no circumstances were applicable that might adversely affect its independence as an auditor or cast doubt on its independence.

Rödl & Partner has audited the accounts and Group accounts of SNP SE as of December 31 and awarded them unqualified audit opinions on March 23, 2023. The auditors who have signed the auditor's reports are Jörg Müller (since the 2017 fiscal year) and Christian Landgraf and Florian Ranger (for the 2020 and 2021 fiscal years) and Dr. Christian Maier and Markus Selk (since the 2022 fiscal year). In addition, pursuant to Section 317 (3b) of the HGB, Rödl & Partner has conducted assurance work and confirmed that the reproductions of the annual financial statements, the consolidated financial statements and the combined Group management report and management report that have been prepared for disclosure purposes comply, in all material respects, with the requirements of Section 328 (1) of the HGB for the electronic reporting format ("ESEF format").

In order to gain a limited level of assurance, Rödl & Partner also reviewed the Group non-financial reporting of SNP SE and performed a reasonable assurance audit for the remuneration report. It issued unqualified opinions in this respect.

The Board of Directors has agreed with Rödl & Partner that it will notify the Board of Directors and note in its audit report in the event that matters are discovered during its audit which mean that the declaration submitted by the Board of Directors on the German Corporate Governance Code is incorrect.

#### **Aspects of the Reviewed Reporting**

The Managing Directors prepared the accounts and the Group accounts. These accounts consist of the annual financial statements prepared according to the rules of the German Commercial Code (HGB), the consolidated financial statements drawn up pursuant to Section 315e of the HGB on the basis of the International Financial Reporting Standards (IFRS) as well as the combined management report and Group management report prepared according to the HGB. The Managing Directors also prepared the Group's non-financial reporting. We have prepared our remuneration report under Section 162 of the AktG together with the Managing Directors.

#### **Review and Approval by the Audit Committee and Board of Directors**

These documents, the auditor's audit reports on the accounts and Group accounts and its opinions on the Group's non-financial reporting and the remuneration

report were forwarded to us in advance. At the meetings of the Audit Committee and the Board of Directors held on March 23, 2023, the Managing Director responsible for finance commented on these documents and the auditor reported on their scope, its core areas of focus and its key audit findings. In particular, it commented on the key audit matters and the audit procedures implemented. At both meetings, we subsequently covered in detail the accounts and the Group accounts, the Group's non-financial reporting and the remuneration report as well as the audit findings and discussed these with the Managing Directors and the auditor's representatives. Rödl & Partner did not notify us of any significant weaknesses in our internal control system and risk management system. In its discussion of the accounts and the Group accounts, the Audit Committee considered in particular the key audit matters described in the respective auditor's report, including the audit procedures implemented. The Audit Committee has consulted the auditor in detail regarding its audit findings and the nature and scope of its audit activities. At the meeting of the Board of Directors, the Audit Committee also reported on its own review of the accounts and the Group accounts, its discussions with the Managing Directors and the auditor and its oversight of the accounting process.

The Audit Committee and the Board of Directors both established to their satisfaction that Rödl & Partner has duly conducted its audit. In particular, we determined that its audit reports and its audit itself complied with the statutory requirements. As the Board of Directors, we concurred with the audit findings. Following the completion of the Audit Committee's review and our own examination, we do not have any reservations. We have therefore approved the accounts and the Group accounts as well as the Group's non-financial reporting and the remuneration report. The annual financial statements have thus been adopted.

#### **Proposal on the Appropriation of Profit**

Our Audit Committee initially discussed and assessed together with the Managing Directors the Managing Directors' proposal on the appropriation of profit, in the context of SNP's profitability and liquidity situation. We subsequently discussed this proposal with the Managing Directors at a meeting of the Board of Directors and resolved to follow the recommendations of the Audit Committee and to present the proposal of the Managing Directors to the Annual General Meeting in order for it to vote on this matter.



### **Declaration on Company Management and Report on the Board of Directors**

We approved the declaration on company management pursuant to Sections 315d and 289f of the HGB for publication on March 24, 2023 by means of a circular resolution. Finally, the Board of Directors approved this report to the Annual General Meeting.

### **Thanks to the Managing Directors and the Employees**

We would like to thank and express our appreciation to the Managing Directors, the managers of the Group companies and all of the Group's employees for their high level of personal dedication, their achievements and their ongoing commitment to SNP SE. We wish the new Chairman of the Board of Directors much success in his first year at the helm of the Company. We would also like to thank the outgoing Chairman for his services and wish him all the very best.

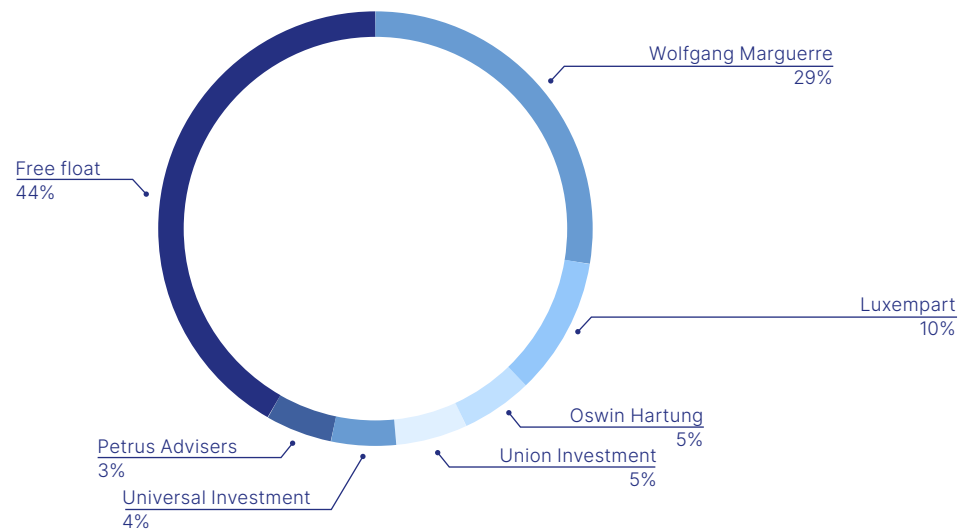
For the Board of Directors

Richard Roy

# SNP IN THE CAPITAL MARKETS



## SHAREHOLDERS STRUCTURE AS OF MARCH 23, 2023



## KEY SHARE DATA

Security identification number	720 370
Symbol	SHF
Market segment	Prime Standard
Share class	No-par-value shares
Shares as of December 31, 2022	7,385,780 (Share capital: 7,385,780 €)
Indices	CDAX, DAXsector All Software, DAXsubsector All IT-Services, Prime All-Share, Prime Standard Index

## SHARE PERFORMANCE INDICATORS

		2022	2021
Earnings per share	in €	0.22	0.14
Market capitalization as end of year	in € m	199	290
Year-end share price	in €	27.00	39.22
Highest price	in €	40.30	64.40
Lowest price	in €	14.76	38.10



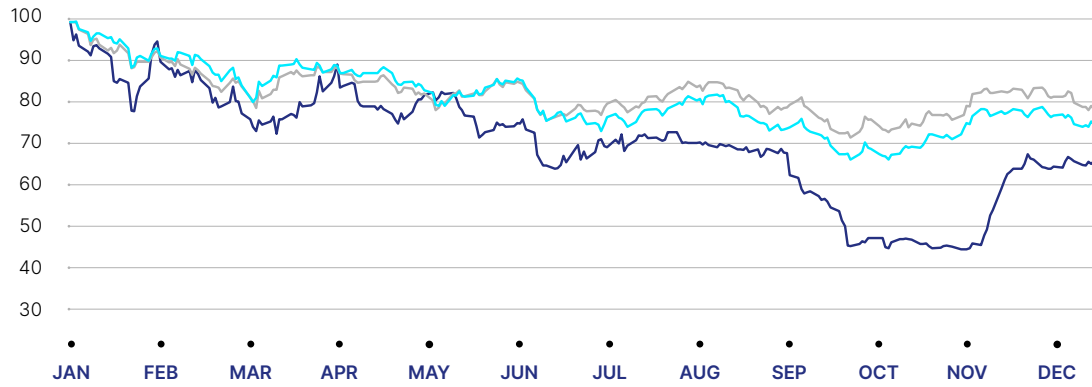
### DEVELOPMENT OF SNP SHARE IN 2022

Index: January 1, 2022 = 100

- SNP
- SDAX
- TecDAX

### ANALYSTS

- Berenberg
- Stifel
- M.M. Warburg



Further information on the SNP share can be found at <https://www.snpgroup.com/en/stock-information>

Further information on investor relations can be found at <https://www.snpgroup.com/en/investor-relations>

Success Story

# Austral Gold

**“Thanks to SNP and their transformation tools, it was possible to have the exact amount of data needed in our system to achieve the migration of the ERP to the cloud and avoid any risk in the operation of our societies.”**

**Alejandro D. Ferrara, Corporate Business Systems Leader, Austral Gold Limited**



Scan the QR code  
and learn more about  
the successful project.



# Corporate Governance

# Corporate Governance

## Corporate Governance Statement 2022

Effective implementation of corporate governance principles is a key element of the corporate policy of SNP Schneider-Neureither & Partner SE (hereinafter: "SNP SE"). Transparent and responsible corporate governance is a critical precondition for the achievement of the company's goals and for increasing its enterprise value over the long term. The Board of Directors and the Managing Directors closely cooperate in the interest of the entire company in order to ensure efficient corporate management and control with the aim of creating value on a lasting basis through good corporate governance.

In the following statement, we explain the essential foundations of the corporate governance of SNP SE pursuant to the legal requirements of Section 315d in conjunction with Section 289f of the German Commercial Code (HGB) and the German Corporate Governance Code (GCGC or "the Code").

## Declaration of Conformity with the German Corporate Governance Code

Pursuant to Art. 9(1)(c)(ii) of Council Regulation (EC) No. 2157/2001 of October 8, 2001, on the Statute for a European Company (SE) (**SE Regulation**) and Section 22 (6)

of the German Act Implementing the SE Regulation of December 22, 2004 (**SEAG**), in conjunction with Section 161 of the German Stock Corporation Act, the Board of Directors of SNP Schneider-Neureither & Partner SE (hereinafter: "**SNP SE**") hereby declares the following:

Taking into consideration the specific details of the monistic system of SNP SE as outlined in Section 1 – with the exceptions indicated in Section 2 – since the issuance of its most recent declaration of conformity on March 24, 2022, SNP SE has complied and will continue to comply with the recommendations of the version of the "Government Commission on the German Corporate Governance Code" amended on April 28, 2022, and in force since June 27, 2022 ("**2022 GCGC**").

## 1. Specific Details of the Monistic Corporate Governance System

In accordance with Art. 43 to 45 of the SE Regulation in conjunction with Sections 20 et seq. of the SEAG, the monistic system is characterized by the fact that a uniform management body, the Board of Directors, is responsible for the management of the SE. The Board of Directors directs the company, determines the guiding principles for its activities and oversees their implementation by the Managing Directors. The Managing

Directors conduct the company's business, represent the company in and out of court and are bound by instructions issued by the Board of Directors.

In principle, SNP SE applies the statements in the 2022 GCGC regarding the Supervisory Board to its Board of Directors and the statements in the 2022 GCGC regarding the Executive Board to its Managing Directors. Specific exemptions apply that reflect the legal form of a *societas Europaea* and the statutory framework for its monistic system:

- The tasks of the Executive Board prescribed in Principles nos. 1, 2 and 3 in Section A.I (management tasks of the Executive Board) of the 2022 GCGC are incumbent upon the Board of Directors of SNP SE; see Section 22 (1) of the SEAG.
- The responsibilities of the Executive Board prescribed in Principle 5 in Section A.I (Compliance) of the 2022 GCGC are incumbent upon the Board of Directors of SNP SE; see Section 22 (6) of the SEAG.
- The responsibilities of the Executive Board prescribed in Suggestion A.8 (conduct in case of a takeover offer) of the 2022 Code are incumbent upon the Board of Directors of SNP SE; see Section 22 (6) of the SEAG.

- Unlike the German Stock Corporation Act, the SEAG does not stipulate fixed terms of office for Managing Directors. Accordingly, the Managing Directors of SNP SE have not been appointed for specific terms of office and have employment contracts subject to notice periods. Recommendations B.3 and B.4 of the 2022 GCGC on the period of first-time appointment and the date of re-appointment therefore do not apply.

## 2. Deviations from the Recommendations of the 2022 GCGC

On April 28, 2022, the “Government Commission on the German Corporate Governance Code” presented a new version of the German Corporate Governance Code. This came into force on June 27, 2022, following its publication by the German Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette (2022 GCGC).

The Board of Directors of SNP SE hereby declares that SNP SE is complying with the recommendations of the 2022 GCGC and will continue to do so in the future, with the following deviations:

- In accordance with the newly introduced Recommendation A.1, the Managing Directors are required to

systematically identify and assess the risks and opportunities associated with social and environmental factors as well as the ecological and social impacts of the enterprise’s activities. This recommendation also states that, in addition to long-term economic objectives, the corporate strategy is also to give appropriate consideration to ecological and social objectives. Corporate planning is to include corresponding financial and sustainability-related objectives. According to Recommendation A.3, which is also new, the internal control system and the risk management system are also to cover sustainability-related objectives. This is to include processes and systems for collecting and processing sustainability-related data.

The company is not currently complying with this recommendation. However, in early 2023 the Managing Directors began to identify by means of a materiality analysis the issues that should be considered material for SNP from the point of view of their impacts on the environment, society and the overall economy, their financial impacts and their relevance for SNP’s other stakeholders. The results of this analysis will be incorporated in the company’s strategic target planning and its risk and opportunity management so that sustainability-related objectives are taken into consideration in its corporate planning and

its internal control system and risk management system. The company will thus fully comply with Recommendations A.1 and A.3 in due course

- Pursuant to Recommendation C.2, an age limit is to be specified for members of the Board of Directors and disclosed in the Corporate Governance Statement. An age limit of 70 years of age was already introduced for the members of the Board of Directors in 2020. This was indicated in the Corporate Governance Statement for 2020, is indicated in the Corporate Governance Statement for 2022 and will be indicated in future Corporate Governance Statements. However, the company did not indicate this age limit in its Corporate Governance Statement for 2021.
- According to Recommendation D.5, the Board of Directors should form a Nomination Committee composed exclusively of shareholder representatives to nominate suitable candidates to the Board of Directors for its proposals to the Annual General Meeting. The Board of Directors is of the opinion that the establishment of such a committee is neither necessary nor appropriate due to the specific circumstances of the company, in particular the size of the Board of Directors (currently four members) and the lack of employee representatives on the Board.

- Pursuant to Recommendation G.6, the share of variable remuneration achieved by the Managing Directors as a result of reaching long-term targets should exceed the share from short-term targets. In addition, in accordance with Recommendation G.10, the variable compensation amounts granted to a Managing Director are to be invested by the Managing Director predominantly in company shares, taking into account the respective tax burden, or granted as share-based remuneration, with the long-term variable grant amounts only being available after a period of four years.

In March 2022, SNP parted company with its previous CFO and hired Prof. Dr. Thorsten Grenz as a Managing Director and interim CFO until a new CFO was recruited. Since it was envisaged right from the start that Prof. Dr. Grenz would only hold office for a temporary period, no long-term variable remuneration was agreed with him; he was also not obliged to invest remuneration amounts in SNP shares, and no share-based remuneration was agreed. In this individual instance, the company has not therefore complied with Recommendations G.6 and G.10. However, apart from this individual case, the company has fully complied with Recommendations G.6 and G.10 and intends to continue to do so.

Heidelberg, Germany, March 24, 2023

For the Board of Directors

Richard Roy

The declaration of conformity is permanently available to the public on the company's website:  
<https://www.snpgroup.com/en/corporate-governance>

### Management and Control Structure

The company is managed by the Board of Directors ("monistic system"), which determines the guiding principles for its business activities and oversees their implementation by the Managing Directors. The tasks, competencies and responsibilities of each of these two organs are clearly provided for by law and separated in terms of personnel. The mode of operation, competencies and staffing of the Board of Directors and Managing Directors of SNP SE are discussed in more detail below.

According to the German Corporate Governance Code ("GCGC") amended on April 28, 2022 ("**2022 GCGC**"), the Board of Directors is to determine specific objectives regarding its composition which – while reflecting

the specific features of SNP SE – give appropriate consideration to its members' international experience, potential conflicts of interest, the number of independent members of the Board of Directors, an age limit for members of the Board of Directors and their diversity.

### Objectives for the Composition of the Bodies, Profiles of Skills and Expertise and Implementation Status

In early 2022, the Board of Directors drafted a succession planning concept for the Managing Directors and revised the diversity concept, which had previously only been applicable to the Board of Directors, and expanded it to include the Managing Directors. Within the scope of these changes, the Board of Directors has also:

- Adjusted the gender diversity target for the Board of Directors as follows: "The target for female members of the Board of Directors is 20%. However, since all of the current members are male and their terms of office expire in mid-2027, unless the Board of Directors changes in size, this target will only be achievable within a period of five years if members of the Board of Directors unexpectedly resign from office ahead of schedule. However, the Board of Directors is currently considering adding an addi-



tional sixth seat on the Board of Directors by no later than 2024. The target achievable within a period of five years is therefore 16.7%, to be implemented within a period of three years." This target was based on the five-member size of the Board of Directors at that time. With the current four-member size of the Board of Directors, the target is 25%, while the target will be 20% if the Board of Directors is expanded to five members.

- Introduced the following gender diversity target for the Managing Directors: "A target of 33.3% is set for the number of female Managing Directors (= first management level below the Board of Directors) on the basis of the current size of this body. The Board of Directors aims to have achieved this target by December 31, 2026.
- Set the following gender diversity target for the management level directly below the Managing Directors: "In consultation with the Managing Directors, a target of 20% is set for the proportion of female employees at the management level directly below the Managing Directors (= second management level below the Board of Directors). The Board of Directors and the Managing Directors aim to have achieved this target by December 31, 2026."

- Introduced an age limit for the Managing Directors corresponding to the age limit for the German standard old-age pension, which is currently 67 years of age.

The two concepts are worded as follows:

#### **Succession Planning Concept for the Managing Directors**

Together with the Managing Directors, the Board of Directors ensures long-term succession planning for the Managing Directors. The Board of Directors has identified the following key primary criteria qualifying a candidate for a position as a Managing Director. It complied with these criteria when it recruited its new Chairman of the Managing Directors at the end of 2022 and a Managing Director responsible for Finance in March 2023:

- Personality (incl. empathy)
- Integrity
- Strong leadership skills
- Technical qualifications for the position to be filled
- Performance to date
- Knowledge of SNP, its industry and its market environment
- Ability to adapt and redesign business models and processes in a rapidly changing environment

The Board of Directors also gives consideration to diversity where this is meaningfully achievable given the small number of Managing Directors. For this purpose, the Board of Directors has approved a diversity concept for the makeup of the Managing Directors. This concept provides a definition of the term "diversity."

The Board of Directors has asked the Managing Directors to identify and develop potential candidates in management positions within the Group whom the Managing Directors consider to have proven themselves based on their regular work with the Managing Directors and who are thus potential candidates to serve as Managing Directors. The Board of Directors already began to pursue discussions with leaders within the Group in 2021. In addition to yielding various other insights, these discussions provide the Board of Directors with an impression of the potential present at SNP's upper management levels.

#### **Diversity Concept for the Board of Directors and the Managing Directors of SNP SE**

##### **Understanding of Diversity**

The Board of Directors understands diversity to mean different personalities as well as different profiles and professional experiences that complement one another.

er – including international experience, where possible – as well as appropriate representation of both genders and an adequate mixture of ages.

#### **Diversity Concept Objectives:**

##### **The Meaning of Diversity for SNP**

For SNP, diversity is a key prerequisite in order for it to maintain its competitiveness and achieve long-term success. SNP aims to benefit from a broad range of experience and a variety of different perspectives through an adequate level of diversity in terms of personalities, skills and expertise on the part of the company's management and employees.

##### **Diversity Concept for the Board of Directors**

Professional qualifications and experience and expertise are the key requirements for appointment as a member of the Board of Directors. The membership of the Board of Directors should feature balanced diversity and provide the Board of Directors with the greatest possible variety of sources of experience and expertise.

In its proposals for the Annual General Meeting for the election of new members of the Board of Directors, the Board of Directors ensures that these candidates, if

elected, will add to the diverse range of personalities, profiles and professional experience on the Board of Directors so that, as far as possible, the Board of Directors has all of the expertise and experience that it requires for its work and so that its discussions and decision-making reflect a large number of different perspectives. For this purpose, the Board of Directors has established the following profile of skills and expertise that lists the specific skills and expertise whose presence on the Board of Directors is deemed necessary by the Board of Directors:

##### **Development & Implementation of Strategy**

At least two members are to have experience in the development and implementation of strategy (incl. M&A) and related transformation processes. This expertise should preferably have been acquired through work in a senior management position at companies, a strategy and/or M&A consultancy or an equity investment company.

##### **Industry/Business Model Expertise**

At least three members should have experience in the software industry or with SNP's business model. This experience should preferably have been acquired by working in this industry.

##### **International Experience**

At least two members should have international experience. This experience should preferably have been acquired through work outside Germany or through management of large international teams.

##### **Accounting**

At least one member should have experience in the field of accounting. This expertise should encompass (a) accounting according to the IFRS, (b) accounting according to the HGB and (c) sustainability reporting and preferably have been acquired through work involving the preparation, review, supervision or analysis of accounting documents.

##### **Auditing**

At least one member should have experience in the field of auditing. This expertise should encompass auditing of (a) accounting according to the IFRS, (b) accounting according to the HGB and (c) sustainability reporting and preferably have been acquired through work involving the auditing or preparation of accounting documents in consultation with the auditor.

### **Compliance**

At least two members should have expertise in the field of compliance. This expertise should cover the compliance requirements of German listed companies and preferably have been acquired through work involving compliance tasks at a listed company or a legal consultancy covering the compliance issues that arise with listed companies.

### **Sales/Marketing**

At least one member should have experience in the field of sales and marketing. This expertise should relate to the sales and marketing processes of large and medium-sized companies and preferably have been acquired through work in a sales and marketing management role.

### **Development of Technology**

At least one member should have expertise relating to the development of software or other technologies. This expertise should encompass the development processes of large and medium-sized companies and preferably have been acquired through work in a development or development management role.

### **Operations**

At least one member should have experience in the field of planning, management, control and continuous improvement of core processes in companies. This expertise should relate to the core processes in large or medium-sized software/IT services and/or other technology companies and preferably have been acquired through a senior management role with operations responsibility at such companies or a management consultancy.

### **Corporate Finance**

At least one member should have expertise in the field of business combinations and corporate finance. This expertise should relate to the M&A processes and financing processes of large and medium-sized companies and preferably have been acquired through work involving M&A and financing issues.

### **Sustainability**

At least two members should have expertise in the field of sustainability, encompassing the environment, social issues and governance. This expertise should relate to sustainability issues of relevance for SNP, above all those of substantive significance and thus subject to a

reporting obligation. Add relevant sub-aspects of the skills and expertise required for sustainability reporting that are indicated in relation to the sustainability audit and audit of financial statements. This expertise should preferably have been acquired via these members' systematic involvement with relevant sustainability aspects through their work or through their membership in sustainability committees or the like.

### **Human Resources**

At least two members should have expertise in the field of human resources management. This expertise should relate to human resources management at large and medium-sized companies and preferably have been acquired through work involving human resources responsibility at higher hierarchical levels.

### **Capital Market**

At least one member should have experience in relation to the capital market. This expertise should relate to capital market issues for listed companies and preferably have been acquired through work involving capital market issues.

### Independence

A majority of the members should be independent within the meaning of Recommendation C.7 of the GCGC. The independent members should include the Chairman of the Supervisory Board and the Chairman of the Audit Committee.

### Supervisory Board/Board of Directors

At least two members should have expertise in the area of the activities of boards of directors or supervisory boards. This expertise should relate to the work of boards of directors or supervisory boards of listed companies, with SNP not being included in this context. This expertise should preferably have been acquired through service as a member of one or more boards of directors or supervisory boards.

In accordance with the statutory provisions requiring the equal participation of men and women in management positions, on the basis of a five-member Board of Directors the Board of Directors has specified a target for its proportion of female membership of 16.7% to be achieved within a period of three years and a target of 20% to be achieved within a period of six years. In addition, the Board of Directors has specified that, as a rule, only persons who have not yet reached the age of 70 at the time of their election should serve as members of the Board of Directors.

Election proposals that the Board of Directors makes to the Annual General Meeting will take these goals into consideration while also aiming to further round out the profile of skills and expertise for the body as a whole. A balanced composition must be ensured so as to further reduce the extent to which the above-mentioned skills matrix deviates from the above-mentioned profile of skills and expertise.

### Diversity Concept for the Managing Directors

The Board of Directors makes decisions as to which of the Managing Directors is to hold a specific position while considering all of the circumstances of the individual case in the company's interest. In doing so, the Board of Directors gives consideration to the following aspects in particular:

- The Managing Directors should have many years of management experience that has preferably been acquired at international companies.
- The Managing Directors should, as an overall body, have many years of experience in the field of software and IT services.
- The Managing Directors should have profiles and professional experience that complement one another.

- On the basis of the current size of this body, a 33.3% target has been set for the number of female Managing Directors. The Board of Directors aims to have achieved this target by December 31, 2026.
- The Board of Directors has specified an age limit for the Managing Directors corresponding to the age limit for the German standard old-age pension, which is currently 67 years of age. It also ensures that the Managing Directors, as an overall body, have an adequate mixture of ages.

### Implementation Status

The following skills matrix indicates the extent to which the current members of the Board of Directors fulfill the above profile of skills and expertise for the Board of Directors. The details shown in the matrix are based on self-assessment by the individual members of the Board of Directors.

	<b>Richard Roy</b>	<b>Karl Biesinger</b>	<b>Christoph Hütten</b>	<b>Sebastian Repegather</b>	<b>Profile of skills and expertise fulfilled</b>
Member since	2021	2019	2021	2021	
<b>Functional expertise</b>					
Development & implementation of strategy	✓	✓		✓	✓
Experience in software & services sector and with business model	✓	✓	✓		✓
International experience	✓	✓	✓	✓	✓
Accounting*	✓		✓	✓	✓
Auditing**			✓	✓	✓
Compliance		✓	✓	✓	✓
Sales/marketing	✓				✓
Development of technology	✓	✓			✓
Operations	✓				✓
Corporate finance	✓	✓	✓	✓	✓
Sustainability	✓			✓	✓
Human resources	✓		✓	✓	✓
Capital market	✓	✓	✓	✓	✓
<b>Governance</b>					
Independence	✓		✓	✓	✓
Board of directors/supervisory board experience	✓	✓	✓	✓	✓
Other offices currently held***		1	1	1	N/A
<b>Diversity</b>					
Year of birth	1955	1961	1964	1969	
Gender	Male	Male	Male	Male	
Nationality	German	German	German	German	
Education	Electrical engineering	Law	Economics	International business management	

\* incl. sustainability reporting

\*\* incl. audit of sustainability reporting

\*\*\* Offices held on executive boards, supervisory boards or boards of directors and similar foreign bodies

It has not been possible to achieve the gender diversity target of 16.7% or 20%, since no female member of the Board of Directors has so far been appointed.

A new CEO joined the Managing Directors at the start of 2023 and a new CFO in March 2023, thereby partially complying with the diversity concept formulated by the Board of Directors: The Managing Directors thus further expanded their diversity of expertise and experience in areas including software sales, corporate governance and industry-specific CFO expertise. However, the level of gender diversity is still below the target of 33.3%, since no female Managing Director has yet been appointed. When it recruited its new CEO and CFO, the Board of Directors notified the human resources consultancy tasked with this search of its clear preference for female candidates to be identified for these positions. However, in view of the current situation on the market for applicants, this human resources consultancy was not able to present female candidates suitable from the point of view of the above succession planning concept and – apart from the aspect of gender diversity – the above diversity concept.

The Board of Directors has asked the Managing Directors to keep the Board of Directors regularly informed of the proportion of female managers at the company's various management levels and their development.

### Compliance

Trust is one of our basic values and assumes integrity, honesty and incorruptibility. Compliance with all applicable statutory provisions and internal rules on the part of the company's management and employees is a firm part of our corporate culture. Measures in the area of compliance are continuously reviewed and updated on an ongoing basis by means of a compliance management system. Our Code of Conduct is at the heart of our corporate culture and encapsulates our key behavioral principles, the requirements for compliance with contractual and statutory obligations, for anti-corruption measures, for the protection of business and commercial secrets and for data protection. All employees are obliged to comply with the company's Code of Conduct.

These measures will be adapted in line with the company's risk situation. The effectiveness of the individual measures implemented will be regularly reviewed. For this purpose, the company offers all of its employees throughout the Group the opportunity to report legal violations within the company in a protected fashion using a digital whistleblower system. Employees may opt to submit such reports anonymously.

Mandatory training is another key element for the avoidance of compliance violations. E-learning-based training was introduced for all of the company's employees worldwide in 2020. Employees who were classified as particularly relevant due to the nature of their work had already received training in this area. The mandatory training course also includes a compliance module.

Since the new Board of Directors was constituted in June 2021, compliance has fallen under the scope of the overall responsibility of the Board of Directors.

The Managing Directors regularly report to the Board of Directors in regard to compliance issues.

### **Description of the Working Methods of the Board of Directors and Managing Directors**

The fundamental principle of responsible corporate governance and control for SNP SE is ensuring the efficient and trusting cooperation of the Board of Directors and Managing Directors on the basis of the impartiality and independence of the members of these bodies.

In the 2022 fiscal year, the Board of Directors and Managing Directors of SNP SE deliberated on the company's strategic positioning, its further development and a series of individual topics and passed the necessary resolutions.

### **Board of Directors**

#### **Composition and Working Methods**

According to its articles of incorporation, the Board of Directors is comprised of at least three members, who are selected by the Annual General Meeting without being bound by election proposals. According to the company's articles of incorporation, the term of office of each member of the Board of Directors will expire as of the end of the Annual General Meeting, which resolves to grant discharge for the fifth fiscal year follow-

ing the start of this member's term of office, but no later than six years after the date of this member's appointment. The fiscal year in which this member's term of office begins is not included. Members of the Board of Directors may be reappointed.

As the central body in the monistic management system, the Board of Directors manages the affairs of the SE, determines the guiding principles for its activities and oversees their implementation. As for the executive board of a stock corporation, the Board of Directors is responsible for keeping the accounts and for the establishment of a suitable monitoring system for early risk detection. It commissions the auditor to audit the accounts and the Group accounts.

The Board of Directors shall meet at least once every three months. The Board of Directors passes resolutions on the basis of a majority of the members present or represented. In the event of a tied vote, the Chairman of the Board of Directors shall have the deciding vote.

Für seine Arbeit hat sich der Verwaltungsrat eine Geschäftsordnung gegeben. Diese ist auf der Homepage <https://www.snpgroup.com/en/corporate-governance>.

The Board of Directors regularly reviews its efficiency and effectiveness as a body. This review is carried out by means of open discussion or a questionnaire-based self-assessment process.

#### **Independence**

A member of the Board of Directors will be considered independent within the meaning of the 2022 GCGC if they are independent of SNP and its Managing Directors and independent of a controlling shareholder of SNP. In making this assessment of independence, the Board of Directors will follow the recommendations set out in the 2022 GCGC at a minimum. Accordingly, more than half of the members of the Board of Directors must be independent of SNP and its Managing Directors. In its view, the Board of Directors currently has at least three independent members and thus has an appropriate number of members who are independent within the meaning of the 2022 GCGC, namely Richard Roy, Prof. Dr. Christoph Hütten and Sebastian Repegather.

#### **Committees**

The tasks, responsibilities and work processes of the Audit Committee, which was established in 2021, comply with the requirements of the German Stock Corporation Act (AktG) as well as the GCGC. In particular, the

Audit Committee oversees the accounts and the accounting process. It is responsible for a preliminary review of the annual financial statements, the consolidated financial statements and the combined management report of SNP SE and the SNP Group as well as the non-financial report. On the basis of the auditor's report on its audit of the financial statements and following its own preliminary review, the Audit Committee submits proposals for the adoption of the annual financial statements of SNP SE and the approval of the consolidated financial statements, the combined management report and Group management report as well as the non-financial report by the Board of Directors. The Audit Committee is also responsible for discussing the half-year financial report and the quarterly reports with the Managing Directors prior to their publication and for considering the findings of the auditor's audit review of the Group's midyear financial statements and the interim Group management report.

The Audit Committee is also concerned with the company's risk monitoring system and monitors the appropriateness and effectiveness of its internal control system, risk management system and internal audit system. It also prepares the Board of Directors' proposal to

the Annual General Meeting for the selection of the auditor and provides the Board of Directors with a recommendation to this effect. Before making its proposal for the selection of the auditor, the Audit Committee will obtain a declaration from the envisaged auditor confirming that there are no doubts as to its independence. Once the Annual General Meeting has passed the relevant resolution, the Audit Committee will engage the auditor to undertake the audit and will monitor the audit as well as the selection, independence, qualification, rotation and efficiency of the auditor and of the work performed by the auditor. The Audit Committee regularly evaluates the level of quality of the audit. The Board of Directors also maintains regular dialog with the auditor, outside the scope of meetings, via the Chairman of the Audit Committee.

As of December 31, 2022, the Audit Committee had the following members: Prof. Dr. Christoph Hütten (Chairman), Sebastian Repegather and Richard Roy. The members of the Audit Committee are all familiar with the sector in which the company operates and all have expertise in the field of accounting and auditing, that is, particularly good knowledge and extensive experience in relation to the application of accounting principles

and internal control and risk management systems as well as sustainability reporting and auditing (incl. auditing of sustainability reporting):

- Prof. Dr. Christoph Hütten acquired this expertise through his many years of experience as the Chief Accounting Officer of a major international listed corporate group, through his university teaching experience and through his various activities relating to national and international accounting standard setting. His role as Chief Accounting Officer included joint responsibility for the integrated report of his employer, which included sustainability reporting and managing the corporate group's auditing from the perspective of the audit client.
- Richard Roy acquired this expertise through his 20 years of service as a member or chairman of audit committees at various listed companies.
- Sebastian Repegather has acquired this expertise through roles including his wide-ranging work as a team leader in the deal advisory division of a major audit firm, as an equity investment manager for several family offices, as the managing partner of an



investment consultancy and as CFO of an investment stock corporation with variable capital, as Head of Listed Investments at a listed equity investment company and through his role as a financial expert and member of the audit committee of various listed companies.

#### **Self-Assessment of the Board of Directors**

The Board of Directors and its Audit Committee regularly evaluate internally how effectively the Audit Committee and the Board of Directors as a whole are performing their tasks. This review was carried out in 2022 through an open-ended discussion and at the start of 2023 through an anonymously completed questionnaire. Their findings confirm an open, trusting, professional and constructive working relationship within the Board of Directors and the Audit Committee and with the Managing Directors.

#### **Managing Directors**

The Managing Directors share responsibility for conducting the business of the company with the goal of sustainably creating value. They implement the guiding principles and requirements set out by the Board of Directors. The Managing Directors currently consist of

three members and a chairman. The Managing Directors inform the Board of Directors regularly, promptly and comprehensively about all corporate issues relating to planning, business development, the risk situation, risk management and compliance. They mention areas in which the company's business performance deviated from the established plans and targets and provide reasons for these deviations.

The Managing Directors are required to immediately disclose conflicts of interest to the Board of Directors and to inform the other Managing Directors. They may take on secondary activities, particularly Supervisory Board positions and similar offices outside of SNP SE, only with the prior consent of the Board of Directors. All Managing Directors confirmed to the Board of Directors in early 2023 that no conflicts of interest had arisen in 2022 whose disclosure was required.

According to the company's articles of incorporation, the Board of Directors appoints one or more Managing Directors. Members of the Board of Directors may be appointed as Managing Directors, provided that the majority of the Board of Directors is still comprised of non-Managing Directors. Currently, no member of the Board of Directors is also a Managing Director.

Managing Directors may be removed from office by means of a resolution passed by the Board of Directors on the basis of a simple majority. Managing Directors who are members of the Board of Directors may only be removed from office for cause or in case of termination of their employment contract. In relation to the remuneration of the Managing Directors and the noncompete clause that applies to them, the same provisions apply as for the executive board of a stock corporation in accordance with Sections 87 to 89 of the AktG. The Managing Directors will be liable for any damage the SE suffers as a result of a violation of their duties prescribed by law or in the company's articles of incorporation or any other duties.

**RESPONSIBILITIES OF THE MANAGING DIRECTORS  
AS OF: MARCH 1, 2023**

MANAGING DIRECTORS	Responsibilities and Departments	Memberships of Other Supervisory Boards and Other Similar Bodies
<p><b>Michael Eberhardt</b> Managing Director (CEO) until January 15, 2023; thereafter Managing Director without special departmental responsibility until March 31, 2023, within the scope of the handover.</p>	<ul style="list-style-type: none"> <li>■ Corporate Strategy &amp; Advisory Board</li> <li>■ Corporate Development / Change Management</li> <li>■ Sales</li> <li>■ Partner Management</li> <li>■ Delivery</li> <li>■ Academy</li> <li>■ Regions CEU, LATAM, JAPAC, EEMEA</li> </ul>	<p>digitalCX.services AG, Supervisory Board</p>
<p><b>Dr. Jens Amail,</b> Managing Director (CEO) since January 16, 2023.  Appointed for an unlimited period of time.</p>	<ul style="list-style-type: none"> <li>■ Corporate Strategy &amp; Advisory Board</li> <li>■ Corporate Development / Change Management</li> <li>■ Sales</li> <li>■ Partner Management</li> <li>■ Delivery</li> <li>■ Academy</li> <li>■ Regions CEU, LATAM, JAPAC, EEMEA</li> </ul> <p>Since March 1, 2023, also:</p> <ul style="list-style-type: none"> <li>■ Regions USA and UK</li> <li>■ Human Resources</li> <li>■ Sustainability</li> </ul>	<p>No further offices</p>
<p><b>Prof. Dr. Heiner Diefenbach</b> Managing Director (CFO) until March 31, 2022.</p>	<ul style="list-style-type: none"> <li>■ Legal &amp; Compliance</li> <li>■ Sustainability &amp; CSR</li> <li>■ IT (Internal)</li> <li>■ Finance &amp; Controlling</li> <li>■ Investor Relations</li> <li>■ Shared Services</li> <li>■ M&amp;A</li> <li>■ Human Resources</li> </ul>	<p>Hexagon AG, Supervisory Board Chairman</p> <p>EXA AG, Supervisor Board</p>

**RESPONSIBILITIES OF THE MANAGING DIRECTORS**  
**AS OF: MARCH 1, 2023**

MANAGING DIRECTORS	Responsibilities and Departments	Memberships of Other Supervisory Boards and Other Similar Bodies
<p><b>Prof. Dr. Thorsten Grenz</b>            Managing Director (CFO) since April 1, 2022.</p> <p>Appointed for an unlimited period of time.</p>	<ul style="list-style-type: none"> <li>■ Legal &amp; Compliance</li> <li>■ IT (Internal)</li> <li>■ Finance &amp; Controlling</li> <li>■ Investor Relations</li> <li>■ Shared Services</li> <li>■ M&amp;A</li> <li>■ Human Resources (until February 28, 2023)</li> <li>■ Sustainability &amp; CSR (until February 28, 2023)</li> </ul>	<p>Drägerwerk Verwaltungs AG, Supervisory Board</p> <p>Dräger Safety AG &amp; Co. KGaA, Supervisory Board</p> <p>Dräger Safety Verwaltungs AG, Supervisory Board</p> <p>Credion AG, Supervisory Board</p>
<p><b>Gregor Stöckler</b>            Managing Director (COO)</p> <p>Appointed for an unlimited period of time.</p>	<p>Until February 28, 2023:</p> <ul style="list-style-type: none"> <li>■ Analytics</li> <li>■ Technology Partners</li> <li>■ Corporate Marketing</li> <li>■ Partner Marketing</li> <li>■ Field Marketing</li> <li>■ Regions UKI &amp; North America</li> <li>■ ERST GmbH &amp; Innoplexia GmbH</li> </ul> <p>Since March 1, 2023:</p> <ul style="list-style-type: none"> <li>■ Analytics</li> <li>■ Technology Partners</li> <li>■ Product and Product Development</li> <li>■ Partner Marketing</li> <li>■ Field Marketing</li> <li>■ ERST GmbH &amp; Innoplexia GmbH</li> </ul>	<p>No further offices</p>

Members of the Board of Directors <sup>1</sup>	Memberships of Other Supervisory Boards and Other Similar Bodies	Members of the Board of Directors <sup>1</sup>	Memberships of Other Supervisory Boards and Other Similar Bodies
<p><b>Richard Roy</b> Chairman of the Board of Directors since October 1, 2022.</p> <p>Self-Employed Management Consultant</p> <p>Member of the Board of Directors since 2021.</p> <p>Elected for a term of office expiring in 2027<sup>2</sup></p> <p>Member of the Audit Committee</p>	<p>DZG Holding GmbH Supervisory Board Chairman</p> <p>Datenlotsen GmbH Member of the Advisory Board (until August 17, 2022)</p>	<p><b>Prof. Dr. Christoph Hütten</b> Self-Employed Management Consultant</p> <p>Member of the Board of Directors since 2021.</p> <p>Elected for a term of office expiring in 2027<sup>2</sup></p> <p>Chairman of the Audit Committee</p>	<p>Brockhaus Technologies AG Supervisory Board Member</p>
<p><b>Dr. Karl Benedikt Biesinger</b> Deputy Chairman of the Board of Directors</p> <p>Lawyer at the law firm RB Reiserer Biesinger Rechtsanwaltsgesellschaft mbH</p> <p>Member of the Board of Directors since 2019.</p> <p>Elected for a term of office expiring in 2027<sup>2</sup></p>	<p>Witt Solar AG Supervisory Board Chairman</p>	<p><b>Sebastian Repegather</b> Head of Listed Investments, Luxempart S.A., Leudelange, Luxembourg</p> <p>Member of the Board of Directors since 2021.</p> <p>Elected for a term of office expiring in 2027<sup>2</sup></p> <p>Member of the Audit Committee</p>	<p>Technotrans SE Supervisory Board Member</p>

<sup>1</sup> Members who left the Board of Directors in the past fiscal year: Prof. Dr. Claus E. Heinrich (member and Chairman until September 30, 2022).

