HALF-YEAR FINANCIAL REPORT 2019

SNP | The Transformation Company

KEY FIGURES

AS OF JUNE 30, 2019

In € million	1st half-year 2019	1st half-year 2018	2nd quarter 2019	2nd quarter 2018
Revenue	58.9	65.0	30.1	33.5
Operating result (EBIT)	-5.9	-6.0	-2.6	-3.4
Consolidated net loss	-4.8	-5.4	-2.0	-3.0
Earnings per share (in €)	-0.72	-0.95	-0.29	-0.54
Operating cash flow	-8.0	-5.3		
Cash and cash equivalents	23.0	18.5		
Employees as of June 30	1,237	1,350		

CONTENT

LETTER FROM THE CEO

DEAR SHAREHOLDERS,

DEAR READERS,

Two core areas of focus shaped the first six months of the 2019 fiscal year: on one hand, the vigorous continuation of our international integration activities, following our acquisitions of the past few years, and the ongoing development of our management strategy and our position, and on the other hand, a clear focus on winning new orders. We were able to successfully develop these two areas of focus as planned and lay the foundations for robust revenue and earnings growth in the third quarter.

The Group-wide order entry of € 85.1 million was around € 18 million or about 27% above the comparable figure for the previous year. In the second quarter, we even increased our order entry volume by around 76% relative to the previous year. We have achieved an extremely strong mid-year performance in the German-speaking (DACH) region, which is particularly important for profitability. At around € 41 million, this was up by nearly two thirds in comparison with the previous year. We are also experiencing a significant pickup in the SAP S/4HANA environment; here, our order entry has more than tripled year-on-year and amounted to around € 10 million. Upcoming S/4HANA projects thus already account for around 11% of the overall volume – and the trend points upward.

A large number of our S/4 projects have already successfully gone live. Many of these projects serve as introductory or pilot projects for our customers, enabling them to gain their first experience with the execution and implementation of necessary data transformations. This approach makes sense from the customer's point of view. After all, the consolidation and changeover of ERP systems are increasingly important within the scope of group-wide overall IT strategies. The global players are allocating long-term budgets running into the billions for their implementation.

Given the customary time lag in the second quarter, the very good order entry has not yet had any significant impact on revenue development. At the same time, however, the costs have already been incurred in this quarter. We have thus completed the first six months of the year with a negative result.

The very good order situation will have a highly positive impact on our revenue and earnings growth. This is the case particularly because the majority of order entry was recorded in our strategic core area, and as such was accompanied by the planned margin target.

The strong volume of order entry confirms the appropriateness of our strategy and the performance capacity of our company.

We would like to not only maintain, but also further expand this growth momentum. At the same time, we are committed to ensuring a high level of quality of our products and services for our customers and partners. To achieve this goal, we have strengthened our team even further and would like to welcome two new Managing Directors:

As our Chief Operating Officer (COO), Michael Eberhardt will be responsible for sales and field marketing as well as our consulting business. His tasks also include boosting the profitability of our operating business. Michael Eberhardt is a seasoned industry expert with valuable experience which he has acquired in a

Dr. Andreas Schneider-Neureither, CEO

large number of management positions at successful, globally-positioned companies in the IT service environment.

As our Chief Human Resources Officer (CHRO), Frank Hohenadel will be responsible for personnel as well as internal corporate transformation. He has many years of IT and HR experience in the areas of performance and talent management, change and training management as well as digital transformation in the international industry environment. By integrating this task within our top management level, we are clearly demonstrating that our employees represent the cornerstone of our business success.

Since this year's Annual General Meeting, Dr. Klaus Kleinfeld and Dr. Karl Biesinger have strengthened our Board of Directors.

With his comprehensive knowledge and experience of strategic and operational management of globally active companies, Klaus Kleinfeld will decisively sharpen the competence profile of the Board of Directors. Karl Biesinger will complete the board with his extensive knowledge of corporate law.

Dear shareholders: independently from technological necessities, we are continuing to observe growing momentum in the market environment for IT data transformations, triggered by a large number of spin-offs, sales of non-strategic company segments and organizational realignments. This also reflects the fact that, in order to maintain their competitiveness, companies are required to make the necessary adjustments to their IT landscapes even, or in fact all the more so, during periods of economic weakness.

The large order which we have won for a global SAP project with a Swiss energy and high-tech company confirms this trend. This Swiss company announced the sale of one of its business units last year. The order volume is in the double-digit million range.

We have a clear goal: to establish SNP as a global leader in the field of software-based data transformation. We will increasingly develop our partner relationships in order to achieve this objective. A strong partner channel will help us to convince even more companies of the benefits our software provides. We will thus extensively communicate this hallmark of our company to the market, which will enable us to achieve a significant scaling-up and increase in our software and license revenue. We will only achieve this goal with highly motivated and satisfied employees, and I would like to take this opportunity to express my thanks and appreciation to them.

But we are not only optimistic regarding the second half of the current fiscal year due to our very strong order situation. We also have an optimistic view of the future due to our continuously improving relationships with critical partner companies.

Our partnership with SAP is closer than ever. We are an active founding partner of the “SAP S/4HANA Selective Data Transition Engagement” working group established by SAP. The goal of this combined engagement is to assist companies with the transition to SAP S/4HANA.

With IBM Rapid Move for SAP S/4HANA, IBM recently introduced a new go-to-market approach which offers a more intelligent and faster digital transformation path. Together with our SNP BLUEFIELD approach, IBM’s customers can significantly accelerate their transition to S/4 and the integration of new technologies. We are currently planning further partnerships with other globally active IT service companies.

The relevance of IT for business processes means that IT transformations are now a top-level issue.

For precisely 25 years now, SNP has worked on faster implementation of complex IT transformations by means of software solutions and tailored consulting services, while minimizing cost and risk.

Companies worldwide are faced with the difficult task of reorganizing their IT and business landscapes and making far-reaching changes to systems and processes. IT is thus becoming ever more relevant for these changes at the highest decision-making level. Globalization, digitalization, the changeover to the cloud, artificial intelligence (AI), new data protection regulations and of course SAP S/4 – these are the issues which mean that IT transformations are now definitively a top-level issue.

Our highly efficient product portfolio and our extensive experience enable us to allay the concerns of many decision-makers as to whether it is possible to estimate the costs and the amount of time required for a transformation project.

We are currently experiencing an exciting period and are observing strong growth in the level of interest in our products and services. This year’s SAPPHIRE confirmed that our BLUEFIELD campaign has been a complete success, and not without reason: over the past 25 years, we have distinguished ourselves with the strength of our expertise. I would like to thank our customers as well as all of our shareholders for the trust which they have placed in us. The entire SNP team will continue to do everything possible in order to continue to justify this trust over the next 25 years.

Dr. Andreas Schneider-Neureither, CEO

SNP IN THE CAPITAL MARKETS

While the upward trend of the past few years failed to continue in 2018, the first six months of the 2019 stock market year were clearly positive on the global stock markets. The key issues in capital markets were the introduction of global trade tariffs, the unresolved Brexit problem in Europe, the interest rate policies of the U.S. and European central banks as well as the risk of declining worldwide economic momentum.

Despite the varied news flow, Germany's leading index, the Dax, registered growth of around 17% in the first half of the year. The MDax mid-cap index achieved similar growth of nearly 18%. The TecDax, an index of technology-oriented small- and mid-cap companies, grew by around 17% since the beginning of the year. The SDAX, the small-cap index of the German Stock Exchange, recorded growth of 19% since the start of the year.

