Interim Financial Report 2019/2020

(01 December 2019 to 31 May 2020)

SERVICEWARE SE, Bad Camberg

LETTER TO SHAREHOLDERS

Dear Shareholders of Serviceware SE,

During the first half year of fiscal 2019/2020 (as at the end of May 2020), Serviceware SE has made in the wake of its programme for the acceleration of growth relevant strategic progress and has set the further course for its long-term growth. Major success was achieved, amongst other things, with the increasing approaching of large groups as customers and internationalisation. During the reporting period our business development was also reflected by the evolution of our sales revenues. Although the ongoing Coronavirus pandemic curbed corporate growth, we were able to altogether increase revenues during the first half year by 8.0% from EUR 32.8 million to EUR 35.4 million. A focus of our business activities was on the further extension of SaaS (Software as a Service) / Service, with disproportionate increases in sales revenues by 22% to EUR 15.3 million. This business unit offers us high growth potentials and comes along with rising recurring revenues. We intend to further expand SaaS/Service, since the rising recurring revenues lead to a better predictability of our business development.

The number of new customers recruited during the first half year is further evidence of our positive development. We altogether succeeded in gaining 34 companies as new customers for Serviceware. This included a US investment bank for the software solution Serviceware Performance (cubus outperform) as well as a further company from the German Stock Index DAX for the software solution Serviceware Financial (anafee) – one of the largest individual licence deals in our corporate history. At present, already 12 of the DAX 30 companies use software solutions from Serviceware. We are very satisfied with the development of our software solutions Serviceware Financial and Serviceware Performance during the first half year. During the second quarter we recorded a significant rise in demand and sales for Serviceware Financial and Performance. In these pandemic times it increasingly matters for companies to identify cost drivers and significantly cut costs. Our products have many different functions which support companies in doing exactly that.

We have extended our unique modular Enterprise Service Management (ESM) platform by adding the technology and the team of the Messaging and Chat provider smoope. During the coming weeks and months, the technology and know-how are to be integrated into the Serviceware Group. Since the takeover of the team and the technology of smoope in April 2020 already most of the smoope customers have changed over to Serviceware. Service is only created by the interaction and communication with customers. This means that communication is a central aspect of service provision, but the type of communication has considerably changed during the past years. Today, companies must respond to customer requests within a very short period of time. With smoope they can easily integrate a messaging platform into existing websites or apps without customers having to download additional new apps or chat programmes. Consequently, customers are approached in a targeted manner at the place where they anyway stay to take up information.

Moreover, we can see that an increasing number of Serviceware customers decides in favour of other modules of the ESM platform. This proves that our cross-selling approach continues to work. We are likewise excellently positioned for the long term with our ESM platform. Digitalisation and cost transparency remain the drivers of our growth in the long run. We support customers in digitising service processes, and we want to benefit from market opportunities and further expand our market share.

Our international sales organisations have been further strengthened. Our international sales team in the United Kingdom has, for instance, reported a significant sales success with a leading European food group.

We invest a lot into the future of the company to sustainably increase the value of Serviceware SE. During the first half year 2019/2020 we invested EUR 2.7 million on an EBIT level within the framework of our programme for accelerated growth. This includes investments into internationalisation, integration costs for Serviceware Knowledge (SABIO) and Serviceware Performance and the orientation towards strategic large customer business. The unadjusted EBIT amounted during the reporting period to around EUR -0.7 million. The EBIT adjusted for the expenditure of the programme for the acceleration of growth was reported with an amount of EUR 2.0 million.

Against the backdrop of the challenges of the global Covid-19 pandemic for the business community, we as Serviceware are satisfied with our development during the first half year. However, like almost every other company around the globe, we were hit by the impact of the pandemic. Nonetheless, we succeeded during the past weeks and months in recruiting a double-digit number of new customers. But other customers were more reluctant with orders or postponed projects to the coming months. We felt this, more particularly, during the second half of March and in April. Due to Covid-19 we switched at Serviceware within a very short period of time to a large extent to home office and remote work, and in parts of the company we introduced short-time work from May onwards. Both in technical and operational terms, the changeover was absolutely smooth. We would, therefore, like to expressly thank our colleagues for their co-operation and their commitment. To save costs and to send out a clear personal signal in this unique crisis situation, the managing directors of the company have waived a significant part of their fixed salary. Furthermore, CEO Dirk K. Martin and CFO Harald Popp have not received any bonus payments for the first fiscal half year.

Given the uncertainties around the Covid-19 pandemic, a concrete forecast based on the reporting date is at present not possible. In the current pandemic environment, we are basically well positioned. The pandemic has different effects on our operational business. Whereas we record a significant increase in demand for some of our products, the demand is rather stifled compared to previous months for other products. Nonetheless, we consider that we are in a good position because of the good business development during the first half year to continue to write our success story after the end of the pandemic. Our unique ESM platform and the trend towards digitalisation of service processes constitute the basis for our successful business development.

Best regards,

Dirk K. Martin	Harald Popp	Dr. Alexander Becker
(CEO)	(CFO)	(COO)

1 Interim Group Management Report for the First Half Year 2019/2020

1.1 General Economic Development

The first half of the Serviceware fiscal year 2019/20 was marked, due to the Covid-19 pandemic, by a deep economic cut which will continue for the global economy for the foreseeable future. The International Monetary Fund (IMF) forecasts in its publication of June 2020 – after a plus of 2.9% in 2019 – negative growth of 4.9% for the global economy.[1] For the Euro area the IMF expects even a decline by 10.2%, after a plus of 1.2% during the previous year. However, it is practically impossible for the key institutions to make a reliable forecast on the development of the world economy. The IMF, for instance, had to revise in its most recent publication the forecast of -3.0% still made in April for the global economy and -7.5% for the Euro area downwards.

The German economy, too, suffered at the beginning of the year from an economic downswing, even if it did not yet experience any noteworthy dips caused by the Coronavirus in January and February. According to the Federal German Statistical Office (Destatis) the gross domestic product (GDP) was 2.2% below the fourth quarter of 2019 during the first quarter 2020 – after adjustment for prices, season and calendar.[2] This is the second lowest value since the German reunification. Only Q1 / 2009 had been lower with -4.7%. Merely consumption spending of the state and investments in buildings had a slightly stabilising effect on growth.