<sup>2</sup> Up to the end of the Annual General Meeting that resolves on the Board of Directors' discharge for the 2026 fiscal year.

### Shareholdings of the Board of Directors and Managing Directors

The following members of the Board of Directors and  
Managing Directors who held office at the end of 2022  
held shares in SNP SE as of the end of the year:

	SHAREHOLDINGS AS OF DECEMBER 31, 2022		SHAREHOLDINGS AS OF DECEMBER 31, 2021	
<b>Dr. Karl Biesinger</b>	4,757	0.1%	4,757	0.1%
<b>Michael Eberhardt</b>	6,788	0.1%	4,000	0.1%
<b>Gregor Stöckler</b>	81,225	1.1%	80,891	1.1%

### Disclosures on Risk Management

The business activities of SNP SE are subject to a variety of risks that are inseparably linked to its entrepreneurial activity. Good corporate governance includes dealing with these risks responsibly. In order to identify risks at an early stage, to evaluate them and to deal with them systematically, SNP SE employs effective management and control systems that are combined into a uniform risk management system. A detailed description of risk management is contained in the Opportunity and Risk Report in the 2022 Group management report.

### Further Information on Corporate Governance at SNP

Comprehensive information on the activity of the Board of Directors and cooperation between the Board of Directors and Managing Directors can also be found in the report of the Board of Directors in the Annual Report 2022.

### Accounts and Group Accounts

The Managing Directors are responsible for the preparation of the company's quarterly reports and half-year financial report and for the preparation of the annual financial statements, consolidated financial statements

and the combined management report of SNP SE and the SNP Group. The Board of Directors and the Managing Directors jointly produce the remuneration report under Section 161 of the AktG.

SNP's consolidated financial statements and half-year financial report are prepared according to the principles of the International Financial Reporting Standards (IFRS), while the annual financial statements of SNP SE as well as the combined management report and Group management report are prepared according to the provisions of the German Commercial Code (HGB).

The Annual General Meeting held on June 2, 2022, once again elected Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, as proposed by the Board of Directors, to serve as the auditor for SNP SE and the SNP Group for the 2022 fiscal year.

The Board of Directors and the Managing Directors have jointly produced the remuneration report under Section 161 of the AktG and have had the auditor undertake a review of the contents of this report as well as its formal aspects.

As in the previous year, the remuneration report for the 2022 fiscal year will be published as a separate report.

It may be downloaded together with the auditor's relevant audit report at <https://www.snpgroup.com/en/corporate-governance>.

### RESPONSIBILITY STATEMENT

We certify to the best of our knowledge that in accordance with applicable accounting principles, the consolidated financial statements give a true and fair view of the Group's financial position and financial performance and that the business performance, including the result of operations and the position of the Group, are presented in the Combined 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 are described.

Heidelberg, Germany, March 23, 2023

The Managing Directors

Michael Eberhardt

Prof. Dr. Heiner Diefenbach

Gregor Stöckler

# Independent Auditor's Report

To SNP Schneider-Neureither & Partner SE, Heidelberg

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

### Audit Opinions

We have audited the consolidated financial statements of SNP Schneider-Neureither & Partner SE, Heidelberg, and its subsidiaries (the Group) – comprising the consolidated statement of financial position as of December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from January 1, 2022, to December 31, 2022, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we audited the Group management report combined with the management report (hereinafter: the combined management report) of SNP Schneider-Neureither & Partner SE, Heidelberg, for the fiscal year from January 1, 2022, to December 31, 2022. In accordance with German law, we have not examined the content of the components of the combined management report indicated in the "Other Information" section of our audit report.

In our opinion, based on the findings of the audit:

- The enclosed consolidated financial statements comply in all material respects with the IFRS as adopted by the EU and the supplementary requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and give a true and fair view of the net assets and financial position of the Group as of December 31, 2022, and of its results of operations for the fiscal year from January 1, 2022, to December 31, 2022, in accordance with these requirements, and
- The attached combined management report as a whole conveys an accurate view of the position of the Group. This combined management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development in all material respects. Our audit opinion on the combined management report does not extend to the content of the components of the combined management report indicated in the "Other Information" section.

In accordance with Section 322 (3) (1) of the HGB, we declare that our audit has not led to any objections regarding the correctness of the consolidated financial statements or the combined management report.

### Basis for the Audit Opinions

We have conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 of the HGB and the EU Audit Regulation (No. 537/2014) and in consideration of German generally accepted standards for the audit of financial statements, as promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility according to these requirements and principles is described in greater detail in the section "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Combined Management Report" of our audit report. We are independent of the Group companies in accordance with the requirements of European Union law and of German commercial law and the rules of professional conduct, and we have fulfilled our other ethical responsibilities under German professional standards in accordance with these requirements. In addition, pursuant to Article 10 (2) (f) of the EU Audit Regulation, we hereby declare that we did not provide any of the prohibited non-audit services referred to in Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and suitable to serve as the basis for our audit opinions on the consolidated financial statements and the combined management report.

### **Key Audit Topics in the Audit of the Consolidated Financial Statements**

Key audit topics are such matters that, in our dutiful judgment, were the most significant in our audit of the consolidated financial statements for the fiscal year from January 1, 2022, to December 31, 2022. These matters were considered in the context of our overall audit of the consolidated financial statements and in the formation of our audit opinion; we do not issue any separate audit opinion on these matters.

From our point of view, the following topics were the most significant.

#### **Recoverability of Goodwill**

##### **Reasons for Designation as a Key Audit Topic**

Goodwill amounted to € 72.6 million as of December 31, 2022. This corresponds to 27.4% of total assets.

Goodwill is tested for impairment at the level of the cash-generating units Services, Software and EXA. The evaluation of the recoverability of goodwill is complex

and based on a series of discretionary factors. The most significant assumptions involve the expected future revenues, the planned earnings margin and the applied discount rate.

The impairment test performed did not reveal any need for impairment. There is a risk, with regard to the consolidated financial statements, that the goodwill in the cash-generating units is not recoverable.

##### **Our Approach to the Audit**

We evaluated the planning process and the material assumptions applied based on the explanations of those responsible for planning. Using the available information, we assessed whether the material target values contained in the budget and the underlying assumptions are appropriate. We compared the expected future cash flows for the cash-generating units Services, Software and EXA against the available projections.

Furthermore, we satisfied ourselves of the reliability of the company's budgeting through a retrospective comparison of the target values (revenue and earnings margin) from previous years with the actual perfor-

mance values. We, along with our specialists, evaluated the assumptions and parameters used to determine the applied discount rate, particularly the market risk premium and beta factor, and retraced the calculation method. We also evaluated the appropriateness of the growth rate applied for the calculation of the perpetual annuity. Furthermore, we conducted our own sensitivity analyses in order to be able to assess any potential impairment risk given a conceivable change in material measurement assumptions.

We assessed the calculation method used in the impairment test and verified the calculation of the discounted cash flow surpluses in arithmetical terms.

##### **Reference to Related Disclosures**

For information on the accounting policies applied and the impairment tests performed, we refer to the disclosures in the notes to the consolidated financial statements under "9. Use of Estimates" and "10. Key Accounting Policies."



## Recognition of Revenue From Services

### Reasons for Designation as a Key Audit Topic

The company reports revenue from Services of € 117.3 million in the consolidated income statement for the 2022 fiscal year. Revenue from Services accounts for 67.6% of the Group's total revenue.

Customer requirements vary in the Services area. These requirements result in a variety of contract rules. The recognition of consulting fees depends on complex contractual agreements, resulting in different times of recognition. Revenue for consulting business is recognized in accordance with IFRS 15 "Revenue from Contracts with Customers."

According to IFRS 15, the contractually agreed performance obligations must be identified for services provided for a customer. Where there are economic interdependencies, it must first be examined whether several contracts with a customer are to be combined into one contract (multi-component contract). The assessment requires discretionary judgment.

For the performance obligations identified in combined contracts, the allocation of the consideration requires

discretionary judgment. In this respect, there is a risk of incorrect allocation and correspondingly incorrect revenue recognition.

SNP Schneider-Neureither & Partner SE recognizes sales revenue in the Services business segment over time.

Sales revenues from customer-specific consulting projects, which are fulfilled over a certain period of time, are realized according to the percentage-of-completion method. This is determined according to an input-oriented method, in that the consulting hours already performed are always set in relation to the estimated total project hours required to fulfill the performance obligation. In the company's opinion, this method best reflects the progress of the work or the transfer of assets to the customer.

The recognition of revenue from customer-specific consulting projects over time is complex and requires discretionary judgment. Estimation uncertainties exist in particular with regard to the total project hours to be estimated to determine the degree of completion achieved. There is also the risk that expenses are recorded for the wrong projects.

There is a risk for the consolidated financial statements that the accrual of revenues from customer-specific consulting projects for specific periods is incorrect as of the reporting date and that revenues are therefore recognized in the wrong period.

### Our Approach to the Audit

Based on our understanding of the process, we have assessed the structure and implementation of the internal controls established regarding the accurate recording of contract-related personnel expenses and other expenses in the internal contract accounts. These controls ensure that only project-related hours and expenses are recorded in and billed to the respective contract accounts.

In addition, we gained a process understanding of the estimation of total project hours and evaluated the structure and implementation of the internal controls established.

Using a combination of mathematical and statistical processes and carefully selected contracts, we assessed the need to combine contracts and the identification of individual performance obligations. On this basis, we also reviewed the allocation of the transaction

price to the individual performance obligations using the individual sales prices we reconstructed. For the ongoing client-specific consulting projects included in the selection, we assessed the underlying contractual agreements to determine whether the recognition of revenue in connection with these is based on time-frames and the percentage of completion. For these project orders, we subsequently assessed the percentage of completion on which the revenue recognition is based by tracking the total actual hours recorded, the estimated total project hours and the expected order revenues in the client's calculation.

#### **Reference to Related Disclosures**

For disclosures on the recognition of this revenue, we refer to the comments set out in the notes to the consolidated financial statements under "9. Use of Estimates" and "18. Contract Assets and Contract Liabilities."

#### **Recognition of Revenue From Software Licenses**

##### **Reasons for Designation as a Key Audit Topic**

The company reports revenue from software licenses of € 56.1 million for its own software products in the consolidated income statement for the 2022 fiscal year. Revenue from software licenses accounts for 32.4% of the Group's total revenue.

The correct recognition of revenue in the consolidated financial statements is of particular importance to the Group's economic position. The recognition of revenue from software licensing transactions depends on complex contractual agreements, resulting in different times of recognition. The company sells its own software products in standalone licensing transactions that do not entail the company entering into any additional performance obligations or multi-component transactions. In cases involving licensing as a standalone service, the corresponding licensing fees are billed on the basis of a specific date and are recognized when the delivery obligation is satisfied in accordance with IFRS 15 "Revenue from Contracts with Customers," as the customer only has a right of use insofar as the licensed software product exists at the time the license is granted.

In addition, project-related software licenses in particular are granted to customers as part of transformation contracts. These are granted for a fixed term corresponding to the duration of the transformation project. Project-based licensing forms part of a single performance obligation because it serves to allow consulting services to be provided in the context of transformation projects. In such cases, the revenue is recognized uniformly on a percentage-of-completion basis, as the projects feature customer-specific benefits and there

are enforceable payment claims for services already rendered. In cases involving these customer-specific project orders, the percentage of completion and, by extension, the amount of revenue that can be recognized are determined by comparing the hours worked on the project against the total hours expected to be spent on the project. The recognition of revenue from customer-specific consulting projects over time is complex and discretionary in nature. Estimation uncertainties exist in particular with regard to the total project hours to be estimated to determine the degree of completion achieved. There is also the risk that expenses are recorded for the wrong projects.

There is a risk, with regard to the consolidated financial statements, that the revenue from the software licensing transactions may not have been recognized in the correct period or at the correct amount.

##### **Our Approach to the Audit**

First, we evaluated the processes in place to assess the requirements for recognition of revenue at a given time or in a given time period in the software licensing business.

In the case of project licenses, based on our understanding of the process we have assessed the structure and implementation of the internal controls established

regarding the accurate recording of contract-related personnel expenses and other expenses in the internal contract accounts. These controls ensure that only project-related hours and expenses are recorded in the respective contract accounts.

Using a combination of orders selected both deliberately and by statistical sampling methods, we evaluated the underlying contractual agreements to determine whether the software licensing transactions are a standalone service with licensing fees recognized at a specific time, or whether the licensing transaction forms part of a single performance obligation in the context of transformation projects. In the latter case, we verified whether customer projects not yet completed had their revenue recognized on the basis of the percentage of completion. We also performed spot checks on those project orders that have not yet been completed to evaluate the percentage of completion on which the revenue recognition is based by reviewing and verifying the total actual hours recorded, the estimated total project hours and the expected order revenue in the client's calculation.

Using contracts that were deliberately selected on a risk-oriented basis, we assessed the underlying contractual agreements to determine whether the obligations from the software license transactions have been fulfilled by the company and whether software license

revenues have been recognized in the appropriate period and in the appropriate amount.

#### Reference to Related Disclosures

For disclosures on the recognition of this revenue, we refer to the comments set out in the notes to the consolidated financial statements under "9. Use of Estimates" and "18. Contract Assets and Contract Liabilities."

#### Other Information

The Managing Directors and the Board of Directors are responsible for other information. Other information includes:

- The remuneration report in accordance with Section 162 of the German Stock Corporation Act (AktG), to which reference is made in the "Remuneration Report" section of the combined management report
- The assurance statement for the consolidated financial statements according to Section 297 (2) (4) of the German Commercial Code (HGB) and the assurance statement for the combined management report according to Section 315 (1) (5) of the HGB
- The combined non-financial report according to Section 315b (3) (2) of the HGB in conjunction with Section 298 (2) of the HGB, to which reference is made in the "Group Non-Financial Report" section of the combined management report

- The declaration on corporate governance in accordance with Section 289f of the HGB in conjunction with Section 315d of the HGB, to which reference is made in the "Declaration on Company Management" section of the combined management report
- The interview with the CEO
- The report of the Board of Directors
- The comments on the SNP share in the chapter "SNP in the Capital Markets"
- The remaining parts of the annual report, except for the audited consolidated financial statements, the combined management report and our audit report

The Board of Directors is responsible for the report of the Board of Directors. The Managing Directors and the Board of Directors are responsible for the declaration pursuant to Section 161 of the AktG on the German Corporate Governance Code, which forms part of the Group declaration on corporate governance that is included in the combined management report. The Managing Directors are responsible for any other information.

Our audit opinions on the consolidated financial statements and the combined management report do not extend to other information. Accordingly, we are not issuing an audit opinion or any other kind of audit finding regarding such information.

In connection with our audit of the consolidated financial statements, we have the responsibility to read the above-mentioned other information and, in the process, to determine whether the other information:

- Contains material discrepancies by comparison with the consolidated financial statements, the combined management report or the insights gained during the audit or
- Otherwise appears to display material misrepresentations

If, on the basis of the work we perform on the other information obtained prior to the date of this audit opinion, we conclude that this other information contains material misrepresentations, we are obliged to report this. We have no matters to report in this regard.

#### **Responsibility of the Managing Directors and the Board of Directors for the Consolidated Financial Statements and the Combined Management Report**

The Managing Directors are responsible for the preparation of the consolidated financial statements, which, in all material respects, comply with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e (1) of the HGB, and for ensuring that the consolidated financial state-

ments give a true and fair view of the financial position and financial performance of the Group in accordance with these requirements. Furthermore, the Managing Directors are responsible for such internal controls as they deem necessary to enable the preparation of consolidated financial statements that are free from material misrepresentation, whether due to fraud (i.e., manipulations of the accounting and damage to assets) or error.

In preparing the consolidated financial statements, the Managing Directors are responsible for assessing the Group's ability to continue as a going concern. In addition, they have the responsibility to report any relevant matters in connection with continued operation as a going concern. They are also responsible for applying the going concern accounting principle unless the intention is to liquidate the Group or to cease operations, or there is no realistic alternative to doing so.

Moreover, the Managing Directors are responsible for preparation of the combined management report, which conveys a view of the position of the Group that is accurate overall, is consistent in all material respects with the consolidated financial statements, complies with German legal requirements and accurately represents the opportunities and risks of future development. Furthermore, the Managing Directors are responsible for taking precautions and implementing measures (sys-

tems) they have deemed necessary to enable the preparation of a combined management report in accordance with applicable German legal requirements and in order to provide sufficient suitable evidence for the statements in the combined management report.

The Board of Directors is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

#### **Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the combined management report**

Our objective is to obtain sufficient assurance regarding whether the consolidated financial statements as a whole are free of material misrepresentation – whether due to fraud or error – and whether the combined management report conveys a view of the position of the Group that is accurate overall, is consistent in all material respects with the consolidated financial statements and the insights gained during the audit, complies with German legal requirements and accurately represents the opportunities and risks of future development as well as to issue an audit report that contains our audit opinions on the consolidated financial statements and the combined management report.

Sufficient assurance is a high degree of assurance, but not a guarantee, that an audit conducted in accordance with Section 317 of the HGB, the EU Audit Regulation and German generally accepted standards for the audit of financial statements, as promulgated by the Institute of Public Auditors in Germany (IDW), will always uncover material misrepresentation. Misrepresentations can result from fraud or errors and are viewed as material if it may reasonably be expected that they – individually or collectively – could influence the economic decisions of the addressees made on the basis of these consolidated financial statements and this combined management report.

We exercise dutiful judgment during the audit and maintain a critical attitude. In addition:

- We identify and evaluate the risks of material misrepresentations, whether due to fraud or error, in the consolidated financial statements and in the combined management report, plan and conduct audit procedures in response to these risks, and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinions. The risk that material misrepresentations resulting from fraud are not uncovered is higher than the risk of material misrepresentations resulting from errors not being uncovered since fraud can involve collusion, falsifications, deliberate omissions, misrepresentations or the disabling of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the relevant precautions and measures for the audit of the combined management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of issuing an audit opinion on the effectiveness of these systems.
- We evaluate the appropriateness of the accounting policies applied by the Managing Directors as well as the justifiability of the estimated values presented by the Managing Directors and related disclosures.
- We draw conclusions about the appropriateness of the going concern accounting principle applied by the Managing Directors as well as, on the basis of the audit evidence obtained, whether a material uncertainty exists in connection with events or circumstances that could cast significant doubt on the Group's ability to continue as a going concern. Should we conclude that a material uncertainty exists, we are obligated to draw attention in the audit report to the related disclosures in the consolidated financial statements and in the combined management report or, if these disclosures are unsuitable, to modify our respective audit opinion. Our findings are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease operating as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view of the financial position and financial performance of the Group in accordance with the IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e (1) of the HGB.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinions.
- We evaluate the consistency of the combined management report with the consolidated financial statements, its consistency with the law and the view it conveys of the position of the Group.

- We conduct audit procedures regarding the forward-looking statements made by the Managing Directors in the combined management report. On the basis of sufficient, suitable audit evidence, we retrace in particular the significant assumptions underlying the forward-looking statements of the Managing Directors and evaluate the proper derivation of the forward-looking statements from these assumptions. We do not issue an independent audit opinion on the forward-looking statements or the underlying assumptions. There is a substantial unavoidable risk that future events may deviate materially from the forward-looking statements.

We discuss the planned scope and schedule for the audit as well as significant audit findings with those responsible for supervision, including any significant deficiencies in the internal control system that we identify during our audit.

We issue a statement to those responsible for supervision that we have adhered to the relevant requirements for independence and discuss with them all relationships and other matters, of which it can reasonably be assumed that they influence our independence and, where relevant, the acts or safeguards implemented to eliminate any threat to our independence.

Of the matters discussed with the individuals responsible for supervision, we determine which of those matters were of most significance during the audit of the consolidated financial statements for the current reporting period, making them key audit topics. We describe these topics in the audit report unless laws or other legal requirements prevent their public disclosure.

#### **OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS**

##### **Report on Assurance in Accordance with Section 317 (3a) of the HGB on the Electronic Reproductions of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes**

#### **Audit Opinion**

We have performed assurance work in accordance with Section 317 (3a) of the HGB to obtain reasonable assurance about whether the reproductions of the consolidated financial statements and the combined management report contained in the electronic file provided to us "SNP\_SE\_KA\_KLB\_ESEF\_2022-12-31.zip" (SHA256 hash value: d6c11a51fea338fec133fa-56ca30cfb8108d29c0ffd79cdd6bd1aa1df4d6388c) and prepared for publication purposes (hereinafter also

referred to as "ESEF documents") comply in all material respects with the requirements of Section 328 (1) of the HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these reproductions nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report which are contained in the above-mentioned electronic file provided to us and which have been prepared for publication purposes comply in all material respects with the requirements of Section 328 (1) of the HGB for the electronic reporting format. We do not express any opinion on the information contained in these reproductions nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance opinion and our audit opinions on the accompanying consolidated financial statements and combined management report for the fiscal year from January 1, 2022, to December 31, 2022, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above.

### Basis for the Audit Opinion

We conducted our assurance work on the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file provided to us in accordance with Section 317 (3a) of the HGB and the assurance standard promulgated by the Institute of Public Auditors in Germany (IDW) "Assurance in Accordance with Section 317 (3a) of the HGB on the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes" (IDW PS 410 [10.2022]). Our responsibility in this respect is set out in further detail in the section "Responsibility of the Auditor for the Audit of the ESEF Documents." Our audit practice has applied the quality assurance system requirements set out in the IDW quality assurance standard "Quality Assurance Requirements in Audit Practice" (IDW QS 1).

### Responsibility of the Managing Directors and the Board of Directors for the ESEF Documents

The company's Managing Directors are responsible for the preparation of the ESEF documents, including the electronic reproductions of the consolidated financial

statements and the combined management report in accordance with Section 328 (1) (4) (1) of the HGB, and for the tagging of the consolidated financial statements in accordance with Section 328 (1) (4) (2) of the HGB.

The company's Managing Directors are also responsible for the internal controls which they deem necessary in order to enable the preparation of ESEF documents that are free of material violations – whether deliberate or unintentional – of the requirements of Section 328 (1) of the HGB for the electronic reporting format.

The Board of Directors is responsible for overseeing the process of the preparation of the ESEF documents as part of the accounting process.

### Responsibility of the Auditor for the Audit of the ESEF Documents

Our objective is to obtain a sufficient level of assurance as to whether the ESEF documents are free of material violations – whether deliberate or unintentional – of the requirements of Section 328 (1) of the HGB. We exercise dutiful judgment during the audit and maintain a critical attitude. In addition:

- We identify and evaluate the risks of material violations of the requirements according to Section 328 (1) of the HGB – whether deliberate or unintentional – and plan and conduct audit procedures in response to these risks, and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinion.
- We gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of issuing an audit opinion on the effectiveness of these controls.
- We assess the technical validity of the ESEF documents, that is, whether the electronic file provided to us that contains the ESEF documents fulfills the requirements of the version of Delegated Regulation (EU) 2019/815 applicable as of the reporting date in relation to the technical specifications for this file.
- We evaluate whether the ESEF documents enable an identical XHTML reproduction of the audited consolidated financial statements and the audited combined management report.
- We evaluate whether the tagging of the ESEF documents with inline XBRL technology (iXBRL) under Articles 4 and 6 of the version of Delegated Regula-

on (EU) 2019/815 applicable as of the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

#### **Other Disclosures According to Article 10 of the EU Audit Regulation**

We were elected as the Group auditor by the Annual General Meeting on June 2, 2022. We were commissioned by the Board of Directors on November 10, 2022. We have operated as the Group auditor of SNP Schneider-Neureither & Partner SE, Heidelberg, without interruption since the 2017 fiscal year.

We state that the audit opinions contained in this audit report are consistent with the supplemental report to the audit committee according to Article 11 of the EU Audit Regulation (audit report).

We have provided the following services that are not indicated in the consolidated financial statements or in the combined management report in addition to the audit of the financial statements for the Group companies.

- Audit of the annual financial statements of SNP Schneider-Neureither & Partner SE
- Audit/audit reviews of local financial statements of subsidiaries of SNP Schneider-Neureither & Partner SE
- Audit review of the half-year financial report of SNP Schneider-Neureither & Partner SE according to Section 115 of the WpHG
- Agreed investigative activities in relation to compliance with financial covenants on the basis of the existing promissory note loan contracts
- Review of the remuneration report according to Section 162 of the AktG
- Review of the separate non-financial Group report according to Sections 289b et seq. and 315b et seq. of the HGB in order to gain a limited level of assurance

#### **ADDITIONAL MATTERS – USE OF THIS AUDIT REPORT**

At all times, our audit report must be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and the combined management report

that have been converted to an ESEF format – including the versions that must be submitted to the German company register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and are not substitutes for these documents. In particular, the ESEF report and our audit opinion contained therein may only be used in conjunction with the audited ESEF documents provided in electronic form.

#### **AUDITOR RESPONSIBLE**

The German public auditor responsible for the audit is Markus Selk.

Nuremberg, March 23, 2023

Rödl & Partner GmbH  
Auditing company  
Tax advisory company

Dr. Maier  
German public auditor

Selk  
German public auditor



Success Story

# Fujitsu

**“With this internal project, we were able to leverage the performance of the SNP software as well as the joint collaboration during ‘real’ day-to-day operational business. Together with SNP, we were able to implement the project successfully and within the planned time frame. The excellent teamwork has confirmed our very positive experiences from previous joint customer projects!”**

**Marcos Sanchez Urstadt, Head of SAP Consulting & Services DACH, Fujitsu Services GmbH**



Scan the QR code  
and learn more about  
the successful project.



# Combined Management Report

# Combined Management Report

for the Period from January 1 to December 31, 2022

This combined management report comprises the Group management report and management report of SNP Schneider-Neureither & Partner SE.

To clarify which disclosures relate to the parent company and which to the Group, in the following we use **"SNP SE"** or **"SNP"** to refer to the parent company. For information relating to the SNP Group, we refer to the "SNP Group" or use the pronoun "we."

Unless otherwise stated, the information provided regarding the course of business relates to the SNP Group. This includes its operating results, position and expected performance. Chapters of this management report which contain information exclusively relating to SNP SE are labeled as such. A separate section of the Economic Report provides disclosures required in accordance with the HGB in relation to SNP SE.

## STRATEGY AND BUSINESS MODEL

### SNP at a Glance

SNP helps companies worldwide to tap into the full potential offered by their data and to embark on their very own journey to a digital future. With its CrystalBridge®

data excellence platform, its GLUE® data management software and its BLUEFIELD™ approach, SNP has established a comprehensive industry standard enabling faster and more secure restructuring and modernization of SAP systems and realizing data-driven innovations via the cloud.

SNP serves multinational companies in every sector. SNP 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). Since 2017, the company has operated as a European stock corporation (Societas Europaea/SE).

We have forged ahead on our path of growth with our "ELEVATE" strategy program. Our growth strategy is built on three pillars:

- Scaling through business with partners: In the past year, we further expanded our global partnerships and gained new partners. The establishment of our transformation factories has contributed to SNP products being increasingly incorporated in our partners' sales activities

- The expansion for our product portfolio: We have significantly expanded our portfolio through the technical integration of Datavard's software – thus creating our SNP Outboard and SNP Glue products – and the sales integration of EXA's software, and we have continued to systematically pursue our software strategy.
- The expansion of our technology basis beyond the scope of data transformation in the SAP environment: Here, with SNP Glue we have established a data management solution for the cloud whose next version will also integrate non-SAP systems (e.g., Amazon Web Services, Google Cloud and Snowflake).

## OUR TASK

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. We see our task as making a significant contribution to the development and long-term viability of IT landscapes that help 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

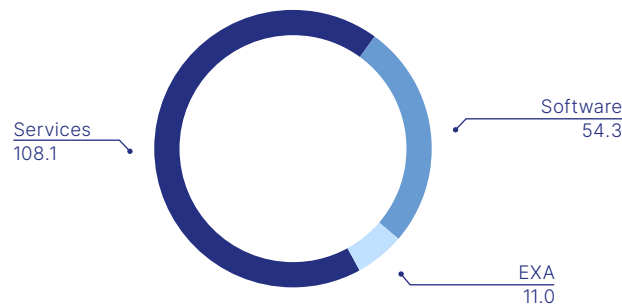
From an economic perspective, IT transformation projects are among the most critical, complex and expensive projects that can affect the organization of companies and their business processes. At the same time, almost all companies in all sectors are forced to make these changes in order to keep pace with the digitalization trend. The change and adaptation of enterprise resource planning (ERP) systems is the SNP Group's principal activity. An ERP system handles the administration of corporate resources and business processes.

One of the most important tasks 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. With its integrated range of software products and software-related consulting services, the SNP Group has created solutions that optimally support companies in managing their IT transformations.

## OUR BUSINESS MODELL

The SNP Group consists of the **"Services," "Software"** and **"EXA"** business segments. Its portfolio is likewise classified according to these business segments.

### EXTERNAL REVENUE BY BUSINESS SEGMENT (in € million)



### Software Business Segment

#### The Data Excellence Platform CrystalBridge®

The CrystalBridge® software platform provides planning reliability and transparency for highly complex IT and

business transformations. This platform and its pre-defined business scenarios enable end-to-end data transformation. CrystalBridge® can be used to implement detailed analyses of SAP systems and to visualize the effects of planned changes. On this basis and using the Bluefield™ approach, a tailored roadmap will be produced and data migrated in a targeted manner. With CrystalBridge®, multiple transformation projects can be jointly implemented in a single go-live, thus significantly reducing project terms, interruptions, test phases and the related costs.

### SNP Outboard & Glue – Logical Technological Improvements

We are continuously working on the technological improvement of our CrystalBridge® platform and the expansion of our software portfolio. With SNP Onboard, data management-related software products have been added to SNP's portfolio, in order to analyze the usage of data and related changes and thus realize a smart data volume management system, which extends even as far as entire system shutdowns.

In addition, our SNP Glue solution – a high-performance middleware package for the integration of SAP systems with big data and cloud platforms – will provide new and attractive business opportunities for SNP.

In its Software business segment, the SNP Group generates its revenue through software licenses and maintenance services. SNP offers its customers licenses for its CrystalBridge® data transformation platform primarily in the form of project licenses and program licenses.

#### **EXA Business Segment**

The EXA Group is a leading provider of transformation solutions in the area of financial management with a focus on the topics of operational transfer pricing and the global value chain. EXA's solutions enable companies to use software to manage their supply chains and to monitor their internal transfer prices transparently and efficiently. This is a key advantage in particular for companies with global operations. EXA generates its revenue through the sale of licenses and maintenance services and by providing consulting services.

#### **Services Business Segment**

In the Services business segment, we primarily offer consulting and training services for corporate transformation processes. These mainly comprise the services which we offer in the context of IT data transformation projects, with the goal of changing and adapting enterprise resource planning (ERP) systems. This covers all of the aspects and consulting services which are needed or requested by the customer in the SAP environment in particular, for the purpose of IT data transformations.

Projects are implemented using the CrystalBridge® data transformation platform and the SNP BLUEFIELD™ migration approach. ERP systems can thus be transformed using customized software and data migrated. This reduces the error rate while decisively improving the quality of the transformation.

Our Services business segment also offers complementary consulting and training services covering traditional SAP consulting and implementation as well as hosting, cloud and application management services (AMS).

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

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

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

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

## **SUBSIDIARIES, CHANGES TO SCOPE OF CONSOLIDATION**

SNP SE is the parent company of the SNP Group. As of December 31, 2022, the group of consolidated companies including SNP SE comprised 32 companies which develop, distribute and/or provide our software and services. This represents a decrease of three companies year-over-year, since these companies from the Datavard Group, which was acquired in 2021, were merged with other SNP Group companies in 2022. A list of the group of consolidated companies is provided in the notes to the consolidated financial statements.

On February 25, 2021, SNP SE had acquired 74.9% of the shares in EXA AG for € 10.5 million. In March 2022, NIANK GmbH, Hirschberg, Germany, notified us of its intention to exercise the put option (early exit option) provided for in its shareholder agreement. A further 10% of the shares in EXA AG were subsequently transferred to SNP SE. The purchase price for the shares was € 5.3 million and was paid in May and July 2022. SNP SE thus now holds 84.9% of the shares in EXA AG.

On December 22, 2022, SNP SE sold the remaining 49% of its shares in its Polish subsidiary SNP Poland Sp. z o.o., Suchy Las, Poland. All for One Group SE is the purchaser of SNP's SAP services business in Poland. This Filderstadt consulting and IT group had already acquired a majority interest (51%) in SNP Poland in October 2021.

## **COMPETITIVE STRENGTHS**

We believe that our competitive strengths lie in:

### **Extensive IT Transformation Project Experience**

We have a long-standing successful track record and extensive experience in our line of business: We have been helping our customers to implement complex IT transformation projects for more than 25 years now. We have delivered several thousand global transformation projects involving highly complex data and processes on time, including major and time-critical mergers and acquisitions, as well as carve-out projects, across the globe.

### **Technical Advantage Offered by a Standardized Software Approach**

With our standardized software approach, we ensure that IT transformation projects are implemented as part of a one-step process – significantly reducing, or even eliminating the need for, any downtime while ensuring a full backup of the historical legacy data. This produces clear quality and cost advantages for our customers. The reduction of downtimes affecting production-related IT systems, in particular, is a decisive advantage. In addition, our software-based approach reduces the error rate during a transformation project and also ensures that the original system can be restored at any time over the course of a project.

### **Cooperation with Leading Global IT Consulting Firms**

We work very closely with globally active strategy consultants and system integrators. Our numerous partnership and framework agreements demonstrate the growing acceptance of our software-based approach to

handling complex digital transformation processes. Since the number of complex IT transformation projects and the related shortage of skilled professionals for implementing impending projects are likely to continue to grow in the future, globally active strategy consultants and system integrators in particular are increasingly turning to IT companies which offer alternative technological approaches.

### **Strong Consulting Basis**

Our strong international presence and our worldwide consulting capacities in Europe, the US, South America and Asia mean that we can assign the necessary personnel resources to upcoming major projects anywhere in the world. This also allows us to benefit from short-term peaks in transformation projects and retain our ability to deliver.

### **Remote-Compatible Business Model**

In the world of IT, remote or remote access means access to remote computers, servers, networks, devices or other IT components. Even before the COVID-19 pandemic and the wide-ranging restrictions which it has imposed, we executed many of our projects entirely remotely. The ability to work remotely is an invaluable ad-

vantage for our business model – and not just during times of crisis characterized by social distancing measures and working from home.

### **PARTNER STRATEGY**

Over the past few years, we have been constantly improving our software and increasing the level of automation in transformation projects while also making its application significantly easier. On this basis, we have taken great strides forward in the use of our software approach via strategic partnerships, and we will further develop this. We intend to communicate our unique selling points to the market even more extensively, working with and through third parties, to exploit our growth potential and to significantly scale up and increase our software and license revenue.

With this goal in mind, we have developed a global partner management system as well as a viable partner model, so as to be able to offer key services such as consulting, training, support and partner marketing in a structured and standardized manner. We have signed partnership agreements with leading global IT consulting firms and hugely expanded our partnerships.

Moreover, with hyperscalers we concentrate on the development of joint innovative go-to-market strategies as well as largely automated implementation models. In addition, intensive collaboration with SAP is a key driver behind the expansion of our business. Here, we are developing supplementary technical solutions for our customers to accelerate their transition to SAP S/4HANA and their move to the cloud.

### **RESEARCH AND DEVELOPMENT**

New product ideas, enhancements and solutions are actively pursued within the scope of our research and development strategy. By integrating research and development (R&D) with sales, SNP is able to promptly detect changes in the market and to develop market-driven and thus market-relevant product innovations.

In the 2022 fiscal year, the direct research and development costs without overhead expenses reached a volume of € 18.6 million (previous year: € 19.0 million); the corresponding share of revenue was 10.7% (previous year: 11.4%). This decrease is mainly attributable to the sale of the majority stake in SNP Poland Sp. z o.o., Suchy Las, Poland, (now All for One Poland Sp. z o.o.) in the previous year, which had a high number of development employees.

As of December 31, 2022, 142 SNP employees worked in its development department (December 31, 2021: 163), a decrease of 21 employees which is associated with the above-mentioned sale of the majority stake in SNP Poland Sp. z o.o. This represents 11% of the total workforce (December 31, 2021: 12%).

## EMPLOYEES

### Training and Education

Qualified and motivated employees are an important factor contributing to SNP's success. The standards of the software and IT consulting industry require SNP employees to have a high level of education. Since the competition for qualified IT specialists – particularly in the ERP environment – continues unabated, SNP is working hard to maintain its reputation as a reliable and fair employer. Related measures include a mobile work policy, various allowances provided for the purpose of health protection, and a company pension plan. In addition, the company enables all employees to participate in comprehensive training and continuing education programs. These include internal and external training components as well as mentoring, with both technical

and soft skills imparted. In addition, SNP supports a variety of sports-related and healthy activities.

