

Interim Financial Report 2020/2021

(01 December 2020 to 31 May 2021)

SERVICEWARE SE, Bad Camberg

LETTER TO THE SHAREHOLDERS

Dear Shareholders of Serviceware SE,

Serviceware SE can report a successful business development for the first half of financial year 2020/2021. Despite continuing uncertainties and a temporary tightening of the applicable corona restrictions due to the still rampant pandemic, our company was able to continue its long-term oriented course of success. The main drivers of business development in the first six months were the SaaS/Service business field, which we further expanded in line with our strategy, and the licensing business, where we saw significant catch-up effects in the reporting period. In addition, demand for our cost optimisation modules remains high and we are seeing good and still increasing demand for our professional service delivery solutions, following the pandemic-related dramatic increase in demand for service cost optimisation solutions. We are correspondingly satisfied with how sales developed in the first half of the year. Between December and May, sales increased by 13.7 percent from EUR 35.4 million to EUR 40.2 million. At EUR -0.6 million, EBIT in the reporting period was also on a par with the previous year, as was EBITDA at EUR 1.0 million. In the second quarter of financial year 2020/2021, our sales once again developed very positively by posting growth of 15.2 percent, following an increase of 12.1 percent in the first quarter. On this basis, we believe we are excellently positioned for the remainder of the year, as we have so far forecast sales growth of around 10 percent for the full financial year 2020/2021.

Growth in the SaaS/Service area was once again well above average. Here, sales increased by 22.5 percent in the first half of the year to EUR 18.8 million from EUR 15.3 million. As of the end of May 2021, SaaS/Service sales accounted for around 47 percent of Serviceware's total sales. The ongoing expansion of the SaaS/Service business unit is one of Serviceware's key areas of focus. This is accompanied by sustainable growth potential and a shift from one-time license billing to monthly recurring revenues. Accordingly, this also leads to greater predictability in our business development. In the first half of the year, Serviceware also recorded a strong increase in demand in the licensing business. Here, sales increased by 31.3 percent from EUR 8.9 million to EUR 11.6 million. This is attributable to catch-up effects. During the corona pandemic, many companies held back on investments or postponed investment decisions. However, with an increase in the number of corona relaxations, companies are increasingly catching up on investments. In the medium term, however, the trend from license revenues to SaaS revenues will continue.

We continue to succeed in realising cross-selling potential and synergies with increasing momentum. An increasing number of current and new Serviceware customers are opting for several modules from our ESM platform. In particular, the modules for managing IT and shared services, Serviceware Financial and Serviceware Performance, are frequently being combined. For example, a leading international automotive supplier in the field of drive technology chose precisely this combination. A large healthcare company from Austria, on the other hand, opted to use the Serviceware Knowledge, Serviceware Processes and Serviceware Resources modules.

The development work of our international teams manifests itself in new customer acquisition and economic success. In the first six months, we were able to continue our international expansion and convince high-profile new customers in Europe and other parts of the world of the benefits of the Serviceware ESM platform modules. One focus of our activities was on gaining major customers and corporate groups in line with our strategy. While an international wholesale group and a major European insurance company opted for the Serviceware Financial module, Serviceware Performance was implemented at a leading European major bank, among others. Furthermore, a leading international airline as well as a large German direct bank chose the Serviceware Knowledge module, which allows employees to access the entire knowledge base on a central database.

With our unique ESM platform, we are excellently positioned in the market to increase our market share and support customers in the digital transformation of their business processes. Drivers remain long-term trends such as the digitisation of service processes and the steadily increasing requirements for their cost transparency. The modules of our ESM platform are constantly evolving, can be adapted to individual needs and seamlessly integrated into existing systems. Serviceware is constantly strategically expanding its ESM platform and released Serviceware Financial 6.0, the next generation of digital cost management, after the end of the reporting period in July 2021. With the new version of Serviceware Financial, we are setting standards in the optimisation of financial processes.

In order to sustainably increase the value of Serviceware, we are investing heavily in the future of the company. As part of the accelerated growth program, EUR 1.9 million were invested at the EBIT level in the first half of the year. Among other things, this includes investments in internationalisation and the focus on strategic key account business.

For the full year 2020/2021, Serviceware expects sales growth of around 10 percent and a further improvement in EBITDA.

Sincerely yours,

Dirk K. Martin
(CEO)

Harald Popp
(CFO)

Dr. Alexander Becker
(COO)

1 Interim Group Management Report for the First Half Year 2020/2021

1.1 General Economic Development

In the first half of Serveware's financial year 2020/2021, the general economic development continues to be characterised by a high degree of uncertainty, making it difficult to make a reliable forecast. While on the one hand progress in vaccination campaigns in many countries is fuelling economic recovery, new virus mutations are at the same time leading to new risk situations. This will depend on whether and how the various global economic stimulus programmes will be able to overcome the recession triggered by the corona pandemic. In its latest publication in April 2021,¹ the International Monetary Fund (IMF) forecasts growth of 6.0 percent for the global economy in 2021, following a 3.3 percent decline in 2020.² The IMF expects an increase of 4.4 percent for the euro zone, following a decline of 6.6 percent the previous year. The IMF is thus revising its forecast slightly upward compared to the January forecast of 5.5 percent for the global economy and 4.2 percent for the euro region.

German economic output initially got off to a subdued start to the new year. According to the Federal Statistical Office (Destatis), gross domestic product (GDP) in the first quarter of 2021 – adjusted for price, seasonal and calendar effects – was 1.8 percent below the level of the fourth quarter of 2020.³ Following the recovery that began in the second half of 2020, economic output is thus still 5.0 percent below the fourth quarter of 2019, the last quarter before the start of the corona pandemic. The continued and, in some cases, more restrictive restrictions to contain the corona pandemic at the beginning of the year had a particularly noticeable impact on private consumer spending: This was 5.4 percent lower in the first quarter of 2021 than in the fourth quarter of 2020, adjusted for price, seasonal and calendar effects.