Germany's leading economic research institutes have significantly lowered their forecast for 2020 in their spring expert report against the backdrop of the Covid-19 pandemic. For the second quarter 2020 they anticipate a historic economic downswing of 9.8% and for the full year they believe that the gross domestic product will drop by 4.2%. However, the institutes consider that Germany is strong enough to reach in the medium term again an economic level which would exist without the crisis. According to the Bundesbank, an economic growth of 3.2% is already likely for next year.[3]

1.2 Industry Development

The digital industry has had to fight against the impact of the Corona pandemic since March. According to the industry association Bitkom, every third company recorded a decline in demand in March and 55% of the companies were fighting against negative effects on their daily business.[4] In May, there had been a slight change in trend and the ITC industry has again a slightly more positive look into the future. The higher demand

[1] According to the internet publication of the IMF of June 2020, published under: https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020

[2] According to the internet publication of the Federal Statistical Office of 15 May 2020, published under: https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/05/PD20_169_811.html

[3] According to a press release of the German Bundesbank of 5 June 2020, published under: https://www.bundesbank.de/de/presse/pressenotizen/bundesbank-projektionen-deutsche-wirtschaft-holt-nach-tiefer-rezession-wieder-auf-834274

[4] According to the internet publication of the BITKOM Association of 30 March 2020, published under: https://www.bitkom.org/Presse/Presseinformation/Corona-Krise-drueckt-Stimmung-in-der-Digitalbranche

for digital solutions during the crisis for obstacles arising as a result of the lockdown, can represent an enormous growth opportunity for the digital industry.

The growth in sales revenues for the ITC market to EUR 172.2 billion (+1.5%) still expected by Bitkom in January will not be feasible in the light of the Covid-19 crisis. The extent to which the development in the software segment will actually deviate from the forecast growth of EUR 27.6 billion (+6.4%), cannot yet be established at the end of the first fiscal half year.[5] Bitkom President Achim Berg is cautiously optimistic: "The Corona crisis is not yet over and it would be too early to talk about optimism. However, the companies of the digital industry are again more positive and the hope is growing that the worst is behind us."[6]

1.3 Business Development

Ratios of the Financial Statements as at 31 May 2020

	01 December to 31 May			
In kEUR	**2019/2020**	**2018/2019**	**Variation**	**in %**
Sales revenues	35,397	32,778	2,619	8%
thereof SaaS/Service	15,335	12,548	2,787	22%
EBITDA	1,007	1,364	-357	-26%
Adjusted EBITDA*	3,422	4,095	-672	-16%
EBIT	-670	929	-1,599	-172%
Adjusted EBIT*	2,018	3,908	-1,890	-48%
Financial result	-106	-82	-24	29%
Results for the period before taxes	-776	847	-1,623	-192%
Adjusted result before taxes*	1,912	3,826	-1,914	-50%
Income tax	237	-207	444	-215%
Results for the period after taxes	-539	640	-1,179	-184%
Adjusted results after taxes*	1,366	2,751	-1,385	-50%

* For the earning power of Serviceware to remain comparable to the previous years, the EBIT/EBITDA is adjusted for the expenditure in conformity with the strategy announced at the IPO and implemented.

[5] According to the internet publication of the BITKOM Association in January 2019, published under: https://www.bitkom.org/sites/default/files/2020-01/bitkom_itk_marktzahlen_januar_2020.pdf

[6] According to the internet publication of the BITKOM Association of 9 June 2020, published under: https://www.bitkom.org/Presse/Presseinformation/Digitalunternehmen-machen-wieder-bessere-Geschaefte

Condensed Balance Sheet as at 31 May 2020

In kEUR	31.05.2020	30.11.2019	Variation	in %
Cash and cash equivalents	36,713	41,197	-4,484	-11%
Equity	56,149	57,464	-1,315	-2%
Liabilities	52,306	45,120	7,186	16%
Balance sheet total	108,456	102,584	5,872	6%

During the first half year 2019/2020 the sales revenues of Serviceware rose by 8% versus the comparable period of the prior year to EUR 35.4 million. A disproportionate growth in sales revenues was again achieved in the field of SaaS/Service, which increased by 22% to EUR 15.3 million. This means that the sales revenues of SaaS/Service account by now for around 43% of the total sales revenues of Serviceware.

To further push the growth of the company, Serviceware received within the framework of its IPO on 20 April 2018 a capital increase with net inflows of approximately EUR 55 million. These funds are used as planned during the coming three to five years for three growth areas:

- European expansion (around 15% to 25% of the funds)
- Strengthening of large account sales including supporting marketing (around 10% to 20% of the funds)
- Inorganic growth and extension of the ESM platform (around 65% to 75% of the funds)

In all mentioned areas Serviceware has made progress during the past months and has consistently implemented its programme for accelerated growth. The additional personnel expenses and cost of materials involved in the European expansion, the intensified approaching of large customers as well as inorganic growth are immediately charged to expense during a reporting period. In the field of inorganic growth, the amortisations carried out within the framework of company acquisitions since the IPO in respect of capitalised intangible assets are likewise recognised as expense during the reporting period.

To provide a transparent and comparable picture of the use of the expensed funds during the individual periods and show at the same time the accompanying effects on the result, we report, in addition to the existing reporting, adjusted values. The adjusted values do not represent IFRS-based ratios and are exclusively to increase transparency.

During the first half year 2019/2020 additional expenses were incurred under the programme for accelerated growth in the amount of kEUR 2,415 on an EBITDA level and kEUR 2,688 on an EBIT level. They include investments into internationalisation (kEUR 1,662), temporary integration costs within the framework of inorganic growth (kEUR 582) and the orientation towards the strategic large account business (kEUR 171) as well as kEUR 272, caused by acquisition-related costs and amortisations.[7] Consequently, we see ourselves on a very good track as far as the use of the funds from the IPO is concerned.

The adjusted EBITDA of kEUR 3,422 (Prior Year kEUR 4,095) was 16% below the level of the previous year, whilst the adjusted EBIT of kEUR 2,018 (PY kEUR 3,908) was 48% below the comparable value of the prior year period. The financial result of kEUR -106 (PY kEUR -82) dropped by 29%. Consequently, a positive result was achieved after adjustments even in the very challenging market environment caused by the Covid-19 pandemic.