### Development in Headcount

The number of our employees as of December 31, 2022, was slightly lower than in the previous year at 1,311 (previous year: 1,335). On the other hand, the average number of employees decreased from 1,529 in 2021 to 1,317 in 2022. This reduction in the average number of employees is mainly attributable to the previous year's sale of a majority of the shares in SNP Poland Sp. z o.o. This contrasted with company acquisitions (EXA and Data-ward) with a smaller number of employees.

On account of salary increases and higher severance pay, nominal personnel expenses rose by around 2% in the current fiscal year to € 109.1 million (previous year: € 106.5 million). This corresponds to an average of € 83 thousand per employee (previous year: € 70 thousand). On the other hand, the personnel expense ratio (personnel expenses relative to revenue) declined from 63.8% in the previous year to 62.9% due to the rate of revenue growth which was stronger than the increase in personnel expense.

As of December 31, 2022, the Group's employees included three Managing Directors (previous year: 3), 19 managers (previous year: 20) and 36 trainees, students and interns (previous year: 37). The average number of employees during the reporting period, excluding the aforementioned group of individuals, was 1,260 (previous year: 1,467 employees).

### Diversity

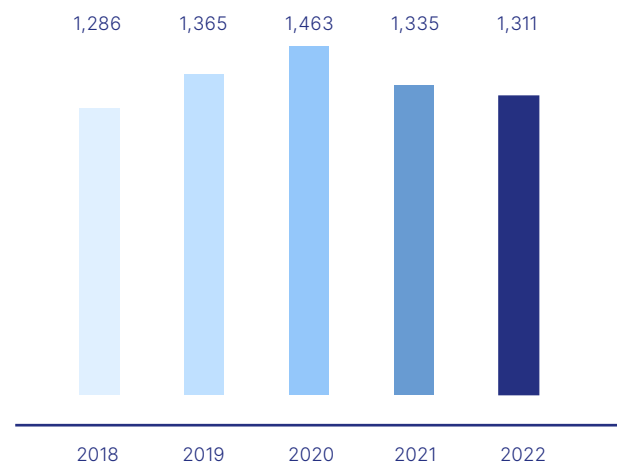
As of December 31, 2022, the SNP Group had 386 female employees, representing approx. 29% of the overall workforce. In the previous year, the SNP Group had 391 female employees, which likewise amounted to 29% of its overall workforce.

At the start of 2022, we introduced a voluntary 30% target ratio for female employees in management positions at all management levels below the Managing Directors. This target figure is to be achieved by December 31, 2026. The corresponding actual figure as of December 31, 2022 was 19.0% (previous year: 19.4%) and has thus decreased slightly due to fluctuation.



You will find further information on the Group's employees in our "Non-financial Declaration," which may be downloaded from our website: <https://www.snpgroup.com/en/corporate-governance>

#### EMPLOYEES AT THE YEAR END



#### DISTRIBUTION OF WORKFORCE WORLDWIDE

Regions	Country	2022			2021		
		Absolute/ country	Absolute/ region	in %	Absolute/ country	Absolute/ region	in %
CEU (Central Europe incl. Slovakia)	Germany	524	712	55%	554	743	56%
	Austria	44			44		
	Switzerland	14			12		
	Slovakia	130			133		
Latin America	Argentina	207	333	25%	214	323	24%
	Chile	86			80		
	Colombia	40			29		
	Singapore	22			22		
	Malaysia	13			14		
JAPAC (Asia-Pacific Japan)	Australia	1	173	13%	4	172	13%
	Japan	10			6		
	China	38			39		
	India	89			87		
USA	USA	56	56	4%	64	64	5%
UK	UK	37	37	3%	33	33	2%
<b>Total</b>		<b>1,311</b>	<b>1,311</b>	<b>100%</b>	<b>1,335</b>	<b>1,335</b>	<b>100%</b>

#### REMUNERATION REPORT

The remuneration report for the 2022 fiscal year will be published as a separate report, as in the previous year. It may be downloaded together with the auditor's relevant audit report at <https://www.snpgroup.com/en/corporate-governance>.

#### ECONOMIC REPORT

##### Global Economic Situation

The development of the world economy in 2022 was shaped by the uncertainty associated with the Russia-Ukraine war, persistently high inflation and high energy prices and – partly as a result of the above

factors – the decline in global economic momentum. The international central banks have responded to the strong price increases by tightening monetary policy. This has resulted in significantly higher financing costs and clear investment and consumer restraint. At the end of the year, China abandoned its strict COVID-19 policy which had put the country's economy and international supply chains under pressure.

In its "World Economic Outlook" published in January 2023, the International Monetary Fund (IMF) estimates a 3.4% global economic output growth rate for 2022 by comparison with the previous year. Despite the many challenges, the world economy continued to grow, albeit at a slower pace. According to the IMF, the energy price shock in the first half of the year was followed by a rapid recovery of prices in the second half of the year. Some economies proved to be more resilient than had been anticipated. In addition, a large number of fiscal relief measures buoyed the global GDP trend.<sup>1</sup>

## IT Transformation Market

### Further Improvement in Sentiment Among IT Consultants

Having declined for four consecutive quarters, the most recent business climate index prepared by the German Association of Management Consultancies (BDU), Bonn, for the consulting industry in January 2023 indi-

cated the return of a significantly more upbeat assessment of the course of business in the consulting sector. The index level for the management consultancy industry in the fourth quarter of 2022 reached 103.0 points. It was thus slightly lower than in the fourth quarter of 2021 (108.3 points), but is higher than in the third quarter of 2022 (95.3 points). Moreover, the consulting sector is thus showing considerably greater momentum than the Ifo Business Climate Index 12/2022 for the overall economy (88.6 points), which is compiled using the same system as the BDU index. IT consulting firms reported a particularly strong improvement in their economic outlook (103.0 points). Due to the better-than-expected trend for the economy as a whole, the index picked up by twelve points in this area by comparison with the previous quarter.<sup>2</sup>

### In Uncertain Times, Global M&A Activities at a Solid Level

In periods shaped by uncertainty and volatility, the market for mergers & acquisitions is generally characterized by restraint. While a PwC study indicates that in 2022 the global M&A market fell short of the record level of almost 65,000 transactions it had realized in 2021, with a transaction volume of 54,452 it nonetheless achieved a solid level that was 9% higher than the equivalent figure before the pandemic. The M&A deal volume was around 17% lower than in the previous year. The M&A market in China especially has de-

clined. According to PwC, in the Asia region companies are increasingly looking at countries such as Japan and South Korea.<sup>3</sup>

### Cloud Transformation Increasingly Significant

The process of transformation leading to cloud-based IT data transformations offers companies wide-ranging potential – from improved cost and energy efficiency to the achievement of ESG goals. The versatile advantages offered by the cloud mean that it is increasingly playing a role in helping companies to maintain their competitiveness. In 2022, 84% of the companies surveyed in Germany already used cloud-based computing power; in 2021, the figure was 82%. Another 13% are either planning or discussing the use of cloud computing. Only 3% are not currently considering any use of cloud technology. Those are the results of a representative survey carried out by Bitkom Research on behalf of KPMG AG in 2022, covering 552 companies with 20 or more employees in Germany.

<sup>1</sup> International Monetary Fund (IMF), World Economic Outlook Update, January 2023.

<sup>2</sup> German Association of Management Consultancies (BDU), Bonn, Press Release on the Business Climate in the Consulting Sector – Q4 2022 (<https://www.bdu.de/news/konjunktur-zuversicht-in-der-consultingbranche-kehrt-zurueck/>)

<sup>3</sup> PwC, Global M&A Industry Trends: 2023 Outlook (<https://www.pwc.com/gx/en/services/deals/trends.html>)

According to a representative survey, most companies in Germany associated cloud computing with more than just access to scalable computing power. For companies of all sizes, cloud computing means bringing down their costs and carbon emissions. However, the potential is significantly higher for large companies. For companies with more than 2,000 employees, the key areas of focus are the implementation of agile projects (86%), the digitalization of internal processes (81%), the development of innovative products or services (75%) and the development of digital business models (66%). Moreover, according to Bitkom Research's survey 9% of the companies in Germany with 20 or more employees are using SAP S/4HANA from the public cloud. Most of these companies rely upon external service providers to administer their clouds. Only 4% have an internal administration team.<sup>4</sup>

#### **The Changeover to SAP S/4HANA with "SNP: Selective Transformation to SAP S/4HANA"**

The ERP product SAP S/4HANA is one of the key reasons why increasing numbers of companies are implementing their digital transformation by means of process changes and a cloud strategy. This reflects the fact that SAP will provide mainstream maintenance for the core applications of the SAP Business Suite 7 only up to the end of 2027; optional extended maintenance is offered until the end of 2030. For SNP, this trend is an additional stable growth driver.

#### **Impact on SNP Impact on SNP**

SAP has created its SAP S/4HANA Movement program to increase the level of implementation of S4/HANA, in order to provide its existing customers with software and services which facilitate the changeover to SAP S/4HANA. As part of this program, selected partners will be able to offer their solution packages, called "SAP-Qualified Partner-Packaged Solutions." Within the scope of this initiative, to facilitate the transition to SAP S/4HANA SNP has developed standardized and configurable solution packages which are based on its CrystalBridge® data transformation platform. SNP added further data analysis and cloud integration functions to CrystalBridge® in the first half of 2022. SNP's offering bears the name "SNP: Selective Transformation to SAP S/4HANA."

The ten leading IT consulting firms worldwide achieved a revenue volume of more than EUR 230 billion in 2021, which represents a decrease of 8% on 2020. As a leading world provider of software to cope with complex digital transformation processes, SNP addresses a segment of this capital- and personnel-intensive IT consulting market. For IT consulting firms, technical data migration is a highly challenging and increasingly critical part of large-scale consulting projects. Unlike in the case of traditional IT consulting in the ERP environment, SNP employs an automated approach using proprietary software.

#### **KEY PERFORMANCE INDICATORS**

In order for SNP to achieve a sustainable increase in the company's value, its efforts are focused on further profitable growth and continuously strengthening its financial capacity. An internal management system comprising financial key performance indicators ensures that these strategic objectives are met. In line with its internal management system, the company's management concentrates on the following key financial performance indicators: Group revenue, revenue in the Services, Software and EXA business segments, Group EBITDA and Group EBIT. Order entry is included as a further key performance indicator.

Revenue and the EBIT figure serve as key financial performance indicators at the level of SNP SE.

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<sup>4</sup> Bitkom Research on behalf of KPMG, Cloud Monitor 2022, June 2022

<sup>5</sup> SAP, 2020 (<https://news.sap.com/germany/2020/02/wartung-s4hana-sap-business-suite-7/#ftn>).

## FORECAST/ACTUAL COMPARISON – SNP GROUP

Targets for 2022	Results for 2022	Comments	Targets for 2022	Results for 2022	Comments
<b>Revenue:</b> <ul style="list-style-type: none"> <li>■ <b>Group:</b> € 170 million to € 190 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> € 173.4 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> Forecast adjusted over course of year, in October, to € 175 million. Group revenue is, at € 173.4 million, in line with the previous year's forecast.</li> </ul>	<b>EBITDA</b> <ul style="list-style-type: none"> <li>■ <b>Group:</b> Stronger increase in absolute terms than for EBIT</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> EBITDA 2022 € +1.3 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> At € +1.3 million year-over-year, EBITDA has realized a stronger increase in absolute terms than EBIT (€ +0.5 million).</li> </ul>
<ul style="list-style-type: none"> <li>■ <b>Services:</b> Significantly higher than in previous year (previous year: € 107.2 million)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Services:</b> € 108.1 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Service:</b> Service revenue has increased only slightly year-over-year. This reflects the fact that customers were more cautious in view of the uncertain economic situation and placed orders as individual projects.</li> </ul>	<b>EBIT-Marge</b> <ul style="list-style-type: none"> <li>■ <b>Group:</b> € 10.5 million to € 13 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> € 6.8 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> Forecast adjusted over course of year, in October, to around € 10.5 million. The EBIT figure was at € 6.8 million below the original forecast, above all due to the lower than expected revenue volume.</li> </ul>
<ul style="list-style-type: none"> <li>■ <b>Software:</b> Significantly higher than in previous year (previous year: € 50.6 million)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Software:</b> € 54.3 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Software:</b> Software revenue is significantly higher than in the previous year, in line with expectations</li> </ul>	<b>Order entry</b> <ul style="list-style-type: none"> <li>■ <b>Group:</b> Significantly higher than in previous year (previous year: € 192.1 million)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> € 193.6 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> Forecast adjusted over course of year, in October: order entry will grow by a mid-single-digit percentage compared with the previous-year figure of around € 176 million adjusted for changes in the scope of consolidation. The effects of our customers placing orders as individual projects, in the context of the uncertain economic situation, included an order entry volume of € 193.6 million, which corresponds to a slight increase year-over-year instead of a significant increase year-over-year.</li> </ul>
<ul style="list-style-type: none"> <li>■ <b>EXA:</b> Significantly higher than in previous year (previous year: € 9.2 million)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>EXA:</b> € 11.0 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>EXA:</b> EXA revenue is significantly higher than in the previous year, in line with expectations</li> </ul>			

### Overall Summary of the Course of Business and the Economic Position of the SNP Group

The SNP Group made further progress with its strategic development in the 2022 fiscal year. As well as the integration of the companies acquired in 2021, the ongoing development of its software platform was a core area of focus. The aim is to develop SNP into a software company which, in addition to data transformations, also provides solutions in the areas of data management and analytics.

As an indirect consequence of the political instability caused by factors including the conflict between Russia and Ukraine, we have noticed that our customers are in some cases placing smaller-volume orders on grounds of caution. We are generally able to deal with the indirect effect of higher inflation levels and related cost increases by means of price adjustments on the revenue side. Despite the geopolitical effects of the Russia-Ukraine war and rising global inflation, we increased our order entry and Group revenue in the 2022 fiscal year as compared with the previous year. Revenue reached a volume of € 173.4 million and grew 3.9% year-over-year. Revenue increased in all three business segments. EBITDA improved to € 17.6 million (previous

year: € 16.3 million), EBIT to € 6.8 million (previous year: € 6.3 million). This corresponded to an EBIT margin of 3.9 % (previous year: 3.8%).

Based on the above analysis of the Group's business performance and its earnings, financial, and net asset position and an assessment of all of the relevant facts and circumstances – in particular, the effects of the above-mentioned geostrategic uncertainty – in the Managing Directors' view the Group's economic position remains solid. At around € 173 million, revenue reached the highest level in the company's history EBIT improved slightly year-over-year in an environment which remained difficult. Order intake also increased year-over-year in 2022 and thus reached a new record level of € 193.6 million.

### Overall Summary of the Course of Business and the Economic Position of SNP SE

SNP SE achieved a revenue volume of € 30.9 million in 2022, which was € 3.2 million lower than in the previous year and its forecast. The EBIT figure achieved improved significantly, by € 9.0 million to € -1.5 million, above all thanks to a profit from the sale of the shares in All for One Poland Sp. z o.o., Suchy Las, Poland. We

refer to the comments regarding the SNP Group for the assessment of the economic position.

### Economic Report for the SNP Group

#### Order Backlog and Order Entry

in € million	2022	2021	Δ
<b>Order entry</b>	<b>193.6</b>	<b>192.1</b>	<b>+1%</b>
Services	128.2	128.4	-0%
Software	54.9	57.3	-4%
EXA	10.5	6.4	+64%
<b>Order backlog</b>	<b>131.8</b>	<b>135.3</b>	<b>-3%</b>
Services	101.8	85.4	19%
Software	30.0	47.6	-37%
EXA	1.8	2.3	24%

**Order entry** in the 2022 fiscal year totaled € 193.6 million, approximately 1% higher than the figure for the previous year (€ 192.1 million). This difference is mainly attributable to changes in the scope of consolidation in the previous year

#### Like-for-Like Comparison

After adjusting the previous year's figures for the addition of the order entry volumes of Datavard AG (herein-

after: Datavard) and EXA AG (hereinafter: EXA) including subsidiaries prior to their acquisition dates in 2021, amounting to € 9.6 million overall, and after the elimination of the order entry volume of SNP Poland in 2021 in the amount of € 25.4 million, in like-for-like terms the order entry volume has increased by € 17.3 million (2021 like-for-like: € 176.3 million).

Approximately 66% of the order entry volume was attributable to the Services business segment (previous year: approximately 67%). The Software business segment accounted for around 28% of the order entry volume (previous year: around 30%). Approximately 5% of the order entry volume was attributable to the EXA business segment (previous year: approximately 3%).

The order entry volume in connection with impending **SAP S/4HANA projects** continued to develop positively, with a year-over-year increase of around 9% to € 68.9 million (previous year: € 63.5 million). SAP S/4HANA projects thus represent around 36% of the entire order entry volume of the SNP Group (previous year: around 33%).

The **CEU region** accounts for € 116.1 million of the order entry volume; this represents an increase of around 21% year-over-year (previous year: € 95.7 million). The CEU region's share of the global order entry volume thus amounts to 60% (previous year: 50%).

As of December 31, 2022, the **order backlog** – adjusted for exchange rate fluctuations and ultimately unutilized project volumes – amounted to € 131.8 million; this represents a decrease of around 3% relative to the previous year's figure of € 135.3 million.

### Earnings Position

The Group's earnings are analyzed in the "Earnings position" section of this report. We classify our business activities in terms of the following regions: CEU (Central Europe and Slovakia), UK (United Kingdom), EEMEA (Eastern Europe, Middle East, Africa), USA, LATAM (Latin America) and JAPAC (Asia-Pacific Japan). In addition, we categorize our business activities in terms of our Software, Services and EXA business segments.

### Revenue Performance

The SNP Group increased its Group revenue by 3.9% in 2022 to € 173.4 million (previous year: € 167.0 million). This growth is attributable to the development of service revenue (€ 1.5 million increase to € 117.3 million) and software revenue (€ 4.9 million increase to € 56.1 million) in equal measure.

### Like-for-Like Comparison

After adjusting the previous year's figures for the addition of the revenue realized by Datavard and EXA prior

to their acquisition dates in 2021, amounting to € 11.9 million overall, and the elimination of the external revenue of SNP Poland in 2021 in the amount of € 19.4 million, in like-for-like terms revenue has increased by € 14.0 million or 9% (2021 like-for-like: € 159.4 million).

### OVERALL REVENUE BY BUSINESS SEGMENT

in € million	2022	2021	Δ
Services	108.1	107.2	+1%
Software	54.3	50.6	+7%
EXA	11.0	9.2	+19%

### Revenue Distribution by Business Segment

In the 2022 fiscal year, the Services business segment, which primarily includes consulting services, contributed € 108.1 million (previous year: € 107.2 million) to revenue; this represents an increase of € 1.0 million or 1.0% year-over-year. Measured in terms of the overall revenue volume of € 173.4 million, the revenue achieved in the Services business segment corresponds to a share of around 62% (previous year: around 64%).

### REVENUE IN THE SOFTWARE BUSINESS SEGMENT

in € million	2022	2021	Δ
Total	54.3	50.6	+7%
Softwarelizenzen	36.1	29.7	+22%
Softwaresupport	14.1	15.4	-8%
Cloud / SaaS	4.1	5.5	-26%

Revenue in the **Software business segment (including maintenance and the cloud)** increased by € 3.7 million in the 2022 fiscal year to € 54.3 million (previous year: € 50.6 million); this corresponds to an increase of € 3.5 million or 6.9% year-over-year.

With a volume of € 36.1 million, revenue from software licenses within the Software business segment was € 6.4 million higher than in the previous year (previous year: € 29.7 million). Recurring software support revenue decreased by € 1.2 million or 8.1% to € 14.1 million (previous year: € 15.4 million). Maintenance revenue has been shaped by countervailing effects. While support revenue for SNP's own software has increased significantly by € 1.7 million or 17.8%, support revenue for third-party software has simultaneously decreased by € -2.9 million or -49.8%. The latter is attributable to the sale of a majority of the shares in the Group's Polish subsidiary SNP Poland Sp. z o.o. as of October 1, 2021.

Cloud revenue (including software as a service) has declined by € -1.4 million or -25.9% to € 4.1 million (previous year: € 5.5 million). Likewise, this was mainly due to the sale of the Group's Polish subsidiary SNP Poland Sp. z o.o.

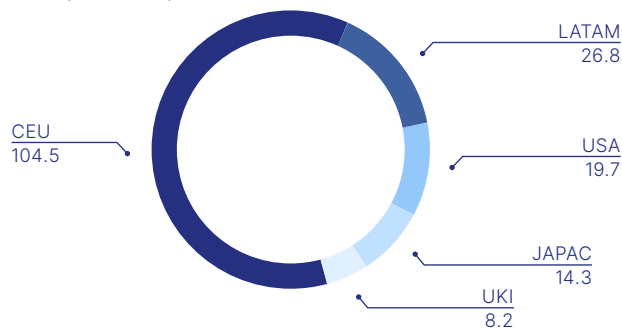
The **EXA business segment** generated revenue of € 11.0 million in the reporting period (previous year: € 9.2 million). The higher revenue volume year-over-year is largely attributable to higher license and maintenance fees.

#### Revenue Distribution by Region

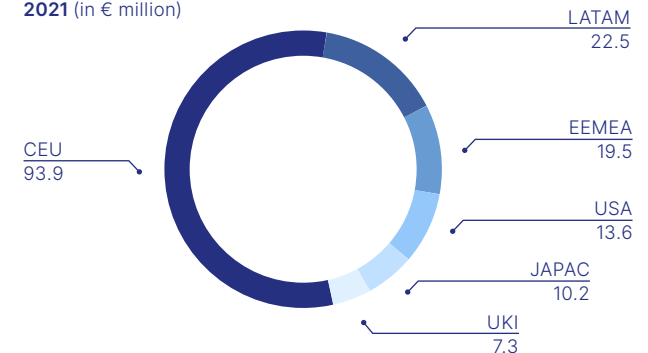
All of the Group's regions registered revenue growth in the 2022 fiscal year, with the exception of the EEMEA region, which no longer contributed revenue in the current fiscal year due to the sale of the majority stake in SNP Poland Sp. z o.o. on October 1, 2021.

The following graphics show the distribution and development of external revenue by region:

2022 (in € million)



2021 (in € million)



#### OPERATING PERFORMANCE

	2022	2021
EBITDA (in € million)	17.6	16.3
EBITDA margin	10.2%	9.7%
EBIT (in € million)	6.8	6.3
EBIT margin	3.9%	3.8%

In the 2022 fiscal year, SNP achieved **earnings before interest, taxes, depreciation and amortization (EBITDA)** of € 17.6 million (previous year: € 16.3 million); this corresponds to an increase of € 1.3 million or 8.3% compared to the previous year. The EBITDA margin accordingly amounts to 10.2% (previous year: 9.7%).

Other operating income rose by € 7.6 million in the 2022 fiscal year to € 14.1 million (previous year: € 6.4 million), which is mainly attributable to higher positive exchange rate effects (increase of € +7.0 million to € 8.7 million). Overall, positive exchange rate effects in the first half of 2022 amount to € 2.2 million compared to € 0.4 million in the previous year, which mainly reflects the US dollar's strong performance against the euro.

Costs of purchased services and the cost of materials decreased year-over-year by € 1.3 million or 5.1% to € 24.0 million (previous year: € 25.3 million). While purchased consulting services increased by € 2.1 million to € 19.9 million, in line with the picture for consulting fees, expenses for software decreased by € 3.3 million, analogously to the trend for revenue from third-party software. The latter effect is mainly attributable to the sale of a majority of the shares in the SNP Poland unit and the related decrease in sales of third-party software.

Personnel expenses increased by € 2.6 million or 2.5% to € 109.1 million, above all due to wage and salary increases and higher expenses for severance pay.

Depreciation and amortization have increased by € 0.9 million to € 10.8 million (previous year: € 10.0 million). This was due, in particular, to additional PPA depreciation/amortization as a result of the acquisitions made over the course of the previous year.

Other operating expenses rose by € 11.5 million to € 35.9 million in the reporting period (previous year: € 24.4 million). This is mainly due to services which SNP purchased from the former SNP Poland (now All for One Poland). In the previous year, these services were consolidated as Group revenue up to the sale of the majority stake on October 1, 2021. However, they were subsequently expensed as externally purchased services. Further cost increases within the other operating expenses have resulted from higher negative exchange rate effects (increase of € +5.3 million to € 6.5 million), increased other personnel expenses (increase of € 1.3 million to € 2.7 million, higher recruitment-related costs) and travel costs (increase of € 1.2 million to € 1.7 million).

#### EBIT IN THE SERVICES BUSINESS SEGMENT

	2022	2021
EBIT (in € million)	-3.7	1.7
EBIT margin	-3.4%	1.6%

#### EBIT IN THE SOFTWARE BUSINESS SEGMENT

	2022	2021
EBIT (in € million)	22.4	13.9
EBIT margin	41.3%	27.6%

#### EBIT IN THE EXA BUSINESS SEGMENT

	2022	2021
EBIT (in € million)	2.3	2.6
EBIT margin	20.7%	27.8%

#### NET FINANCIAL RESULT AND RESULT FOR THE PERIOD

in € million	2022	2021	Δ
Net financial income	-3.0	-1.7	-79%
Earnings before taxes (EBT)	3.8	4.6	-18%
Income taxes	-2.4	-4.0	-41%
Profit or loss for the period	1.4	0.6	+134%
Earnings per share (diluted and basic)	0.22	0.14	+60%



**Earnings before interest and taxes (EBIT)** were at € 6.8 million higher than the previous year's figure of € 6.3 million. The EBIT margin is thus 3.9% (previous year: 3.8%).

The € 1.3 million decrease in the net financial result to € -3.0 million (previous year: € -1.7 million) is mainly attributable to the distribution made to minority shareholders of EXA AG in the amount of € 1.4 million in the first quarter of 2022. From a Group perspective, due to existing put/call options 100% of the shares were attributable to SNP SE. The distribution is therefore reportable as interest expense in the consolidated income statement.

This results in earnings before taxes of € 3.8 million (previous year: € 4.6 million). Income taxes amounted to € 2.4 million (previous year: € 4.0 million). The tax rate was thus 63% (previous year: 87%). With regard to tax expenses, income taxes increased, in particular, due to the partial non-recognition for tax purposes of current losses in the amount of € +0.8 million (previous year: € +0.8 million) and valuation allowances for deferred loss carryforwards in the amount of € +0.2 million (previous year: € +2.7 million).

After income taxes, the profit for the period amounted to € 1.4 million (previous year: € 0.6 million). The net margin (the ratio of the result for the period to overall revenue) is 0.8% (previous year: 0.4%).

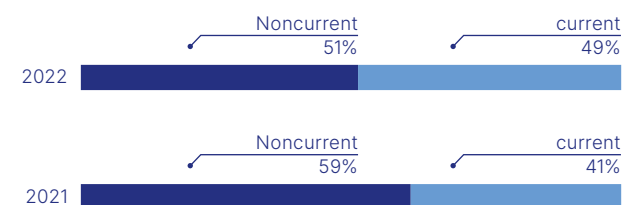
#### Dividend

SNP SE's Annual General Meeting took place on June 2, 2022, as a virtual Annual General Meeting. The shareholders accepted the Board of Directors' proposal to carry forward the distributable profit of € 6.1 million for the 2021 fiscal year shown in the adopted annual financial statements as of December 31, 2021.

#### Net Assets

Total assets have decreased slightly by € 1.1 million compared with December 31, 2022, to € 265.0 million (previous year: € 266.1 million).

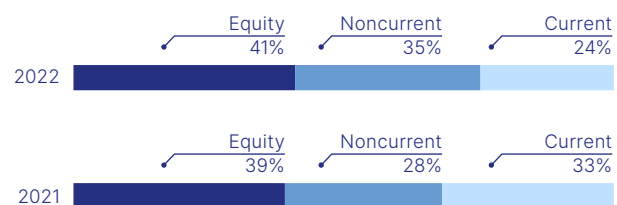
#### BALANCE SHEET STRUCTURE: ASSETS (AS %)



**Noncurrent assets** have declined by € 21.2 million to € 134.8 million (previous year: € 156.0 million), which is mainly attributable to the decrease in other noncurrent financial assets (€ -18.9 million) due to the sale of the minority shares in All for One Poland Sp. z o.o. Intangible fixed assets have decreased by € 4.2 million to € 19.1 million, largely due to depreciation/amortization which was not offset by any additions. The right-of-use assets decreased by € 1.4 million to € 15.0 million (previous year: € 16.4 million) due to depreciation that was not offset by additions in the same amount. On the other hand, goodwill increased by € 2.2 million to € 72.6 million (previous year: € 70.4 million). This was exclusively due to exchange rates.

**Current assets** accordingly rose by € 20.1 million to € 130.2 million (previous year: € 110.1 million). Within the current assets item, contract assets decreased (€ -2.0 million to € 9.6 million), while trade and other receivables increased, mainly due to a year-over-year increase in the volume of sales in the fourth quarter (€ +12.8 million to € 64.8 million). Other financial assets increased by € 10.3 million to € 11.5 million (previous year: € 1.2 million) due to purchase price receivables in connection with the sale of the minority shares in All for One Poland Sp. z o.o. Current tax assets increased by € 1.5 million to € 2.4 million (previous year: € 0.8 million), mainly due to excessive prepayments in Germany and Chile. Cash and cash equivalents have decreased by € 2.0 million to € 38.4 million (December 31, 2021: € 40.3 million).

#### BALANCE SHEET STRUCTURE: EQUITY AND LIABILITIES (AS %)



On the equity and liabilities side, current liabilities decreased by € 24.9 million in the 2022 fiscal year to € 64.6 million (previous year: € 89.5 million). At the same time, noncurrent liabilities rose by € 18.8 million to € 93.2 million (previous year: € 74.3 million). Both of these changes are mainly attributable to the raising of five-year promissory note loans with a total volume of € 32.5 million in the first half of 2022. These mainly served to refinance the promissory note loans which matured in 2022 and were thus classified as current promissory note loans. In the current liabilities item, in addition trade payables in particular increased by € 2.4 million to € 10.8 million in the fourth quarter due to the higher volume of business year-over-year, while other non-financial liabilities rose by € 2.0 million to € 28.6 million. This includes higher liabilities to employees (€ 0.5 million increase to € 20.6 million) and higher liabilities from taxes (€ 0.6 million increase to € 4.6 million).

In the noncurrent liabilities item, financial liabilities especially increased. This item includes higher liabilities to banks (€ +30.1 million) due to the raising of new promissory note loans, but lower purchase price liabilities (€ -7.2 million) for EXA and Datavard and lease liabilities which have decreased as a result of the set-

tlement of such liabilities (€ -2.0 million). Provisions for pensions and similar obligations have significantly decreased, by € 1.6 million to € 1.6 million (previous year: € 3.2 million). This was mainly due to higher discounting rates.

**Group equity** rose from € 102.2 million to € 107.2 million as of December 31, 2022. This growth mainly reflects a € 1.6 million increase in retained earnings due to the result for the period as well as a € 3.1 million increase in other reserves on account of the change in the currency translation adjustment item.

Due to the increase in equity combined with a simultaneous slight decrease in the volume of total equity and liabilities, the equity ratio improved from 38.4% to 40.5%.

#### Financial Position

##### Management of Financial, Liquidity and Capital Structure

SNP SE has a central financial management system for global liquidity control. This financial management also involves, at the same time, analyzing interest rate and exchange rate changes and their impact on the

company's financial position and financial performance, as well as taking measures to hedge against these risks. The key objective of this financial management system is to ensure a minimum level of liquidity for the Group in order to safeguard its solvency at all times. Cash and cash equivalents are monitored throughout the Group. SNP safeguards its flexibility and independence through its high volume of cash and cash equivalents. SNP is able to draw upon additional liquidity potential, if necessary, through further standard credit lines.

In the past few years, cash and cash equivalents have primarily been used for operating activities, the investment needs associated with growth and the acquisition of companies. SNP assumes that its liquidity holdings together with its financial reserves in the form of various unused credit lines will be sufficient to cover its operating financing requirements in 2023 and – together with the expected cash flows from operating activities – will cover debt repayment and our planned short- and medium-term investments.

Maintaining a strong financial profile is the overriding goal for management of our capital structure. The focus here is on a high equity ratio in order to bolster the con-

fidence of our investors, lenders and customers. SNP thus concentrates on a capital structure that enables it to cover its future potential financing requirements via the capital markets on reasonable terms. This ensures a high level of independence, security and financial flexibility.

#### **Debt Financing**

In February 2017, SNP issued promissory note loans with a total volume of € 40 million and three, five and seven year terms.

In March 2020, the first tranche of the promissory note loans was repaid, with a volume of € 5 million. This was refinanced by taking out a loan in the amount of € 3.0 million and, in part, by means of short-term loans within the scope of a € 5.0 million credit line agreement.

In May 2020, SNP SE took out a loan with a volume of € 10 million which is refinanced by the Kreditanstalt für Wiederaufbau (KfW) bank within the scope of KfW's 2020 special program and has a term of five years.

In February 2021, SNP SE signed a finance agreement with the European Investment Bank in the amount of € 20 million with a term of five years.

In March 2022, five-year promissory note loans from 2017 with a volume of € 26 million were repaid and refinanced by raising promissory note loans with a volume of € 32.5 million. The new floating-rate promissory note loans have been concluded for a term of five years.

Please see note (25) in the notes to the consolidated financial statements for further information on debt financing.

#### **Equity Financing**

A cash component of around € 20 million and the issuance of shares by way of a capital increase against a contribution in kind were agreed as consideration for the purchase of all of the shares in Datavard AG in 2021; by means of this capital increase against a contribution in kind, the company's share capital was increased by € 173,333 from € 7,212,447 to € 7,385,780 through the issuance of 173,333 new no-par-value bearer shares. An independent valuation has confirmed the appropriateness of the overall purchase price.

### SELECTED KEY FIGURES ON FINANCIAL POSITION

in € million	2022	2021
Cash and cash equivalents on December 31	+38.4	+40.3
Change in cash and cash equivalents year-over-year	-2.0	+10.9
Cash outflow for/cash inflow from operating activities	-0.5	-1.4
Cash inflow from/cash outflow for investing activities	-0.1	+7.1
Cash inflow from financing activities	-0.9	+4.8
Impact of the effects of changes in foreign exchange rates on cash and bank balances	-0.5	+0.4

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

Despite a positive result for the period in the amount of € 1.4 million and depreciation, amortization and write-downs in the amount of € 10.8 million, in the 2022 fiscal year the SNP Group registered a slightly negative operating cash flow in the amount of € -0.5 million (previous year: € -1.4 million). This is attributable to a growth-related increase in the volume of working capital which is associated, in particular, with a higher volume of trade and other receivables as well as contract assets which will only give rise to a positive cash flow in subsequent periods. The negative cash flow from investment activities in the amount of € -0.1 million (previous year: pos-

itive cash flow of € 7.1 million) is primarily due to proceeds of the sale of the majority stake in SNP Poland Sp. z o.o. (€ 11.7 million), which are mainly offset by payments resulting from the acquisition of consolidated companies (€ -10.3 million) and for investments in property, plant and equipment (€ -1.6 million).

Financing activities have resulted in a negative cash flow in the amount of € 0.9 million (previous year: positive cash flow of € 4.8 million). This negative cash flow has resulted from the payment made for the redemption of promissory note loans and other loans with a volume of € 28.8 million and the settlement of lease liabilities. This contrasted with proceeds due to the raising of a promissory note loan in the amount of € 32.5 million.

The effects of changes in foreign exchange rates on cash and bank balances have resulted in a negative impact of € 0.5 million (previous year: positive impact of € 0.4 million).

Overall cash flow during the reporting period totaled € -2.0 million. Taking into account the changes presented here, the level of cash and cash equivalents decreased to € 38.4 million as of December 31, 2022 (previous year: € 40.3 million).

As a result, the overall financial positioning of the SNP Group remains solid.

### SNP SE ECONOMIC REPORT

SNP SE, based in Heidelberg, Germany, is the parent company of the SNP Group which comprises 32 companies. It exercises a holding function for the SNP Group, provides shared service functions for the Group's companies and employs most of the Group's Germany-based research and development personnel.

As a holder of central SNP software rights, SNP SE mainly generates its revenue from the license revenue and maintenance fees which the Group's subsidiaries remit to SNP SE for the sale of rights of use for the related SNP software solutions. SNP SE generated further revenue from a large number of internal Group shared services, such as in the areas of IT, marketing and accounting and, to a lesser extent, through external revenue in the Software and Services business segments. Over the past few years, SNP SE has adopted the practice of largely handling external business through its local subsidiaries.

SNP SE bears the overwhelming share of the Group's research and development costs.

The annual financial statements of SNP SE are prepared in accordance with the accounting standards under the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The complete annual financial statements of SNP SE which have been awarded an unqualified audit opinion are submitted to the operator

of the electronic version of the German Federal Gazette, which publishes them there and forwards them to the Company Register.

#### Development of the Earnings Position

The income statement is prepared according to the nature of expense method. Figures in millions of euros (€ million).

#### FORECAST/ACTUAL COMPARISON – SNP SE

Targets for 2022	Results for 2022	Comments
<b>Revenue:</b>		
<ul style="list-style-type: none"> <li>■ <b>SNP SE:</b> Unchanged or moderate increase in revenue (2021: € 34.2 million)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>SNP SE:</b> € 30.9 million</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>SNP SE:</b> Revenue has decreased by comparison with the forecast, since the revenue earned through affiliated companies was lower than expected. This is primarily due to lower than expected software revenue.</li> </ul>
<b>EBIT</b>		
<ul style="list-style-type: none"> <li>■ <b>SNP SE:</b> The company's operating result will pick up considerably more strongly than its revenue (2021: € -10.5 million)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>SNP SE:</b> € +9 million change in operating result vs. € -3.3 million decrease in turnover</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>SNP SE:</b> Despite the lower revenue volume, the company's operating result (EBIT) has significantly improved due to the sale of shares in All for One Poland Sp. z o.o. This sale took place earlier than originally planned.</li> </ul>

#### INCOME STATEMENT OF SNP SE PREPARED ACCORDING TO THE HGB (SHORT VERSION)

Mio. €	2022	2021
<b>Revenue</b>	<b>30.9</b>	<b>34.2</b>
Increase in unfinished goods	1.5	0.1
Other own work capitalized	0.0	0.1
Other operating income	11.7	2.0
Cost of materials	-1.7	-1.0
Personnel costs	-17.8	-17.9
Amortization of intangible fixed assets and depreciation of tangible fixed assets	-1.4	-1.2
Other operating expenses	-24.9	-26.8
<b>Operating result (EBIT)</b>	<b>-1.5</b>	<b>-10.5</b>
<b>Net financial income</b>	<b>13.3</b>	<b>10.7</b>
<b>Earnings before tax</b>	<b>11.8</b>	<b>0.2</b>
Income taxes	-0.6	-0.3
<b>Profit after tax</b>	<b>11.2</b>	<b>-0.1</b>
Other taxes	0.0	0.0
<b>Profit for the year</b>	<b>11.2</b>	<b>-0.1</b>

SNP SE achieved an overall revenue volume of € 30.9 million in the 2022 fiscal year; this corresponds to a decrease of € 3.4 million or -9.8% by comparison with the previous year (previous year: € 34.2 million). This decrease has resulted from the further decline in business with external customers and from a reduced volume of charging affiliated companies. The overall

revenue comprises revenue earned through external customers in the amount of € 4.4 million (previous year: € 6.1 million) and revenue earned through affiliated companies in the amount of € 26.6 million (previous year: € 28.1 million).

