



Interim Financial Report

2023/2024

(01 December 2023 to 31 May 2024)

ServiceWare SE, Idstein

Letter from the Managing Directors

Dear Shareholders of Serviceware SE,

Serviceware can look back on a strong first half of the fiscal year 2023/2024. After a very good start to the year, we were able to continue our high growth momentum during the second quarter. Q2 was the strongest quarter in our company's history with sales revenues of EUR 25.4 million. We also set a new record for SaaS/Service sales revenues in Q2 with EUR 16.8 million. Our operating cash flow is at an excellent level of EUR 9.3 million, compared to EUR -2.3 million during the previous year. In addition to these successes, we have also significantly improved our profitability and laid further strategic foundations for our growth. We have made good progress as planned with the transformation of our business model from one-off licence billing to a SaaS business model. We have further strengthened our excellent international market position by expanding into North America. We have also integrated artificial intelligence (AI) even more strongly into the modules of our ESM platform.

We are consistently pursuing our platform strategy and have further expanded our ESM platform with releases for almost all of our ESM modules. Artificial Intelligence is increasingly being used both in our software solutions and in internal processes. Artificial intelligence is one of the game changers in the automation and optimisation of service processes. We anticipated this trend early on. We have been driving developments in AI in our own AI Competence Centre since 2019. Artificial Intelligence is now an integral part of Serviceware's DNA and one of the key growth drivers for the coming years. After the end of the reporting period, in June 2024, we presented our new "AI Process Engine". It takes the automation of service processes to a new level (see section "1.5 AI at the heart of the ESM platform" in this half-year report). We continue to see a high level of demand for our software solutions and were able to realise a large number of projects with existing and new customers in the first half of the year. Among other things, we acquired our first major customer in Asia with a Fortune Global 500 company from the oil industry and won over a leading energy company from Austria with our AI-supported knowledge management solution.

We want to further expand our market share in Germany and worldwide. We are continuing to successfully implement our international expansion strategy and have strengthened our market position in the USA and Canada through a partnership with the leading consultancy firm Maryville Consulting in the field of IT Financial Management. By dovetailing our service offerings, we create considerable added value for companies and thus increase their competitiveness. Among other things, we want to work together with our new partner to develop software solutions that enable companies to achieve their business goals even more efficiently and quickly.

Total sales revenues during the first half of the year increased by 10.2 percent from EUR 45.7 million to EUR 50.3 million, of which record sales revenues of EUR 25.4 million were generated during the second quarter, compared to EUR 23.7 million during the second quarter of the previous year. Once again, the increase in the SaaS/Service segment was disproportionately high. Revenue in this area rose by 22.2 percent from EUR 26.8 million to EUR 32.8 million in the first half of the year. During the second quarter, SaaS/Service revenues climbed from EUR 13.6 million to a record EUR 16.8 million. SaaS/Service revenues thus accounted for 65.1 percent of total sales revenues during the first half of the year (prior year: 58.7 percent). We continue to anticipate a significant shift from licence to SaaS sales revenues during the coming quarters. For us, this means better predictability of sales revenues and high growth potential. Our order backlog, which has increased by 35.3 percent to EUR 75.0 million since 30 November 2023, shows that the transformation is working. It consists of the residual values of current SaaS and maintenance contracts and thus reflects already fixed sales revenues

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for future periods. We were also able to significantly improve our profitability. The EBITDA turned around from EUR -1.2 million in the previous year to EUR +1.6 million. Cash and cash equivalents increased by 24.9 percent to EUR 35.3 million. For the full year 2024, we continue to forecast an increase in sales revenues of between 5 and 15 percent and a significant improvement in EBIT and EBITDA.

Sincerely,

Dirk K. Martin

(CEO)

Harald Popp

(CFO)

Dr. Alexander Becker

(COO)

1 Interim Group Management Report for the First Half-Year 2023/2024

1.1 General Economic Development

The economic development in Germany picked up slightly at the beginning of the year. However, political intervention in the market, crises and unresolved issues in the governing coalition continue to cause uncertainty. Geopolitical events and global economic uncertainties such as wars and conflicts in Ukraine and the Middle East, the upcoming elections in the USA and a looming trade conflict with China are influencing the economic development.¹ According to the forecast by the German Council of Economic Experts, the gross domestic product (GDP) will only grow by 0.2 percent in 2024 compared to the previous year. Germany would therefore be in a state of stagnation.²

This is also reflected by the first economic figures for the German economic output for 2024. According to the Federal Statistical Office (Destatis), the gross domestic product (GDP) in the first quarter of 2024 - adjusted for price, seasonal and calendar effects - was 0.2 percent higher than in the fourth quarter of 2023. In a year-on-year comparison, the GDP was during the first quarter of 2024 0.2 percent lower than during the prior year, adjusted for price and calendar effects.³

Inflation has recently fallen. After being calculated at 5.9 percent for the full year 2023⁴, the figures recently fell to 2.2 percent in April and, according to preliminary calculations, to 2.4 percent in May.⁵

1.2 Industry Development

Stable growth is expected for Germany's digital sector in the middle of 2024. The digital industry association Bitkom is forecasting an increase in sales revenues of 4.3 percent to EUR 224.8 billion in 2024 for the IT and telecommunications companies (ICT industry) on the German market. Despite these generally positive trends, there are areas in which sales revenues are declining. This applies in particular to the consumer electronics (down 7.5 percent) and desktop PC (down 1.5 percent) segments. The strongest growth is forecast in the information technology market, which is important and relevant for Serviceware and consists of the IT hardware, software and IT services segments. The driver is the development in the software segment, which is expected to grow significantly by 9.8 percent. Artificial Intelligence is playing an increasingly important role within this segment with outstanding growth of 39.2 percent to EUR 1.5 billion.¹