The NASDAQ Composite, the US technology index, fared best and rose around 20% since the beginning of the year. The leading US share index, the S&P 500, and the British FTSE 100 posted gains of 17% and 10% respectively. The single European currency remains unchanged against the greenback in comparison with the start of the year: halfway through 2019, one euro costs 1.14 U.S. dollars.

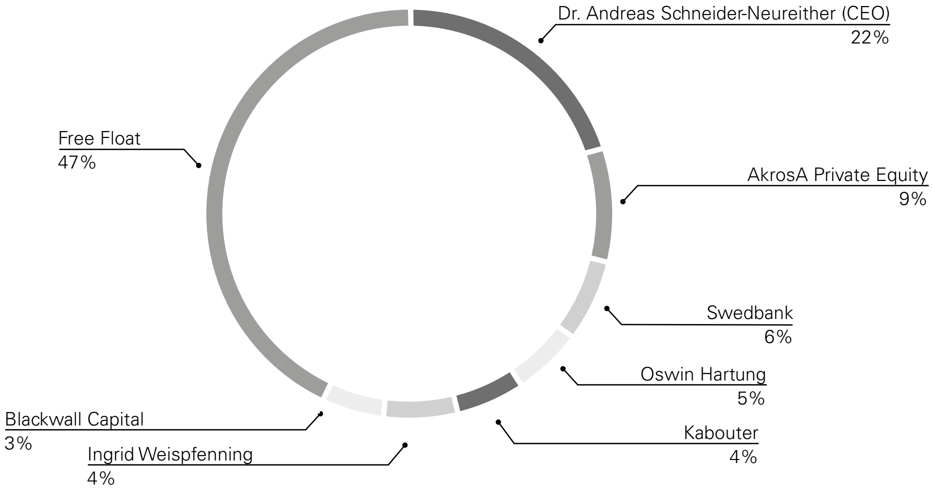
KEY SHARE DATA

ISIN	DE0007203705
Security identification number	720 370
Number of shares as of June 30, 2019	6,602,447 (share capital: € 6,602,447)
Number of shares as of June 30, 2018	5,474,463 (share capital: € 5,474,463)
Class	No-par-value shares
Market segment	Prime Standard
Trading exchanges/stock exchanges	Xetra, Frankfurt, Berlin, Hamburg, Munich, Stuttgart, Düsseldorf
Ticker symbol	SHF
Bloomberg	SHF:GR
Reuters	SHFG.DE

SHARE PERFORMANCE INDICATORS

		2019	2018
Earnings per share as of June 30	(in €)	**-0.72**	-0.95
Market capitalization as of June 30	(in € million)	**190.15**	149.45
Price as of June 30	(in €)	**28.80**	27.30
Highest price in the first half of the year	(in €)	**32.00**	36.75
Lowest price in the first half of the year	(in €)	**15.70**	27.30

SHAREHOLDER STRUCTURE



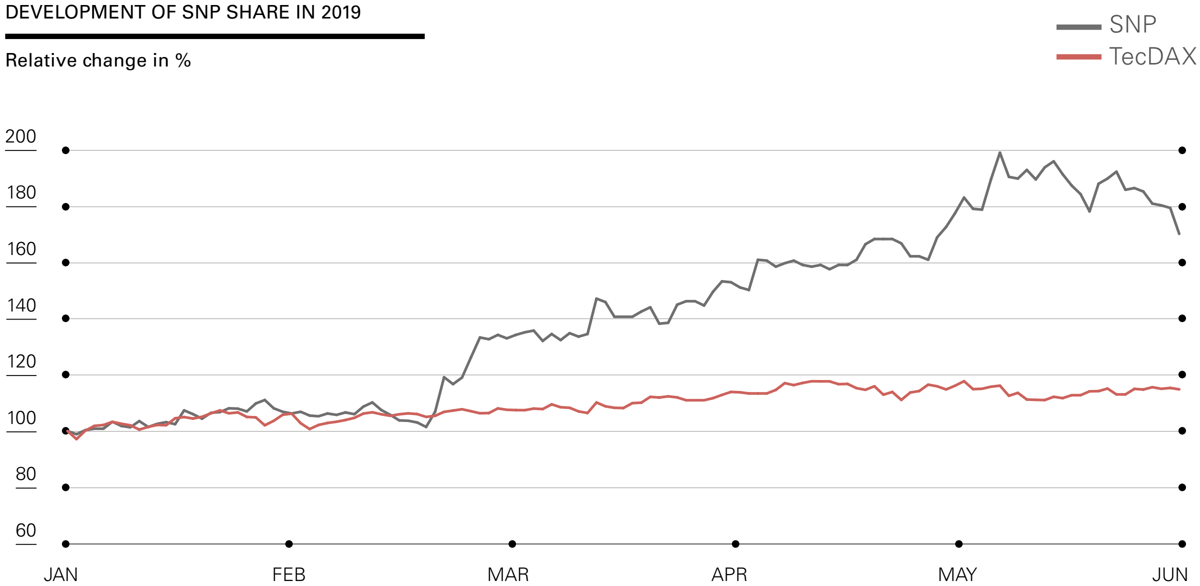
SNP Shares

The SNP share ended 2018 at a closing price of € 16.24, corresponding to a negative annual performance of around 49%. Driven by positive corporate news, the share clearly outperformed the overall market in the first half of 2019. It reached its highest price in late May, at € 32.00. The share ended the first half of 2019 at € 28.80, which corresponds to a performance of roughly 77% and a market capitalization of around € 190 million.

Trading volume, and thus the share's liquidity, declined across various stock exchanges. A monthly average of 6,155 shares per day were traded in the first half of the year (previous year: 8,867 shares). Overall in 2018, a monthly average of 13,409 shares per day were traded across various stock exchanges, compared with 16,431 shares in 2017.

DEVELOPMENT OF SNP SHARE IN 2019

Relative change in %



For further investor relations and share information, please go to https://www.snpgroup.com/en/investor-relations

INTERIM GROUP MANAGEMENT REPORT FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2019

SNP – THE TRANSFORMATION COMPANY

Business Model

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

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

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

The Challenge for Modern Companies: IT Agility

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

IT Transformations and Their Impact on ERP Systems

From an economic perspective, transformation projects are among the most critical, complex and expensive projects that can affect the organization of companies and their business processes. "Business landscape transformation" describes the change and adaptation of enterprise resource planning (ERP) systems and represents the SNP Group's principal activity. An ERP system handles the administration of corporate resources and business processes. SAP, Oracle and Microsoft are among the most significant providers of such ERP systems. ERP systems are complex programs and are often heavily modified to accommodate their users. They combine essential and sensitive parts of a company, such as procurement, logistics, accounting and human resources administration.

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

Catalyst of IT Transformations

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

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

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

For further information on the SNP portfolio, please refer to pages 43 et seq. of the 2018 Annual Report.

ECONOMIC REPORT

ECONOMIC ENVIRONMENT

Macroeconomic Environment

Following a significant drop in global economic momentum in the second half of 2018, price-adjusted growth for 2018 stood at 3.6% according to the International Monetary Fund (IMF)[1], corresponding to a decrease of 0.2% relative to the previous year's figure (2017: 3.8%).

The escalation of the trade tensions between the USA and China, macroeconomic difficulties in Argentina and Turkey, uncertainties afflicting Germany's automotive sector, tighter credit and fiscal policy in China and financial constraints associated with the normalization of monetary policy in the major developed economies contributed to this slowdown.