On the other hand, changes in inventories for work in progress have increased by 1.4 million to € 1.5 million (previous year: € 0.1 million). Revenue and changes in inventories have thus now jointly changed by € -1.7 million to € 32.5 million (previous year: € 34.2 million).

The operating result amounts to € -1.5 million in 2022 (previous year: € -10.5 million) and has thus significantly improved. This improvement is attributable, above all, to earnings resulting from the sale of the minority shares in SNP Poland Sp. z o.o. (€ 9.9 million), which were posted to other operating income.

Other operating income is at € 11.7 million € 9.7 million higher than in the previous year, mainly due to the income resulting from the sale of the minority shares in All for One Poland Sp. z o.o. which amounted to € 9.9 million.

The cost of materials has increased by € 0.7 million to € 1.7 million. This trend is attributable to a higher volume of services purchased from affiliated companies.

SNP SE's personnel expenses mainly comprise the salaries of SNP SE's development, support and administration employees. The € 0.1 million decrease to € 17.8 million (previous year: € 17.9 million) is primarily attributable to the decline in the number of employees. This has more than made up for countervailing effects relating to salary increases. In the reporting year, the number of employees of SNP SE decreased from 209 as of December 31, 2021, to 192 as of December 31, 2022.

Other operating expenses amount to € 24.9 million in 2022 and are thus € 1.9 million lower than the previous year's figure of € 26.8 million. Almost all of this decrease is attributable to the posting of a loss on disposal in connection with the sale of 51% of the shares in the then SNP Poland Sp. z o.o. (now: All for One Poland Sp. z o.o.) in the previous year. In addition, costs for vehicles increased by € 0.4 million to € 1.9 million (previous year: € 1.5 million) and other personnel costs rose by € 0.5 million to € 0.8 million (previous year: € 0.3 million) due to higher recruiting costs, while advertising and representation expenses have decreased by € 0.7 million to € 2.8 million on account of reduced sponsorship costs (previous year: € 3.5 million) and legal and consulting costs have declined by € 1.7 million to € 7.0 million (previous year: € 8.7 million).

The net financial result amounted to € 13.3 million (previous year: € 10.7 million). As in the previous year, this positive financial result mainly consists of profits from profit transfer agreements and income from investments. Distributions made by affiliated companies increased to € 5.3 million, above all due to a € 3.2 million distribution made by EXA AG. Income from profit transfers from affiliated companies rose by € 4.3 million to € 14.6 million. Write-downs to the lower fair value due to an expected permanent impairment of the Group's investments in ADP Consultores S.R.L., Buenos Aires, Argentina, and Innoplexia GmbH, Heidelberg, Germany (together: € 5.6 million), had a negative impact.

Earnings before tax of SNP SE improved by € 11.6 million to € 11.8 million (previous year: € 0.2 million). Tax expenses amounted to € 0.6 million (previous year: € 0.3 million). After taxes, profit after taxes increased year-over-year by € 11.2 million to € +11.2 million (previous year: € -0.1 million).

#### **Development of SNP SE's Net Assets and Financial Position [Short Version]**

The total assets of SNP SE reported in the balance sheet amounted to € 225.1 million (previous year: € 211.2 million) at the end of 2022.

**BALANCE SHEET OF SNP SE PREPARED ACCORDING TO THE HGB AS OF DECEMBER 31, 2022 (SHORT VERSION)**

in € million	2022	2021
<b>Aktiva</b>		
Intangible assets	1.5	1.8
Property, plant and equipment	3.2	3.2
Long-term financial assets	114.5	126.4
<b>Noncurrent assets</b>	<b>119.1</b>	<b>131.4</b>
Inventories	1.6	0.1
Receivables and other assets	93.0	70.7
Cash and cash equivalents	10.5	8.0
<b>Current assets</b>	<b>105.1</b>	<b>78.8</b>
Deferred income	1.0	1.0
<b>Total assets</b>	<b>225.3</b>	<b>211.2</b>
<b>Equity and liabilities</b>		
Equity	124.2	112.8
Provisions	5.5	6.1
Liabilities	95.0	91.7
Deferred income	0.6	0.6
<b>Total equity and liabilities</b>	<b>225.3</b>	<b>211.2</b>

Intangible fixed assets decreased by € 0.3 million to € 1.5 million (previous year: €1.8 million). Amortization in the current fiscal year with a volume of € 0.5 million contrasted with additions which amounted to just € 0.2 million. The carrying amount of tangible fixed assets remained unchanged at € 3.2 million (previous year: € 3.2 million).

Long-term financial assets decreased by € 12.0 million to € 114.5 million (previous year: € 126.4 million). This change is primarily associated with acquisitions and sales in the 2022 fiscal year: The sale of the remaining 49% of the shares in All for One Poland Sp. z o.o. has resulted in a disposal of € 11.7 million, while the purchase of a further 10% of the shares in EXA AG has led to an addition of € 5.3 million. In addition, long-term financial assets have decreased due to write-downs to the lower fair value on account of an expected permanent impairment of the Group's investments in ADP Consultores S.R.L., Buenos Aires, Argentina, and Innoptexia GmbH, Heidelberg, Germany, by € 5.6 million.

The € 22.3 million increase in receivables and other assets to € 93.0 million has mainly resulted due to higher receivables from affiliated companies and from purchase price receivables associated with the sale of 49% of the shares in All for One Poland Sp. z o.o. Within this item, trade receivables have decreased by € 1.7 million to € 20.4 million (previous year: € 22.1 million) due to the reduced volume of revenue earned with external customers. On the other hand, receivables from affiliated companies have increased by € 12.9 million to € 60.9 million (previous year: € 48.0 million) due to factors including higher loan receivables and receivables from profit transfers. Other assets are significantly higher at € 11.7 million (previous year: € 0.5 million). In particular,

these comprise the purchase price receivables in connection with the sale of 49% of the shares in All for One Poland Sp. z o.o. in the amount of € 9.9 million at the end of the year. A purchase price share of € 11.0 million was already paid in December 2022.

Cash and cash equivalents and term deposits have increased overall by € 2.5 million to € 10.5 million (previous year: € 8.0 million). The improvement in liquidity is mainly associated with proceeds resulting from the sale of 49% of the shares in All for One Poland Sp. z o.o. and the raising of promissory note loans with a volume of € 32.5 million, while repayments only amounted to € 28.7 million.

SNP SE's equity increased by 10.1% to € 124.2 million (previous year: € 112.8 million). This growth is largely attributable to the higher distributable profit as a result of the profit for the year. As of December 31, 2022, the equity ratio amounts to 44.1% (previous year: 47.1%).

Provisions have decreased by € 0.6 million year-over-year to € 5.5 million (previous year: € 6.1 million), which is mainly associated with reduced bonus provisions.

Liabilities increased by € 3.3 million to € 95.0 million (previous year: € 91.7 million). This increase has primarily resulted from an increase in liabilities to banks (see the disclosures regarding cash and cash equivalents for further information). Trade payables have increased by € 1.3 million to € 4.3 million (previous year: € 3.0 million). In contrast, other liabilities have decreased by € 2.8 million to € 3.0 million, above all due to the payment of purchase price liabilities for the purchase of the shares in Datavard AG, Heidelberg.

### Development of Cash Flow and the Liquidity Position

Taking the above-mentioned changes into account, a positive overall cash flow of € 2.5 million results. Cash and cash equivalents as of December 31, 2022, accordingly increased to € 10.5 million (previous year: € 8.0 million).

As a result, the overall financial positioning of SNP SE remains solid.

### OPPORTUNITY AND RISK REPORT

Unless otherwise expressly stated, the disclosures in the Opportunity and Risk Report apply to both the SNP Group and SNP SE as the parent company.

### Risk Management System

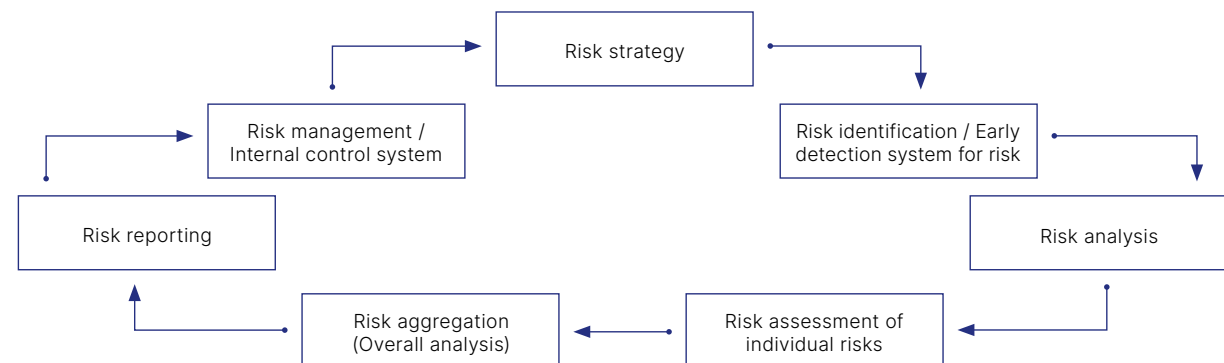
In its business activities, the SNP Group is subject to a variety of risks that are inseparably linked to its entrepreneurial activity. Risks refer to the possibility of events occurring with unfavorable consequences for SNP's economic situation. SNP employs effective management and control systems to identify risks at an early stage, to evaluate them and to deal with them systematically. They are combined into a uniform Group-wide risk management system, which is presented below. SNP's risk management system essentially consists of the following three components: its risk management policy, a standardized risk identification and treatment method and the responsible departments within its organizational structure, which

are entrusted with the implementation of its risk management approach. All risks are systematically identified, evaluated and monitored. Risk assessment and aggregation rules have been defined for this purpose. Risks are normally balanced out by appropriate opportunities. However, the risk management system does not address the opportunities.

The risk aggregation is implemented by means of a mathematical simulation. A scenario analysis is applied for the risk assessment. Risk-bearing capacity is also verified in this way.

The risk management policy stipulates a risk management process as in the following "Risk management cycle" diagram.

#### RISK MANAGEMENT CYCLE





The local subsidiaries' risk managers for each division and the risk managers for overarching cross-border functions handle the primary risk identification process. This is accompanied by the implementation of an initial risk assessment. A central department reviews and analyzes the individual risks so as to be able to identify possible tendencies and reciprocal effects. The risk analysis also reviews whether compliance aspects have been appropriately represented. Compliance risks in relevant areas are identified and assessed separately for this purpose. The individual analysis of risks is mainly implemented for the purpose of their quantification; the probability of occurrence of the risk and the possible effect on SNP's business activities are significant aspects. The probability of occurrence of the risk lies between 0 and 100% (100% means once a year, 50% every two years). The loss amount is indicated in euro and by means of a scenario distribution. The damage potential is determined for each risk on the basis of these two parameters. This may be classified as a "slight risk," a "moderate risk," or a "high-level risk." The tables below show the risks broken down based on the amount of the loss and probability of occurrence.

#### RISK ASSESSMENT DIMENSIONS

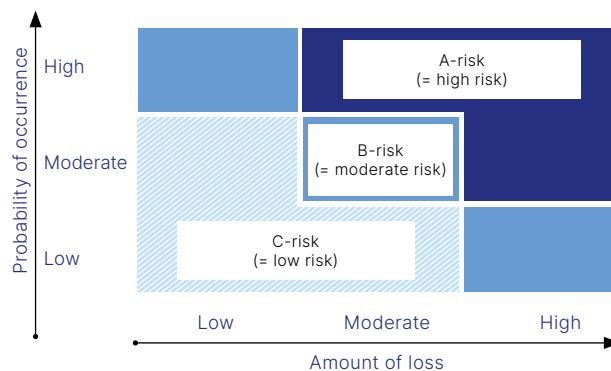
Classification by potential loss	Amount of loss in EUR*	Probability of occurrence**
Slight	< 1,000,000	≤ 30%
Moderate	>1,000,000 – 2,500,000	> 30%
High	> 2,500,000	> 60%

\* The loss amount is based on an average figure within the scope of the scenario distribution in euro.

\*\* 0 – 100% (100% = once a year, 50% once every two years).

This is the basis for the following risk matrix for the assessment of risks in terms of high, moderate or slight risks:

#### RISK MATRIX



An overall analysis of the risk position is implemented in the risk aggregation by means of a mathematical simulation. The result of this risk aggregation is then compared with the level of risk-bearing capacity, adjusted for any provisions made. Risk-bearing capacity is determined on the basis of the volume of equity and the level of liquidity. For 2022, the aggregated risk-bearing capacity levels were defined as no more than 50% of equity and 50% of liquidity.

In addition, all risks have been assigned to appropriate risk areas. The risk reporting is derived from the aggregated overview, with an assessment of the situation for each of the individual areas. In order to determine the applicable risk category in the risk area in question, the risk simulation for this risk area is compared with the overall value and classified as "slight," "moderate" or "high." Twelve areas were selected for the year 2022 in the reporting period. These are outlined in further detail in the risk report. Measures are implemented for each area – and also for individual risks – which are intended to be proportionate to the potential level of damage. The risk managers are responsible for the implementation of these measures. The effectiveness of countermeasures, reduction strategies and SNP's internal control system are monitored and safeguarded by means of the management measures.

### **Risk Management System**

SNP strives for sustainable growth and a steady increase in the value of the company. This strategy is reflected in its risk policy. The basis of risk management is the monitoring and evaluation of financial, economic and market-related risks.

In order to ensure the early detection of risks on a Group-wide, systematic basis, SNP has installed a "monitoring system for the early detection of risks that may threaten the survival of the company," in accordance with Section 91 (2) of the German Stock Corporation Act (AktG).

This early detection system for risk ensures that the SNP Group can always adjust promptly to changes in its environment. The constant refinement of the risk management system is an important step that allows the company to respond promptly to changing conditions that may directly or indirectly affect the financial position and financial performance of SNP.

### **Risk Management System Regarding Significant Risks Threatening the Company's Survival**

The risk management system for significant risks threatening the company's survival is integrated within the SNP Group's value-oriented management and planning system. It is an important component of the overall planning, controlling and reporting process in all relevant legal entities, business fields and core functions. Its purpose is to systematically identify, evaluate, monitor and document all significant risks threatening the company's survival. The Board of Directors establishes guidelines for risk management. These guidelines serve as the basis for risk management by the risk management officer. The risk management officer ensures that the specialized departments identify risks proactively and promptly, evaluate them both quantitatively and qualitatively and develop suitable measures to avoid or compensate for risks. Using a systematic risk inventory, the employees responsible revise and reassess the risks at least once per fiscal year. In addition to routine reporting, there is a Group internal reporting requirement for risks that may occur unexpectedly. Each risk is assigned to a risk

group. When providing notifications and reassessments of risks, the amount of the loss and probability of occurrence must be indicated in accordance with guideline provisions. The task of the employees responsible is to develop and, if necessary, to introduce measures corresponding to the evaluation of risks that are suited to avoiding, reducing or protecting against these risks. Significant risks and countermeasures that have been introduced are monitored regularly during the year. The Managing Directors and the Board of Directors are regularly informed about significant identified risks and the measures which have been implemented or are planned for their mitigation.

### **Internal Control and Risk Management System Regarding Accounting**

The internal control and risk management system regarding the accounting process is designed to ensure the correctness and effectiveness of accounting and financial reporting of SNP. Due to its inherent limits, it is possible that the internal control system for financial reporting may not prevent or uncover all potentially misleading statements.

The Group accounting department regularly checks whether

- Group-wide accounting and evaluation principles are continuously updated and followed,
- transactions are fully recorded and internal Group transactions properly eliminated,
- significant accounting issues subject to mandatory disclosure arising from agreements are identified and properly depicted,
- processes are in place ensuring the completeness of financial reporting and
- processes are in place to enforce the separation of functions and the double-check principle during the preparation of financial statements, and rules exist governing authorization and access to relevant IT accounting systems.

However, the internal control and risk management system for the accounting process cannot absolutely guarantee the avoidance of any significant accounting errors.

SNP is satisfied that the effectiveness of the Group's accounting-related control system was safeguarded as of December 31, 2022.

### Monitoring of the Internal Control and Risk Management System

The Board of Directors oversees the monitoring of the internal control and risk management system. In 2021, the Board of Directors established an Audit Committee which critically assessed the risk management system in the year under review and discussed this with the Managing Directors. The auditor examines the fundamental suitability of the early detection system for risk integrated into the risk management system to identify at an early stage any risks that pose a threat to the company's survival. In addition, it reports to the Board of Directors about any potential weaknesses in the internal control system.

### RISKS

In the reporting period, new individual risks have arisen, which neither individually nor combined endanger the company's existence. These risks are detailed below, in particular under "economic and political risks" as well as legal risks.

Risk Categories	Risk Category Average Result	
	2022	2021
Economic and Political Risks	A	B
Risks of Technology Development	C	B
Operational Risks	B	B
Risks of Dependence on SAP SE	B	B
Growth Risks	C	C
Personnel Risks	C	C
Insurance Risks	C	C
Legal and Compliance Risks	B	B
Sales Risks	C	B
Risk of Dependence on Individual Customers and Industries	C	B
IT Risks	C	C
<b>Financial Risks</b>		
Credit Risk (Default Risk)	C	C
Liquidity Risk	B	B
Interest Rate Risk	C	C
Sales Risks	B	B
Risk of Goodwill Impairment	B	B
Risk of Impairment of Investments	B	B

### Economic and Political Risks

Uncertainty in the global economy and the financial markets, social and political instability – e.g., due to conflicts, terror attacks, civil unrest, war, international

conflicts, pandemics, trade conflicts with Russia, China and the United Kingdom – may adversely affect our business activities or have a negative impact on our business activities, our financial and earnings position and our cash flows.

While we are still unable to arrive at a conclusive assessment of the political risks for our business, the possibility of these risks being high-level risks cannot be ruled out. As an indirect consequence of the political instability caused by factors including the conflict between Russia and Ukraine, we have noticed that our customers are in some cases placing smaller-volume orders on grounds of caution. If things deteriorate any further, this might lead to increased postponement or cancellation of projects. We are generally able to deal with the indirect effect of higher inflation levels and thus cost increases – which are mainly due to the above-mentioned conflict – by means of price adjustments on the revenue side.

Possible restrictions on travel and mobility as well as illness-related employee absences could lead to additional strains on our financial and earnings position and our cash flows. However, the coronavirus crisis has shown that the SNP Group's previously very travel-intensive business model still works well under travel and mobility restrictions and without direct cus-

tomers contact, since consulting and other services can be digitalized and thus offered and implemented regardless of location.

SNP's customers are primarily large companies and multinational corporations. Economic cycles influence the business and investment behavior of these companies. Therefore, the global economic trend may affect the success of SNP's business. Cost reduction measures and investment freezes for IT projects on the part of customers can lead to project delays and/or cancellations. SNP tries to mitigate this market risk through regional diversification.

However, the diversification effect has limited impact during a global crisis. We therefore aim to counter these risks by, among other things, monitoring the market so we are able to respond to serious changes, if necessary, by quickly adjusting our corporate and cost structure.

In addition, over the course of the year, SNP is subject to the typical business cycles for the IT sector. This usually means a very strong level of demand in the fourth quarter. To be able to flexibly react to fluctuations in demand, external resources are used to handle peak demand.

Since the company's capacities, particularly in the Services business segment, are largely fixed over the entire year in order to accommodate expected peak de-

mand, heightened risk exists here if short-term changes in our customers' investment behavior should occur. SNP tries to reduce these risks by employing freelancers. In the year under review, expense in the amount of € 19.9 million (previous year: € 17.1 million) was incurred for the use of external service providers in projects. SNP likewise seeks to reduce risks and their negative effects by continuously increasing the proportion of maintenance fees and recurring revenue and thus revenue that can be more easily planned for. Cloud and maintenance fees for SNP's own software products thus increased by € 2.1 million or around 9% in 2022 to € 14.8 million (previous year: € 13.6 million).

Similarly, it cannot be ruled out that in the Software business segment, scheduled software sales may fall through over the short term or purchase decisions by customers may be postponed, influencing the company's target achievement. SNP tries to reduce this risk through greater diversification of software products, by strengthening its license models providing recurring revenue and through stronger marketing of all of its software products. In the 2022 fiscal year, revenue from SNP's in-house products amounted to € 50.7 million (previous year: € 42.1 million).

Moreover, non-payment by customers is possible in the event of protracted periods of instability. SNP deals with this risk by means of a large number of individual measures, such as credit checks, adjustments to milestone planning, active receivables management, hedging, etc.

SNP therefore classifies the economic and political risks – in particular, due to the uncertainty associated with the development of political risks and the related indirect effects – as higher than in the previous year in which it had assumed a moderate level of risk

### **Risks of Technology Development**

With its portfolio of products and services, SNP offers specific solutions for the data transformation of ERP landscapes. Therefore, it focuses on a niche market. The possibility exists that another provider may offer better or less expensive solutions so that SNP loses market share or is driven from the market entirely. SNP counters this risk by developing new products and by continuously refining and improving existing products. In 2022, research and development costs as a percentage of revenue were 10.7% (previous year: 11.4%). Given the complexity of SNP products and processes, the company has managed to achieve an innovation lead until now that generally limits the possibility of imitation.

The earnings position of SNP mainly depends on its success in adapting its products to changes in the market and achieving a rapid amortization on new products and services. Revenue and earnings may be adversely affected if technologies do not function properly, do not encounter the expected market acceptance or are not launched in the market at the right time.

By integrating sales and the Services business segment with research and development (R&D), the company has so far been able to detect changes in the market promptly and to develop market-driven and therefore also market-relevant product innovations.

SNP classifies the technological risks as slight (previous year: moderate).

### **Operational Risks**

The implementation of projects in the ERP transformation market is frequently associated with a considerable deployment of resources by customers and is subject to a variety of risks that are sometimes beyond SNP's control. These include a lack of resources, system availability and unplanned reorganization measures for current projects or project postponements or cancellations by our customers. Our products and consulting services are used in very sensitive areas

affecting our customers' ERP systems. Product errors or mistakes made in transformation projects have the potential to cause significant damage, such as a temporary loss of production. These errors or mistakes can be caused by employees with inadequate qualifications and training, carelessness or in cases in which the customer was not sufficiently consulted. In order to minimize project risks, the SNP Group and its customers generally choose to use a modular approach, dividing projects into separate subprojects. In addition, numerous test runs are planned during projects to prevent potential errors. SNP also conducts regular training sessions for employees, performs quality controls as part of its projects and assigns employees to projects based on their knowledge in order to ensure the high quality of its work.

The remaining risks through conventional liability scenarios are mitigated by insurance coverage.

SNP continues to classify the operating risks as a moderate risk.

### Risks of Dependence on SAP SE

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

However, the danger of a sudden collapse of the fundamentals for the market is regarded as minimal. Given the high investment of time and expense associated with a new installation of standard enterprise software, management anticipates that it will have sufficient time to realign its product offerings in response to changes in the market.

The SNP Group is constantly developing its product portfolio and increasingly orienting it toward solutions for the entire ERP market. In the process, the company is tapping into additional potential revenue sources, while simultaneously reducing its dependence on SAP SE.

SNP continues to classify the risks of dependence on SAP SE as a moderate risk.

### Growth Risks

SNP continues to position itself for organic and inorganic growth. Company acquisitions may lead to a significant increase in SNP's value. However, there is a risk that it may not be possible to successfully integrate an acquired company into the SNP Group.

Furthermore, acquired companies or business areas may not develop as expected following their integration. In this case, the depreciation and amortization of such assets could impair earnings. Similarly, the risk exists that certain markets or sectors may offer only limited growth potential, contrary to expectations. SNP usually protects itself against this risk by arranging variable purchase price components or purchase price retentions that are linked to future performance indicators. In addition, SNP generally does not initially acquire all of the shares in companies straight away, in order to preserve liquidity and hedge related risks.

SNP continues to classify the growth risks as a slight.

### Personnel Risks

SNP employees and their skills are of fundamental importance to the success of the company. Therefore, the loss of important employees in strategic positions is a significant risk factor. Furthermore, competition for qualified IT specialists continues unabated and could lead to shortages.

In order to mitigate this risk, SNP strives to offer a motivational work environment that enables existing employees to develop their abilities and realize their full potential.

This includes a range of individualized continuing education opportunities and attractive incentive programs. In addition, the company continually attempts to identify, hire and retain suitable employees. Further measures include university marketing programs as well as regular performance reviews and employee events.

Moreover, SNP trains young professionals in customized training programs on a regular basis. As of December 31, 2022, SNP employed 66 students and trainees (previous year: 32).

Risks apply in relation to the operational capability of our employees, not least due to health risks such as coronavirus. SNP implements appropriate countermeasures in the light of the given situation. These include mobile working and a large number of additional rigorous protective measures.

However, insuring against overall personnel risk is possible only to a limited extent. SNP continues to classify the personnel risks as a slight.

#### **Insurance Risks**

SNP has hedged against potential losses and liability risks by taking out appropriate insurance coverage. However, additional liability obligations or damages could arise that are unknown at the current time or could be economically disproportionate to the level of insurance coverage. The scope of insurance coverage is continuously reviewed in light of the probability that certain risks may occur and adjusted, if necessary.

SNP continues to classify the insurance risks as slight.

#### **Legal and Compliance Risks**

Legal risks primarily involve matters of company law, labor law, commercial and trademark law, contract law, product liability law, data protection law, capital market law and cases of changes to relevant existing laws and their interpretations. A violation of an existing provision may occur as a result of ignorance or negligence. SNP uses external service providers and experts and takes out insurance policies to minimize most of these risks. SNP has its own internal legal department staffed by in-house legal experts. It is advised by these legal experts as well as external legal experts. In the previous year, SNP adopted a policy of identifying and assessing compliance risks separately. Legal disputes can lead to significant costs and damage to the company's image even if the company's legal position is vindicated.

In the course of the audit of the consolidated financial statements for the 2020 fiscal year, there was a lack of usability for a property in the USA accounted for as a right-of-use asset from as early as the beginning of its lease in 2019. SNP is currently asserting compensation claims in connection with the error correction, especially with regard to advance rent payments made.

As part of its ordinary business activities, SNP is confronted with lawsuits and court proceedings. As of the reporting date of December 31, 2022, pending legal disputes mainly relate to proceedings involving current or former employees and the community of heirs of Dr. Andreas Schneider-Neureither.

The employment law proceedings primarily relate to disputes over termination of employment. SNP reviews these cases in great detail and conducts the proceedings in line with the compliance requirements and taking the litigation risk into account. The legal consequence could include legal defense costs and potentially compensation claims.

As of December 31, 2022, other significant legal risks from lawsuits and third-party claims did not exist. The negative effects expected to arise from unresolved employment law disputes have been taken into account in the "provisions" and "other liabilities" line items.

SNP continues to classify the legal risks as a moderate risk.

### Sales Risks

SNP's software products are sold by SNP's in-house sales team as well as through partners such as system integrators and consultants. The success of marketing by the in-house sales team or these partners is determined particularly by specific market conditions, such as the availability of competing products, the general demand for standard software products for transformation projects and determined by other products with their own product positioning in the market.

Marketing via third parties also carries the general risk that the relevant products are not sold with the commitment that SNP expects. Another risk is that distributors may terminate partnerships against the wishes of SNP. This could lead to medium-term substitution problems and to significantly higher sales expenses. As well as a strong in-house sales team, SNP seeks to reduce this risk by carefully selecting strategic partners and through extensive partner enablement initiatives. In addition, strategic partners undergo a qualification process.

As of December 31, 2022, sales employees represented around 10% of the overall workforce (December 31, 2021: around 10%).

SNP classifies the sales risks as slight (previous year: moderate). This change is mainly attributable to the reduced level of risk due to process improvements. In addition, this risk is less relevant by comparison with the overall level of risk.

### Risk of Dependence on Individual Customers and Industries

A heavy reliance on individual customers and industries can put considerable pressure on earnings if orders are lost, because it means that the company does not have enough options available to compensate for these losses.

In the 2022 fiscal year, as in the previous year, no customer generated revenue that exceeded 10% of total revenue.

The SNP Group has also established a position for itself that does not rely on one particular industry thanks to a very loyal customer base that is constantly growing and includes a large number of renowned major companies. SNP classifies the risk of dependence on individual industries and on individual cus-

tomers as a slight risk (previous year: moderate). This is principally due to the decrease in the absolute and relative size of individual orders.

### IT Risks

SNP runs its own IT systems and works on its customers' IT systems when performing its business activities. The failure of these IT systems or the loss and theft of data or IP caused, for example, by malware, virtual attacks or destruction, could have material adverse impacts on our business activities, or on our financial and earnings position and our cash flows. SNP takes a whole range of measures to protect against IT risks. These include, among other things, systematically bringing our security mechanisms into line with the relevant IT security standards, taking numerous technical security precautions and conducting security training sessions for our employees. In addition, SNP's information security management system at its head office in Heidelberg is certified by TÜV Süd according to ISO 27001 and has completed a TISAX assessment. To be sure, we cannot entirely rule out a scenario in which IT risks materialize. SNP classifies IT risks as slight, however, as in the previous year.



## Financial Risks

### ■ Credit Risk (Default Risk)

SNP is constantly working on improving receivables management and intensively monitors the creditworthiness of its major customers. In order to reduce the default risk, the company requires deposits for individual projects, in line with their respective significance, and invoices for milestones reached. As a result, credit risks exist only for the remaining amount owed.

SNP continues to classify the credit risk as a slight risk.

### ■ Liquidity Risk/Interest Rate Risk

SNP has sufficient cash and cash equivalents, which are available on a daily basis or relate exclusively to investments in term deposits, overnight money or similar conservative products with maturities of up to one year. Consequently, the interest rate risk associated with such financial investments is negligible. Given the low rate of interest accruing to the specified forms of investment, SNP is exposed to the risk of a loss in purchasing power from the liquid funds it is holding in case of a concurrently high rate of price inflation (inflation rate). The default risk posed by business partners, with whom SNP has made deposits or concluded derivative financial contracts, is minimized by regular credit checks of the relevant institutions.

SNP is financed through its equity as well as external funds. As of December 31, 2022, its equity ratio amounts to 40.5% (previous year: 38.4%), while interest-bearing external funds account for 27.2% of total assets (previous year: 25.6%). As well as additional loans, the majority of the interest-bearing external funds relate to borrower's note loans with a total nominal value of € 41.5 million and maturities until 2024 and 2027. Of this amount, promissory note loans with a volume of € 9 million bear interest at a fixed rate, while promissory note loans with a volume of € 32.5 million are floating-rate loans (basic interest rate plus 6-month Euribor). If the 6-month Euribor rises, ceteris paribus SNP will incur a higher volume of interest expense.

Almost all loan agreements feature mandatory financial covenants, as is common practice in the industry, based on the figures reported in the consolidated financial statements. In the event of the financial covenants being breached, for a portion of the loans this breach will result in a 0.5 percentage point increase in the interest rate in the following fiscal year and the lenders are in some cases contractually entitled to terminate the loans immediately. In this respect, SNP is subject to an interest rate risk and to the risk of termination and the associated liquidity risk. SNP

monitors and forecasts the financial covenants on a regular basis in order to take any suitable countermeasures when required.

SNP continues to classify the interest rate risks as a slight risk.

In the context of cash and cash equivalents with a volume of € 38.4 million, the receivables and contract assets portfolio, the additional measures implemented to strengthen liquidity and a solid financing structure, management continues to classify the liquidity risk as moderate.

### ■ Sales Risks

The euro is the functional currency of SNP SE and the reporting currency of the consolidated financial statements. A result of the Group's increasing internationalization outside the eurozone is that its operating business and financial transactions in foreign currencies involve fluctuations in exchange rates. Operating business and financial transactions must be converted into our Group reporting currency, the euro. Exchange rate risks, which arise from orders from, and loans to, subsidiaries outside the eurozone, relate primarily to the absolute amount of the key figures reported in euros. The realization of cur-

rency risks might have a significant impact on our business activities, our financial and earnings position and our cash flows. In this context, SNP reviews the needs-based use of derivative financial instruments in order to avert potential foreign currency risks. As of December 31, 2022, no financial derivatives to hedge currency risks were in use.

SNP continues to classify the currency risk as a moderate risk.

#### ■ Risk of Goodwill Impairment

The “goodwill” balance sheet item comes to € 72.6 million as of December 31, 2022 (previous year: € 70.4 million). Goodwill is the result of various business combinations in the past and is measured at cost upon first-time recognition. Cost is calculated as the excess cost resulting from the business combinations over the Group’s share of the fair value of acquired identifiable assets, liabilities and contingent liabilities. Goodwill is tested for impairment at least once a year. Impairment tests are also implemented if issues or changes in circumstances indicate the possibility of impairment. For the purpose of impairment testing, the goodwill acquired from a business combination is assigned to cash-generating units of the Group that are

expected to benefit from Group synergies. The impairment is determined by calculating the recoverable amount of the cash-generating unit to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Goodwill was predominantly assigned to the Services business segment for the purpose of impairment testing.

There is a risk that, in the event of negative developments, the recoverable amount of the Services, Software and EXA business segments will in each case be less than the carrying amount. Resulting goodwill impairment could put considerable pressure on our earnings.

#### Risk of Impairment of Investments

The “Shares in affiliated companies” balance sheet item in the annual financial statements of SNP SE in accordance with the HGB amounts to € 110.1 million on December 31, 2022 (previous year: € 122.1 million). The investments are tested for impairment at least once a year. Impairment tests are also implemented if issues or changes in circumstances indicate the possibility of impairment of the carrying amount of an investment.

Impairment is determined by comparing the recoverable amount of the investment with its carrying amount. If the recoverable amount of the investment is less than the carrying amount, an impairment loss is recognized. Resulting impairment of the balance sheet item “Shares in affiliated companies” may significantly impair earnings. In the current year, impairment was recognized on shares in affiliated companies in the amount of € 5.6 million.

SNP continues to classify the risk of impairment of goodwill and its investments as a moderate risk, assuming that business developments progress as planned.

#### OPPORTUNITIES

Faced with complex IT transformation projects, our customers rely upon SNP as a trusted partner. We are confident in our ability to continuously surpass our customers’ expectations and to achieve steady growth through continuous, agile innovations by exploiting new opportunities for our company on an ongoing basis.

As well as identifying and managing risks, identifying and developing opportunities is an important area of focus for the management from the point of view of the development of the SNP Group. Various formats and working groups – comprising the Board of Directors, the Managing Directors, the management teams of Group companies as well as product and regional managers – ensure that new business opportunities are systematically pursued. These formats develop new ideas and business models for new or existing industries, solutions and regions.

It is critical for our shareholder value for us to achieve a balance between risk mitigation measures, on the one hand, and exploiting promising opportunities on the other. We thus have solid management structures in place to ensure that we factor into our decision-making the rate of return, the investments required and the necessary risk limitation measures.

Where it is probable that opportunities will be realized, we have included them in our business plans and our outlook for 2023, which are set out in this report.

The following section therefore focuses on future trends or events which may result in a positive deviation from our outlook, in the event that these trends or events surpass our forecasts.

SNP SE is the SNP Group's parent company and primarily generates inflows by means of subscription and license fees, maintenance fees, shared service remuneration as well as dividend payments from subsidiaries. The opportunities described below therefore likewise apply for it, either directly or indirectly.

#### **Opportunities Thanks to Economic Environment**

The economic environment has a significant impact on our business, our financial and earnings position and our cash flows. In the event that the world economy recovers more rapidly than we have assumed in our planning, our revenue and our earnings position may surpass our current forecast, accordingly.

Our forecast report provides further information on the expected global economic trend and the outlook for the IT market and its potential impact on SNP.

#### **Opportunities Through Innovation**

SNP aims to generate profitable growth by means of our software and consulting portfolio and thus to significantly improve our market position. We intend to continue to expand our target market by means of enhancements and adjustments to our software and on the strength of our new technologies and innovations.

Our innovation-driven growth is based on the effective use of our research and development capabilities. We are continuously improving our products and solutions and we work very closely with our customers and partners during the development phase.

In the context of our capacity for innovation, with the use of functionalities and technologies such as machine learning and artificial intelligence, we see opportunities in growing product and market fields, such as the archiving of IT systems, the analysis and evaluation of process and data structures within the SAP environment and throughout the data management segment.

As well as more rapidly developing innovative products, we are also concentrating on ensuring that these products are easy to introduce and to use, so that our customers will more rapidly benefit from our software applications and technologies, thus speeding up their ability to deploy our innovations in their companies.

For instance, the faster introduction of technologies which support the companies' digital transformation process may provide additional upselling opportunities for customers seeking to change over to the SAP S/4HANA suite.

You will find further information on our future opportunities in the area of research and development in the Research and Development section of this report.

### **Opportunities Resulting from Our Strong Partner Network**

Over the past few years, we have been constantly improving our software and increasing the level of automation in transformation projects while also making its application significantly easier. On this basis, we intend to take great strides forward in the use of our software approach via strategic partnerships.

This strategic focus means that our partner network has become even more important. We have therefore developed a partner strategy in order to convince IT consulting firms, system houses and hyperscalers of the benefits of our software and, on this basis, to develop innovative concepts for their customers. We intend to extensively communicate our unique selling points to the market, working with and through third parties, to exploit our growth potential and to significantly scale up and increase our software and license revenue.

By working with partners, we are able to win new customers, expand our presence in existing markets and industries, develop new markets and offer a wide variety of SNP Crystal Bridge-based solutions and applications.

The measures which we pursue within the scope of this new partner strategy with the goals of improving the level of satisfaction among our partners and their customers, reducing the costs which they incur for data transformation projects and establishing new opportunities for innovation meet with a positive response from our partners.

Our partners contribute their expertise in specific sectors to our portfolio of cloud applications which are tailored to the requirements of particular sectors. They use these applications as a starting point for their own innovations and thus contribute to the progress of the software-supported data transformation process within the SAP environment.

This and the combined effect of all of the above-mentioned measures may have a positive impact on our revenue, our earnings position and our cash flows and may mean that we surpass our medium-term forecast.

### **Opportunities Thanks to Our Employees**

Our employees safeguard the process of innovation, offer our customers added value and establish the preconditions for our company's growth and profitability. As described in the separate Group non-financial report, we are continuously investing in our employees in order to maintain their high level of commitment in the long term, to provide them with additional skills and to promote an agile and innovative company, good health, diversity and inclusion among our workforce, alongside our commitment to society at large. We expect this to enhance our employees' productivity and their capacity for innovation.

Our outlook is based on certain assumptions regarding our employee retention. In the event that these assumptions are surpassed, this may result in an increased level of productivity and a higher level of employee commitment. This may mean that we surpass the goals which we have presented for the 2023 fiscal year.

Further information on our future opportunities thanks to our employees can be found in the separate Group non-financial report.

### Opportunities Resulting from Acquisitions

New acquisitions give rise to additional market and sales opportunities for SNP to augment its strategic range of products and solutions, to penetrate new sales markets, to gain technical expertise and to expand capacity. In the past, SNP has acquired several companies, which now are helping improve our market penetration. A targeted market survey in search of possible target companies – focusing on the Software segment – is an objective of SNP's corporate strategy.

Further successful acquisitions may have a significant positive impact on our financial position and financial performance. Since such opportunities are very difficult to plan for, they have only been included in our revenue and earnings forecasts where the transactions in question are already sufficiently far advanced.

### Overall Statement on the Risk and Opportunity Situation

Overall, we consider our risks to be limited and largely calculable. Based on available information, in the view

of the Managing Directors, there are currently and in the foreseeable future no significant individual risks the occurrence of which is expected to endanger the existence of the Group or a significant Group company.

SNP is of the opinion that its internal control system and risk management system were appropriate and effective in the year under review.