The sentiment in the industry remains positive. The digital index compiled by Bitkom and the ifo Institute stood at 7.9 points in June, which is higher than the ifo business climate index for the economy as a whole, which remains in negative territory at minus 6.3 points. Despite the general uncertainty and geopolitical challenges, the digital industry in Germany is stable and on a course for growth. Nevertheless, Bitkom President Dr Ralf Wintergerst emphasises the need for reliable policymakers and planning security, particularly with regard to investments in the digitalisation of the state and administration.¹

¹ <https://www.bitkom.org/Presse/Presseinformation/Digitalbranche-waechst-aber-nicht-ueberall>

² <https://de.statista.com/statistik/daten/studie/73769/umfrage/prognosen-zur-entwicklung-des-deutschen-bip/>

³ https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/05/PD24_205_811.html

⁴ https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_020_611.html

⁵ https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/06/PD24_227_611.html

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1.3 Ratios of the Financial Statements as at 31 May 2024

In kEUR	01 December to 31 May		Variation	%*
	2023/2024	2022/2023		
Sales revenues	50,328	45,690	4,638	10.2
thereof SaaS/Service	32,780	26,826	5,954	22.2
EBITDA	1,618	-1,155	2,773	>100
EBIT	-137	-3,003	2,865	95.4
Financial result	109	119	-10	-8.3
Earnings before taxes for the period	-28	-2,884	2,856	99.0
Income tax	-734	58	-791	>-100
Earnings after taxes for the period	-762	-2,826	2,064	73.0

Please note: all numbers in this report are rounded arithmetically to thousands. The calculation of totals can lead to rounding differences.

*In case of relative changes of more than 100 %, in particular due to small absolute output variables, the change is indicated in simplified form as ">100 %".

1.4 Significant Events in the Serviceware Group

Highlights from Customer Projects:

A Fortune 150 company from the logistics sector has decided in favour of using the ESM platform with the Serviceware Financial and Serviceware Performance modules. The software solutions for the financial management of IT and Shared Services and corporate planning are used in the IT area of the new customer. Only a few weeks after the company was acquired as a new customer, the go-live took place at the customer's premises at the end of Q2. The modules from Serviceware provide the logistics company with a standardised cost model for Technology Business Management (TBM) in the form of the Digital Value Model, which can be adapted to individual requirements. Serviceware also convinced the group with its Digital Value Model because it enables a holistic view of the value-added contribution of IT in the company by recording, correlating and analysing all the costs of an IT organisation in detail. Thanks to the rapid implementation of the Serviceware software solutions, the customer's entire IT budget planning for 2025 can be carried out on the Serviceware platform.

With the rollout of Serviceware Performance to other company locations in Europe and Asia, a DAX-listed company has taken another important step towards group-wide standardised planning and control of company data and processes. With the regional expansion of the Serviceware software solution for corporate management, the originally agreed project scope was significantly extended. The implementation was completed within just a few weeks.

In addition, Serviceware was able to acquire a leading energy company from Austria as a new customer during the reporting period thanks to its AI-supported knowledge management solution. The company will use the Serviceware Knowledge module with numerous tools and features with Artificial Intelligence. With the help of AI, customer service efforts and service costs can be significantly reduced, and the customer experience can be improved. Service employees are also supported in answering customer enquiries by ChatGPT, which is integrated into Serviceware's ESM platform.

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International Expansion:

ServiceWare is making very good progress with its internationalisation strategy and continued to successfully implement its international expansion in the first half of 2023/2024. In North America, the world's largest software market, ServiceWare has entered into a partnership with the Maryville Consulting Group, a leading consulting firm specialising in technology and innovation management, in the area of IT financial management. The collaboration combines ServiceWare's innovative software solution for IT cost management with Maryville's expertise in areas such as technology business management and digital transformation. The partnership gives ServiceWare access to the latest best practice approaches in TBM consulting as well as Maryville's strong customer base with numerous large corporations. This will result in new customer potential and growth opportunities for ServiceWare. ServiceWare and Maryville have jointly presented their product and service portfolio at trade fairs such as the Gartner CFO and Finance Executive Conference in Washington and the IT Financial Management World in Santa Fe, where they met with great interest.

ServiceWare has also accelerated its growth in Asia. With a Fortune Global 500 company from the petroleum industry, ServiceWare has gained its first major customer in Asia. The company will utilise the ServiceWare ESM platform with the ServiceWare Performance and ServiceWare Financial modules as well as the ServiceWare Digital Value Model.

Expansion of the ESM platform:

With the ESM platform, ServiceWare has a broad offering for all services and is already excellently positioned on the market to consistently fulfil customer needs. ServiceWare is continuously expanding the ESM platform and adding new features and applications to provide companies with even better support in automating their business models and service processes. During the first half of the year, there were a number of releases for almost all modules of the ESM platform. Among other things, the new version of ServiceWare Processes 7.2 supports service teams even more consistently with AI. The AI-based text generator allows customised response suggestions to be generated quickly and easily at the click of a mouse, thus significantly speeding up service processes. ServiceWare continues to systematically integrate Artificial Intelligence at all levels of the ESM platform.

1.5 AI at the heart of the ServiceWare ESM Platform

Companies are aware that Artificial Intelligence will change the world of work. However, they often do not realise how they can use the potential of AI to automate processes and reduce costs, for example. AI offers enormous potential for automation and savings, particularly in the area of customer service.

