

# Annual Report 2023



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## KEY FIGURES

in € million, unless otherwise indicated	2023	2022	Delta	Delta in %
Order entry	266.1	193.6	72.5	37%
Revenue	203.4	173.4	30.0	17%
EBITDA	21.5	17.6	3.9	22%
EBIT	11.1	6.8	4.3	64%
Profit or loss for the period	5.9	1.4	4.5	317%
Earnings per share (in €)	0.81	0.22	0.58	263%
Operating cash flow	12.5	-0.5	13.1	2,465%
Cash and cash equivalents	40.3	38.4	1.9	5%
Employees as of December 31	1,432	1,311	121	9%

in € million, unless otherwise indicated	Q4 2023	Q4 2022	Delta	Delta in %
Order entry	96.5	70.9	25.6	36%
Revenue	53.8	48.5	5.3	11%
EBITDA	5.5	7.7	-2.2	-29%
EBIT	2.8	4.9	-2.0	-42%
Profit or loss for the period	1.3	1.5	-0.2	-12%
Earnings per share (in €)	0.18	0.21	-0.03	-12%
Operating cash flow	14.2	12.4	1.8	15%

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Success Story

# E.ON

"We have already had many years of very positive experiences with SNP and their transformation software, and we are building on this expertise once again. Above all, standardization based on SNP's CrystalBridge software is the key to a secure and efficient transition to the world of S/4HANA."

Michael Syring, Head of Corporate Digital Technology, E.ON



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



To our Stakeholders ►



**„Last year saw us lay a solid foundation that will support us in driving sustainable and profitable growth in the coming years.“**

Dr. Jens Amail, Chief Executive Officer (CEO)

## LETTER OF THE CEO

Dear Shareholders and Friends of the Company,

When Andreas Schneider-Neureither founded SNP, his vision was to shape the SAP consulting market with data transformation software. Today, we can proudly say we have achieved his vision. Now, with our 30th anniversary just around the corner, SNP's industry influence and market position are stronger than ever.

In 2023, we made great strides expanding our list of clients. We're consolidating and migrating tens of terabytes of SAP data for TE Connectivity. Our long-standing customer E.ON entrusted us with one of the largest and most challenging SAP S/4HANA transformations in the energy sector. We're supporting Würth IT migrate to SAP S/4HANA, and Loh Services are relying on us for their comprehensive SAP transformation project. These are just a few recent examples, and we're very grateful that more than 3,000 customers put their trust in our team and in our software platform, CrystalBridge.

It's not just our customers that trust SNP. We now have partnership agreements in place with 17 of Gartner's top 20 global SAP system integrators. This strong partner ecosystem is incredibly important to us. Last year, we continued to expand our long-standing and successful partnerships, including those with Accenture, IBM and the All for One Group. Many of our partners now leverage their consulting teams around the globe and carry out projects independently – based on our BLUEFIELD™ approach and CrystalBridge.

Of course, SAP remains a key partner for us, and we work together closely on many different levels. We're united by our shared mission to significantly increase the global adoption rate for SAP S/4HANA and RISE with SAP, enabling the digital transformation of our customers with the greatest speed, efficiency, predictability and security.

The members of our new Supervisory Board are further proof of our close ties with SAP. We're fortunate to have Peter Maier on board, whose many years of industry experience and extensive market knowledge make him a perfect fit for SNP.

Many customers and partners are also leveraging our factory approach. When companies face ongoing transformations, we help them set up an in-house factory with their own employees. This approach not only significantly speeds up the process and enables scalability, but also supports the ambition of our customers to become more agile in a dynamic business environment in which decisions on M&A, carve-outs and system modernizations need to be executed more quickly than ever before.

As the leading provider of software for digital transformations, automated data migrations and data management in the SAP environment, we take immense pride in enabling sustainable success and business value for our customers and partners. We're thrilled to see more and more organizations opting for selective data migration and that demand for SNP solutions is steadily increasing.

As the pressure intensifies to be more agile while at the same time IT landscapes increase in complexity, our customers and partners recognize the huge value creation potential that comes from our services and software solutions.

This is reflected in the positive market response and our best-ever financial results:

- We achieved group revenue of over EUR 200 million for the first time.
- Our SAP S/4HANA and RISE with SAP business more than doubled to approximately EUR 145 million.
- Our partner-driven order entries grew 51% year-over-year (vs. 13% in 2022) to EUR 98 million and are higher than ever before.

- We achieved exceptional growth rates in the largest global IT markets: +138% in the USA and +81% in UKI.
- Our software business generated revenues of about EUR 69 million, which represents approximately 34% of our overall business.

Thanks to these successes and our stable growth throughout the year, we significantly improved our operating result (EBIT), increasing it by approximately EUR 4 million to around EUR 11 million. Without currency effects, the increase compared to 2022 would actually be approximately EUR 11 million.

We also greatly improved our downstream operating cash flow, achieving a positive result of approximately EUR 13 million – in particular due to improved internal processes.

So, from a financial perspective, we made excellent progress across the board in 2023. In addition, we also became more predictable for our investors – after we raised the outlook twice during the year, we exceeded or met the forecast issued to the capital market for order entry, revenue and earnings.





The Board of Directors: Andreas Röderer, Chief Financial Officer (CFO) and Dr. Jens Amail, Chief Executive Officer (CEO)

Marking another milestone in SNP's development, we have integrated the topics of sustainability and diversity into our corporate strategy. As part of this commitment, we increased the number of women in the Executive Leadership Team (ELT) significantly in 2023, with the aim of raising the proportion of women in management positions directly below the Executive Board to at least 30% by 2028.

The results of our second global employee survey in October showed much higher satisfaction levels across all regions and functional areas in the SNP Group. The criteria include a commitment index covering multiple aspects such as identification with the company, motivational climate, and an assessment of SNP's performance and future readiness, with the results revealing a significant improvement compared with the previous year.

In terms of our corporate governance structure, we have returned to the dualistic model with an Executive Board and a Supervisory Board. This change aims to ensure clear and consistent roles and responsibilities at SNP going forward. From an investor perspective, our anchor shareholder gives us the backing we need to increase the value and profitability of the company in a sustainable manner.

Last year saw us lay a solid foundation that will support us in driving sustainable and profitable growth in the coming years:

- We are embarking on further international expansion with the goal of breaking into new attractive SAP markets.
- We are pressing ahead with our operational plan to meet the high demand in the SAP S/4HANA and RISE with SAP environment.
- We are strengthening our position in a broader ecosystem to scale our software successfully.
- We are maximizing customer value with our software solutions in the data management space and tapping into new sources of revenue.
- We are refining our sustainability strategy to pave the way for a rollout across the entire SNP Group.

Thanks to the incredible work of our team and the continued trust of our customers and partners, we look optimistically to the future. The theme of our annual Transformation World event this year is "Winning together," which truly reflects our culture: If we enable success for our partners and customers, then SNP and our shareholders will flourish, too.

We know that we still have a lot of work ahead of us, but thanks to the outstanding commitment of our entire team, SNP is in the strongest position in its 30-year history.

Together, we are working on the future of SNP. For our customers and partners. For our people. And for you. Thank you for your enduring trust in SNP.

Very best wishes,

Jens Amail

# REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The past financial year was a landmark year for SNP SE: organizational and staffing changes create the conditions for the continued positive development of SNP.

On September 27, 2023, the Extraordinary General Meeting approved the relevant resolution to change the management structure of SNP SE from monistic to dualistic: SNP now has an Executive Board and a Supervisory Board, as is usual for a German listed company, with the Executive Board being solely responsible for running the company.

The first notable successes can be seen in the gratifying development of key indicators – namely the strong sales and earnings performance with a significant upturn in partner and software business as well as a significantly improved operating cash flow; the Executive Board reports on this positive development in detail in the report on the business situation.

The two previous Managing Directors who joined our company this year, Dr. Jens Amail as Chief Executive

Officer (CEO) and Andreas Röderer as Chief Financial Officer (CFO), were appointed as members of the Executive Board. The term of the Executive Board contracts is five years. The previous third Managing Director, Gregor Stöckler, left the company by mutual agreement for personal reasons.

With the transformation under company law and the transition from a monistic to a dualistic management system, the term of office of the previous members of the Board of Directors also came to an end.

The three-member Supervisory Board newly elected by the Extraordinary General Meeting 2023 consists of Dr. Karl Benedikt Biesinger (Chairman), Prof. Dr. Thorsten Grenz (Deputy Chairman), and Peter Maier. The corresponding amendment to the Articles of Association went into effect on October 27, 2023.

With the transition to the dual management system, the successful appointment of a new management team over the course of the year, and the stable shareholder environment, the smaller Supervisory Board believes that the conditions are in place for the company to continue on its growth path.

## COOPERATION BETWEEN THE SUPERVISORY BOARD AND EXECUTIVE BOARD

For SNP SE, the fundamental principle of ensuring responsible corporate governance and control is to guarantee efficient and trusting cooperation between the Executive Board and Supervisory Board.

In contrast to the monistic system, in which the Board of Directors is responsible for running the company, the dualistic system makes the Executive Board responsible for management of the enterprise.

In the 2023 financial year, the Supervisory Board performed all its duties in accordance with the law, the Articles of Association, and the rules of procedure. It dealt extensively with the situation and development of SNP and regularly advised and monitored the Executive Board in its management of the company.

## MAIN AREAS OF ADVICE

Until the conversion under company law, the Board of Directors dealt with the business and financial situation, the personnel changes in the two bodies, the Board of



The Supervisory Board (v.l.n.r.): Peter Maier, Dr. Karl Benedikt Biesinger and Prof. Dr. Thorsten Grenz

Directors and the Managing Directors, and the voluntary public takeover offer in the 2023 financial year.

Other key topics included the following:

- Audit and approval of the consolidated and annual financial statements for 2023
- Relationships of SNP SE to the community of heirs of Dr. Andreas Schneider-Neureither
- Determination of the agenda for the 2023 Annual General Meeting, taking into account the motion by shareholder Wolfgang Marguerre to amend the Articles of Association to change the management system from a monistic to a dualistic management system
- Convening of an Extraordinary General Meeting

### Meetings of the Board of Directors

The Board of Directors held 25 meetings until the conversion under company law in the 2023 financial year, three of which were held in person and 22 of which were virtual meetings. Furthermore, two resolutions were passed by circular resolution.

In 14 of the 25 meetings of the Board of Directors in 2023, the Board of Directors dealt with legal issues;

these included dealing with the community of heirs of Dr. Andreas Schneider-Neureither, the motions of shareholder Wolfgang Marguerre on the intended corporate conversion of the SE and the statement on the voluntary public takeover offer by Octapharma AG.

- In light of the findings during the audit of the 2020 consolidated financial statements that the commercial usability of a property in the USA recognized as a right of use did not exist from the start of the lease in 2019, the Board of Directors filed a claim for damages against the community of heirs of Dr. Andreas Schneider-Neureither before the end of 2022 after out-of-court efforts to settle the issue in order to avoid the expiry of the deadline. The Board of Directors held several settlement discussions in 2023 and consulted both internally and with its legal advisors in this regard.

#### *Meeting of March 23, 2023 (balance sheet meeting)*

The meeting of March 23, 2023, focused on accounting and the Group accounting for the 2022 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 consolidated into a single report. It also approved the remuneration report. In addition to the 2023 budget planning and the agenda for the upcoming Annual General Meeting, other topics discussed at the meeting included the dismissal of Michael Eberhardt as Managing Director and CEO.

#### *Meeting of May 23, 2023*

The subject of the meeting on May 23, 2023, was the business development in the first quarter of the current financial year and the resolution on the appointment of a new CFO.

#### *Meeting on July 6, 2023*

At the meeting on July 6, 2023, the Board of Directors dealt in detail with the voluntary public takeover offer by Octapharma AG and the joint statement.

#### *Meeting on July 21, 2023*

At the meeting on July 21, 2023, the Board of Directors dealt with the operational development in the second quarter of the current financial year and organizational measures in the course of sustainability reporting.

### *Meeting of August 1, 2023*

Following the resignation of Richard Roy from the Board of Directors on July 31, 2023, of which he was Chairman and member of the Audit Committee, Prof. Dr. Thorsten Grenz was appointed as a member of the Board of Directors by court order. Dr. Karl Benedikt Biesinger was also elected Chairman of the Board of Directors at this meeting. Prof. Dr. Thorsten Grenz was elected Deputy Chairman and Chairman of the Audit Committee; Sebastian Repegather remained a member of the Audit Committee.

### *Conflicts of Interest*

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 Board of Directors regarding

- SNP SE's relationships with the community of heirs of Dr. Andreas Schneider-Neureither, and
- on the intended corporate conversion of the SE and the statement on the voluntary public takeover offer by Octapharma AG.

### **Meetings of the Supervisory Board**

Since the conversion under company law in the 2023 financial year, the Supervisory Board has held two meetings and one constituent meeting; all meetings were held in person. The Audit Committee met once virtually during the same period. Two resolutions were passed by circular resolution.

Furthermore, the Supervisory Board dealt with legal issues in connection with the legal proceedings initiated by the Board of Directors against the community of heirs of Dr. Andreas Schneider-Neureither in 2022. Preparations were made for the upcoming court hearings, and out-of-court settlement options were pursued.

## **MEETINGS OF THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE IN THE 2023 FINANCIAL YEAR UNTIL THE CONVERSION UNDER COMPANY LAW**

<b>Board of Directors</b>	<b>BOARD OF DIRECTORS MEETINGS</b>			<b>AUDIT COMMITTEE</b>		
	<b>Attended</b>	<b>Meetings</b>	<b>Rate of attendance in %</b>	<b>Attended</b>	<b>Meetings</b>	<b>Rate of attendance in %</b>
Dr. Karl Benedikt Biesinger	10	25	40%	-	-	-
Richard Roy	20	20	100%	3	3	60%
Prof. Dr. Christoph Hütten	18	18	100%	2	2	100%
Sebastian Repegather	24	25	96%	5	5	100%
Prof. Dr. Thorsten Grenz	4	4	100%	1	1	100%

*Meeting on September 27, 2023*

At the constituent meeting on September 27, 2023, the three-member Supervisory Board elected Dr. Karl Benedikt Biesinger as Chairman of the Board and Prof. Dr. Thorsten Grenz as his deputy. The Supervisory Board has also established an Audit Committee. The same persons serve on the Audit Committee and the Supervisory Board; Prof. Dr. Thorsten Grenz chairs the Audit Committee as an independent member.

*Meeting of October 27, 2023*

At the meeting on July 21, 2023, the Supervisory Board mainly dealt with the contracts for the members of the Management Board, the structure of their variable remuneration and communication with the capital market.

*Meeting of December 12, 2023*

The meeting on December 12, 2023, focused on current company developments, the results of the new employee survey, the budgeting process for the 2024 financial year, and an adjustment to the current declaration of conformity during the year.

**PERSONNEL CHANGES IN THE COMMITTEES**

Prof. Dr. Christoph Hütten resigned from his office as a member of the Board of Directors on June 30, 2023; Richard Roy resigned from his office as Chairman of the Board of Directors on July 31, 2023. Sebastian Reppegather stepped down from the Board of Directors upon registration of the Articles of Association on

October 27, 2023. As the Board of Directors no longer had the legally required number of at least three members following the resignation of Mr. Roy, the Board of Directors applied to the Local Court of Mannheim for the appointment of Prof. Dr. Thorsten Grenz as a member of the Board of Directors. The local court appointed Mr. Grenz as a member of the Board of Directors with effect from 1 August 2023 for a limited period until the end of the next Annual General Meeting; Mr. Grenz was elected as a member of the Supervisory Board at the Extraordinary General Meeting 2023.

Dr. Jens Amail was appointed Managing Director and CEO with effect from 16 January 2023; he succeeded Michael Eberhardt, who left the company at his own request on March 31, 2023.

**MEETINGS OF THE SUPERVISORY BOARD AND THE AUDIT COMMITTEE IN THE 2023 FINANCIAL YEAR SINCE THE CONVERSION UNDER COMPANY LAW**

	SUPERVISORY BOARD MEETINGS			AUDIT COMMITTEE		
	Attended	Meetings	Rate of attendance in %	Attended	Meetings	Rate of attendance in %
Dr. Karl Benedikt Biesinger	3	3	100%	1	1	100%
Prof. Dr. Thorsten Grenz	3	3	100%	1	1	100%
Peter Maier	3	3	100%	1	1	100%

Andreas Röderer was appointed Managing Director and CFO of SNP with effect from June 1, 2023, replacing interim CFO Prof. Dr. Thorsten Grenz.

With the transition to the two-tier system, Dr. Jens Amail and Andreas Röderer received Executive Board contracts with effect from November 1, 2023. At the same time, Gregor Stöckler left the company with effect from December 31, 2023.

#### **Conflicts of Interest**

To avoid any appearance of a conflict of interest, Dr. Karl Benedikt Biesinger did not take part in the discussions and decisions that the Supervisory Board held or made regarding SNP SE's relationships with the community of heirs of Dr. Andreas Schneider-Neureither in view of his own business relationships with a member of the community of heirs of Dr. Andreas Schneider-Neureither.

#### **THE WORK OF THE AUDIT COMMITTEE**

In particular, the Audit Committee monitors the accounting process, the effectiveness of the internal control system, and the risk management system, as well as the audit of the financial statements, in particular the independence and qualifications of the auditor and their performance, including the commissioning of additional

non-audit services. To this end, the Chairman of the Audit Committee regularly reviewed the progress of the audit and reported on this to the Audit Committee. The Audit Committee regularly consulted with the auditor – also without the Executive Board or Managing Director. The Audit Committee also monitors the effectiveness of the compliance management system.

The Audit Committee consists of three members: The committee is chaired by the Deputy Chairman of the Supervisory Board, Prof. Dr. Thorsten Grenz; Dr. Karl Benedikt Biesinger and Peter Maier are also members of the Audit Committee. The following persons were also members of the Audit Committee in the 2023 reporting year Prof. Dr. Christoph Hütten, Chairman of the Audit Committee until June 30, 2023; Richard Roy until July 31, 2023, and Sebastian Reppegather until October 27, 2023.

The Audit Committee held a total of six meetings in the 2023 financial year; two of these meetings were held in person and the remaining four meetings were held by video or telephone conference.

At its meeting on March 21, 2024, in the presence of the auditor, Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft ("Rödl & Partner"), Nuremberg, the Audit Committee dealt with

the annual and consolidated financial statements, the combined management report (including the combined non-financial statement), the Executive Board's proposal for the appropriation of net profit and the selection and independence of the auditor for the 2024 financial year, and the corresponding resolution recommendation to the Annual General Meeting. It also addressed the quality of the final audit. The main focus of the Audit Committee's other meetings in the 2023 financial year was on key audit matters, non-audit services, the independence of the auditor, and compliance. It was also informed about current developments in the corporate governance framework and was presented with the risk report.

#### **AUDIT OF ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS**

Rödl & Partner was re-elected as auditor of the annual and consolidated financial statements for the 2023 financial year by the Annual General Meeting of SNP SE on May 23, 2023. The Audit Committee subsequently commissioned Rödl & Partner with the audit. Rödl & Partner audited the annual financial statements prepared by the Executive Board and the consolidated financial statements, including the combined management report, each relating to the 2023 financial year, and issued an unqualified audit opinion.



The signatories of the audit certificate and responsible for the audit at Rödl & Partner are the auditors Dr. Christian Maier and Markus Selk for the annual financial statements, the consolidated financial statements, and the combined management report. The Supervisory Board has also commissioned the auditor Rödl & Partner (in accordance with Section 111 (2) sentence 4 AktG) to subject the combined non-financial Group statement to a voluntary external audit to obtain limited assurance.

The annual and consolidated financial statements and the combined management report (including the combined non-financial statement), as well as the auditor's reports, were presented to the Supervisory Board and personally explained to both the Audit Committee and the entire Supervisory Board by the Executive Board and the auditors responsible for conducting the audit. Rödl & Partner's report on the limited assurance engagement on the combined non-financial statement and the Executive Board's proposal for the appropriation of net profit were also submitted to all members of the Supervisory Board. The Audit Committee and the Supervisory Board examined the financial statements, the combined management report, and the audit reports in detail at their meetings on March 21, 2024. At both meetings, the auditors reported on the scope, focus, and key findings of their audit, focusing in particular on key audit matters and the audit procedures performed, and were available

to answer questions and provide additional information. Following the final result of the audit by the Supervisory Board, no objections were raised. The Supervisory Board approved the results of the audit and concurred with the Executive Board's assessment of the situation of the Group and SNP SE.

The Supervisory Board has, therefore, approved and thus adopted the annual financial statements and consolidated financial statements of SNP Schneider-Neureither & Partner SE prepared by the Executive Board. Furthermore, it has agreed to the Executive Board's proposal on the appropriation of profit.

The remuneration report was audited separately by the auditor. In addition to the formal audit required by law in accordance with Section 162 (1) and (2) AktG, the content of the remuneration report was also audited. Details of the remuneration report can be found on the company's website at <https://investor-relations.snp-group.com/en/governance/>.

#### **CORPORATE GOVERNANCE**

The Supervisory Board also dealt with the topic of corporate governance and the GCGC in the 2023 financial year. The Executive Board and Supervisory Board report in detail on the implementation of the GCGC in the

corporate governance declaration. The declaration of conformity is published on the company's website: <https://investor-relations.snpgroup.com/en/governance/>.

#### **Dependency report**

The Executive Board has prepared a report on relationships with affiliated companies in accordance with Section 312 AktG. The auditors have audited this report and issued the following opinion:

"Based on our audit and assessment in accordance with professional standards, we confirm that

- the factual information in the report is correct,
- that the consideration paid by the company for the legal transactions listed in the report was not inappropriately high or that disadvantages were compensated for, and
- that there are no circumstances that indicate a materially different assessment of the measures listed in the report than that made by the Executive Board.

The dependent company report of the Executive Board and the auditor's report on this were submitted to the Audit Committee and the Supervisory Board in good time.

**Thanks to the Members of the Management Board  
and Employees**

We would like to thank the members of the Executive Board, the Managing Directors of the Group companies, and all employees for their high level of personal commitment, their achievements, and their ongoing dedication to SNP SE and express our appreciation to them.

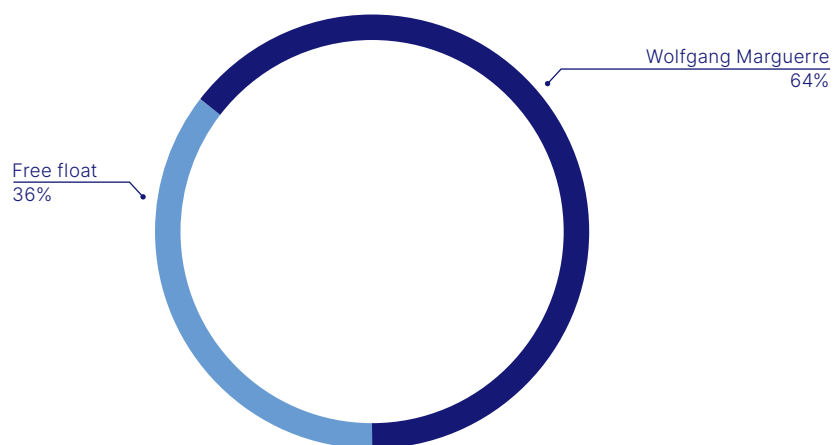
For the Supervisory Board

Dr. Karl Benedikt Biesinger

# SNP IN THE CAPITAL MARKETS



## SHAREHOLDERS STRUCTURE



## 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, 2023	7,385,780 (Share capital 7,385,780 €)
Indices	CDAX, DAXsector All Software, DAXsubsector All IT-Services, Prime All-Share, Prime Standard Index

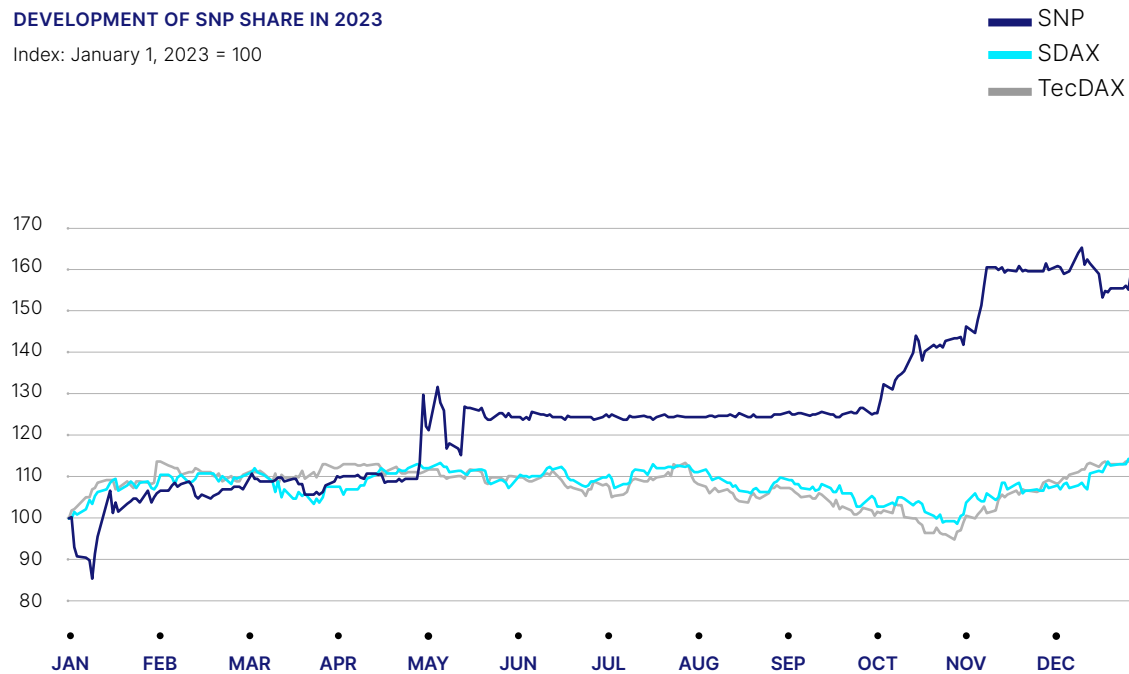
## SHARE PERFORMANCE INDICATORS

		2023	2022
Earnings per share	in €	0.81	0.22
Market capitalization as end of year	in € m	318	199
Year-end share price	in €	43.00	27.00
Highest price	in €	44.70	40.30
Lowest price	in €	23.00	14.76



**DEVELOPMENT OF SNP SHARE IN 2023**

Index: January 1, 2023 = 100



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>

**ANALYSTS**

- Berenberg
- Stifel
- M.M. Warburg

**FINANCIAL CALENDAR**

<b>Q4 2023</b>	March 27, 2024
<b>Q1 2024</b>	April 25, 2024
<b>AGM</b>	June 27, 2024
<b>Q2 2024</b>	August 8, 2024
<b>Q3 2024</b>	November 7, 2024

# Corporate Governance ►

# Corporate Governance

## Corporate Governance Statement 2023

Effective implementation of corporate governance principles is a key element of the corporate policy of SNP Schneider-Neureither & Partner SE (hereinafter: "SNP SE" or "SNP"). 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 Supervisory Board and Executive Board work closely together for the benefit of the entire company in order to ensure efficient corporate management and control geared towards sustainable value creation 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").