For 2022, the aggregated risk-bearing capacity levels were defined as no more than 50% of equity and 50% of liquidity. The value for equity was not exceeded, while the value for liquidity was temporarily exceeded. This was mainly due to the higher economic risks as well as the increase in the receivables portfolio and the contract assets. The company immediately implemented additional risk management measures and continuously monitors their effectiveness. The large number of risk management measures, such as bringing forward the sale of the minority shares in All for One Poland Sp. z o.o or a sale of receivables, resulted in an improvement in liquidity, causing the value to drop back below the target level. The company therefore considers that risk-bearing capacity is not impaired.

Given current business fundamentals and the company's solid financial structure, management does not believe that the totality of individual risks poses a threat to the ongoing survival of the SNP Group.

No risks endangering the survival of the company occurred during the 2022 fiscal year.

We want to make targeted use of the opportunities that present themselves, allowing us to drive SNP's further growth.

### FORECAST REPORT

#### Expected Global Economic Development

Global economic growth – which the experts at the International Monetary Fund (IMF) estimate at 3.4% for 2022 – will slow to 2.9% in 2023. In 2024 global GDP is expected to increase by 3.1%. The IMF's economists

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<sup>6</sup> International Monetary Fund (IMF), World Economic Outlook Update, January 2023.

have thus raised their most recent forecast (October 2022) by 0.2 percentage points for the current year 2023. This is mainly due to the removal of COVID-19 restrictions in China, which will have a positive impact on the Chinese economy and on global supply chains.

According to the IMF, the downward risks for the global economy continue to predominate. Above all, a further escalation of the Russia-Ukraine war and rising interest

rates may have a negative impact. The upside opportunities relate to a faster-than-expected fall in inflation and the prospect of improving interest rate terms. The need to catch up on postponed investments might also enable the world economy to regain momentum sooner than expected, according to the IMF.<sup>6</sup>

#### ECONOMIC DEVELOPMENT – GDP GROWTH BY COMPARISON WITH PREVIOUS YEAR<sup>7</sup>

In %	2022	2023 f	2024 f
<b>Worldwide</b>	<b>3.4</b>	<b>2.9</b>	<b>3.1</b>
Industrialized nations	2.7	1.2	1.4
Emerging markets and developing countries	3.9	4.0	4.2
<b>Europe</b>			
Eurozone	3.5	0.7	1.6
Germany	1.9	0.1	1.4
UK	4.1	-0.6	0.9
European emerging markets and developing countries	0.7	1.5	2.6
<b>North and Latin America</b>			
USA	2.0	1.4	1.0
Latin America and Caribbean	3.9	1.8	2.1
<b>Asia-Pacific</b>			
China	3.0	5.2	4.5
Japan	1.4	1.8	0.9
Asian emerging markets and developing countries	4.3	5.3	5.2

f = forecast

#### Expected Development of the IT Transformation Market

##### The Cloud Solutions Growth Market

Cloud computing is one of the hot topics in the field of IT development and a key industry trend. Cloud computing is affecting every type of business process and can fulfill the dynamic and complex requirements of customers and businesses alike. A Synergy Research study has shown that the European cloud market has more than quintupled since the start of 2017 and reached a volume of € 10.4 billion in the second quarter of 2022. It is mainly the hyperscalers who have benefited from this growth: Amazon Web Services (AWS), Microsoft and Google. They now account for 72% of the European market. The leading European providers include SAP and Deutsche Telekom, which each account for 2% of the European market.<sup>8</sup>

<sup>7</sup> International Monetary Fund (IMF), World Economic Outlook Update, January 2023.

<sup>8</sup> synergy research group, September 2022, (<https://www.srgresearch.com/articles/european-cloud-providers-continue-to-grow-but-still-lose-market-share>)

<sup>9</sup> Gartner, October 2022, (<https://www.gartner.com/en/newsroom/press-releases/2022-10-31-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-nearly-600-billion-in-2023>).

Multi-cloud and hybrid-cloud solutions are increasingly popular, and in the future a growing number of companies will opt for more than one cloud solution. According to Gartner, income from public clouds increased to USD 490.3 billion in 2022, an increase of around 18.8% by comparison with 2021. This market growth is set to continue in 2023 – income is expected to rise by 20.7% to USD 591.8 billion.<sup>9</sup>

### Significant Acceleration of Changeover to SAP S/4HANA

The changeover to SAP S/4HANA remains a significant challenge for many companies. Migration to this ERP solution developed significant momentum in 2022, as in the previous year, and this trend once again accelerated. SAP's revenue from S/4HANA Cloud increased by 91% to € 2.1 billion in 2022. This trend is likely to continue in 2023. At the end of the year, SAP's order backlog amounted to € 3.2 billion. This represents an order backlog growth rate of 86% by comparison with the end of 2021.<sup>10</sup> Companies are increasingly investing in technology and IT in order to bring down costs, speed up decision-making and achieve growth by alternative means in the difficult economic climate. In a survey conducted by Capgemini, 39% of the compa-

nies consulted indicated that they intended to increase their investments in this area over the next 12 to 18 months. They will mainly make use of the cloud, data and analytics.<sup>11</sup>

### Development of M&A Activities Depends on Interest Rate Policy

For 2023, in its M&A outlook for 2023 PwC expects that transformations and transactions will represent an important aspect of CEOs' value creation strategies. However, in view of the current recession fears, the experts state that the development of the M&A market depends above all on the central banks and their signaling as to when the current series of interest rate hikes comes to an end. A return to looser monetary policy and financing conditions which are more favorable, or at least plannable, will prompt an upswing in M&A activities. Company valuations will also rise again in a secure environment characterized by more favorable financing terms. M&A will remain a key component enabling companies to make changes to their portfolios or to accelerate their growth.<sup>12</sup>

### Impact on SNP

Despite the inflation, ongoing uncertainty affecting the global economy, continued disruptions of supply chains and the effects of the war in Ukraine, we expect that more companies will decide to make the changeover to SAP S/4HANA, multi-cloud and hybrid-cloud solutions will increasingly be used and global M&A activities will once again pick up.

Our "ELEVATE" growth strategy envisages the strengthening of our software business and the expansion of our partner business in particular. Via intensive collaboration with partners and customers, we are pursuing the goal of increasing our market share in the field of flexible and software-supported SAP-related data transformations. We are also working with the hyperscalers Amazon Web Services (AWS), Google and Microsoft. We will further intensify these partnerships in order to participate even more strongly in the growing cloud market.

<sup>11</sup> Capgemini, Where are organizations investing in 2023? Supply chains and tech are at the top of the list, January 16, 2023.

<sup>12</sup> PwC, Global M&A Industry Trends: 2023 Outlook (<https://www.pwc.com/gx/en/services/deals/trends.html>).

### Company's Expected Development

In the current fiscal year, the SNP Group will strive to further improve its opportunities to realize profitable growth. For this purpose, we will more strongly align our processes, tools and cost structures with factors shaping a successful software business. This includes the full range of go-to-market and service processes, product management and all global functional areas. The key growth driver is our partner strategy, with the goal of decisively increasing the software element of our revenue mix. To this end, we are focusing on the technological development of our SNP CrystalBridge® transformation platform, which pools all of SNP's areas of software expertise. An improvement in the service margin is another area of focus. A large number of measures will contribute to this, such as utilization and process optimizations and an improvement of cost structures. In addition, in 2023 we will develop a sustainability strategy featuring concrete goals, indicators and measures.

### Outlook

We expect positive business performance in the 2023 fiscal year. For 2023 as a whole, it is expected that within the SNP Group

- the order entry and revenue volumes will be driven, in particular, by the Group's software and partner strategy that continues to gain market acceptance, and growth rates will be significantly above those of the previous year (2022 order entry: € 193.6 million; 2022 revenue: € 173.4 million).
- EBITDA and the operating result (EBIT) will grow more strongly on a moderate basis in percentage than revenue (EBITDA 2022: EUR 17.6 million, EBIT 2022: EUR 6.8 million). (2022 EBITDA: € 17.6 million, 2022 EBIT: € 6.8 million).

In accordance with the predicted trend for Group revenue, SNP expects growth rates in the Service and Software segments to be significantly above those of the previous year; at EXA, a growth rate close to the previous year is expected.

As in previous years, it is assumed that, in 2023, revenue will not be evenly distributed over the quarters and that the second half of the year will be stronger.

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

### Basis for Outlook and Perspective

Our outlook reflects all known events as of the preparation of this report that may affect the course of business of the SNP Group.

### SNP SE Outlook

As a largely internal service provider which performs central functions, SNP SE envisages a moderate increase in revenue year-over-year for the 2023 fiscal year. Adjusted for the positive one-off effect of € 9.9 million associated with the sale of the majority stake in All for One Poland Sp. z o.o., Suchy Las, Poland, in 2022, the operating result (EBIT) is expected to increase moderately.

### Declaration on Company Management

SNP SE, as a publicly traded company pursuant to Section 315d and Section 289f of the German Commercial Code (HGB), must provide a declaration on company management in the management report or make one accessible on the website of the company. The Managing Directors and Board of Directors of SNP SE submitted the declaration on company management on March 24, 2022, and published it on the website at <https://www.snpgroup.com/en/corporate-governance>.



## Group Non-Financial Report

The separate Group non-financial report in accordance with Sections 289b and 315b of the HGB can be viewed as part of the sustainability report on the SNP SE website at [www.snpgroup.com](http://www.snpgroup.com) (under Investor Relations – Corporate Governance – Separate Group Non-financial Report). It is not part of the Group management report.

## OTHER DISCLOSURES

### Acquisition-Related Disclosures

The disclosures as of December 31, 2022, which are required according to Art. 9 clause (1) (c) (ii) of the SE Regulation and Section 22 (6) of the SEAG in conjunction with Section 289 a and Section 315 a (1) of the HGB, are provided below. Those elements of Section 289 a (1) and Section 315 a (1) of the HGB that are not fulfilled at SNP Schneider-Neureither & Partner SE are not mentioned.

## Composition of Issued Share Capital

As of December 31, 2022, the share capital of SNP Schneider-Neureither & Partner SE amounted to € 7,385,780, consisting of 7,385,780 ordinary no-par-value bearer shares with a calculated share of capital of € 1.00 per share. Each share entitles the holder to one vote.

### Restrictions on Voting Rights or the Transfer of Shares

The subscribers to the capital increase against a contribution in kind which was implemented in connection with the acquisition of Datavard AG have submitted to a standard lock-up agreement with regard to the 173,333 new shares issued for a period of three years from the date of Datavard AG's acquisition.

The SNP shares are not registered shares with restricted transferability. As of December 31, 2022, the company holds 107,555 treasury shares. The company does not have any rights resulting from treasury shares and thus nor does it have any voting or dividend rights. No further restrictions affecting voting rights or the transfer of shares are known.

## Direct or Indirect Investments Exceeding 10% of Capital

### As of March 23, 2023:

Wolfgang Marguerre, Germany: 28.83% of the total voting rights, according to his voting rights notification of January 11, 2023; directly attributable pursuant to Section 33 of the WpHG.

Luxempart S.A., Leudelange/Luxembourg: 10.01% of the total voting rights, according to its voting rights notification of December 9, 2021; indirectly attributable pursuant to Section 34 of the WpHG.

### As of December 31, 2022:

Wolfgang Marguerre, Germany: 15.07% of the total voting rights, according to his voting rights notification of April 1, 2021; directly attributable pursuant to Section 33 of the WpHG.

Tatiana Schneider-Neureither, Germany: 12.81% of the total voting rights, according to her voting rights notification of April 9, 2021; attributed out of the community of heirs of Dr. Andreas Schneider-Neureither: 0.02% of the voting rights are directly attributable to Tatiana Schneider-Neureither pursuant to Section 33

of the WpHG; 12.79% of the voting rights are indirectly attributable to her pursuant to Section 34 of the WpHG. The other members of the community of heirs are Tristan Neureither, Neil Neureither, Ellie Schneider-Neureither and Eric Schneider-Neureither. Of this amount, the community of heirs of Dr. Andreas Schneider-Neureither holds 3% or more voting rights in SNP Schneider-Neureither & Partner SE via the following entities controlled jointly by them: Schneider-Neureither GmbH, SN Verwaltungs GmbH & Co. KG, SN Holding GmbH and SN Assets GmbH.

Luxempart S.A., Leudelange/Luxembourg: 10.01% of the total voting rights, according to its voting rights notification of December 9, 2021; indirectly attributable pursuant to Section 34 of the WpHG.

#### **Statutory Provisions and Provisions of the Articles of Incorporation on the Appointment and Dismissal of Managing Directors and the Amendment of the Articles of Incorporation**

With regard to the appointment and dismissal of Managing Directors, reference is made to the applicable statutory provisions in Section 40 of the SEAG. In addition, Section 12 (1) of the articles of incorporation of SNP SE stipulates that the Board of Directors shall appoint one or more Managing Directors. Managing Directors may be

recalled by way of a resolution of the Board of Directors by a simple majority of the votes cast. Pursuant to Section 12 (5) of the articles of incorporation of SNP SE, Managing Directors who are members of the Board of Directors may be recalled only for cause within the meaning of Section 84 (3) of the AktG or in case of the termination of the employment contract. In accordance with Art. 9 (1) clause c) (ii) of the SE Regulation, the amendment of the articles of incorporation is provided for in Sections 133 and 179 of the AktG. The Board of Directors is authorized to approve changes to the articles of incorporation that involve only wording (Section 8 (3) of the articles of incorporation of SNP SE).

#### **Powers of the Board of Directors to Issue or Repurchase Shares**

##### **2019 Authorized Capital**

The Board of Directors is authorized to increase the company's share capital by June 5, 2024, by up to a total of € 3,301,223 against cash or in-kind contributions through the issuance on one or more occasions of new no-par-value bearer shares (2019 Authorized Capital). In the event of cash contributions, the new shares may be taken over by one or more banks or companies within the meaning of Section 186 (5) (1) of the AktG with the obligation to offer them to shareholders for purchase (indirect subscription right).

The Board of Directors is authorized to exclude the subscription rights of the shareholders

- (1.) in order to exclude fractional amounts from the shareholders' subscription right;
- (2.) in case of capital increases against cash contributions in order to issue the new shares at an issue price that is not significantly lower than the market price (Sections 203 (1) and (2), 186 (3) (4) of the AktG) and provided that the number of shares issued does not exceed 10% of the share capital at the time the authorization becomes effective or – if this value is lower – at the time it is exercised (10% limit);
- (3.) for capital increases against contributions in kind, particularly for the purpose of directly or indirectly acquiring companies, operations or investments in companies or industrial property rights, licenses, patents, or other product rights or other assets;
- (4.) to the extent it is necessary, to ensure that the holders of warrants, convertible bonds or warrant-linked bonds issued by the company and its subsidiaries can be granted subscription rights for new shares to the extent that they will or would be entitled if they exercised their options or conversion rights.

Following its partial use in the 2020 and 2021 fiscal years, the 2019 Authorized Capital now amounts to € 2,517,890. No authorized capital was utilized in the 2022 fiscal year.

### **2021 Contingent Capital**

On June 17, 2021, the Annual General Meeting agreed a contingent share capital increase by up to € 3,606,223, divided into up to 3,606,223 no-par-value bearer shares (2021 Contingent Capital). The contingent capital increase will be executed only to the extent that the owners or creditors of warrant or conversion rights, or persons subject to conversion obligations, exercise their warrant or conversion rights or fulfill their conversion obligations, if applicable, arising from warrant-linked bonds or convertible bonds which are issued for cash or in-kind contributions and which are issued or guaranteed by the company until June 16, 2026 – by virtue of the authorization of the Board of Directors and the resolution passed by the Annual General Meeting on June 17, 2021 – or if the company exercises an option to grant shares in the company in whole or in part instead of paying the amount of money due, unless a cash settlement is permitted or the company's treasury shares are used for this

purpose. The new shares will be issued in accordance with the aforementioned authorization at option and conversion prices to be determined. The new shares participate in profits from the beginning of the fiscal year in which they arise. The Board of Directors is authorized to determine further details regarding the execution of the contingent capital increase and to amend the wording of the articles of incorporation in accordance with the issuance of shares out of the contingent capital.

### **Share Buyback**

The company was authorized by the Annual General Meeting in the period from June 30, 2020, up to June 29, 2025, to purchase treasury shares for up to 10% of the share capital at the time of the resolution or – if this value is lower – of the share capital at the time of utilization of the authorization for any purpose permitted by law.

### **Significant Agreements with Change-of-Control Clauses**

SNP SE has concluded the following significant agreements which include provisions covering the scenario of a change of control, e.g., due to a takeover offer:

In its borrower's note loan contracts with a nominal volume of € 41.5 million, the lenders have an extraordinary right of termination in the event of the borrower being incorporated within another company. In a finance agreement for which a volume of € 20.0 million has been paid out, the lender has a right of early repayment in the event of a change of control, as provided for in this agreement.

Similar rights of termination in the event of a change of control are stipulated in some contracts with partners and customers.

Heidelberg, Germany, March 23, 2023

The Managing Directors

Dr. Jens Amail

Michael Eberhardt

Prof. Dr. Thorsten Grenz

Gregor Stöckler

Success Story

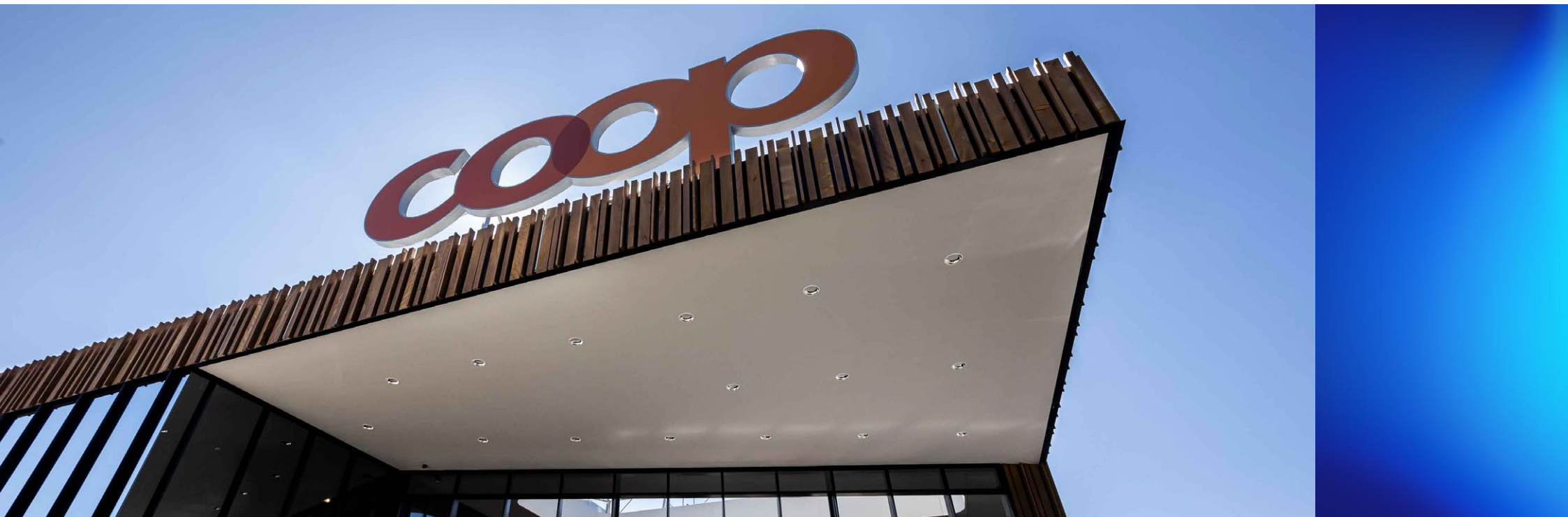
# Coop

**"We had to migrate two exceptionally large ERP systems – the cores of our merchandise management system in Switzerland – at the same time on one weekend. Downtimes lasting several days were not an option. The migration using SNP's BLUEFIELD™ approach went smoothly – and even came in under the original time estimate."**

**Stefan Gempp, Head of IT Systems for Purchasing/Master Data/Promotions, Coop**



Scan the QR code  
and learn more about  
the successful project.



Success Story

# RWE

**“SNP is the specialist for all transformation projects in the context of complex restructuring. We had a reliable partner who was able to implement frequently changing specifications and framework conditions within the specified time frame.”**

**Frank Brauer, Head of Corporate Finance IT**



Scan the QR code  
and learn more about  
the successful project.



# Consolidated Financial Statements

**CONSOLIDATED BALANCE SHEET**

to December 31, 2022

**ASSETS**

in € thousand	Notes	12/31/2022	12/31/2021 adjusted*	01/01/2021 adjusted*
<b>Current assets</b>				
Cash and cash equivalents	15.	38,367	40,337	25,961
Other financial assets	16.	11,505	1,176	20,383
Trade receivables	17.	64,730	52,072	37,662
Contract assets	18.	9,642	11,665	7,642
Other non-financial assets	19.	3,543	4,005	2,854
Tax receivables	31.	2,368	826	81
Liabilities resulting from assets held for sale		0	0	31,398
		<b>130,155</b>	<b>110,081</b>	<b>125,981</b>
<b>Non-current assets</b>				
Goodwill	10.	72,597	70,376	33,605
Other intangible assets	20.	19,123	23,284	5,422
Property, plant and equipment	21.	5,188	5,313	4,396
Right-of-use assets	22.	15,023	16,426	17,511
Other financial assets	16.	1,112	20,092	592
Investments accounted for under the equity method	23.	225	225	225
Trade receivables	17.	15,525	15,051	12,571
Other non-financial assets	19.	251	134	147
Deferred taxes	31.	5,771	5,078	6,223
		<b>134,815</b>	<b>155,979</b>	<b>80,692</b>
		<b>264,970</b>	<b>266,060</b>	<b>206,673</b>

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

\* Further information on the restated figures for the previous year can be found in the Notes in the section "Changes in presentation".

## EQUITY AND LIABILITIES

in € thousand	Notes	12/31/2022	12/31/2021 adjusted*	01/01/2021 adjusted*
<b>Current liabilities</b>				
Trade payables	24.	10,759	8,339	4,613
Contract liabilities	18.	10,856	10,652	6,178
Tax liabilities	31.	1,372	1,930	2,269
Financial liabilities	25.	12,247	41,011	12,758
Other non-financial liabilities	27.	28,598	26,610	18,225
Provisions	28.	804	974	1,124
Liabilities resulting from assets held for sale		0	0	8,819
		<b>64,636</b>	<b>89,516</b>	<b>53,986</b>
<b>Non-current liabilities</b>				
Contract liabilities	18.	174	1,036	2,134
Financial liabilities	25.	84,800	63,904	59,498
Other non-financial liabilities	27.	347	131	246
Provisions for pensions	30.	1,563	3,151	2,829
Other provisions	28.	382	126	0
Deferred taxes	31.	5,885	5,972	297
		<b>93,151</b>	<b>74,320</b>	<b>65,004</b>
<b>Equity</b>				
Subscribed capital	32.	7,386	7,386	7,212
Capital reserve	34.	97,124	96,818	87,068
Retained earnings	34.	7,320	5,714	4,725
Other components of the equity		915	-2,153	-8,380
Treasury shares	33.	-4,669	-4,892	-2,713
<b>Equity attributable to shareholders</b>		<b>108,076</b>	<b>102,873</b>	<b>87,912</b>
Non-controlling interests	35.	-893	-649	-229
		<b>107,183</b>	<b>102,224</b>	<b>87,683</b>
		<b>264,970</b>	<b>266,060</b>	<b>206,673</b>

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

\* Further information on the restated figures for the previous year can be found in the Notes in the section "Changes in presentation".



**CONSOLIDATED INCOME STATEMENT**

for the period from January 1 to December 31, 2022

in € thousand	Notes	2022	2021
<b>Revenue</b>		<b>173,424</b>	<b>166,969</b>
Service	10.	117,336	115,808
Software	10.	56,088	51,161
Capitalized own services		0	158
Other operating income	38.	14,085	6,448
Cost of material	39.	-23,998	-25,284
Personnel costs	40.	-109,132	-106,484
Other operating expenses	41.	-35,938	-24,435
Impairments on receivables and contract assets		-231	-425
Other taxes		-604	-691
<b>EBITDA</b>		<b>17,606</b>	<b>16,256</b>
Depreciation and impairments on intangible assets and property, plant and equipment		-10,816	-9,954
<b>EBIT</b>		<b>6,790</b>	<b>6,302</b>
Other financial income		531	200
Other financial expenses		-3,538	-1,878
<b>Net financial income</b>	42.	<b>-3,007</b>	<b>-1,678</b>
<b>EBT</b>		<b>3,783</b>	<b>4,624</b>
Income taxes	31.	-2,378	-4,022
<b>Consolidated income/net loss</b>		<b>1,405</b>	<b>602</b>
Thereof:			
Profit attributable to non-controlling shareholders		-212	-387
Profit attributable to shareholders of SNP Schneider-Neureither & Partner SE		1,617	989
<b>Earnings per share (€)</b>	13.	<b>€</b>	<b>€</b>
- Undiluted		0.22	0.14
- Diluted		0.22	0.14
<b>Weighted average number of shares</b>	13.		
- Undiluted		7,276,587	7,115,145
- Diluted		7,276,587	7,115,145

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the period from January 1 to December 31, 2022

in € thousand	2022	2021
<b>Net income for the period</b>	<b>1,405</b>	<b>602</b>
<b>Items that may be reclassified to profit or loss in the future</b>		
Currency translation differences	1,812	5,620
Deferred taxes on currency translation differences	0	0
	<b>1,812</b>	<b>5,620</b>
<b>Items that will not be reclassified to profit or loss</b>		
Change from the revaluation of defined benefit pension plans	1,524	711
Deferred taxes on revaluation of defined benefit pension plans	-327	-137
	<b>1,197</b>	<b>574</b>
<b>Income and expenses directly recognized in equity</b>	<b>3,009</b>	<b>6,194</b>
<b>Total comprehensive income</b>	<b>4,414</b>	<b>6,796</b>
Profit attributable to non-controlling shareholders	-271	-420
<b>Profit attributable to shareholders of SNP Schneider-Neureither &amp; Partner SE in total comprehensive income</b>	<b>4,685</b>	<b>7,216</b>

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

**CONSOLIDATED CASH FLOW STATEMENT**

for the period from January 1 to December 31, 2022

in € thousand	2022	2021
<b>Profit after tax</b>	<b>1,405</b>	<b>602</b>
Depreciation	10,816	9,954
Change in provisions for pensions	-1,589	-1,003
Other non-cash income/expenses	-2,885	784
Changes in trade receivables, contract assets, other current assets, other non-current assets	-13,846	-18,529
Changes in trade payables, contract liabilities, other provisions, tax liabilities, other current liabilities	4,142	6,814
Other adjustments to profit or loss for the period attributable to investing activities	1,427	0
<b>Cash flow from operating activities (1)</b>	<b>-530</b>	<b>-1,378</b>
Payments for investments in property, plant and equipment	-1,635	-2,254
Payments for investments in intangible assets	-164	-470
Proceeds from investments in financial assets	0	20,000
Proceeds from the disposal of items of intangible assets and property, plant and equipment	287	221
Proceeds from the sale of consolidated companies and other business units	11,763	5,506
Payments resulting from the acquisition of consolidated companies and other business units	-10,315	-15,902
<b>Cash flow from investing activities (2)</b>	<b>-64</b>	<b>7,101</b>
Payments for the purchase of treasury shares	0	-2,179
Proceeds from loans taken out	32,500	24,618
Payments for the settlement of loans and other financial liabilities	-28,792	-13,367
Payments resulting from the settlement of lease liabilities	-4,613	-4,254
<b>Cash flow from financing activities (3)</b>	<b>-905</b>	<b>4,818</b>
Changes in cash and cash equivalents due to foreign exchange rates (4)	-471	391
<b>Cash change in cash and cash equivalents (1) + (2) + (3) + (4)</b>	<b>-1,970</b>	<b>10,932</b>
Cash and cash equivalents at the beginning of the fiscal year	40,337	29,405
<b>Cash and cash equivalents as of December 31</b>	<b>38,367</b>	<b>40,337</b>
<b>Composition of cash and cash equivalents:</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	38,367	40,337
<b>Cash and cash equivalents as of December 31</b>	<b>38,367</b>	<b>40,337</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2022

in € thousand	Subscribed Capital	Capital reserve	Retained earnings	Other components of equity			Treasury shares	Shareholders of SNP SE attributable capital	Non-controlling shares	Total equity
				Currency conversion	Revaluation of performance-oriented obligations	Other components of equity Total				
<b>As of January 1, 2021</b>	<b>7,212</b>	<b>87,068</b>	<b>4,725</b>	<b>-7,391</b>	<b>-989</b>	<b>-8,380</b>	<b>-2,713</b>	<b>87,912</b>	<b>-229</b>	<b>87,683</b>
Capital increase	174	9,291						9,465		9,465
Purchase of own shares							-2,179	-2,179		-2,179
Stock option plan		459						459		459
Total comprehensive income			989	5,653	574	6,227		7,216	-420	6,796
thereof hyperinflation			-1,495	4,230		4,230		2,735		2,735
<b>As of December 31, 2021</b>	<b>7,386</b>	<b>96,818</b>	<b>5,714</b>	<b>-1,738</b>	<b>-415</b>	<b>-2,153</b>	<b>-4,892</b>	<b>102,873</b>	<b>-649</b>	<b>102,224</b>
Stock option plan		306					223	529		529
Transactions with non-controlling shareholders			-11					-11	27	16
Total comprehensive income			1,617	1,873	1,195	3,068		4,685	-271	4,414
thereof hyperinflation			-1,742	4,414		4,414		2,672		2,672
<b>As of December 31, 2022</b>	<b>7,386</b>	<b>97,124</b>	<b>7,320</b>	<b>135</b>	<b>780</b>	<b>915</b>	<b>-4,669</b>	<b>108,076</b>	<b>-893</b>	<b>107,183</b>

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

# Notes to the Consolidated Financial Statements

for the Fiscal Year Ended December 31, 2022

## 1. BASIC INFORMATION ON THE COMPANY

SNP Schneider-Neureither & Partner SE (hereinafter: "SNP"), seated at Speyerer Strasse 4, Heidelberg, Germany, is one of the world's leading providers of software for the management of complex digital transformation processes. With its proprietary software, SNP accelerates the secure transformation of IT landscapes and data structures so that companies can adjust to the ever-faster changes in the market with agility.

The company is entered into the commercial register of the Mannheim District Court under HRB 729172. Its shares are traded on the Prime Standard of the Frankfurt Stock Exchange under security identification number ISIN DE0007203705.

The consolidated financial statements of SNP Schneider-Neureither & Partner SE, Heidelberg, for the fiscal year ended December 31, 2022, were approved for publication by resolution of the Board of Directors on March 23, 2023.

## 2. GENERAL INFORMATION

The consolidated financial statements of SNP and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, pursuant to Section 315e (1) of the HGB.

The IFRS include the IFRS newly released by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC or IFRS IC) and the Standing Interpretations Committee (SIC), as adopted by the EU. At the same time, the consolidated financial statements satisfy the commercial law requirements according to Section 315e (1) of the HGB.

The consolidated financial statements were prepared in euros (€), the functional currency of the parent company. Unless otherwise stated, all amounts in the notes to the consolidated financial statements are provided in thousands of euros (€ thousand). Due to rounding, slight

discrepancies are possible in this report for total amounts as well as percentage figures.

The income statement was prepared according to the nature of expense method.

The consolidated financial statements are prepared on a historical cost basis, with the following exceptions:

- Contingent purchase price receivables in case of company sales: measurement at fair value
- Defined benefit pension plans: plan assets are measured at fair value
- Cash-settled share-based payment transactions: the remuneration plans, payable in cash, are measured at fair value
- Equity-settled share-based payment transaction: measurement of the equity instrument granted on the grant date is made at fair value
- Contingent consideration in case of a business combination: measurement at fair value
- Disposal groups: measured at fair value less costs to sell

### 3. APPLICATION OF NEW ACCOUNTING RULES

The following standards and interpretations of the International Accounting Standards Board (IASB) that have come into force have been adopted by the European Union (EU) and taken into consideration in the preparation of the consolidated financial statements as of December 31, 2022:

- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to the IFRS (2018–2020 Cycle)

The application of these new or revised standards and interpretations has not had any significant effect on the consolidated financial statements.

### 4. NEW ACCOUNTING RULES THAT HAVE NOT YET TAKEN EFFECT

The following standards and interpretations issued by the IASB have not yet taken effect as of the date of publication of these consolidated financial statements. The Group will apply these standards, where applicable, once they come into effect and are endorsed by the EU.

- IFRS 17 – Insurance Contracts<sup>1</sup>
- Amendments to IFRS 17 – Insurance Contracts (first-time application of IFRS 17 and IFRS 9 – Comparative Information)<sup>1</sup>
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies<sup>1</sup>
- Amendments to IAS 8 – Definition of Accounting Estimates<sup>1</sup>
- Amendments to IAS 12 – Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction<sup>1</sup>
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current<sup>2,4</sup>

- Amendments to IAS 1 – Classification of Debt with Covenants<sup>2,4</sup>
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback<sup>2,4</sup>
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3,4</sup>

SNP is still examining the future impact of the enumerated standards, amendments and interpretations on the consolidated financial statements. It is currently assumed that these new rules will not have a material impact on the Group's financial position and financial performance.

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<sup>1</sup> Applicable for fiscal years beginning on or after January 1, 2023.

<sup>2</sup> Applicable for fiscal years beginning on or after January 1, 2024.

<sup>3</sup> Date of initial application postponed indefinitely.

<sup>4</sup> EU endorsement not yet given.

## 5. CHANGES TO PRESENTATION

To date, SNP has linked reporting of trade receivables to the actual invoicing of the customer. Services not yet invoiced were reported under the contract assets. Since the 2022 fiscal year, all services for which a contractual right to payment applies are reported as trade receivables. This correction has only affected the presentation of the relevant items in the statement of financial position. The previous-year figures have been adjusted accordingly.

The following tables shows the adjustment of the relevant items in the consolidated statement of financial position at the end of the fiscal year and at the start of the fiscal year.

in € thousand	Effects of Changes to Presentation		
	1/1/2021 as previously reported	Adjustment	1/1/2021 adjusted
<b>Current assets</b>			
Trade receivables	25,600	12,062	37,662
Contract assets	19,704	-12,062	7,642
<b>Noncurrent assets</b>			
Trade receivables	0	12,571	12,571
Contract assets	12,571	-12,571	0

in € thousand	Effects of Changes to Presentation		
	12/31/2021 as previously reported	Adjustments	12/31/2021 adjusted
<b>Current assets</b>			
Trade receivables	33,807	18,265	52,072
Contract assets	29,930	-18,265	11,665
<b>Noncurrent assets</b>			
Trade receivables	0	15,051	15,051
Contract assets	15,051	-15,051	0

## 6. SCOPE OF CONSOLIDATION

Aside from SNP Schneider-Neureither & Partner SE, as the parent company, the scope of consolidation includes the following subsidiaries in which SNP holds the majority of the voting rights directly or indirectly.

The exemption rule pursuant to Section 264 (3) of the HGB has been used for the following companies included in the consolidated financial statements:

- SNP Deutschland GmbH, Heidelberg
- SNP Applications DACH GmbH, Heidelberg
- SNP GmbH, Heidelberg
- Hartung Consult GmbH, Berlin
- Innoplexia GmbH, Heidelberg
- ERST European Retail Systems Technology GmbH, Hamburg
- Datavard Software GmbH, Heidelberg

Company name	Company headquarters	Share ownership in %
SNP Deutschland GmbH	Heidelberg, Germany	100
SNP Applications DACH GmbH	Heidelberg, Germany	100
SNP GmbH	Heidelberg, Germany	100
Innoplexia GmbH	Heidelberg, Germany	100
ERST European Retail Systems Technology GmbH	Hamburg, Germany	100
Hartung Consult GmbH	Berlin, Germany	100
SNP Austria GmbH	Pasching, Austria	100
SNP (Schweiz) AG	Glattpark (Opfikon), Switzerland	100
SNP Resources AG	Glattpark (Opfikon), Switzerland	100
Harlex Consulting Ltd.	London, U.K.	100
SNP Digital Hub Eastern Europe sp. z o.o.	Suchy Las, Poland	100
SNP Labs Sp. z o.o.	Suchy Las, Poland	100
SNP Transformations, Inc.	Jersey City, New Jersey, USA	100
ADP Consultores S.R.L.	Buenos Aires, Argentina	100
ADP Consultores Limitada	Santiago de Chile, Chile	100
ADP Consultores S.A.S.	Bogotá, Colombia	100
SNP LATAM-MÉXICO S. de R.L. DE C.V.	Mexico City, Mexico	100
Shanghai SNP Data Technology Co., Ltd.	Shanghai, China	100
Qingdao SNP Data Technology Co., Ltd.	Qingdao, China	100
SNP Transformations SEA Pte. Ltd.	Singapore, Singapore	81
SNP Transformations Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	81
SNP Australia Pty Ltd.	Sydney, Australia	100
SNP Japan Co., Ltd.	Tokyo, Japan	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100
EXA AG	Heidelberg, Germany	84.9 <sup>1</sup>
EXA AG India Pvt. Ltd.	Bangalore, India	84.9 <sup>1</sup>
EXA AG America LLC	Reston, Virginia, USA	84.9 <sup>1</sup>
Datavard Software GmbH	Heidelberg, Germany	100
SNP Slovakia s. r. o. (previously Datavard s. r. o.)	Bratislava, Slovakia	100
SNP Software, s. r. o. (previously Datavard Software, s. r. o.)	Bratislava, Slovakia	100
Datavard Pte. Ltd.	Singapore, Singapore	100

<sup>1</sup> In March 2022, the shares held in EXA Group increased by 10% through the exercise of a put option. See also 10. Acquisitions / Business Combinations.

Datavard AG, Heidelberg, Germany, was merged with SNP Deutschland GmbH, Heidelberg, Germany, effective January 1, 2022.

Datavard AG, Regensdorf, Switzerland, was merged with SNP (Schweiz) AG, Glattpark (Opfikon), Switzerland, effective January 1, 2022.

Datavard Inc., West Chester, PA, USA, was merged with SNP Transformations, Inc., Jersey City, NJ, USA, effective March 1, 2022.

## 7. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are based on the annual financial statements of SNP Schneider-Neureither & Partner SE and its consolidated subsidiaries and are prepared according to uniform Group-wide accounting methods.

The fiscal year of SNP and its subsidiaries, bar two exceptions, ends on December 31. The fiscal year ends on September 30 at SNP Labs Sp. z o.o., Suchy Las, Poland, while at EXA AG India Pvt. Ltd, Bangalore, India, the fiscal year ends on March 31.

### 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.



## 8. CURRENCY TRANSLATION AND HYPERINFLATION

The consolidated financial statements are prepared in euros, the functional currency of the parent company and the reporting currency.

As of the reporting date, the assets and liabilities of the consolidated subsidiaries are translated into the euro at the closing rate. Income and expenses are translated at the weighted average exchange rate for the reporting month in question. The resulting differences are recognized as a separate component of equity under "Other components of equity."

We are applying IAS 29 – Financial. Reporting in Hyper-inflationary Economies to our subsidiary in Argentina, namely by adjusting this subsidiary's annual financial statements – prepared on a historical cost basis – for the current period while taking into account the change in the general purchasing power of the local currency based on relevant price indices as of the reporting date. The consumer price index IPC (Índice de precios al consumidor) is used for this purpose. The index value applied as of the reporting date was 1,134.5875 (December 31, 2021: 582.4575 / December 31, 2020: 385.8826). The adjusted annual financial statements of our subsidiary in Argentina are translated at the closing rate on the reporting date. The adjustments apply to all of the items in the financial statements that have not yet been expressed in the unit of measurement applicable as of the reporting date. A loss of € 1,031 thousand (previous year: € 912 thousand) has resulted from the net financial position.