In the eurozone, weaker foreign trade in particular put pressure on economic growth. In 2018, growth amounted to 1.8% (2017: 2.4%). The export business was hampered by U.S. protectionism and associated fears of a further escalation of the trade conflict between the USA on one side and the EU and China on the other. Other extraordinary factors, such as the problems faced by the automotive industry in moving over to the new exhaust emission standards, meant that in Germany and Italy, growth was even in negative territory in some quarters of the year.

The U.S. economy was able to buck this trend, once again reporting stronger growth (2.9%) than in the previous year in 2018 (2017: 2.2%). This development was helped along by the fiscal measures taken by the U.S. administration, primarily the tax reforms that came into effect at the start of 2018, which introduced tax breaks for households and the corporate sector.

In 2018, the German economy expanded by only 1.5% (2017: 2.5%). This slowdown is due primarily to the economy's heavy reliance on exports.

The Asian economy reported growth of 6.4%, which was 0.2 percentage points below the previous year's figure. The rate of growth in China's gross domestic product dipped slightly in a year-on-year comparison to 6.6% (2017: 6.8%). This was due to the customs measures initiated by the USA coinciding with more moderate growth in China in general.

[1] IMF World Economic Outlook Update, April 2019.

Industry-Related Environment

Although SNP operates in a highly attractive market environment, we are not aware of any reliable studies or market figures that cover the IT transformation market specifically. As a result, we base our assumptions on our own assessment of the market. Most IT transformation projects are aimed at changing and adapting ERP systems. This means that our customers are companies that use ERP programs as an integral component of their IT business landscape.

According to Gartner, SAP has the highest market share in the global ERP software market with a global market share of 22% in 2018. In the same year, Oracle has a global market share of 11% and is thus the second-largest provider of ERP software. With a market share of 7% in 2018, Workday is the third-largest provider of ERP software globally[2]. In view of SAP's strong market position, our product developments are systematically focused first and foremost on SAP systems.

As a provider of technologically leading software solutions and services that are unique in its industry, SNP supports and promotes changes in companies. The drivers of digitalization include, in particular, the introduction of the new SAP Business Suite S4 with the SAP HANA database (SAP S/4HANA). This is one of the largest update campaigns in the SAP ERP environment, and has been fully optimized for SAP HANA's in-memory computing platform. SAP S/4HANA is pushing many SAP customers to consider or plan a possible migration. More and more companies are thinking about whether, when, and especially how they should migrate their existing systems to SAP S/4HANA.

The Gartner Report described herein, (the "Gartner Report") represents research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Interim Report) and the opinions expressed in the Gartner Report are subject to change without notice.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2019

Realignment in the USA

At the turn of the year 2018/2019, a new CEO for the North America region was appointed. The key strategic objectives in the USA include stepping up the company's collaboration with major partner companies, expanding the sales team and increasing both revenue and earnings.

Acceleration of Internationalization Strategy

A new branch was established in Australia in the first quarter of 2019. Our objective is to serve the Asia-Pacific region even better. This is one of our most strategically important markets. The SNP Group is thus now present in virtually all relevant global markets.

The 2019 Annual General Meeting

With an overwhelming majority of votes, the Annual General Meeting ratified the by-elections to the Board of Directors and elected Dr. Klaus Kleinfeld and Dr. Karl Biesinger as new members of the board. The Annual General Meeting, held on June 6, 2019, also agreed to all other proposed resolutions and discharged the Managing Directors and the members of the Board of Directors. Following the Annual General Meeting, Dr. Klaus Kleinfeld was appointed as the Deputy Chairman of the Board of Directors. The Annual General Meeting also voted in favor of the creation of new authorized capital in a total amount of up to € 3,301,223; authorization was granted for the legally permissible period of five years.

Legal Restructuring: SNP Deutschland GmbH

With retroactive effect as of January 1, 2019, in early July 2019 SNP Business Landscape Management GmbH and SNP Applications EMEA GmbH were merged with SNP Transformations Deutschland GmbH; the combined company carries the new name SNP Deutschland GmbH. In addition, in late July/early August 2019, the business operations of SNP Applications DACH GmbH were transferred to SNP Deutschland GmbH with retroactive effect as of July 1, 2019. These measures have been implemented within the scope of the "ONE DE" project, with the objectives of combining potential, fulfilling customers' requirements in a more targeted manner and distributing products and services more efficiently.

[2] Gartner, Market Share Analysis: ERP Software, Worldwide, 2018, Chris Pang, Robert Anderson, et al., May 9, 2019.

SNP Strengthens its Artificial Intelligence Segment

Within the scope of its strategic development, SNP is continuing to build upon its expertise in the fields of data analytics, data science and artificial intelligence (AI). For this purpose, in June the SNP Group resolved the legal merger of its two German subsidiaries ERST Technology GmbH and Innoplexia GmbH to form the company SNP Analytics GmbH. This business combination is due to be completed by the end of 2019.

SNP Analytics will combine SNP's existing expertise in the fields of data analytics, data science and artificial intelligence (AI) and will exploit available synergy and business potential for the further expansion of SNP's new area of expertise. Closely aligned with the Group's sales units in Germany, Austria and Switzerland, SNP Analytics will be able to offer its customers significantly greater added value on the basis of joint product strategy and joint product development.

SNP is a Founding Partner of the "SAP S/4HANA Selective Data Transition Engagement" SAP Working Group

SNP SE is an active founding partner of the "SAP S/4HANA Selective Data Transition Engagement" working group established by SAP SE. This helps companies with the changeover to SAP S/4HANA in those cases where a new implementation is no more appropriate than a system conversion. As a part of the working group chaired by SAP, SNP will use its products and services to provide support for corporations through approaches which combine the characteristics of a conventional new implementation with those of a system conversion. This working group will add a valid third option for the SAP S/4HANA Movement program.

Major Order for Global SAP® Project from Swiss Energy and High-Tech Company

In May 2019, SNP secured an order for the division of the SAP system landscape of a prominent Swiss energy and high-tech company. The order volume for software and services is in the lower end of the double-digit million range. The Swiss company announced the sale of one of its business units last year. The implementation of the transaction inevitably requires a division of the underlying commercial SAP systems. SNP won the contract thanks to its software-supported analytical method (SNP CrystalBridge and SNP Interface Scanner), the performance capacity of its transformation software (SNP Transformation Backbone with SAP LT) and its broad experience in implementing transactions.

Changes in Management Personnel at SNP SE

At the start of the second half of the year, SNP strengthened its management team with two experienced senior executives: with effect as of July 1, 2019, Michael Eberhardt took charge as the company's COO. Frank Hohenadel took over as CHRO on the same date. They were both appointed to the management board of SNP SE, which now consists of four members: Dr. Andreas Schneider-Neureither (CEO), Dr. Uwe Schwellbach (CFO), Michael Eberhardt (COO) and Frank Hohenadel (CHRO).

FINANCIAL POSITION AND FINANCIAL PERFORMANCE

Revenue and Financial Performance

Following a subdued first quarter, the SNP Group significantly increased its order entry in the second quarter of 2019. In the first six months of the fiscal year, this climbed by € 17.9 million or around +27%, compared to a decrease of about -5% in the first quarter. Given the customary time lag in the second quarter, the very good order entry has not yet had any significant impact on revenue development. The increased order entry volume is expected to lead to a significant increase in revenue over the next few quarters.