With ServiceWare's software solutions for the digitalisation and automation of service processes (Enterprise Service Management), companies can significantly increase their service quality and manage their service costs efficiently. Artificial Intelligence is an integral part of the modules of ServiceWare's ESM platform. ServiceWare has been operating its own AI Competence Centre in Darmstadt since 2019, where the company is driving forward developments in the field of AI in cooperation with TU Darmstadt, one of the leading universities in the field of Artificial Intelligence. Since then, ServiceWare has integrated numerous solutions and applications with AI into its ESM platform, offering companies considerable added value. Over 1,000 customers worldwide from a wide range of industries now rely on ServiceWare's software solutions. They enable them to adapt to new market conditions in a rapidly changing market environment characterised by AI and to react to market trends at an early stage. ServiceWare's aim is to digitalise, automate, control and optimise all service processes with the AI-based ServiceWare platform, in line with the ServiceWare vision "ServiceWare enables people to achieve their ambitions in the service economy - revolutionized by AI".

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Serviceware made an early strategic decision not to develop AI models itself, but to utilise existing AI algorithms from external providers. This was the basis for Serviceware being able to integrate OpenAI, which became the leading model virtually "overnight", into the Serviceware platform at a very early stage and before many of its competitors. Through targeted investments in the ticketing system and Knowledge Management, Serviceware has created optimal conditions for structuring company data and combining them with AI models in order to make them usable for various AI models. Instead of its own AI models, the Serviceware platform is therefore being functionally expanded with AI modules and upgraded with AI components. Serviceware is now consistently taking the next step: similar to the car manufacturer Tesla, which made the battery the centre-piece of the design and built the chassis "around" it, Serviceware is making AI the centrepiece of its platform.

In June 2024, Serviceware presented the newly developed "AI Process Engine" for the creation of workflows, data modelling and the design of dialogues at the Serviceware Forum, the company's annual customer convention. With the presentation of the AI Process Engine, Serviceware is consistently implementing its AI First strategy of making the Serviceware platform AI-native and is entering a new era in the automation of service processes. The AI Process Engine has numerous functions for fast AI-based hyper-automation of services and can be personalised to a much greater extent than existing solutions on the market. Desired processes can be described in the AI Process Engine in natural language, just as specialist departments and consultants have explained them in the past. AI then builds workflows and supports the creation of input dialogues or the provision and management of data fields used by the process. With this process modelling software, companies can significantly increase their efficiency and competitiveness and considerably reduce the time required. The AI Process Engine is scheduled for release at the end of 2024. Initially, the AI Process Engine will support Serviceware customers in the holistic lifecycle management of IT services, for example to simplify the financial presentation and billing of individual levels of the service catalogue.

1.6 Position

The Managing Directors assess the current development and the position of the Serviceware Group as good. Further increases in sales revenues were achieved. Profitability also increased significantly versus prior year. At kEUR 1,618, the EBITDA is kEUR 2,773 higher than in the previous year and thus back in positive territory. kEUR 569 of the half-year result at EBITDA level are attributable to the first quarter and kEUR 1,049 to the second quarter.

1.6.1 Sales Revenue Development

Serviceware's sales revenues grew again during the first six months of fiscal 2023/2024. At EUR 50.3 million, sales revenues were 10.2 percent higher than during the same period of the previous year. Following 10.0 percent growth in the previous fiscal year, sales growth in the first half of the year thus remained at a high level. The strongest growth once again came from the SaaS/Service segment with a significant increase of 22.2 percent compared to the same period last year. SaaS/Service sales now account for 65.1 percent of Serviceware's total sales revenues (previous year: 58.7 percent). Sales revenues from licences fell during the reporting period (-8.8 percent) and amounted to EUR 9.4 million. Maintenance sales revenues fell by 4.7 percent compared to the same period last year to EUR 8.1 million. The transition towards SaaS/service business is thus continuing consistently. Compared to the licence business, this results, among other things, in a shift of sales revenues into the future, which, however, is accompanied by greater planning security and recurring revenues. Sales revenues are broken down as follows:

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In kEUR	01 December to 31 May		Variation in %
	2023/2024	2022/2023	
Sales revenues SaaS/Service	32,780	26,826	22.2
Sales revenues licenses	9,408	10,321	-8.8
Sales revenues maintenance	8,140	8,543	-4.7
Total	50,328	45,690	10.2

1.6.2 Order Position

The order backlog as at the reporting date mainly consists of prepayments received for SaaS and maintenance contracts. These are contract liabilities for a period of up to 60 months. Due to binding contracts, contract liabilities represent already fixed future sales revenues of Serviceware. Sales revenues from SaaS and maintenance are realised over time from contracts running over several years. As at 31 May 2024, contract liabilities for SaaS and maintenance contracts had increased by 35.3 percent from EUR 55.4 million to EUR 75.0 million compared to 30 November 2023.

1.6.3 Operating Result (EBITDA/EBIT)

The consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) for the first six months of the 2023/2024 fiscal year amounted to kEUR 1,618, which is kEUR 2,773 higher than the figure for the same period of the previous year, in which a loss of kEUR 1,155 was recorded. The result for the first half of the year includes the capitalisation of own work, which meets the capitalisation criteria of IAS 38 "Intangible Assets" and must be capitalised accordingly, in the amount of kEUR 777. Capitalised development costs are amortised over the expected economic useful life (3 years). Amortisation begins after completion of the development phase at the time at which the asset can be used. Own work that does not fulfil the capitalisation criteria in accordance with IAS 38 continues to be recognised as an expense in the period in which it is incurred. Own work capitalised is expected to be at a comparable level in subsequent periods of the current fiscal year.

The consolidated earnings before interest and taxes (EBIT) for the first six months also improved significantly compared to the same period of the previous year. Although significant expenses for the transformation of the business model from one-off licence billing to an SaaS business model with recurring revenues continue to have a negative impact on earnings, the EBIT improved by kEUR 2,865 to kEUR -137 during the reporting period (same period of the previous year: kEUR -3,003). The trend towards SaaS/service business means that sales revenues are recognised over a period of several years, while the sales expenses for identifying and processing leads in particular are fully realised during the current reporting period. However, the earnings trend shows that the progress made in transforming the business model is increasingly reflected in the business figures. In addition, Serviceware took a number of measures to increase profitability during the first half of the fiscal year 2022/2023, which have had a delayed effect.