The exchange rates of the currencies which are relevant for the consolidated financial statements have changed as follows:

Exchange rates Equivalent of € 1	currency	Closing rates		Average rates	
		12/31/2022	12/31/2021	2022	2021
US dollar	USD	1.0666	1.1326	1.0530	1.1827
Swiss franc	CHF	0.9847	1.0331	1.0047	1.0811
British pound	GBP	0.8869	0.8403	0.8528	0.8596
Argentine peso*	ARS	189.5871	116.1301	*	*
Chilean peso	CLP	916.9100	964.4400	917.5950	897.3935
Colombian peso	COP	5,130.5590	4,509.0620	4,470.9630	4,425.3307
Chinese yuan (renminbi)	CNY	7.3582	7.1947	7.0788	7.6282
Singapore dollar	SGD	1.4300	1.5279	1.4512	1.5891
Japanese yen	JPY	140.6600	130.3800	138.0300	129.8800

\* The average exchange rate of the Argentine peso against the euro does not apply here due to the application of IAS 29.

## 9. USE OF ESTIMATES

Preparation of the consolidated financial statements requires estimates and assumptions made by the Managing Directors that affect the amounts of assets, liabilities, income and expenses disclosed in the consolidated financial statements and the disclosure of contingent liabilities. Actual results may deviate from these estimates.

The most important assumptions about the future and other key sources of uncertainty regarding estimates as of the reporting date, as a result of which a significant risk exists that a material adjustment to the carrying amounts of assets and liabilities could be necessary, are discussed below.

Increased estimation uncertainty also applies regarding the further effects of the Russia-Ukraine war and the development of inflation and interest-rate levels. SNP assessed the expected impact within the scope of the preparation of its consolidated financial statements as of December 31, 2022, in particular in performing impairment testing for goodwill and intangible assets and in determining the impairment for expected credit losses on trade receivables and contract assets. SNP assumes that the estimates and assumptions made in relation to its financial statements appropriately reflect its position as of the preparation of the consolidated financial statements.

### Recognition of Revenue

Progress in customer-specific projects is measured by means of the input-based cost-to-cost method. Under this method, the total anticipated cost of the project, its resulting percentage of completion, the revenue it is expected to generate and other factors must be estimated. The underlying assumptions and estimates inherent in the determination of the degree of completion affect the amount and timing of revenue recognition so that it is subject to uncertainty. If sufficient information is not available, revenue is recognized only in the amount of the costs that have been incurred.

We are required to determine the following factors for accounting for our multi-component contracts:

- Which contracts with a specific customer must be reported as an overall contract.
- Which performance obligations for an overall contract may be individually identified and must therefore be separately reported.
- How the overall fee for an overall contract should be broken down into its performance obligations.

The assessment of whether various contracts with a given customer must be reported as an overall contract entails significant discretionary judgment, since we must evaluate whether these contracts were jointly negotiated or are otherwise linked with one another. The timing and amount of revenue recognition may differ, depending on whether two contracts are reported separately or as an overall contract. The overall fee is divided up into individual performance obligations according to estimates based on historical data. Individual sale prices for which goods or services have been previously separately sold to customers are applied.

### Measurement of trade receivables and contract assets

SNP takes into account impairment of trade receivables and contract assets by recognizing decreases in revenue as well as impairment in accordance with the simplified impairment model provided by IFRS 9. This involves taking the expected credit losses into account via an impairment matrix. Specific valuation allowances

are also recognized if necessary. The assessment of whether a receivable can be collected entails discretionary judgments and requires assumptions regarding bad debt losses that may be subject to significant changes. Discretionary judgments are necessary where we assess the available information in regard to the financial situation of a specific customer to determine whether a bad debt loss is probable, the amount of this bad debt loss can be reliably estimated and an allowance is thus necessary for this customer. Determination of the expected credit losses for remaining receivables on the basis of past experience also entails discretionary judgments, since past trends may not be representative of future development. Changes in our estimates in relation to the allowances for doubtful accounts may have a significant impact on our reported assets and expenses. In addition, our Group earnings might be adversely affected if the actual bad debt losses are significantly higher than we had assumed.

### Leases

In order to determine the terms of leases, the management takes into consideration all facts and circumstances which offer an economic incentive to exercise extension options or not to exercise termination options. Periods for which extension or termination options apply will only be included in the term of the agreement where an extension or non-exercise of a termination option is reasonably probable.

The following rules for the determination of the terms of leases apply in connection with leasing of office space:

- In the event that the exercise of a termination option or the non-exercise of an extension option will result in significant economic disadvantages for the Group, as a rule it will be reasonably probable that the Group will not terminate, or will extend, the agreement.
- In case of leasehold improvements that have a significant residual value, as a rule it will be reasonably probable that the Group will extend, or will not terminate, the agreement.
- In addition, other factors such as historical lease terms, as well as costs and interruptions of business which the Group will incur if a leasing asset must be replaced, will likewise be taken into consideration.

The original assessment will be reevaluated in case of a significant event or a significant change in circumstances which is liable to influence the previous assessment, where the lessee has control over this.

#### **Accounting for Income Taxes**

Due to the international nature of our business activity, we are subject to changes in tax legislation in our Group's various jurisdictions. Moreover, our ordinary business activities include transactions whose ultimate tax consequences are uncertain due to different interpretations of tax legislation. In addition, the income

taxes paid by us are subject to ongoing tax audits carried out by German and foreign tax authorities. Discretionary judgments are therefore necessary in order to determine our global income tax liabilities. We assess the development of tax uncertainties on the basis of current tax legislation and our interpretations. Changes in the assumptions that form the basis of these estimates and results that differ from these assumptions may give rise to significant adjustments to the carrying amount of our income tax liabilities. The assessment of whether a deferred tax asset is impaired requires discretionary judgments on the part of the management since we must estimate future taxable income in order to determine whether use of this deferred tax asset is probable. For assessment of our ability to use our deferred tax assets, we consider all of the available information, including taxable income realized in the past, as well as the predicted taxable income in the periods in which these deferred tax assets are expected to be realized. Our assessment of future taxable income is based on assumptions regarding the future market conditions and the future profits of SNP. Changes in these assumptions and results that differ from these assumptions may give rise to significant adjustments to the carrying amount of our deferred tax assets.

#### **Accounting for Business Combinations**

Within the scope of accounting for business combinations, discretionary judgments are necessary within

the scope of the assessment as to whether an intangible asset can be identified and should be recognized separately from goodwill. In addition, an estimate of the fair values of the identifiable acquired assets and assumed liabilities, as well as any earn-out obligations which may need to be recognized, as of the date of acquisition entails significant discretionary judgments on the part of the management. The necessary assessments are based on the information that is available as of the date of acquisition, as well as the expectations and assumptions that the management deems appropriate. These discretionary judgments, estimates and assumptions may have a significant impact on our financial position and financial performance due to the following reasons, for example:

- The fair values assigned to the assets subject to depreciation will affect the value of the depreciation recognized in the operating result in the periods following the acquisition.
- Subsequent adverse changes to the estimated fair values of assets might result in additional expenses due to impairment.
- Subsequent changes in the estimated fair values of earn-out obligations, other liabilities and provisions may result in additional expenses (in the case of an increase in the estimated fair values) or additional income (in case of a decrease in the estimated fair values).

### Subsequent Accounting for Goodwill and Other Intangible Assets

Discretionary judgments are necessary:

- For determination of the economic useful life of an intangible asset, since here, we estimate the period in which this intangible asset is likely to provide us with an economic benefit
- For determination of the method of amortization, since according to the IFRS, assets must undergo amortization on a straight-line basis unless we can reliably determine consumption of the future economic benefit
- For the capitalization of internally generated intangible assets

The amortization period and the amortization method both affect the expenses for amortization recognized in the individual periods.

The assessment of impairment of our goodwill and intangible assets is highly dependent on the management's assumptions regarding future cash flows and economic risks that entail significant discretionary judgments and assumptions in regard to future developments. These may be influenced by a large number of factors, such as:

- Changes to business strategy
- Internal forecasts
- Estimates of our weighted average cost of capital (WACC)
- Capitalization of research and development costs

Changes to the underlying assumptions for our assessments of impairment of our goodwill and intangible assets may result in significant adjustments to the carrying amount of our recognized goodwill and intangible assets as well as to the impairment losses recognized through profit or loss.

### Disposal Groups Held for Sale

Groups of assets held for sale and liabilities directly associated with these assets (disposal groups) are measured at the lower of their carrying amount and their fair value less costs to sell. Fair value less costs to sell may be determined on the basis of estimates and assumptions made by the management, which are subject to a degree of uncertainty.

## 10. KEY ACCOUNTING POLICIES

In order to improve the clarity and informational value of the financial statements, individual items in the statement of financial position and in the income statement have been aggregated and disclosed separately in the Notes.

### Financial Instruments

At SNP, financial instruments are reported under the following items on the statement of financial position: cash and cash equivalents, other financial assets, trade receivables, trade payables and financial liabilities.

Receivables are derecognized when their non-collectability is determined with definitive effect. Financial liabilities are derecognized when the contractual obligations are settled, canceled or have expired. Trade receivables without a significant financing component are stated at the transaction price in accordance with IFRS 15.

### Financial assets

The category "financial assets measured at amortized cost" is the most significant for the purposes of the consolidated financial statements of SNP. SNP measures financial assets at amortized cost if the following two conditions are satisfied:

- The financial asset is held as part of a business model that aims only to hold financial assets in order to collect the contractual cash flows and
- the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal amount outstanding arising on specified dates.

There are no financial assets “measured at fair value through profit or loss” at the end of the year under review. In the previous year, these mainly comprised contingent purchase price receivables resulting from company sales.

The Group did not hold any assets in the “measured at fair value through other comprehensive income” category in the reporting year or in the previous year.

#### Impairment for Expected Credit Losses Relating to Trade Receivables and Contract Assets

The IFRS 9 simplified impairment model is applied in order to determine the impairment for trade receivables and contract assets. The expected credit losses are determined over the entire term by means of an impairment matrix. For the purposes of the impairment matrix, we assigned our local subsidiaries to various risk classes, mainly on the basis of the information available regarding the country risk classification for their home country. We then assess the default risk for trade receivables and contract assets on the basis of the historical default risks as well as current information available in relation to the country risk classification. On the basis of our analyses – including in the context of the impact of the coronavirus pandemic, the war in Ukraine, the high level of inflation and rising interest rates – historical default rates generally serve in this respect as a reasonable approximation of the default risks envisaged in the future. Outstanding receivables are continuously

monitored at a local level in order to determine whether there are any objective indications that the credit standing of our trade receivables and contract assets is impaired. Information regarding significant financial difficulties for the customer or non-compliance with a payment plan, for example, will indicate the impairment of trade receivables and contract assets. If these aspects apply, the impairment is adjusted accordingly, meaning the receivables are considered to have been lost (risk class 6) and a 100% write-down is recognized. Our consolidated income statement includes expenses resulting from expected credit losses due to the application of the impairment matrix as well as customers with impaired credit standing separately under “Impairment on receivables and contract assets.” Outstanding debts are written off in part or entirely if we assume that their realization is improbable. For example, this may be the case if the insolvency proceedings for the customer have been completed or all of the options for the recovery of claims have been exhausted.

We apply the general impairment rules under IFRS 9 for bank balances, debt instruments and loans, as well as other financial receivables not classified at fair value through profit or loss. We exclusively invest financial resources with well-known financial institutions in order to minimize the default risk. By virtue of the historical default data, we do not envisage any significant credit risk in this respect. On account of the small number of individual items, impairment for other financial assets has been determined on the basis of the specific credit risk.

#### Financial Liabilities

With the exception of contingent purchase price obligations resulting from company acquisitions, SNP measures financial liabilities at amortized cost through profit or loss using the effective interest method. Gains and losses are also recognized in profit or loss if the liability is derecognized or modified.

At SNP, for example, promissory note loans, which are reported under “financial liabilities,” are measured at amortized cost.

In May 2020, a low-interest working capital loan granted by the German government was taken out with a volume of € 10,000 thousand. This fixed-rate amortizing loan has a term of approx. 5 years. Standard covenants have been agreed that include termination options. This working capital loan has been carried at fair value as of initial recognition and will be subsequently measured at amortized cost, in accordance with the effective interest method. The difference between the payment received and the fair value of the loan, determined at the time of initial recognition on the basis of a market interest rate, is a benefit that has been treated as a government grant. This grant has been recognized in the statement of financial position as deferred income, under other non-financial liabilities, and will be released to income over the term of the loan, in accordance with the effective interest method. In the income statement, this release of deferred income has been presented as a decrease in

interest expense (net method). As of the balance sheet date, deferred income amounts to € 131 thousand (previous year: € 246 thousand).

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

Financial liabilities “measured at fair value through profit or loss” comprise contingent purchase price obligations resulting from company acquisitions.

#### Fair Value of Financial Assets and Liabilities

The measurement methods applied to determine the fair value of financial instruments include:

- Quoted market prices or dealer prices for similar financial instruments
- The discounted cash flow method
- Option pricing models

The carrying amount of cash and cash equivalents, receivables and current liabilities corresponds to their fair value in view of the short-term maturities of these instruments.

#### Goodwill

Goodwill is attributable to the cash-generating units as follows:

in € thousand	2022	2021
Services	58,394	56,211
Software	3,734	3,696
EXA	10,469	10,469
<b>Total</b>	<b>72,597</b>	<b>70,376</b>

The impairment test is based on the value in use, which is determined by discounting the planned cash flows resulting from the continuation of the individual units. Cash flow planning is based on the current operating results and a four-year business plan. Cash flows in subsequent years are updated using a constant growth rate of 1.0% (previous year: 1.0%). These cash flow forecasts are discounted to the value in use at a pretax rate of 11.2% to 13.3% (previous year: 9.7% to 10%). Business planning takes into account both current information and historical developments. No impairment losses were required either in the reporting year or in the previous year.

As part of a sensitivity analysis for the cash-generating units, the planned segment revenue was reduced by 10%, the weighted cost of capital before tax was increased by 1.0 percentage points or the EBIT margin was reduced by 1.0 percentage points. The aforementioned sensitivity analysis shows that no impairment is required for the goodwill in the Software and EXA segments. In the Service segment, a decline in the EBIT margin by 1.0 percentage point results in an impairment requirement of € 956 thousand, while a reduc-

tion in the planned segment revenue by 10% and an increase in the weighted cost of capital by 1.0 percentage point results in no impairment requirement in the Service segment.

There is estimation uncertainty regarding the following assumptions underlying the calculation of the value in use of each unit:

- Revenue growth
- EBIT margin
- Discount rate
- Growth rate

Revenue growth and EBIT margins are planned on the basis of the detailed planning for 2023. Growth assumptions are made on this planning analogous to the 3-year planning and these are then reconciled to the terminal value.

The discount rates represent current market assessments regarding the specific risks relevant to the cash-generating units, including the interest effect and the specific risks of the assets. The calculation of the discount rate takes into account the specific circumstances of the Group and the business segment being tested for impairment and is based on its weighted average cost of capital (WACC). The weighted average cost of capital (WACC) was derived from the capital asset pricing model (CAPM). Data from a financial ser-

vices provider was used in part to derive the beta factor in a peer-group analysis (peer companies in the same industry) in order to take into account the business segment-specific risk. Other parameters are the market risk premium and the basic interest rate. The weighted average cost of capital reflects both debt and equity.

The growth rates are based on industry-related expected values.

In the 2022 reporting year, there were positive currency translation effects with regard to goodwill of € 2,220 thousand (previous year: € -3,460 thousand) in accordance with IAS 21. This includes a positive effect in the amount of € 2,972 thousand from the application of IAS 29 (previous year: € 3,080 thousand).

#### **Intangible Assets**

Straight-line amortization is based on useful lives of three to ten years.

There are currently no intangible assets with indefinite useful lives.

#### **Research and Development Costs**

In the 2022 fiscal year, pure research and development expenses totaling € 18,606 thousand (previous year: € 19,046 thousand) were recognized as expenses, since a clear distinction between the research and development phases was not possible. This corresponds to 10.7% of revenue (previous year: 11.4%).

In the 2022 fiscal year, no software costs or externally awarded development work (previous year: € 358 thousand) and no work performed (previous year: € 158 thousand) which was mainly required for the completion of internal software projects have been capitalized.

#### **Property, Plant and Equipment**

Property, plant and equipment are measured at historical cost less cumulative depreciation and impairment losses. They essentially comprise office equipment, vehicles and computers and are depreciated on a straight-line basis over an economic useful life of one to twenty-three years.

On every reporting date, the Group evaluates whether there are indications that an asset could be impaired. If such indications exist, the Group estimates the recoverable amount.

#### **Leases**

Leases are reported in accordance with IFRS 16 "Leases." A lease will apply where a contract for the use of an identified asset provides an entitlement in return for payment of a fee for a specific period.

Transactions in which SNP is a lessee are recognized according to the right-of-use asset model. The practical expedients are made use of for low-value leased assets and for short-term leases (twelve months or less) and the payments are recognized as expense in the income statement, on a straight-line basis over the

term of the lease. In addition, the IFRS 16 rules have not been applied to leases of intangible assets.

A lease liability will be carried in the amount of the present value of the existing payment obligation. In case of agreements that comprise both leasing components and non-leasing components – with the exception of real estate leases – these components have not been separated. The measurement of the lease liability includes fixed lease payments as well as variable lease payments which are based on an index. For the purpose of the present value calculation, discounting is implemented by means of a risk- and maturity-equivalent incremental borrowing rate if it is not possible to determine the implicit interest rate. The Group applies a risk-free interest rate which it adjusts in line with the lessee's credit risk. Further adjustments are made for the lease term, the country-specific risk and the lease currency. The liability is updated in subsequent periods according to the effective interest method.

Lease liabilities are reported in the consolidated statement of financial position in the financial liabilities item.

The Group remeasures the lease liability and adjusts the corresponding right-of-use asset in the following cases:

- The lease term has changed or a significant event or a significant change in circumstances results in a change in the assessment regarding the exercise of a purchase option. In this case, the lease liability will be

remeasured by discounting the adjusted lease payments on the basis of an updated interest rate.

- The lease payments change due to index or rate changes or due to a change in the expected payment on account of a residual value guarantee. In these cases, the lease liability will be remeasured by discounting the adjusted lease payments on the basis of an unchanged discount rate (unless the change in the lease payments is attributable to a change in a variable interest rate, in which case an updated discount rate must be used).

In accordance with the lease liability, a right-of-use asset will be recognized in the amount of the present value of the lease payments. This right-of-use asset will subsequently be recognized as amortized cost. Depreciation is recognized on a straight-line basis over the shorter of the lease term and the economic useful life of the identified asset. Where events or changes of circumstances suggest impairment, impairment testing will be implemented.

Right-of-use assets are shown in the consolidated statement of financial position as a separate item.

A series of leases – particularly for real estate – include extension and termination options. Such contract terms offer the Group the greatest possible operational flexibility. Lease terms are therefore determined on the basis of significant assumptions and estimates. For more detailed information, please see item 9 “Use of Estimates.”

The Group does not enter into any significant agreements as a lessor.

## Liabilities

### Financial Liabilities

See comments in the “Financial Instruments” section.

### Provisions for Pensions

The calculations required for the projected unit credit method are based on actuarial studies taking into account biometric data. The amounts recognized in the statement of financial position include the actuarial gains and losses arising from changes in inventories and deviations between the assumptions made and actual developments. Actuarial gains and losses are offset without effect on profit or loss. The expense incurred from the allocation of pension provisions in the amount of the current service cost is reported under personnel costs, while the interest component contained therein is recognized in net financial income.

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

### Share-Based Payment Arrangements

Share-based payment arrangements are recognized in accordance with IFRS 2.

In 2021, the Board of Directors agreed a long-term incentive scheme (LTI scheme) with the Managing Directors. The details of this plan are described in item 29 “Share-based payment transactions.” The resulting expense is shown in the personnel expenses item, and the liability increases the capital reserves.

The long-term incentive scheme (LIT) established by the Group for the Managing Directors with effect as of January 1, 2019, was a cash-settled share-based payment transaction. The resulting expenses and liabilities by way of settlement of these obligations were recognized over the expected vesting period. This amount was remeasured on each reporting date and valued by means of an option pricing model. Fair value changes were recognized through profit or loss. The resulting expense was shown in the personnel expenses item, with the liability reported as employee-related provisions or liabilities. The 2019 LTI program ended in the 2020 fiscal year and the related payment was made in the 2021 fiscal year.

In the 2020 fiscal year, SNP launched a stock option plan with settlement in equity instruments for certain employees. In addition, a subsidiary has a stock option program for two executives of the company with settlement in equity instruments. The details of this plan are described in item 29 “Share-based payment transactions.” These are measured at the fair value of the equity instrument on the grant date. Please see item 29 for further information on the determination of the fair val-



ue of the equity-settled share-based payment transactions. The fair value determined as of the grant of the equity-settled share-based payment transactions is recognized as an expense on a straight-line basis over the period up to the date on which the equity instruments become vested – with a corresponding increase in the capital reserves – and is based on the Group's expectations regarding the equity instruments which are expected to become vested. On each reporting date, the Group is required to review its estimates regarding the number of equity instruments that become vested. Where applicable, the effects of the changes to the original estimates must be recognized in profit and loss. They will be recognized such that the overall expense reflects the change in the estimate and results in a corresponding adjustment of the capital reserves.

### Treasury Shares

In the 2019 to 2021 fiscal years, SNP repurchased 90,820 treasury shares via a buyback program ending in May 2021. In the 2022 fiscal year, the company transferred 5,147 of its treasury shares to its Managing Directors as part of its LTI program. The number of treasury shares currently held is 107,555. The acquisition cost of € 4,668,783.13 has been disclosed as of December 31, 2022, as a negative item in equity in accordance with IAS 32.33.

### Taxes

#### Deferred Taxes

Deferred tax assets for accounting and measurement differences and for tax loss carryforwards that have been accumulated and can be carried forward have been recognized only to the extent that it can be assumed with sufficient probability that these differences will lead to the recognition of a corresponding benefit in the foreseeable future. As a general rule, the next four fiscal years are considered to be the foreseeable future. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are recognized in the consolidated statement of financial position as noncurrent assets and liabilities.

No deferred tax liabilities are recognized on retained profits of subsidiaries and associates, as the direct parent company can influence/control the time at which the temporary differences of € 8,862 thousand (previous year: € 11,608 thousand) are reversed and it is likely that they will not be reversed in the near future. For all deductible differences resulting from shares in subsidiaries and associates, deferred tax assets are only recognized to the extent that the temporary differences are likely to be reversed in the foreseeable future and taxable results will be available for use.

Deferred tax assets are recognized on the basis of the relevant companies' budgetary accounting. This budgetary accounting is revised annually and requires a large number of assessments. These assessments may be revised due to changes in the market and the competitive environment, the respective company's customer structure and the general economic situation. Due to regular reassessment, the deferred tax assets item may be subject to significant fluctuations.

#### Recognition of Revenue

SNP generates revenue when control over distinct services and products passes to the customer, that is, when the customer is able to direct the use of and obtain substantially all of the remaining benefits from the transferred services and products. This is subject to the proviso that a contract featuring enforceable rights and obligations has been concluded and, among other things, that the consideration is likely to be received.

Our revenue is generated from the following typical performance obligations:

#### Services

- Consulting services
- Training and other services

### Software

- Cloud and Software as a Service (SaaS)
- Licenses
  - Licenses for proprietary developments
  - Licenses for commercial transactions (reselling)
- Maintenance

### EXA

- Consulting services
- Licenses
- Maintenance

Consulting fees mainly relate to the installation of software products, the implementation of transformation projects, projects associated with SAP Solution Manager and traditional IT consulting.

Cloud revenue is generated by the provision of IT infrastructure, generally comprising storage space, computing power and application software as a service.

Software licensing fees result from the license fees that we realize through the sale or licensing of software to customers for use on their own hardware.

The maintenance fees generally relate to standardized support services. These include unspecified future software updates, upgrades and enhancements, as well as technical product support services for on-premise software.

Software as a service is a license and sales model through which we offer software applications over the Internet, that is, as a service. We report the related revenue as software as a service revenue in the Software business segment.

Most of the various products and services whose delivery or performance is promised in our customer contracts are classified as separate performance obligations.

Products and services that are not distinct are combined into one performance obligation.

The transaction price is determined in line with the contractual terms and conditions. These largely provide for a fixed price. Variable fees and significant financing components are generally not agreed in contracts with customers.

Revenue in the Services business segment is recognized over time. Revenue is recognized based on the percentage of completion, in accordance with an input-based method. This is calculated as the ratio of the order hours incurred up until the reporting date to the total order hours as estimated on the reporting date. An expected loss is expensed immediately. Invoicing is based on the contractual terms and conditions.

Revenue in the cloud business and from maintenance contracts is recognized on a straight-line basis over the period in which the associated benefits are provided.

Licensing fees are generally recognized at a point in time. Non-distinct project-related licenses that are used during a consulting project are recognized over the project term, over time, in line with their use.

The management believes that the methods selected best reflect the development of the provision of benefits to the customer.

Customers are invoiced close to the time of the provision of benefits based on contractually defined milestones and advance payments are collected. The payment terms vary depending on the region involved, but generally provide for payment within 30 to 90 days.

### Net Financial Income

Along with interest income from loans granted, financial income also includes other income directly associated with financing or an investment in financial assets. Compound interest effects from the measurement of contingent purchase price receivables at fair value are also recognized under financial income.

Besides interest expenses from loans, lease liabilities and pension obligations, financial expenses include other expenses directly associated with financing or an investment in financial assets, where their recognition in equity is not required. Interest expenses are recognized in the income statement according to the effective interest method. Borrowing costs are not capitalized. Compound interest effects from the measurement of contingent purchase price liabilities at fair value are also recognized under financial expenses.

## 11. ACQUISITIONS / BUSINESS COMBINATIONS

### Acquisitions in the 2022 fiscal year

#### Increased Shareholding in the EXA Group

In March 2022, NIANK GmbH, Hirschberg, Germany, exercised the put option (early exit option) provided for in its shareholder agreement. 10% of the shares in EXA AG were subsequently transferred to SNP SE. The purchase price of the shares was € 5,317 thousand; half of this amount was paid in May 2022 and the other half in July 2022, reducing the purchase price liability accordingly. SNP SE thus now holds 84.9% of the shares in EXA AG.

### Acquisitions in the previous year

#### Acquisition of the EXA Group

With economic effect as of March 1, 2021, SNP acquired 74.9% of the shares in the EXA Group. The remaining 25.1% of EXA shares are retained by Divya Vir Rastogi, CEO and co-founder of EXA, with a put option from 2024 and a call option from 2025. In addition, a put option applies overall for up to 10% of the shares. This option may be exercised three months after the adoption of the annual financial statements as of December 31, 2021, or December 31, 2022. From an economic viewpoint, the shares were already attributable to SNP SE as of March 1, 2021.

The EXA Group consists of its parent company, EXA AG in Germany, as well as a subsidiary in India and a subsidiary in the USA. EXA is a leading provider of transformation solutions in the area of financial management with a focus on the topics of operational transfer pricing and the global value chain. The SNP Group expects the strategic expansion of its portfolio to produce considerable synergies in go-to-market strategies and product development, which will have a positive impact on its performance. Furthermore, this acquisition will increase the proportion of recurring revenues within the SNP Group.

From a Group perspective, 100% of the shares are attributable to SNP SE as of March 1, 2021, due to existing put/call options. At this time, business operations were incorporated into the 2021 consolidated financial statements. The initial consolidation took place in accordance with IFRS 3 ("Business Combinations") using the acquisition method.

#### 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	10,516
Liabilities	1,000
Liability from options on shares attributable to the non-controlling interest	14,291
<b>Total transferred consideration</b>	<b>25,807</b>

The purchase price installment was paid with liquid assets in March and May 2021. This liability was paid in October 2021.

#### Expenses Associated with the Business Combination

The Group incurred expenses related to the business combination of € 115 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	
Intangible assets	10,174
Property, plant and equipment	141
Right-of-use assets	372
Cash and cash equivalents	9,544
Receivables	1,065
Contract assets	776
Other assets	392
Provisions for pensions	-399
Trade payables	-232
Contract liabilities	-275
Other liabilities	-3,266
Deferred taxes	-2,953
<b>Total identifiable acquired net assets</b>	<b>15,339</b>

The gross amount of contractual receivables amounts to € 1,066 thousand. The total contractual fixed amounts are expected to be recoverable.

In the 2021 fiscal year, from the date of acquisition the EXA Group contributed € 9,197 thousand to Group revenue and € 2,571 thousand to Group earnings before taxes. If the business combination had taken place at the beginning of the year 2021, revenue would have been € 11,027 thousand, and Group earnings before taxes would have been € 3,067 thousand.

### Goodwill

The goodwill resulting from the acquisition was recorded as follows:

in € thousand	
Transferred consideration	25,807
Fair value of identifiable net assets	-15,339
<b>Goodwill as of acquisition date</b>	<b>10,468</b>

Of the € 25,807 thousand in consideration transferred, the initial portion of the purchase price amounting to € 10,516 thousand was paid in March and May 2021 and thus represents a cash outflow. A further purchase price share in the amount of € 1,000 thousand was settled in October 2021.

The amount of the consideration resulting from the options on shares attributable to the non-controlling interest is determined by the contractually agreed put or call option. The put option may be exercised in 2024 at the earliest, while the call option may be exercised in 2025. The exercise price will be calculated on the basis of the average EBITA in the three years prior to the exercise of the option. The call option does not meet the definition criteria of a derivative within the meaning of IFRS 9 and is therefore not recognized as an off-balance sheet pending transaction. The put option is accounted for using the anticipated acquisition method. Accordingly,

a financial liability is recognized in the amount of the present value of the exercise price of the put option and subsequently measured at amortized cost. The liability from the put option attributable to the non-controlling interest is reported under noncurrent financial liabilities. The shares attributable to the non-controlling interest are correspondingly reported as if they were attributable to the Group. No equity instruments were issued for the acquisition of shares.

The goodwill resulting from the acquisition, in the amount of € 10,468 thousand, comprises the value of the expertise, the employees and future revenue prospects. None of the goodwill recognized is expected to be tax-deductible.

A cash inflow of € 9,544 thousand resulted from the transaction, leading to a net cash outflow from the Group's perspective of € 1,972 thousand.

### Acquisition of the Datavard Group

With effect as of August 1, 2021, SNP acquired 100% of the shares in the Datavard Group. The Datavard Group consists of its parent company, Datavard AG in Germany, as well as subsidiaries in Germany, the USA, Switzerland, Slovakia and Singapore. Datavard has operated on the market for more than 20 years and focuses on transformations and data management in SAP landscapes. In its Transformation business segment, Datavard assists companies with the process of migration to

SAP S/4HANA, the modernization of their data warehouse and analytic landscape, and with mergers and acquisitions, carve-outs and split-offs. In its Data Management business segment, Datavard offers data life-cycle management, business intelligence and analytics solutions as well as innovative cloud connectivity solutions that enable SAP customers to integrate and utilize SAP data in applications in the areas of artificial intelligence, machine learning and the Internet of things. The acquisition of the Datavard Group plays an important role in the implementation of SNP's platform strategy. This enables companies to generate maximum added value from their data transformation by means of a single software solution.

The acquisition took effect on August 1, 2021; at this time, the business operations were incorporated into the 2021 consolidated financial statements. The initial consolidation took place in accordance with IFRS 3 ("Business Combinations") using the acquisition method.

#### 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	16,240
Liabilities	3,033
Equity instruments (173,333 shares)	9,499
<b>Total transferred consideration</b>	<b>28,772</b>

The purchase price installment was paid with liquid assets in July 2021.

The outstanding liability was settled in January 2022.

The fair value of the 173,333 shares which were issued within the scope of the purchase price payment is based on the stock exchange price of SNP SE on July 28, 2021, of EUR 54.80 per share.

#### Expenses Associated with the Business Combination

The Group incurred expenses related to the business combination of € 424 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	
Intangible assets	10,936
Property, plant and equipment	321
Right-of-use assets	1,278
Cash and cash equivalents	4,256
Receivables	2,862
Contract assets	2,969
Other assets	899
Deferred tax receivables	426
Provisions for pensions	-926
Trade payables	-341
Contract liabilities	-2,041
Other liabilities	-9,523
Deferred tax liabilities	-3,548
<b>Total identifiable acquired net assets</b>	<b>7,568</b>

The gross amount of contractual receivables amounts to € 2,863 thousand. The total contractual fixed amounts are expected to be recoverable.

In the 2021 fiscal year, from the date of acquisition the Datavard Group contributed € 7,157 thousand to Group revenue and € 704 thousand to Group earnings before taxes. If the business combination had taken place at the beginning of the year 2021, revenue would have been € 17,895 thousand and Group earnings before taxes would have been € 707 thousand.

#### Goodwill

The goodwill resulting from the acquisition was recorded as follows:

in € thousand	
Transferred consideration	28,772
Fair value of identifiable net assets	-7,568
<b>Goodwill as of acquisition date</b>	<b>21,204</b>

Of the € 28,772 thousand in consideration transferred, the portion of the purchase price amounting to € 16,240 thousand was paid in July 2021 and thus represents a cash outflow. A further purchase price share in the amount of € 3,033 thousand was settled in January 2022. A third component of the purchase price was a capital increase against a contribution in kind through the issuance of 173,333 new shares. This capital increase against a contribution in kind was entered in the commercial register in December 2021.

The goodwill resulting from the acquisition, in the amount of € 21,204 thousand, comprises the value of the expertise, the employees and future revenue prospects. None of the goodwill recognized is expected to be tax-deductible.

A cash inflow of € 4,256 thousand resulted from the transaction, leading to a net cash outflow from the Group's perspective of € 11,984 thousand.

## 12. SALE OF THE DISPOSAL GROUP SNP POLAND

In the 2021 fiscal year, SNP sold 51% of the shares in SNP Poland Sp. z o.o., Suchy Las, Poland, to All for One Group SE, Filderstadt, Germany. In December 2022, SNP transferred to All for One Group SE ahead of schedule its remaining 49% of the shares in the company, now renamed All for One Poland Sp. z o.o. Reciprocal put and call options had originally been agreed for the remaining 49% which were to apply from the end of 2023 onward. From an economic point of view, a full sale was therefore already recognized in the Group as of December 31, 2021.

The remaining 49% of the shares were transferred for a sales price of € 20,859 thousand. SNP received € 11,000 thousand of this amount in December 2022. The remaining purchase price receivable in the amount of € 9,859 thousand has been reported under other current financial assets. SNP will receive this amount in July and November 2023. The profit from the disposal and remeasurement of the purchase price re-

ceivable in the amount of € 1,336 thousand was recognized in other operating income.

### Disclosures concerning the disposal of the subsidiary

The carrying amounts of the assets and liabilities as of the date of sale of 51% of the shares (September 30, 2021) are as follows:

in € thousand	9/30/2021
<b>Current assets</b>	<b>11,242</b>
Cash and cash equivalents	2,494
Trade receivables and other receivables	6,559
Contract assets	87
Inventories	1,491
Other nonfinancial assets	611
<b>Noncurrent assets</b>	<b>21,661</b>
Goodwill	15,626
Intangible assets	1,633
Property, plant and equipment	516
Right-of-use assets	3,488
Other financial assets	62
Deferred tax assets	336
<b>Total assets</b>	<b>32,903</b>
<b>Current liabilities</b>	<b>-7,795</b>
Trade payables and other liabilities	-3,506
Contract liabilities	-97
Tax liabilities	-322
Financial liabilities	-829
Other nonfinancial liabilities	-3,041
<b>Noncurrent liabilities</b>	<b>-1,907</b>
Financial liabilities	-1,663
Deferred tax liabilities	-244
<b>Total liabilities</b>	<b>-9,702</b>
<b>Net assets</b>	<b>23,201</b>

### Determination of the Disposal Gain in the 2021 fiscal year

Due to the reciprocal options, a full sale was already recognized from an economic point of view as of the date of deconsolidation. The overall sales price for all of the shares consisted of a contractually agreed fixed sales price of EUR 15 million plus variable sales price components which are dependent on the operating result (EBIT) of SNP Poland in the last two fiscal years prior to exercise of the option. The variable sales price component is presented as a purchase price receivable under the other financial assets. The performance-related variable sales price component was subject to a minimum cap (€ 0 million) and a maximum cap (€ 13 million).

in € thousand	2021
<b>Consideration received or still outstanding</b>	
Cash and cash equivalents	8,000
Purchase price receivable	19,791
<b>Total fee</b>	<b>27,791</b>
Carrying amount of the sold net assets	-23,201
<b>Disposal gain before income taxes and reclassification of the foreign currency translation reserve</b>	<b>4,590</b>
Reclassification of the foreign currency translation reserve	-2,171
Income tax expense on the disposal gain	-60
<b>Disposal gain after income taxes</b>	<b>2,359</b>

The disposal gain has been recognized in other operating income.

**NET CASH INFLOW FROM SALE**

in € thousand	2021
Cash consideration received	8,000
Cash and cash equivalents sold	-2,494
<b>Net cash inflow from sale</b>	<b>5,506</b>

**13. EARNINGS PER SHARE**

		2022	2021
Earnings attributable to SNP SE shareholders in € thousand		1,617	989
Weighted average number of shares (basic)	Shares	7,276,587	7,115,145
Weighted average number of shares (diluted)	Shares	7,276,587	7,115,145
Basic earnings per share	€ / share	0.22	0.14
Diluted earnings per share	€ / share	0.22	0.14

**14. SEGMENT REPORTING**

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

in € thousand	Services	Software	EXA	Total
<b>External revenue</b>				
2022	108,142	54,313	10,969	173,424
2021	107,185	50,587	9,197	166,969
<b>Revenue provided by other business segments</b>				
2022	0	0	860	860
2021	0	0	0	0
<b>Segment earnings (EBIT)</b>				
2022	-3,689	22,437	2,271	21,019
Margin	-3.4%	41.3%	20.7%	12.1%
2021	1,745	13,941	2,560	18,246
Margin	1.6%	27.6%	27.8%	10.9%
<b>Depreciation, amortization and write-downs included in the segment earnings*</b>				
2022	4,779	2,255	232	7,266
2021	4,398	2,562	186	7,146

\* Includes impairment of right-of-use assets in the amount of € 0 thousand (previous year: € 589 thousand).

**RECONCILIATION**

in € thousand	2022	2021
<b>Result</b>		
Total reportable segments	21,019	18,246
Expenses not allocated to the segments	-14,229	-11,944
of which depreciation, amortization and write-downs	-3,550	-2,808
<b>EBIT</b>	<b>6,790</b>	<b>6,302</b>
Net financial income	-3,007	-1,678
<b>Earnings before taxes (EBT)</b>	<b>3,783</b>	<b>4,624</b>

**REPORTING BY REGION**

in € thousand

Regions	Revenue (external)		Noncurrent assets		Investments	
	2022	2021	2022	2021	2022	2021
CEU (Central Europe incl. Slovakia)	104,481	93,873	78,629	84,616	1,340	55,830
EEMEA (Eastern Europe, Middle East, Africa)	0	19,484	0	0	0	0
Latin America	26,785	22,497	16,298	14,465	228	77
JAPAC (Asia-Pacific Japan)	14,276	10,155	4,274	3,795	27	24
USA	19,716	13,616	5,513	5,712	149	39
UK	8,167	7,344	7,217	6,811	56	0
<b>Total</b>	<b>173,424</b>	<b>166,969</b>	<b>111,931</b>	<b>115,399</b>	<b>1,800</b>	<b>55,970</b>

Segmentation into operational areas is based on the internal organizational and reporting structure according to segment.