With the conversion under company law from a public limited company (AG) to a European Company (Societas Europaea/SE), SNP had a monistic management system with a Board of Directors as the unitary man-

agement and control body. The Managing Directors managed the day-to-day business of the company.

On September 27, 2023, the Annual General Meeting resolved to replace the previous single-tier management system with a dual-tier management system consisting of the Executive Board as the management body and the Supervisory Board as the supervisory body. The corresponding amendment to the Articles of Association became effective on October 27, 2023.

## DECLARATION OF CONFORMITY WITH THE RECOMMENDATIONS OF THE GOVERNING COMMISSION OF GERMAN CORPORATE GOVERNANCE

In accordance with Section 161 AktG in conjunction with Article 9 (1) c) ii) SE Regulation, the Executive Board and Supervisory Board of a listed SE with its registered office in Germany are obliged to declare once a year whether the German Corporate Governance Code (GCGC) in its currently valid form has been and is being complied with or which recommendations of the Code have not been or are not being applied and why not. In the event of changes during the year between two regular declarations, the declaration must be updated.

SNP SE submitted and published the 2022 declaration of conformity in March 2023; an update was made in December 2023.

## Declaration of Conformity 2023

The Executive Board and Supervisory Board of SNP SE declare in accordance with Section 161 (1) AktG that since the submission of the last declaration of conformity in March 2023 – as updated in December 2023 – the recommendations of the Government Commission on the German Corporate Governance Code ("GCGC") in the version of the **GCGC** dated April 28, 2022, published in the Federal Gazette on June 27, 2022, have been and will continue to be complied with, with the exception of the following deviations:

- In accordance with **recommendation A.1** of the Code, management should systematically identify and assess the risks and opportunities for the company associated with social and environmental factors as well as the ecological and social impact of the company'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** of the Code, the internal control system and the risk management system should also cover sustainability-related objectives, which should include the processes and systems for recording and processing sustainability-related data.

These recommendations have not yet been fully complied with. In 2023, the Executive Board began to integrate the topics of sustainability and diversity into the corporate strategy. However, the company focused very strongly on the ESG sub-area of governance and here – in addition to a statement on a voluntary public takeover offer – on the change in the management structure of SNP SE from monistic to dualistic.

To improve our structures and processes in the two other ESG sub-areas of environment and social affairs, the Sustainability department was newly created in October 2023 with corresponding personnel responsibility. An initial goal in the coming months will be to work on a revision of the sustainability strategy and its consistent implementation.

As part of a further materiality analysis, the topics that are to be considered material for SNP in terms of their impact on the environment, society, and the economy as a whole, their financial impact, and their relevance for SNP's other stakeholders will be identified over the course of the year. The results of this analysis will be incorporated into 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.

- **Recommendation B.3** of the Code, according to which the initial appointment of members of the Executive Board should be for a maximum of three years, was not formally complied with due to the special situation at SNP but was very much in line with the aim of the regulation. Both Dr. Jens Amail and Andreas Röderer were appointed as members of the Executive Board for a period of five years with effect from November 1, 2023. This takes into account the fact that both gentlemen were previously Managing Directors of SNP.

Dr. Amail is an internationally experienced manager in the software and IT services environment. The combination of international networking, excellent industry knowledge, and many years of senior management experience in various industries, together with a strong entrepreneurial spirit, makes Jens Amail the ideal candidate for the position of CEO.

Andreas Röderer's expertise in finance and his experience in auditing medium-sized companies make him a very good fit for SNP in his role as CFO. In addition to his wide-ranging business partnering competencies, he has valuable knowledge on the SAP customer side – particularly with regard to their transformation requirements. He has the ideal skills profile to progress with SNP's growth strategy together with the rest of the team.

The Supervisory Board has come to the conclusion that it is in the company's best interest to secure the expertise of both Executive Board members in the long term. In view of the special qualifications and the Supervisory Board's desire for personnel continuity – especially considering the fact that this is only a formal first appointment – the Supervisory Board has opted for a long-term appointment.

- **Recommendation B.5** provides for an age limit for members of the Executive Board. SNP SE does not believe that a fixed age limit should be set for members of the Executive Board, as this cannot take individual circumstances into account and would also restrict the Supervisory Board in its selection of Executive Board members.
- In accordance with **recommendation C.2**, an age limit specified for members of the Supervisory Board should also be stated in the corporate governance statement. The Supervisory Board is elected by the shareholders of SNP SE. An age limit can lead to rigid regulations and establish an unintended exclusion criterion that could run counter to the company's objective of attracting individuals with extensive experience to serve on the Supervisory Board. For this reason, a more flexible approach based on a case-by-case decision was given preference over a rigid limit.
- In accordance with **recommendation D.5**, the Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives

which nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. The Supervisory Board is of the opinion that the establishment of such a committee is neither necessary nor expedient due to the specific circumstances of the company, in particular the size of the Supervisory Board (currently three members) and its composition exclusively of shareholder representatives.

- With the change from the monistic to the dualistic management system, the Annual General Meeting 2023 approved the new remuneration system for the Supervisory Board. The remuneration set out in the company's Articles of Association includes a fixed annual basic remuneration of EUR 80,000. The Chairman receives 100,000 euros, his deputy 90,000 euros. This provision also covers the assumption of memberships and chairmanships of committees, which means that **recommendation G.17**, according to which the higher time commitment of committee members and their chairmen should be appropriately taken into account in the remuneration of Supervisory Board members, is not complied with.

With the current remuneration system, the Supervisory Board takes into account the responsibility, the scope of activities, and the special circumstances of the Board's composition: In the "three-member Supervisory Board", the Audit Committee and the full Supervisory Board are identical, meaning that no additional remuneration is required for chairmanship or membership in this committee. No other committees have been set up (as explained). The new remuneration system does not provide for the payment of attendance fees.

Heidelberg, March 21, 2024

For the Supervisory Board

Dr. Karl Benedikt Biesinger

For the Executive Board

Dr. Jens Amail

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



## CORPORATE GOVERNANCE

### Responsible corporate governance

SNP SE's corporate governance practices are characterized by fair, transparent, and correct cooperation with employees as well as business partners and the public. Responsible corporate governance also means complying with legal regulations within decision-making and control processes and actively implementing recommendations that go beyond these regulations.

### Shareholders and Annual General Meeting

The shareholders of SNP SE exercise their rights at the Annual General Meeting. In accordance with Article 19 of the company's Articles of Association, each registered share entitles the holder to one vote. The Annual General Meeting is chaired by the Chairman of the Supervisory Board. The Annual General Meeting decides in all cases assigned to it by law and the Articles of Association.

### Supervisory Board

The central task of the Supervisory Board is to advise and monitor the Executive Board. In accordance with the Articles of Association, the company's Supervisory Board consists of three members. The powers and duties of the Supervisory Board and its Audit Committee are governed by the German Stock Corporation Act, the Articles of Association, and the Supervisory Board's rules of procedure.

### Executive Board

As the management body of a stock corporation, the Executive Board manages the business "under its own responsibility" (Section 76 (1) AktG) or independently of instructions and is bound by the interests and business policy principles of the company within the

framework of the provisions of stock corporation law. In exercising its management authority, the Executive Board is also obliged to sustainably increase the value of the company. It reports regularly and comprehensively to the Supervisory Board on all key issues relating to business development, corporate strategy, and potential risks. The competencies and duties of the Executive Board are governed by the German Stock Corporation Act, the Articles of Association, the rules of procedure, and the schedule of responsibilities of the Executive Board.

### Shareholdings of the Executive Board and the Supervisory Board

The following members of the Executive Board and Supervisory Board appointed at the end of 2023 held shares in SNP SE at the end of the year:

	SHAREHOLDINGS AS OF DECEMBER 31, 2023		SHAREHOLDINGS AS OF DECEMBER 31, 2022	
<b>Dr. Karl Benedikt Biesinger</b>	4,757	0.1%	4,757	0.1%
<b>Dr. Jens Amail</b>	31,228	0.4%	- <sup>1</sup>	- <sup>1</sup>

<sup>1</sup> No member of the Executive Board or Managing Director in the previous year.

### Accounting and auditing

The consolidated financial statements are prepared in accordance with IFRS, the annual financial statements in accordance with HGB. After preparation by the Executive Board, the consolidated financial statements and annual financial statements are audited by the auditor, approved or adopted by the Supervisory Board, and published within 90 days of the end of the financial year. Furthermore, interim reports are published for the first three quarters of a financial year in the form of two quarterly statements and a half-year financial report; the half-year financial report is reviewed by an auditor.

### Transparency

An information policy geared towards uniform, comprehensive, and timely information is of great importance to the SNP. Therefore, the company informs all stakeholders regularly and promptly about the company's situation and any significant business changes and developments. One of the most important communication tools is the company's website. Reporting also takes place in the

annual report, in interim reports, and at meetings and conferences with investors, analysts, and journalists.

Furthermore, additional information is published in the form of press releases and ad hoc announcements. The statutory reporting obligations, such as with regard to voting rights notifications or managers' own transactions, are complied with. Announcements, presentations, and reports are available in the Investor Relations section of SNP's website (<https://investor-relations.snpgroup.com/en/governance/>).

### 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 an integral aspect 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 as well as the requirements for compliance with contractual and statutory obligations, anti-corruption measures, the protection of business and commercial secrets, and 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.

### **Structure and working methods of the Executive Board and Supervisory Board and composition of the Audit Committee**

The Executive Board and Supervisory Board work together closely and on the basis of trust in the interests of the company. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and chairs its meetings. The Supervisory Board has also appointed an Audit Committee.

As a rule, the Executive Board attends the Supervisory Board meetings, reports in writing and orally on the individual agenda items and draft resolutions, and answers the questions of the Supervisory Board members. The Supervisory Board also meets regularly in the absence of the Executive Board.

In accordance with Article 10 of the company's Articles of Association, the Supervisory Board appoints the members of the Executive Board and issues rules of procedure and a schedule of responsibilities for the Executive Board. The Chairman of the Supervisory Board decides whether the members of the Executive Board attend the meetings of the Supervisory Board. Finally,

the Supervisory Board adopts rules of procedure and issues rules of procedure for the Executive Board.

In its annual report to the Annual General Meeting, the Supervisory Board explains its activities and the activities of the Audit Committee. Information on the members and chairmen of the Supervisory Board committees is published on the company's website at <https://www.snpgroup.com/en/about-snp/company/management/>. There are currently no committees at the Executive Board level.

The Supervisory Board must hold two meetings per calendar half-year. The Supervisory Board is quorate if all members have been invited and at least two of the members participate in the resolution. Resolutions of the Supervisory Board require a majority of the votes cast unless a different majority is prescribed by law or the Articles of Association. In the event of a tie, the Chairman has the casting vote.

The Supervisory Board has established bylaws for its work. This can be found at <https://investor-relations.snpgroup.com/en/governance/>.

According to Section 6 of the company's Articles of Association, the Executive Board consists of at least two members and constitutes a quorum if at least half of its members attend the meeting. It passes resolutions by a simple majority of the votes of the members of the Board of Directors participating in the resolution. In the event of a tie, the Chairman has the casting vote.

The remuneration of the members of the Executive Board consists of fixed and performance-related components. The remuneration report for the 2023 financial year, the auditor's report in accordance with Section 162 AktG, and the applicable remuneration system for the Executive Board and Supervisory Board are published in the remuneration report at <https://investor-relations.snpgroup.com/en/governance/>.

### **Independence of the Supervisory Board members**

A Supervisory Board member is considered independent within the meaning of the GCGC 2022 if he or she is independent of SNP and its Executive Board members and independent of a controlling shareholder of SNP. When assessing independence, the Supervisory Board is guided at least by the recommendations of the GCGC 2022. Accordingly, more than half of the

members are to be independent of SNP SE and the Executive Board. This requirement is met. The work processes of the Audit Committee established in 2021 comply with the corresponding requirements of the German Stock Corporation Act and the GCGC.

The Audit Committee consists of three members: The committee is chaired by the Deputy Chairman of the Supervisory Board, Prof. Dr. Thorsten Grenz; Dr. Karl Benedikt Biesinger and Peter Maier are also members of the Audit Committee. As financial experts, Prof. Dr. Thorsten Grenz and Dr. Karl Benedikt Biesinger have the necessary expertise in the areas of accounting and auditing; Prof. Dr. Thorsten Grenz is also familiar with auditing sustainability reporting.

### Self-assessment of the Supervisory Board

The Supervisory Board and its Audit Committee should regularly review how effectively the Supervisory Board as a whole and the Audit Committee fulfill their duties. The new Supervisory Board was elected at the Extraordinary General Meeting in September 2023. Accordingly, the committee must first work together for a period of time before an evaluation is possible.

### INFORMATION ON THE RESPONSIBILITIES OF THE EXECUTIVE BOARD MEMBERS AND FORMER MANAGING DIRECTORS

Executive Board/ Managing Directors	Responsibilities and departments	Memberships in other supervisory boards and other similar bodies
<p><b>Dr. Jens Amail</b> CEO since January 16, 2023 Managing Director/ Executive Board member following change of legal form. Term of appointment: 5 years</p>	<ul style="list-style-type: none"> <li>■ Corporate Strategy</li> <li>■ Corporate Development/Change Management</li> <li>■ Sales</li> <li>■ Partner Management</li> <li>■ Marketing</li> <li>■ Corporate Sustainability</li> <li>■ Human Resources</li> <li>■ Service</li> <li>■ Management of the regions</li> </ul>	No further offices
<p><b>Andreas Röderer</b> CFO since June 1, 2023; Managing Director/ Executive Board member following change of legal form. Term of appointment: 5 years</p>	<ul style="list-style-type: none"> <li>■ Legal &amp; Compliance</li> <li>■ IT</li> <li>■ Finance &amp; Controlling</li> <li>■ Investor Relations</li> <li>■ ESG Reporting / Non-Financial Reporting</li> <li>■ Shared Services</li> <li>■ M&amp;A</li> <li>■ ERST GmbH</li> </ul>	No further offices
<p><b>Michael Eberhardt</b> Managing Director and CEO until January 15, 2023, resignation effective March 31, 2023.</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>	digitalCX.services AG, Supervisory Board

Executive Board/ Managing Directors	Responsibilities and departments	Memberships in other supervisory boards and other similar bodies
<p><b>Prof. Dr. Thorsten Grenz</b> Managing Director and CFO until May 31, 2023.</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>Drägerwerk Verwaltungs AG, Supervisory Board</p> <p>Credion AG, Supervisory Board (until May 23, 2023)</p> <p>Gerlin Participaties Coöperatief UA Supervisory Board (from January 24, 2024)</p>
<p><b>Gregor Stöckler</b> Managing Director and COO up to the change of legal form, resignation effective December 31, 2023.</p>	<p>Until February 28, 2023:</p> <ul style="list-style-type: none"> <li>■ Analytics</li> <li>■ Technology Partner</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>From March 1, 2023:</p> <ul style="list-style-type: none"> <li>■ Analytics</li> <li>■ Technology Partner</li> <li>■ Partner Marketing</li> <li>■ Field Marketing</li> <li>■ Product and Product Development</li> <li>■ ERST GmbH &amp; Innoplexia GmbH</li> </ul>	<p>No further offices</p>

## INFORMATION ABOUT THE SUPERVISORY BOARD

Supervisory Boards <sup>1</sup>	Memberships in other supervisory boards and other similar bodies
<p><b>Dr. Karl Benedikt Biesinger</b> Chairman of the Supervisory Board</p> <p>Lawyer</p> <p>Member of the Supervisory Board and Board of Directors since 2019.</p> <p>Elected until 2029<sup>2</sup></p>	<p>No further offices</p>
<p><b>Prof. Dr. Thorsten Grenz</b> Deputy Chairman of the Supervisory Board</p> <p>Graduate in business administration</p> <p>Member of the Supervisory Board and Board of Directors since 2023.</p> <p>Elected until 2029<sup>2</sup></p>	<p>Drägerwerk Verwaltungs AG, Supervisory Board</p> <p>Dräger Safety AG &amp; Co. KGaA, Supervisory Board</p> <p>Drägerwerk Verwaltungs AG, Supervisory Board</p> <p>Credion AG, Supervisory Board (until May 23, 2023)</p> <p>Gerlin Participaties Coöperatief UA Supervisory Board (from January 24, 2024)</p>
<p><b>Peter Maier</b> Graduate in business administration in information technology</p> <p>Member of the Supervisory Board since 2023.</p> <p>Elected until 2029<sup>2</sup></p>	<p>No further offices</p>

## Management and control structure

In accordance with the Code, the Supervisory Board should specify concrete objectives for its composition that take appropriate account of its international activities, potential conflicts of interest, the number of independent Supervisory Board members, and diversity.

### Objectives for the composition of the committees and competence profiles

At the end of 2023, the Supervisory Board revised and selectively adjusted the current diversity concept for the Supervisory Board and the Executive Board. Accordingly, the target for gender diversity on the Supervisory Board is now 25% by November 30, 2028, provided that at least one person is added to the Board; the Supervisory Board currently consists of three people. The target for gender diversity on the Executive Board is 33% by November 30, 2028, provided that at least one person is added to the Board; the Executive Board currently consists of two people.

The target ratios for the two management levels below the Executive Board are presented in the non-financial Group statement.

<sup>1</sup> Members of the Board of Directors who left during the reporting year: Prof. Dr. Christoph Hütten, as of June 30, 2023; Richard Roy, as of July 31, 2023; and Sebastian Repegather, as of October 27, 2023.

<sup>2</sup> Up to the end of the Annual General Meeting that resolves on discharge for the 2028 fiscal year.

### Concept for succession planning for the Executive Board

Together with the Executive Board members, the Supervisory Board ensures long-term planning for the succession of Executive Board members. The Supervisory Board (then the Board of Directors) identified the following primary basic criteria that qualify a candidate for a position on the Executive Board and took them into account when recruiting the new CEO at the end of 2022 and the new CFO 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

Furthermore, the Supervisory Board also pays attention to diversity insofar as this can be reasonably implemented under the given conditions of a numerically

small Executive Board. To this end, the Supervisory Board has adopted a diversity concept for the composition of the Executive Board.

### Diversity concept for the Executive Board

Decisions as to which personality should be appointed to a specific position on the Executive Board are made by the Supervisory Board in the interests of the company, taking into account all circumstances of the individual case. In this context, the Supervisory Board considers the following aspects in particular:

- The Executive Board members should have many years of management experience, preferably acquired in internationally active companies.
- The Executive Board as a whole should have many years of experience in the field of software and IT services.
- The Executive Board members should have complementary profiles and professional experience.
- The target for gender diversity on the Executive Board is 33% by November 30, 2028, provided that at least one person is added to the Board; the Executive Board currently consists of two people.

### Competence profile of the Supervisory Board and its committees

The Supervisory Board has set specific targets for its composition and developed a corresponding profile of skills and expertise for the entire Board and, in particular, its Audit Committee, which is aligned with the recommendations of the current version of the German Corporate Governance Code. Election proposals to the Annual General Meeting are generally based on this. The individual areas of responsibility and the status of implementation of the objectives set, as well as the assessment of the independence of the shareholder representatives on the Supervisory Board are shown in the following table:

	Diversity		Areas of expertise					
	Gender	Nationality	Innovation, research, & development	Software industry	Finance and accounting	Strategy and corporate management	Supervision, control, corporate governance	Sustainability
<b>Dr. Karl Benedikt Biesinger</b>	Male	German			+		+	
<b>Prof. Dr. Thorsten Grenz</b>	Male	German			+	+	+	+
<b>Peter Maier</b>	Male	German	+	+		+		

### 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 consolidated into a uniform risk management system. A detailed description of risk management can be found in the opportunity and risk report in the combined management report 2023.

### Further information on corporate governance at SNP

Detailed information on the activities of the Supervisory Board, the work of the Audit Committee, and the

cooperation between the Supervisory Board and the Executive Board can also be found in the Report of the Supervisory Board in the 2023 Annual Report.

### Accounts and consolidated accounts

The company's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), while the annual financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB).

The 2023 Annual General Meeting re-elected Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, as the auditor for SNP SE and the SNP Group for the 2023 financial year.

### Remuneration Report

The Supervisory Board and Executive Board prepared the Remuneration Report jointly in accordance with Section 162 of the German Stock Corporation Act (AktG) and had it audited not only formally but also in terms of content by the auditor.

As in the previous year, the Remuneration Report for the 2023 financial year is published as a separate report and can be downloaded together with the associated Auditor's Report at <https://investor-relations.snpgroup.com/en/governance/>.





# Independent Auditor's Report

To SNP Schneider-Neureither & Partner SE, Heidelberg

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP 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, 2023, 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, 2023, to December 31, 2023, 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, 2023, to December 31, 2023. 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, 2023, and of its results of operations for the fiscal year from January 1, 2023, to December 31, 2023, 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, 2023, to December 31, 2023. 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 € 68.0 million as of December 31, 2023. This corresponds to 26.0% 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 performance 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 "8. Use of Estimates" and "9. Key Accounting Policies."

#### Recognition of Revenue from Services

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

The company reports revenue from Services of € 134.2 million in the consolidated income statement for the 2023 fiscal year. Revenue from Services accounts for 65.9% 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 to 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 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 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 expenses. 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 transac-

tion 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 "8. Use of Estimates" and "17. 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 € 69.3 million for its own software products in the consolidated income statement for the 2023 fiscal year. Revenue from software licenses accounts for 34.1% 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 in the context of the accurate recording of contract-related expenses.

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 "8. Use of Estimates" and "17. Contract Assets and Contract Liabilities."

### Other Information

The legal representatives and the Supervisory Board 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 non-financial Group 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 closing statement of the dependency report in accordance with Section 312 (3) of the AktG, to which reference is made in the "Dependency Report" section of the combined management report
- The letter from the CEO
- The report of the Supervisory Board
- 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 Supervisory Board is responsible for the report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the AktG on the German Corporate Governance Code, which forms part of the declaration on corporate governance that is included in the combined management report. The legal representatives 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 Legal Representatives and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report**

The legal representatives 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 statements give a true and fair view of the financial position and financial performance of the Group in accordance with these requirements. Furthermore, the legal representatives 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 legal representatives 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 legal representatives 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 legal representatives are responsible for taking precautions and implementing measures (systems) 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 Supervisory Board 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 and 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 misrepresentations. 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 legal representatives as well as the justifiability of the estimated values presented by the legal representatives and related disclosures.
- We draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives 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 legal representatives 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 legal representatives 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\_2023-12-31.zip" (698510bfed-d7500c52e582c233316eb5fe19b73940a6df90f02b-9faf3484fbb5) 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 this reproduction 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, 2023, to December 31, 2023, 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 [06.2022]). 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 management requirements set out in the IDW quality management standard "Quality Management Requirements in Audit Practice" (IDW QMS 1 [September 2022]).

### Responsibility of the Company's Legal Representatives and the Supervisory Board for the ESEF Documents

The company's legal representatives 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 legal representatives are also responsible for the internal controls that 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 Supervisory Board 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, as well as 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 Regulation (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 May 23, 2023. We were commissioned by the former Board of Directors on August 1, 2023. 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
- Review of the half-year financial report of SNP Schneider-Neureither & Partner SE pursuant to § 115 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
- Audit of the report of the Executive Board on relationships with affiliated companies in accordance with Section 312 of the AktG

### ADDITIONAL MATTERS – USE OF THIS AUDIT REPORT

At all times, our audit report must be read in conjunction with the audited consolidated financial statements, the audited combined management report and 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 21, 2024

Rödl & Partner GmbH  
Auditing company

signed Dr. Maier  
German public auditor

signed Selk  
German public auditor



Success Story

# Romande Energie

"The implementation of SNP Glue was a game-changer for our team. The simplicity of the process, coupled with the comprehensive support from SNP professionals, made the transition incredibly smooth. It not only addressed our technical challenges but also brought newfound ease to our day-to-day operations, allowing us to navigate complex data replication with remarkable efficiency."

Nils Rinaldi, Data Team Lead, Romande Energie



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

Success Story

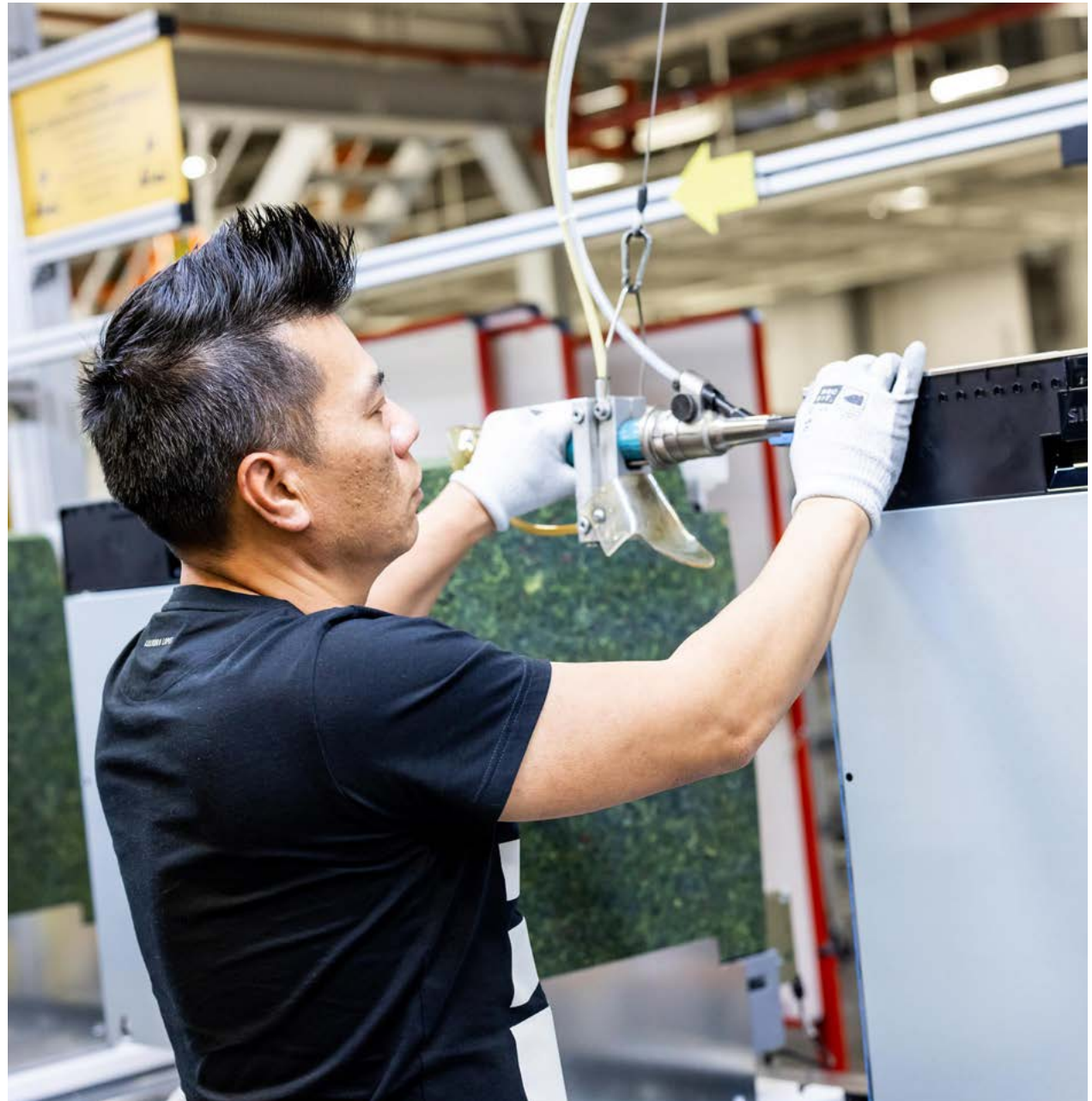
# BSH

"With the global move to SAP S/4HANA, we want to lay the technological groundwork for an intelligent ERP solution in the future. SNP's industrialized approach enables us to drive our transformation journey in the logistics area – not only securely and transparently from end to end, but also faster and at less cost."