1.6.4 Financial Result and Earnings before Taxes

The financial result mainly includes interest on deposits, interest expenses for the long-term financing of the most recent company acquisition, expenses from the compounding of lease liabilities in accordance with IFRS 16 and interest expenses from the discounting of trade receivables.

Overall, the financial result in the reporting period decreased by kEUR 10 compared to the previous year and, with a value of kEUR 109, was at a comparable level to the previous year (kEUR 119).

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Earnings before taxes (EBT) for the period totalled kEUR -28 (prior year: kEUR -2,884), which corresponds to an improvement of kEUR 2,856 versus prior year.

1.6.5 Tax Expenses and Earnings after Taxes

Tax expenses totalling kEUR 734 were incurred for the first six months of fiscal year 2023/2024 (prior year: tax income of kEUR 58), which resulted in particular from positive pre-tax results in individual companies of the Serviceware Group.

The consolidated earnings after taxes for the first six months of fiscal year 2023/2024 totalled kEUR -762, an increase of kEUR 2,064 versus the same period of the previous year (kEUR -2,826).

1.7 Capital Expenditure

Investments totalling kEUR 4,189 (prior year: kEUR 91) were made in the first half of the 2023/2024 fiscal year. Of this, kEUR 3,495 are attributable to investments in financial products with a long-term orientation that Serviceware has acquired as part of its conservative investment strategy. Internally generated intangible assets in the amount of kEUR 777 were recognised as a result of the capitalisation of own work that meets the criteria of IAS 38 "Intangible Assets" and must be capitalised accordingly. Investments amounting to kEUR 127 were also made in intangible assets and property, plant and equipment, which mainly resulted from the expansion and modernisation of operating and office equipment as well as the acquisition of software licences. The cash inflow from interest received totalled kEUR 210.

1.8 Financial Position and Capital Structure

Condensed balance sheet as at 31 May 2024

In kEUR	31.05.2024	30.11.2023	Variation	%
Cash and cash equivalents ⁶	35,276	28,245	7,031	24.9
Equity	45,728	46,254	-526	-1.1
Contract liabilities (order backlog)	75,027	55,447	19,580	35.3
Total liabilities	96,993	78,486	18,507	23.6
Balance sheet total	142,721	124,740	17,981	14.4

The net assets and capital structure of Serviceware have changed compared to the balance sheet date of 30 November 2023 primarily due to the growth in sales revenues and the associated balance sheet recognition, in particular of maintenance and SaaS contracts, as well as the result for the period. Total assets amounted to kEUR 142,721 as at 31 May 2024 (30 November 2023: kEUR 124,740). Equity amounted to kEUR 45,728 (30 November 2023: kEUR 46,254). The equity ratio was therefore 32.0%. The equity ratio decreased by 5.1 percentage points versus 30 November 2023. Of this, 4.7 percentage points are attributable to the increase in total assets, driven by the successful increase in contract volume, particularly in the strategically important

⁶ The figure reported in previous years under cash and cash equivalents only comprised liquid funds. In order to benefit from the changed interest rate environment, Serviceware also makes long-term investments, which are recognised in the balance sheet item non-current financial assets. In order to improve comparability, the cash and cash equivalents item also includes non-current financial assets in addition to liquid funds since the Annual Report 2022/2023.

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SaaS/Service segment, and 0.4 percentage points to the reduction in equity due to the negative result for the period.

Non-current assets increased by 13.2 percent to kEUR 57,664. The main drivers were prepaid expenses for customer maintenance contracts (long-term contract receivables), which increased by kEUR 4,356, and the increase in non-current financial assets of kEUR 3,557, which mainly resulted from investments in non-current financial products.

At kEUR 20,967, trade receivables were 13.1 percent lower than the figure as at 30 November 2023. Cash and cash equivalents increased by kEUR 3,475 to kEUR 28,490 (+13.9 percent) compared to 30 November 2023. At kEUR 29,915, current contract receivables were kEUR 7,686 above the value as at 30 November 2023. In total, current assets increased by kEUR 11,254 (+15.2 percent).

The subscribed capital remains unchanged at EUR 10.5 million and is made up of 10.5 million shares with a nominal value of EUR 1.00 each. The reserves remained almost unchanged at kEUR 50,094 (30 November 2023: 50,047). The net accumulated loss (kEUR -14,072) changed by kEUR -767, mainly due to the negative result for the period. Accumulated other comprehensive income includes further effects recognised directly in equity, which in the past financial year mainly comprised currency and valuation effects.

Non-current liabilities increased by kEUR 4,886 to kEUR 31,389 as at 31 May 2024 versus 30 November 2023. The main driver here is non-current contract liabilities, which increased by kEUR 5,155 to kEUR 26,535. The balance sheet items of non-current and current contract liabilities mainly reflect the advance payments received for maintenance and SaaS contracts. These are contract liabilities for a period of up to twelve and 60 months respectively. Due to binding contracts, contract liabilities represent already fixed future sales revenues of Serviceware. Non-current financial liabilities decreased by kEUR 499 to kEUR 500 during the reporting period due to the scheduled repayment of bank loans.

Current liabilities increased by kEUR 13,621 to kEUR 65,603 as at 31 May 2024 compared to the balance sheet date of 30 November 2023. Here, too, the increase in current contract liabilities by kEUR 14,425 to kEUR 48,492 contributed to the increase in the balance sheet item. Current and non-current contract liabilities have thus increased by a total of kEUR 19,580 (35.3 percent), thereby securing Serviceware's long-term sales revenues.