In the first six months of the 2019 fiscal year, Group revenue amounted to € 58.9 million; this corresponds to a year-over-year decrease of € -6.1 million or -9.5% (previous year: € 65.0 million). The decline in the first half of the year is mainly attributable to our customers' noticeable restraint in commissioning IT projects ahead of S4 changeover projects which are due to be implemented in the near future. In addition, revenue in the amount of € 1.2 million was not realized in the first half of the year due to the delay in the launch of a project within the scope of a major order in the German-speaking (DACH) region.

Unlike in the previous year, revenue development is exclusively organically driven, since SNP has not made any company acquisitions in the past fiscal year.

Revenue Distribution by Region

In the DACH region (Germany, Austria, Switzerland), the SNP Group generated external revenue in the amount of € 28.1 million (previous year: € 32.2 million) in the first half of 2019. This corresponds to a share of total revenue of approximately 48% (previous year: 50%). The growing share of revenue outside of the DACH region is attributable to the continued successful internationalization strategy of the SNP Group as well as the increased significance of foreign revenue.

In the North America region, in the first half of 2019 external revenue amounted to € 7.2 million (previous year: € 8.0 million), which corresponds to a revenue share of around 12% (previous year: 12%). The decline in revenue in the USA is mainly attributable to the scheduled completion of a major project which was not immediately followed by follow-up orders of a similar size. The revenue contribution provided by the South America region through SNP Latam (previously Adepcon) declined by € -1.2 million to € 7.1 million; this corresponds to a revenue share of around 12% (previous year: 13%). This decrease in revenue chiefly reflects adjustments made to billable daily rates in the Service business segment with the goal of achieving a stable volume of capacity utilization in the context of the difficult economic environment in Argentina. SNP Poland contributed € 10.1 million (previous year: € 9.9 million), or 17% (previous year: 15%), of total revenue in the first half of 2019. The UK contributed € 3.7 million (previous year: € 3.6 million); this corresponds to a revenue share of approximately 6% (previous year: 6%). The Asia region contributed 5% of revenue (previous year: 4%) with € 2.7 million (previous year: € 2.9 million).

Revenue Distribution by Business Segment

On the segment side, the Service business segment (previously the Professional Services business segment), which primarily includes consulting services, contributed € 44.1 million (previous year: € 52.3 million) to revenue in the first half of the year. This corresponds to an overall revenue share of 74.9% (previous year: 80.4%) and represents a year-over-year decrease of € 8.2 million, or -15.6%. This fall in revenue is mainly attributable to:

- an increased strategic focus on revenue growth in the Cloud and Software business segment,
- a lower order entry volume in the fourth quarter of 2018 by comparison with previous years
- non-realized revenue in the amount of € 1.2 million due to the delay in the launch of a project within the scope of a major order in the German-speaking (DACH) region.

Revenue of € 14.8 million (previous year: € 12.7 million) came from the **Cloud and Software division** (incl. maintenance). This corresponds to a year-over-year increase of € 2.0 million, or approximately +16%. Licensing fees increased by € 0.6 million to € 8.2 million. While revenue with in-house products were around € 1 million higher, revenue with third-party products declined by € -0.4 million. Cloud revenue improved in the same period by € 0.3 million to € 1.3 million. As in the previous year, maintenance fees remained unchanged from the previous year to € 4.2 million.

For the first time, SNP is also reporting revenue generated through software as a service (SaaS); in the period under review, this amounts to € 1.2 million. On grounds of improved transparency, portions of the revenue generated by the companies Innoplexia GmbH and ERST GmbH were allocated to the Software business segment as SaaS revenue for the first time from the 2019 fiscal year onwards, in accordance with IFRS 8.12.

Revenue with high-margin SNP in-house products (including the revenue reported under software as a service for the first time) amounted to € 11.0 million (previous year: € 8.6 million) in the first half of 2019. This represents growth of approximately 28%. Adjusted for the reclassification of software as a service revenue, the volume of growth amounts to € +1.2 million or around +14%. In the same period, revenue in the amount of € 3.8 million (previous year: € 4.2 million) was registered with third-party products, which corresponds to a decline of approximately 10%.

Order Backlog and Order Entry

The Group-wide order entry of € 85.1 million in the first half of 2019 was around € 18 million or about 27% higher than the comparable figure for the previous year. In the second quarter of 2019, an order entry volume of € 46.2 million was achieved; compared to the same quarter in the previous year, this represents an increase of around 76% (previous year: € 26.3 million). The order entry trend was particularly positive in the core German-speaking (DACH) market: around € 41 million here corresponds to an increase of about 60% by comparison with the same six-month period in the previous year.

In the first six months of the year, order entry in connection with upcoming SAP S/4HANA projects more than tripled to about € 10 million.

The order backlog amounted to € 71.2 million as of June 30, 2019, compared to € 56.3 million as of December 31, 2018.

Earnings Position

Operating performance in the first half of 2019 was primarily affected by the year-over-year decline in service revenue. The related low level of utilization of consultants was reflected in the operating result for the first six months of the year. The operating loss in the second quarter in the amount of € -2.6 million is mainly attributable to the temporarily low level of capacity utilization in the USA and Asia (previous year: € -3.4 million).

One-off costs in connection with restructuring measures in the amount of € 0.5 million and acquisition-related expenses (amortization of identified intangible assets which were acquired through company acquisitions) in the amount of € 0.5 million also had a negative impact on earnings in the first half of 2019. These costs have not been included in the following non-IFRS figures. Furthermore, the result for the first half of 2019 includes negative overall exchange rate effects in the amount of € -0.2 million (previous year: € 0.0 million).

In € million	Jan. – Jun. 2019				Jan. – Jun. 2018			
	IFRS	**Adaption**	**Currency impact**	**Non-IFRS. adjusted for exchange rate effects**	**IFRS**	**Adaption**	**Currency impact**	**Non-IFRS. adjusted for exchange rate effects**
Revenue	58.9	0.0	0.0	58.9	65.0	0.0	0.0	65.0
Other operating income / capitalized own services	1.8	0.0	-0.7	1.1	1.8	0.0	-1.2	0.7
Cost of material	-9.0	0.0	0.0	-9.0	-10.5	0.0	0.0	-10.5
Personnel costs	-41.3	0.5	0.0	-40.8	-44.4	1.8	0.0	-42.6
Other operating expenses	-12.2	0.0	0.9	-11.3	-15.1	0.0	1.2	-14.0
Impairments on receivables and contract-based assets	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	-0.2
Other taxes	-0.2	0.0	0.0	-0.2	-0.3	0.0	0.0	-0.3
EBITDA	**-2.0**	**0.5**	**0.2**	**-1.4**	**-3.5**	**1.8**	**0.0**	**-1.7**
Depreciation	-3.9	0.5	0.0	-3.4	-2.5	0.7	0.0	-1.9
EBIT	**-5.9**	**1.0**	**0.2**	**-4.8**	**-6.0**	**2.5**	**0.0**	**-3.6**

In the first half of 2019, the SNP Group achieved an EBITDA figure (IFRS) of € -2.0 million (previous year: € -3.5 million) and an EBITDA figure (non-IFRS; adjusted for exchange rate effects) of € -1.4 million (previous year: € -1.7 million). This corresponds to a year-over-year EBITDA improvement of € 1.5 million (IFRS) and an improvement of € 0.3 million (non-IFRS; adjusted for exchange rate effects).