Piotr Ciechowski, Program Digital Core Factory,  
BSH Hausgeräte 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, 2023

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 that 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 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 support companies worldwide in tapping into the full potential offered by their data and embarking on their very own journey to a digital future. With its Crystal-Bridge data excellence platform 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.

Some 3,000 customers worldwide from all sectors and of all sizes trust in SNP, including 20 DAX40 and numerous Fortune 500 companies. The SNP Group had more than 1,432 employees worldwide at the end of 2023 and is active in 35 locations in 21 countries.

### OUR TASK

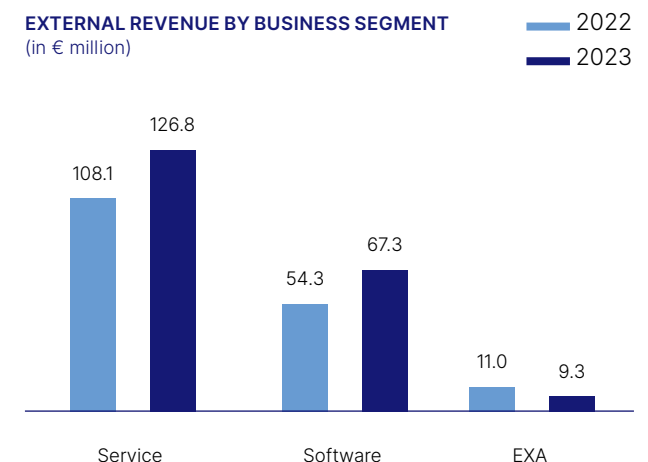
Agile and flexible IT landscapes are a decisive factor for entrepreneurial success. The modernization required of antiquated IT environments is forcing companies to invest in unifying their heterogeneous and complex IT infrastructures. We see our task as making a significant contribution to the development 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.

## OUR BUSINESS MODEL

Our business activities cover the regions CEU (Central Europe and Slovakia), UKI (United Kingdom), USA, LATAM (Latin America) and JAPAC (Asia-Pacific-Japan). In addition, we categorize our business activities in terms of our **"Software," "Service"** and **"EXA"** business segments.

EXTERNAL REVENUE BY BUSINESS SEGMENT  
(in € million)



### Service Business Segment

In the Service 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 Service 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).

### Software Business Segment

#### The CrystalBridge® Data Excellence Platform

The CrystalBridge® software platform provides planning reliability and transparency for highly complex IT and business transformations. This platform and its predefined 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 can 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.

In its Software business segment, the SNP Group generates 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.

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

On the basis of the CrystalBridge® data transformation platform, we have developed a migration approach for the transition to SAP S/4HANA and Rise with SAP: **SNP BLUEFIELD™**.

In addition to long-term strategic planning, the choice of a migration approach has a considerable impact on the success and 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 that 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 that opt for BLUEFIELD™ benefit from quality, cost and time advantages.



### SNP Outboard & Glue – the Technological Development

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. This allows older data that is only accessed rarely to be stored economically in audit-proof storage with automated processes – including complete system shutdowns.

The **SNP Glue** software integrates data from different sources, such as SAP systems, in different cloud platforms in near real-time. This facilitates a variety of applications that serve to analyze, optimize or automate companies.

### 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 for companies with global operations. EXA generates its revenue through the sale of licenses and maintenance services and by providing consulting services.

### OUR STRATEGY

Based on our "ELEVATE" strategy program, our growth strategy rests on five pillars. These are supported by the topics of sustainability and people (HR), which we included in our corporate strategy in 2023. The Sustainability department was newly created in October 2023 and aims to constantly improve our structures and processes in the areas of environmental, social and governance aspects.

- **Scaling through business with partners:** Our software is increasingly incorporated in our partners' sales activities through global partnerships and the establishment of our transformation factories.

- **Expanding our product portfolio:** We have significantly expanded our portfolio through the technical integration of the SNP Outboard and SNP Glue software and the sales integration of EXA's software, and we have continued to systematically pursue our software strategy.

- **Improving internal effectiveness and efficiency:** Aligning our processes, tools and cost structures to the success factors of a software business leads to better use of resources and boosts profitability.

- **Expansion of market reach and penetration:** Our strong international momentum is reinforcing our strategy of penetrating further attractive SAP markets and the targeted expansion of regions already addressed.

- **Enhancing customer benefit:** Customers and partners recognize the significant potential our advisory and software solutions offer for creating added value. We give the decision-makers the tools to concentrate entirely on the success of their digital transformation processes by working together with our partners in managing their data.

## SUBSIDIARIES, CHANGES TO SCOPE OF CONSOLIDATION

SNP SE is the parent company of the SNP Group. As of December 31, 2023, the group of consolidated companies including SNP SE comprised 33 companies which develop, distribute and/or provide our software and services. Unlike the previous year, this means the addition of one company, namely SNP Brasil LTDA, Sao Paulo, Brazil, while SNP Transformations ME FZ-LLC, Dubai, United Arab Emirates, was founded in August 2023.

SNP Labs Sp. z o.o., Suchy Las, Poland, was liquidated and deconsolidated in September 2023.

A list of the group of consolidated companies is provided in the notes to the consolidated financial statements.

## 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 30 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 – with a downtime close to zero and 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 closely with globally active strategy consultants and system integrators. Our numerous partnership and framework agreements demonstrate the grow-

ing 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 that 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. Our global presence allows us to optimally balance out regional capacity utilization differences and personnel resources to achieve our growth ambitions.

### 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. The ability to work remotely is a significant advantage for our business model, not just during times of crisis but also to be

able to successfully deliver upcoming major projects anywhere in the world. Even before the COVID-19 pandemic and its wide-ranging restrictions, we executed many of our projects entirely remotely.

### **PARTNER STRATEGY**

Over the past few years, we have invested in 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 made decisive progress in the use of our software approach via strategic partnerships. Our aim is to extensively communicate our unique selling points to the market via partners in order to tap into our growth potential and 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 and 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 2023 fiscal year, the direct research and development costs without overhead expenses reached a volume of € 23.1 million (previous year: € 18.6 million); the corresponding share of revenue was 11.3% (previous year: 10.7%).

As of December 31, 2023, 183 employees worked in SNP's development department (December 31, 2022: 142). This represents 13% of the total workforce (December 31, 2022: 11%).

### **EMPLOYEES**

#### **Training and Education**

Qualified and motivated employees are an important factor contributing to our success. The standards of the software and IT consulting industry require 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, 2023, was higher than in the previous year at 1,432 (previous year: 1,311); the increase is due to new employee hires mainly at consultancy level.

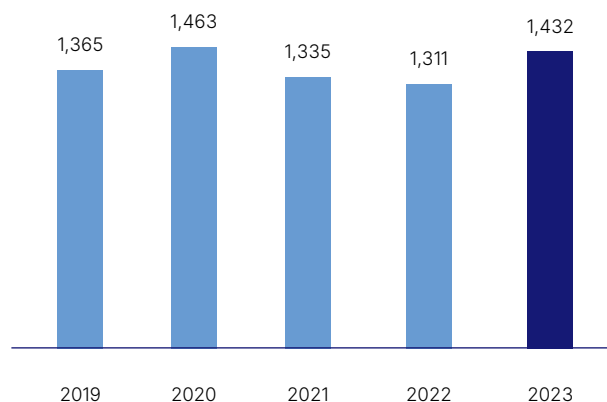
As of December 31, 2023, the Group's employees included 2 Executive Board Members (previous year: 3 Managing Directors), 18 managers (previous year: 19) and 40 trainees, students and interns (previous year: 36). The average number of employees during the reporting period, excluding the aforementioned group of individuals, was 1,372 (previous year: 1,260 employees).

### Diversity

As of December 31, 2023, the SNP Group had 442 female employees, representing 31% of the overall workforce. In the previous year, the SNP Group had 386 female employees, amounting to 29% of its overall workforce.

You will find further information on employees and target ratios in our "Non-financial Declaration," which may be downloaded from our website: <https://investor-relations.snpgroup.com/en/governance/>

#### EMPLOYEES AT THE END OF THE YEAR



## DISTRIBUTION OF WORKFORCE WORLDWIDE

Regions	Country	2023			2022		
		Absolute / country	Absolute / region	in %	Absolute / country	Absolute / region	in %
CEU (Central Europe incl. Slovakia)	Germany	561	769	54%	524	712	55%
	Austria	50			44		
	Switzerland	15			14		
	Slovakia	138			130		
	Spain	5					
Latin America	Argentina	223	377	26%	207	333	25%
	Chile	106			86		
	Colombia	47			40		
	Mexico	1					
	Singapore	18					
JAPAC (Asia-Pacific Japan)	Malaysia	16	157	11%	13	173	13%
	Australia	2			1		
	Japan	10			10		
	China	33			38		
	India	78			89		
	USA	77			77		
UK	UK	52	52	4%	37	37	3%
<b>Total</b>		<b>1,432</b>	<b>1,432</b>	<b>100%</b>	<b>1,311</b>	<b>1,311</b>	<b>100%</b>

## REMUNERATION REPORT

As in the previous year, the Remuneration Report for the 2023 fiscal year is published as a separate report and can be downloaded together with the associated Auditor's Report at <https://investor-relations.snpgroup.com/en/governance/>.

## ECONOMIC REPORT

## Global Economic Situation

Global economic development in 2023 was characterized by a robust recovery from the effects of the COVID-19 pandemic, the Russia-Ukraine war, the conflict in the Middle East and the rise in the cost of living and energy prices. Global inflation declined quicker than expected in 2023 from its peak in 2022. The impact on employment and economic activity was also less than expected. This development is due in particular to the tightening of monetary policy by central banks, increases in supply and the expansion of fiscal policy by many governments.

In its “World Economic Outlook Update” published in January 2024, the International Monetary Fund (IMF) anticipates 3.1% global economic output growth for 2023 by comparison with the previous year. Growth is therefore significantly lower than the historical average of 3.8% from 2000 to 2019. Growth rates were higher than originally expected, particularly in the USA and numerous emerging and developing countries. This compared with slower growth in the eurozone countries. Economic output shrank by 0.3% in Germany, the largest EU country.<sup>1</sup>

### IT Transformation Market

#### Sentiment Remains Positive Among IT Consultants

The most recent business climate index prepared by the German Association of Management Consultants (BDU) for the consulting industry in January 2024 indicated that the significant decline in the first quarter of 2023 was followed by a more stable trend again at a slightly lower level over the course of 2023. The index level for the management consultancy industry in the fourth quarter of 2023 stands at 96.3 points and is therefore at the level of the third quarter of 2023 (96

points). All in all, the consulting firms organized in the BDU viewed their business prospects as better than in the third quarter of 2023. Half of the consulting firms, in particular small and medium-sized entities, plan to hire more young professionals in 2024. This involves growing challenges brought about by the lack of qualified applicants and high salary expectations. Moreover, the consulting sector is thus showing considerably greater momentum than the Ifo Business Climate Index for the overall economy (86.4 points), which is compiled using the same system as the BDU index. 35% of IT consultancies state that their current business situation is in excess of the expected budget, and 33% anticipate a further improvement in their business situation in the first half of 2024.<sup>2</sup>

According to data from Gartner, the IT market also performed well globally in software and IT services, which are important areas for SNP. The market volume for software rose by 12% compared to the previous year to USD 913.3 billion in 2023 while increasing by just under 6% to USD 1,381.8 billion for IT services. Gartner anticipates somewhat higher growth rates for both areas in 2024. This development is driven in par-

ticular by companies investing in organizational efficiency and optimization projects, which are crucial in periods of economic uncertainty.<sup>3</sup>

#### Decline in Global M&A Activities

Changes in corporate structures due to mergers & acquisitions (M&As) also mean that IT systems need to be adapted. The market for IT transformation projects in which SNP operates is therefore also characterized by global M&A activities. In periods shaped by uncertainty

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<sup>1</sup> International Monetary Fund (IMF), World Economic Outlook Update, January 2024.

<sup>2</sup> Federal Association of German Management Consultants (BDU), Press Release on the Business Climate in the Consulting Sector – Q4 2023 (<https://www.bdu.de/news/bdu-geschaeftsklimabefragung-januar-24-die-stimmung-im-consulting-ist-weiterhin-stabil/>)

<sup>3</sup> Gartner, Gartner Forecasts Worldwide IT Spending to Grow 6.8% in 2024 (<https://www.gartner.com/en/newsroom/press-releases/01-17-2024-gartner-forecasts-worldwide-it-spending-to-grow-six-point-eight-percent-in-2024#:~:text=Worldwide%20IT%20spending%20is%20expected,quarter%27s%20forecast%20of%208%25%20growth.>)

and volatility, the global M&A market is normally characterized by restraint. This was also the case in 2023. Following peak transaction volume of more than USD 5.0 trillion in 2021, the value of global mergers and acquisitions has halved within just two years to USD 2.5 trillion in 2023. At the same time, transaction numbers fell by 17%, from more than 65,000 deals in 2021 to around 55,000 deals in 2023. Compared to 2022, transaction volumes have increased in the aerospace and defense, mining and metals, energy and utilities, pharmaceuticals, industrial manufacturing, automotive and technology sectors.<sup>4</sup>

#### **Cloud Transformation Increasingly Significant**

Cloud computing has evolved from an emerging technology to become a standard. 97% of companies in Germany with more than 50 employees already use cloud computing. At 58%, the majority of the companies use hybrid cloud models, which combine public and private cloud solutions. 57% of the companies have established a cloud-first strategy while a further 25% of the companies have implemented a cloud-too strategy, where existing systems are expanded to include cloud services. The number of companies that

pursue a cloud-only strategy has increased from 9% (2022) to 16% (2023). Overall, three times as many companies with public cloud models used a cloud-only strategy compared with companies with private cloud models. These are the results of a representative survey carried out by Statista on behalf of KPMG AG in 2023, covering 518 companies with 50 or more employees in Germany.

The trend towards cloud computing is also confirmed on an international level. 52% of companies in the North American, APAC and EMEA regions already used predominantly cloud models for their IT in 2023. The cloud transformation is driven mainly by the facilitation of disaster recovery and business continuity, replacement of legacy systems, lower costs, increasing employee productivity and greater flexibility to respond to changing market conditions.<sup>5</sup>

The cloud strategy is frequently a fixed component of a company's digital transformation. Companies focus on strategic cloud use in particular for increasing IT security (60%). Companies with up to 5,000 employees prioritize IT security more than companies with more than

5,000 employees, even though they are less likely to be targeted by cyber-attacks. Other important goals of strategic cloud use in the next five years will be flexibility and scalability (53%), digital transformation of internal processes (52%) and cost optimization (48%).<sup>6</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

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<sup>4</sup> PwC, Global M&A Industry Trends: 2024 Outlook (<https://www.pwc.com/gx/en/services/deals/trends.html>)

<sup>5</sup> Foundry, an IDG Inc. company, Cloud Computing Study 2023, September 2023 (<https://foundryco.com/tools-for-marketers/research-cloud-computing/>)

<sup>6</sup> Statista GmbH on behalf of KPMG, Cloud-Monitor 2023, September 2023 (<https://hub.kpmg.de/de/cloud-monitor-2023>)

2027; optional extended maintenance is offered until the end of 2030.<sup>7</sup> In addition, SAP has introduced the “RISE with SAP Migration and Modernisation” program to further motivate customers to pursue cloud migration.<sup>8</sup> SAP sees this initiative as a clear growth driver.

### Impact on SNP

The ten leading IT consulting firms worldwide achieved a revenue volume of almost € 270 billion in 2022 – a 16% increase compared with 2021. As a 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 Service, Software and EXA business segments, as well as Group EBIT. Order entry is included as a further key performance indicator. On the other hand, EBITDA is no longer used as an internal performance indicator.

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

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

<sup>8</sup> <https://news.sap.com/germany/2024/01/sap-kunden-cloud-first-geschaeftsstrategie/>.



## FORECAST/ACTUAL COMPARISON – SNP GROUP

Targets for 2023	Results for 2023	Comments
<p><b>Revenue</b></p> <p>■ <b>Group:</b> Growth rate significantly higher than in the previous year (growth rate 2022: +4%)</p> <p>■ <b>Service:</b> Growth rate significantly higher than in the previous year (growth rate 2022: +1%)</p> <p>■ <b>Software:</b> Growth rate significantly higher than in the previous year (growth rate 2022: +7%)</p> <p>■ <b>EXA:</b> Growth rate close to the previous year's level (growth rate 2022: +19%)</p>	<p>■ <b>Group:</b> Group revenue: € 203.4 million (previous year: € 173.4 million; growth rate: +17%)</p> <p>■ <b>Service:</b> Revenue in Service business segment: € 126.8 million (previous year: € 108.1 million; growth rate: +17%)</p> <p>■ <b>Software:</b> Revenue in Software business segment: € 67.3 million (previous year: € 54.3 million; growth rate: +24%)</p> <p>■ <b>EXA:</b> Revenue in EXA business segment: € 9.3 million (previous year: € 11.0 million; growth rate: -15%)</p>	<p>■ <b>Group:</b> In August: Quantitative specification of the forecast, according to which revenue is expected in a range of between € 190 and € 200 million.</p> <p>In October: Revenue is expected to fall within the upper end of the notified range of between € 190 and 200 million.</p> <p>In December: Revenue is expected in a range of between € 200 and € 205 million.</p> <p>Group revenue of € 203.4 million was significantly higher than in the previous year (€ 173.4 million) and within the range expected in December. The growth rate of +17% clearly exceeded that of the previous year (+4%); this is mainly due to the stable growth performance in the CEU region as well as disproportionately high growth rates in the UKI and USA regions.</p> <p>■ <b>Service:</b> The previous year's growth rate of +1% was clearly exceeded with +17%, analogously to overall revenue performance.</p> <p>■ <b>Software:</b> The growth rate of +24% significantly surpassed the previous year's +7% increase, reflecting a similarly strong development in overall revenue.</p> <p>■ <b>EXA:</b> Revenue in the EXA business segment declined compared to the previous year. The growth rate was -15% after +19% in the previous year. Failure to meet the forecast was due above all due to project delays and project orders not realized in the fourth quarter of 2023.</p>

Targets for 2023	Results for 2023	Comments
<b>EBIT</b> <ul style="list-style-type: none"> <li>■ <b>Group:</b> Percentage growth rate moderately stronger than revenue</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> EBIT: 11.1 million (previous year: € 6.8 million; growth rate: +64%)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> In August: Quantitative specification of the forecast, according to which the EBIT is expected to range between € 5 and € 10 million.  In October: Forecast raised, according to which EBIT is expected to slightly exceed the range of between € 5 and € 10 million.  At € 11.1 million, EBIT was clearly above the range of between € 5 and € 10 million and therefore above the forecast specified in October 2023. EBIT growth (+64%) was also considerably higher than Group revenue (+17%), which is due in part to the disproportionately stronger growth in the higher-margin Software business segment. The original forecast was therefore also exceeded.</li> </ul>
<b>EBITDA</b> <ul style="list-style-type: none"> <li>■ <b>Group:</b> Percentage growth rate moderately stronger than revenue</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> EBITDA: € 21.5 million (previous year: € 17.6 million; growth rate: +22%)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> At +22%, EBITDA growth outpaced Group revenue (+17%).</li> </ul>
<b>Order entry</b> <ul style="list-style-type: none"> <li>■ <b>Group:</b> Growth rate significantly higher than in the previous year (growth rate 2022: +1%)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> Order entry: € 266.1 million (previous year: € 193.6 million; growth rate: +37%)</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Group:</b> In August: Quantitative specification of the forecast, according to which the order entry volume is expected in a range of between € 210 and € 230 million.  In October: Forecast raised, according to which the order entry volume is expected in a range of between € 220 and € 240 million.  In December: Forecast raised, according to which the order entry volume is expected in a range of between € 230 and € 250 million.  At € 266.1 million, the order entry volume was clearly above the range of between € 230 and € 250 million and therefore above the forecast specified in December 2023. At +37%, the growth in order entry was also considerably stronger than in the previous year (+1%). The original forecast was therefore also exceeded.</li> </ul>

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

From the Executive Board's perspective, the 2023 fiscal year was a successful and trend-setting year for the SNP Group. Despite the geopolitical effects of the Russia-Ukraine war and the global strain of inflation, we significantly increased our order entry and Group revenue in the 2023 fiscal year as compared with the previous year. The smaller scale of orders placed by customers in the previous year as an indirect consequence of political instability had little impact on the 2023 fiscal year. Higher inflation levels and related cost increases were generally countered by price adjustments on the revenue side. Revenue reached a volume of € 203.4 million and grew 17.3% year-over-year. By surpassing the € 200 million mark, the Group achieved its highest revenue in the company's history. Revenue increased significantly in the Software and Service business segments while declining in the EXA business segment. The order entry volume also increased considerably year-over-year in 2023 (previous year: € 193.6 million) and thus reached a new record level of € 266.1 million. EBITDA improved to € 21.5 million (previous year: € 17.6

million) and EBIT to € 11.1 million (previous year: € 6.8 million). This resulted in an EBITDA margin of 10.6% (previous year: 10.2%) and an EBIT margin of 5.5% (previous year: 3.9%). Besides the aforementioned operational development, the SNP Group made further progress with its strategic development. We focused on international expansion, further implementing the software and partner strategy, and improving internal workflows and processes. Based on the above analysis of the business performance and the earnings, financial, and net asset position, as well as an assessment of all of the relevant facts and circumstances – in particular, the effects of the above-mentioned geo-strategic uncertainty – the Executive Board believes the Group's economic position remains solid.

### Economic Report for the SNP Group

We classify our business activities in terms of the following regions: CEU (Central Europe and Slovakia), UKI (United Kingdom), USA, LATAM (Latin America) and JAPAC (Asia-Pacific-Japan). In addition, we categorize our business activities in terms of our Software, Service and EXA business segments.

### ORDER BACKLOG AND ORDER ENTRY

in € million	2023	2022	Δ
<b>Order entry</b>	<b>266.1</b>	<b>193.6</b>	<b>+37%</b>
Service	180.4	128.2	+41%
Software	74.6	54.9	+36%
EXA	11.1	10.5	+6%

**Order entry** in the 2023 fiscal year totaled € 266.1 million, approximately 37% higher than the figure for the previous year (2022: € 193.6 million). In addition to stable growth performance in the CEU region, the increase is attributable to the disproportionately high growth in the USA and UKI regions, which was driven by the acquisition of major new customers.

The **CEU region** continued to provide the largest share of the order entry volume: This region accounted for € 139.2 million, which represents an increase of around 20% year-over-year (previous year: € 116.1 million). The CEU region's share of global order entry volume thus amounted to around 52% (previous year: 60%).

The three highest-growth regions were:

- **Region USA:**  
+138% to € 47.3 million (previous year: € 19.8 million)
- **Region UKI:**  
+81% to € 22.6 million (previous year: € 12.5 million)
- **Region LATAM:**  
+50% to 42.5 Mio. € (previous year: € 28.3 million)

Only incoming orders in the JAPAC region were lower than the previous year (€ 14.6 million, compared to € 16.9 million in the previous year, -14%).

From the project perspective, the increase is attributable to continued strong demand for **SAP S/4HANA projects**, with a year-over-year increase of around 111% to € 145.1 million (previous year: € 68.9 million). SAP S/4HANA projects thus now represent approximately 55% of the entire order entry volume of the SNP Group (previous year: 36%).

At segment level, €180.4 million, or approximately 68%, of the order entry volume was attributable to the **Service business segment** (previous year: € 128.2 million, or approximately 66%). The **Software business segment** accounted for € 74.6 million, or approximately

28%, of the order entry volume (previous year: € 54.9 million, or approximately 28%). € 11.1 million, or approximately 4%, of the order entry volume in the reporting period is attributable to the **EXA business segment** (previous year: € 10.5 million, or approximately 5%).

The **order backlog** as of December 31, 2023, was € 180.4 million; compared with the previous year's figure of € 135.3 million; this represents an increase of approximately 37%.

in € million	2023	2022	Δ
<b>Order backlog</b>	<b>180.4</b>	<b>131.8</b>	<b>+37%</b>
Service	136.1	101.8	+34%
Software	44.3	30.0	+48%
EXA	4.1	1.8	+128%

### 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), UKI (United Kingdom), USA, LATAM (Latin America) and JAPAC (Asia-Pacific-Japan). In addition, we categorize our business activities in terms of our Software, Service and EXA business segments.

### Revenue Performance

The SNP Group increased its revenue by 17% in 2023 to € 203.4 million (previous year: € 173.4 million). This growth is attributable to the positive development of service revenue (including the service revenue in the EXA business segment, € 16.8 million increase to € 134.1 million) and to software revenue (including the service revenue in the EXA business segment, € 13.2 million increase to € 69.3 million). The revenue performance follows an improved order situation against the backdrop of a greater number of SAP S/4HANA transformations. This is particularly evident in the revenue development in the Service and Software business segments presented below.

### Revenue Distribution by Business Segment

#### REVENUE BY BUSINESS SEGMENT

in € million	2023	2022	Δ
<b>Revenue</b>	<b>203.4</b>	<b>173.4</b>	<b>+17%</b>
Service	126.8	108.1	+17%
Software	67.3	54.3	+24%
EXA	9.3	11.0	-15%

In the 2023 fiscal year, the **Service business segment**, which primarily includes consulting services, contributed € 126.8 million (previous year: € 108.1 million) to revenue; this represents an increase of € 18.7 million or 17% year-over-year. The revenue achieved in the Service business segment corresponds to a share of around 62% (previous year: around 62%) of the overall revenue volume of the SNP Group.