The adjusted earnings before taxes for the period fell by 50% to kEUR 1,912. After expenses for the programme for accelerated growth, it amounted to kEUR -776 (PY kEUR 847). The adjusted earnings after taxes for the

[7] Purchase price allocation to customer base and brand, as well as internally generated tangible assets acquired through the acquisition, which are subject to scheduled amortisation of up to 20 years.

period amounts now to kEUR 1,336 (PY kEUR 2,751). After expenses for the programme for accelerated growth they amounted to kEUR -539 (PY kEUR 640). Cash and cash equivalents dropped by 11% to kEUR 36,713. This decrease is primarily attributable to the scheduled growth financing for further internationalisation as well as an increase in accounts receivable from customers, driven by the successful conclusion of several large customer acquisitions towards the end of the second quarter.

	01 December to 31 May	
In kEUR	**2019/2020**	**2018/2019**
EBITDA (IFRS)	1,007	1,364
Costs in connection with the internationalisation outside DACH	1,662	1,786
Temporary integration costs in connection with inorganic growth	582	751
Costs in connection with large customer additions and the supporting marketing	171	194
Adjusted EBITDA	3,422	4,095

	01 December to 31 May	
In kEUR	**2019/2020**	**2018/2019**
EBIT (IFRS)	-670	929
Amortisation of intangible assets capitalised within the framework of company acquisitions	272	248
Costs in connection with the internationalisation outside DACH	1,662	1,786
Temporary integration costs in connection with inorganic growth	582	751
Costs in connection with large customer sales and the supporting marketing	171	194
Adjusted EBIT	2,018	3,908
Financial result	-106	-82
Adjusted earnings before taxes for the period	1,912	3,826
Income tax	237	-207
Tax effects referred to adjustments	-783	-868
Adjusted earnings after taxes for the period	1,366	2,751

1.4 Significant Events in the Serviceware Group

Highlights from customer projects: During the first half year of fiscal 2019/2020 Serviceware succeeded in gaining a large number of projects, including a constantly growing number of projects with large customers and groups. For a large IT service provider in the financial industry, the module Serviceware Processes was implemented. With Serviceware Processes the company can rely on a standardised, consolidated system for all corporate areas. The quality in responding to service requests was significantly increased for the IT service provider as a result of an intelligent process control through Serviceware Processes, and the response time was perceivably lowered. Through different communication channels the company now serves more than 1,000 customers with Serviceware Processes. Serviceware supports the company also in its service strategy and process implementation as well as the harmonisation of the IT service processes.

At a large German institution for disabled people, the module Serviceware Performance has been implemented. Different areas of corporate planning, whose planning numbers and ratios were previously consolidated manually, have been integrated on a platform with Serviceware Performance. The implementation of Serviceware Performance in the existing system environment resulted in a significant rise in quality and speed in company management and controlling. Thanks to the reporting and analysis possibilities of Serviceware Performance, which provide reports and results within very short periods of time, the expenses for monthly reporting were reduced by half.

The further highlights of the first half year also included the project for a leading network operator in Germany. Because of the Covid-19 pandemic there has been a remote project implementation at the company for which Serviceware Knowledge was responsible including design and training. The Serviceware Consulting department is excellently positioned in terms of concept and also technology for a full project implementation via remote.

Recruitment of new customers: During the first half year Serviceware was again successful in recruiting new customers. A special focus was on large companies and groups. Serviceware Financial succeeded, amongst other things, to gain another DAX company with more than 100,000 employees as a new customer for Serviceware. Furthermore, we increasingly benefit from potentials from our successful cross-selling strategy. Existing Serviceware customers decide increasingly in favour of other modules of our ESM platform. An existing Serviceware Financial customer, a large German company from the field of retail, utilises, for instance, another platform solution of Serviceware through Serviceware Performance. Furthermore, we continue to extend the share of maintenance, service and consulting services. Between December 2019 and May 2020, we have been able to secure a total of 34 new customers for the ESM platform. With 29 the overwhelming part came from Germany, four originated from European countries outside Germany and one from the USA. Furthermore, we have gone into the final initiation phase for further large projects during the reporting period for which the contracts were signed after the end of the reporting period.

International activities: In accordance with our expansion strategy we have achieved major success during the first half year in the field of internationalisation. In our international locations we have broadly based teams including experts with comprehensive expert knowledge and many years of experience in fields such as sales, marketing and technology. In the USA we have gained an internationally operating investment bank with several ten thousands of employees as a new customer for the software solution Serviceware Performance. Our international sales team in the UK has, moreover, reported a significant sales success: a leading European food group has decided in favour of Serviceware Financial. This deal was initiated during the second quarter and the corresponding contracts were signed in Q3.

Serviceware Portfolio: We have continued to extend our unique modular ESM platform and progress on schedule with the integration of the software solution Serviceware Performance in the Serviceware Group. We have already been able to tap synergy potentials in the solution portfolio of Serviceware and our market position on the level of groups and large customers has been further strengthened. We have likewise secured further cross-selling potentials from existing customers and new customers, whereby mainly the software solutions Serviceware Performance and Serviceware Financial are combined with one another. With our ESM platform we have a unique solution package on the market and a convincing USP which makes us clearly different from competitors.

At the end of April, we, moreover, took over the technology and the team of smoope and hence supplemented our ESM platform by an innovative Messaging and Chat provider. During the coming weeks and months, the technology and the know-how are to be integrated into the Serviceware Group. The messaging platform of smoope can be easily integrated into websites and apps. In this way companies can contact customers in an uncomplicated manner without the latter having to download additional chat programmes or features. Since the takeover of smoope already a large part of the smoope customers have moved to Serviceware.

We are very well positioned with our ESM platform for the long term. The drivers of our growth remain digitalisation and the request of companies for cost transparency.

Corona pandemic: Our main focus is on accompanying our customers successfully through the crisis. We have developed a planning software on the basis of Serviceware Resources with which visitor capacities can be managed in medical centres, labs and test centres. In this way infection risks can be minimised when making the appointments and overcrowded visitor situations can be prevented. The first go-live took place in June 2020 at Atalmedial, a leading large laboratory in the conurbation of Amsterdam. Moreover, we have made available our knowledge management solution, Serviceware Knowledge, to companies as an extended trial version.