As a result of the weak first quarter, Germany's leading economic research institutes have reduced their forecast for 2021 in their joint spring report by one percentage point compared to the fall report to growth of 3.7 percent.⁴ The pre-crisis level of economic output will thus only be reached again through continued growth in 2022, for which the economic forecast currently assumes a growth rate of 3.9 percent.

1.2 Industry Development

The effects of the corona pandemic have not left the ICT industry unscathed. Instead of the 1.5 percent growth originally forecast by the industry association Bitkom for 2020, the ICT market in Germany shrank by

¹ The IMF usually updates its forecast in June or July. This was not yet available at the time this report was prepared.

² According to the IMF's Internet publication from April 2021, posted at:
<https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021>

³ According to the Internet publication of the Federal Statistical Office dated 25 May 2020, published at:
https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/05/PD21_244_81.html

⁴ According to the ifo Institute's Internet publication of 15 April 2021 at:
<https://www.ifo.de/node/62767>

0.6 percent in 2020.⁵ The mood in the digital industry improved significantly in the second quarter of 2021, however. In May, for example, the Bitkom-ifo Digital Index, which measures the business climate in the industry, reached its highest level since September 2018. “Business in the digital industry is better than it has been in a long time. The rapid progress being made with the vaccination campaign and the prospect of a further recovery of the German economy also make companies very confident for the rest of the year,” says Bitkom President Achim Berg.⁶

This means that the signs are good that the 2.7 percent growth forecast for the ICT industry at the beginning of the year can be realised, with above-average growth of 4.2 percent expected for the information technology market, which is important and relevant for Serviceware and consists of the IT hardware, software and IT services segments. Bitkom President Achim Berg believes that the industry is generally well positioned in the face of crises: “The Bitkom industry has shown itself to be resistant to short-term economic setbacks, as many other industries had to experience several times during the corona crisis. The pandemic is driving digitalisation in all areas, and as soon as other sectors of the economy recover, we expect additional momentum in investment.”

1.3 Key Figures from the Financial Statements as of 31 May 2021

In kEUR	01 December - 31 May			
	2020/2021	2019/2020	Change	in %
Sales revenues	40,248	35,397	4,851	13,7
thereof SaaS/Service	18,793	15,335	3,458	22,5
EBITDA	951	1,007	-56	-5,6
Adjusted EBITDA*	2,566	3,422	-856	-25,0
EBIT	-623	-670	47	6,9
Adjusted EBIT*	1,293	2,018	-725	-35,9
Financial result	-62	-106	44	41,8
Profit for the period before taxes	-685	-776	91	11,7
Adjusted earnings before taxes*	1,231	1,912	-681	-35,6
Income taxes	244	237	7	3,0
Profit for the period after taxes	-441	-539	98	18,2
Adjusted earnings after taxes*	917	1,366	-449	-32,9

Note: All figures in this report have been rounded to the nearest thousand in accordance with standard commercial practice. This can result in rounding differences when totals are calculated.

* In order to improve comparability with the previous year and increase transparency with regard to the expenses incurred in line with the strategy, which were announced at the time of the IPO and subsequently implemented, EBIT/EBITDA and profit/loss for the period before/after tax are adjusted.

⁵ According to the Internet publication from January 2021:
<https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland.html>

⁶ According to the Internet publication from June 2021:
<https://www.bitkom.org/Digitalindex>

1.4 Significant Events in the Serveware Group

Highlights from customer projects: Serveware again succeeded in winning many new projects in the first half of financial year 2020/2021. A steadily growing number of projects with major customers and corporations in Europe and other geographic regions worldwide demonstrates the success of Serveware's expansion strategy. A leading international automotive supplier in the field of drive technology has decided to deploy the Serveware Financial and Serveware Performance modules from Serveware's unique ESM platform within the Group. Serveware supports the company in restructuring its company IT and convinced the customer with its comprehensive options for managing shared and IT services on a central platform. Among other things, the customer is now in a position to allocate IT costs on a cause-related basis. The next step will be to implement Serveware solutions for billing additional shared services at the automotive supplier.

The Serveware Financial module will be used by a major European insurance company, where it will replace the insurance company's previous proprietary solution. With Serveware Financial, the Group can use a standardised cost model with a standardised approach to manage and price its service costs based on a market-leading solution. Only a few weeks after signing the contract, the insurer can begin implementing the solution on its own.

In the meantime, a large German direct bank has opted for the Serveware platform with a focus on Serveware Knowledge. With Serveware Knowledge, the approximately 1,500 service employees can access the entire knowledge base in a central database. Customer inquiries can be answered quickly and consistently in real time across all contact channels. This significantly shortens waiting times and reduces redirections. It is planned to also make Serveware Knowledge available to the direct bank's customers via an intuitive self-service portal on the corporate website that will provide answers and solutions to frequently asked questions around the clock. In the area of knowledge management and content creation, there is further potential for the complete automation of service processes through the link with artificial intelligence.

Further new customer acquisitions: Serveware continued to be successful in acquiring new customers during the reporting period. One focus was on winning projects with large companies and corporations. Serveware successfully realised potential from its cross-selling strategy and leveraged synergy effects. A large number of current and new Serveware customers are increasingly opting for other modules from the ESM platform. Business with consulting and services was also expanded. A total of 53 new customers were acquired for the ESM platform between December 2020 and May 2021. Among them was a leading European bank. Serveware Performance was integrated into the corporate portal used in all branches in the bank's domestic market, which provides an overview of all data in the Group. In addition, the Serveware Knowledge module was implemented at a leading international airline and the Serveware Financial module at an international wholesale Group.