Revenue in the **Software business segment (including maintenance and the cloud)** increased by € 13.0 million in the 2023 fiscal year to € 67.3 million (previous year: € 54.3 million); this corresponds to an increase of 24% year-over-year. The revenue achieved in the Software business segment corresponds to a share of approximately 33% (previous year: around 31%) of the overall revenue volume of the SNP Group.

#### REVENUE IN THE SOFTWARE BUSINESS SEGMENT

in Mio. €	2023	2022	Δ
<b>Software business segment</b>	<b>67.3</b>	<b>54.3</b>	<b>+24%</b>
Software licenses	48.1	36.1	+33%
Software support	14.9	14.1	+5%
Cloud / SaaS	4.4	4.1	+6%

Revenue of € 48.1 million from software licenses within the Software business segment was € 12.0 million higher than in the previous year (previous year: € 36.1 million).

Recurring software support revenue increased by € 0.8 million or 5% to € 14.9 million (previous year: € 14.1 million). Support revenue has been shaped by countervailing effects: While support revenue for SNP's own software has increased significantly by € 1.8 million or 16%, support revenue for third-party software has simultaneously decreased by € -1.0 million or -35%.

Cloud revenue (including software as a service) increased by € 0.3 million or 6% to € 4.4 million (previous year: € 4.1 million).

The **EXA business segment** accounted for revenue of € 9.3 million in the 2023 fiscal year (previous year: € 11.0 million); this equates to a 5% share of SNP Group's total revenue (previous year: 6%). The decline in revenue in the EXA business segment is mainly attributable to falling service revenues. With a volume of € 7.3 million, they were € 1.8 million lower than in the previous year (€ 9.2 million). The revenue performance in the EXA business segment was due above all due to

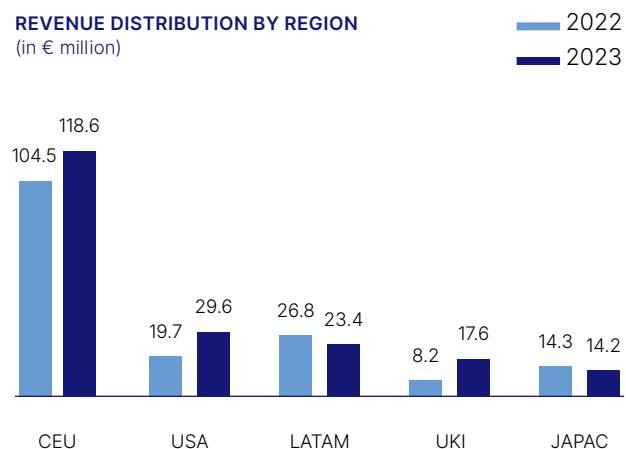
project delays and project orders not realized in the fourth quarter of 2023.

#### Revenue Distribution by Region

All of the Group's regions recorded revenue growth in the 2023 fiscal year, with the exception of the LATAM region, which reported lower revenue than in the previous year, mainly due to the significant currency devaluation of the Argentinian peso in 2023 and the associated translation at the closing rate in accordance with IAS 29 (€ 23.4 million compared to € 26.8 million in the previous year). Sales revenue in the JAPAC region was almost unchanged from the previous year (€ 14.2 million, compared to € 14.3 million in the previous year).

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

### REVENUE DISTRIBUTION BY REGION (in € million)



### Operating Performance

In the 2023 fiscal year, SNP achieved **earnings before interest, taxes, depreciation and amortization (EBITDA)** of € 21.5 million (previous year: € 17.6 million); this corresponds to an increase of € 3.9 million or 22% compared to the previous year. The EBITDA margin accordingly amounts to 10.6% (previous year: 10.2%). EBIT amounted to € 11.1 million in the reporting year as against € 6.8 million in the previous year; this equates to an EBIT margin of 5.5% (previous year: 3.9%).

	2023	2022
EBITDA (in € million)	21.5	17.6
EBITDA margin	10.6%	10.2%
EBIT (in € million)	11.1	6.8
EBIT margin	5.5%	3.9%

**Other operating income** decreased by € 5.7 million in the 2023 fiscal year to € 8.4 million (previous year: € 14.1 million). The 40% decline from the previous year was largely a result of lower positive currency effects, which fell by € 2.9 million year-over-year to € 5.8 million (previous year: € 8.7 million). In addition, other operating income in the previous year included positive effects from the remeasurement of purchase price liabilities and the deconsolidation from the disposal of SNP Poland Sp. z o.o. (now: All for One Poland Sp. z o.o.) in the amount of around € 3.0 million, which is no longer included in the 2023 fiscal year.

**Material expenses** decreased by € 1.0 in the 2023 fiscal year million to € 23.0 million (previous year: € 24.0 million); this corresponds to a year-over-year decline of approximately 4%. This expense item is characterized by countervailing effects: Due to the considerable increase in revenue in the Services business segment,

more external consulting services were purchased, which led to a € 0.5 million increase in expenses for consulting services purchased to € 20.4 million (previous year: € 19.9 million). At the same time, expenses for software purchased declined by € 1.5 million to € 2.6 million (previous year: € 4.1 million). The decline in expenses for software purchased is due to lower revenue with reseller software, which regularly entails a high cost of materials.

**Personnel expenses** rose by € 14.3 million in the 2023 fiscal year to € 123.4 million (previous year: € 109.1 million). This corresponds to an increase of approximately 13% compared to the previous year, which is attributable to a higher number of employees (+121 to 1,432) and to higher wage and salary payments, as well as to a rise in variable remuneration. By contrast, the personnel expense ratio (personnel expenses relative to revenue) improved from 63% in the previous year to 61%. This was due to the rate of revenue growth, which was stronger than the increase in personnel expenses.

**Other operating expenses** rose by € 7.1 million in the reporting period to € 43.0 million (previous year: € 35.9 million). The 20% rise was mainly due to an increase of € 3.6 million in expenses from currency effects to € 10.1 million (previous year: € 6.5 million), of which mainly expenses from realized exchange rate differences of € 1.7 million and expenses from unrealized exchange rate differences of € 8.4 million. These effects result largely from the LATAM region (especially the ARS, CLP and COP currencies) and from the translation of USD positions. Travel costs increased by € 1.5 million in the 2023 fiscal year to € 3.2 million (previous year: € 1.7 million) due to higher business volumes. Rental expenses recorded an increase of € 1.0 million in the reporting period to € 3.8 million (previous year: € 2.8 million) due to higher expenses for internally used licenses, among other things. Expenses for renting office space increased by € 0.7 million, in particular due to expected payments in connection with office space no longer used in Heidelberg. The remaining increase in other operating expenses was mainly a result of € 0.7 million higher legal and consulting expenses of € 2.6 million (previous year: € 1.9 million). Advertising expenses increased by € 0.4 million in the fiscal year to € 4.7 million

(previous year: € 4.3 million). This rise was due to increased spending on customer events. Other personnel costs also increased by € 0.4 million to € 3.1 million (previous year: 2.7 million), reflecting higher expenses for training and employee events.

**Depreciation and amortization** decreased in the 2023 fiscal year by € 0.4 million to € 10.4 million (previous year: € 10.8 million). This represents a drop of approximately 4%, which is due to the expiring PPA depreciation/amortization and asset depreciation, which were not offset by any new depreciation/amortization for new investments in the same amount.

In 2023 fiscal year, **earnings before interest and taxes (EBIT)** surpassed the previous year's mark, reaching € 11.1 million compared to € 6.8 million. The EBIT margin is thus 5.5% (previous year: 3.9%).

#### EBIT IN THE SERVICE BUSINESS SEGMENT

	2023	2022 *
EBIT (in € million)	5.3	1.1
EBIT margin	4.2%	1.0%

\* Previous year's figures adjusted (see note 5)

#### EBIT IN THE SOFTWARE BUSINESS SEGMENT

	2023	2022 *
EBIT (in € million)	19.5	17.6
EBIT margin	28.9%	32.5%

\* Previous year's figures adjusted (see note 5)

#### EBIT IN THE EXA BUSINESS SEGMENT

	2023	2022
EBIT (in € million)	1.3	2.3
EBIT margin	14.2%	20.7%

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

in € million	2023	2022	Δ
Net financial income	-2.3	-3.0	+25%
Earnings before taxes (EBT)	8.8	3.8	+134%
Income taxes	-3.0	-2.4	+25%
Profit or loss for the period	5.9	1.4	+317%
Earnings per share (basic)	0.81	0.22	+263%
Earnings per share (diluted)	0.80	0.22	+261%

The € 0.7 million improvement in the **net financial result** to € -2.3 million (previous year: € -3.0 million) is mainly attributable to the increase of € 0.5 million in interest income and to € 0.2 million lower interest expenses. Higher interest income is largely the result of compounding on contract assets in the 2023 fiscal year and interest income from short-term investments of cash and cash equivalents. Lower interest expenses despite higher interest rate levels are mainly attributable to distributions made by a subsidiary in the previous year. The share of the distribution to minority shareholders in the amount of € 0.0 million (previous year: € 1.4 million) is reportable as interest expense.

This results in **earnings before taxes** of € 8.8 million (previous year: € 3.8 million). Income taxes amounted to € 3.0 million (previous year: € 2.4 million). The tax rate was thus 33.7% (previous year: 63%). 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 € +0.9 million (previous year: € +0.8 million) and the addition to the valuation allowance on loss carryforwards in the amount of € +0.2 million (previous year: € +0.2 million). The use of loss carryforwards not capitalized in the current year of € 0.6 million (previous year: 0.0 million) led to a reduction of the tax expense.

After income taxes, the profit for the period amounted to € 5.9 million (previous year: € 1.4 million). The net margin (the ratio of the result for the period to overall revenue) is 2.9% (previous year: 0.8%).

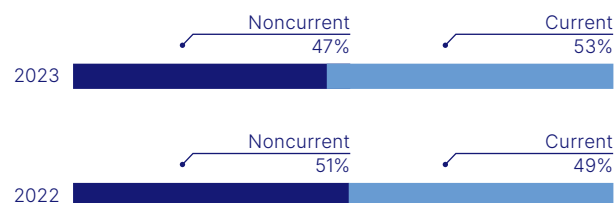
#### Dividend

SNP SE's Annual General Meeting took place in Wiesloch on May 23, 2023. The shareholders accepted the Board of Directors' proposal to carry forward the distributable profit of € 17.3 million for the 2022 fiscal year shown in the adopted annual financial statements as of December 31, 2022.

#### Net Assets

Total assets have decreased by € 3.2 million as of December 31, 2023, to € 261.8 million (previous year: € 265.0 million).

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

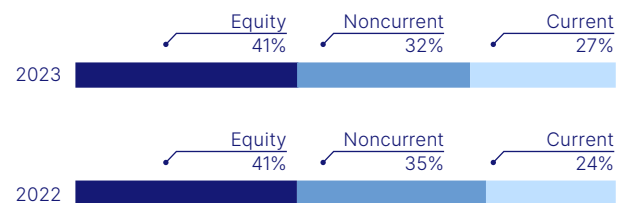


**Current assets** rose by € 8.6 million to € 138.8 million (previous year: € 130.2 million). The increase as of December 31, 2023, resulted mainly from a € 1.9 million increase in cash and cash equivalents to € 40.3 million (previous year: € 38.4 million), a € 13.6 million increase in trade receivables to € 78.3 million (previous year: € 64.7 million) and € 1.0 million growth in contract assets to € 10.6 million (€ 9.6 million). This development reflects the higher year-over-year revenue performance in the fourth quarter (€ 53.8 million compared to € 48.5 million in the previous year). Furthermore, receivables after deduction of retentions of approximately € 5 million were sold in the previous year, which led to a correspondingly lower amount of receivables. There was no such sale of receivables at the end of 2023. Other financial assets developed conversely with a decline of € 6.5 million to € 5.0 million (previous year: 11.5 million). This decline is mainly attributable to the settlement of the purchase price receivable from the sale of the minority interests to All for One Poland Sp. z.o.o.) in the amount of around € 5.0 million in the 2023 fiscal year. Current tax assets declined by € 0.9 million to € 1.5 million (previous year: € 2.4 million), as the excessive prepayments in Germany and Chile that were received in the previous year were balanced in the 2023 fiscal year.



**Noncurrent liabilities** declined by € 11.9 million to € 122.9 million (previous year: € 134.8 million). The decrease was mainly due to a decline of € 4.6 million in goodwill as of December 31, 2023, to € 68.0 million (previous year: € 72.6 million) due to exchange rates. Intangible fixed assets decreased by € 3.8 million as of December 31, 2023, to € 15.3 million (previous year: € 19.1 million), mainly due to continuing depreciation of intangible assets capitalized as part of company acquisitions in previous years. The right-of-use assets decreased by € 0.8 million to € 14.2 million in the 2023 fiscal year (previous year: € 15.0 million) due to depreciation that was not offset by additions. As a result of reclassification to current trade receivables and intangible assets, current financial liabilities continued to record a decline of € 1.7 million as of December 31, 2023, to € 13.8 million (previous year: € 15.5 million).

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



On the equity and liabilities side, current liabilities increased by € 5.0 million in the 2023 fiscal year to € 69.6 million (previous year: € 64.6 million). At the same time, noncurrent liabilities fell by € 9.6 million to € 83.6 million (previous year: € 93.2 million).

The increase in **current liabilities** as of December 31, 2023, included countervailing effects.

Financial liabilities rose by € 4.1 million to € 16.3 million (previous year: € 12.2 million). Within the financial liabilities item, current liabilities to banks increased by € 4.6 million. The increase arises from the reclassification of a promissory note loan in the amount of € 9.0 million from noncurrent to current liabilities (maturing in the first quarter of 2024) and from the repayment of a short-term bank loan in the amount of € 4.5 million. Current purchase price liabilities in the LATAM region moved in the other direction, declining by € 0.5 million in the reporting year due to redemption.

Within the current liabilities item, other nonfinancial liabilities also rose by € 5.2 million to € 33.8 million (previous year: € 28.6 million). This resulted mainly from higher liabilities to employees, which amounted to € 25.2 million in the fiscal year (previous year: € 20.6 million).

In contrast, trade payables decreased by € 0.7 million to € 10.1 million (previous year: € 10.8 million) and contract liabilities also fell by € 2.6 million to € 8.2 million (previous year: € 10.8 million). The decline in contract liabilities resulted mainly from lower advance payments made for fixed-price projects.

The decline in **noncurrent liabilities** resulted in particular from lower financial liabilities, which fell by € 12.2 million to € 72.6 million (previous year: € 84.8 million).

The decline in financial liabilities in the amount of € 12.2 million resulted mainly from the reclassification of the aforementioned promissory note loans in the amount of € 9.0 million into current financial liabilities and from a reduction of € 2.4 million in long-term bank loans. Within financial liabilities, noncurrent lease liabilities continued to fall due to redemption, dropping by € 1.3 million to € 11.0 million (previous year: € 12.3 million). On the other hand, noncurrent purchase price liabilities in connection with the acquisition of EXA have increased by € 0.4 million to € 7.8 million due to the revaluation as of December 31, 2023.

The € 2.3 million increase in contract liabilities to € 2.5 million (previous year: € 0.2 million) had a corresponding

impact on noncurrent liabilities. This increase was due to higher advance payments for long-term projects.

Provisions for pensions and similar obligations increased by € 0.4 million to € 2.0 million (previous year: € 1.6 million). The increase is largely attributable to actuarial losses and other losses from the plan assets.

**Group equity** rose from € 107.2 million to € 108.6 million as of December 31, 2023. The € 1.4 million rise resulted from a growth of € 5.9 million in retained earnings to € 13.2 million (previous year: € 7.3 million) due to the positive result for the period and an increase of € 1.0 million in the capital reserves to € 98.1 million (previous year: 97.1 million) due to postings in connection with share-based payment transactions. In contrast, other reserves declined by € 5.6 million to € -4.7 million (previous year: € 0.9 million), mainly on account of the change of € -5.2 million in the currency translation adjustment item.

The increase in equity combined with a simultaneous decrease in the volume of total equity and liabilities led to an improvement in the equity ratio from 40.5% to 41.5%.

## 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 2024 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 confidence of our investors, lenders and customers. SNP thus focuses on maintaining a capital structure that allows it to meet its future financing needs through the capital markets on favorable 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.

The first tranche of the promissory note loans, with a volume of € 5 million, was repaid in March 2020. This was refinanced by taking out a loan in the amount of € 3.0 million and the utilization of € 4.5 million from a € 5.0 million short-term credit line agreement.

In May 2020, SNP 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 securing 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.

In December 2023, SNP SE concluded an amortizing loan of € 7 million, which matures by December 31, 2028, and has a utilization deadline of October 2024. The loan had not yet been utilized as of the balance sheet date.

For further information on debt financing, please see note (24) in the notes to the consolidated financial statements.

### 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	2023	2022
Cash and cash equivalents on December 31	+40.3	+38.4
Change in cash and cash equivalents relative to the previous year	+1.9	-2.0
Cash inflow from/cash outflow for operating activities	+12.5	-0.5
Cash inflow from/cash outflow for investing activities	+3.7	-0.1
Cash outflow from financing activities	-12.1	-0.9
Impact of the effects of changes in foreign exchange rates on cash and bank balances	-2.2	-0.5

### Development of Cash Flow and the Liquidity Position

In the 2023 fiscal year, the SNP Group generated positive **operating cash flow** of € +12.5 million (previous year: € -0.5 million). The € 13.1 million increase in operating cash flow is largely attributable to the € 4.5 million increase in profit for the period to € 5.9 million (previous year: € 1.4 million) and positive effects in other noncash expenses and income, which rose by € 6.4 million to € 3.5 million (previous year: € -2.9 million). This mainly involves currency effects, which made a positive contribution of € +3.2 million (previous year: € 0.3 million) to operating cash flow. Furthermore, noncash expenses/revenues in the previous year included noncash effects from the measurement of purchase price liabilities in the course of company transactions of € -2.5 million, which only amount to € +0.3 million in the 2023 fiscal year. The change in working capital led to a € 2.0 million improvement in operating cash flow. The change of € +0.4 million (previous year: € -1.6 million) in provisions for pensions contributed € +2.0 million to the improvement in operating cashflow. Other corrections to the result for the period, which are allocable to investing activities, had a contrary effect. These decreased by € 1.4 million to € 0.0 million (previous year: € 1.4 million), as

the payments to shareholder EXA AG had declined accordingly. Depreciation and impairment of € 10.4 million (previous year: € 10.8 million) is largely in line with the previous year's level.

The positive **cash flow from investing activities** in the amount of € +3.7 million (previous year: € -0.1 million) is mainly a result of proceeds resulting from the sale of the majority stake in SNP Poland Sp. z.o.o. (now One Poland Sp. z.o.o) in the amount of € 5.0 million (previous year: € 11.8 million) and payments of € 1.1 million (previous year: € 1.8 million) for investments in property, plant and equipment as well as intangible assets.

**Financing activities** have resulted in a negative cash flow in the amount of € 12.1 million (previous year: € -0.9 million). The cash outflow resulted from the repayment of bank loans in the amount of € 7.0 million and the repayment of lease liabilities in the amount of € 5.1 million.

The effects of changes in foreign exchange rates on cash and bank balances have resulted in a negative impact of € 2.2 million (previous year: negative impact of € 0.5 million).

**Overall cash flow** during the reporting period totaled € +1.9 million. Taking into account the changes presented here, the level of cash and cash equivalents increased to € 40.3 million as of December 31, 2023 (previous year: € 38.4 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 that 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 Service business segments. Over the past few years, SNP SE has adopted the practice of handling external business largely 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.

## FORECAST/ACTUAL COMPARISON – SNP SE

Targets for 2023	Results for 2023	Comments
<b>Revenue:</b> <b>■ SNP SE:</b> Moderate increase in revenue (2022: € 30.9 million)	<b>■ SNP SE:</b> Revenue: € 38.2 million	<b>■ SNP SE:</b> Revenue increased significantly year-over-year by € 7.2 million or 23.4% to € 38.2 million (previous year: € 30.9 million). This is largely attributable to higher licensing fees with affiliated companies as a result of higher external Group licensing fees.
<b>EBIT</b> <b>■ SNP SE:</b> 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 in 2023 (2022: € -1.5 million, adjusted for the disposal gain: € -11.4 million).	<b>■ SNP SE:</b> EBIT: € -9.5 million	<b>■ SNP SE:</b> The operating result of € -11.4 million, adjusted for the disposal gain in the previous year, was improved by € 1.9 million in the 2023 fiscal year to € -9.5 million due to revenue.

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

Revenue increased significantly by € 7.2 million, or 23.4%, to € 38.2 million (previous year: € 30.9 million). The original forecast, which predicted a moderate year-over-year increase, was exceeded. The operating result amounts

to € -9.5 million in 2023 (previous year: € -1.5 million) and has thus deteriorated compared to the previous year. This reduction is attributable, above all, to the positive effects in connection with the sale of the minority shares in SNP Poland Sp. z.o.o. (€ 9.9 million) in the previous year. EBIT of € -11.4 million, adjusted for the one-time effect of the previous year, thus improved by € 1.9 million.

Based on the above analysis of the business performance and the earnings, financial and net asset position, as well as an assessment of all of the relevant facts and circumstances, the Executive Board believes the Group's economic position remains solid.

## Development of the Earnings Position

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

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

in € million	2023	2022
<b>Revenue</b>	<b>38.2</b>	<b>30.9</b>
Change in inventory (work in progress)	-1.3	1.5
Other operating income	1.7	11.7
Cost of materials	-0.5	-1.7
Personnel costs	-22.0	-17.8
Amortization of intangible fixed assets and depreciation of tangible fixed assets	-1.2	-1.4
Other operating expenses	-24.4	-24.9
<b>Operating result (EBIT)</b>	<b>-9.5</b>	<b>-1.5</b>
<b>Net financial income</b>	<b>10.1</b>	<b>13.3</b>
<b>Earnings before tax</b>	<b>0.5</b>	<b>11.8</b>
Income taxes	-1.0	-0.6
<b>Profit after tax</b>	<b>-0.4</b>	<b>11.2</b>
Other taxes	0.0	0.0
<b>Profit for the year</b>	<b>-0.4</b>	<b>11.2</b>

SNP SE achieved an overall revenue volume of € 38.2 million in the 2023 fiscal year; this corresponds to an increase of € 7.3 million or 23.4% in comparison with the previous year (€ 30.9 million). The improvement was largely a result of higher revenue earned through affiliated companies, in particular higher software settlement and due to higher external Group licensing fees. In contrast, revenue with external customers declined slightly. The overall revenue comprises revenue earned through external customers in the amount of € 3.9 million (previous year: € 4.4 million) and revenue earned through affiliated companies in the amount of € 34.3 million (previous year: € 26.6 million).

On the other hand, changes in inventories for work in progress have increased by 2.8 million to € -1.3 million (previous year: € 1.5 million) due to the scheduled completion of projects. Revenue and changes in inventories have thus jointly changed by € +4.4 million to € 36.8 million (previous year: € 32.5 million).

At € 1.7 million, other operating income is down € 10.0 million on the previous year (€ 11.7 million). The decline is mainly because the previous year included income

resulting from the sale of the minority shares in All for One Poland Sp. z.o.o., which amounted to € 9.9 million. There were no comparable circumstances in the reporting year.

Due to lower service revenue, the cost of materials has decreased by € 1.2 million, from € 1.7 million to € 0.5 million. This trend is attributable mainly to a lower 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 increase of € 4.2 million to € 22.0 million (previous year: 17.9 million) is attributable to the rise in the number of employees (211 as of December 31, 2023, compared to 192 as of December 31, 2022) as well as to both wage and salary increases in 2023 and higher variable remuneration.

Other operating expenses amount to € 24.4 million in 2023 and are thus down slightly by € 0.5 million on the previous year's figure of € 24.9 million. There were contrasting effects within other operating expenses: While expenses for rents and leasing had increased, mainly

due to provisions for unused lease space (€ +1.2 million to € 4.1 million), legal advice (€ +0.3 million to € 1.4 million), vehicles costs (€ +0.3 million to € 2.2 million) and travel expenses (€ +0.2 million to € 0.4 million), costs were lower for services purchased primarily for research and development as a result of the increase in own resources (€ -1.3 million to € 4.0 million), recruitment-related costs (€ -0.5 million to € 0.1 million), advertising and representation expenses (€ -0.2 million to € 2.5 million) and insurance (€ -0.2 million to € 0.1 million).

The operating result amounts to € -9.5 million in 2023 (previous year: € -1.5 million) and has thus significantly declined. This reduction is attributable, above all, to the positive prior-year result in connection with the sale of the minority shares in SNP Poland Sp. z.o.o. (€ 9.9 million). EBIT of € -11.4 million, adjusted for the one-time effect of the previous year, thus improved by € 1.9 million.

The net financial result amounted to € 10.1 million (previous year: € 13.3 million). As in the previous year, the positive financial result mainly consists of profits from profit transfer agreements and income from investments. Distributions made by affiliated companies

declined by € 4.0 million to € 1.2 million (previous year: € 5.3 million). EXA AG had distributed € 4.3 million to SNE SE in the previous year. Income from profit transfers from affiliated companies declined by € 2.3 million to € 12.3 million (previous year: € 14.6 million). Write-downs on the investments in ADP Consultores S.R.L., Argentina, and SNP Innovation Lab GmbH, Heidelberg totaling € 2.0 million (previous year: € 5.6 million) had a negative impact on the lower fair value due to an expected permanent impairment. Of this, € 1.8 million relates to ADP Consultores S.R.L. and € 0.2 million to SNP Innovation Lab GmbH.

Earnings before tax of SNP SE declined by € 11.2 million to € 0.5 million (previous year: € 11.8 million). Tax expenses amounted to € 1.0 million (previous year: € 0.6 million). After taxes, the loss for the year amounts to € -0.4 million (previous year profit for the year: € 11.2 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 € 220.0 million (previous year: € 225.3 million) at the end of 2023.

#### BALANCE SHEET OF SNP SE PREPARED ACCORDING TO THE HGB AS OF DECEMBER 31, 2023 (SHORT VERSION)

in € million	2023	2022
<b>Assets</b>		
Intangible assets	1.2	1.5
Property, plant and equipment	2.8	3.2
Long-term financial assets	112.4	114.5
<b>Noncurrent assets</b>	<b>116.4</b>	<b>119.1</b>
Inventories	0.3	1.6
Receivables and other assets	97.9	93.0
Cash and cash equivalents	4.4	10.5
<b>Current assets</b>	<b>102.5</b>	<b>105.1</b>
Deferred income	1.1	1.0
<b>Total assets</b>	<b>220.0</b>	<b>225.3</b>
<b>Equity and liabilities</b>		
Equity	125.0	124.2
Provisions	6.8	5.5
Liabilities	87.6	95.0
Deferred income	0.6	0.6
<b>Total equity and liabilities</b>	<b>220.0</b>	<b>225.3</b>

Intangible fixed assets decreased by € 0.2 million to € 1.2 million (previous year: €1.5 million). The carrying amount of tangible fixed assets declined by € 0.4 million to € 2.8 million (previous year: € 3.2 million). In both cases, depreciation/amortization and disposals were offset by lower new investments in the fiscal year.