The Software business segment includes software licensing, maintenance and cloud solutions. Key services include the development and marketing of the in-house data transformation platform CrystalBridge® with its software module combinations. In addition, sales of third-party software are also included in this business segment. SNP also reports revenue generated through software as a service (SaaS); in the period under review, this amounts to € 2,527 thousand (previous year: € 2,608 thousand). Out of the total revenue in the Software business segment, € 30,185 thousand (previous year: € 33,371 thousand) was recognized over time and € 23,889 thousand (previous year: € 17,216 thousand) at a point in time.

In the Services business segment, we primarily offer consulting and training services for corporate transformation processes. These mainly comprise the services

which we offer in the context of IT data transformation projects, with the goal of changing and adapting enterprise resource planning (ERP) systems. This covers all of the aspects and consulting services that are needed or requested by the customer in the SAP environment in particular, for the purpose of IT data transformations. We also offer complementary consulting and training services covering traditional SAP consulting and implementation as well as cloud and application management services (AMS). The revenue achieved in the Services business segment is exclusively recognized over time.

The EXA business segment comprises the products and services of our EXA subgroup which SNP manages separately from the rest of its business. EXA is a leading provider of transformation solutions in the area of financial management with a focus on the topics of operational transfer pricing and the global value chain. EXA's solutions enable companies to use software to manage their supply chains and to monitor their internal transfer prices transparently and efficiently. This is a key advantage in particular for companies with global operations.

Software and other services are provided within the EXA Group. The revenue achieved in the EXA business segment is exclusively recognized over time.

Segment data is determined from financial controlling data and is based on IFRS figures. The EBIT indicator is used for the purpose of the company's internal management.

Transfer prices between business segments are determined based on customary arm's length conditions between third parties. Segment income, segment expenses and segment earnings include transfers between business segments. These transfers are eliminated during consolidation.

Specific activities such as finance, accounting and human resources, as well as internal IT services, are exclusively managed and supervised at the Group level. These are presented in the reconciliation as expenses not allocated to the segments.



# Notes to the Consolidated Statement of Financial Position

## 15. CASH AND CASH EQUIVALENTS

As in the previous year, cash and cash equivalents include both bank deposits and cash in hand. The carrying amount for these assets corresponds to their fair value. The cash and cash equivalents reported in the cash flow statement as of the end of the reporting period can be reconciled as follows to the corresponding items in the consolidated statement of financial position:

in € thousand	2022	2021
Bank deposits	38,361	40,332
Cash in hand	6	5
<b>Total</b>	<b>38,367</b>	<b>40,337</b>

## 16. OTHER FINANCIAL ASSETS

in € thousand	2022			2021		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Purchase price receivables	9,859	0	9,859	1,017	18,925	19,942
Amount retained from sale of receivables	1,037	0	1,037	0	0	0
Loans and other financial receivables	609	102	711	159	128	287
Rent deposits	0	1,010	1,010	0	1,039	1,039
<b>Total</b>	<b>11,505</b>	<b>1,112</b>	<b>12,617</b>	<b>1,176</b>	<b>20,092</b>	<b>21,268</b>

Loans and other financial receivables consist of loans to employees and third parties, checks due in more than three months, creditors with debit balances and other receivables. No impairment has been recognized on other financial assets.

## 17. TRADE RECEIVABLES

Trade receivables are comprised as follows:

in € thousand	2022			2021 adjusted			2021 as reported		
	Current	Noncurrent	Total	Current	Noncurrent	Total	Current	Noncurrent	Total
Gross carrying amount for trade receivables	65,330	15,525	80,855	52,431	15,051	67,482	34,166	0	34,166
Impairment on trade receivables	-600	0	-600	-359	0	-359	-359	0	-359
<b>Total</b>	<b>64,730</b>	<b>15,525</b>	<b>80,255</b>	<b>52,072</b>	<b>15,051</b>	<b>67,123</b>	<b>33,807</b>	<b>0</b>	<b>33,807</b>

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

SNP has transferred trade receivables with a value of € 5,854 thousand to a third party in return for cash. These receivables have been derecognized since full legal and beneficial ownership of the sold receivables has been transferred to the purchaser and essentially all of the risks and opportunities associated with these items have been transferred to it. The purchaser has paid out 80% to SNP. 20% was retained as a purchase price markdown and will be subsequently paid out to SNP if the receivable debtor has either settled the purchased receivable in full or is in default for more than 60 days. This purchase price retention has been reported under other financial assets. As the manager of the receivables, SNP will assume management of the sold receivables for the purchaser. Through the sale of the receivables, costs have arisen in the amount of € 200 thousand that have been recognized under other operating expenses.

See item 5 "Changes to presentation" and the following point on the adjustment of the previous-year figures.

## 18. CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table shows the development of the contract assets and contract liabilities from customer contracts:

Contract assets in € thousand	2022	2021 adjusted*	2021 as reported*
<b>As of January 1</b>	<b>11,665</b>	<b>7,642</b>	<b>32,275</b>
Current changes	-2,042	4,035	12,718
Impairment on contract assets	19	-12	-12
<b>As of December 31</b>	<b>9,642</b>	<b>11,665</b>	<b>44,981</b>

\* In regard to the adjustment made to presentation, see item 5 "Changes to presentation."

Contract liabilities in € thousand	2022	2021
<b>As of January 1</b>	<b>11,688</b>	<b>8,312</b>
Revenue recognized during the reporting year	-10,880	-6,261
Additions	10,222	9,637
<b>As of December 31</b>	<b>11,030</b>	<b>11,688</b>

The changes in the total contract amounts in the 2022 fiscal year are largely the result of ongoing business operations and the associated changes in project progress and settlement. In the current reporting period, an amount of € 10,880 thousand (previous year: € 6,261 thousand) that had been included in contract liabilities at the beginning of the period was recognized in revenue from contracts with customers. We expect more than 90% (previous year: 90%) of the contract liabilities recognized on December 31, 2022, to be recognized as revenue in the next reporting period.

A total transaction price of € 55,145 thousand (previous year: € 63,521 thousand) is allocated to those performance obligations that had not been satisfied (in full) as of December 31, 2022. The management expects 80 to 90% of this amount (previous year: 80 to 90%) to be recognized as revenue in the 2023 fiscal year and the rest in subsequent periods.

## 19. OTHER NONFINANCIAL ASSETS

in € thousand	2022			2021		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Prepaid expenses	1,604	251	1,855	1,785	134	1,919
Receivables from current tax assets	1,638	0	1,638	1,459	0	1,459
Miscellaneous other assets	300	0	300	761	0	761
<b>Total</b>	<b>3,543</b>	<b>251</b>	<b>3,794</b>	<b>4,005</b>	<b>134</b>	<b>4,139</b>

Prepaid expenses mainly comprise advance payments made within the scope of lease, support and license agreements.

## 20. INTANGIBLE ASSETS

Intangible assets have developed as follows:

in € thousand		Concessions, industrial protective rights, similar rights and assets, and licenses to such rights and assets	Capitalized development costs	Advance payments made on intangible assets	Total
<b>Cost</b>	<b>Goodwill</b>				
<b>As of January 1, 2021</b>	<b>33,605</b>	<b>12,630</b>	<b>430</b>	<b>254</b>	<b>46,919</b>
Additions	0	470	0	0	470
Additions from company acquisitions	31,672	21,110	0	0	52,782
Disposals	0	-1	0	0	-1
Reclassifications	0	254	0	-254	0
Exchange rate differences	3,460	208	0	0	3,668
Dissolution of disposal group	1,639	0	0	0	1,639
<b>As of December 31, 2021 / January 1, 2022</b>	<b>70,376</b>	<b>34,671</b>	<b>430</b>	<b>0</b>	<b>105,477</b>
Additions	0	20	0	144	164
Disposals	0	-20	0	0	-20
Reclassifications	0	0	0	0	0
Exchange rate differences	2,221	106	0	0	2,327
<b>As of December 31, 2022</b>	<b>72,597</b>	<b>34,777</b>	<b>430</b>	<b>144</b>	<b>107,948</b>
<b>Cumulative amortization and impairment</b>					
<b>As of January 1, 2021</b>	<b>0</b>	<b>7,692</b>	<b>200</b>	<b>0</b>	<b>7,892</b>
Depreciation, amortization and write-downs	0	3,813	61	0	3,874
Disposals	0	-1	0	0	-1
Exchange rate differences	0	52	0	0	52
<b>As of December 31, 2021 / 1. January 1, 2022</b>	<b>0</b>	<b>11,556</b>	<b>261</b>	<b>0</b>	<b>11,817</b>
Depreciation, amortization and write-downs	0	4,416	61	0	4,477
Disposals	0	-17	0	0	-17
Exchange rate differences	0	-49	0	0	-49
<b>As of December 31, 2022</b>	<b>0</b>	<b>15,906</b>	<b>322</b>	<b>0</b>	<b>16,228</b>
<b>Carrying value December 31, 2021</b>	<b>70,376</b>	<b>23,115</b>	<b>169</b>	<b>0</b>	<b>93,660</b>
<b>Carrying value December 31, 2022</b>	<b>72,597</b>	<b>18,871</b>	<b>108</b>	<b>144</b>	<b>91,720</b>

There are no restrictions on ownership or disposal.

## 21. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have developed as follows:

in € thousand Cost	Land, land rights and buildings on third-party land	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
<b>As of January 1, 2021</b>	<b>738</b>	<b>9,942</b>	<b>124</b>	<b>10,804</b>
Additions	1,043	1,183	28	2,254
Additions from company acquisitions	17	447	0	464
Disposals	-31	-1,306	0	-1,337
Reclassifications	124	0	-124	0
Exchange rate differences	84	231	0	315
<b>As of December 31, 2021 / January 1, 2022</b>	<b>1,975</b>	<b>10,497</b>	<b>28</b>	<b>12,500</b>
Additions	49	1,586	0	1,635
Disposals	-9	-1,009	0	-1,018
Reclassifications	28	0	-28	0
Exchange rate differences	76	198	0	274
<b>As of December 31, 2022</b>	<b>2,119</b>	<b>11,272</b>	<b>0</b>	<b>13,391</b>
<b>Cumulative depreciation and impairment</b>				
<b>As of January 1, 2021</b>	<b>344</b>	<b>6,064</b>	<b>0</b>	<b>6,408</b>
Depreciation, amortization and write-downs	162	1,365	0	1,527
Disposals	-15	-958	0	-973
Exchange rate differences	60	165	0	225
<b>As of December 31, 2021 / January 1, 2022</b>	<b>551</b>	<b>6,636</b>	<b>0</b>	<b>7,187</b>
Depreciation, amortization and write-downs	219	1,500	0	1,719
Disposals	-2	-884	0	-886
Exchange rate differences	53	130	0	183
<b>As of December 31, 2022</b>	<b>821</b>	<b>7,382</b>	<b>0</b>	<b>8,203</b>
<b>Carrying value December 31, 2021</b>	<b>1,424</b>	<b>3,861</b>	<b>28</b>	<b>5,313</b>
<b>Carrying value December 31, 2022</b>	<b>1,298</b>	<b>3,890</b>	<b>0</b>	<b>5,188</b>

There are no restrictions on ownership or disposal.

## 22. LEASES

The Group rents office premises as well as assets in the "Other equipment, operating and office equipment" category. This exclusively comprises vehicles. Office premises are rented at all of SNP's locations. This mainly comprises office space and rented parking spaces. The relevant agreements have terms of between one and ten years. The lease conditions are individually negotiated and include a large number of different conditions.

### Right-of-Use Assets From Leases

The following right-of-use assets were recognized as of December 31, 2022:

in € thousand	Land, land rights and buildings on third-party land	Other equipment, operating and office equipment	Total
<b>As of January 1, 2021</b>	<b>15,212</b>	<b>2,299</b>	<b>17,511</b>
Depreciation, amortization and write-downs	-2,972	-992	-3,964
Impairment	-589	0	-589
Additions	1,328	606	1,934
Additions from company acquisitions	1,261	391	1,652
Remeasurement	-356	-23	-379
Exchange rate differences	258	3	261
<b>As of December 31, 2021 / January 1, 2022</b>	<b>14,142</b>	<b>2,284</b>	<b>16,426</b>
Depreciation, amortization and write-downs	-3,294	-1,328	-4,622
Additions	2,081	1,237	3,318
Remeasurement	-50	-41	-91
Exchange rate differences	-7	-1	-8
<b>As of December 31, 2022</b>	<b>12,872</b>	<b>2,151</b>	<b>15,023</b>

### Lease liabilities

Please see item 25 for information on the Group's lease liabilities, item 36 for comments on its liquidity risk and item 43 for an overview of the development of financial liabilities.

### Amounts From Leases Recognized in the Income Statement

The income statement for the 2022 fiscal year is as follows:

in € thousand	2022	2021
Depreciation of right-of-use assets	4,622	3,964
Impairments of right-of-use assets	0	589
Revenue from the waiver of lease payments	-276	-16
Interest expenses on lease liabilities	497	530
Expenses resulting from short-term leases	36	214
Expenses resulting from leases of low-value assets	50	65
<b>Total</b>	<b>4,929</b>	<b>5,346</b>

As of December 31, 2022, the Group had no short-term leases. As of December 31, 2021, the Group had short-term leases for Datavard's new locations in Germany, Switzerland and Singapore. These leases expired in 2021 or else have been terminated.

The total cash outflow resulting from leases for the 2022 fiscal year was € 4,613 thousand (previous year: € 4,533 thousand).

As of December 31, 2022, possible future outflows of funds in the amount of € 475 thousand (previous year: € 486 thousand) (undiscounted) were not included in the lease liability since an extension of the leases is not reasonably certain.

In 2020 and 2021, the Group negotiated rent concessions for rented office premises with its landlords in Germany, Argentina and Poland as a response to the impact of the coronavirus pandemic. The Group applies the IFRS 16 practical expedient for rent concessions caused by COVID-19. The amount recognized in profit and loss that reflects the changes to the lease payments in the reporting period related to rent concessions for which the Group applied the practical expedient for rent concessions caused by COVID-19 is € 276 thousand (previous year: € 16 thousand).

For further information on leases, please see item 10 on the key accounting policies and item 9 on the use of estimates.

### 23. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The carrying value of the investments accounted for using the equity method is € 225 thousand in the fiscal year (previous year: € 225 thousand). From the Group's perspective, these investments are classified as immaterial. No risks are associated with the investments.

### 24. TRADE PAYABLES

Current trade payables amounted to € 10,759 thousand on December 31, 2022 (previous year: € 8,339 thousand). No noncurrent liabilities existed.

### 25. FINANCIAL LIABILITIES

in € thousand	2022			2021		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Liabilities to banks	7,083	64,992	72,075	33,454	34,872	68,326
Purchase price obligations	524	0	524	3,336	267	3,603
Liabilities from put options attributable to non-controlling interests	0	7,457	7,457	0	14,360	14,360
Leasing obligations	4,411	12,318	16,729	4,015	14,290	18,305
Other financial liabilities	229	33	262	206	115	321
<b>Total</b>	<b>12,247</b>	<b>84,800</b>	<b>97,047</b>	<b>41,011</b>	<b>63,904</b>	<b>104,915</b>

In 2017, SNP Schneider-Neureither & Partner SE raised promissory note loans with a total volume of € 40.0 million, comprising fixed-rate and floating-rate tranches and with terms of between three and seven years. The average yield at the time of issuance of the promissory note loans amounted to 1.41% per annum. In March 2020, the first tranche of the promissory note loans, with a volume of € 5,000 thousand, was repaid. This was refinanced by taking out a loan in the amount of € 2,000 thousand and, in part, using short-term loans within the scope of a € 5,000 thousand credit line agreement. The loan with a volume of € 2,000 thousand from March 2020 was repaid in full in March 2022 through a final installment of € 250 thousand. In March 2022, two further tranches of the promissory note loans, with a volume of € 26,000 thousand, were repaid. These were refinanced by raising new promissory note loans with a volume of € 32,500 thousand. The new floating-rate promissory note loans have been concluded for a term of five years. The current rate of interest is 1.5% p.a. plus the six-month Euribor. As of December 31, 2022, the carrying value of the promissory note loans is € 41,608 thousand (previous year: € 35,248 thousand).

In addition, in May 2020 SNP took out a € 10,000 thousand loan that is refinanced by the bank KfW through KfW's entrepreneur loan program (37) as part of its 2020 special program (within the scope of the "coronavirus assistance for companies," one-off measures

supported by the package of measures implemented by the German government in response to the coronavirus pandemic). Since September 2021 and until June 2025, the loan is being repaid on a quarterly basis in equal installments of € 625 thousand.

In February 2021, SNP SE signed a finance agreement with the European Investment Bank in the amount of € 20 million. The loan has a term of five years and bears interest at a fixed rate of 1.101% per annum.

These purchase price obligations have mainly resulted from future payment obligations within the scope of company acquisitions in 2020 and 2021.

No collateral is provided for financial liabilities. Instead, standard covenants are agreed upon that include termination options. The covenants which include termination options were all fulfilled.

## **26. CONTINGENT ASSETS/CONTINGENT LIABILITIES**

In addition to the trade receivables and other receivables listed in the statement of financial position, there are contingent receivables as of the reporting date.

There is insurance coverage for pending litigation. As of the reporting date, it is assumed that the insurance will probably cover a large part of the damages if they arise. This is, however, not entirely assured.

In the course of the preparation of the consolidated financial statements for the 2020 fiscal year, there was a lack of usability for a property in the USA accounted for as a right-of-use asset from as early as the beginning of its lease in 2019. SNP has reviewed possible compensation claims, especially with regard to advance rent payments made, and brought an action for payment in December 2022, claiming an amount of € 5,196 thousand plus interests from the date of legal pendency. The proceedings are still in the early stages. The court has already issued some initial orders. SNP assumes that it has compensation claims. It will only be possible to estimate the financial impact of these compensation claims at a later date.

In the 2021 fiscal year, a contingent asset existed for the variable purchase price component relating to the sale of the remaining 49% of the shares in SNP Poland in the amount of € 2,412 thousand. Due to the sale of the shares in December 2022 ahead of schedule, this contingent asset no longer exists. See also item 12 "Sale of the disposal group SNP Poland."

A contingent liability in connection with the acquisition of the EPROCURE Group applied in the 2021 fiscal year in the amount of € 1,280 thousand. This contingent liability no longer exists as of December 31, 2022, since the earn-out obligation was finally calculated and reported.



## 27. OTHER NONFINANCIAL LIABILITIES

in € thousand	2022			2021		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Employee-related liabilities	20,593	211	20,804	20,135	0	20,135
Other taxes	4,606	0	4,606	4,052	0	4,052
Subsidies	80	50	130	116	131	247
Other nonfinancial liabilities	3,319	86	3,405	2,307	0	2,307
<b>Total</b>	<b>28,598</b>	<b>347</b>	<b>28,945</b>	<b>26,610</b>	<b>131</b>	<b>26,741</b>

Employee-related liabilities mainly relate to vacation and bonus obligations as well as obligations for employee-related social security contributions.

## 28. OTHER PROVISIONS

Other provisions developed as follows in the 2022 fiscal year.

in € thousand	As of 1/1/2022	Currency effects	Utilization	Reversal	Addition	As of 12/31/2022
Archiving costs	28	0	0	0	0	28
Legal costs	946	128	-142	-276	120	776
Employee-related provisions	126	0	0	0	256	382
<b>Total</b>	<b>1,100</b>	<b>128</b>	<b>-142</b>	<b>-276</b>	<b>376</b>	<b>1,186</b>

Provisions are established if an obligation exists in relation to third parties, the outflow of resources is probable and the expected obligation can be reliably estimated.

The provisions for legal costs have resulted from the legal disputes that are pending as of December 31, 2022. Please see item 46 for further information.

The Group expects that the costs for the overwhelming portion of the other provisions will arise within the next fiscal year.

## 29. SHARE-BASED PAYMENT TRANSACTIONS

### Long-Term Incentive

In April 2021, the Board of Directors agreed upon a long-term incentive (LTI) program with the Managing Directors, with an overall term of five years per tranche. For each tranche of this program, the company will grant a Managing Director shares in the company (SNP shares), the number of which will depend on the achievement of certain financial performance indicators in the year of the tranche in question. Following the transfer, these shares are subject to a roughly four-year holding obligation. The final LTI amount that is relevant for the calculation of the number of shares to be issued is calculated according to the actual level of achievement of the budgeted target EBIT. In order to calculate the final amount, the base amount is multiplied by the level of target achievement for the actual EBIT figure. If the actual EBIT matches the budgeted target EBIT, this represents a 100% level of target achievement. If the actual EBIT exceeds or is lower than the budgeted target EBIT, the level of target

achievement increases or decreases accordingly. If the EBIT actually achieved is 80% or less, an 80% target achievement level is recognized (the “floor”); however, if the EBIT actually achieved is 120% or more, a 120% target achievement level is recognized (the “cap”). The level of target achievement between the floor and cap is determined using linear interpolation. The final amount thus calculated is subsequently converted into a net amount (“final net amount”) by deducting a notional income tax rate of 45%. This final net amount is the amount used to calculate the number of SNP shares to be granted. The number of SNP shares to be granted within the scope of the tranche for the year under assessment (“Final number of SNP shares”) is calculated by dividing the final net amount by the SNP share price and, in order to avoid fractions, rounding the resulting amount up or down to achieve a whole number of shares. The relevant price is the volume-weighted average price of the SNP share in XETRA trading on the Frankfurt Stock Exchange over the last 20 trading days (closing price on trading day) of the year preceding the year under assessment, rounded up or down to two decimal places. The applicable price for 2022 is € 40.45 (previous year: € 54.85).

In April 2022, 5,147 shares were transferred to the Managing Directors out of the first tranche of the LTI. This transfer reduced the capital reserves by € 223 thousand, which corresponds to the average share price of the distributed treasury shares as of the issuance date.

In the 2022 fiscal year, the Group recognized personnel expenses of € 360 thousand (previous year: € 513 thousand) for the grant of the second tranche of the share-based LTI program.

#### SNP 2020 Stock Option Plan

In April 2020, SNP launched a stock option plan with settlement in equity instruments for certain employees of the company. By virtue of its resolution passed on May 12, 2016, the Annual General Meeting has authorized the Executive Board of the company to repurchase shares of the company and to make use of shares purchased on the basis of this same resolution of the Annual General Meeting, inter alia, within the scope of an employee profit-sharing scheme, in line with the conditions prescribed therein. On the basis of this authorization, the company’s Board of Directors resolved the introduction of a 2020 Stock Option Plan comprising a maximum of 60,000 options. Upon exercise, a stock option will be converted into an ordinary share in the company. Employees must pay a fee of € 50 for the exercise of options. The options do not confer either a dividend right or a voting right. The options may be exercised at any time from the date as of which they may first be exercised up to their expiry if the average closing price of the share on the Xetra index exceeds € 60.66 in the four-week period prior to exercise. The plan has a term of nine years, but options may not be exercised in the first four years of the waiting period. In the period up to December 31, 2022, overall 25,750 options (as of De-

ember 31, 2021: 28,300 options) had been issued within the scope of the plan at a weighted average exercise price of € 60.66. The estimated market values of the options granted as of this date total € 686 thousand (previous year: € 754 thousand). The market value of the options has been determined using a binomial model.

#### FAIR VALUES AND ASSUMPTIONS AT THE END OF 2022

Fair value of the option as of the issuance date	26.64
Option pricing model	Binomial model
Risk-free interest rate	-0.62%
Expected volatility	48.40%
Expected term	6.5 years
Remaining term as of December 31, 2022	6.5 years

The expected level of volatility was determined by calculating the historical volatility of the SNP share price in the 6.5 years prior to the allocation of the shares. The expected term that has been applied in this calculation has been determined on the basis of the management’s best estimate, taking into consideration the consequences of non-transferability, exercise restrictions and behavioral considerations.

In the 2022 fiscal year, for SNP’s 2020 Stock Option Plan the Group recognized personnel expenses in the amount of € 143 thousand (previous year: € 177 thousand) in connection with share-based remuneration transactions with settlement in equity instruments.

### Stock Option Plan of a Subsidiary

A subsidiary of SNP launched a stock option plan with settlement in equity instruments for two executives of the company. This plan comprises 10,000 options. Upon exercise, a stock option will be converted into a nonvoting preferred share in the subsidiary. Employees must pay a fee of € 4.90 for exercising options. The options do not confer either a dividend right or a voting right. The options may be exercised in three equal tranches, in October 2022, October 2023 and October 2024. Their exercise is tied to various conditions relating to revenue growth, the earnings margin and the individual level of target achievement for the employee in question (performance targets). If the performance targets are not achieved or if the option is not exercised, then the options will expire. The plan has a six-year term, with the first four years being a waiting period. In the period up to December 31, 2022, a total of 10,000 options were issued within the scope of the plan at a weighted average exercise price of € 27.00. Due to the lack of market prices, the market value was calculated using the multiples approach. The estimated market values of the options granted as of this date total € 221 thousand. The market value of each of these options is € 22.10. The first tranche of the option comprising 3,332 shares was exercised in October 2022. On the date of exercise, the price continued to amount to € 27.00.

In the 2022 fiscal year, for the stock option plan of a subsidiary the Group recognized personnel expenses in the amount of € 188 thousand (previous year: € 0 thousand) in connection with share-based remuneration transactions with settlement in equity instruments.

### 30. PROVISIONS FOR PENSIONS

Pension provisions comprise the following:

- SNP Austria GmbH's provisions for severance payments. It is required by law in Austria to make these provisions for its employees
- Commitments to the surviving dependents of a former Managing Director of SNP SE
- Commitments to the Chief Financial Officer of the parent company who left in 2011
- Pension provisions established by SNP SE and SNP Deutschland GmbH due to a company acquisition in 2015
- Pension provisions made by EXA AG for its CEO
- Pension provisions of SNP (Switzerland) AG

Pension payments are currently being made only at SNP Deutschland GmbH.

SNP SE and SNP (Schweiz) AG have plan assets comprising reinsurance policies that have been pledged on behalf of the beneficiaries and whose fair values are not based on prices listed on active markets.

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

in € thousand	2022	2021
Defined benefit obligation (DBO)	6,706	8,174
Fair value of plan assets	5,143	5,023
<b>Net carrying amount of defined benefit plans</b>	<b>1,563</b>	<b>3,151</b>

The cost for defined benefit plans breaks down as follows:

in € thousand	2022	2021
Current service cost	313	282
Net interest cost*	21	16
<b>Expenses for defined benefit plans recognized in the consolidated income statement</b>	<b>334</b>	<b>298</b>
Actuarial gains (-)/ losses (+)	-1,509	-721
Gains (-)/losses (+) from plan assets (not including interest income)	1	-59
<b>Remeasurement of defined benefit plans recognized in the consolidated statement of comprehensive income</b>	<b>-1,508</b>	<b>-780</b>
<b>Cost for defined benefit plans</b>	<b>-1,174</b>	<b>-482</b>

\* Disclosed in the income statement under "Other financial expenses."

The following table presents the development of the DBO in detail:

in € thousand	2022	2021
<b>DBO at the beginning of the fiscal year</b>	<b>8,174</b>	<b>5,014</b>
Current service cost	313	282
Interest expense	38	25
Remeasurement		
Actuarial gains (-) / losses (+) due to:	-1,718	-623
Changes in demographic assumptions	0	-39
Changes in financial assumptions	-1,539	-274
Adjustments based on past experience	-179	-310
Benefit payments	-416	-612
Foreign currency effects	315	290
Addition from company acquisitions	0	3,798
<b>DBO at the end of the fiscal year</b>	<b>6,706</b>	<b>8,174</b>

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

in € thousand	2022	2021
<b>Fair value of plan assets at the beginning of the fiscal year</b>	<b>5,023</b>	<b>2,185</b>
Interest income	17	9
Remeasurement		
Gains (+) / losses (-) from plan assets without amounts contained in net interest expense and income	-210	157
Employer contributions	-114	-217
Employee contributions	185	133
Foreign currency effects	242	206
Additions from company acquisitions	0	2,550
<b>Fair value of plan assets at the end of the fiscal year</b>	<b>5,143</b>	<b>5,023</b>

in € thousand	2022	2021
Discount rate	1.8% to 4.0%	0.3% to 1.1%
Salary trends	0% to 3.6%	0% to 3.6%
Pension trends	0% to 2.0%	0% to 2.0%
Average employee turnover <sup>*)</sup>	0%	0%

<sup>\*)</sup> Depending on years of service.

The calculation is based on actuarial studies prepared annually taking into account biometric data.

### Sensitivity Analysis

A change in the fundamental assumptions above, with other assumptions remaining unchanged, would have increased or reduced the DBO as of December 31, 2022, as follows:

Basic assumption in € thousand	Defined benefit obligation			
	Increase		Decrease	
	2022	2021	2022	2021
Discount rate (1% change)	-309	-507	348	589
Future pension trend (1% change)	154	270	-141	-239
Future income trend (1% change)	52	89	-51	-86
Future mortality (-10% change)	109	179	-	-

As of December 31, 2022, the weighted average term of the defined benefit obligations was approximately 14 years (previous year: 17 years).

The employer contributions to plan assets expected for 2023 and the subsequent nine years amount to € 277 thousand per year.

The benefit payments expected in the next few years involve provisions for severance payments for employees of SNP Austria GmbH and pension payments for employees of SNP Deutschland GmbH and EXA AG. The actual payments depend on other criteria being fulfilled. An average annual payment of € 88 thousand is expected for the next ten years.

### 31. CURRENT TAX ASSETS, TAX LIABILITIES AND DEFERRED TAXES

Current tax assets and tax liabilities relate to receivables and payables from current income taxes.

## Income Taxes

Income taxes are comprised as follows:

in € thousand	2022	2021
<b>Expenses for current taxes</b>		
Current income taxes, year under review	3,243	2,226
Current income taxes for prior periods	-186	496
	3,057	2,722
<b>Expense from deferred taxes</b>		
Change in timing differences, year under review	-1,156	-1,546
Change in timing differences, prior periods	-477	-273
Change in tax assets from tax loss carryforwards	954	3,119
	-679	1,300
	<b>2,378</b>	<b>4,022</b>

As of the reporting date, the expected tax burden on taxable income is 30.00%, as in the previous year. This is comprised as follows:

Trade tax at a rate of assessment of 420%	14.70%
Corporate tax	15.00%
Solidarity surcharge (5.5% of the corporate tax amount)	0.82%
Applicable tax rate	30.52%
Rounded rate	30.00%

The deferred taxes recognized directly in equity under other components of equity can be seen in the statement of comprehensive income and are presented below:

in € thousand	2022			2021		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Remeasurement of defined benefit obligations	1,522	-327	1,195	711	-137	574

## Tax Reconciliation

The following table shows the reconciliation of the expected tax expense and the tax expense actually reported:

in € thousand	2022	2021
<b>Earnings before taxes (EBT)</b>	<b>3,783</b>	<b>4,624</b>
Expected tax income/expense at a rate of 30%	1,135	1,387
Effect of different tax rates	96	65
Effects of changes in tax rates	5	-1
Non-period current income taxes	186	346
Non-period deferred taxes	-477	-273
Foreign withholding tax	80	114
Expenses/income not affecting taxes	671	-726
Addition to valuation allowance on loss carryforwards	158	2,682
Waiver of capitalization of loss carryforwards in current year	797	739
Use of loss carryforwards not capitalized in current year	-1	-275
Other factors	-272	-35
<b>Actual income taxes</b>	<b>2,378</b>	<b>4,023</b>

Deferred tax assets and deferred tax liabilities from temporary differences between the carrying amounts and the tax valuations of assets and liabilities are presented in the table below:

in € thousand	12/31/2022	12/31/2021
<b>Deferred tax liabilities</b>		
Intangible assets	-5,497	-6,216
Property, plant and equipment	-108	-16
Right-of-use assets	-3,264	-3,818
Receivables/contract assets	-2,405	-2,216
Other nonfinancial assets	-1,913	-1,925
Liabilities/contract liabilities	-747	-825
Pension obligations	-113	0
Other financial liabilities	-226	-185
Other nonfinancial liabilities	-577	-555
Deferred income	-126	-142
Deferred tax liabilities	-14,976	-15,898
Offsetting	9,091	9,926
<b>Total deferred tax liabilities</b>	<b>-5,885</b>	<b>-5,972</b>

in € thousand	12/31/2022	12/31/2021
<b>Deferred tax assets</b>		
Intangible assets	836	573
Property, plant and equipment	35	21
Right-of-use assets	1,080	0
Tax loss carryforwards	1,672	2,857
Other tax benefits	115	117
Receivables/contract assets	484	830
Liabilities/contract liabilities	2,122	1,910
Other financial liabilities	0	0
Other financial assets	0	17
Inventories	2,397	2,397
Pension obligations	413	633
Noncurrent financial liabilities	2,736	3,415
Current financial liabilities	1,189	1,038
Other nonfinancial liabilities	1,783	1,196
Deferred tax assets	14,862	15,004
Offsetting	-9,091	-9,926
<b>Total deferred tax assets</b>	<b>5,771</b>	<b>5,078</b>

The capitalization of deferred taxes on tax loss carryforwards in the 2022 fiscal year relates to the following companies:

in € thousand	Capitalized loss carryforwards
SNP Schneider-Neureither & Partner SE (parent company), Heidelberg, Germany	168
SNP Transformations, Inc., Jersey City, NJ, USA	331
Harlex Consulting Ltd., London, United Kingdom	316
SNP Australia Pty Ltd., Sydney, Australia	253
SNP (Schweiz) AG, Steinhausen, Switzerland	215
Shanghai SNP Data Technology Co., Ltd., Shanghai, China	117
SNP Transformations SEA Pte. Ltd., Singapore, Singapore	86
Qingdao SNP Data Technology Co., Ltd., Qingdao, China	69
Innoplexia GmbH, Heidelberg, Germany	66
SNP Slovakia, s. r. o., Bratislava, Slovakia	31
SNP Japan Co., Ltd., Tokyo, Japan	11
SNP Software, s. r. o., Bratislava, Slovakia	9
	<b>1,672</b>

The loss carryforwards in Germany, Singapore, Australia, the United Kingdom and the USA can be used without any time limit. In Japan, the tax losses can be carried forward over a period of ten years from when they occur. In Switzerland, the tax losses can be carried forward over a period of seven years from when they occur. In China and Slovakia, the tax losses can be carried forward over a period of five years from when they occur.

These tax loss carryforwards increased in the 2022 fiscal year. However, the forecasts point to likely positive tax effects for subsequent years. Therefore, it is expected that the tax loss carryforwards will be reduced again in the coming years. As regards the use of the tax benefits recognized due to loss carryforwards, because of the positive order outlook, in the future, the Group's individual companies are expected to generate sufficient taxable income. The subsidiaries in the USA, China, Singapore and Australia, as well as the domestic company Innoplexia GmbH, have a history of tax losses. Due to the positive revenue forecasts and the strengthened management and governance structure for the overall Group, the new appointments to central management functions, the recently introduced and increased use of nearshoring for project execution, sales measures and the planned expansion of the SAP S4/HANA project volume, the company expects to see taxable income that will match the tax loss carryforwards reported for the foreseeable future. The other tax benefits (€ 115 thousand) relate to ADP Consultores S.R.L., Buenos Aires, Argentina, the inflation-based adjustment made for tax purposes that must be offset against taxable profits in subsequent years.

An asset item for tax loss carryforwards will only be capitalized insofar as it appears probable within a planning horizon of four years that taxable income will be available that can be offset in the future. Overall, no deferred tax assets have been established for the tax loss carryforwards in the amount of € 28,523 thousand

(previous year: € 19,637 thousand) that arose in previous years and in the year under review.

The non-capitalized tax loss carryforwards are subject to the following expiry dates:

in € thousand	12/31/2022	12/31/2021
up to 5 years	1,301	575
5–10 years	10	217
unlimited	27,212	18,845
	<b>28,523</b>	<b>19,637</b>

### 32. SUBSCRIBED CAPITAL

As of December 31, 2022, the share capital of the company amounted to € 7,385,780.00 (previous year: € 7,385,780.00) and was comprised of 7,385,780 (previous year: 7,385,780) ordinary no-par-value bearer shares of SNP Schneider-Neureither & Partner SE, each with a nominal value of € 1.00. Within the scope of its acquisition of the Datavard Group, on July 28, 2021, through partial utilization of authorized capital SNP Schneider-Neureither & Partner SE successfully completed a cash capital increase, as a result of which the company's share capital was increased by € 173,333.00, divided into 173,333 no-par-value bearer shares, to a total of € 7,385,780.00, divided into 7,385,780 shares. The new shares, which were issued at a price of € 54.80 per share, are entitled to dividends in the 2021 fiscal

year, beginning on January 1, 2021. The capital increase was entered in the German commercial register on December 9, 2021. Since December 22, 2021, the new shares have been included in stock exchange trading.

### 33. AUTHORIZED CAPITAL

The Annual General Meeting held on June 6, 2019, has authorized the Board of Directors to increase the company's share capital in the period up to June 5, 2024, once or several times in partial amounts, by up to a total of € 3,301,223.00, against cash or in-kind contributions through the issuance of new no-par-value bearer shares (2019 Authorized Capital). In the event of cash contributions, the new shares may be taken over by one or more banks or companies within the meaning of Section 186 (5) (1) of the AktG with the obligation to offer them to shareholders for purchase (indirect subscription right). The Board of Directors is authorized to bar the subscription rights of shareholders in order to remove fractional shares from the subscription rights of shareholders; in case of capital increases against cash contributions in order to issue the new shares at an issue price that is not significantly lower than the market price (Sections 203 (1) and (2), 186 (3) (4) of the AktG) and provided that the number of shares issued does not exceed 10% of the share capital at the time the authorization becomes effective or – if this value is lower – at the time it is exercised (10% limit); for capital increases

against contributions in kind, particularly for the purpose of directly or indirectly acquiring companies, operations or investments in companies or industrial property rights, licenses, patents or other product rights or other assets; to the extent it is necessary, to ensure that the holders of warrants, convertible bonds or warrant-linked bonds issued by the company and its subsidiaries can be granted subscription rights for new shares to the extent that they will or would be entitled if they exercised their options or conversion rights. The authorization was partially exercised through the capital increase in July 2020, through the issuance of 610,000 shares. The authorization was also partially exercised in July 2021, within the scope of a capital increase against a contribution in kind in the context of the acquisition of the Datavard Group, through the issuance of 173,333 new shares. Following this further partial use, the authorized capital as of December 31, 2022, now amounts to € 2,517,890.00.

#### Contingent Capital

The share capital is conditionally increased by up to € 3,606,223.00, divided into up to 3,606,223 no-par-value bearer shares (2021 Contingent Capital). The contingent capital increase will be executed only to the extent that the owners or creditors of warrant or conversion rights, or persons subject to conversion obligations, exercise their warrant or conversion rights or fulfill their conversion obligations, if applicable, aris-

ing from warrant-linked bonds or convertible bonds that are issued for cash or in-kind contributions and that are issued or guaranteed by the company until June 16, 2026 – by virtue of the authorization of the Board of Directors and the resolution passed by the Annual General Meeting on June 17, 2021 – or if the company exercises an option to grant shares in the company in whole or in part instead of paying the amount of money due unless a cash settlement is permitted or the company's treasury shares are used for this purpose. The new shares will be issued in accordance with the aforementioned authorization at option and conversion prices to be determined. The new shares participate in profits from the beginning of the fiscal year in which they arise. The Board of Directors is authorized to determine further details regarding the execution of the contingent capital increase and to amend the wording of the articles of incorporation in accordance with the issuance of shares out of the contingent capital. No use was made of this in the 2022 and 2021 fiscal years.