1.9 Cash Flow Statement

Serviceware's cash and cash equivalents increased by kEUR 3,475 (+13.9 percent) to kEUR 28,490 as at 31 May 2024 versus 30 November 2023. Current operating activities resulted in an inflow of cash and cash equivalents totalling kEUR 9,318 during the first half of 2023/2024 (prior year: outflow of kEUR 2,262). Investing activities resulted in a cash outflow of kEUR 4,189 (prior year: inflow of kEUR 91), which is made up of investments in intangible assets and property, plant and equipment (kEUR 127), investments in own work capitalised (kEUR 777), investments for the acquisition of non-current financial assets (kEUR 3,495) and interest received on credit balances (kEUR 210). Financing activities resulted in a cash outflow of kEUR 1,619 (prior year: outflow of kEUR 1,595). In addition, there was a reduction in cash and cash equivalents of kEUR 35 (prior year increase of kEUR 6) due to exchange rates and the scope of consolidation.

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1.10 Employees

Serviceware employs a total of 453 employees as at 31 May 2024. The Serviceware Group had 510 employees on the same reporting date during the previous year and 479 employees on 30 November 2023.

1.11 Research and Development

As a provider of software solutions for use in the digitalisation and automation of service processes (Enterprise Service Management), Serviceware does not conduct its own research. The focus is rather on the development and further development of our software platform, with whose solutions companies can increase their service quality and manage their service costs efficiently.

In the area of Artificial Intelligence (AI), we have also entered into a cooperation with the Technical University of Darmstadt, a leading research institution in this field, for joint practice-oriented research. The aim of the cooperation is to develop new AI solutions and implement them in the Enterprise Service Management platform.

Numerous AI-based functions for the Serviceware platform have already been implemented as part of this cooperation. The latest addition, the future "AI Process Engine" from Serviceware, was presented in June. The "AI Process Engine" is a newly developed, AI-native kernel for the creation of workflows, data modelling and the design of service dialogues.

To be able to respond quickly to trends and topics, our Development Department works according to agile methods. A long-term development roadmap ensures the consistency of our activities and the prioritisation of decisions.

1.12 Opportunities and Risks

Serviceware is currently focussing on a large number of opportunities that are to be seized in the future and some of which are already being seized. First and foremost, the diverse and comprehensive changes associated with the deployment of Artificial Intelligence, which Serviceware sees as a great opportunity to be even more successful in the future, must be taken into account. However, many future opportunities also come with risks.

The opportunities and risks mentioned in the 2022/2023 Annual Report in Chapter 2, page 37 ff. continue to apply. These include, for example, the global opportunities arising from the development of international markets and the trend towards further digitalisation as well as the increasing use of Artificial Intelligence. We also see the consistent use of Artificial Intelligence in our software products, as well as in the business operations of Serviceware, and the increasing demand for our products due to digitalisation as opportunities. However, these opportunities are also offset by global risks. This includes the risks resulting from the increasing number of conflicts and armed confrontations worldwide. These lead to political instability and trade conflicts that affect global trade. We try to minimise this risk by focusing our sales activities on regions that are politically stable and allow free trade. Economic risks, such as a weakening of the global economy, also persist.

Strategic opportunities include our ESM platform strategy, which offers our customers the right software modules for digital services with seamless data integration and ease of use. With this strategy, we see the oppor-

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tunity to expand our platform with our customers over the years and thus increase up- and cross-selling potential. Our customers can thus continue to increase the value of their initial investment in the long term. Since the IPO in 2018, we have been pursuing the strategy of offering our ESM software modules worldwide. This international expansion, which goes hand in hand with the expansion of our business, enables us to acquire new international customers and create additional international references, which in turn leads to further international customers. In the area of strategic risks, it should be noted in particular that our products and services are very much characterised by technological progress. The rapid development of new technologies can lead to existing products or services becoming obsolete, thus threatening technological irrelevance. We counter this risk by being agile in product development and obtaining customer feedback on new product developments at a very early stage in order to deliver a competitive end product.

The strategic business orientation of continuing to focus on the SaaS business with its annual recurring revenues and thus not recognising sales revenues in profit or loss at a specific point in time, but instead continuously realising sales revenues and thus also earnings potential over the term of the contracts, entails the risk that earnings and sales potential as well as cash inflows will be postponed to the future and that the current sales, earnings and liquidity development will be dampened as a result. At the same time, this strategic business orientation offers a great opportunity to make the business model more profitable and more resilient.

The opportunities for the second half of the fiscal year 2023/2024 are included in the outlook below.

1.13 Supplementary Report

At the time of preparing this interim report, there were no significant events that would have to be mentioned in the Supplementary Report.

1.14 Outlook

Leading economic research institutes and institutions expect the German economy to return to slight growth in 2024. In its forecast published at the end of June 2024, the Munich-based ifo Institute expects growth of 0.4 percent.⁷ The forecast was revised downwards compared to the forecast from the end of January, when growth of 0.7 percent was still anticipated.⁸ According to the ifo economic surveys, most companies continue to rate the situation as poor. However, expectations regarding developments in the coming months have grown in all economic sectors. The International Monetary Fund (IMF) has a weaker outlook, expecting German economic output to increase by 0.2 percent in its latest publication from April. Global growth, on the other hand, is expected to increase by 3.2 percent.⁹

The outlook for 2024 as a whole remains positive for the ICT sector despite the many challenges in the global markets. The industry association Bitkom is currently forecasting dynamic growth of 4.7 percent. The strongest growth is forecast in the information technology market, which is important and relevant for Serviceware and consists of the IT hardware, software and IT services segments. The driver is the development in the software segment, which is expected to grow significantly by 9.9 percent.¹⁰