Long-term financial assets decreased by € 2.1 million to € 112.4 million (previous year: € 114.5 million). The change is due to several reasons, including the liquidation of SNP Labs Sp. z.o.o., Poland (€ -0.1 million), write-downs on the investment in ADP Consultores S.R.L., Buenos Aires, Argentina (€ -1.8 million), and SNP Innovation Lab GmbH (€ -0.2 million) and, in contrast, the establishment of the subsidiary SNP Transformations ME FZ-LLC, Dubai (€ +0.1 million).

Receivables and other assets rose by € 4.9 million to € 97.9 million (previous year: € 93.0 million). While other assets fell by € 5.5 million to € 4.9 million (previous year: € 10.4 million) as a result of the payment of purchase price receivables and receivables from third parties fell by € 3.1 million to € 17.2 million (previous year: € 20.2 million) against the backdrop of lower revenue from external customers, receivables from

affiliated companies rose by € 13.6 million to € 74.5 million (€ 60.9 million).

Cash and cash equivalents and term deposits amounted to € 4.4 million (previous year: € 10.5 million). The reduction in liquidity is related to the reduction in liabilities to banks following the repayment of loans.

Inventories declined by 1.3 million to € 0.3 million (previous year: € 1.6 million) due to the scheduled completion of projects.

SNP SE's equity increased by 0.6% to € 125.0 million (previous year: € 124.2 million). This growth is largely attributable to the higher distributable profit as a result of the profit for the year. As of December 31, 2023, the equity ratio amounts to 56.8% (previous year: 55.1%).

Provisions increased by € 1.3 million year-over-year to € 6.8 million (previous year: € 5.5 million), which is mainly associated with higher bonus provisions, which rose by € 1.0 million to € 3.2 million (previous year: € 2.2 million).

Liabilities decreased by € 7.3 million to € 87.6 million (previous year: € 95.0 million). The reduction was pri-

marily due to lower liabilities to banks, which declined by € 6.9 million to € 65.8 million (previous year: € 72.7 million). Trade payables have decreased by € 1.9 million to € 2.4 million (previous year: € 4.3 million). In contrast, liabilities to affiliated companies rose by € 1.8 million to € 15.6 million (previous year: € 13.8 million).

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

Taking the above-mentioned changes into account, this results in a negative overall cash flow of € 6.1 million. Cash and cash equivalents as of December 31, 2023, accordingly decreased to € 4.4 million (previous year: € 10.5 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.

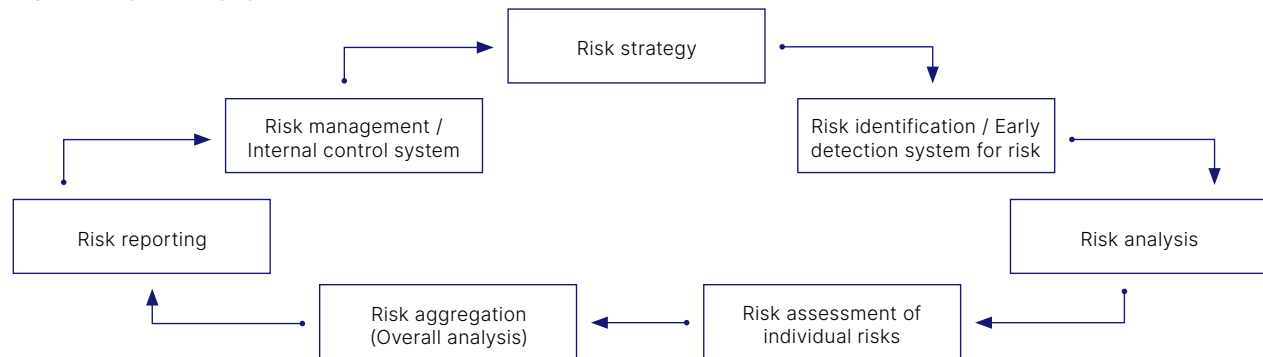


## Risk Management

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, evaluate them and 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 opportunities are not recorded in the risk management system.

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.

### RISK MANAGEMENT CYCLE



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 euros 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.

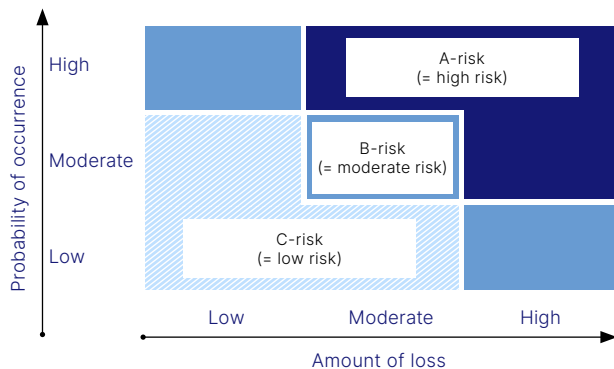
**RISK ASSESSMENT DIMENSIONS**

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 euros.  
 \*\* 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 2023, 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 2023 in the reporting period. These are outlined in further detail in the risk report. After assessing the individual risks, 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 management measures are used to monitor and safeguard the effectiveness of countermeasures, reduction strategies and SNP's internal control system.

**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 Executive Board 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 mon-

itored regularly during the year. In the regular Audit Committee meetings, the Supervisory Board is informed about the current risk situation, that is, the significant identified risks, changes to material risks and measures that have been implemented or are planned for their mitigation. Regular reports are also communicated to the Executive Board.

#### **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,
- processes are in place to enforce the separation of functions and the principle of dual control 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, 2023.

#### **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 the monistic system while the Supervisory Board assumes responsibility for the dualistic system. The Board of

Directors and the Supervisory Board established an Audit Committee which critically assessed the risk management system in the year under review and discussed this with the Managing Directors and Executive Board members. 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 and the Supervisory Board about any potential weaknesses in the internal control system.

## RISKS

In the reporting period, new individual risks have arisen compared to the previous year, 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.

Areas of risk	Risk category average result	
	2023	2022
Growth risks	C	C
Personnel risks	C	C
IT risks	C	C
Legal risks	B	B
Insurance risks	C	C
Risks of technology development	C	C
Sales risks	C	C
Operational risks	B	B
Risk of dependence on individual customers and industries	C	C
Economic and political risks	B	A
Risks of dependence on SAP SE	B	B
<b>Financial risks</b>		
Liquidity risk	B	B
Currency risk	B	B
Credit risk (default risk)	C	C
Risk of goodwill impairment	B	B
Interest rate risk	C	C
Other financial risks	C	C

### Economic and Political Risks

Uncertainty in the global economy and the financial markets, rising energy prices, social and political instability – such as 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.

The economic impacts of political risks for our business are likely to be mid-range at least. As an indirect consequence of the political instability caused by factors including the conflict between Russia and Ukraine, we ascertained in 2022 that our customers have in some cases placed smaller-volume orders on the grounds of caution. This development did not intensify further in 2023. If the political instability deteriorates 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 customer

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 through measures such as 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 Service business segment, are largely fixed over the entire year in order to accommodate expected peak demand, heightened risk exists here if short-term changes in our customers' investment behavior should occur. SNP tries to mitigate these risks by using external resources. In the year under review, expenses in the amount of € 20.4 million (previous year: € 19.9 million) were 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 approximately 14% in 2023 to € 16.9 million (previous year: € 14.8 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 2023 fiscal year, revenue from SNP's in-house products amounted to € 66.0 million (previous year: € 50.7 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 moderate (previous year: high). The improved risk situation arises from the fact that the company is developing positively in a difficult macro-economic market environment and has availed of the resulting business opportunities.

### **Risks of Technology Development**

With its portfolio of products and services, SNP offers specific solutions for the data transformation of ERP landscapes. It therefore 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 2023, research and development costs as a percentage of revenue were 11% (previous year: 9%). Given the complexity of SNP products and processes and the short innovation cycles, we believe the company has managed to achieve an innovation lead. The complexity also makes it difficult to imitate products and processes.

The earnings position of SNP mainly depends on its success in adapting its products to changes in the market and achieving a rapid amortization of 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 Service 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 unchanged as a slight risk.

### 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, by carelessness or by insufficient consultation with the customer. In order to minimize project risks, the SNP Group and its customers generally choose to use a modular approach, dividing projects into separate sub-projects. 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 moderate.

### **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, or that the costs for entering a market are higher than expected. 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 order to preserve liquidity and hedge related risks, SNP generally does not initially acquire all of the shares in companies straight away. It also monitors any market entries closely with various individual measures.

SNP continues to classify the growth risks as 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 and rising personnel costs.

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, 2023, SNP employed 40 students and trainees (previous year: 36).

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 light of the given situation. These include mobile work and a large number of additional rigorous protective measures.

However, safeguarding against overall personnel risk is possible only to a limited extent. SNP continues to classify the personnel risks as 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 2021, 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, 2023, 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 compensation claims.

As of December 31, 2023, 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 moderate.

### 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 further products and the company's 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. In addition to 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, 2023, sales employees represented around 9% of the overall workforce (December 31, 2022: around 10%).

SNP continues to classify the sales risks as slight.

### 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, as it means that the company does not have enough options available to compensate for these losses.

As in the previous year, no customer generated revenue in the 2023 fiscal year 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 continues to classify the risk of dependence on individual industries and on individual customers as slight.

#### **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 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 that are in line with their respective significance, as well as 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 de-

rivative financial contracts is minimized by regular credit checks of the relevant institutions.

SNP is financed through equity and external funds. As of December 31, 2023, its equity ratio amounts to 41.5% (previous year: 40.5%) while interest-bearing external funds account for 25.0% of total assets (previous year: 27.2%). Apart from additional loans, the majority of the interest-bearing external funds are in the form of borrower's note loans, with a total nominal value of € 41.5 million and maturities extending 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, the lenders are in some cases contractually entitled to terminate the loans immediately. In some cases, there is a possibility of curing the breach twice during the term of the agreement for the

coming half-year. 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.

In the context of cash and cash equivalents with a volume of € 40.3 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.

#### ■ **Currency Risk**

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 currency risks might have a significant impact on our business activities, our financial and earnings position and our

cash flows. The transactions of the subsidiary in Argentina, with its persistent hyperinflation and associated significant currency exchange rate markdown, expose SNP to this risk in particular. 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, 2023, no financial derivatives to hedge currency risks were in use.

SNP continues to classify the currency risk as a moderate risk (previous year: moderate).

#### ■ **Risk of Goodwill Impairment**

The "goodwill" balance sheet item comes to € 68.0 million as of December 31, 2023 (previous year: € 72.6 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 Service, 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 € 108.1 million on December 31, 2023 (previous year: € 110.1 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. The resulting impairment of the balance sheet item "Shares in affiliated companies" may significantly impair the result of the annual financial statements of SNP SE. In the current year, impairment of shares in affiliated companies was recognized in the amount of € 2.0 million (previous year: € 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 consistently surpass our customers' expectations and to achieve sustained growth through continuous, agile innovations that capitalize on new opportunities for our company on an ongoing basis.

In addition to identifying and managing risks, recognizing 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 Execu-

tive Board, Board of Directors, the management teams of Group companies and 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 essential for us to maintain a balance between implementing risk mitigation measures and capitalizing on promising opportunities to enhance shareholder value. 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 2024, which are set out in this report.

The following section therefore focuses on future trends or events that 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 through subscription and license fees, maintenance fees, shared service remuneration

and dividend payments from subsidiaries. The opportunities described below therefore likewise apply to it, either directly or indirectly.

## Opportunities Thanks to the 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, for example, from the uncertainties caused by conflicts and the energy crisis, 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 significantly improve our market position. We intend to continue to expand our target market by means of enhancements and adjustments to our software and 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.

In addition to more rapidly developing innovative products, we are also concentrating on ensuring that these products are easy to introduce and 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 that 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 that they incur for data transformation projects and establishing new opportunities for innovation meet with a positive response from our partners, which is evident from the marked increase in revenue with partners.

Our partners contribute their expertise in specific sectors to our portfolio of cloud applications that 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, provide them with additional skills and 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 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 we presented for the 2024 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 acquired several companies, which now are helping improve our market penetration. A targeted market survey in search of possible target companies 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 Executive Board there are currently and in the foreseeable future no significant individual risks whose occurrence would presumably 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 2023, the aggregated risk-bearing capacity levels were defined as no more than 50% of equity and 50% of liquidity. These KPIs were met in the reporting year.

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 emerged during the 2023 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

According to the economic experts of the International Monetary Fund (IMF), the global economy should grow by 3.1% in 2024 and therefore remain at the same level

as in 2023. In 2025 global GDP is expected to increase slightly by 3.2%. The IMF's economists thus raised their forecast in January by 0.2 percentage points for the current year 2024 compared to the forecast communicated in October 2023. This is due in particular to the improved situation in China, the USA and large emerging markets and developing countries.

According to the IMF, the opportunities and risks for the global economy are largely balanced. The opportunities include, in particular, a faster decline in inflation, a slower withdrawal of fiscal support, a speedier recovery of the Chinese economy and productivity gains through artificial intelligence. Risks arise from circumstances including an increase in commodity prices due to geopolitical or weather-related shocks, a slowdown in growth in China and high public debt.<sup>9</sup>

#### ECONOMIC DEVELOPMENT – GDP GROWTH BY COMPARISON WITH PREVIOUS YEAR<sup>10</sup>

In %	2023	2024 f	2025 f
<b>Worldwide</b>	<b>3.1</b>	<b>3.1</b>	<b>3.2</b>
Industrialized nations	1.6	1.5	1.8
Emerging markets and developing countries	4.1	4.1	4.2
<b>Europe</b>			
Eurozone	0.5	0.9	1.7
Germany	-0.3	0.5	1.6
UK	0.5	0.6	1.6
European emerging markets and developing countries	2.7	2.8	2.5
<b>North and Latin America</b>			
USA	2.5	2.1	1.7
Latin America and the Caribbean	2.5	1.9	2.5
<b>Asia-Pacific</b>			
China	5.2	4.6	4.1
Japan	1.9	0.9	0.8
Asian emerging markets and developing countries	5.4	5.2	4.8

f = forecast

<sup>9</sup> International Monetary Fund (IMF), World Economic Outlook Update, January 2024.

<sup>10</sup> International Monetary Fund (IMF), World Economic Outlook Update, January 2024.

## Expected Development of the IT Transformation Market

### The Cloud Solutions Growth Market

Expenditure by companies for cloud infrastructure services amounted to almost USD 65 billion in the second quarter of 2023; this equates to an increase of USD 10 billion compared to the same quarter of the previous year. This was revealed by a study conducted by the Synergy Research Group. Although the current economic climate has curbed the growth of cloud expenditure somewhat, the market's growth rates worldwide have remained at a high level. The APAC region in particular recorded the highest growth with rates of more than 20% year-over-year in India, China, Australia and South Korea. The three largest hyperscalers – Amazon Web Services (AWS), Microsoft and Google, who account for 65% of the global market – benefited the most from this.<sup>13</sup>

According to a forecast from Gartner from 2023, global end-user expenditure for public cloud services will increase by 20.4% by 2024 to a total of USD 678.8 billion compared to USD 563.6 billion in 2023. Overall, the cloud has already become indispensable. Nonetheless, innovations continue to be expedited at a

rapid pace. Generative artificial intelligence (GenAI), in particular, and the continual rise in industry cloud platforms are creating fundamental trends for a further increase in cloud expenditure in the areas of platform as a service (PaaS), infrastructure as a service (IaaS) and software as a service (SaaS).<sup>12</sup>

### Changeover to SAP S/4HANA Continues to Accelerate

The changeover to SAP S/4HANA remains a significant challenge for many companies. SAP's revenue from S/4HANA Cloud increased by 67% to € 3.5 billion in 2023. Migration to this ERP solution therefore gained more significant momentum. This trend is likely to continue in 2024 as well. At the end of 2023, the order backlog for SAP for S/4HANA amounted to € 5.0 billion. This represents an increase in the order backlog of 58% by comparison with the end of 2022.<sup>13</sup>

According to a study carried out by Capgemini, most of the managers are looking ahead to corporate growth with more optimism for 2024 and want to increase their investments accordingly. Investment in technology this year will thus focus primarily on artificial intelligence (88%), the cloud (85%) and cybersecurity (79%).<sup>14</sup>

## Upward Trend Expected in M&A Activities

In its M&A outlook for 2024, PwC expects an upward trend in M&A activities despite persistent macroeconomic and geopolitical challenges. This is backed by factors such as the renewed rise in transaction numbers in recent months, the latest upswing on financial markets and the backlog on the M&A market. Many companies have an urgent strategic need to adapt and transform their business models. Challenges remain,

<sup>11</sup> synergy research group, August 2023, (<https://www.srgresearch.com/articles/quarterly-cloud-market-once-again-grows-by-10-billion-from-2022-meanwhile-little-change-at-the-top>)

<sup>12</sup> Gartner, November 2023, (<https://www.gartner.com/en/newsroom/press-releases/11-13-2023-gartner-forecasts-worldwide-public-cloud-end-user-spending-to-reach-679-billion-in-2024#:~:text=Worldwide%20end%20user%20spending%20on,Vice%20President%20Analyst%20at%20Gartner>).

<sup>13</sup> SAP quarterly report Q4 2023, (<https://www.sap.com/investors/de/why-invest/recent-results.html?pdf-asset=d2fc4d8b-a67e-0010-bca6-c68f7e60039b&page=1>).

<sup>14</sup> Capgemini, Investitionen von Unternehmen 2024, (<https://www.capgemini.com/de-de/news/pressemitteilung/investitionen-erwartung-unternehmen-wachstum-2024/>).

however, such as the high financing costs and the increased cost of capital, which could fall over the course of the year if the central banks lower key interest rates. Transactions are often the best way for companies to keep pace with market developments and adapt at a faster pace than would otherwise be possible. 70% of the managers expect to use M&A to speed up the introduction of technologies and technology-based processes.<sup>15</sup>

### Impact on SNP

We are currently implementing our growth strategy, which we want to use to drive the expansion of our direct customer and partner business on the basis of our software business. We will continue to benefit from the positive market dynamics, driven in particular by migrations to SAP S/4HANA and RISE. A key element here is the technological development of our SNP CrystalBridge® transformation platform. We are confident that the growing acceptance of our software-based approach to handling complex digital transformation processes will enable us to further increase our market share. Overall, we aim to increase our overall revenue as well as the proportion accounted for by our software revenue in comparison with the previous year.

### Company's Expected Development

In the current fiscal year, the SNP Group will continue to strive to enhance its 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 remains 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 2024 we will continue to work on a sustainability strategy featuring concrete goals, indicators and measures.

### Outlook

Assuming the positive industry development continues and our strong market position remains intact, we also anticipate positive business development for the 2024 fiscal year and are raising the revenue forecast given in

the 2023 half-year financial report to a range of € 215 million to € 225 million (previous forecast € 210 million to € 220 million; revenue 2023: € 203.4 million). At the same time, we anticipate that operating earnings (EBIT) will fall in a range of between € 13 million and € 16 million (EBIT 2023: € 11.1 million). We continue to expect the book-to-bill ratio (order entry over sales revenue) to be greater than one.

In accordance with the predicted trend for Group revenue, we expect that revenue will grow by 10% in all three business segments (Service, Software and EXA).

As in previous years, it is assumed that, in 2024, revenue will not be evenly distributed over the quarters and that the second half of the year will be stronger.

### Basis for Outlook and Perspective

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

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<sup>15</sup> PwC, Global M&A Industry Trends: 2024 Outlook (<https://www.pwc.com/gx/en/services/deals/trends.html>)



## SNP SE Outlook

As a largely internal service provider that performs central functions, SNP SE envisages a moderate increase in revenue year-over-year for the 2024 fiscal year, especially through higher licensing fees with affiliated companies. Significantly better operating earnings (EBIT) are expected in 2024, alongside revenue performance.

## 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 Executive Board and the Supervisory Board submitted the declaration on company management on March 21, 2024, and published it on the website at <https://investor-relations.snpgroup.com/en/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 <https://investor-relations.snpgroup.com/en/governance/>.

## OTHER DISCLOSURES

### Acquisition-Related Disclosures

The disclosures as of December 31, 2023, which are required according to 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, 2023, 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 that 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, 2023, the company holds 102,660 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 December 31, 2023):

Wolfgang Marguerre, Germany: 63.83% of the total voting rights, according to his voting rights notification of August 22, 2023; directly attributable pursuant to Section 33 of the WpHG.

### Statutory Provisions and Provisions of the Articles of Incorporation on the Appointment and Dismissal of Executive Board Members and the Amendment of the Articles of Incorporation

With regard to the appointment and dismissal of Executive Board Members, reference is made to the applicable statutory provisions of Article 39 SE Regulation in conjunction with Section 84 AktG. In addition, Section 6 (1) of the articles of incorporation of SNP SE stipulates that the Supervisory Board shall appoint at least two Executive Board members. The Supervisory

Board appoints Executive Board Members for a maximum period of five years. Reappointments are permissible. Dismissal for due cause is permitted pursuant to Article 39 (2) SE Regulation in conjunction with Section 84 (4) AktG. 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 Supervisory Board is authorized to approve changes to the articles of incorporation that involve only wording (Section 10 (3) of the articles of incorporation of SNP SE).

#### **Powers of the Executive Board to Issue and Buy Back Shares**

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

The Executive Board, with the approval of the Supervisory Board, 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 Executive Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of 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 2023 fiscal year.

##### **2021 Contingent Capital**

On June 17, 2021, the Annual General Meeting agreed to a contingent share capital increase of 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 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 Executive Board is authorized, with the approval of the Supervisory Board, to determine further details of the implementation of the conditional capital increase and to amend the wording of the Articles of Association to reflect the issue of shares from the conditional 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. In the event of a change of control, the lender has the right to terminate for good cause a € 7.0 million loan agreement that had been concluded but not yet utilized as of the reporting sheet date without observing a notice of termination. Similar rights of termination in the event of a change of control are stipulated in some contracts with partners and customers.

#### **Dependency Report**

SNP SE has prepared a report on relationships with affiliated companies in accordance with Section 312 (3) AktG for the 2023 fiscal year.

As of the reporting date, the Heidelberg businessman Wolfgang Marguerre holds 63.83% of SNP's shares. He therefore holds and controls the majority of the voting rights. SNP SE is thus essentially a dependent company within the meaning of Section 17 (1) AktG, as it is majority-owned.

In its closing statement on the report on relationships with affiliated companies, the Executive Board declares that SNP SE did not enter into any legal transactions with Mr. Wolfgang Marguerre and the companies of the Octapharma Group controlled by him in the 2023 fiscal year. Similarly, no legal transactions were conducted on their initiative or in their interest, and no measures were taken or omitted on their initiative or in their interest. This did not result in any disadvantage for SNP SE.

Heidelberg, March 21, 2024

Executive Board

Dr. Jens Amail

Andreas Röderer

# Consolidated Financial Statements ►

**CONSOLIDATED BALANCE SHEET**

to December 31, 2023

**ASSETS**

in € thousand	Notes	12/31/2023	12/31/2022
<b>Current assets</b>			
Cash and cash equivalents	14.	40,313	38,367
Other financial assets	15.	5,020	11,505
Trade receivables	16.	78,297	64,730
Contract assets	17.	10,598	9,642
Other non-financial assets	18.	3,102	3,543
Tax receivables	30.	1,506	2,368
		<b>138,836</b>	<b>130,155</b>
<b>Non-current assets</b>			
Goodwill	10.	68,031	72,597
Other intangible assets	19.	15,286	19,123
Property, plant and equipment	20.	4,242	5,188
Right-of-use assets	21.	14,166	15,023
Other financial assets	18.	1,119	1,112
Investments accounted for under the equity method	22.	225	225
Trade receivables	16.	13,776	15,525
Other non-financial assets	18.	176	251
Deferred taxes	30.	5,930	5,771
		<b>122,951</b>	<b>134,815</b>
		<b>261,787</b>	<b>264,970</b>

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

## EQUITY AND LIABILITIES

in € thousand	Notes	12/31/2023	12/31/2022
<b>Current liabilities</b>			
Trade payables	23.	10,108	10,759
Contract liabilities	17.	8,222	10,856
Tax liabilities	30.	1,064	1,372
Financial liabilities	24.	16,258	12,247
Other non-financial liabilities	26.	33,839	28,598
Provisions	27.	62	804
		<b>69,553</b>	<b>64,636</b>
<b>Non-current liabilities</b>			
Contract liabilities	17.	2,454	174
Financial liabilities	24.	72,569	84,800
Other non-financial liabilities	26.	775	347
Provisions for pensions	29.	1,957	1,563
Other provisions	27.	471	382
Deferred taxes	30.	5,369	5,885
		<b>83,595</b>	<b>93,151</b>
<b>Equity</b>			
Subscribed capital	31.	7,386	7,386
Capital reserve	33.	98,098	97,124
Retained earnings	33.	13,191	7,320
Other components of the equity		-4,688	915
Treasury shares	32.	-4,456	-4,669
<b>Equity attributable to shareholders</b>		<b>109,531</b>	<b>108,076</b>
Non-controlling interests	34.	-892	-893
		<b>108,639</b>	<b>107,183</b>
		<b>261,787</b>	<b>264,970</b>

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

**CONSOLIDATED INCOME STATEMENT**

for the period from January 1 to December 31, 2023

in € thousand	Notes	2023	2022
<b>Revenue</b>		<b>203,426</b>	<b>173,424</b>
Service	10.	134,151	117,336
Software	10.	69,275	56,088
Other operating income	37.	8,440	14,085
Cost of material	38.	-22,979	-23,998
Personnel costs	39.	-123,435	-109,132
Other operating expenses	40.	-42,968	-35,938
Impairments on receivables and contract assets		-505	-231
Other taxes		-462	-604
<b>EBITDA</b>		<b>21,517</b>	<b>17,606</b>
Depreciation and impairments on intangible assets and property, plant and equipment		-10,401	-10,816
<b>EBIT</b>		<b>11,116</b>	<b>6,790</b>
Other financial income		1,047	531
Other financial expenses		-3,316	-3,538
<b>Net financial income</b>	41.	<b>-2,269</b>	<b>-3,007</b>
<b>EBT</b>		<b>8,847</b>	<b>3,783</b>
Income taxes	30.	-2,982	-2,378
<b>Consolidated income/net loss</b>		<b>5,865</b>	<b>1,405</b>
Thereof:			
Profit attributable to non-controlling shareholders		-3	-212
Profit attributable to shareholders of SNP Schneider-Neureither & Partner SE		5,868	1,617
<b>Earnings per share (€)</b>	12.	<b>€</b>	<b>€</b>
- Undiluted		0.81	0.22
- Diluted		0.80	0.22
<b>Weighted average number of shares</b>	12.		
- Undiluted		7,280,786	7,276,587
- Diluted		7,307,096	7,276,587

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, 2023

in € thousand	2023	2022
<b>Net income for the period</b>	<b>5,865</b>	<b>1,405</b>
<b>Items that may be reclassified to profit or loss in the future</b>		
Currency translation differences	-5,220	1,812
	<b>-5,220</b>	<b>1,812</b>
<b>Items that will not be reclassified to profit or loss</b>		
Change from the revaluation of defined benefit pension plans	-476	1,524
Deferred taxes on revaluation of defined benefit pension plans	101	-327
	<b>-375</b>	<b>1,197</b>
<b>Income and expenses directly recognized in equity</b>	<b>-5,595</b>	<b>3,009</b>
<b>Total comprehensive income</b>	<b>270</b>	<b>4,414</b>
Profit attributable to non-controlling shareholders	4	-271
<b>Profit attributable to shareholders of SNP Schneider-Neureither &amp; Partner SE in total comprehensive income</b>	<b>266</b>	<b>4,685</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, 2023

in € thousand	2023	2022
<b>Profit after tax</b>	<b>5,865</b>	<b>1,405</b>
Depreciation	10,401	10,816
Change in provisions for pensions	394	-1,589
Other non-cash income/expenses	3,516	-2,885
Changes in trade receivables, contract assets, other current assets, other non-current assets	-15,234	-13,846
Changes in trade payables, contract liabilities, other provisions, tax liabilities, other current liabilities	7,562	4,142
Other adjustments to profit or loss for the period attributable to investing activities	42	1,427
<b>Cash flow from operating activities (1)</b>	<b>12,546</b>	<b>-530</b>
Payments for investments in property, plant and equipment	-851	-1,635
Payments for investments in intangible assets	-208	-164
Proceeds from the disposal of items of intangible assets and property, plant and equipment	226	287
Proceeds from the sale of consolidated companies and other business units	5,000	11,763
Payments resulting from the acquisition of consolidated companies and other business units	-476	-10,315
<b>Cash flow from investing activities (2)</b>	<b>3,691</b>	<b>-64</b>
Dividend payments to non-controlling shareholders	-2	0
Proceeds from loans taken out	0	32,500
Payments for the settlement of loans and other financial liabilities	-7,043	-28,792
Payments resulting from the settlement of lease liabilities	-5,081	-4,613
<b>Cash flow from financing activities (3)</b>	<b>-12,126</b>	<b>-905</b>
Changes in cash and cash equivalents due to foreign exchange rates (4)	-2,165	-471
<b>Cash change in cash and cash equivalents (1) + (2) + (3) + (4)</b>	<b>1,946</b>	<b>-1,970</b>
Cash and cash equivalents at the beginning of the fiscal year	38,367	40,337
<b>Cash and cash equivalents as of December 31</b>	<b>40,313</b>	<b>38,367</b>
<b>Composition of cash and cash equivalents:</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	40,313	38,367
<b>Cash and cash equivalents as of December 31</b>	<b>40,313</b>	<b>38,367</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period from January, 2021, 1 to December 31, 2023

in € thousand	Subscribed Capital	Capital reserve	Retained earnings	Other components of equity			Treasury shares	Shareholders of SNP SE attributable	Noncontrolling shares	Total equity
				Currency conversion	Revaluation of performance-oriented obligations	Other components of equity Total				
<b>As of January 1, 2022</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 program		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>
Stock option plan		974					213	1,187	-1	1,186
Dividends			2					2	-2	0
Total comprehensive income			5,869	-5,227	-376	-5,603		266	4	270
thereof hyperinflation			-1,191	-2,458		-2,458		-3,649		-3,649
<b>As of December 31, 2023</b>	<b>7,386</b>	<b>98,098</b>	<b>13,191</b>	<b>-5,092</b>	<b>404</b>	<b>-4,688</b>	<b>-4,456</b>	<b>109,531</b>	<b>-892</b>	<b>108,639</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, 2023

## 1. BASIC INFORMATION ON THE COMPANY

SNP Schneider-Neureither & Partner SE (hereinafter: "SNP"), headquartered 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 for the financial year ended December 31, 2023, were approved for publication on March 21, 2024, by resolution of the Executive Board and Supervisory Board.