The EBITDA margin (IFRS) is thus -3.5% (previous year: -5.4%); the EBITDA margin (non-IFRS; adjusted for exchange rate effects) is -2.3% (previous year: -2.7%). In the same period, the EBIT figure (IFRS) amounted to € -5.9 million (previous year: € -6.0 million) and the EBIT figure (non-IFRS; adjusted for exchange rate effects) to € -4.8 million (previous year: € -3.6 million).

Expenses (IFRS) were reduced in the reporting period in line with the revenue trend. The cost of materials and purchased services were reduced disproportionately strongly by comparison with the revenue trend, by € -1.4 million or -13.7% to € 9.0 million.

As of June 30, 2019, the Group had 1,237 employees (previous year: 1,350). This corresponds to a decrease of around 8%, which is mainly attributable to a series of restructuring measures over the past twelve months. Personnel expenses accordingly decreased by € -3.1 million to € 41.3 million. Personnel costs include restructuring costs in the first half of the year in the amount of € 0.5 million (previous year: € 1.8 million).

Depreciation and amortization increased by € 1.3 million year-over-year to € 3.9 million. This significant increase is attributable to the first-time application of IFRS 16. SNP has applied the accounting rule IFRS 16 since January 1, 2019, subject to a modified retrospective approach. Accordingly, at the start of the year leases and rental agreements were capitalized in the form of rights of use for the first time, in the amount of € 15.9 million. The additional first-time capitalization of rights of use less amortization of rights of use in the first half of the year resulted in a final volume of € 18.8 million as of June 30, 2019. The amortization amount on rights of use totals € 2.1 million in the first half of 2019. In addition, amortization in the amount of € 0.5 million is attributable to intangible assets capitalized for the first time within the scope of the initial consolidation of acquired companies.

Other operating expenses have decreased by € 2.9 million to € 12.2 million; of this amount, € 1.8 million relates to the first-time application of IFRS 16. Adjusted for this effect, cost savings of € 1.1 have thus been realized.

Other operating income decreased by € 0.5 million to € 1.3 million. This decline is mainly attributable to lower exchange rate gains.

Other financial expenses of € 0.7 million during the reporting period stood in contrast with other financial income of only € 0.2 million. The net financial result of € -0.5 million (previous year: € -0.6 million) was thus negative, resulting in earnings before taxes of € -6.4 million (previous year: € -6.7 million). With income tax income of € 1.6 million (previous year: income of € 1.3 million), the first half of 2019 recorded a net loss of € -4.8 million (previous year: € -5.4 million). This corresponds to a net margin of -8.2% (previous year: -8.3%). Accordingly, diluted and basic earnings per share amounted to € -0.72 (previous year: € -0.95).

Net Assets

Total equity and liabilities have increased by € 6.5 million compared with December 31, 2018, to € 158.3 million. The trends for current and noncurrent assets have moved in opposite directions. While current assets decreased by € 14.4 million to € 61.8 million, noncurrent assets increased by € 20.9 million to € 96.5 million.

The decrease in current assets chiefly reflects the € 16.9 million reduction in cash and cash equivalents. This contrasts, in particular, with increased trade receivables and other receivables as well as contract assets in the amount of € 2.2 million. Besides the negative result, the decline in cash and cash equivalents is mainly attributable to the payment of current employee liabilities and the settlement of purchase price liabilities as well as advance payments for rental rights of use.

The increase in noncurrent assets is primarily associated with the first-time application of IFRS 16. Accordingly, on January 1, 2019 leases and rental agreements were capitalized in the form of rights of use for the first time, in the amount of € 15.9 million. Talking into account other capitalized rights of use and less amortization in the first half of 2019, on June 30, 2019 the amount capitalized for rights of use and advance payments for rights of use totals € 18.8 million.

Financial Position

On the equity and liabilities side, current liabilities increased from € 36.2 million as of December 31, 2018 to 40.4 million as of June 30, 2019. This change is mainly attributable to the € 6.9 million increase in financial liabilities to € 12.3 million. The financial liabilities are characterized by countervailing effects. Liabilities due to promissory note loans have increased by € 5.0 million due to a reclassification from noncurrent to current liabilities. The first-time application of IFRS 16 also increased the volume of liabilities, as a result of which current leasing liabilities have risen by € 4.6 million. On the other hand, purchase price liabilities for acquisitions were reduced by € -2.4 million due to purchase price payments. Other nonfinancial liabilities decreased by € 1.5 million to € 14.5 million. In particular, this was due to the settlement of employee-related liabilities.

Compared with December 31, 2018, noncurrent liabilities increased by € 5.6 million to € 51.8 million. This rise is mainly attributable to the € 5.7 million increase in financial liabilities to € 48.5 million. This change resulted due to countervailing effects. Due to the first-time application of IFRS 16, SNP has reported noncurrent leasing liabilities which have increased by € 11.2 million. This contrasts with a reclassification of liabilities due to promissory note loans in the amount of € 5.0 million from noncurrent financial liabilities to current financial liabilities. The remaining noncurrent liabilities in connection with promissory note loans thus amount to € 34.7 million.

The Group's equity declined in the first six months of 2019 from € 69.4 million to € 66.1 million. Subscribed capital, capital reserves and treasury shares remained unchanged. Due to the net loss for the period, retained earnings decreased by € 4.8 million to € 2.8 million. Other components of equity have increased by € 1.5 million to € -3.0 million on account of the change in the currency translation adjustment item. Due to the decrease in equity combined with a simultaneous increase in total equity and liabilities to € 158.2 million as of June 30, 2019, the equity ratio declined from 45.7% to 41.7%.

Development of Cash Flow and the Liquidity Position

The negative operating cash flow in the amount of € -8.0 million (previous year: € -5.3 million) in the first six months of the 2019 fiscal year is mainly attributable to the loss for the period (€ -4.8 million) as well as the € 2.5 million reduction in trade payables and other liabilities as well as a € 2.8 million increase in inventories, trade receivables and other assets. On the other hand, the adjustment for depreciation and amortization (€ 3.9 million) was an offsetting factor.

The negative cash flow from investing activities in the amount of € -4.5 million (previous year: € 9.1 million) is mainly attributable to payments for purchase price installments in connection with company acquisitions in previous years (€ 3.0 million) and to investments in property, plant and equipment and intangible assets (€ 1.7 million). This contrasts with proceeds from the disposal of intangible assets and property, plant and equipment in the amount of € 0.2 million.

Financing activities have resulted in a negative cash flow in the amount of € -4.4 million (previous year: negative cash flow of € -0.6 million). This negative cash flow has mainly resulted from the settlement of leasing liabilities in the amount of € 4.4 million. The effects of changes in foreign exchange rates on cash and bank balances have resulted in an impact of € -0.1 million (previous year: € -0.5 million).

Overall cash flow during the reporting period came to € -16.9 million (previous year: € -15.4 million). Taking into account the changes presented here, the level of cash and cash equivalents decreased to € 23.0 million as of June 30, 2019. As of December 31, 2018, cash and cash equivalents amounted to € 40.0 million. Overall, the SNP Group remains very solidly positioned financially.

Employees

As of June 30, 2019, the number of employees of the SNP Group decreased to 1,237; as of December 31, 2018, they totaled 1,286 employees. The employees included 2 Managing Directors (as of December 31, 2018: 2), 21 managers (as of December 31, 2018: 20) and 28 trainees, students and interns (as of December 31, 2018: 27). The average number of employees during the reporting period, excluding the aforementioned group of individuals, was 1,213 (previous year: 1,306).