International activities: Serveware has broad-based teams of experts with extensive expertise and many years of experience in areas such as technology, sales and marketing at its international locations, and is increasingly reaping the rewards of the development work carried out by the international teams in recent years. In the first half of the year, Serveware was able to achieve further successes in its internationalisation in line with its own expansion strategy. A leading wholesale Group in Europe decided to use the ESM platform module Serveware Financial. In the course of founding a Group-internal IT service company, the wholesale Group is reorganising its corporate IT. Serveware Financial supports the new customer with intelligent analysis tools to identify cost drivers. In addition, a large European insurer has also opted for Serveware Financial. In this project, the focus is not only on IT cost management but also on the cost control of all facility services for the

European properties, which is why the broad ESM positioning was decisive for the customer's decision in favour of Serviceware. In addition, an Austrian healthcare company is relying on the Serviceware platform to set up an ESM system by using the Serviceware Knowledge, Serviceware Processes and Serviceware Resources modules.

Serviceware portfolio: With its unique ESM platform, Serviceware has a strong offering for all services and is excellently positioned on the market in the long term to support customers in digitalising their service processes and expanding their market share. Serviceware's modules are continuously evolving and can be adapted to individual customer needs. Serviceware has succeeded in leveraging synergy potential in its solutions portfolio, realising cross-selling potential and further strengthening its very good market position. For the most part, the Serviceware Financial and Serviceware Performance software solutions are combined with each other, nevertheless Serviceware continues to see an increase in demand for solutions for the professional provision of services, following the drastic rise in demand for solutions to optimise service costs as a result of the corona pandemic.

Serviceware launched Serviceware Financial 6.0, the new version of the financial management module for IT and shared services from the unique ESM platform after the end of the reporting period, in early July 2021. Serviceware continues to drive the automation of financial processes with the release of Serviceware Financial 6.0. Serviceware Financial has been enhanced to include many new features with the release of 6.0. Among other things, employees can use workstreams to automate repetitive and labour-intensive workflows to ensure that processes are always executed and run correctly. The new version also features customisable start pages and a personalised user interface. By providing user-specific information, employees are optimally supported in developing appropriate recommendations for action. In the short term, Serviceware also plans to release Serviceware Processes 7.0, which will further accelerate the digital transformation of enterprise-wide service management driven by artificial intelligence. The latest version of Serviceware Processes is to include new AI-based solutions for service centres as well as the innovative messaging and chat provider smoope.

Brand, brand presence and marketing: Serviceware's strong market position is also regularly confirmed by independent analysts. In this year's BARC Planning Survey, Serviceware Performance once again received excellent ratings with 30 top scores and 39 leading positions in four peer groups. Serviceware Performance was rated the leading platform for planning, analysis and reporting for the second time. Companies using Serviceware Performance benefit from improved integration of planning with reporting and analysis, high planning transparency and low planning complexity. Overall, these benefits lead to better quality planning results for many customers.

Serviceware was named the best-rated vendor for the fourth time in a row in the study "Vendor Selection Matrix – IT and Enterprise Service Management: The Top 20 Vendors for the Upper Midmarket in Germany 2021" published by the renowned German analyst firm Research in Action (RIA). Serviceware performed well in terms of the breadth and depth of its solution offering, among other things, and came in first place in the recommendation index and in the customer satisfaction category. In addition, Serviceware was named the market leader in Technology Cost and Resource Management by RIA in the first-ever "Vendor Selection Matrix Technology Cost & Resource Optimization – Top Global-Vendors 2020" study.

1.5 Position

The Managing Directors assess the current development and the situation of the Serviceware Group as being in line with expectations. Further increases were achieved in sales revenues. Profitability is around the level of

the previous year. At the EBITDA level, the deviation is minus 5.6 percent, while EBIT is up 6.9 percent on the previous year.

1.5.1 Development of sales revenue

In the first half of 2020/2021, Serviceware's sales revenue increased by 13.7 percent year-on-year to EUR 40.2 million. Disproportionate revenue growth was again achieved in the SaaS/Service segment, which grew by 22.5 percent to EUR 18.8 million. This means that SaaS/Service revenues now account for around 47 percent of Serviceware's total revenue. At the same time, revenue from licenses also rose disproportionately in the reporting period (up 31.3 percent). This development reflects catch-up effects from investment decisions postponed during the phase of uncertainty triggered by the corona pandemic. Nevertheless, we do not see this as breaking the medium-term trend of shifting from one-off high license charges to monthly recurring subscription fees. Maintenance revenues were down 12.2 percent compared to the same period of the previous year because, among other factors, license revenues for the last 12 months must be taken into account in addition to license revenues for the current reporting period. Sales revenues break down as follows:

In TEUR	01 December – 31 May		Change
	2020/2021	2019/2020	
Sales SaaS/Service	18,786	15,335	22.5%
Sales licenses	11,626	8,855	31.3%
Sales maintenance	9,837	11,207	-12.2%
	40,248	35,397	13.7%

1.5.2 Order situation

The order backlog as of the reporting date at the end of the first half of financial year 2020/2021 mainly relates to advance payments received for maintenance and SaaS contracts. These are services already invoiced and accrued in the balance sheet for a period of up to 60 months. Due to binding contracts, the advance payments represent already fixed future revenues of Serviceware. A large share of the revenue from maintenance and SaaS contracts is generated from subscriptions (running over several years). Compared to the level of advance payments received for maintenance and SaaS contracts as of 30 November 2020, the level as of 31 May 2021 increased by approximately 40 percent to EUR 27.7 million.

1.5.3 Operating result (EBITDA/EBIT)

The operating result after the first half of financial year 2020/2021 was at around the level of the previous year. Compared to the same period of the previous year, EBITDA fell by kEUR 56 to kEUR 951, representing a change of -5.6 percent. EBIT improved by 6.9 percent and at kEUR -623 is above the previous year's figure of kEUR -670.