## 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, in accordance with Section 315e (1) of the German Commercial Code (HGB).

The IFRS include the IFRS newly released by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC 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 pursuant 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:

- Defined benefit plans: Plan assets are measured at fair value.
- Cash-settled share-based payment transactions: Remuneration plans to be settled in cash are measured at fair value.
- Equity-settled share-based payment transactions: Equity instruments granted are measured at fair value as of the grant date.
- Contingent consideration in the context of a business combination: Measured at fair value.

### 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, 2023:

- IFRS 17 – Insurance Contracts
- Amendments to IFRS 17 – Insurance Contracts (first-time application of IFRS 17 and IFRS 9 – Comparative Information)
- Amendments to IAS 1 and IFRS Guidance Document 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction
- Amendments to IAS 12 – Income Taxes: International tax reform – Pillar Two Model Rules

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.

- Amendments to IAS 1 – Classification of Liabilities as Current or Noncurrent<sup>1</sup>
- Amendments to IAS 1 – Classification of Liabilities with Ancillary Conditions<sup>1</sup>
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback<sup>1</sup>
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments – Financing Arrangements with Suppliers<sup>1,4</sup>

- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability<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 or financial performance.

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

<sup>2</sup> Applicable for fiscal years beginning on or after January 1, 2025.

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

<sup>4</sup> EU endorsement not yet given. The dates stated in footnotes 1 and 2 represent the probable dates of initial application.

## 5. 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.

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
SNP Innovation Lab GmbH (formerly: 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, UK	100
SNP Digital Hub Eastern Europe sp. z o.o.	Suchy Las, Poland	100
SNP Transformations, Inc.	Jersey City, NJ, 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
SNP Brasil LTDA <sup>1</sup>	Sao Paulo, Brazil	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 Transformations ME FZ-LLC <sup>2</sup>	Dubai, United Arab Emirates	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100
EXA AG	Heidelberg, Germany	84.9
EXA AG India Pvt. Ltd	Bangalore, India	84.9
EXA AG America LLC	Reston, VA, USA	84.9
Datavard Software GmbH	Heidelberg, Germany	100
SNP Slovakia, s. r. o.	Bratislava, Slovakia	100
SNP Software, s. r. o.	Bratislava, Slovakia	100
Datavard Pte. Ltd.	Singapore, Singapore	100

<sup>1</sup> SNP Brasil LTDA, Sao Paulo, Brazil, was founded in August 2023.

<sup>2</sup> SNP Transformations ME FZ-LLC, Dubai, United Arab Emirates, was founded in August 2023.

SNP Labs Sp. z o.o., Suchy Las, Poland, was deconsolidated in September 2023.

For the following companies included in the consolidated financial statements, use is made of the exemption provision of Section 264 (3) of the HGB:

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

## 6. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are based on the annual financial statements of SNP Schneider-Neureither & Partner SE and its consolidated subsidiaries, which are prepared according to uniform Group-wide accounting methods.

The fiscal year of SNP and its subsidiaries always ends on December 31, with one exception. The fiscal year of EXA AG India Pvt. Ltd, Bangalore, India, ends on March 31.

### Associates

The financial statements of 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.

## 7. CURRENCY TRANSLATION AND HYPERINFLATION

The consolidated financial statements are prepared in euros, the functional currency of the parent company and the reporting currency.

The assets and liabilities of consolidated subsidiaries are translated into euros at the closing rate as of the reporting date. 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 apply IAS 29 – Financial Reporting in Hyperinflationary Economies to our subsidiary in Argentina 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 3,533.1922 (December 31, 2022: 1,134.5875 / December 31, 2021: 582.4575). The adjusted annual financial statements of our subsidiary in Argentina are translated at the closing rate as of the reporting date. The adjustments apply to all 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 € 418 thousand (previous year: € 1,031 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	
		12/31/2023	12/31/2022	2023	2022
US dollar	USD	1.1050	1.0666	1.0813	1.0530
Swiss franc	CHF	0.9260	0.9847	0.9718	1.0047
British pound	GBP	0.8691	0.8869	0.8698	0.8528
Argentine peso*	ARS	892.0448	189.5871	*	*
Chilean peso	CLP	979.4000	916.9100	907.2120	917.5950
Colombian peso	COP	4,223.3650	5,130.5590	4,677.6700	4,470.9630
Chinese yuan (renminbi)	CNY	7.8509	7.3582	7.6600	7.0788
Singapore dollar	SGD	1.4591	1.4300	1.4523	1.4512
Japanese yen	JPY	156.3300	140.6600	151.9903	138.0300

\* The average exchange rate of the Argentine peso against the euro does not apply here due to the application of IAS 29.

## 8. USE OF ESTIMATES

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

Key assumptions about the future and other material sources of estimation uncertainty as of the reporting date which give rise to a significant risk that a material adjustment to the carrying amounts of assets and liabilities could be necessary are discussed below.

Increased estimation uncertainty also applies in regard to the further impact of the wars in Ukraine and the Middle East as well as the development of inflation and interest rates. SNP assessed the expected impact within the scope of the preparation of its consolidated financial statements as of December 31, 2023, particularly in the context of performing impairment testing for goodwill and intangible assets and of 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 situation as of the time of preparation of the consolidated financial statements.

### Recognition of Revenue

Progress in the context of customer-specific projects is measured on the basis of an input-based method. Under this method, factors including the prospective total order hours must be estimated. The prospective total order hours are then compared to the order hours incurred thus far as of the reporting date. The underlying assumptions and estimates involved in the determination of the degree of completion have an effect on the amount and timing of revenue recognition, which are thus 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 in the context of the 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 allocation of the overall fee to individual performance obligations is estimated on the basis of historical data. Individual sale prices at which goods or services have been sold to customers separately in the past are applied in this context.

### Share-Based Payment Transactions

When accounting for share-based payment transactions, discretionary judgment must be exercised to estimate the achievement of individual performance targets in the future; these include the relative total shareholder return or the average EBIT margin. Judgment must also be exercised in estimating the future share price performance (please see item 28, Share-Based Payment Transactions).

### Measurement of Trade Receivables and Contract Assets

SNP accounts for impairments of trade receivables and contract assets by recognizing revenue reductions and value allowances in accordance with the simplified impairment model under IFRS 9. This involves taking the expected credit losses into account via an impairment matrix. Individual valuation allowances are also recognized as needed. 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 in cases where we assess the available information in regard to the financial situation of a specific customer to determine whether a bad debt loss is likely, whether the amount of this bad debt loss can be reliably estimated, and whether a corresponding valuation allowance is necessary for the customer in question. 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 valuation 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 to refrain from exercising 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 likely.

The following rules for the determination of the terms of leases apply in connection with the 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 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 activities, 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 inter-

pretations of tax legislation. In addition, the income taxes we pay are generally 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 likely. 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 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 when assessing 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.

## 9. KEY ACCOUNTING POLICIES

To improve the clarity and informative value of the financial statements, individual items are summarized in the balance sheet and income statement 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” as of the end of the year under review.

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 assign 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 historical default risks as well as current information available in relation to the country risk classification. Based on our analyses, including against the backdrop of the effects of the wars in Ukraine and the Middle East, high inflation, and rising interest rates, historical default rates in this context generally represent an appropriate approximation of expected future default risks. 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 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 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 liabilities are 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 as of the time of initial recognition on the basis of a market interest rate constitutes a benefit that is treated like a government grant. This grant is recognized in the statement of financial position as deferred income, under other nonfinancial 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 is presented as a decrease in interest expense (net method). As of the reporting date, deferred income amounts to € 50 thousand (previous year: € 131 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	2023	2022
Service	53,851	58,394
Software	3,711	3,734
EXA	10,469	10,469
<b>Total</b>	<b>68,031</b>	<b>72,597</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 12.5% to 13.4% (previous year: 11.2% to 13.3%). Business planning takes both current information and historical developments into account. 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 above-mentioned sensitivity analyses do not result in any need to recognize impairment losses on goodwill in any of the three business segments.

There are estimation uncertainties 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 based on the detailed planning for 2024. Growth assumptions are carried out for this planning analogously to the three-year planning and then carried over 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 risk 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) has been derived on the basis of the capital asset pricing model (CAPM). Data from a financial services 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 2023 reporting year, there were negative currency translation effects of € -4,566 thousand (previous year: € +2,220 thousand) in relation to the goodwill item. This includes a countervailing effect in the amount

of € 5,901 thousand from the application of IAS 29 (previous year: € 6,392 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 2023 fiscal year, pure research and development expenses totaling € 23,091 thousand (previous year: € 18,606 thousand) were recognized as expenses, since a clear distinction between the research and development phases was not possible. This corresponds to 11.4% of revenue (previous year: 10.7%).

In the 2023 and 2022 fiscal years, no software costs or externally contracted development services were capitalized, nor were any internal services that were mainly necessary for the completion of internal software projects.

#### **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 1 to 23 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 exists whenever a contract provides an entitlement to the use of an identified asset for a specific period in return for payment of a fee.

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 are not applied to leases of intangible assets.

A lease liability is carried at the amount of the present value of the existing payment obligation. In cases of agreements that comprise both leasing components and non-leasing components – with the exception of real estate leases – these components are not separated. The measurement of the lease liability takes into account both fixed lease payments and 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 is 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 is recognized in the amount of the present value of the lease payments. This right-of-use asset is subsequently recognized at 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 is implemented.

Right-of-use assets are shown in the consolidated statement of financial position as a separate item.

A number 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 material assumptions and estimates. For more detailed information, please see item 8, Use of Estimates.

The Group does not enter into any material agreements as a lessor.

## Liabilities

### Financial Liabilities

See comments in the "Financial Instruments" section.

### Provisions for Pensions

The obligations from **defined benefit plans** are to be measured using the projected unit credit method, whereby an actuarial valuation is carried out as of each

reporting date. The present value of the defined benefit obligation (DBO) to be determined as of the reporting date corresponds to the present value of the benefits earned as of the reporting date, taking into account biometric and economic assumptions where relevant.

Remeasurements consisting of actuarial gains and losses are recognized directly in other comprehensive income. The revaluations recognized in other comprehensive income are part of retained earnings and are no longer reclassified to the consolidated income statement.

The defined benefit costs include the following components:

- Service cost (including current service cost, past service cost and any gains or losses from a plan amendment or curtailment)
- Net interest expense or income on the net debt or net asset
- Revaluation of the net debt or net asset

The Group recognizes the service cost in the income statement under personnel expenses. The net interest expense or income included in the defined benefit costs is recognized in the financial result.

The defined benefit obligation recognized as a net liability in the consolidated statement of financial position represents the current underfunding of the Group's defined benefit plans.

Payments for **defined contribution plans** are recognized directly as an expense once employees have performed the work that entitles them to the pension entitlements. 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.

The long-term performance-related remuneration program (performance share plan) for members of the Executive Board issued in the Group with effect from January 1, 2023, constitutes a share-based payment transaction with a settlement option (equity-settled or cash-settled). The details of the program are described in item 28, Share-based Payment Transactions. The program was classified as equity-settled, as there is no current obligation for cash settlement. The fair value as of the grant date has been determined using a Monte Carlo simulation and based on management estimates of the margin goal. Personnel expenses are to be recognized over the vesting period against a corresponding entry in equity (capital reserve).

In 2021, the Board of Directors concluded a long-term incentive program (LTI program) with the Managing Directors at the time. The details of the program are described in item 28, Share-based Payment Transactions.

In the 2020 fiscal year, SNP launched a stock option plan with settlement in equity instruments for certain employ-

ees. In the 2023 fiscal year, an additional equity-settled share program was launched for one senior manager. In addition, a subsidiary has a stock option program for two executives of the company with settlement in equity instruments. The details of the programs are described in item 28, Share-Based Payment Transactions. These are measured at the fair value of the equity instrument as of the grant date. Please see item 28, Share-based Payment for further information on the determination of the fair value of 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 are recognized such that the overall expense reflects the change in the estimate and results in a corresponding adjustment of capital reserves.

### Treasury Shares

In fiscal years 2019 through 2021, SNP repurchased 90,820 treasury shares through a share buyback program ending in May 2021. In the 2023 fiscal year, 4,895 treasury shares (previous year: 5,147 shares) were transferred to former Managing Directors as part of the

LTI program. The number of treasury shares currently held is 102,660. The acquisition cost of € 4,456,291.18 has been recognized as of December 31, 2023, 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 € 9,276 thousand (previous year: € 8,862 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 essentially 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:

#### Service

- Consulting services
- Training and other services

#### Software

- Cloud and software as a service (SaaS)
- Licenses
  - Licenses from proprietary developments
  - Licenses from 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 consist of 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 estimated as of 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.

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.

## 10. ACQUISITIONS / BUSINESS COMBINATIONS

### Increase in Shares in the EXA Group in the 2022 Fiscal Year

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. The purchase price of the shares was € 5,317 thousand;

half of this amount was settled in May 2022 and the other half in July 2022, reducing the purchase price liability accordingly. SNP thus now holds 84.9% of the shares in EXA AG.

## 11. 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 its remaining 49% of the shares in the company, now renamed All for One Poland Sp. z o.o., to All for One Group SE ahead of schedule. 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 in December 2022 and € 5,000 thousand in June 2023. The remaining purchase price receivable in the amount of € 4,859 thousand has been reported under other current financial assets. This was settled in January 2024. The income from the disposal and revaluation of the purchase price receivable in the amount of € 1,336 thousand was recognized in other operating income in the 2022 fiscal year.

## 12. EARNINGS PER SHARE

		2023	2022
Earnings attributable to SNP SE shareholders in € thousand		5,868	1,617
Weighted average number of shares (basic)	Shares	7,280,786	7,276,587
Weighted average number of shares (diluted)	Shares	7,307,096	7,276,587
Basic earnings per share	€ / share	0.81	0.22
Diluted earnings per share	€ / share	0.80	0.22

## 13. SEGMENT REPORTING

Segment reporting has been 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 business segment.



in € thousand	Service	Software	EXA	Total
<b>External revenue</b>				
2023	126,802	67,336	9,288	203,426
2022 (adjusted)*	108,142	54,313	10,969	173,424
2022 (as reported)	108,142	54,313	10,969	173,424
<b>Revenue provided by other business segments</b>				
2023	0	0	1,199	1,199
2022 (adjusted)*	0	0	860	860
2022 (as reported)	0	0	860	860
<b>Segment earnings (EBIT)</b>				
2023	5,341	19,464	1,320	26,125
Margin	4.2%	28.9%	14.2%	12.8%
2022 (adjusted)*	1,103	17,645	2,271	21,019
Margin	1.0%	32.5%	20.7%	12.1%
2022 (as reported)	-3,689	22,437	2,271	21,019
Margin	-3.4%	41.3%	20.7%	12.1%
<b>Depreciation, amortization and write-downs included in segment earnings</b>				
2023	5,109	1,854	241	7,204
2022 (adjusted)*	5,201	1,833	232	7,266
2022 (as reported)	4,779	2,255	232	7,266

\* The calculation of the segment results was adjusted in the 2023 fiscal year. The cost allocation using a key based on personnel figures and segment revenue was converted to a controlling-based cost allocation. Only the Service and Software business segments are affected by the change. The comparative information for the previous year has also been adjusted and presented separately. The adjustment has no effect on the total business segment results.

## RECONCILIATION

in € thousand	2023	2022 (adjusted)*	2022 (as reported)
<b>Result</b>			
Total reportable business segments	26,125	21,019	21,019
Expenses not allocated to segments	-15,009	-14,229	-14,229
of which depreciation, amortization and write-downs	-3,197	-3,550	-3,550
<b>EBIT</b>	<b>11,116</b>	<b>6,790</b>	<b>6,790</b>
Net financial income	-2,269	-3,007	-3,007
<b>Earnings before taxes (EBT)</b>	<b>8,847</b>	<b>3,783</b>	<b>3,783</b>

## REPORTING BY REGION

in € thousand Regions	Revenue (external)		Noncurrent assets		Investments	
	2023	2022	2023	2022	2023	2022
CEU (Central Europe incl. Slovakia)	118,551	104,481	74,653	78,629	786	1,340
Latin America	23,439	26,785	11,165	16,298	130	228
JAPAC (Asia-Pacific Japan)	14,218	14,276	4,073	4,274	29	27
USA	29,649	19,716	4,626	5,513	62	149
UK	17,569	8,167	7,208	7,217	52	56
<b>Total</b>	<b>203,426</b>	<b>173,424</b>	<b>101,725</b>	<b>111,931</b>	<b>1,059</b>	<b>1,800</b>

Segmentation into operational areas is based on the internal organizational and reporting structure according to business 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® and its software module combinations. 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 € 2,139 thousand (previous year: € 2,527 thousand). Out of the total revenue in the Software business segment, € 26,905 thousand (previous year: € 30,185 thousand) was recognized over time and € 40,431 thousand (previous year: € 23,889 thousand) at a point in time.

In the Service business segment, we primarily offer consulting and training services for corporate transformation processes. These mainly comprise the ser-

vices 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 for the purpose of IT data transformations, particularly in an SAP environment. 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 generated in the Service 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 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 for companies with global operations. Software and services are also provided within the EXA Group. Revenue generated 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 business segments.

# Notes to the Consolidated Statement of Financial Position

## 14. 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	2023	2022
Bank deposits	40,309	38,361
Cash in hand	4	6
<b>Total</b>	<b>40,313</b>	<b>38,367</b>

## 15. OTHER FINANCIAL ASSETS

in € thousand	2023			2022		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Purchase price receivables	4,859	0	4,859	9,859	0	9,859
Amount retained from sale of receivables	0	0	0	1,037	0	1,037
Loans and other financial receivables	161	108	269	609	102	711
Rent deposits	0	1,011	1,011	0	1,010	1,010
<b>Total</b>	<b>5,020</b>	<b>1,119</b>	<b>6,139</b>	<b>11,505</b>	<b>1,112</b>	<b>12,617</b>

Loans and other financial receivables consist of loans to employees and third parties, creditors with debit balances and other receivables. No impairment has been recognized on other financial assets.

## 16. TRADE RECEIVABLES

Trade receivables are comprised as follows:

in € thousand	2023			2022		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Gross carrying amount for trade receivables	78,573	13,776	92,349	65,330	15,525	80,855
Impairment on trade receivables	-276	0	-276	-600	0	-600
<b>Total</b>	<b>78,297</b>	<b>13,776</b>	<b>92,073</b>	<b>64,730</b>	<b>15,525</b>	<b>80,255</b>

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

In the 2022 fiscal year, SNP transferred trade receivables in the amount of € 5,854 thousand to a third party in exchange for cash and cash equivalents. 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 buyer paid out 80% to SNP. 20% was retained as a purchase price discount and was subsequently paid out to SNP if either the

debtor has fully serviced the respective purchased receivable or the debtor was more than 60 days in arrears. This purchase price retention was reported under other financial assets. SNP took over the management of the receivables sold for the buyer as the receivables manager. The sale of the receivables resulted in costs of € 200 thousand which were recognized under other operating expenses.

## 17. CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table shows the development of contract assets and contract liabilities from customer contracts:

Contract assets in € thousand	2023	2022
<b>As of January 1</b>	<b>9,642</b>	<b>11,665</b>
Current changes	954	-2,042
Impairment on contract assets	2	19
<b>As of December 31</b>	<b>10,598</b>	<b>9,642</b>

Contract liabilities in € thousand	2023	2022
<b>As of January 1</b>	<b>11,030</b>	<b>11,688</b>
Revenue recognized during the reporting year	-10,006	-10,880
Additions	9,652	10,222
<b>As of December 31</b>	<b>10,676</b>	<b>11,030</b>

The changes in the total contract amounts in the 2023 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 € 10,006 thousand (previous year: € 10,880 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 as of December 31, 2023, to be recognized as revenue in the next reporting period.

A total transaction price of € 82,966 thousand (previous year: € 55,145 thousand) is allocated to those performance obligations that had not been satisfied (in full) as of December 31, 2023. The management expects 80 to 90% of this amount (previous year: 80 to 90%) to be recognized as revenue in the 2024 fiscal year and the rest in subsequent periods.

## 18. OTHER NONFINANCIAL ASSETS

in € thousand	2023			2022		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Prepaid expenses	1,988	176	2,162	1,604	251	1,855
Receivables from current tax assets	845	0	845	1,638	0	1,638
Miscellaneous other assets	269	0	269	300	0	300
<b>Total</b>	<b>3,102</b>	<b>176</b>	<b>3,278</b>	<b>3,543</b>	<b>251</b>	<b>3,794</b>

Prepaid expenses mainly comprise advance payments made within the scope of lease, support and license agreements.

## 19. INTANGIBLE ASSETS

Intangible assets have developed as follows:

in € thousand		Concessions, industrial protective 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, 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 / January 1, 2023</b>	<b>72,597</b>	<b>34,777</b>	<b>430</b>	<b>144</b>	<b>107,948</b>
Additions	0	208	0	0	208
Disposals	0	-362	0	0	-362
Reclassifications	0	144	0	-144	0
Exchange rate differences	-4,566	-523	0	0	-5,089
<b>As of December 31, 2023</b>	<b>68,031</b>	<b>34,244</b>	<b>430</b>	<b>0</b>	<b>102,705</b>
<b>Cumulative depreciation and impairment</b>					
<b>As of 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 / January 1, 2023</b>	<b>0</b>	<b>15,906</b>	<b>322</b>	<b>0</b>	<b>16,228</b>
Depreciation, amortization and write-downs	0	3,840	61	0	3,901
Disposals	0	-344	0	0	-344
Exchange rate differences	0	-397	0	0	-397
<b>As of December 31, 2023</b>	<b>0</b>	<b>19,005</b>	<b>383</b>	<b>0</b>	<b>19,388</b>
<b>Carrying value as of December 31, 2022</b>	<b>72,597</b>	<b>18,871</b>	<b>108</b>	<b>144</b>	<b>91,720</b>
<b>Carrying value as of December 31, 2023</b>	<b>68,031</b>	<b>15,239</b>	<b>47</b>	<b>0</b>	<b>83,317</b>

There are no restrictions on ownership or disposal.

## 20. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have developed as follows:

in € thousand	Land, land rights and buildings on third-party land	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
<b>Acquisition or production costs</b>				
<b>As of 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 / January 1, 2023</b>	<b>2,119</b>	<b>11,272</b>	<b>0</b>	<b>13,391</b>
Additions	28	823	0	851
Disposals	0	-1,228	0	-1,228
Reclassifications	0	0	0	0
Exchange rate differences	-62	-339	0	-401
<b>As of December 31, 2023</b>	<b>2,085</b>	<b>10,528</b>	<b>0</b>	<b>12,613</b>
<b>Cumulative depreciation and impairment</b>				
<b>As of 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 / January 1, 2023</b>	<b>821</b>	<b>7,382</b>	<b>0</b>	<b>8,203</b>
Depreciation, amortization and write-downs	207	1,471	0	1,678
Disposals	0	-1,186	0	-1,186
Exchange rate differences	-56	-268	0	-324
<b>As of December 31, 2023</b>	<b>972</b>	<b>7,399</b>	<b>0</b>	<b>8,371</b>
<b>Carrying value as of December 31, 2022</b>	<b>1,298</b>	<b>3,890</b>	<b>0</b>	<b>5,188</b>
<b>Carrying value as of December 31, 2023</b>	<b>1,113</b>	<b>3,129</b>	<b>0</b>	<b>4,242</b>

There are no restrictions on ownership or disposal.