Like almost every other company around the world, we were hit at Serviceware by the Covid-19 pandemic during the first half year. However, we reacted at an early stage to the virus and are very well positioned in economic and operational terms to emerge even stronger from the crisis. Already back in February we set up a task force at the Serviceware Group in which we constantly check regulations on the national and federal state level and elaborate corresponding measures for the Group. We also forward actions taken by us after the review of regulations to our foreign locations. We have elaborated comprehensive measures with the goal of protecting the health of our employees, customers and business partners in the best possible way. With these measures the impact of the virus was limited on the operational business activities. The corresponding measures include, amongst others, the introduction of home office and remote work throughout the company as well as the introduction of short-time work in parts of the company in May 2020. In addition, the Serviceware managing directors waived a significant part of their fixed salary to save additional costs and send out a personal signal. The CEO and CFO of Serviceware have, moreover, not received any bonus payments for the first half year 2019/2020.

Brand, brand appearance and marketing: During the past months Serviceware has boosted its national and international marketing activities and further strengthened its international presence. The strong market positioning of Serviceware is also clearly reflected by the very good scoring of the software solution Serviceware Performance in this year’s BARC Planning Survey. Serviceware Performance reached excellent assessments with 37 top positions and 26 leading positions in three peer groups. In this connection the result in the category Vendor Support is noteworthy, since Serviceware Performance achieved a satisfaction value of 100% and a recommendation rate of likewise 100%.

The trust in the Serviceware brand is underpinned by the extension of co-operation with KPMG in Germany. The corresponding project was initiated during the reporting period and started during the third quarter of fiscal 2019/2020. Serviceware and KPMG will co-operate on the level of products and consulting services in the field of Transfer Pricing. Serviceware Financial prepares on the basis of an automated transfer pricing model of KPMG reports for the internal service charging and identifies which costs have been charged where.

1.5 Position

The managing directors assess the current development and the position of the Serviceware Group as in line with expectations. As far as sales revenues are concerned, increases were recorded. The expectations reduced by Covid-19 have been fulfilled. Profitability has deteriorated after the implementation of the projects communicated at the IPO. At the time of the drafting of this report, it continues to be unclear how serious and lasting the economic consequences of the Covid-19 pandemic will be. For this reason, we cannot currently make any assessment on the further course of the fiscal year.

1.5.1 Sales Revenue Development

The sales revenues of Serviceware were increased during the first half year 2019/2020 to EUR 35.4 million or by +8.0% versus the comparative prior year period. A disproportionate growth in sales was again recorded in the field of SaaS/Service which grows by 22.2% to EUR 15.3 million. As a result, SaaS/Service sales revenues account now for around 43% of the total sales revenues of Serviceware. In parallel to this, there is a shift in revenue recognition from non-recurring high licence fees to monthly recurring subscription fees. Sales revenues from licences were declining during the reporting period (- 14.3%) and amounted to EUR 8.9 million. Maintenance revenues were 13.2% higher than during the comparative prior year period, because in addition to the licence fees of the current reporting period, the other licence revenues of the past 12 months led to additional maintenance revenues. Sales revenues break down as follows:

In kEUR	01 December to 31 May 2019/2020	2018/2019	Variation
Revenues SaaS/Service	15,335	12,548	22.2%
Revenues licences	8,855	10,330	-14.3%
Revenues maintenance	11,207	9,900	13.2%
	35,397	32,778	8.0%

1.5.2 Orders in Hand

The orders in hand on the reporting date at the end of the first half year of fiscal 2019/2020 are mainly marked by the advance payments received for maintenance and SaaS contracts. This concerns services already invoiced and deferred services for a period of up to 60 months. Given the binding nature of the contracts, the advance payments constitute already definite future revenues of Serviceware. A large part of the revenues from the maintenance area is obtained from maintenance subscription contracts (running over several years). Compared to advance payments received for maintenance and SaaS contracts by 30 November 2019, payments grew as at 31 May 2020 by approximately 16% to EUR 21.5 million.

1.5.3 Operating Result (EBIT)

The adjusted EBITDA decreased by 16% versus the prior year period and amounted to kEUR 3,422 (PY: kEUR 4,095). When including the expenses for accelerated growth, the EBITDA amounted to kEUR 1,007 (PY: kEUR 1,364). The adjusted earnings before interest and taxes (EBIT) declined versus the prior year period by kEUR 1,890 to kEUR 2,018. After expenses for accelerated growth, they amounted to kEUR -670 (PY: kEUR 929).

As a result of the headcount increase on schedule and in conformity with the strategy as a basis for the further corporate growth, personnel expenses rose by kEUR 4,029 to kEUR 19,174. The increase in headcount was, more particularly, driven by the inorganic growth activities as well as targeted investments in innovative areas such as the AI Lab in co-operation with the Technical University of Darmstadt. The rise in depreciations and amortisations in the amount of kEUR 1,242 (PY: kEUR 860), is primarily attributable to the first-time application of IFRS 16 (“Leases”) which is offset by a reduction in other operating expenses with no effect on income.

1.5.4 Earnings before Taxes (EBT)

The financial result for the first half year of fiscal 2019/2020 amounted to kEUR -106 and decreased versus the prior year period (PY: kEUR -82). The adjusted EBT declined versus the prior year period by kEUR 1,914 to kEUR 1,912. Taking into account the expenses under the programme for accelerated growth, they amounted to kEUR -776 after kEUR 847 during the prior year period. As far as the change in EBT and the Group result described below are concerned, the comments made on the EBIT apply accordingly.

1.5.5 Group Result

The tax result was essentially influenced by effects from the changes in deferred taxes. During the first half of fiscal 2019/2020 tax income in the amount of kEUR 237 was recorded. During the previous year there had been tax expenses of kEUR 207 during the comparative period. After taking into account the taxes, the Group result for the first half year 2019/2020 amounted to kEUR -539 (PY: kEUR 640). After adjustment for the expenses from the programme for accelerated growth, the consolidated net income during the first half year 2019/2020 amounted to kEUR 1,366 (PY: kEUR 2,751).