Furthermore, no capitalisation of development expenses is made in the balance sheet; instead, they are immediately recognised in the income statement in the period in which they are incurred. As a result, the earnings figures of Serviceware are only comparable to a limited extent with companies that capitalise development expenses.

To accelerate the company's growth, Serviceware has launched the Accelerated Growth Programme, for which it received net inflows of approximately EUR 55 million through a capital increase as part of the IPO on 20 April 2018. As planned, the funds will be used for three growth areas over a period of three to five years:

- European expansion (around 15 percent to 25 percent of funds)
- Strengthening of key account sales, including the related marketing (around 10 percent to 20 percent of funds)
- Inorganic growth and expansion of the ESM platform (around 65 percent to 75 percent of funds)

Serviceware has made progress in all of the aforementioned areas in recent periods and has consistently implemented the Accelerated Growth Programme. The sum of the programme's expenses currently reduces the profit for the period, but forms the long-term basis for additional revenue and earnings growth in the future and for strengthening Serviceware's international market position.

In order to provide a transparent and comparable picture of the application of funds affecting expenses in the individual periods and at the same time to show the associated effects on earnings, we report adjusted figures to supplement the current reporting. The adjusted figures are not IFRS-related and are intended solely to increase transparency.

In the first half of financial year 2020/2021, additional expenses of EUR 1,615 thousand (previous year: EUR 2,415 thousand) were incurred at the EBITDA level and EUR 1,916 thousand (previous year: EUR 2,688 thousand) at the EBIT level as a result of the Accelerated Growth Programme described above. These consist of investments in internationalisation of kEUR 800 (2007: kEUR 1,622), temporary integration costs of kEUR 718 (2007: kEUR 582) in connection with inorganic growth and the focus on strategic key account business of kEUR 97 (2007: kEUR 171), and kEUR 301 (2007: kEUR 272) caused by acquisition-related costs and depreciation and amortisation.⁷

Compared to the previous year, expenses from the Accelerated Growth Programme thus decreased by 33.1 percent at the EBITDA level and by 28.7 percent at the EBIT level. The change is mainly attributable to lower expenses for investments in internationalisation, which are significantly below the prior-year figures. The expenses primarily comprise start-up costs in the form of additional personnel and material expenses for building up our international organization. In line with Serviceware's sales success in the international environment, parts of these organisational units have already completed the start-up phase and therefore no longer require adjustment.

EBITDA adjusted for these expenses was kEUR 2,566, kEUR 856 lower than the prior-year figure of kEUR 3,422. Adjusted earnings before interest and taxes (EBIT) decreased by kEUR 725 year-on-year to kEUR 1,293. The change is mainly attributable to the reduction of kEUR 862 in the adjustment for expenses in connection with internationalisation described above.

⁷ Purchase price allocation to customer base and brand as well as internally generated intangible assets acquired through the acquisition, which are amortised on a scheduled basis over up to 20 years.

In kEUR	01 December - May 31	
	2020/2021	2019/2020
EBITDA (IFRS)	951	1,007
Costs in connection with internationalisation outside the DACH (German-speaking) region	800	1,662
Temporary integration costs in connection with inorganic growth	718	582
Costs associated with key account access and related marketing	97	171
Adjusted EBITDA	2,566	3,422
Depreciation	-1,574	-1,677
Amortisation of intangible assets capitalised as part of business acquisitions	301	272
Adjusted EBIT	1,293	2,018
Financial result	-62	-106
Adjusted profit for the period before taxes	1,231	1,912
Income taxes	244	237
Tax effects related to adjustments	-558	-783
Adjusted profit for the period after taxes	917	1,366

1.5.4 Financial result

The financial result for the first six months of financial year 2020/2021 amounted to kEUR -62, an improvement of kEUR 44 on the prior-year period (kEUR -106).

1.5.5 Earnings before taxes

Consolidated earnings before taxes (EBT) amounted to kEUR -685 (previous year: kEUR -776), which equates to an increase of kEUR 91 compared to the previous year. Adjusted earnings before taxes for the period changed by kEUR -725 to kEUR 1,293 compared to the prior-year period.

1.5.6 Tax expense

The tax result was significantly influenced by effects from the change in deferred taxes. In the first half of financial year 2020/2021, this resulted in tax income of kEUR 244. In the previous year, tax income of kEUR 237 was recorded in the comparable period.

1.5.7 Earnings after taxes

Consolidated earnings after taxes for the first half of financial year 2020/2021 amounted to kEUR -441, an increase of kEUR 98 compared to the prior-year period (kEUR -539). Adjusted earnings after taxes for the reporting period were kEUR 917 (previous year: kEUR 1,366).

1.5.8 Investments

In the first half of financial year 2020/2021, investments totalling kEUR 160 (previous year: kEUR 661) were made, mainly for the expansion and modernisation of plant and office equipment and for the acquisition of software licenses.

1.6 Net Assets and Capital Structure

Condensed balance sheet as of 31 May 2021

In kEUR	31 May 2021	30 Nov. 2020	Change	in %
Cash and cash equivalents	38,981	33,836	5,145	15.2
Equity	55,720	55,639	81	0.1
Borrowed capital	55,220	50,997	4,224	8.3
Balance sheet total	110,940	106,636	4,304	4.0

Serviceware's net assets have not changed significantly compared to the last balance sheet date of 30 November 2021. Equity of kEUR 55,720 increased by kEUR 81 (0.1 percent) compared to the balance sheet date of financial year 2019/2020. The amount of borrowed capital as of 31 May 2021 is kEUR 55,220, an increase of kEUR 4,224 compared to 30 November 2020.