## 21. 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 wide range of different conditions.

### Right-of-Use Assets from Leases

The following right-of-use assets were recognized as of December 31, 2023:

in € thousand	Land, land rights and buildings on third-party land	Other equipment, operating and office equipment	Total
<b>As of 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 / January 1, 2023</b>	<b>12,872</b>	<b>2,151</b>	<b>15,023</b>
Depreciation, amortization and write-downs	-3,338	-1,483	-4,822
Additions	422	2,031	2,453
Remeasurement	1,379	208	1,587
Exchange rate differences	-83	8	-75
<b>As of December 31, 2023</b>	<b>11,251</b>	<b>2,915</b>	<b>14,166</b>



## Lease Liabilities

For information on lease liabilities, see item 24, Financial Liabilities, the comments on liquidity risk under item 35, Financial Instruments, and the presentation of the development of financial liabilities in item 42, Statement of Cash Flows.

### Amounts from leases recognized in the income statement

The income statement for the 2023 fiscal year is as follows:

in € thousand	2023	2022
Depreciation of right-of-use assets	4,822	4,622
Revenue from the waiver of lease payments	-9	-276
Interest expenses on lease liabilities	537	497
Expenses resulting from current leases	28	36
Expenses resulting from leases of low-value assets	73	50
<b>Total</b>	<b>5,451</b>	<b>4,929</b>

As of December 31, 2023, the Group had short-term leases for rented apartments for employees in Berlin. These contracts are limited to four months from October 2023. We have also rented office space in Munich on a short-term basis. This contract is limited to six months

from November 2023. As of December 31, 2022, the Group had no current leases.

The total cash outflow resulting from leases for the 2023 fiscal year was € 5,081 thousand (previous year: € 4,613 thousand).

As of December 31, 2023, possible future cash outflows of € 445 thousand (previous year: € 475 thousand) (undiscounted) were not included in the lease liability, as it is not sufficiently certain that the leases will be extended.

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 € 9 thousand (previous year: € 276 thousand).

For further information on leases, please see item 9, Key Accounting Policies and Note 8, Use of Estimates.

## 22. 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.

## 23. TRADE PAYABLES

Current trade payables amounted to € 10,108 thousand as of December 31, 2023 (previous year: € 10,759 thousand). There were no noncurrent liabilities.

## 24. FINANCIAL LIABILITIES

in € thousand	2023			2022		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Liabilities to banks	11,703	53,687	65,390	7,083	64,992	72,075
Purchase price obligations	0	0	0	524	0	524
Liabilities from put options attributable to non-controlling interests	0	7,828	7,828	0	7,457	7,457
Leasing obligations	4,501	11,047	15,548	4,411	12,318	16,729
Other financial liabilities	54	7	61	229	33	262
<b>Total</b>	<b>16,258</b>	<b>72,569</b>	<b>88,827</b>	<b>12,247</b>	<b>84,800</b>	<b>97,047</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 was repaid, with a volume of € 5,000 thousand. 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 of € 2,000 thousand from March 2020 was repaid in full in March 2022 with 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. The final tranche of € 9,000 thousand of the original promissory note loan from 2017 was repaid in March 2024. As of December 31, 2023, the carrying value of the promissory note loans was € 41,834 thousand (previous year: € 41,608 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 and at a fixed rate of 2.0% per annum.

In February 2021, SNP concluded a financing agreement with the European Investment Bank in the amount of € 20,000 thousand. The loan has a term of five years and bears interest at a fixed rate of 1.101% per annum.

The liabilities from put options of non-controlling shareholders consist of future payment obligations as part of a company acquisition from 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.

## 25. CONTINGENT ASSETS / CONTINGENT LIABILITIES

In addition to the trade receivables listed in the balance sheet, there are contingent receivables as of the balance sheet date.

In the course of the preparation of the consolidated financial statements for the 2020 fiscal year, it was determined 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. SNP examined possible claims for compensation, particularly in regard to the rental payments made in advance, and filed an action for payment in December 2022, in order to claim an amount of € 5,196 thousand plus interest from the date of lis pendens. The first hearing took place in December 2023. It is expected that the court will issue further procedural orders in March 2024. Irrespective of this, the parties are continuing to hold talks to discuss the possibility of a settlement. 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 2022 fiscal year, there was a contingent liability for legal proceedings for which it was not yet certain whether the insurance company would settle the claim. The proceedings have now been concluded and most of the damage has been settled by the insurance company.

## 26. OTHER NONFINANCIAL LIABILITIES

in € thousand	2023			2022		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Employee-related liabilities	25,151	768	25,919	20,593	211	20,804
Other taxes	5,470	0	5,470	4,606	0	4,606
Subsidies	43	7	50	80	50	130
Other nonfinancial liabilities	3,175	0	3,175	3,319	86	3,405
<b>Total</b>	<b>33,839</b>	<b>775</b>	<b>34,614</b>	<b>28,598</b>	<b>347</b>	<b>28,945</b>

Employee-related liabilities mainly relate to vacation and bonus obligations as well as obligations for employee-related social security contributions.

## 27. OTHER PROVISIONS

Other provisions developed as follows in the 2023 fiscal year:

in € thousand	As of 01/01/2023	Currency effects	Utilization	Reversal	Addition	As of 12/31/2023
Archiving costs	28	0	0	0	0	28
Legal costs	776	-89	-138	-549	0	0
Employee-related provisions	382	0	0	0	89	471
Provision for onerous contracts	0	0	0	0	34	34
<b>Total</b>	<b>1,186</b>	<b>-89</b>	<b>-138</b>	<b>-549</b>	<b>123</b>	<b>533</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 Group expects that the costs for the overwhelming portion of the other provisions will arise within the next fiscal year.

## 28. SHARE-BASED PAYMENT TRANSACTIONS

### Long-term Performance-related Remuneration 2023

The long-term incentive program for the Executive Board (Performance Share Plan) was restructured as of the 2023 fiscal year. The performance share plan grants plan participants multi-year performance-related variable remuneration in the form of virtual shares in annual rolling tranches. The start date of the plan and the date on which the virtual shares are allocated according to the target amount for the annual tranches is January 1 of the respective fiscal year (grant year). Every tranche of the Performance Share Plan has a term of four full fiscal years (measurement period). The plan participant will be allocated a provisional number of shares on January 1 of a grant year. For this purpose, the target amount (which is derived from the individual euro amount specified in the employment contract) is divided by the average price of an SNP share as of the time the virtual shares are allocated. The share price on allocation is calculated as the arithmetic mean of the closing prices of SNP

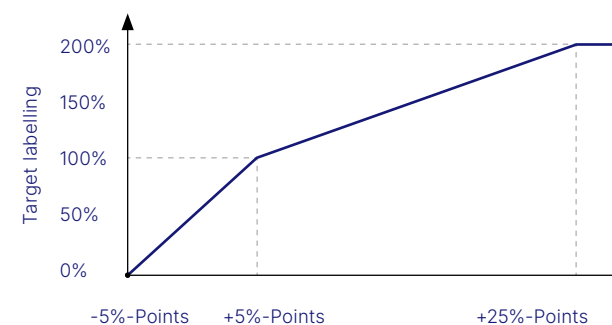
shares on the last 60 trading days prior to the first day of the grant year. The amount to be paid out at the end of the four-year assessment period depends on the achievement of clearly defined performance targets and the performance of SNP's share price.

Key performance targets are the relative total shareholder return (relative TSR) compared with the relevant peer group companies (DAXsector Software Performance Index excl. SNP), the EBIT margin, and the achievement of one or more environmental, social, and governance (ESG) targets. The performance assessment period, within which the target achievement with regard to the relative TSR is determined, begins on January 1 of the fiscal year of allocation and covers a total of four full fiscal years. The EBIT margin is calculated as the arithmetic mean of the EBIT margins published in SNP's annual reports for the first three full years of the assessment period, whereby the Supervisory Board may make adjustments for one-off effects. The performance assessment period for the EBIT target is therefore three years. The performance assessment period for the ESG target is one year.

The final total number of virtual shares at the end of the measurement period is derived from the provisional number of virtual shares allocated, the target achievements determined for the performance targets and their set weightings.

The TSR is the share price performance plus notionally reinvested gross dividends. To determine the relative TSR, the difference between the TSR of SNP and the TSR of the relevant peer group is calculated over the measurement period. The difference expresses the outperformance of SNP's TSR relative to the TSR of the relevant peer group in percentage points. Target achievement of the relative TSR is calculated on the basis of the following target achievement curve:

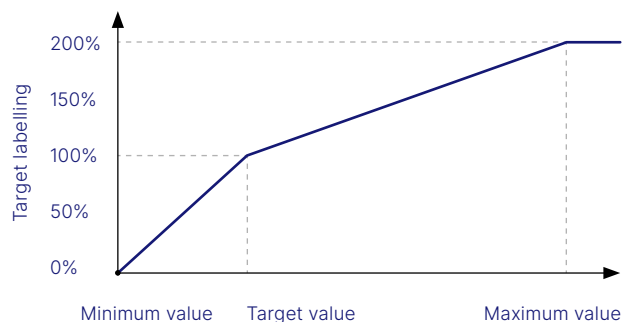
RELATIVE TSR



Target achievement is 200% on a relative TSR of plus 25 percentage points or more. A further increase of the relative TSR does not lead to a higher target achievement.

The average EBIT margin used to calculate target achievement equates to the arithmetic mean of the EBIT margins published in SNP's annual reports for the first three full years of the measurement period. Target achievement is 100% if the average EBIT margin actually achieved, including any adjustments, corresponds to the defined target value. Target achievement of the EBIT margin is calculated on the basis of the following target achievement curve:

#### EBIT-MARGE



Maximum target achievement of 200% is reached if the average EBIT margin actually achieved, including any adjustments, corresponds to the defined maximum value. A further increase of the actual value does not lead to a higher target achievement.

The ESG targets are derived from SNP's Group non-financial report as well as strategic considerations and

future projects. They are determined by the Supervisory Board for each tranche and communicated to the plan participant. One or more criteria from the environmental, social and governance categories are defined for the ESG targets and operationalized with specific targets. The target achievement of the ESG targets ranges from 0% to 200%.

The calculation of the final number of virtual shares incorporates the relative TSR with a weighting of 50%, the EBIT margin including any adjustments with a weighting of 30%, and the degree of achievement of the ESG targets with a weighting of 20%.

The amount to be paid out is calculated from the final number of virtual shares multiplied by the arithmetic mean of the closing prices of the SNP share on the last 60 trading days before the end of the four-year measurement period as well as the dividends paid for the SNP share during the measurement period ("dividend equivalent").

In the event that the employment contract of the Executive Board member in question is terminated during the year, the LTI due for this fiscal year is forfeited pro rata temporis or in full, depending on the type of termination of the employment contract.

SNP reserves the right to settle the payout amount in shares of SNP instead of cash. There is no current (legal or constructive) obligation for cash settlement. As a

result, the accounting treatment of share-based payment transactions from the performance share plan is based on the principles of equity-settled share-based payment transactions.

The number of virtual shares provisionally allocated to the members of the Executive Board in the 2023 fiscal year is 26,382. This number was determined on the basis of the target amounts specified in the employment contracts of the Executive Board members participating in the Performance Share Plan using the arithmetic mean of the closing prices of the SNP share on the last 60 trading days before the first day of the grant year in the amount of € 19.89.

To determine the fair value of the virtual shares on the grant date, a Monte Carlo simulation of the future share price performance of the SNP share and the shares of the peer group was carried out to take account of the "relative TSR" performance target. The simulation was based on the share price on the grant date, taking into account an expected volatility per company in a range of 30% to 57% and taking into account the correlation between the future development of the SNP share price and the development of the share prices of the peer companies. The expected volatility and the correlation were derived from historical data of SNP and the peer companies. The EBIT target was taken into account in the assessment on the basis of management's expectations for the performance of the EBIT margin. The risk-free interest

rate of 2.467% was calculated on a maturity-equivalent basis using German government bonds.

The total expense from the performance share plan recognized in the income statement amounted to € 1,175 thousand in the 2023 fiscal year (previous year: € 0 thousand).

#### ASSUMPTIONS FOR DETERMINING THE EXPENSE FROM THE PERFORMANCE SHARE PLAN

	<b>Performance Share Plan Tranche 2023</b>
Fair value as of the valuation date	€ 36.33 per virtual share
Total expense in the fiscal year	€ 1,175 thousand
of which TSR target and EBIT target	€ 958 thousand
of which ESG target	€ 217 thousand
Valuation model	Monte Carlo simulation
Risk-free interest rate	2.467%
Expected volatility of the SNP share	50%
Expected volatility of peer group shares	30%–57%
Expected correlation	1%–68%
Remaining term as of December 31, 2023	3 years

#### Share Program 2023

With effect from June 2023, SNP SE has agreed long-term performance-related remuneration with equity instruments with one senior executive. For each tranche, the senior executive is transferred shares in the company (SNP shares) after a waiting period of two years, the number of which is determined by the achievement of

certain financial key figures in the respective year of the tranche. The final long term incentive (LTI) amount that is relevant for calculating 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, the degree of target achievement is 100%. If the actual EBIT exceeds or falls short of the budgeted target EBIT, the degree of target achievement increases or decreases linearly; if the actual EBIT achieved is 120% or more, the degree of target achievement remains unchanged at 120% (“cap”). 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 is the relevant 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 relevant share price for 2023 was € 24.58.

In the 2023 fiscal year, the Group recognized personnel expenses of € 15 thousand (previous year: € 0 thousand) in connection with equity-settled share-based payment transactions for the granting of the first tranche of the 2023 share program.

#### Long-term Performance-related Remuneration 2021 / 2022

In April 2021, the Board of Directors agreed upon a long-term incentive (LTI) program with the Managing Directors at the time, 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, the degree of target achievement is 100%. 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 is the relevant 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 relevant share price for 2022 was € 40.45. In the 2023 fiscal year, the share-based LTI program was terminated and replaced by a new program; see above. No further shares will be issued. Personnel expenses for the 2022 fiscal year amounted to € 360 thousand.

In June 2023 (previous year: April 2022), 4,895 shares (previous year: 5,147 shares) from the company’s treasury shares were transferred to the Managing Directors for the second tranche of the LTI. This transfer reduced the capital reserves by € 212 thousand (previous year:

€ 223 thousand), which corresponds to the average share price of the distributed treasury shares as of the issuance date.

#### SNP Stock Option Plan 2020

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 can be exercised at any time from the time they become exercisable until they expire if the average closing price of the share on Xetra is above € 60.66 in the four weeks 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, 2023, a total of 23,500 options (as of December 31, 2022: 25,750 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 € 626 thousand (previous year: € 686 thousand). The market value of the options has been determined using a binomial model.

#### FAIR VALUES AND ASSUMPTIONS AS OF THE END OF 2023

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, 2023	5.5 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 2023 fiscal year, for SNP’s 2020 Stock Option Plan, the Group recognized personnel expenses in the amount of € 117 thousand (previous year: € 143 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 could and 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, 2023, 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. One of the plan participants left the company in June 2023. As a result, 1,333 options have expired. These were derecognized through profit or loss. The 2023 and 2024 tranches cannot be exercised due to a lack of target achievement (exercise of the

option and allocation of 3,332 shares in the previous year). As a result, 5,334 shares have expired. As of the exercise date in 2022, the share price was € 27.00.

In the 2023 fiscal year, the Group recognized income in personnel expenses of € 115 thousand (previous year: expense of € 188 thousand) in connection with equity-settled share-based payment transactions with settlement in equity instruments for the share option plan of a subsidiary due to the expiry of the options.

### 29. PROVISIONS FOR PENSIONS

The Group maintains **defined benefit plans** for eligible employees in Germany, Austria and Switzerland. At 82% of the DBO and 98% of the fair value of plan assets, the defined benefit plans in Switzerland account for the majority of defined benefit plans in the SNP Group.

Under the defined benefit plans in Germany, retirement, disability and surviving dependents' pensions are granted as fixed-amount commitments. The contractual age limit is the age of 60 or 65.

In Austria, the provision results from the statutory provisions on severance obligations for blue-collar and white-collar employees. The amount of severance pay depends on the length of service and the salary in the last month of employment.

In Switzerland, employee benefits must be provided by a pension fund separate from the employer, whereby the law prescribes a minimum level of benefits. SNP manages its employees' occupational benefits against the economic consequences of old age, disability and death with the Baloise Collective Foundation. The supreme body of the collective foundation consists of an equal number of employee and employer representatives. Employer and employee contributions are defined as a percentage of the insured salary. The retirement pension is calculated from the retirement assets available at the time of retirement multiplied by the conversion rates specified in the regulations. The employee has the option of drawing the retirement benefits as a lump sum. The disability and spouse's pensions are defined as a percentage of the insured salary. Under the plan, benefits are promised in excess of the statutory mandatory minimum benefits. The assets are invested under the reinsurance contract with Baloise-Lebensversicherungsgesellschaft. In Switzerland, there were plan changes in the fiscal year due to adjustments to the conversion rates. The effect is reported as past service cost in the amount of € 180 thousand.

Current pension payments were made in Germany and Switzerland in the 2023 fiscal year.



In Germany and Switzerland, there are plan assets that comprise reinsurance policies that are pledged in favor of the beneficiaries and whose fair values are not based on prices quoted on active markets.

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

in € thousand	2023	2022
Defined benefit obligation (DBO)	8,454	6,706
Fair value of plan assets	6,496	5,143
<b>Net carrying amount of defined benefit plans</b>	<b>1,957</b>	<b>1,563</b>

The costs for defined benefit plans break down as follows:

in € thousand	2023	2022
Current service cost	246	313
Past service cost	-180	-273
Net interest cost *	53	21
<b>Expenses for defined benefit plans recognized in the consolidated income statement</b>	<b>119</b>	<b>61</b>
Actuarial gains (-) / losses (+)	378	-1,718
Gains (-) / losses (+) from plan assets (not including interest income)	98	210
<b>Remeasurement of defined benefit plans recognized in the consolidated statement of comprehensive income</b>	<b>476</b>	<b>-1,508</b>
<b>Costs for defined benefit plans</b>	<b>595</b>	<b>-1,447</b>

\* Disclosed in the income statement under "Other financial expenses."

The following table presents the development of the DBO in detail:

in € thousand	2023	2022
<b>DBO as of the beginning of the fiscal year</b>	<b>6,706</b>	<b>8,174</b>
Current service cost	246	313
Past service cost	-180	-273
Interest expense	159	38
Remeasurement		
Actuarial gains (-) / losses (+) due to:	378	-1,718
Changes in demographic assumptions	0	0
Changes in financial assumptions	215	-1,539
Adjustments based on past experience	163	-179
Benefit payments	703	-143
Foreign currency effects	442	315
<b>DBO as of the end of the fiscal year</b>	<b>8,454</b>	<b>6,706</b>

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

in € thousand	2023	2022
<b>Fair value of plan assets as of the beginning of the fiscal year</b>	<b>5,143</b>	<b>5,023</b>
Interest income	106	17
Remeasurement		
Gains (+) / losses (-) from plan assets without amounts contained in net interest expense and income	-98	-210
Employer contributions	732	-114
Employee contributions	245	185
Foreign currency effects	368	242
<b>Fair value of plan assets as of the end of the fiscal year</b>	<b>6,496</b>	<b>5,143</b>

	2023	2022
Discount rate	1.5% to 3.5%	1.8% to 4.0%
Salary trends	0% to 3.6%	0% to 3.6%
Pension trends	0% to 2.0%	0% to 2.0%
Average 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, 2023, as follows:

Basic assumption in € thousand	Defined benefit obligation			
	Increase		Decrease	
	2023	2022	2023	2022
Discount rate (1% change)	-388	-309	435	348
Future pension trend (1% change)	203	154	-187	-141
Future income trend (1% change)	-9	52	-125	-51
Future mortality (-10% change)	138	109	-	-

As of December 31, 2023, the weighted average term of the defined benefit obligations was approximately 14 years (previous year: 14 years).

The employer contributions to plan assets expected for 2024 and the subsequent nine years amount to € 328 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 € 105 thousand is expected for the next ten years.

### 30. 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	2023	2022
<b>Expenses for current taxes</b>		
Current income taxes, year under review	3,259	3,243
Current income taxes for prior periods	392	-186
	3,651	3,057
<b>Expense from deferred taxes</b>		
Change in timing differences, year under review	-712	-1,156
Change in timing differences, prior periods	-526	-477
Change in tax assets from tax loss carryforwards	569	954
	-669	-679
	<b>2,982</b>	<b>2,378</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 416%	14.56%
Corporate tax	15.00%
Solidarity surcharge (5.5% of the corporate tax amount)	0.82%
Applicable tax rate	30.38%
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	2023			2022		
	Before Taxes	Taxes	After taxes	Before Taxes	Taxes	After taxes
Remeasurement of defined benefit obligations	-477	101	-376	1,522	-327	1,195

## Tax Reconciliation

The following table shows the reconciliation of the expected tax expense and the tax expense actually reported:

in € thousand	2023	2022
<b>Earnings before taxes (EBT)</b>	<b>8,847</b>	<b>3,783</b>
Expected tax income/expense at a rate of 30%	2,654	1,135
Effect of different tax rates	-1,014	96
Effects of changes in tax rates	56	5
Non-period current income taxes	392	186
Non-period deferred taxes	-526	-477
Foreign withholding tax	104	80
Expenses/income not affecting taxes	693	671
Addition to valuation allowance on loss carryforwards	185	158
Waiver of capitalization of loss carryforwards in current year	932	797
Use of loss carryforwards not capitalized in current year	-548	-1
Other factors	54	-272
<b>Actual income taxes</b>	<b>2,982</b>	<b>2,378</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	12/31/2023	12/31/2022
<b>Deferred tax liabilities</b>		
Intangible assets	-4,646	-5,497
Property, Plant and Equipment	-68	-108
Right-of-use assets	-3,316	-3,264
Receivables/contract assets	-2,486	-2,405
Other nonfinancial assets	-3,167	-1,913
Liabilities/contract liabilities	-301	-747
Pension obligations	-87	-113
Other financial liabilities	-111	-226
Other nonfinancial liabilities	-712	-577
Deferred income	-108	-126
Deferred tax liabilities	-15,002	-14,976
Offsetting	9,633	9,091
<b>Total deferred tax liabilities</b>	<b>-5,369</b>	<b>-5,885</b>

in € thousand	12/31/2023	12/31/2022
<b>Deferred tax assets</b>		
Intangible assets	793	836
Property, Plant and Equipment	35	35
Right-of-use assets	1,043	1,080
Tax loss carryforwards	1,234	1,672
Other tax benefits	26	115
Receivables/contract assets	253	484
Liabilities/contract liabilities	2,132	2,122
Inventories	3,001	2,397
Pension obligations	489	413
Noncurrent financial liabilities	2,640	2,736
Current financial liabilities	1,515	1,189
Other nonfinancial liabilities	2,402	1,783
Deferred tax assets	15,563	14,862
Offsetting	-9,633	-9,091
<b>Total deferred tax assets</b>	<b>5,930</b>	<b>5,771</b>

The capitalization of deferred taxes on tax loss carryforwards in the 2023 fiscal year relates to the following companies:

in € thousand	Capitalized loss carryforwards
SNP (Schweiz) AG, Steinhausen, Switzerland	228
SNP Transformations, Inc., Jersey City, NJ, USA	221
SNP Japan Co., Ltd., Tokyo, Japan	172
SNP Innovation Lab GmbH, Heidelberg, Germany	165
Qingdao SNP Data Technology Co., Ltd., Qingdao, China	164
Shanghai SNP Data Technology Co., Ltd., Shanghai, China	110
SNP Transformations SEA Pte. Ltd., Singapore, Singapore	84
ADP Consultores S.A.S., Bogotá, Colombia	52
SNP Transformations ME FZ-LLC, Dubai, United Arab Emirates	25
SNP LATAM-MÉXICO S. de R.L. DE C.V., Mexico City, Mexico	13
	<b>1,234</b>

The loss carryforwards in Germany, Singapore, the USA and the United Arab Emirates can be used without any time limit. In Colombia, the tax losses can be carried forward over a period of twelve years from when they occur. In Japan and Mexico, 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, the tax losses can be carried forward over a period of five years from when they occur.

These tax loss carryforwards decreased in the 2023 fiscal year. Plans assume positive taxable income in subsequent years. Therefore, it is expected that the tax loss carryforwards will be further reduced 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, Switzerland, Singapore and Australia, as well as the domestic companies SNP Innovation Lab GmbH and Datavard Software GmbH, have a history of tax losses. Due to factors including the positive revenue forecasts in the Software and Services business segments, an expected higher level of capacity utilization due to an expansion of the SAP S4/HANA project volume, together with increased use of near-shoring and a strengthened management and governance structure in the Group's regions and central management functions, the company expects to see taxable income that will match the tax loss carryforwards reported for the foreseeable future. The other tax benefits (€ 26 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 € 28,007 thousand (previous year: € 28,523 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	12/31/2023	12/31/2022
up to 5 years	3,292	1,301
5-10 years	101	10
unlimited	24,613	27,212
	<b>28,006</b>	<b>28,523</b>

### 31. SUBSCRIBED CAPITAL

As of December 31, 2023, 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.

### 32. AUTHORIZED CAPITAL

The Annual General Meeting on June 6, 2019, authorized the Board of Directors (Supervisory Board from October 2023) to increase the company's share capital on one or more occasions until June 5, 2024, by up to a total of € 3,301,223.00 in return for cash or non-cash contributions by issuing new no-par value bearer shares (Authorized Capital 2019). 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 Supervisory Board is authorized to exclude shareholders' subscription rights in order to exclude fractional amounts from shareholders' subscription rights; in the 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 stock market price (Sections 203 (1) and (2), 186 (3) sentence 4 of the AktG) and where 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 the authorization is exercised (ten percent limit); in the case of capital increases against contributions in kind, in particular for the purpose of directly or indirectly acquiring companies, businesses or interests in companies or industrial property rights, licenses, patents or other product rights or other assets; to the extent necessary to

grant the holders of warrants, convertible bonds and convertible profit participation rights issued by the company and its subsidiaries a subscription right to new shares to the extent to which they are entitled after exercising the option or conversion right to which they are or would be entitled after exercising the option or conversion right. 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 partial use, the authorized capital as of December 31, 2023, 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 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 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 (October 2023 onwards: Supervisory Board)

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 Supervisory Board is authorized to determine the further details of the implementation of the conditional capital increase and to amend the wording of the Articles of Association to reflect the issue of shares from the conditional capital. No use was made of this option in the 2023 and 2022 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 June 2023 (previous year: April 2022), a total of 4,895 shares (previous year: 5,147 shares) were transferred from treasury shares to the former Managing Directors as part of the 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, 2023, the company holds a total of 102,660 treasury shares with a value of € 4,456,291.18.