⁷ <https://www.ifo.de/fakten/2024-06-20/ifo-konjunkturprognose-sommer-2024-neue-hoffnung-aber-noch-kein-sommermaerchen>

⁸ <https://www.ifo.de/pressemitteilung/2024-01-24/ifo-institut-kappt-wachstumsprognose-fuer-2024>

⁹ <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024>

¹⁰ ICT market figures as at June 2023 can be found at: <https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland>

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Serviceware anticipated the trend towards Artificial Intelligence at the time of its IPO in 2018 and acted consistently by implementing a dedicated Artificial Intelligence team in Darmstadt in 2019. We can now benefit from this and believe we are very well positioned in this area. Leading analyst firms and Artificial Intelligence experts believe that the impact will be significant, particularly in the area of digital services, as automation will continue to advance and leverage efficiency potential. We see this as a major lever for increasing sales revenues and earnings at Serviceware. At the same time, we believe that the consistent use of Artificial Intelligence in all areas at Serviceware can lead to efficiency increases and cost reductions.

However, our business model is still in the midst of a transformation from relatively high one-off sales revenues to lower but recurring sales revenues that are more profitable in the long term. In addition, such a transformation phase is characterised by the fact that signed contract volumes cannot be recognised in profit or loss in the current fiscal year for the most part but find their way into the income statement or consolidated statement of comprehensive income in subsequent years. In addition, high one-off expenses are usually incurred at the beginning of these multi-year SaaS contracts, which initially place an additional burden on the earnings situation. In the long term, this business model with a high proportion of recurring revenues and a low churn rate should lead to higher profitability and more sustainable business development, making Serviceware's business model more resilient in the economic cycle.

The numerous armed conflicts continue to cause economic upheaval and lead to a very high level of uncertainty with regard to forecasts for business development. The numerous risks, which we have described in more detail above, also ensure that the following statements for the current fiscal year, as well as the estimates for medium-term business development, are accompanied by a high degree of variance.

Despite these conditions, some of which are still very challenging, we remain confident that we will be able to increase sales in the current fiscal year by between 5 and 15 percent compared to the prior year. This assumes that we will also continue to make significant progress in marketing and customer acquisition in the markets outside our core market and that there are no further exogenous shocks in the fiscal year 2023/2024 that will have a negative impact on the business activities of Serviceware. We are also confident that we will continue to accelerate sales revenues and earnings growth in the coming years.

On the earnings side, we expect to significantly improve the earnings situation at the EBITDA and EBIT level in the current fiscal year compared to the previous year.

Idstein, 26 July 2024

Dirk K. Martin
(CEO)

Harald Popp
(CFO)

Dr. Alexander Becker
(COO)

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2 Investor Relations

The shares of Serviceware SE have been listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange since 20 April 2018. The number of outstanding shares amounts to 10,500,000, the free float to 37.2 percent.

Development of the share: The first price of the Serviceware share was EUR 9.90 (Xetra) on 1 December 2023, the first trading day of Serviceware's fiscal year (December to November). The lowest price in the reporting period was reached on 4 December 2023 at EUR 9.88. The share reached its highest price of EUR 13.65 on 22 February 2024. At the end of the 2023/2024 financial year on 31 May 2024, the closing price was EUR 12.70. Market capitalisation therefore amounted to EUR 133.4 million as at the reporting date.

Research and designated sponsoring: The Serviceware share is currently covered by the research house Montega and Quirin Bank. Both Montega and Quirin Bank continue to recommend the Serviceware share as a buy. Montega's target price in a study dated 22 April 2024 is EUR 18.00, while Quirin Bank's target price in a research report dated 22 April 2024 is EUR 21.50. The designated sponsor for the Serviceware share is ICF Bank.

Shareholders: The anchor investors of Serviceware remain the founders Dirk K. Martin (CEO) and Harald Popp (CFO), whose shareholdings remained unchanged at around 31.4 percent each. The free float is around 37.2 percent.

Annual General Meeting: On 16 May 2024, Serviceware held the Annual General Meeting for the fiscal year 2023 in virtual form. All items on the agenda were approved by a large majority of more than 90.2 percent. The resolutions of the Annual General Meeting can be found on the Serviceware website (<https://serviceware-se.com/company/investor-relations/annual-general-meeting>).

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

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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 Bad Camberg, Germany
	Harald Popp (2) 3,296,545 (2) held via dreiff Management GmbH Ingelheim, Germany
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 H1 2023/2024	EUR 9.88 / EUR 13.65
Half-year final price	EUR 12.70
Market capitalisation as at 31.05.2024	EUR 133.4 million

Financial Calendar

25 October 2024	Nine-month report 2022/2023
November 2024	German Equity Forum Frankfurt a. M.

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3 Interim Consolidated Balance Sheet as at 31 May 2024

In EUR	31 May 24	30 Nov 23
Assets		
Goodwill	14,048,135	14,048,135
Other intangible assets	11,761,725	12,504,537
Property, plant and equipment	822,513	931,919
Prepaid expenses for customer maintenance contracts / SaaS contracts (contract receivables)	19,998,602	15,642,978
Non-current financial assets	6,785,982	3,229,465
Deferred income tax assets	4,247,116	4,580,224
Non-current assets	57,664,074	50,937,258
Inventories	424,692	105,047
Trade receivables	20,966,523	24,120,621
Other current receivables/assets	5,259,662	2,332,389
Prepaid expenses for customer maintenance contracts / SaaS contracts (contract receivables)	29,915,441	22,229,057
Cash and cash equivalents	28,490,364	25,015,785
Current assets	85,056,683	73,802,899
Balance sheet total	142,720,756	124,740,157
Liabilities		
Subscribed capital	10,500,000	10,500,000
Reserves	50,094,227	50,046,627
Net retained profits / Net accumulated losses	-14,071,917	-13,304,516
Accumulated other equity	-812,046	-1,000,316
Equity without non-controlling shares	45,710,263	46,241,795
Non-controlling shares	17,945	12,677
Equity	45,728,208	46,254,472
Deferred income tax liabilities	2,515,517	2,334,808
Non-current financial liabilities	500,000	999,400
Non-current contract liabilities	26,535,474	21,380,483
Other non-current liabilities	1,838,371	1,788,428
Non-current liabilities	31,389,363	26,503,119
Current income tax liabilities	230,278	98,078
Current financial liabilities	1,035,185	1,077,000
Trade payables	4,687,982	5,188,497
Current contract liabilities	48,491,651	34,066,275
Other current liabilities	11,158,090	11,552,717
Current liabilities	65,603,186	51,982,566
Balance sheet total	142,720,756	124,740,157