The main driver of the increase in borrowed capital is the increase in the order backlog as of the reporting date at the end of the reporting period. The order backlog mainly comprises advance payments received for SaaS and maintenance contracts. A large share of the maintenance and SaaS contracts provide for a calendar-year advance calculation, which is recognised in the balance sheet under contract liabilities and increases them accordingly at the beginning of the year. Due to binding contracts, these contract liabilities represent already fixed future revenues of Serviceware. In line with the term of the contract, the forecasts are released to revenue on a pro rata basis over the remainder of the financial year. In addition, the general trend towards SaaS/service business is contributing to this development.

Total assets amounted to kEUR 110,940 as of 31 May 2021 (30 November 2020: kEUR 106,636). The equity ratio was therefore around 50 percent. The equity ratio decreased by around 2 percent compared to 30 November 2020 (approx. 52 percent). The decrease is mainly due to the effect described above from the recognition of the projections.

Within current assets, trade receivables decreased by kEUR 4,714. At the same time, cash and cash equivalents increased by kEUR 5,145 to kEUR 38,981.

Non-current liabilities were reduced by kEUR 2,121 to kEUR 14,758. Non-current liabilities include deferred income taxes of kEUR 2,732 (previous year: kEUR 2,934) as well as non-current financial liabilities and contractual liabilities. Non-current financial liabilities decreased by kEUR 841 to kEUR 3,755 due to scheduled repayments. Non-current contract liabilities (kEUR 4,046) mainly include advance payments received for SaaS and maintenance contracts with a remaining term of more than 12 months. In addition, there are other non-current contract liabilities of kEUR 4,225, which reflect the recognition of rental and lease obligations in accordance with IFRS 16.

Current liabilities increased by kEUR 6,345 (19 percent) to kEUR 40,462 in the first half of the financial year compared to 30 November 2020. The main driver here is the above-described increase in current contract liabilities due to advance payments received for SaaS and maintenance contracts for up to 12 months. The resulting current contract liabilities amount to kEUR 23,651 as of 31 May 2021, which is kEUR 8,127 above the last balance sheet date.

1.7 Cash Flow Statement

As of 31 May 2021, Serviceware's cash and cash equivalents increased by kEUR 5,145 (+15.2 percent) to kEUR 38,981 compared to the figure as of 30 November 2020. Current operating activities resulted in an inflow of cash and cash equivalents of kEUR 7,331 in the first half of 2020/2021 (previous year: outflow of kEUR 2,686). The main driver here is also the receipt of advance payments for SaaS and maintenance contracts, which are recognised in the balance sheet under changes in liabilities. Investing activities resulted in a cash outflow of kEUR 140 (previous year: cash outflow of kEUR 649). Financing activities resulted in a cash outflow of kEUR 2,048 (previous year: cash outflow of kEUR 1,199). In addition, there was an increase in cash and cash equivalents of kEUR 3 (previous year: kEUR 49) due to exchange rate movements and changes in the scope of consolidation.

1.8 Employees

Serviceware had a total of 503 employees as of the reporting date of 31 May 2021. As of the same reporting date in the previous year, there were 490 employees and as of 30 November 2020, there were 494 employees in the Serviceware Group.

1.9 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. Instead, the focus is on the development and enhancement of our software platform, whose solutions enable companies to increase their service quality and efficiently manage their service costs.

In the area of artificial intelligence, 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 with the goal of being able to implement research results directly in our Enterprise Service Management platform. Several AI-based modules have already been developed and integrated into the ESM platform since the founding of the Serviceware AI Centre in Darmstadt.

1.10 Opportunities and Risks

The opportunities and risks outlined in section 2 of the 2019/2020 Annual Report, page 43 et seq. still apply. These include global risks such as the consequences of the United Kingdom's withdrawal from the European Union, for example, which has now been completed, the protectionist foreign trade policies of major economic regions, and very recently the still existing and in some regions very dynamic spread of the coronavirus (SARS-CoV-2) and its now rampant mutations. Moreover, in order to combat the negative economic consequences, many countries have increased their new debt, in addition to the high existing level in some cases, which does not contribute to financial market stability overall.

As externally driven opportunities, we see the major support measures for the economy on the part of governments that have been enacted around the globe since the outbreak of the corona pandemic. We also see the continued moderate monetary policy of many central banks as an opportunity for demand to continue to be

supported globally. We see our business model of supporting companies in the digitalisation of business processes as a further opportunity. The corona pandemic in particular will encourage companies to digitalise business processes, and we therefore expect higher demand in the medium and long term. We also see the trend toward software as a service (SaaS) as an opportunity to make our business model more sustainable and thus less dependent on economic demand cycles.

Strategic opportunities and risks include the potential for revenue and profit growth from Serviceware's organic and inorganic growth. In the case of inorganic growth, we see the risk that we will not be able to acquire the companies that fit our strategy, as they are either not for sale or do not even exist. There is also a risk that the companies already acquired may not develop as positively as expected. For example, higher than expected employee turnover at the acquired companies or incorrect assumptions regarding sales and earnings potential could have a negative impact on Serviceware's business development. Furthermore, the strategic business orientation of focusing on the SaaS business may lead to a shift in earnings and revenue potential into the future and thus to the current revenue expectations not being realised. There are also personnel-related and financial opportunities and risks, as well as opportunities and risks arising from software projects, details of which can be found in the Annual Report.

The opportunities for the second half of financial year 2020/2021 are included in the following outlook.

1.11 Supplementary Report

No further events occurred after the balance sheet date that have a material impact on the net assets, financial position and results of operations of Serviceware. The uncertainties arising in connection with the corona pandemic persist and are discussed under opportunities and risks.

1.12 Outlook

In the first half of Serviceware's financial year 2020/2021, overall economic development continued to be characterised by a high degree of uncertainty, making it difficult to make a reliable forecast. While on the one hand the progress being made with vaccination campaigns in many countries is fuelling economic recovery, new virus mutations are at the same time leading to new risk situations. This will depend on whether and how the various global economic stimulus programmes will be able to overcome the recession caused by the corona pandemic. In its April 2021 publication, the International Monetary Fund (IMF) forecasts growth of 6.0 percent for the global economy, following a decline of 3.3 percent in 2020. For the euro region, the IMF expects an increase of 4.4 percent, following a 6.6 percent decline in the previous year. The IMF is thus revising its forecast slightly upward compared to the January forecast of 5.5 percent for the global economy and 4.2 percent for the euro region.