1.5.6 Capital Expenditure

During the first half year of fiscal 2019/2020 investments in the amount of kEUR 661 (PY: kEUR 205) were made. They included investments for the acquisition of trademark rights and intangible assets for the trademark smoope and the associated messaging service. Furthermore, investments were made in respect of the enlargement and modernisation of operating and office equipment as well as the internal IT infrastructure.

1.6 Financial Position and Capital Structure

The financial position of the Group has not significantly changed versus the last balance sheet date of 30 November 2019. The equity of kEUR 56,149 decreased versus the balance sheet date of fiscal 2018/2019 by 2.3%. Debt capital amounted to kEUR 52,306 on 31 May 2020. Compared to 30 November 2019, this corresponds to an increase by kEUR 7,186. This variation results essentially from the first-time application of IFRS 16 ("Leases"). For lessees IFRS 16 introduces a uniform accounting and reporting of leases in the balance sheet according to which assets have to be recognised for the right of use of leased items and liabilities have to be recognised for the payment obligations entered into. A leasing liability is defined as the cash value of future leasing payments and a use is basically understood to be a liability minus payments made in advance or deferred. Within the framework of the simplified application of IFRS 16 chosen by Serviceware, there is no retroactive application of IFRS 16. For Serviceware the definition of leases under IFRS 16 includes primarily long-term lease contracts for office spaces as well as car leasing contracts.

The balance sheet total amounted to kEUR 108,456 (30 November 2019: kEUR 102,584) on 31 May 2020. Consequently, the equity ratio declined by around 4% versus 30 November 2019 (around 56%). The reduction is essentially attributable to the abovementioned effect of IFRS 16.

Apart from the increase in assets caused by IFRS 16, trade accounts receivable rose by kEUR 876 to kEUR 19,588 versus the last balance sheet date. This development was driven by successful conclusions of several large customer acquisitions towards the end of the second quarter. Together with the scheduled growth financing for the further internationalisation and investment activities, this results in a reduction of cash and cash equivalents by 11% to kEUR 36,713.

Non-current liabilities rose by kEUR 4,338 to kEUR 17,685. Non-current financial liabilities decreased as a result of scheduled repayments by kEUR 963. An opposite effect results from the changed measurement of leases according to IFRS 16, which has led to an increase in other non-current contractual liabilities in the amount of kEUR 5,997. The non-current contractual liabilities include essentially advance payments for maintenance contracts with a residual term of more than 12 months.

Current liabilities rose during the first half year of the fiscal year versus 30 November 2019 by kEUR 2,847 (9%) to kEUR 34,621. The increase includes an IFRS 16 effect of kEUR 1,711. Furthermore, the current contractual liabilities, which include advance payments received for maintenance contracts with a residual term of less than 12 months, have increased (+ kEUR 3,510). By contrast, current income tax liabilities dropped by kEUR 970 to kEUR 1,661.

1.7 Cashflow Statement

The cash and cash equivalents of Serviceware decreased as at 31 May 2020 versus 30 November 2019 by kEUR 4,484 (- 11%) to kEUR 36,713. Current business activities have resulted during the first half year

2019/2020 in an outflow of cash and cash equivalents of kEUR 2,686 (PY outflow of kEUR 388). Investing activities resulted in an outflow of kEUR 649 (PY outflow of kEUR 205). Financing activities resulted in an outflow of kEUR 1,199 (PY outflow of kEUR 491). Moreover, there is an increase in cash and cash equivalents of kEUR 49 (PY inflow of kEUR 32) due to exchange rates and the group of consolidated companies.

1.8 Employees

Serviceware employs a total of 490 employees on the reporting date 31 May 2020; on the same date during the previous year 408 people and on 30 November 2019 481 people were employed.

1.9 Opportunities and Risks

The opportunities and risks mentioned in the Annual Report 2018/2019 in Chapter 2, pages 39ff, continue to apply. These include, for instance, global risks such as an ongoing setback in the world economic activity, more particularly in connection with the outbreak of the Covid-19 pandemic which can have an impact on the readiness of our customers to invest and hence in the long term, can have an adverse effect on the orders at hand of Serviceware. In addition, there are business development risks caused by the exit of the UK from the EU and the foreign trade policy of the USA, China and other states marked by protectionism. The high level of indebtedness of many countries, which is likely to further increase as a result of the general economic measures in the wake of the Corona virus pandemic, does not contribute to the stability of the financial markets.

We see global opportunities in the possibility to offer our software as “Software-as-a-Service” all over the world to customers through the internet. As a result of the Corona pandemic, companies are under pressure to digitise their processes to be able to operate cost-efficiently, without contact and as far as possible independently from locations. Since Serviceware supports its customers in digitising service processes, there is an opportunity to participate in this trend towards digitalisation which is now growing.

The strategic opportunities and risks include the potential of growth in sales revenues and profits through the organic and inorganic growth of Serviceware. Concerning inorganic growth, we see the risk that we cannot acquire the companies matching our strategies because they are either not for sale or do not exist. Furthermore, there is a risk that the already acquired companies do not develop as positively as expected. A higher than anticipated fluctuation amongst employees of the acquired companies or wrong assumptions concerning the revenue and earnings potential can have a negative impact on the business development of Serviceware. Moreover, the strategic business orientation which consists in focusing on the SaaS business can mean that earnings and sales revenue potentials are subject to a postponement to the future and that the current revenue expectations cannot be realised. Furthermore, there are opportunities and risks in terms of personnel management as well as opportunities and risks from software projects whose details are covered by the Annual Report.

The opportunities of the second half year of fiscal 2019/2020 are taken into account in the outlook below.

1.10 Supplementary Report

After the balance sheet date there have been no further events with a material impact on the assets, financial and earnings position of Serviceware SE. The uncertainties resulting in connection with the Corona pandemic continue to exist and are covered under Opportunities and Risks.