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4 Consolidated Statement of Comprehensive Income for the period from 1 December 2023 to 31 May 2024

In EUR	Dec. 23 - May 24	Dec. 22 - May 23
Sales revenues	50,328,206	45,690,495
Other operating income	1,434,824	1,788,983
Other own work capitalised	776,538	0
Cost of materials	-24,972,476	-22,867,925
Personnel expenses	-20,806,577	-21,590,964
Other operating expenses	-5,142,808	-4,175,762
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	1,617,707	-1,155,173
Depreciation and amortisation	-1,754,830	-1,847,448
Earnings before interest and taxes (EBIT)	-137,122	-3,002,620
Interest income	209,597	165,643
Interest expenses	-100,841	-47,087
Financial result	108,755	118,556
Earnings before taxes	-28,367	-2,884,064
Income tax	-733,767	57,673
Period loss	-762,134	-2,826,391
Items which may in future be reclassified in the P&L		
Balancing items from the currency translation of foreign subsidiaries	153,470	-209,290
Valuation of financial assets without effect on income	34,800	2,523
Other result	188,270	-206,767
Comprehensive income	-573,864	-3,033,157
Period loss		
thereof shareholders of the Serviceware SE Group	-767,402	-2,834,091
thereof non-controlling shares	5,268	7,700
<i>Earnings per share</i>	-0.07	-0.27
Comprehensive income		
thereof shareholders of the Serviceware SE Group	-579,132	-3,040,858
thereof non-controlling shares	5,268	7,700

Consolidated Interim Financial Report

5 Consolidated Cash Flow Statement for the period from 1 December 2023 to 31 May 2024

In EUR	Dec. 23 - May 24	Dec. 22 - May 23
Period loss	-762,134	-2,826,391
Depreciation and amortisation of non-current assets	1,754,830	1,847,448
Tax expense or income	219,950	368,373
Change in non-current liabilities	5,154,991	6,777,369
Change in deferred taxes / deferred tax income	513,817	-426,046
Financial result	-108,755	-118,556
Change in non-current assets	-4,355,624	-3,746,366
Change in items of current assets and current liabilities		
- Change in inventories	-319,644	-106,044
- Change in receivables / other assets	-7,248,528	-14,234,400
- Change in liabilities	14,693,415	10,893,272
Income taxes paid	-224,716	-690,510
Cash inflow/outflow from current business activity	9,317,601	-2,261,851
Capital expenditure on intangible assets and on property, plant and equipment	-127,053	-74,292
Investments in own work capitalised	-776,538	0
Payments for the acquisition of financial assets	-3,494,861	0
Interest received	209,597	165,643
Cash inflow/outflow from investing activity	-4,188,856	91,351
Interest paid	-46,530	-21,326
Repayment of non-current liabilities	-499,400	-536,376
Repayment of lease liabilities	-1,030,980	-1,036,976
Repayment of current liabilities	-41,815	0
Cash inflow/outflow from financing activity	-1,618,726	-1,594,678
Exchange rate-related change in cash and cash equivalents	-35,439	5,989
Change in cash and cash equivalents	3,474,580	-3,759,189
Cash and cash equivalents at the beginning of the period	25,015,785	29,074,869
Cash and cash equivalents at the end of the period	28,490,364	25,315,680

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6 Consolidated Statement of Changes in Equity for the period from 1 December 2023 to 31 May 2024

In EUR	Subscribed capital	Reserve	Losses brought forward	Mark-to-market valuation Financial Instruments	Currency translation reserve	Non-controlling shares	Total
1 December 2023	10,500,000	50,046,627	-13,304,516	-6,809	-993,507	12,677	46,254,473
Period result			-767,402			5,268	-762,134
Currency translation					126,613		126,613
Mark-to-market valuation of financial assets				61,656			61,656
Comprehensive income			-767,402	61,656	126,613	5,268	-573,865
Change in capital reserve due to stock option plan		47,600					47,600
31 May 2024	10,500,000	50,094,227	-14,071,917	54,874	-866,894	17,945	45,728,208

7 Consolidated Notes

7.1 General Information

ServiceWare SE, Idstein, has prepared for the first half year 2023/2024 as at 31 May 2024, 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.