Confirmation of Forecast

As in previous years, it is assumed that, in the current fiscal year, revenue will not be evenly distributed over the quarters and that the second half of the year will be much stronger. The very good order situation will have a positive impact on revenue and earnings growth in the second half of 2019. An EBIT margin (IFRS) in the low double-digit percentage range is expected in the second half of 2019.

Overall, the management continues to expect Group revenue of between € 145 million and € 150 million in the 2019 fiscal year and plans on an operating earnings margin (EBIT margin, IFRS) in the lower- to mid-single-digit percentage range over the full year. According to the Group's planning, the Software business segment will account for around 26% of this target revenue for the entire year and the Services business segment for approximately 74%. Due to the increased strategic focus on revenue growth in the Cloud and Software business segment, this ratio is set to shift to a ratio of around 30% software revenue and 70% service revenue in the second half of 2019.

While the EBIT margin excluding non-segment-related expenses is expected to be largely balanced in the Services business segment at the end of the year, for the Software business segment the management expects an EBIT margin in the lower- to mid-double-digit percentage range. Apart from acquisition-related expenses (amortization of identified intangible assets acquired in previous years through company acquisitions) in the amount of € 1.0 million and the restructuring expenses already incurred in the amount of € 0.5 million, the current budget planning for the 2019 fiscal year does not envisage any significant operating expenses according to non-IFRS indicators. The expected IFRS and non-IFRS EBIT margins for 2019 as a whole therefore differ by around 1%.

The SNP Group is sticking to the prioritized mid-term goal of a structural increase in its profitability.

Heidelberg, August 1, 2019

The Managing Directors

Dr. Andreas Schneider-Neureither

Dr. Uwe Schwellbach

Michael Eberhardt

Frank Hohenadel

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2019

ASSETS

In € thousand	June 30, 2019	Dec. 31, 2018 [1]	June 30, 2018
Current assets			
Cash and cash equivalents	23,040	39,974	18,486
Other current assets	1,385	1,520	197
Trade receivables and other receivables	26,063	26,938	33,014
Contract asset values	7,920	4,881	3,554
Inventories	377	371	371
Other non-financial assets	2,882	2,125	2,610
Tax receivables	138	386	308
	61,805	**76,195**	**58,540**
Non-current assets			
Goodwill	54,921	53,733	51,621
Intangible assets	7,803	7,980	9,009
Property, plant and equipment	5,489	6,066	6,128
Rights of use	18,846	0	0
Other financial assets	868	711	794
Investments accounted for under the equity method	0	0	0
Trade receivables and other receivables	205	409	270
Other non-financial assets	18	35	66
Deferred taxes	8,349	6,636	3,348
	96,499	**75,571**	**71,236**
	158,304	**151,766**	**129,776**

EQUITY AND LIABILITIES

In € thousand	June 30, 2019	Dec. 31, 2018 [1]	June 30, 2018
Current liabilities			
Trade payables and other liabilities	5,097	8,959	7,238
Contract liabilities	7,890	4,580	3,033
Tax liabilities	417	915	394
Financial liabilities	12,345	5,353	6,301
Other non-financial liabilities	14,501	16,002	15,242
Provisions	188	399	107
Deferred income	0	0	1,258
	40,438	**36,208**	**33,573**
Non-current liabilities			
Trade payables and other liabilities	270	273	661
Contract liabilities	42	5	0
Financial liabilities	48,484	42,794	47,993
Provisions for pensions	2,109	2,062	1,560
Deferred taxes	886	1,015	73
Deferred income	0	0	14
	51,791	**46,149**	**50,301**
Equity			
Subscribed capital	6,602	6,602	5,474
Capital reserve	59,968	59,968	54,260
Retained earnings	2,826	7,605	-6,830
Other components of the equity	-2,996	-4,495	-6,758
Treasury shares	-415	-415	-415
Equity attributable to shareholders	**65,985**	**69,265**	**45,731**
Non-controlling interests	90	144	171
	66,075	**69,409**	**45,902**
	158,304	**151,766**	**129,776**

[1] In accordance with the transition options that we have adopted as per IFRS 16, prior periods have not been adjusted in line with the new accounting and measurement methods.

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2019

In € thousand	1st half-year 2019	1st half-year 2018	2nd quarter 2019	2nd quarter 2018
Revenue	**58,896**	**65,045**	**30,139**	**33,492**
Service	**44,139**	**52,308**	**21,608**	**26,867**
Cloud	1,254	989	643	565
Software licenses	8,181	7,585	5,020	3,888
Software-as-a-service	1,166	0	651	0
Software support	4,156	4,163	2,217	2,172
Cloud and Software	**14,757**	**12,737**	**8,531**	**6,625**
Capitalized own services	552	0	552	0
Other operating income	1,252	1,848	532	1,015
Cost of material	-9,042	-10,481	-4,771	-5,346
Personnel costs	-41,262	-44,373	-20,768	-23,010
Other operating expenses	-12,248	-15,058	-6,358	-7,875
Impairments on trade receivables and contract assets	-18	-225	-15	-225
Other taxes	-174	-255	-100	-137
EBITDA	**-2,044**	**-3,499**	**-788**	**-2,086**
Depreciation and impairments on intangible assets and property, plant and equipment	-3,853	-2,544	-1,801	-1,336
EBIT	**-5,897**	**-6,043**	**-2,589**	**-3,422**
Income from investments accounted for using the equity method	0	0	0	0
Other financial income	174	31	165	8
Other financial expenses	-701	-669	-452	-359
Net financial income	**-527**	**-638**	**-287**	**-351**
EBT	**-6,424**	**-6,681**	**-2,876**	**-3,773**
Income taxes	1,592	1,311	883	729
Consolidated net loss	**-4,832**	**-5,370**	**-1,993**	**-3,044**
Thereof:				
Profit attributable to non-controlling shareholders	-53	-179	-27	-118
Profit attributable to shareholders of SNP Schneider-Neureither & Partner SE	-4,779	-5,191	-1,966	-2,926
Earnings per share	**€**	**€**	**€**	**€**
- Undiluted	-0.72	-0.95	-0.29	-0.54
- Diluted	-0.72	-0.95	-0.29	-0.54
Weighted average number of shares	**in thousand**	**in thousand**	**in thousand**	**in thousand**
- Undiluted	6,602	5,474	6,602	5,474
- Diluted	6,602	5,474	6,602	5,474

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2019

In € thousand	1st half-year 2019	1st half-year 2018	2nd quarter 2019	2nd quarter 2018
Net income for the period	**-4,832**	**-5,370**	**-3,712**	**-3,044**
Items that may be reclassified to profit or loss in the future				
Currency translation differences	1,498	-5,071	781	-4,989
Deferred taxes on currency translation differences	0	0	0	0
	1,498	**-5,071**	**781**	**-4,989**
Items that will not be reclassified to profit or loss				
Change from the revaluation of defined benefit pension plans	0	0	0	0
Deferred taxes on revaluation of defined benefit pension plans	0	0	0	0
	0	**0**	**0**	**0**
Income and expenses directly recognized in equity	**1,498**	**-5,071**	**781**	**-4,989**
Total comprehensive income	**-3,334**	**-10,441**	**-1,212**	**-8,033**
Profit attributable to non-controlling shareholders	-54	-170	-33	-109
Profit attributable to shareholders of SNP Schneider-Neureither & Partner SE in total comprehensive income	**-3,280**	**-10,271**	**-1,179**	**-7,924**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2019