1.11 Outlook

The first half of the Serviceware fiscal year 2019/20 experienced a severe economic dip as a result of the Corona pandemic which will continue to affect the global economy for an unforeseeable period of time. The International Monetary Fund (IMF) forecasts in its publication of June 2020 – after a plus of 2.9% in 2019 – a negative growth of 4.9% for the global economy.[8] For the Euro area the IMF expects even a decline of 10.2%, after a plus of 1.2% during the previous year. It is, however, even for key institutions practically impossible to make a reliable forecast concerning the development of the world economy. In its most recent publication the IMF had, for instance, to make a downward correction for the forecasts made in April of -3% for the global economy and -7.5% for the Euro area.

At the same time Serviceware has been able to achieve a comparatively positive development of the sales revenue numbers during the first half year of fiscal 2019/2020. As a result of the comparatively long sales cycle of our industry, this does not yet, however, allow for sufficient conclusions concerning the further course of the year.

At the time of drafting of this report, it remains unclear how severe and long the economic consequences of the Covid-19 pandemic will be and in how far the economic development measures taken can trigger impulses. Although the general economic downturn curbs the investment possibilities of our customers, the need to digitise processes and increase cost efficiency in this way rises at the same time.

The result of the interplay of the different measures and effects for the economic success of Serviceware is currently still affected by a high uncertainty. For this reason, we can at present not give any concrete outlook for the further course of the fiscal year.

In the long term, we continue to see the opportunity of growing needs within the companies for digitalisation and cost transparency. The market evolves in such a way that digitalisation is considered and pushed as a decisive productivity driver and competitive edge. With cost transparency companies can reduce their costs.

Bad Camberg, 24 July 2020

Dirk K. Martin	Harald Popp	Dr. Alexander Becker
(CEO)	(CFO)	(COO)

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[8] In accordance with the internet publication of the IMF from June 2020, published under: https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020

2 Investor Relations

The shares of Serviceware SE have been listed in the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange since 20 April 2018. The number of outstanding shares is 10,500,000; the free float accounts for 37.20%.

Development of the share: At the end of fiscal 2018/2019 the price of the Serviceware share was at EUR 13.284 on Xetra. The share reached its highest price during the first half year 2020 with EUR 14.00 (Xetra) on 8 January. The lowest price for the reporting period was reached on 17 March with EUR 7.215. On 31 May 2020 the share price amounted to EUR 11.65. Consequently, the share price changed during the reporting period by -12.3%. The German Share Index (DAX) lost during the same period around 12.5%.

Research and Designated Sponsoring: The Serviceware share is covered by several analysts. They include Commerzbank, Hauck & Aufhäuser and FMR Research. The current vote of Commerzbank is “Hold” whereas Hauck & Aufhäuser and FMR Research recommend “Buy”.

Hauck & Aufhäuser acts as designated sponsor for the Serviceware share. The average trading volume at all German stock exchanges was 5,315 shares per day.

Roadshow and Investor Meetings: In May 2020 Serviceware CFO Harald Popp met many investors during a virtual European roadshow to inform about the business development and the current strategy as well as its implementation so far, and to answer questions about the company and the business model. During the investor meetings Serviceware met with a high interest of the investors and was able to enlarge the group of potential investors in the share by adding new contacts. Furthermore, other virtual investor talks and product demonstrations were carried out during the first half year 2020 to explain the business model and corporate strategy and gain further investors.

Shareholders: The anchor investors continue to be the Serviceware founders, Dirk K. Martin (CEO) and Harald Popp (CFO), whose stake remains unchanged with around 31.4% each. The free float continues to amount to around 37.2% of the shares.

General Meeting: On 27 May 2020 Serviceware invited to its first digital general meeting which was moderated from the registered office in Bad Camberg. This year shareholders were asked during the run-up to the meeting to submit questions so that the general meeting was able to deal with the questions in detail. The formal resolutions of the general meeting are documented on our website. (https://serviceware-se.com/de/investor-relations/hauptversammlungen).

Serviceware has a transparent and constant dialogue with investors and the financial press. Information about the company and the share is made available on www.serviceware-se.com.

Stock Exchange Information

ISIN	DE000A2G8X31
WKN (German Securities ID)	A2G8X3
Ticker symbol	SJJ
Number of shares	10,500,000
Main shareholders	Dirk K. Martin(1) 3,296,545 (1) held via aventura Management GmbH, Harald Popp(2) 3,296,545 (2) held via dreifff Management GmbH,
Free float	ca. 37.20 %
Class of shares	Ordinary bearer shares with no par value (no par value shares)
Stock exchanges	Xetra
Stock exchange segment	Regulated Market (Prime Standard) of the Frankfurt Stock Exchange
High/Low 1st HY 2019/2020	EUR 14.000 / EUR 7.125
Half-year end price	EUR 11.650
Market capitalisation as at 29.05.2020	EUR 122.325 million

Financial Calendar

23 October 2020	Quarterly Report Q3 2019/2020
November 2020	German Equity Forum Frankfurt a.M.

3 Interim Consolidated Balance Sheet as at 31 May 2020

in EUR	31 May 20	30 Nov 19
Assets		
Goodwill	14,048,135	14,048,135
Other intangible assets	19,767,081	12,177,828
Property, plant and equipment	850,607	831,283
Prepaid expenses and deferred charges for customer maintenance contracts	2,722,938	3,455,247
Deferred income tax assets	3,183,129	2,702,592
Non-current assets	**40,571,889**	**33,215,085**
Trade receivables	19,588,364	18,712,402
Other current receivables/assets	2,809,337	2,944,620
Prepaid expenses and deferred charges for customer maintenance contracts	8,773,182	6,514,837
Cash and cash equivalents	36,712,913	41,197,393
Current assets	**67,883,796**	**69,369,251**
Balance sheet total	**108,455,685**	**102,584,336**
Liabilities		
Subscribed capital	10,500,000	10,500,000
Reserves	49,827,627	49,827,627
Profits and losses brought forward	-2,262,269	-1,723,652
Accumulated other equity	-1,815,593	-1,048,207
Equity without non-controlling shares	56,249,765	57,555,768
Non-controlling shares	-100,339	-92,234
Equity	**56,149,425**	**57,463,534**
Deferred income tax liabilities	3,281,026	3,461,341
Non-current financial liabilities	5,425,274	6,387,788
Non-current contractual liabilities	3,011,979	3,497,960
Other non-current liabilities	5,966,964	0
Non-current liabilities	**17,685,243**	**13,347,089**
Current income tax liabilities	1,661,004	2,631,439
Current financial liabilities	2,108,837	2,259,884
Trade payables	2,383,901	2,879,908
Current contractual liabilities	18,488,319	14,978,520
Other current liabilities	9,978,957	9,023,961
Current Liabilities	**34,621,017**	**31,773,713**
Balance sheet total	**108,455,685**	**102,584,336**