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

### 33. RETAINED EARNINGS AND CAPITAL RESERVES

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

The capital reserves increased to € 98,097,971.47 (previous year: € 97,124,217.54). The increase results from the obligations to issue equity instruments from the Performance Share Plan, the 2023 share program, the SNP share option plan 2020 and the share option plan of a subsidiary amounting to € 1,301 thousand (previous year: € 529 thousand) less the issue of 4,895 shares

(previous year: 5,147 shares) as part of the LTI program amounting to € 212 thousand (previous year: € 223 thousand) and the reduction in the share option plan of a subsidiary amounting to € 115 thousand (previous year: € 0 thousand). Please see item 28 Share-Based Payment Transactions 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.

### 34. 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.

2023 in € thousand	SNP Transformations SEA and Malaysia	EXA	Total
Revenue	7,605	10,486	18,091
Result	-50	977	927
Income attributable to noncontrolling interests	-9	6	-3
Other comprehensive income	39	-96	-57
Comprehensive income	-11	881	870
Comprehensive income attributable to noncontrolling interests	-2	6	4
Current assets	8,167	9,843	18,010
Noncurrent assets	475	547	1,022
Current liabilities	10,351	3,240	13,591
Noncurrent liabilities	3,226	1,041	4,267
Net assets	-4,935	6,109	1,174
Net assets attributable to noncontrolling interests	-933	41	-892
Cash flow from operating activities	2,091	1,432	3,523
Cash flow from investing activities	-18	-20	-38
Cash flow from financing activities	-117	-471	-588
Net increase in cash and cash equivalents	1,956	941	2,897
Dividends paid during the year to noncontrolling interests	0	2	2

### 35. FINANCIAL INSTRUMENTS

#### Objectives and Methods of Financial Risk Management

In the 2023 fiscal year, SNP used liquid funds in addition to new and replacement investments in property, plant and equipment and intangible assets primarily for the repayment of loans and the repayment of purchase price installments from company acquisitions and lease liabilities. These investments were financed by operat-

ing cash flow and the payment of a purchase price installment in connection with the sale of SNP Poland.

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, 2023, and December 31, 2022, 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 Executive Board. 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 9, Key Accounting Policies for further information.

The following table shows the credit and default risk on the basis of an impairment matrix as of December 31, 2023:

#### KREDITRISIKO ZUM 31. DEZEMBER 2023

Classification	Loss rate in %	Carrying amounts in € thousand	Impairment in € thousand
Risk class 1 (Germany, Austria, Switzerland, USA, Australia and Singapore)	0.02	81,366	17
Risk class 2 (United Kingdom and United Arab Emirates)	0.00	8,045	0
Risk class 3 (Slovakia, China, Japan, Malaysia and Chile)	0.25	8,851	22
Risk class 4 (Mexico, Colombia, India and Brazil)	0.25	1,182	3
Risk class 5 (Argentina)	0.25	3,277	8
Risk class 6 (Loss)	100.00	239	239
<b>Total</b>		<b>102,960</b>	<b>289</b>

The following table shows the credit and default risk on the basis of an impairment matrix 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 development of impairment in relation to trade receivables and contract assets:

in € thousand	Trade receivables	Contract assets	Total
<b>As of January 1, 2022</b>	<b>359</b>	<b>33</b>	<b>392</b>
Net remeasurement of impairment	241	-18	223
<b>As of December 31, 2022 / January 1, 2023</b>	<b>600</b>	<b>15</b>	<b>615</b>
Amounts written off	-831	0	-831
Net remeasurement of impairment	507	-2	505
<b>As of December 31, 2023</b>	<b>276</b>	<b>13</b>	<b>289</b>

The following significant changes to the gross carrying amounts of trade receivables contributed to the changes to impairment losses in 2023:

- Lower loss rate for certain risk classes.
- Higher carrying amounts due to increase in trade receivables.
- Lower carrying amounts in risk class 6 due to write-down of irrecoverable receivables.

### 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 guarantee 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 cap-

ital 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	12/31/2023				Total
	Up to 1 year	1 to 2 years	3 to 5 years	More than 5 years	
Promissory note loans	11,017	1,827	35,240	0	48,084
Liabilities to banks	2,789	1,479	20,055	0	24,323
Trade receivables	10,108	0	0	0	10,108
Lease liabilities	5,132	3,500	6,022	1,955	16,609
Liabilities from put options attributable to non-controlling interests	0	7,882	0	0	7,882
Other financial liabilities	54	7	0	0	61
	<b>29,100</b>	<b>14,695</b>	<b>61,317</b>	<b>1,955</b>	<b>107,067</b>



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 receivables	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>

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	IFRS 9 category	12/31/2023		12/31/2022	
		Carrying amount	Fair value	Carrying amount	Fair Value
Cash and cash equivalents	Amortized cost	40,313	40,313	38,367	38,367
Purchase price receivable	Amortized cost	4,859	4,859	9,859	9,859
Trade receivables	Amortized cost	92,073	92,073	80,255	80,255
Other financial assets	Amortized cost	1,280	1,280	1,748	1,748
<b>Total</b>		<b>138,525</b>	<b>138,525</b>	<b>130,229</b>	<b>130,229</b>

in € thousand		12/31/2023		12/31/2022	
		IFRS 9 category	Carrying amount	Fair value	Carrying amount
<b>Financial liabilities</b>					
Trade receivables	Amortized cost	10,108	10,108	10,759	10,759
Financial liabilities	Amortized cost	65,390	64,588	72,075	68,478
Purchase price obligations	Fair value (profit or loss)	0	0	524	524
Liabilities from put options attributable to non-controlling interests	Amortized cost	7,828	7,524	7,457	7,457
Lease liabilities		15,548	15,548	16,729	16,729
Other financial liabilities	Amortized cost	61	61	262	262
<b>Total</b>		<b>98,935</b>	<b>97,829</b>	<b>107,806</b>	<b>104,209</b>

### Summary as per IFRS 9 category

in € thousand	12/31/2023 Carrying amount	12/31/2022 Carrying amount
Financial assets measured at amortized cost	138,525	130,229
Financial liabilities measured at amortized cost	83,387	90,553
Financial liabilities measured at fair value through profit or loss	0	524

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 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, 2022</b>	<b>11,213</b>
Increase	254
Conversion	-12,350
Income recognized on the income statement	883
<b>Closing balance as of December 31, 2022 / Opening balance as of January 1, 2023</b>	<b>0</b>
Income recognized on the income statement	0
<b>Closing balance as of December 31, 2023</b>	<b>0</b>

In the 2022 fiscal year, € 92 thousand of the income recognized in the income statement was attributable to compounding effects, which were recognized in interest income. A further € 791 thousand was attributable to the gain on disposal recognized under other operating income from the conversion of the purchase price receivable measured at amortized cost in the course of the sale of the remaining 49% of All for One Poland Sp. z o.o.

in € thousand	Purchase price obligations
<b>Opening balance as of January 1, 2022</b>	<b>569</b>
Payments	-538
Losses recognized on the income statement	493
<b>Closing balance as of December 31, 2022 / Opening balance as of January 1, 2023</b>	<b>524</b>
Payments	-435
Income recognized on the income statement	-89
<b>Closing balance as of December 31, 2023</b>	<b>0</b>

Of the income recognized on the income statement, € 100 thousand (2022 fiscal year: losses of € 464 thousand) relate to the termination (2022 fiscal year: increase) of the contingent purchase price obligation. These result from the final calculation of the earnings figures defined in the purchase agreements and are reported in other operating income (2022 fiscal year: other operating expenses). A further € 11 thousand (2022 fiscal year: € 2 thousand) relates to currency

effects recognized in other operating income (2022 fiscal year: other operating expenses). In the 2022 fiscal year, a further € 31 thousand related to compound interest effects were recognized as interest expense.

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 reports 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	12/31/2023	12/31/2022
From financial assets measured at amortized cost	79	672
From financial assets measured at fair value through profit or loss	0	883
From financial liabilities measured at amortized cost	-2,902	138
From financial liabilities measured at fair value through profit or loss	89	-493

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 € 935 thousand (previous year: € 328 thousand).

Interest expense from financial liabilities measured at amortized cost amounts to € 2,560 thousand (previous year: € 1,524 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: € 32,500 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: € 0.2 million). A decrease in the 6-month Euribor by 50 basis points would reduce interest expenses by € 0.2 million (previous year: € 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

Group companies conduct their operating business in their respective functional currency, so 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 compared to the US dollar as at the balance sheet date would lead to a € 1,271 thousand lower pre-tax result for the period (previous year: € 1,550 thousand). If the euro had been 10% weaker against the US dollar as of the balance sheet date, the pre-tax result for the period would have been € 1,554 thousand higher (previous year: € 1,894 thousand).

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.

### 36. CAPITAL MANAGEMENT

	12/31/2023		12/31/2022		Delta as %
	€ thousand	As % of the total volume of equity and liabilities	€ thousand	As % of the total volume of equity and liabilities	Total
Equity	108,639	41	107,183	40	1
Current liabilities	69,553	27	64,636	25	8
Noncurrent liabilities	83,595	32	93,151	35	-10
Liabilities	153,148	59	157,787	60	-3
<b>Total equity and liabilities</b>	<b>261,787</b>	<b>100</b>	<b>264,970</b>	<b>100</b>	<b>-1</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, 2023, the equity ratio had increased to 41.5% (previous year: 40.5%).

# Notes to the Consolidated Income Statement

## 37. OTHER OPERATING INCOME

Other operating income breaks down as follows:

in € thousand	2023	2022
Exchange rate differences	5,942	8,756
Advertising subsidies	686	537
Reversal of provisions and derecognition of liabilities	683	553
Proceeds from the disposal of assets	241	280
Rental income	171	171
Insurance compensation	169	152
Other subsidies	118	0
Revaluation of earn-out obligations	72	0
Rent concessions	9	276
Remeasurement and disposal of purchase price receivables	0	1,336
Remeasurement of purchase price liabilities	0	1,645
Other	349	379
<b>Total</b>	<b>8,440</b>	<b>14,085</b>

## 38. 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.

## 39. PERSONNEL COSTS

Personnel costs include costs for defined contribution pension plans of € 880 thousand (previous year: € 543 thousand), not including insurance contributions to statutory pension plans. Contributions to statutory pension plans amounted to € 6,660 thousand (previous year: € 6,074 thousand).

Personnel costs include severance expenses of € 945 thousand (previous year: € 864 thousand). € 212 thousand of this was attributable to the former CEO in the 2023 fiscal year, while € 400 thousand was attributable to the former COO (previous year: € 506 thousand attributable to the former CFO).

In the 2023 fiscal year, the average number of employees in the Group was 1,315 (previous year: 1,260 employees).

## 40. OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

in € thousand	2023	2022
Foreign exchange losses	10,050	6,493
Services	8,159	8,330
Advertising, representation	4,681	4,265
Rent, leases	3,807	2,781
Travel costs	3,224	1,722
Other personnel costs	3,090	2,677
Legal and consulting costs	2,576	1,917
Occupancy costs, energy	2,075	2,069
Vehicles	1,692	1,467
Communications	1,059	1,064
Insurance policies, contributions	712	850
Board of Directors / Supervisory Board	343	615
Losses on receivables	333	0
Remeasurement of purchase price liabilities	328	0
Payment transaction costs	202	473
Office supplies	190	203
Expense associated with the disposal of assets	76	128
Remeasurement of earn-out obligation	0	464
Other	371	419
<b>Total</b>	<b>42,968</b>	<b>35,938</b>

#### 41. NET FINANCIAL INCOME

Net financial income is as follows:

in € thousand	2023	2022
<b>Other financial income</b>		
Compounding on receivables	696	39
Term deposit investment	191	0
Staff payables	109	107
Compounding on purchase price receivables	0	344
Other interest income	51	41
<b>Total</b>	<b>1,047</b>	<b>531</b>

in € thousand	2023	2022
<b>Other financial expenses</b>		
Interest for promissory note loans	1,803	883
Bank interest	657	565
Leases	513	507
Staff payables	198	51
Sale of receivables	55	10
Compounding on liabilities from put options attributable to non-controlling interests	43	59
Payment to shareholders of EXA AG	42	1,427
Compounding on purchase price obligations	0	34
Other interest expenses	5	2
<b>Total</b>	<b>3,316</b>	<b>3,538</b>

# Other Notes

## 42. STATEMENT OF CASH FLOWS

The cash flow from operating activities includes the following items: interest paid of € 2,020 thousand (previous year: € 1,262 thousand), interest received of € 243 thousand (previous year: € 41 thousand), income taxes paid of € 3,171 thousand (previous year: € 5,748 thousand) and income taxes received of € 1,769 thousand (previous year: € 645 thousand).

Cash flow from investing activities includes payments for company acquisitions of € 475 thousand (previous year: € 10,315 thousand). This comprises payments made for the company acquisitions in 2020 and the payment made to shareholders of EXA AG. The proceeds from the sale of consolidated companies and other business units relate to the payment of a further purchase price installment for the sale of the former SNP Poland in 2021.

Noncash expenses and income include the following changes.

in € thousand	2023	2022
Currency effects	3,074	-875
Personnel expense for stock option programs	1,186	530
Accrued interest	321	-333
Reassessment of earn-out liability	256	-1,181
Remeasurement and disposal of purchase price receivables	0	-1,336
Disposal of assets	-165	-152
Remeasurement of defined benefit obligations	-477	1,522
Deferred taxes	-574	-1,109
Other	-105	49
<b>Total</b>	<b>3,516</b>	<b>-2,885</b>

Liabilities from financing activities developed as follows:

in € thousand	Promissory note loans	Other loans	Lease liabilities	Total
<b>As of January 1, 2022</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 / January 1, 2023</b>	<b>41,608</b>	<b>30,500</b>	<b>16,729</b>	<b>88,837</b>
New leasing additions	0	0	4,079	4,079
Repaid	0	-7,043	-5,081	-12,124
Other payments	-1,577	0	0	-1,577
Noncash deferrals	1,803	132	0	1,935
Exchange rate fluctuations	0	-26	-179	-205
<b>As of December 31, 2023</b>	<b>41,834</b>	<b>23,563</b>	<b>15,548</b>	<b>80,945</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.

#### **43. MEMBERS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD**

The Extraordinary General Meeting on September 27, 2023, resolved to introduce a dual management system consisting of an Executive Board and a Supervisory Board. In the dualistic system, the Executive Board manages the company and conducts business. It is not bound by instructions. The Supervisory Board is responsible for appointing, dismissing and monitoring the Executive Board. Under the previous monistic system, the company was managed by the Board of Directors, which determined the basic guidelines for business activities and monitored their implementation by the Managing Directors.

At the beginning of the fiscal year, the Managing Directors consisted of the following members: Michael Eberhardt (Chairman, Managing Director and CEO), Gregor Stöckler (COO) and Prof. Dr. Thorsten Grenz (interim CFO). Dr. Jens Amail was appointed as Chairman, Managing Director and CEO of SNP as of January 16, 2023.

Michael Eberhardt stepped down as Managing Director on March 31, 2023. Andreas Röderer was appointed Managing Director and CFO on June 1. At the same time, Prof. Dr. Thorsten Grenz stepped down as interim CFO. As a result of the conversion from a monistic to a dualistic management system, the Managing Directors Dr. Jens Amail and Andreas Röderer were appointed to the Executive Board. Gregor Stöckler stepped down as Managing Director.

At the beginning of the fiscal year, the Board of Directors consisted of the following members: Richard Roy (Chairman), Dr. Karl Benedikt Biesinger (Deputy Chairman), Prof. Dr. Christoph Hütten and Sebastian Repegather. Prof. Dr. Christoph Hütten stepped down from the Board of Directors as of June 30, 2023. Richard Roy also stepped down from the Board of Directors on July 31, 2023. Prof. Dr. Thorsten Grenz was appointed to the Board of Directors by the court on August 1, 2023. From August 1, 2023, Dr. Karl Benedikt Biesinger was Chairman and Prof. Dr. Thorsten Grenz Deputy Chairman of the Board of Directors. Due to the introduction of the two-tier management system, the Supervisory Board was also newly elected during the Extraordinary General Meeting. The three-member Supervisory Board now consists of Dr. Karl Benedikt Biesinger (Chairman), Prof. Dr. Thorsten Grenz (Deputy Chairman) and Peter Maier. Sebastian Repegather stepped down with the entry of the amendment to the Articles of Association.

#### **44. 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.

Related parties within the meaning of IAS 24 are individuals and companies where one of the parties has control or significant influence over the other. As of the reporting date, the Heidelberg businessman Wolfgang Marguerre holds 63.83% of SNP's shares and is thus a significant shareholder of the company. Due to the relationship of control, he is accordingly classified as a related party. No transactions took place between Wolfgang Marguerre and SNP in the fiscal year.

##### **Provisions for Pension Commitments to a Former Board Member**

The company has pension commitments to Ms. Petra Neureither (CFO until May 19, 2011). SNP has recognized pension provisions of € 48 thousand (previous year: € 38 thousand) for this purpose. A reinsurance policy was arranged for the pension obligations.

### Other Transactions

In the 2022 fiscal year, SNP assumed liabilities for account of the former Managing Director, Gregor Stöckler in the amount of € 24 thousand, of which there were no outstanding receivables as of December 31, 2023 (previous year: € 9 thousand).

A legal consultancy agreement exists between SNP and RB Reiserer Biesinger Rechtsanwaltsgesellschaft mbH, Heidelberg, Germany, of which SNP Supervisory Board member Dr. Karl Benedikt Biesinger is Managing Director and shareholder. No expenses were incurred for this in the 2023 reporting year (previous year: € 6 thousand); there were no outstanding liabilities as of December 31, 2023 (previous year: € 0 thousand).

A sublease agreement exists between SNP Deutschland GmbH as landlord and OORCCA GmbH, Heidelberg, Germany, as tenant, an associated company of SNP, of which SNP Supervisory Board member Dr. Karl Benedikt Biesinger is Managing Director and shareholder. As of December 31, 2023, income of € 5 thousand (previous year: € 9 thousand) was generated for this purpose; as of December 31, 2023, there were no outstanding receivables (previous year: € 0 thousand).

Salary payments, including benefits in kind and fringe benefits, were made between SNP Deutschland GmbH and a child of Supervisory Board member Dr. Karl Benedikt Biesinger on the basis of employment contracts.

In the 2023 reporting year, related expenses amounted to € 166 thousand (previous year: € 152 thousand). As of December 31, 2023, outstanding receivables amounted to € 0 thousand (previous year: € 5 thousand) and outstanding liabilities to € 65 thousand (previous year: € 17 thousand).

From April 2022 to May 2023, there was an employment contract with Prof. Dr. Thorsten Grenz for his interim role as Managing Director. Personnel expenses of € 112 thousand (previous year: € 319 thousand) were incurred for the activity as interim CFO. There were no

outstanding liabilities as at December 31, 2023 (previous year: € 194 thousand). Furthermore, as of December 31, 2022, there were outstanding receivables from KIMBRIA Gesellschaft für Beteiligung und Beratung mbH Berlin, Germany, of which Prof. Dr. Grenz is Managing Director, in the amount of € 258 thousand. These were settled in the 2023 fiscal year. There were no outstanding receivables as of December 31, 2023.

The remuneration paid to the members of the Executive Board and the Managing Directors in the 2023 and 2022 fiscal years was as follows:

in € thousand	Executive Board members/ Managing Directors*		former Managing Directors	
	2023	2022	2023	2022
<b>Benefits due in the short term</b>	<b>1,269</b>	<b>1,180</b>	<b>598</b>	<b>83</b>
of which fixed remuneration	536	942	400	75
of which fringe benefits	24	66	33	7
of which defined benefit	686	170	164	0
of which defined contribution	23	2	1	1
<b>Share-based payment transactions</b>	<b>1,176</b>	<b>360</b>	<b>127</b>	<b>0</b>
Multi-year variable remuneration	1,176	360	127	0
<b>Subtotal</b>	<b>2,445</b>	<b>1,540</b>	<b>725</b>	<b>83</b>
<b>Termination benefits</b>	<b>0</b>	<b>0</b>	<b>612</b>	<b>506</b>
<b>Total</b>	<b>2,445</b>	<b>1,540</b>	<b>1,337</b>	<b>589</b>

\* Serving Executive Board members who were previously Managing Directors under the monistic system

#### SHARE-BASED PAYMENT TRANSACTIONS FOR THE BENEFIT OF THE MANAGING DIRECTORS

	2023	2022
Number of shares granted	26,382	4,895
Total expense (in € thousand)	1,175	360

The total annual remuneration of the members of the Supervisory Board and the Board of Directors is as follows:

in € thousand	2023	2022
Total remuneration	332	598
Of which fixed remuneration	290	367
Of which attendance fees (incl. committee meetings)	42	231

#### 45. 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, 2023, 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 compensation claims. The company has made provisions for expected costs.

The company 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 2022. The first hearing took place in December 2023. It is expected that the court will issue further procedural orders in March 2024. Irrespective of this, the parties are continuing to hold talks to discuss the possibility of a settlement.

The company is also a defendant in a legal proceeding from a previous tenancy. The rental property was already vacated by the company at the beginning of 2021. There are differences of opinion as to the term of the tenancy. The other party has been provided with an offer for a settlement. The company has made provisions for expected costs.

#### 46. AUDITING AND CONSULTING FEES

In the fiscal year, the Group auditor's fees for the audit of the financial statements amounted to € 305 thousand (previous year: € 225 thousand) and € 54 thousand (previous year: € 40 thousand) for other assurance services.

#### 47. SUBSEQUENT EVENTS

Promissory note loans with a total volume of € 9 million will fall due in March 2024. For refinancing purposes, SNP SE concluded an amortizing loan of € 7 million in December 2023 with a drawdown period until October 2024. The loan had not yet been utilized as of the balance sheet date.

#### 48. CORPORATE GOVERNANCE

The Executive Board and the Supervisory Board have issued the 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 21, 2024

The Executive Board

Dr. Jens Amail

Andreas Röderer



Success Story

# SHW

"The short project duration, low downtime and special migration criteria made it a challenging IT split. Thanks to SNP, our restructuring program was a success, and we were able to minimize the downtime of our production system even further."

Jürgen Besener, Head of SAP and Processes,  
SHW Automotive



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

Success Story

# Medtronic

"Thanks to SNP's CrystalBridge suite, our SAP maintenance downtime windows have been reduced to minutes. I can rest easy knowing that we can utilize this solution for future updates, saving time and money."

Leela Bijili, Programmmanagerin, Medtronic



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



# Annual Financial Statements ►

SNP Schneider-Neureither &amp; Partner SE, Heidelberg

**BALANCE SHEET (HGB)**

as of December 31, 2023

**ASSETS**

in € thousand		2023	2022
<b>A. 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	1,233		1,311
2. Payments on account	0		144
		1,233	1,455
<b>II. Fixed assets</b>			
1. Land, rights equivalent to property and buildings including buildings on third-party land	836		931
2. Other fixed assets and office equipment	1,964		2,278
		2,800	3,209
<b>III. Financial assets</b>			
1. Shares in affiliated companies	108,064		110,149
2. Loans in affiliated companies	4,087		4,087
3. Participations	228		228
		112,379	114,464
		116,412	119,128
<b>B. Current assets</b>			
<b>I. Inventories</b>			
Work in progress		265	1,613
<b>II. Receivables and other assets</b>			
1. Trade receivables	17,237		20,374
2. Receivables from affiliated companies	74,533		60,910
3. Other assets	6,086		11,679
		97,856	92,963
<b>III. Cash on hand and bank balances</b>		4,402	10,505
<b>C. Deferred items</b>		1,073	1,044
		<b>220,008</b>	<b>225,254</b>

**LIABILITIES**

in € thousand		2023	2022
<b>A. Equity</b>			
<b>I. Subscribed capital</b>			
1. Subscribed capital	7,386		7,386
2. Nominal value of own shares	-103		-108
		7,283	7,278
<b>II. Capital reserves</b>		100,360	99,389
<b>III. Revenue reserves</b>			
1. Statutory reserves	19		19
2. Other retained earnings	426		218
		445	237
<b>IV. Retained earnings</b>		16,881	17,294
		124,970	124,198
<b>B. Provisions</b>			
1. Provisions for pensions and similar obligations	407		417
2. Tax provisions	0		295
3. Other provisions	6,435		4,786
		6,842	5,498
<b>C. Liabilities</b>			
1. Liabilities to banks	65,797		72,687
2. Payments received on orders	0		1,124
3. Trade payables	2,387		4,339
4. Liabilities to affiliated companies	15,470		13,792
5. Other liabilities	3,972		3,016
		87,626	94,958
<b>D. Deferred items</b>		570	600
		<b>220,008</b>	<b>225,254</b>



SNP Schneider-Neureither &amp; Partner SE, Heidelberg

**PROFIT AND LOSS ACCOUNT (HGB)**

for the period from January 1 to December 31, 2023

in € thousand		2023	2022
<b>1. Sales revenue</b>		38,155	30,928
<b>2. Increase/Decrease in inventories of unfinished goods</b>		-1,347	1,524
<b>3. Other operating income</b>			
– Of which expenses from foreign currency conversion: T€ 394 (previous year: T€ 314)		1,705	11,711
<b>4. Material costs</b>			
Costs for purchased goods		-479	-1,656
<b>5. Personnel costs</b>			
a) Wages and salaries	-19,549		-15,518
b) Social security and expenses for pensions and related employee benefits			
– Of which expenses for pensions: T€ 108 (previous year: T€ 97)	-2,462		-2,263
		-22,011	-17,781
<b>6. Depreciation</b>			
Of intangible assets and property, plant and equipment		-1,216	-1,356
<b>7. Other operating expenses</b>			
– Of which expenses from foreign currency conversion: T€ 203 (previous year: T€ 855)		-24,355	-24,896
<b>8. Income from participations</b>			
– Of which from affiliated companies: T€ 1,249 (previous year: T€ 5,258)		1,249	5,258
<b>9. Received profits due to a profit transfer agreement</b>		12,280	14,553
<b>10. Income from loans of financial assets</b>			
– Of which from affiliated companies: T€ 127 (previous year: T€ 129 )		127	129
<b>11. Other interest and similar income</b>			
– Of which from affiliated companies: T€ 434 (previous year: T€ 293)		702	294
<b>12. Depreciation of financial assets</b>		-2,040	-5,600
<b>13. Interest and similar expenses</b>			
– Of which from affiliated companies: T€ 147 (previous year: T€ 84)		-2,223	-1,349
<b>14. Taxes on income</b>		-958	-589
<b>15. Income after taxes</b>		<b>-411</b>	<b>11,170</b>
16. Other taxes		-1	-13
<b>17. Net income</b>		<b>-412</b>	<b>11,157</b>
18. Profit carries forward from previous year		17,294	6,136
<b>19. Net profit</b>		<b>16,881</b>	<b>17,294</b>

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## CONTACT

Do you have questions or need more information? We are at your disposal for further advice and information.

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

## LEGAL NOTICE

### Contents

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