In € thousand	1st half-year 2019	1st half-year 2018
Profit after tax	**-4,832**	**-5,370**
Depreciation	3,853	2,544
Change in provisions for pensions	47	29
Other non-cash income/expenses	-1,771	-2,767
Changes in trade receivables, contract assets, other current assets, other non-current assets	-2,767	2,516
Changes in trade payables, contract liabilities, other provisions, tax liabilities, other current liabilities	-2,510	-2,247
Cash flow from operating activities (1)	**-7,980**	**-5,295**
Payments for investments in property, plant and equipment	-1,014	-2,183
Payments for investments in intangible assets	-660	-134
Proceeds from the disposal of items of intangible assets and property, plant and equipment	197	283
Payments resulting from the acquisition of consolidated companies and other business units	-3,040	-7,016
Cash flow from investing activities (2)	**-4,517**	**-9,050**
Proceeds from loans taken out	23	0
Payments for the settlement of loans and other financial liabilities	-67	-582
Payments resulting from the settlement of lease liabilities	-4,341	0
Cash flow from financing activities (3)	**-4,385**	**-582**
Changes in cash and cash equivalents due to foreign exchange rates (4)	-52	-464
Cash change in cash and cash equivalents (1)+(2)+(3)+(4)	**-16,934**	**-15,391**
Cash and cash equivalents at the beginning of the fiscal year	39,974	33,877
Cash and cash equivalents as as of June 30	**23,040**	**18,486**

Composition of cash and cash equivalents:		
Cash and cash equivalents	23,040	18,486
Cash and cash equivalents as of June 30	**23,040**	**18,486**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM JANUARY 1, 2018 TO JUNE 30, 2019

In € thousand	Subscribed Capital	Capital reserve	Retained earnings
As of Jan 1, 2018	**5,474**	**54,260**	**-384**
Total comprehensive income			-5,191
Acquisition minorities			-1,255
As of June 30, 2019	**5,474**	**54,260**	**-6,830**
Capital increase	1,128	16,369	
Change consolidation group		-10,661	10,661
Total comprehensive income			3,774
Acquisition minorities			0
As of Dec. 31, 2018	**6,602**	**59,968**	**7,605**
Total comprehensive income			-4,779
As of June 30, 2019	**6,602**	**59,968**	**2,826**

Other components of equity						
Currency conversion	**Revaluation of performance-oriented obligations**	**Other components of equity Total**	**Treasury**	**Shareholders of SNP SE attributable capital**	**Non-controlling shares**	**Total equity**
-1,284	**-394**	**-1,678**	**-415**	**57,257**	**276**	**57,533**
-5,080	0	-5,080		-10,271	-170	-10,441
				-1,255	65	-1,190
-6,364	**-394**	**-6,758**	**-415**	**45,731**	**171**	**45,902**
				17,497		17,497
		0		0		0
2,351	-88	2,263		6,037	-27	6,010
				0		0
-4,013	**-482**	**-4,495**	**-415**	**69,265**	**144**	**69,409**
1,499	0	1,499		-3,280	-54	-3,334
-2,514	**-482**	**-2,996**	**-415**	**65,985**	**90**	**66,075**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2019

COMPANY INFORMATION

SNP Schneider-Neureither & Partner SE (SNP SE or "the company") is a listed corporation based in Heidelberg, Germany. These consolidated interim financial statements for the period from January 1 to June 30, 2019 were released for publication by resolution of the Managing Directors on August 1, 2019.

BASIS FOR REPORTING

These condensed consolidated interim financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting." Accordingly, this interim report does not contain all information and disclosures in the notes that are required for consolidated financial statements as of the end of a fiscal year in accordance with IFRS. The accounting and measurement principles applied in these interim financial statements essentially conform to those in the consolidated financial statements as of the end of the 2018 fiscal year. A detailed description of accounting principles is published in the notes to the consolidated financial statements in the 2018 Annual Report, which can be viewed at www.snpgroup.com under the heading About/Investor Relations/Financial Publications.

There are no seasonal factors.

SCOPE OF CONSOLIDATION

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

COMPANY NAME	COMPANY HEADQUARTERS	SHARE OWNERSHIP IN %
SNP Deutschland GmbH (previously SNP Transformations Deutschland GmbH)	Heidelberg, Germany	100
SNP Business Landscape Management GmbH	Heidelberg, Germany	100
SNP Applications DACH GmbH	Heidelberg, Germany	100
SNP Applications EMEA GmbH	Heidelberg, Germany	100
SNP GmbH	Heidelberg, Germany	100
SNP Austria GmbH	Pasching, Austria	100
SNP (Schweiz) AG	Steinhausen, Switzerland	100
SNP Resources AG	Steinhausen, Switzerland	100
SNP Transformations, Inc.	Jersey City, New Jersey, USA	100
SNP Schneider-Neureither & Partner ZA (Pty) Limited	Johannesburg, South Africa	100
Hartung Consult GmbH	Berlin, Germany	100
Hartung Informational System Co., Ltd.	Shanghai, China	100
SNP Transformations SEA Pte. Ltd.	Singapore	81
SNP Transformations Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	81
Harlex Management Ltd.	London, U.K.	100
Harlex Consulting Ltd.	London, U.K.	100
SNP Poland Sp. z o.o.	Suchy Las, Poland	100
Innoplexia GmbH	Heidelberg, Germany	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
ERST European Retail Systems Technology GmbH	Hamburg, Germany	100
SNP Australia Pty Ltd.[1]	Sydney, Australia	100

[1] SNP Australia Pty Ltd. was established in January 2019.

SNP Applications Singapore Private Limited, Singapore, and Schneider Neureither & Partner Iberica, S.L., Madrid, were removed from the scope of consolidation in the first half of 2019.

ACCOUNTING AND MEASUREMENT METHODS

As of January 1, 2019, SNP revised some of its accounting and measurement methods within the scope of its implementation of the new rules in IFRS 16 (Leases).

IFRS 16 Leases

The IASB issued IFRS 16 on January 13, 2016. This standard replaces the previous standard on accounting for leases, IAS 17 (Leases), as well as the related interpretations. The new standard on leases will apply for us from January 1, 2019 onwards. At SNP, the changeover to IFRS 16 was implemented as of January 1, 2019 on the basis of the modified retrospective method, with recognition of the cumulative changeover effect. The reference figures for the previous year have not been adjusted.

For lessees, IFRS 16 introduces a consistent approach for recognition of leases in the statement of financial position: for all leases, assets will be recognized in the statement of financial position for the rights of use to the leased assets, while liabilities will be recognized for the payment obligations entered into. The new rules on accounting for leases affect SNP as a lessee, particularly in relation to its real estate and vehicle leases. The rules on accounting for leases on the part of the lessor are not relevant for SNP.

According to IFRS 16, the leasing liabilities which must be reported for leases where SNP is the lessee must be recognized at the present value of the outstanding lease payments. The weighted average interest rate which was applied for the discounting of the leases as of January 1 was 4.3%. The right of use for the leasing property as an asset was likewise capitalized at the present value of the outstanding lease payments. The probability of the exercise of purchase, extension and termination options was estimated on the basis of the information currently available in determining the remaining terms of the leases as of the date of first-time application. These estimates were based on discretionary factors.