4 Consolidated Statement of Comprehensive Income for the period from 01 December 2019 to 31 May 2020

in EUR	Dec. 19 - May 20	Dec. 18 - May 19
Sales revenues	35,397,298	32,778,497
Other operating income	1,229,975	863,318
Cost of materials	-12,659,439	-12,459,482
Personnel expenses	-19,173,837	-15,145,170
Depreciation & amortisation	-1,677,085	-434,980
Other operating expenses	-3,786,711	-4,673,240
Operating result (EBIT)	**-669,799**	**928,943**
Interest income	11,767	344
Interest expenses	-117,849	-82,490
Financial result	**-106,082**	**-82,146**
Earnings before taxes	**-775,881**	**846,797**
Income taxes	237,264	-206,514
Period profit/loss	**-538,617**	**640,282**
Items which may in future be reclassified in the P&L:		
Balancing item from the currency translation of foreign subsidiaries	-767,386	-57,553
Other result	**-767,386**	**-57,553**
Comprehensive income	**-1,306,003**	**582,729**
Period profit/loss		
thereof, shareholders of the Serviceware SE Group	-530,512	672,214
thereof, non-controlling shares	-8,105	-31,932
Comprehensive income		
thereof, shareholders of the Serviceware SE Group	-1,297,898	614,661
thereof, non-controlling shares	-8,105	-31,932

5 Consolidated Cash Flow Statement for the period from 01 December 2019 to 31 May 2020

in EUR	Dec. 19 - May 20	Dec. 18 - May 19
Period loss/profit	-538,617	640,282
Depreciation & amortisation of non-current assets	1,677,085	434,980
Tax expenses	-237,264	206,514
Change in provisions	0	0
Change in non-current liabilities	-2,029,372	-822,806
Change in deferred taxes	-705,361	-345,321
Financial result	106,082	82,146
Change in non-current assets	732,309	-270,372
Change in items of current assets and current liabilities		
- Change in inventory	0	0
- Change in receivables/other assets	-2,999,025	2,716,625
- Change in liabilities	2,151,825	-2,477,343
Income taxes paid	-843,352	-553,158
Cash inflow/outflow from current business activity	**-2,685,690**	**-388,453**
Capital expenditure on intangible assets and on property, plant and equipment	-661,008	-205,364
Interest received	11,767	0
Disbursements for additions to the consolidated group	0	0
Cash inflow/outflow from investing activity	**-649,241**	**-205,364**
Interest paid	-85,042	-80,793
Repayment of non-current liabilities	-962,514	-1,295,136
Raising of current liabilities	0	884,968
Repayment of current liabilities	-151,048	0
Cash inflow/outflow from financing activity	**-1,198,604**	**-490,961**
Change in cash and cash equivalents related to the exchange rate	**49,056**	**32,227**
Change in cash and cash equivalents	**-4,484,480**	**-1,052,552**
Cash and cash equivalents at the beginning of the period	**41,197,393**	**53,694,629**
Cash and cash equivalents at the end of the period	**36,712,913**	**52,642,077**

6 Consolidated statement of changes in equity for the period from 01 December 2019 to 31 May 2020

in EUR	Subscribed capital	Reserves	Profits and losses brought forward	Currency translation reserve	Non-controlling shares	Total
1 December 2019	**10,500,000**	**49,827,627**	**-1,723,652**	**-1,048,207**	**-92,234**	**57,463,534**
Period result			-538,617			-538,617
Currency translation			0	-767,386		-767,386
Total result			**-538,617**	**-767,386**	**0**	**-1,306,003**
Result allocation - Minority in helpLine BV					-8,105	-8,105
31 May 2020	**10,500,000**	**49,827,627**	**-2,262,269**	**-1,815,593**	**-100,339**	**56,149,426**

7 Consolidated Notes

7.1 General Information

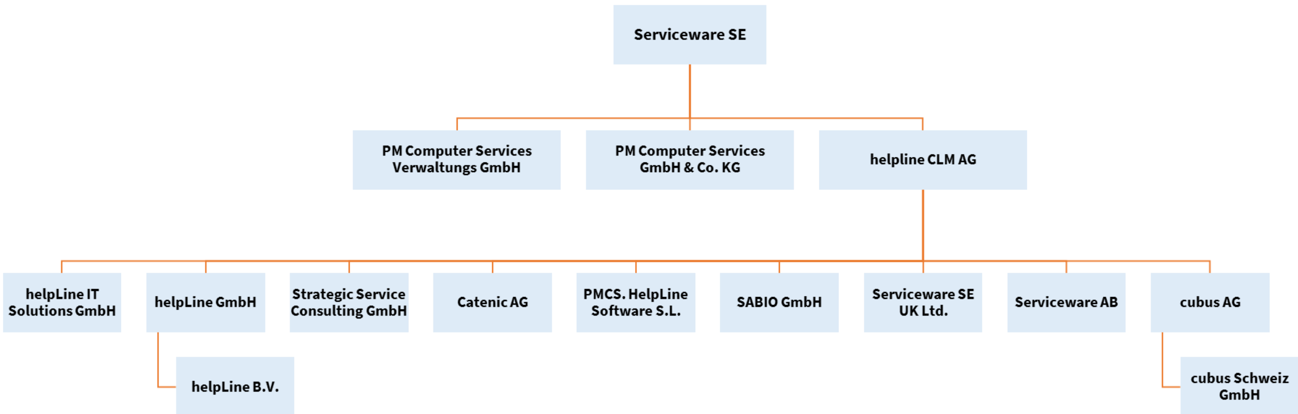
Serviceware SE, Bad Camberg, has prepared for the first half year 2019/2020 as at 31 May 2020 interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they are to be applied within the European Union.