The information technology market, which is of importance and relevant to Serviceware and consists of the IT hardware, software and IT services segments, is expected to generate sales of EUR 98.6 billion (+4.2 percent compared to 2020) in calendar year 2021, according to data from the industry association Bitkom published in January 2021. This would be a significant growth spurt compared to last year's momentum (-0.7 percent compared to 2019), which was clouded by the corona pandemic.

At the moment, however, we remain in the midst of the corona pandemic, particularly in our core markets. Lockdown measures are being gradually lifted at the time of writing this report and vaccination campaigns are progressing rapidly. Whether or how long this process can continue against the backdrop of mutations of the

coronavirus (SARS-CoV-2) already in circulation remains subject to a high degree of uncertainty, and thus our forecast for the current financial year is also associated with a higher variance than in the past.

The growing trend in revenue development towards software as a service (SaaS) will also mean that we will not be able to report the majority of revenue from newly acquired SaaS contracts this year. On the one hand, this will make our business model much more resistant to economic downturns in the future; on the other hand, these revenues will be missing in the current financial year and will therefore have a dampening effect on revenue growth in the current year.

Despite these sometimes difficult conditions, we remain confident that we will be able to increase sales in the current financial year by around 10 percent compared to the previous year. We believe we are well on the way to achieving this with the results for the first half of the year. A further prerequisite for this is that we can also make significant progress in marketing and customer acquisition in the markets outside our core market and that the corona pandemic fades into the background in the second half of the year due to vaccinations. Should we succeed in this, we expect our sales growth to further accelerate in the coming years.

On the earnings side, we also continue to expect a moderate improvement in positive EBITDA (IFRS) and EBIT (IFRS) for the current financial year.

Overall, we remain optimistic for this financial year and, despite the challenging environment, expect to further strengthen our market position through our unique ESM platform, thus further expanding our foundation for future sales and earnings growth.

Bad Camberg, 23 July 2021

Dirk K. Martin

(CEO)

Harald Popp

(CFO)

Dr. Alexander Becker

(COO)

2 Investor Relations

Serviceware SE shares 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 37.20 percent.

Share Performance: The Serviceware share price was EUR 14.10 on Xetra at the beginning of financial year 2020/2021. The share reached its high for the reporting period at EUR 19.00 (Xetra) on 15 February. The low was reached on 21 December at EUR 13.05. As of 31 May 2021, the share was quoted at EUR 17.00. The share price thus increased by 20.6 percent in the reporting period.

Research and Designated Sponsoring: The development of Serviceware SE is tracked by analysts from Hauck & Aufhäuser, Commerzbank and Quirin Privatbank and recorded in regular analyst studies. At the time of the preparation of the Annual Report (July 2021), the Serviceware share was rated “Buy” by all three analyst firms. Hauck & Aufhäuser acts as designated sponsor for the Serviceware share. The average trading volume (Xetra) in the reporting period was 5,821 shares per day.

Roadshow and Investor Meetings: In the first half of financial year 2020/2021, Serviceware CFO Harald Popp met with numerous investors at a virtual European roadshow in May to provide information on the course of business, the current strategy and its implementation to date, and to answer questions about the company and its business model. At further investor meetings, Serviceware sparked great investor interest and it was possible to expand the circle of investors in the Serviceware share, especially from the USA, through these activities. Furthermore, additional virtual investor meetings and product demos were continuously held in the first half of 2020/2021 to explain the business model and corporate strategy and to attract further investors.

Shareholders: Serviceware’s founders, Dirk K. Martin (CEO) and Harald Popp (CFO), continue to act as anchor investors, with their shareholdings remaining unchanged at around 31.4 percent each. The free float remains at around 37.2 percent of the shares.

Annual General Meeting: On 6 May 2021, Serviceware invited its shareholders to the digital Annual General Meeting, which was moderated from the location of the headquarters in Bad Camberg. Shareholders were asked to submit questions in advance so that these inquiries could be thoroughly addressed at the meeting. The formal resolutions adopted at the Annual General Meeting can be read on our website (<https://serviceware-se.com/de/investor-relations/hauptversammlungen>).

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

Stock Exchange Information

ISIN	DE000A2G8X31
WKN (German securities ID)	A2G8X3
Ticker symbol	SJJ
Number of shares	10,500,000
Major shareholders	Dirk K. Martin (1) 3,296,545 (1) held via aventura Management GmbH,
	Harald Popp (2) 3,296,545 (2) held via dreiff Management GmbH,
Free float	approx. 37.20%
Share class	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 in first half of 2020/2021	EUR 19.00 / EUR 13.05
Half-year end price	EUR 17.00
Market capitalisation as of 31 May 2021	EUR 178.5 million