SNP has made use of the following simplified approaches within the scope of IFRS 16:

- SNP will continue not to recognize rights of use and related liabilities resulting from current or low-value leases in its statement of financial position.
- Leases for intangible assets within the scope of IAS 38 will not be handled in accordance with IFRS 16.
- No distinction will be made between leasing and non-leasing components for any rights of use to assets, with the exception of those for land, land rights or buildings, including buildings on third-party land.
- Leases which previously fell under the scope of IAS 17 and its related interpretations will continue to be treated as leases within the meaning of IFRS 16.
- Directly allocable costs as of the conclusion of an agreement were not taken into consideration as of the date of first-time application.
- The carrying amounts of the rights of use and the leasing liabilities for leases classified as finance leases according to IAS 17 were maintained as of the date of first-time application.

Overall, the following changes have resulted due to the first-time application of IFRS 16 in the consolidated statement of financial position as of January 1, 2019[1]:

in € thousand	Carrying amount under IAS 17 Dec. 31, 2018	Remeasurement	Reclassification	Carrying amount under IAS 16 Jan. 1, 2019
ASSETS				
Property, plant and equipment	6,066		-758	5,308
Rights of use	0	15,945	758	16,703
LIABILITIES				
Current financial liabilities	5,353	3,033		8,386
of which leasing obligations	395	3,033		3,428
Noncurrent financial liabilities	42,794	12,912		55,706
of which leasing obligations	359	12,912		13,271

[1] The above summary exclusively comprises the items in the statement of financial position affected by the changes resulting from the first-time application of IFRS 16.

Recognized rights of use had developed as follows as of June 30, 2019:

in € thousand	June 30, 2019
Rights of use – land and buildings	17,372
Rights of use – other equipment, operating and office equipment	1,474
Total rights of use	**18,846**

Recognized leasing liabilities had developed as follows as of June 30, 2019:

in € thousand	June 30, 2019
Current leasing liabilities	4,955
Noncurrent leasing liabilities	11,525
Total leasing liabilities	**16,480**

The income statement developed as follows in the first half of 2019:

in € thousand	1st half-year 2019
Amortization of rights of use	2,108
Interest expenses for leasing liabilities	280

In the first six months of 2019, IFRS 16 also affected SNP's statement of cash flows: the cash flow from operating activities increased by € 4,341 thousand, while the cash flow from financing activities decreased by € 4,341 thousand.

Associates

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

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

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

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

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

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

SEGMENT REPORTING

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

in € thousand	SERVICE	SOFTWARE	TOTAL
Segment result			
1st half-year 2019	-4,343	1,928	-2,415
Margin	-9.8%	13.1%	-4.1%
1st half-year 2018	-4,454	1,801	-2,653
Margin	-8.5%	14.1%	-4.1%
External revenue			
1st half-year 2019	44,139	14,757	58,896
1st half-year 2018	52,308	12,737	65,045

RECONCILIATION

in € thousand	**1st half-year 2019**	**1st half-year 2018**
Result		
Total of reportable segments	-2,415	-2,653
Expenses not allocated to the segments	-3,482	-3,390
EBIT	**-5,897**	**-6,043**

Additional Information on Segment Reporting

While the Software business segment's revenue increased by € 2.0 million due to higher sales of in-house products as well as the reporting of software-as-a-service revenue for the first time, at € 44.1 million service revenue was significantly (€ 8.2 million) lower than in the previous year. On grounds of improved transparency, portions of the revenue generated by the companies Innoplexia GmbH and ERST GmbH were allocated to the Software business segment as SaaS revenue for the first time from the 2019 fiscal year onwards in accordance with IFRS 8.12.

The decline in service revenue is mainly attributable to our customers' restraint in commissioning IT projects ahead of S4 changeover projects which are due to be implemented in the near future.

The absolute segment earnings improved slightly in both business segments. While the earnings contribution provided by the Software business segment amounted to € 1.9 million in the first half of 2019 (previous year: € 1.8 million), the Service business segment's EBIT figure was negative at € -4.3 million (previous year: € -4.5 million). The result for the Service business segment reflects the low level of utilization of consultants. The associated decline in earnings was only partly made up for through cost savings.

ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS AND THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The payments resulting from the acquisition of consolidated companies and other business units include purchase price payments for the acquisitions in the period from 2017 to 2018.

Material actuarial gains/losses are not expected from the actuarial measurement of pensions and other post-employment benefits either at the end of the first six months of 2019 or at the end of 2019. Currency translation effects, which are to be reflected in equity without an effect on profit or loss, amounted to € 1,498 thousand in the first six months of 2019 (previous year: € -5,071 thousand). This change is mainly associated with the foreign-currency measurement of goodwill.

RELATED PARTY DISCLOSURES

SNP SE has signed several rental agreements for office space and parking spaces for cars. These agreements have been concluded between the Chairman of the Board of Directors (who is also a Managing Director) and related parties. The invoicing of services is done at arm's-length conditions as with third parties. As of June 30, 2019, related expenses were € 211 thousand (previous year: € 219 thousand); as of June 30, 2019, there were no outstanding liabilities. In June 2019, SNP Transformations, Inc. signed a 10-year rental agreement for the use of facilities with a related party. Advance payments in the amount of USD 3 million were made for this rental agreement.

THE 2019 ANNUAL GENERAL MEETING

The Annual General Meeting of SNP SE, which took place in Wiesloch on June 6, 2019, approved all the points on the agenda by a substantial majority. Among other items, the shareholders accepted the proposal of the Board of Directors regarding the appropriation of profit and resolved not to distribute any dividend. In addition, the Annual General Meeting ratified the by-elections to the Board of Directors and elected Dr. Klaus Kleinfeld and Dr. Karl Biesinger as new members of the board. Following the Annual General Meeting, Dr. Klaus Kleinfeld was appointed as the Deputy Chairman of the Board of Directors. The Annual General Meeting also voted in favor of the creation of new authorized capital in a total amount of up to € 3,301,223; authorization was granted for the legally permissible period of five years.

TREASURY SHARES

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

EVENTS AFTER THE INTERIM REPORTING PERIOD

No events have occurred since June 30 which have had a material impact on the midyear consolidated financial statements.

OTHER DISCLOSURES

The members of the Board of Directors do not own any share options in accordance with Section 160 (1) (2) and (5) of the German Stock Corporation Act (AktG). No major changes occurred to contingent liabilities and other financial obligations stated as of December 31, 2018, during the 2019 reporting period.

PENDING LITIGATION AND CLAIMS FOR DAMAGES

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

Heidelberg, Germany, August 1, 2019

The Managing Directors

Dr. Andreas Schneider-Neureither

Dr. Uwe Schwellbach

Michael Eberhardt

Frank Hohenadel

RESPONSIBILITY STATEMENT

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

Heidelberg, Germany, August 1, 2019

The Managing Directors

Dr. Andreas Schneider-Neureither

Dr. Uwe Schwellbach

Michael Eberhardt

Frank Hohenadel

REVIEW REPORT

To SNP Schneider-Neureither & Partner SE, Heidelberg

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of SNP Schneider-Neureither & Partner SE, Heidelberg, for the period from January 1 to June 30, 2019, which are part of the half-year financial report according to § 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company´s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Stuttgart, August 1, 2019

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Peter Künkele	Jörg Müller
Auditor	Auditor

FINANCIAL CALENDER

October 30, 2019	Publication of the Interim Statement for Quarter III

All dates are provisional only.
The current financial calendar can be sonsulted at:
www.snpgroup.com/eng/Investor-Relations/Financial-calendar

CONTACT

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

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