The interim consolidated financial statements have been prepared in Euro. The profit and loss account is prepared on the basis of the nature of expense method.

These interim consolidated financial statements are published in a condensed form in accordance with IAS 34. The condensed interim consolidated financial statements as at 31 May 2020 and the interim management report have neither been audited nor been subject to an audit review by an external auditor.

Group of Consolidated Companies

Name	Founded / Acquired on	Registered office	Share Capital	Stake
PM Computer Services Verwaltungs GmbH (PMCS Verwaltungs GmbH)	03.06.2005	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 25,600	100%
PM Computer Services GmbH & Co. KG (PMCS GmbH & Co. KG)	29.06.2004	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 250,000	100%
helpLine CLM AG	01.12.2003	Haldenstrasse 5, 6340 Baar, Switzerland	CHF 610,000	100%
helpLine IT solutions GmbH	06.07.2004	Karl-Farkas-Gasse 22, 1030 Wien, Austria	EUR 35,000	100%
helpLine GmbH	02.12.2003	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 50,000	100%
Strategic Service Consulting GmbH	22.11.2011	Friedrichstraße 95, 10117 Berlin, Germany	EUR 25,000	100%
helpLine BV	05.06.2002	Dellaertweg 9, 2316 WZ Leiden, The Netherlands	EUR 28,409	85%
Catenic AG	14.11.2014	Hauptstraße 1, 82008 Unterhaching, Germany	EUR 328,778	100%
PMCS. HelpLine Software S.L.	07.06.2017	Gremi de Sabaters 21, 07009 Palma, Illes Balears, Spain	EUR 3,000	100%
SABIO GmbH	30.07.2018	Schützenstraße 5, 22761 Hamburg, Germany	EUR 43,576	100%
Serviceware SE UK Ltd.	22.08.2018	282 Farnborough Road, Abbey House, Farnborough, Hampshire, GU14 7NA, UK	GBP 100	100%
Serviceware AB	22.08.2018	Vasagatan 7, 11120 Stockholm, Sweden	SK 50,000	100%
cubus AG	05.06.2019	Bahnhofstraße 29, 71083 Herrenberg, Germany	EUR 400,000	100%
cubus Schweiz GmbH	05.06.2019	Leutschenbachstraße 95, CH-8050 Zürich, Switzerland	CHF 50,000	100%



Accounting Policies

This Group interim report as at 31 May 2020 was prepared in agreement with the provisions of IAS 34 “Interim financial reporting”. The consolidated interim financial report does not include all notes which are usually included in the financial statements for a full fiscal year. Consequently, this interim report has to be read in conjunction with the consolidated financial statements for the fiscal year as at 30 November 2019 and all other public statements by Serviceware SE.

During the first six months of the fiscal year 2019/2020 IFRS 16 (“Leases”) was applied for the first time. For lessees IFRS 16 has introduced a uniform accounting for leases according to which all leases have to be recognised in the balance sheet as assets for the right to use the leased items and liabilities for the payment obligations entered into. A leasing liability is defined as the cash value of future lease payments and a use is basically understood to be a liability minus payments made in advance or deferred. Within the framework of the simplified approach of IFRS 16 chosen by Serviceware, there is no retroactive application of IFRS 16. The first-time application of IFRS 16 increases the balance sheet total but has no impact on the assets, financial and earnings position of the Group. The overall effect of IFRS 16 as well as the chosen essential options and facilitations were explained in the Annual Report 2018/2019.

Other standards and / or interpretations as well as amendments to standards and / or interpretations do not result in any material adjustments of the accounting policies nor did they have a major impact on the presentation of the assets, financial and earnings position of the Group during the first six months of fiscal 2019/2020.

At the preparation of the interim financial statements as at 31 May 2020, the accounting policies applied for the consolidated financial statements as at 30 November 2019 were maintained without any changes and the notes to the consolidated financial statements 2018/2019 apply accordingly to them.

The report on the interim financial statements of Serviceware SE is available on the internet under www.serviceware-se.com for inspection and download.

Uncertainties and Estimates

The preparation of the interim consolidated financial statements has to a certain extent been based on assumptions and estimates. The assumptions and estimates are based on premises which are derived from the available knowledge in each case. The actual values can deviate from these.

7.2 Related Parties

The combined consolidated financial statements as at 30 November 2019 included a detailed report about related parties. There have not been any major changes concerning the compensations of the managing directors and the Administrative Board.

7.3 Events after the Balance Sheet Date

After the balance sheet date there have not been any further events which have a material impact on the assets, financial and earnings position of Serviceware SE. The uncertainties which result in connection with the Corona pandemic continue and have been discussed under Opportunities and Risks.

Declaration by the Legal Representatives

"We declare that to the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements provide a true and fair view of the net assets, financial and earnings position of the Group and in the interim consolidated management report the course of business including the business result and the situation of the Group are presented in such a way that a true and fair view is conveyed with a description of the main opportunities and risks of the probable development of the Group."

Bad Camberg, 24 July 2020

Dirk K. Martin	Harald Popp	Dr. Alexander Becker
(CEO)	(CFO)	(COO)

8 Company Description

Serviceware is a leading provider of software solutions for the digitalisation and automation of service processes (Enterprise Service Management) with which companies can increase their service quality and manage their service costs efficiently.

The core of the portfolio is the Serviceware platform with the software solutions Serviceware Processes (helpLine), Serviceware Financial (anafee), Serviceware Resources (Careware), Serviceware Knowledge (SABIO) and Serviceware Performance (cubus outperform). All solutions can be used in an integrated manner, but also independently from one another.

Serviceware partners with customers from strategic consulting through the definition of the service strategy to the implementation of the Enterprise Service Management platform. Further components of the portfolio are safe and reliable infrastructure solutions as well as Managed Services.

Serviceware has more than 900 customers worldwide from various business sectors, including four of the seven largest German companies and 12 DAX 30 companies. The headquarters of Serviceware are in Bad Camberg, Germany. Serviceware employs more than 480 employees at 14 national and international sites. For more information visit www.serviceware-se.com.

9 Contact

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Administrative Board
Christoph Debus (Chairman)
Harald Popp
Ingo Bollhöfer

Registration Court Local Court Limburg a. d. Lahn, Register number: HRB 5894