Financial Calendar

22 October 2021	9-Month Report 2020/2021
November 2021	German Equity Forum Frankfurt a.M.

3 Interim Consolidated Balance Sheet as of 31 May 2021

In EUR	31 May 21	30 Nov 20
Assets		
Goodwill	14,048,135	14,048,135
Other intangible assets	17,458,607	18,804,629
Property, plant and equipment	763,598	832,063
Prepaid expenses for customer maintenance contracts (contract receivables)	3,919,654	2,213,142
Deferred income taxes	2,844,839	2,722,058
Non-current assets	39,034,832	38,620,027
Inventories	67,800	67,800
Trade receivables	16,876,242	21,590,710
Other current receivables/assets	4,102,898	4,378,968
Prepaid expenses for customer maintenance contracts (contract receivables)	11,877,600	8,142,755
Cash and cash equivalents	38,980,920	33,835,534
Current assets	71,905,460	68,015,767
Balance sheet total	110,940,292	106,635,795
Liabilities		
Subscribed capital	10,500,000	10,500,000
Reserves	49,827,627	49,827,627
Accumulated deficit	-3,750,916	-3,310,214
Accumulated other equity	-783,227	-1,297,818
Equity excluding non-controlling interests	55,793,483	55,719,595
Non-controlling interests	-73,545	-80,514
Equity	55,719,938	55,639,081
Deferred income taxes	2,731,664	2,933,706
Non-current financial liabilities	3,755,439	4,596,794
Non-current contractual liabilities	4,046,001	4,228,034
Other non-current liabilities	4,224,929	5,120,453
Non-current liabilities	14,758,033	16,878,987
Current income tax liabilities	110,955	298,487
Current financial liabilities	1,666,063	1,817,429
Trade accounts payable	4,202,546	3,994,720
Current contract liabilities	23,650,644	15,523,758
Other current liabilities	10,832,113	12,483,333
Current liabilities	40,462,321	34,117,727
Balance sheet total	110,940,292	106,635,795

4 Consolidated Statement of Comprehensive Income for the Period 1 December 2020 – May 31, 2021

In EUR	Dec. 2020 – May 2021	Dec. 2019 – May 2020
Revenues	40,248,013	35,397,298
Other operating income	721,164	1,229,975
Cost of materials	-16,979,132	-12,659,439
Personnel expenses	-19,937,488	-19,173,837
Other operating expenses	-3,101,654	-3,786,711
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	950,904	1,007,286
Depreciation	-1,574,180	-1,677,085
Profit from operating activities (EBIT)	-623,276	-669,799
Interest income	19,273	11,767
Interest expenses	-81,022	-117,849
Financial result	-61,749	-106,082
Earnings before taxes	-685,026	-775,881
Income taxes	244,323	237,264
Loss for the period	-440,703	-538,617
Items that may be reclassified to P/L in the future:		
Adjustment items from currency translation of foreign subsidiaries	514,591	-767,386
Other result	514,591	-767,386
Total result	73,888	-1,306,003
Profit/loss for the period		
of which shareholders of Serviceware SE Group	-447,672	-530,512
thereof non-controlled interests	6,969	-8,105
<i>Earnings per share</i>	-0.04	-0.05
Overall result		
of which shareholders of Serviceware SE Group	66,919	-1,297,898
thereof non-controlled interests	6,969	-8,105

5 Consolidated Statement of Cash Flows for the Period 1 December 2020 – 31 May 2021

In EUR	Dec. 2020 – May 2021	Dec. 2019 – May 2020
Loss for the period	-440,703	-538,617
Depreciation and amortisation of non-current assets	1,574,180	1,677,085
Tax expense	-80,500	-237,264
Change in non-current liabilities	444,484	-2,029,372
Changes in deferred taxes / deferred tax income	-324,823	-705,361
Financial result	61,749	106,082
Change in non-current assets	-1,706,512	732,309
Changes in current asset and current liability items		
- Change in receivables/other assets	1,255,694	-2,999,025
- Change in liabilities	6,622,468	2,151,825
Income taxes paid	-75,170	-843,352
Cash inflow/outflow from operating activities	7,330,866	-2,685,690
Investments in intangible assets and property, plant and equipment	-159,692	-661,008
Interest received	19,273	11,767
Cash inflow/outflow from investing activities	-140,419	-649,241
Interest paid	-51,859	-85,042
Repayment of non-current liabilities	-841,355	-962,514
Repayment of lease liabilities	-1,003,803	
Repayment of current liabilities	-151,366	-151,048
Cash inflow/outflow from financing activities	-2,048,382	-1,198,604
Effect of exchange rate changes on cash and cash equivalents	3,322	49,056
Change in cash and cash equivalents	5,145,386	-4,484,480
Cash and cash equivalents at the beginning of the period	33,835,534	41,197,393
Cash and cash equivalents at the end of the period	38,980,920	36,712,913

6 Consolidated Statement of Changes in Equity for the Period 1 December 2020 – 31 May 2021

In EUR	Subscribed capital	Reserve	Results carried forward	Currency translation reserve	Non-controlling interests	Total
1 December 2020	10,500,000	49,827,627	-3,310,214	-1,297,818	-80,514	55,639,082
Result for the period			-440,703			-440,703
Currency conversion				514,591		514,591
Total result			-440,703	514,591	0	73,888
Allocation of results - minority in Service-ware Benelux B.V.					6,969	6,969
31 May 2021	10,500,000	49,827,627	-3,750,917	-783,227	-73,545	55,719,939

7 Notes to the Consolidated Financial Statements

7.1 General information

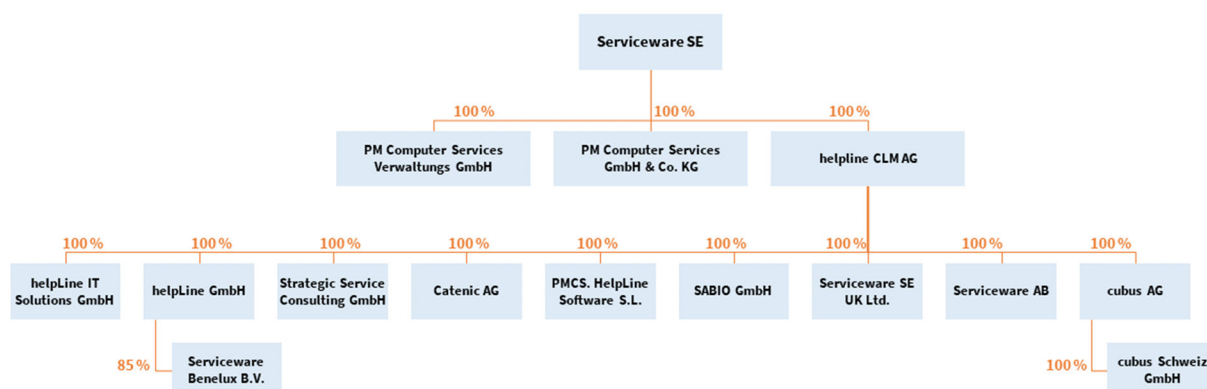
ServiceWare SE, Bad Camberg, Germany, has prepared Interim Consolidated Financial Statements for the first half of 2020/2021 as of 31 May 2021 in accordance with International Financial Reporting Standards (IFRS) and taking the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union into account.