### Treasury Shares

In the period from 2011 to 2013, the company purchased a total of 21,882 shares at a cost of € 414,650.19. In the period from 2019 to 2021, a further 90,820 shares were purchased at a cost of € 4,477,563.91 as part of an additional buyback program. Overall, as of December 31, 2021, the company held 112,702 shares with a value of € 4,892,214.13.

In April 2022, the company transferred a total of 5,147 of its treasury shares to its Managing Directors as part of its LTI program. This transfer was made at the average share price of the company's treasury shares of € 43.41 per share and offset its capital reserves.

As of December 31, 2022, the company has 107,555 treasury shares overall, with a value of € 4,668,783.13.

On June 30, 2020, the Annual General Meeting authorized the company to acquire for the coming five years treasury shares up to a total of 10% of the outstanding share capital at the time of the resolution.

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

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

### 34. RETAINED EARNINGS AND CAPITAL RESERVES

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

The capital reserves increased to € 97,124,217.54 (previous year: € 96,818,104.19). This increase has resulted from the obligations to issue equity instruments resulting from the 2020 Stock Option Plan and a subsidiary as

well as the LTI program in the amount of € 529 thousand (previous year: € 596 thousand) less the issue of 5,147 shares within the scope of the LTI program in the amount of € 223 thousand (previous year: € 0 thousand). Please see item 29 for further information.

All in all, costs associated with capital increases of € 4,158,352.34, less deferred tax liabilities of € 1,247,505.71, have been offset in the capital reserves.

### 35. NONCONTROLLING INTERESTS

The item involves 19% minority interests in the subsidiaries SNP Transformations SEA Pte. Ltd. and SNP Transformations Malaysia Sdn. Bhd., which were consolidated for the first time in the 2016 fiscal year. 0.64% minority interests are held in the subsidiary EXA AG, which resulted due to the exercise of stock options in the 2022 fiscal year.

The following disclosures relate to all of the companies in which the Group holds minority interests. The disclosures involve information prior to the elimination performed among other companies of the Group.



2022 in € thousand	SNP Transformations SEA and Malaysia	EXA	Total
Revenue	4,776	11,829	16,605
Result	-1,144	1,571	427
Income attributable to noncontrolling interests	-222	10	-212
Other comprehensive income	-484	148	-336
Comprehensive income	-1,628	1,719	91
Comprehensive income attributable to noncontrolling interests	-282	11	-271
Current assets	4,212	9,423	13,635
Noncurrent assets	688	559	1,247
Current liabilities	6,428	2,999	9,427
Noncurrent liabilities	3,226	1,041	4,267
Net assets	-4,754	5,942	1,188
Net assets attributable to noncontrolling interests	-931	38	-893
Cash flow from operating activities	-49	2	-47
Cash flow from investing activities	-136	4,433	4,297
Cash flow from financing activities	-119	-5,884	-6,003
Net increase in cash and cash equivalents	-304	-1,449	-1,753
Dividends paid during the year to noncontrolling interests	0	0	0

## 36. FINANCIAL INSTRUMENTS

### Objectives and Methods of Financial Risk Management

In the 2022 fiscal year, as well as investing in new and replacement property, plant and equipment and intangible assets SNP used cash and cash equivalents, first and foremost, in order to settle purchase price installments resulting from company acquisitions and for the repayment of loans and settlement of lease liabilities. These investments and repayments were financed by taking out new promissory note loans.

The management monitors and manages the Group's financing and capital structure on an ongoing basis. For this it uses parameters such as the net debt ratio and the equity ratio. The Group can adjust dividend payments to shareholders in order to maintain or adjust its capital structure. As of December 31, 2022, and December 31, 2021, no changes were made to the objectives, policies or procedures for monitoring financing and managing the capital structure.

The possible risks arising from financial instruments included interest rate-related cash flow risks as well as liquidity, foreign currency and credit risks. The Group monitors these risks on an ongoing basis and compares individual risks to total risk exposure in order to determine risk concentrations. If necessary, the Group's management decides on strategies and procedures to manage individual types of risks, as presented below.

### Credit Risk

The Group enters into transactions with creditworthy third parties. All customers wishing to conduct business with the company on a credit basis are subject to a credit check. In addition, the receivables portfolio is continuously monitored so that the Group is not exposed to any significant default risks. No credit is granted without prior review and approval according to the current regulations put in place by the Managing Directors. The Group has no significant credit risk concentrations.

For cash and cash equivalents, receivables and other financial assets of the Group, the maximum credit risk in case of default by a counterparty corresponds to the carrying amount of these instruments.

We apply the IFRS 9 simplified impairment model in order to determine the impairment for trade receivables and contract assets. Please see the comments under item 10 for further information.

The following table shows the credit and default risk based on an impairment matrix as of December 31, 2022:

#### CREDIT RISK AS OF DECEMBER 31, 2022

Classification	Loss rate in %	Carrying amounts in € thousand	Impairment in € thousand
Risk class 1 (Germany, Austria, Switzerland, USA, Australia and Singapore)	0.03	71,691	22
Risk class 2 (United Kingdom)	0.00	3,827	0
Risk class 3 (Slovakia, China, Japan, Malaysia and Chile)	0.37	8,920	33
Risk class 4 (Mexico, Colombia and India)	0.37	1,179	5
Risk class 5 (Argentina)	0.37	4,356	16
Risk class 6 (Loss)	100.00	539	539
<b>Total</b>		<b>90,512</b>	<b>615</b>

The following table shows the credit and default risk based on an impairment matrix as of December 31, 2021:

Einstufung	Loss rate in %	Carrying amounts in € thousand	Impairment in € thousand
Risk class 1 (Germany, Austria, Switzerland, USA, Australia and Singapore)	0.03	65,389	20
Risk class 2 (United Kingdom)	0.00	2,962	0
Risk class 3 (Slovakia, China, Japan, Malaysia and Chile)	0.41	8,059	33
Risk class 4 (Colombia and India)	0.41	727	3
Risk class 5 (Argentina)	0.41	1,714	7
Risk class 6 (Loss)	100.00	329	329
<b>Total</b>		<b>79,180</b>	<b>392</b>

The following table shows the development of impairment in relation to trade receivables and contract assets:

in € thousand	Trade receivables	Contract assets	Total
<b>As of January 1, 2021</b>	<b>73</b>	<b>21</b>	<b>94</b>
Amounts written off	-16	0	-16
Net remeasurement of impairment	302	12	314
<b>As of December 31, 2021</b>	<b>359</b>	<b>33</b>	<b>392</b>
Net remeasurement of impairment	241	-18	223
<b>As of December 31, 2022</b>	<b>600</b>	<b>15</b>	<b>615</b>

The following significant changes to the gross carrying amounts of trade receivables contributed to the changes to impairment losses in 2022:

- Lower loss rate-determined risk classes.
- Higher carrying amounts due to increase in trade receivables.
- Increased carrying amounts in risk class 6 due to customers' heightened financial difficulties.

#### Liquidity Risk

The Group monitors the risk of a possible liquidity squeeze through ongoing cash flow planning and monitoring. The key goal is to ensure a minimum level of liquidity in order to safeguard solvency at all times. A high volume of cash therefore serves as a strategic reserve, which helps to keep SNP flexible, solvent and independent. As well as effective management of capital employed and liquid assets, SNP has reduced the liquidity risk that results from normal business activity and fulfillment of financial obligations by establishing appropriate lines of credit with various credit institutions, which it may draw upon in case of need.

Cash flows from the Group's non-derivative financial liabilities had the following maturity dates:

in € thousand	12/31/2022				Total
	Up to 1 year	1 to 2 years	3 to 5 years	More than 5 years	
Promissory note loans	1,328	10,321	35,354	0	47,003
Liabilities to banks	7,408	2,790	21,534	0	31,732
Trade payables	10,759	0	0	0	10,759
Lease liabilities	5,116	4,049	6,602	3,015	18,782
Purchase price obligations	525	0	0	0	525
Liabilities from put options attributable to non-controlling interests	0	0	7,551	0	7,551
Other financial liabilities	229	33	0	0	262
	<b>25,365</b>	<b>17,193</b>	<b>71,041</b>	<b>3,015</b>	<b>116,614</b>

in € thousand	12/31/2021				Total
	Up to 1 year	1 to 2 years	3 to 5 years	More than 5 years	
Promissory note loans	26,388	180	9,180	0	35,748
Liabilities to banks	7,716	2,866	24,324	0	34,906
Trade payables	8,339	0	0	0	8,339
Lease liabilities	4,683	4,252	6,988	3,948	19,871
Purchase price obligations	3,354	285	0	0	3,639
Liabilities from put options attributable to non-controlling interests	0	0	14,625	0	14,625
Other financial liabilities	206	115	0	0	321
	<b>50,686</b>	<b>7,698</b>	<b>55,117</b>	<b>3,948</b>	<b>117,449</b>

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

### Fair value

Our financial instruments are primarily classified at amortized cost. The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements:

in € thousand		12/31/2022		12/31/2021	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>	<b>IFRS 9 category</b>				
Cash and cash equivalents	Amortized cost	38,367	38,367	40,337	40,337
Purchase price receivable I	Amortized cost	9,859	9,859	8,729	8,729
Purchase price receivable II	Fair value (profit or loss)	0	0	11,213	11,213
Trade receivables*	Amortized cost	80,255	80,255	67,123	67,123
Other financial assets	Amortized cost	1,748	1,748	9,015	9,015
<b>Total</b>		<b>130,229</b>	<b>130,229</b>	<b>136,417</b>	<b>136,417</b>

\*The previous-year figure has been adjusted due to the change made to the presentation of trade receivables. See also item 5 "Changes to Presentation."

in € thousand		12/31/2022		12/31/2021	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>	<b>IFRS 9 category</b>				
Trade payables	Amortized cost	10,759	10,759	8,339	8,339
Financial liabilities	Amortized cost	72,075	68,478	68,327	67,419
Purchase price obligations I	Amortized cost	0	0	3,033	3,033
Purchase price obligations II	Fair value (profit or loss)	524	524	569	569
Liabilities from put options attributable to non-controlling interests	Amortized cost	7,457	7,457	14,360	14,360
Lease liabilities		16,729	16,729	18,305	18,305
Other financial liabilities	Amortized cost	262	262	322	322
<b>Total</b>		<b>107,806</b>	<b>102,532</b>	<b>113,255</b>	<b>112,347</b>

### Summary as per IFRS 9 category

in € thousand	12/31/2022 Carrying amount	12/31/2021 Carrying amount
Financial assets measured at amortized cost*	130,229	125,204
Financial assets measured at fair value through profit or loss	0	11,213
Financial liabilities measured at amortized cost	90,553	94,381
Financial liabilities measured at fair value through profit or loss	524	569

\* The previous-year figure has been adjusted due to the change made to the presentation of trade receivables. See also item 5 "Changes to Presentation."

Cash and cash equivalents, trade receivables measured at amortized cost, trade payables and other financial assets and liabilities have predominantly short remaining terms. For these short-term financial instruments, the carrying amount is a reasonable approximation of fair value. The step used to determine the fair value is not disclosed separately for these financial instruments.

The fair value of financial liabilities is measured on the basis of the yield curve while taking credit spreads into consideration. They have therefore been assigned to level 2 in the valuation hierarchy.

The fair value of contingent purchase price obligations in connection with company acquisitions and contingent purchase price receivables in connection with company

disposals that have, in each case, a measurement at fair value level 3 after subsequent measurement is determined in accordance with generally accepted valuation methods based on discounted cash flow analyses. The material inputs are, in addition to the factor-specific discount rates, the expectations for future cash flows and the earnings figures determined in purchase or sale agreements and relevant with regard to earn-out.

The fair value of liabilities from put options attributable to non-controlling interests is determined in accordance with generally accepted valuation methods based on discounted cash flow analyses. The main inputs are, in addition to the factor-specific discount rates, the expectations for the relevant earnings figures determined in purchase agreements. They have therefore been assigned to level 3 in the valuation hierarchy.

The changes to the financial instruments measured at fair value level 3 are as follows:

in € thousand	Purchase price receivables
<b>Opening balance as of January 1, 2021</b>	<b>0</b>
Sales	11,123
Income recognized in the income statement	90
<b>Closing balance as of December 31, 2021 / opening balance as of January 1, 2022</b>	<b>11,213</b>
Increase	254
Conversion	-12,350
Income recognized in the income statement	883
<b>Closing balance as of December 31, 2022</b>	<b>0</b>

Of the income recognized in the income statement, € 92 thousand (previous year: € 90 thousand) is attributable to compound interest effects that have been recognized in interest income and € 791 thousand is attributable to the disposal gain recognized under other operating income and resulting from the conversion into purchase price receivables measured at amortized cost within the scope of the sale of the remaining 49% of the shares in All for One Poland Sp. z o.o.

The income recognized in the income statement comprises compound interest effects recognized as interest income.

in € thousand	Purchase price obligations
<b>Opening balance as of January 1, 2021</b>	<b>474</b>
Payments	-117
Losses recognized in the income statement	212
<b>Closing balance as of December 31, 2021 / opening balance as of January 1, 2022</b>	<b>569</b>
Payments	-538
Losses recognized in the income statement	493
<b>Closing balance as of December 31, 2022</b>	<b>524</b>

Of the losses recognized in the income statement, € 464 thousand (previous year: € 181 thousand) relate to the increase in the contingent purchase price obligation due to a reassessment of the earnings figures defined in the purchase agreements, which were recognized in other operating expenses. € 31 thousand (previous year: € 21 thousand) relate to the compound interest effects recognized as interest expense. A further € -2 thousand (previous year: € 10 thousand) relates to currency effects recognized in other operating income (previous year: expenses).

The following tables summarize the quantitative information for the key non-observable input factors applied for the measurement of level 3 fair value:

Description	Fair value as of December 31, 2022 in € thousand	Non-observable input factors	Range of input factors (weighted average) in € thousand	Ratio of non-observable input factors to fair value
Contingent purchase price liability	524	Risk-adjusted discount rate	6.49% to 13.49% (9.1%)	A 100 basis-point change in the discount rate would increase or decrease the FV by € 6 thousand.
		Expected cash flows	525	If the expected cash flows were 10% higher or lower, the FV would increase or decrease by € 51 thousand.

Description	Fair value as of December 31, 2021 in € thousand	Non-observable input factors	Range of input factors (weighted average) in € thousand	Ratio of non-observable input factors to fair value
Contingent purchase price receivable	11,213	Risk-adjusted discount rate	3.25%	A 100 basis-point change in the discount rate would increase the fair value (FV) by € 221 thousand or decrease the fair value by € 214 thousand.
		Expected cash flows	11,954	If the expected cash flows were 10% higher or lower, the FV would increase or decrease by € 1,121 thousand.
Contingent purchase price liability	569	Risk-adjusted discount rate	6.49% to 13.49% (8.4%)	A 100 basis-point change in the discount rate would increase or decrease the FV by € 38 thousand.
		Expected cash flows	606	If the expected cash flows were 10% higher or lower, the FV would increase or decrease by € 52 thousand.

The Group determines at the end of each reporting period whether transfers have occurred between hierarchy levels by reviewing the classification (based on the input of the lowest level that is significant to the fair value measurement as a whole).

The general responsibility for monitoring all significant measurements of fair value, including level 3 fair values, belongs to the Finance department, which re-

ports directly to the CFO. Selected external valuers are used, where necessary, to determine the fair value of significant assets and liabilities. The selection criteria include market knowledge, reputation, independence and compliance with professional standards. The finance department decides which valuation techniques and inputs apply in each individual case in discussion with the external valuers.

The net gains or losses of the individual IFRS-9 categories are as follows:

in € thousand	12/31/2022	12/31/2021
From financial assets measured at amortized cost*	672	-81
From financial assets measured at fair value through profit or loss	883	95
From financial liabilities measured at amortized cost	138	-1.319
From financial liabilities measured at fair value through profit or loss	-493	-201

\* The value of the previous year was adjusted due to the change in the presentation of trade receivables. See also item 5. Changes to presentation.

Net gains and net losses from financial instruments measured at fair value through profit or loss result from changes in the fair value.

For the assets measured at amortized cost, net gains and net losses include income from interest, expenses and income for expected credit losses, effects of currency translation, gains and losses on disposal and income from receipts on receivables written off.

Net gains and net losses from liabilities measured at amortized cost include expenses for interest, effects resulting from changes to the estimates for the measurement of the liability resulting from the put option attributable to the non-controlling interest, and effects from currency translation.

Interest income from financial assets measured at amortized cost amounts to € 328 thousand (previous year: € 93 thousand, previous year adjusted: € 102 thousand).

Interest expense from financial liabilities measured at amortized cost amounts to € 1,524 thousand (previous year: € 1,275 thousand).

### Market Price Risk

#### Interest Rate Risk Management

The Group is financed in part through its operating cash flow. In order to finance organic and inorganic growth, SNP has also borrowed interest-bearing capital in the form of various bank loans and promissory note loans.

The bank loans have a fixed basic interest rate.

The yield on the various tranches of the promissory note loans consists of fixed and variable interest. The variable interest is based on Euribor. The variable portion of the promissory note loans amounts to € 32,500 thousand (previous year: € 20,000 thousand). In July 2019, the Belgian Financial Services and Markets Authority granted an authorization for Euribor in accordance with the European Union Benchmarks Regulation. This enables market participants to continue to use Euribor for new and existing agreements. The Group assumes that Euribor will continue to be used as a benchmark rate for the foreseeable future. The floating-rate promissory

note loan raised in 2022 includes a detailed reversionary clause that clearly refers to the alternative reference interest rate and to the trigger events that will activate this clause. Therefore, changes in market interest rates can lead to higher interest expenses. If the six-month Euribor is positive, a 50 basis-point increase in the six-month Euribor will increase the interest expense by € 0.2 million (previous year: € 0.1 million). A 50 basis-point decrease in the six-month Euribor would reduce the volume of interest expense by € 0.2 million. The sensitivity analysis assumes that all other variables (except for the market interest rate) will remain unchanged. Management continuously monitors the development of market interest rates and the necessity of appropriate hedging measures.

### Currency Risk

The Group companies conduct their operating business in their respective functional currency so that the corresponding foreign exchange risk is regarded as moderate. Currency risks result primarily from intragroup business relationships.

#### Currency Risk Management

The euro is the functional currency of the parent company and the reporting currency of the consolidated financial statements. A result of the Group's increasing internationalization outside the eurozone is that its operating business and financial transactions involve fluctuations in exchange rates. Exchange rate risks,



which arise from orders from, and loans to, subsidiaries outside the eurozone, relate primarily to the absolute amount of the key figures reported in euros. Management continuously monitors the development of exchange rates and the necessity of appropriate hedging measures.

A sensitivity analysis has been carried out in order to be able to quantify the possible effects of exchange rate fluctuations on Group earnings. The key currency risk for the Group relates to transactions denominated in the US dollar. A 10% stronger euro against the US dollar on the balance sheet date would result in a € 1,550 thousand lower result before taxes for the period (previous year: € 877 thousand higher result for the period). A 10% weaker euro against the US dollar on the reporting date would result in a € 1,894 thousand higher result before taxes for the period (previous year: € 324 thousand lower result for the period).

Due to the inclusion of subsidiaries, the Group also reports assets and liabilities outside the eurozone that are denominated in local currencies. Fluctuations in exchange rates may result in changes in value at the conversion of these assets into euros. The changes in these net assets are reflected in the Group's equity through other comprehensive income.

### 37. CAPITAL MANAGEMENT

	12/31/2022		12/31/2021		Delta as %
	in € thousand	As % of the total volume of equity and liabilities	in € thousand	As % of the total volume of equity and liabilities	Total
Equity	107,183	40	102,224	38	5
Current liabilities	64,636	25	89,516	34	-28
Noncurrent liabilities	93,151	35	74,320	28	25
Liabilities	157,787	60	163,836	62	-4
<b>Total equity and liabilities</b>	<b>264,970</b>	<b>100</b>	<b>266,060</b>	<b>100</b>	<b>0</b>

The Group pursues the goal of safeguarding its long-term corporate survival and preserving the interests of shareholders, employees and all others who read the financial statements.

The management of the capital structure is based on changes in the macroeconomic environment and risks from the assets being held.

The Group's strategy is directed toward the continuous and sustainable increase in the company's value.

As of December 31, 2022, the equity ratio had increased to 40.5% (previous year: 38.4%).

# Notes to the Consolidated Income Statement

## 38. OTHER OPERATING INCOME

Other operating income breaks down as follows:

in € thousand	2022	2021
Exchange rate differences	8,756	2,201
Deconsolidation	0	2,419
Remeasurement of purchase price liabilities	1,645	0
Remeasurement and disposal of purchase price receivables	1,336	0
Reversal of provisions and derecognition of liabilities	553	164
Advertising subsidies	355	321
Proceeds from the disposal of assets	280	176
Rent concessions	276	16
Insurance compensation	152	275
Other subsidies	0	60
Other	732	816
<b>Total</b>	<b>14,085</b>	<b>6,448</b>

## 39. COST OF MATERIALS

This involves costs for purchasing external consultants to carry out projects (cost of purchased services) and for purchasing third-party licenses for resale.

## 40. PERSONNEL COSTS

Personnel costs include costs for defined contribution pension plans of € 543 thousand (previous year: € 446 thousand), not including insurance contributions to statutory pension plans. Contributions to statutory pension plans amounted to € 6,074 thousand (previous year: € 6,109 thousand).

Personnel costs include severance expenses of € 864 thousand (previous year: € 348 thousand). Thereof, € 506 thousand are attributable to the former CFO.

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

	2022	2021
Full-time	1,260	1,467

## 41. OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

in € thousand	2022	2021
Services	8,330	5,369
Foreign exchange losses	6,493	1,154
Advertising, representation	4,265	4,668
Rent, leases	2,781	2,254
Other personnel costs	2,677	1,362
Occupancy costs, energy	2,069	2,217
Legal and consulting costs	1,917	2,127
Travel costs	1,722	499
Vehicles	1,467	1,560
Communications	1,064	981
Insurance policies, contributions	850	711
Board of Directors	615	340
Payment transaction costs	473	157
Remeasurement of earn-out obligation	464	182
Office supplies	203	393
Expense associated with the disposal of assets	128	273
Other	419	188
<b>Total</b>	<b>35,938</b>	<b>24,435</b>

## 42. NET FINANCIAL INCOME

Net financial income is as follows:

in € thousand		
<b>Other financial income</b>	<b>2022</b>	<b>2021</b>
Compounding on purchase price receivables	344	151
Staff payables	107	9
Compounding on receivables	39	9
Derivatives	0	5
Term deposit investment	0	7
Other interest income	41	19
<b>Total</b>	<b>531</b>	<b>200</b>

in € thousand		
<b>Other financial expenses</b>	<b>2022</b>	<b>2021</b>
Payment to shareholders of EXA AG	1,427	8
Interest for promissory note loans	883	598
Bank interest	565	558
Leases	507	530
Accrued liabilities from put options of non-controlling interests	59	69
Staff payables	51	36
Compounding on purchase price obligations	34	24
Derivatives	0	4
Impairment losses	0	9
Other interest expenses	12	42
<b>Total</b>	<b>3,538</b>	<b>1,878</b>

# Other Notes

## 43. STATEMENT OF CASH FLOWS

The cash flow from operating activities includes the following items: interest paid of € 1,262 thousand (previous year: € 1,277 thousand), interest received of € 41 thousand (previous year: € 35 thousand), income taxes paid of € 5,748 thousand (previous year: € 4,438 thousand) and income taxes received of € 645 thousand (previous year: € 85 thousand).

Cash flow from investing activities includes payments for company acquisitions of € 10,315 thousand (previous year: € 15,902 thousand). This comprises payments made for the company acquisitions in 2020 and 2021 and the payment made to shareholders of EXA AG.

Noncash expenses and income include the following changes.

in € thousand	2022	2021
Reassessment of earn-out liability	-1,181	0
Deferred taxes	-1,109	300
Deconsolidation gain	0	-2,419
Remeasurement and disposal of purchase price receivables	-1,336	0
Currency effects	-875	3,364
Accrued interest	-333	-341
Disposal of assets	-152	141
Dissolution of disposal group	0	-1,639
Personnel expense for stock option programs	530	459
Remeasurement of defined benefit obligations	1,522	777
Other	49	142
<b>Total</b>	<b>-2,885</b>	<b>784</b>

Liabilities from financing activities developed as follows:

in € thousand	Promissory note loans	Other loans	Lease liabilities	Total
<b>As of January 1, 2021</b>	<b>35,342</b>	<b>15,972</b>	<b>18,364</b>	<b>69,678</b>
Borrowed	0	24,618	0	24,618
New leasing additions	0	0	1,920	1,920
Addition from company acquisitions	0	6,112	1,689	7,801
Repaid	0	-13,367	-4,254	-17,621
Other payments	-692	0	0	-692
Noncash deferrals	598	-195	345	748
Exchange rate fluctuations	0	-8	241	233
<b>As of December 31, 2021</b>	<b>35,248</b>	<b>33,132</b>	<b>18,305</b>	<b>86,685</b>
Borrowed	32,500	0	0	32,500
New leasing additions	0	0	2,813	2,813
Repaid	-26,000	-2,792	-4,613	-33,405
Other payments	-698	0	0	-698
Noncash deferrals	558	176	166	900
Exchange rate fluctuations	0	-16	58	42
<b>As of December 31, 2022</b>	<b>41,608</b>	<b>30,500</b>	<b>16,729</b>	<b>88,837</b>

Other payments comprise, in particular, payments of interest and fees.

Noncash deferrals mainly consist of deferred interest expenses and subsidies reclassified to nonfinancial liabilities.

#### 44. MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTORS

Since the transformation of SNP Schneider-Neureither & Partner AG into a European stock corporation (Societas Europaea/SE) in 2017, the company has been managed by its Board of Directors, which determines the basic standards for its business activities and oversees their implementation by the Managing Directors.

Since the start of the fiscal year, the Board of Directors has had the following members: Prof. Dr. Claus Heinrich (Chairman), Dr. Karl Benedikt Biesinger (Deputy Chairman), Prof. Dr. Christoph Hütten, Richard Roy and Sebastian Reppegather. Prof. Dr. Claus Heinrich resigned from the Board of Directors for personal reasons on September 30, 2022. Richard Roy has been the Chairman of the Board of Directors since October 1.

At the start of the fiscal year, the Managing Directors consisted of the following persons: Michael Eberhardt (Chairman of the Managing Directors and CEO), Gregor Stöckler (COO) and Prof. Dr. Heiner Diefenbach (CFO). Prof. Dr. Heiner Diefenbach resigned his positions as Managing Director and CFO on March 31, 2022. Prof. Dr. Thorsten Grenz was appointed Managing Director and the company's CFO on the same date of March 31, 2022. Prof. Grenz is serving as SNP's CFO in a temporary capacity until a new CFO has been recruited.

#### 45. RELATED PARTY TRANSACTIONS AND DISCLOSURES

According to IAS 24 "Related Party Disclosures," transactions with persons or companies that may be influenced by the reporting company or could influence the company must be disclosed unless they have not already been included as a consolidated company in the consolidated financial statements.

##### Provisions Made for Pension Commitments to Previous Member of the Company's Organs

The company has pension commitments to Ms. Petra Neureither (CFO until May 19, 2011). For this, SNP SE made pension provisions totaling € 38 thousand (previous year: € 125 thousand). A reinsurance policy was arranged for the pension obligations. The company has also established a pension provision for the orphans of Dr. Andreas Schneider-Neureither (Managing Director until November 2020) in the amount of € 31 thousand (previous year: € 44 thousand).

##### Other Transactions

In the 2022 fiscal year, SNP assumed liabilities for account of the Managing Director Gregor Stöckler in the amount of € 24 thousand (previous year: € 0 thousand). Of this amount, receivables outstanding as of December 31, 2022, amounted to € 9 thousand (previous year: € 0 thousand).

A legal consulting agreement has been concluded between SNP SE and RB Reiserer Biesinger Rechtsanwaltsgesellschaft mbH, Heidelberg, Germany, of which the Board of Directors member Dr. Karl Biesinger is a Managing Director and shareholder. In the 2022 reporting year, related expenses amounted to € 6 thousand (previous year: € 224 thousand); there were no outstanding liabilities in this respect as of December 31, 2022 (previous year: € 60 thousand).

A sublease agreement has been concluded between SNP Deutschland GmbH as the landlord and OORCCA GmbH, Heidelberg, Germany, as the tenant, an associate of SNP at which the Board of Directors member Dr. Karl Biesinger is a Managing Director and shareholder. As of December 31, 2022, related income was € 5 thousand (previous year: € 5 thousand); as of December 31, 2022, there were no outstanding receivables.

On the basis of employment contracts between SNP SE and a child of the Board of Directors member Dr. Karl Biesinger, salary payments were made including benefits in kind and fringe benefits. In the 2022 reporting year, related expenses amounted to € 152 thousand (previous year: € 67 thousand). As of December 31, 2022, outstanding receivables amounted to € 9 thousand (previous year: € 0 thousand) and outstanding liabilities to € 17 thousand (previous year: € 0 thousand).

Since April 2022, an employment contract has been in force with Prof. Dr. Thorsten Grenz covering his temporary role as Managing Director. Personnel expenses amounting to € 319 thousand were incurred for his work as interim CFO. As of December 31, 2022, outstanding liabilities amounted to € 194 thousand. In addition, as of December 31, 2022, outstanding receivables from KIM-BRIA Gesellschaft für Beteiligung und Beratung mbH, Berlin, Germany – of which Prof. Dr. Grenz is a Managing Director – total € 258 thousand.

The total remuneration paid to the Managing Directors in the 2022 and 2021 fiscal years was as follows:

in € thousand	Managing Directors in Office		Former Managing Directors	
	2022	2021	2022	2021
<b>Benefits due in the short term</b>	<b>1,180</b>	<b>804</b>	<b>83</b>	<b>508</b>
of which fixed remuneration	942	479	75	292
of which fringe benefits	66	51	7	32
of which defined benefit	170	272	0	182
of which defined contribution	2	2	1	2
<b>Share-based payment transactions</b>	<b>360</b>	<b>313</b>	<b>0</b>	<b>200</b>
Multi-year variable remuneration	360	313	0	200
<b>Subtotal</b>	<b>1,540</b>	<b>1,117</b>	<b>83</b>	<b>708</b>
<b>Termination benefits</b>	<b>0</b>	<b>0</b>	<b>506</b>	<b>0</b>
<b>Post-employment benefits</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>155</b>
of which fixed remuneration	0	0	0	0
of which fringe benefits	0	0	0	5
of which defined benefit	0	0	0	150
of which defined contribution	0	0	0	0
<b>Total</b>	<b>1,540</b>	<b>1,117</b>	<b>589</b>	<b>863</b>

The total annual remuneration of the members of the Board of Directors is as follows:

in € thousand	2022	2021
<b>Total remuneration</b>	<b>598</b>	<b>358</b>
Of which fixed remuneration	367	232
Of which attendance fees (incl. committee meetings)	231	126

#### 46. RISKS RESULTING FROM LEGAL DISPUTES

As part of its ordinary business activities, SNP is confronted with lawsuits and court proceedings. As of the reporting date of December 31, 2022, pending legal disputes mainly relate to proceedings with current and former employees.

The employment law proceedings primarily relate to disputes over termination of employment. SNP reviews these cases in great detail and conducts the proceedings in line with the compliance requirements and taking the litigation risk into account. The legal consequence could include legal defense costs and potentially compensation claims.

A lawsuit was filed by an employee in the USA at the beginning of 2021. The charges include allegations of sexual harassment by a former manager from 2018 to 2020. The company is currently investigating these allegations. The lawsuit against the company has since been declared inadmissible but is now targeting its US subsidiary. Provisions were made for expected costs in connection with the litigation. Evidence is currently being taken. In accordance with IAS 37, further disclosures will not be made since the proceedings are still ongoing. An out of court settlement was reached between the parties in March 2023, which is within the scope of the deferred costs.

The company has reviewed claims in connection with a property rented in the USA for which the rent was paid in advance but which lacked commercial usability. The company brought an action for payment in this respect in the reporting year. The proceedings are still in the early stages. The court has already issued some initial orders.

The company is also the defendant in a legal proceeding from a previous tenancy. The rental property was vacated by the company at the beginning of 2021. There is a difference of opinion as to the term of the tenancy. The company is defending itself against this action and, if necessary, also in subsequent proceedings. The company has made provisions for expected costs.

#### 47. AUDITING AND CONSULTING FEES

In the fiscal year, fees for the auditor for the consolidated financial statements amounted to € 255 thousand (previous year: € 233 thousand), for other assurance services to € 40 thousand (previous year: € 39 thousand) and for other consulting services to € 0 thousand (previous year: € 18 thousand).

#### 48. SUPPLEMENTARY REPORT

In March 2023, SNP announced that the Board of Directors had decided to appoint Andreas Röderer as Chief

Financial Officer (CFO) and member of the Managing Directors. He will take up the post on September 1, 2023 at the latest. The current interim CFO, Prof. Dr. Thorsten Grenz, will remain with the company until an orderly handover has been completed.

With effect from January 16, 2023, the Board of Directors today appointed Dr. Jens Amail as Managing Director and new CEO of SNP. Current CEO Michael Eberhardt will support Jens Amail in assuming the role of CEO and will remain with the company until the end of March 2023 for this purpose.

#### 49. CORPORATE GOVERNANCE

The Managing Directors and the Board of Directors have issued a declaration on the German Corporate Governance Code. This has been made available on the company's website at <https://www.snpgroup.com/en/corporate-governance>.

Heidelberg, March 23, 2023

The Managing Directors

Dr. Jens Amail

Michael Eberhardt

Prof. Dr. Thorsten Grenz

Gregor Stöckler

Success Story

# Creaton

“The aim of the comprehensive restructuring and modernization of our IT landscape was to create an innovative IT environment that functions as a strategic partner to the business units and therefore goes far beyond the traditional role of our IT to date. The market is constantly changing, and the requirements are becoming more complex. Therefore, our entire IT landscape needs to be future-oriented and scalable while providing the necessary security. We have now established the framework to provide added value for our company and increase competitiveness. SNP has provided us with reliable support on this journey.”

Jürgen Adä, Head of IT, Creaton Group



Scan the QR code  
and learn more about  
the successful project.





# Annual Financial Statements

**BALANCE SHEET (HGB)**

as of December 31, 2022

**ASSETS**

in € thousand		2022	2021
<b>A. Fixed assets</b>			
<b>I. Intangible assets</b>			
1. Concessions, industrial property rights and similar rights and values such as licenses to such rights and values	1,311		1,800
2. Payments on account	144		0
		1,455	1,800
<b>II. Fixed assets</b>			
1. Land, rights equivalent to property and buildings including buildings on third-party land	931		1,055
2. Other fixed assets and office equipment	2,278		2,181
		3,209	3,236
<b>III. Financial assets</b>			
1. Shares in affiliated companies	110,149		122,116
2. Loans in affiliated companies	4,087		4,087
3. Participations	228		228
		114,464	126,431
		119,128	131,467
<b>B. Current assets</b>			
<b>I. Inventories</b>			
Work in progress		1,613	89
<b>II. Receivables and other assets</b>			
1. Trade receivables	20,374		22,146
2. Receivables from affiliated companies	60,910		48,030
3. Other assets	11,679		548
		92,963	70,724
<b>III. Cash reserves and bank balances</b>		10,505	7,975
<b>C. Deferred items</b>		1,044	969
		<b>225,254</b>	<b>211,223</b>

**LIABILITIES**

in € thousand		2022	2021
<b>A. Equity</b>			
<b>I. Subscribed capital</b>			
1. Subscribed capital	7,386		7,386
2. Own shares	-108		-113
		7,278	7,273
<b>II. Capital reserves</b>		99,389	99,414
<b>III. Revenue reserves</b>			
1. Statutory reserves	19		19
2. Other retained earnings	218	237	0
			19
<b>IV. Retained earnings</b>		17,294	6,136
		124,198	112,842
<b>B. Provisions</b>			
1. Provisions for pensions and similar obligations	417		417
2. Tax provisions	295		255
3. Other provisions	4,786		5,460
		5,498	6,132
<b>C. Liabilities</b>			
1. Liabilities to financial institutions	72,687		68,846
2. Payments received on orders	1,124		21
3. Trade payables	4,339		3,044
4. Liabilities to affiliated companies	13,792		14,017
5. Other liabilities	3,016		5,768
		94,958	91,696
<b>D. Deferred items</b>		600	553
		225,254	211,223

SNP Schneider-Neureither &amp; Partner SE, Heidelberg

**PROFIT AND LOSS ACCOUNT (HGB)**

for the period from January 1 to December 31, 2022

in € thousand		2022	2021
<b>1. Sales revenue</b>		30,928	34,152
<b>2. Increase/Decrease in inventories of unfinished goods</b>		1,524	80
<b>3. Other capitalized own services</b>		0	62
<b>4. Other operating income</b>			
– Of which expenses from foreign currency conversion: T€ 314 (previous year: T€ 917)		11,711	2,042
<b>5. Material costs</b>			
Costs for purchased goods		-1,656	-966
<b>6. Personnel costs</b>			
a) Wages and salaries	-15,518		-15,481
b) Social security and expenses for pensions and related employee benefits			
– Of which expenses for pensions: T€ 99 (previous year: T€ 164)	-2,263		-2,434
		-17,781	-17,916
<b>7. Depreciation</b>			
– Of intangible assets and property, plant and equipment		-1,356	-1,172
<b>8. Other operating expenses</b>			
– Of which expenses from foreign currency conversion: T€ 855 (previous year: T€ 105)		-24,896	-26,767
<b>9. Income from participations</b>			
– Of which from affiliated companies: T€ 5,258 (previous year: T€ 2,025)		5,258	2,025
<b>10. Received profits due to a profit transfer agreement</b>		14,553	10,205
<b>11. Income from loans of financial assets</b>			
– Of which from affiliated companies: T€ 129 (previous year: T€ 100)		129	100
<b>12. Other interest and similar income</b>			
– Of which from affiliated companies: T€ 293 (previous year: T€ 151)		294	160
<b>13. Depreciation of financial assets</b>		-5,600	-750
<b>14. Interest and similar expenses</b>			
– Of which from affiliated companies: T€ 84 (previous year: T€ 28)		-1,349	-1,050
<b>15. Taxes on income</b>		-589	-280
<b>16. Income after taxes</b>		<b>11,170</b>	<b>-74</b>
17. Other taxes		-13	-16
<b>18. Net income</b>		<b>11,157</b>	<b>-90</b>
19. Profit carries forward from previous year		6,136	8,366
20. Withdrawal from capital reserves		0	2,142
<b>21. Net profit</b>		<b>17,294</b>	<b>6,136</b>

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## CONTACT

Do you have questions or need more information? We are at your disposal for further advice and information.

SNP Schneider-Neureither & Partner SE  
Speyerer Straße 4  
69115 Heidelberg  
Phone: +49 6221 6425-0  
Email: [info@snpgroup.com](mailto:info@snpgroup.com)  
Internet: [www.snpgroup.com](http://www.snpgroup.com)

## KONTAKT INVESTOR RELATIONS

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

E-Mail: [investor.relations@snpgroup.com](mailto:investor.relations@snpgroup.com)

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



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### Contents

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Speyerer Straße 4  
69115 Heidelberg

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