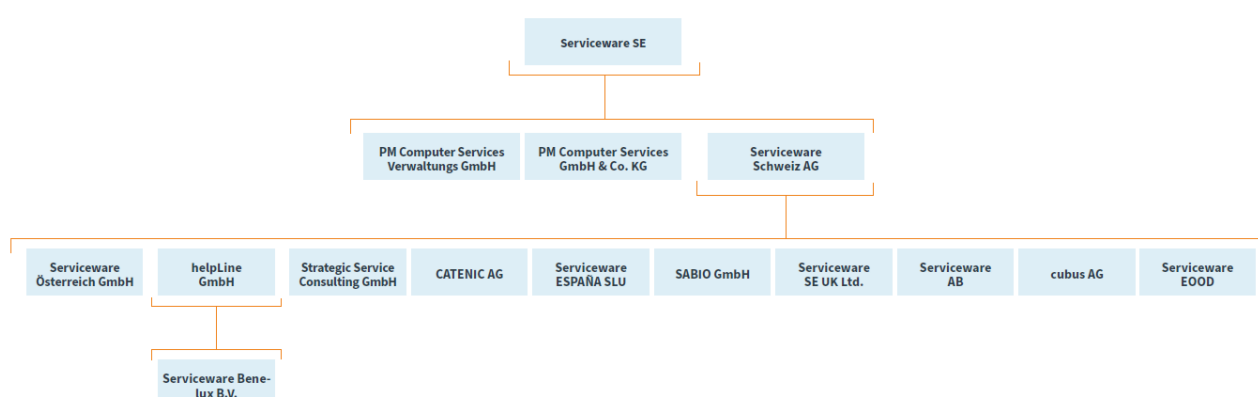
The interim consolidated financial statements have been prepared in Euro. The income statement is prepared on the basis of the nature of expense method.

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 2024 and the interim management report have neither been audited nor been subject to an audit review by an external auditor.

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Group of consolidated companies

Name	Registered office	Share capital	Stake
PM Computer Services Verwaltungs GmbH	Serviceware-Kreisel 1 65510 Idstein, Germany	EUR 25,600	100 %
PM Computer Services GmbH & Co, KG (PMCS GmbH & Co. KG)	Serviceware-Kreisel 1 65510 Idstein, Germany	EUR 250,000	100 %
Serviceware Schweiz AG	Haldenstrasse 5, 6340 Baar, Switzerland	CHF 610,000	100 %
Serviceware Österreich GmbH	Wangari-Maathai-Platz 3 / Top 8, 1220 Wien, Austria	EUR 35,000	100 %
helpLine GmbH	Serviceware-Kreisel 1 65510 Idstein, Germany	EUR 25,000	100 %
Strategic Service Consulting GmbH	Lennéstraße 3 10785 Berlin, Germany	EUR 25,000	100 %
Serviceware Benelux B.V.	Dellaertweg 9, 2316 WZ Leiden, The Netherlands	EUR 28,409	85 %
CATENIC AG	Hauptstraße 1, 82008 Unterhaching, Germany	EUR 328,778	100 %
Serviceware ESPAÑA SLU	Gran Via Asima, 6 Edificio A – 2º Planta 07009 Palma, Illes Balears, Spain	EUR 3,000	100 %
SABIO GmbH	Schützenstraße 5, 22761 Hamburg, Germany	EUR 43,576	100 %
Serviceware SE UK Ltd.	Apex, Forbury Road Reading, Berkshire RG1 1AX / England / United Kingdom	GBP 100	100 %
Serviceware AB	Vasagatan 7, 11120 Stockholm, Sweden	SK 50,000	100 %
cubus AG	Bahnhofstraße 29, 71083 Herrenberg, Germany	EUR 400,000	100 %
Serviceware EOOD	Regus, 115M, m. Kuro, Boulevard Tsarigradsko Blvd, Building D 1F, 1784 Sofia, Bulgaria	BGN 100,000	100%



Consolidated Interim Financial Report

Accounting Policies

This consolidated interim financial report as at 31 May 2024 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 financial report has to be read in conjunction with the consolidated financial statements for the fiscal year as at 30 November 2023 and all other public statements by Serviceware SE.

The standards and / or interpretations which had to be applied for the first time during the first six months of the 2023/2024 fiscal year as well as amendments to standards and interpretations did not lead to any significant adjustments to the accounting policies, nor did they have any significant impact on the presentation of the assets, financial and earnings position of the Group during the first six months of fiscal 2023/2024.

At the preparation of the interim financial statements as at 31 May 2024, the accounting policies applied to the consolidated financial statements as at 30 November 2023 were maintained without any changes, so that the Notes to the Consolidated Financial Statements 2022/2023 apply accordingly.

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

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 2023 included a detailed report about related parties. There have not been any major changes concerning the compensation of the Managing Directors and the Administrative Board.

7.3 Events after the Balance Sheet Date

At the time of preparing this interim report, there were no significant events that would have to be mentioned in the Supplementary Report.

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 consolidated interim financial statements provide a true and fair view of the assets, financial and earnings position of the Group and that in the consolidated interim management report the course of business including the business result and the position of the Group are presented in such a way that a true

Consolidated Interim Financial Report

and fair view is conveyed with a description of the main opportunities and risks of the probable development of the Group.

Idstein, 26 July 2024

Dirk K. Martin
(CEO)

Harald Popp
(CFO)

Dr. Alexander Becker
(COO)

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Company Description

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

The ServiceWare Platform consists of seamlessly integrated software solutions that can also be used independently of each other. Since 2018, ServiceWare has been focusing on the potential of artificial intelligence in service management. Today, AI is the central innovation factor of the ServiceWare Platform, which is constantly being further developed in the company's own AI competence center in cooperation with TU Darmstadt.

ServiceWare partners with customers from strategic consulting through the definition of the service strategy to the implementation of the ServiceWare Platform. Further components of the portfolio are safe and reliable infrastructure solutions as well as managed services.

ServiceWare has more than 1,000 customers worldwide from various business sectors, including 18 DAX companies, as well as 5 of the 7 largest German companies. The head office of ServiceWare is in Idstein, Germany. ServiceWare employs more than 450 people at 14 international locations.

For more information, please visit www.serviceware-se.com.

Contact

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www.serviceware-se.com

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

Administrative Board
Christoph Debus (Chairman)
Harald Popp
Ingo Bollhöfer

Registered office of the company:
Idstein Court of Registration
Local Court Wiesbaden,
Register number: HRB 33658