The Interim Consolidated Financial Statements have been denominated in euros. The Income Statement has been prepared using the nature of expense method.

These Interim Consolidated Financial Statements are published in condensed form in accordance with IAS 34. The condensed Interim Consolidated Financial Statements as of 31 May 2021 and the Interim Group Management Report have neither been audited nor reviewed by an auditor.

Scope of consolidation

Name	Founded / Acquired on	Seat	Share capital	Shareholding quota
PM Computer Services Verwaltungs GmbH (PMCS Verwaltungs GmbH)	03 June 2005	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 25,600	100%
PM Computer Services GmbH & Co. KG (PMCS GmbH & Co. KG)	29 June 2004	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 250,000	100%
helpLine CLM AG	01 Dec. 2003	Haldenstrasse 5, 6340 Baar, Switzerland	CHF 610,000	100%
helpLine IT solutions GmbH	06 July 2004	Karl-Farkas-Gasse 22, 1030 Vienna, Austria	EUR 35,000	100%
helpLine GmbH	02 Dec. 2003	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 25,000	100%
Strategic Service Consulting GmbH	22 Nov. 2011	Friedrichstraße 95, 10117 Berlin, Germany	EUR 25,000	100%
Serviceware Benelux B. V.	05 June 2002	Dellaertweg 9, 2316 WZ Leiden, The Netherlands	EUR 28,409	85%
CATENIC AG	14 Nov. 2014	Hauptstraße 1, 82008 Unterhaching, Germany	EUR 328,778	100%
PMCS. HelpLine Software S.L.	07 June 2017	Gremi de Sabaters 21, 07009 Palma, Illes Balears, Spain	EUR 3,000	100%
SABIO Ltd.	30 July 2018	Schützenstraße 5, 22761 Hamburg, Germany	EUR 43,576	100%
Serviceware SE UK Ltd.	22 Aug. 2018	282 Farnborough Road, Abbey House, Farnborough, Hampshire, GU14 7NA, UK	GBP 100	100%
Serviceware AB	22 Aug. 2018	Vasagatan 7, 11120 Stockholm, Sweden	SK 50,000	100%
cusub AG	05 June 2019	Bahnhofstraße 29, 71083 Herrenberg, Germany	EUR 400,000	100%
cusub Switzerland GmbH	05 June 2019	Leutschenbachstrasse 95, CH-8050 Zurich, Switzerland	CHF 50,000	100%



Accounting and valuation methods

This Consolidated Interim Financial Report as of 31 May 2021 has been prepared in accordance with the provisions of IAS 34 “Interim Financial Reporting.” The Interim Consolidated Financial Statements do not include all the disclosures normally included in the financial statements for a full financial year. Accordingly, this interim report should be read in conjunction with the Consolidated Financial Statements for the financial year ended 30 November 2020 and all other public announcements of Serviceware SE.

The standards or interpretations and amendments to standards or interpretations required to be applied for the first time in the first six months of financial year 2020/2021 did not result in any significant adjustments to accounting policies, nor did they have any material impact on the presentation of the Group’s net assets, financial position and results of operations in the first six months of financial year 2020/2021.

In addition, the accounting policies applied to the Consolidated Financial Statements as of 30 November 2020 have been retained unchanged in the preparation of the Interim Financial Statements as of 31 May 2021, with the result that the explanations in the Notes to the Consolidated Financial Statements for 2019/2020 apply accordingly to these.

The report on Serviceware SE’s half-year financial statements is available for viewing and downloading on the Internet at www.serviceware-se.com.

Uncertainties and estimates

In preparing the Interim Consolidated Financial Statements, assumptions and estimates have been made to a certain extent. The assumptions and estimates are based on premises that reflect the best knowledge available at the time. The actual values may differ from these.

7.2 Relationships with related parties

Related parties were reported in detail in the Combined Consolidated Financial Statements as of 30 November 2020. There were no significant changes to the fixed compensation of the Management Board and Supervisory Board. The long-term variable compensation was supplemented by a share-based component with the resolutions of the Annual General Meeting on 6 May 2021. This consists of the granting of stock options that are exercisable no earlier than four years after they are granted, provided that the defined performance targets are achieved. The details of the resolved stock option programme, which incidentally will be offered not only to the Management Board and Supervisory Board but also to a large group of employees, are described in more detail under agenda item 5 of the notice convening the Annual General Meeting. The stock option programme is currently still in the development phase, so there is no impact on the balance sheet as of the end of the first half of the year.

7.3 Events after the balance sheet date

No further events occurred after the balance sheet date that have a material impact on the net assets, financial position and results of operations of Serviceware. The uncertainties arising in connection with the corona pandemic persist and are discussed under opportunities and risks.

Assurance of the legal representatives

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

Bad Camberg, 23 July 2021

Dirk K. Martin
(CEO)

Harald Popp
(CFO)

Dr. Alexander Becker
(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 (help-Line), 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 1,000 customers worldwide from various business sectors, including five of the seven largest German companies and 15 DAX 30 companies. The headquarters of Serviceware are in Bad Camberg, Germany. Serviceware employs more than 500 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

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