



Quarterly Report 2024/2025

(December 1, 2024 to February 28, 2025)

ServiceWare SE, Idstein



Quarterly Report as at February 28, 2025

1.1 Ratios of the Financial Statements as at February 28, 2025

Sales Revenues and Earnings Ratios

In kEUR	December 01 to February 28/29		Variation	% ¹
	2024/2025	2023/2024		
Sales revenues	27,761	24,954	2,807	11.2
thereof SaaS/Service	20,801	15,945	4,857	30.5
EBITDA	654	569	85	14.9
EBIT	-295	-307	12	3.8
Financial result	25	-16	41	>100
Earnings before taxes	-270	-323	53	16.4
Income tax	-146	-171	25	14.5
Earnings after taxes	-416	-494	78	15.7

Condensed Balance Sheet

In kEUR	28.02.2025	30.11.2024	Var.	% ¹
Cash and cash equivalents ²	31,605	33,611	-2,006	-6.0
Equity	45,950	46,371	-421	-0.9
Contract liabilities	101,587	80,598	20,990	26.0
Total liabilities	125,869	108,683	17,185	15.8
Balance sheet total	171,819	155,054	16,764	10.8

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

Successful start to the fiscal year 2024/25 for Serviceware SE: The company has continued to grow dynamically and profitably in the first quarter, making very good progress in its ongoing internationalization and further strengthening the Serviceware Platform. The focus is on developments relating to Artificial Intelligence (AI). AI is one of Serviceware's growth drivers and is already consistently integrated into the modules of the Serviceware Platform. Artificial Intelligence is used in numerous applications for both customers and internal processes at Serviceware. Serviceware is also making excellent progress with the planned transformation of the business from a license to a SaaS model.

In the first quarter, sales revenues increased by 11.2 percent from EUR 24.9 million to EUR 27.8 million. After three months, sales growth was thus in the upper half of the sales target corridor of 5-15 percent for the full year. Once again, the increase in SaaS/Service revenues was significantly above average. They increased by 30.5 percent from EUR 15.9 million to EUR 20.8 million. A large proportion of SaaS/Service revenues is attributable to SaaS revenues, which grew by over 40 percent in the first quarter compared to the same prior-year period. With total sales revenues of EUR 27.8 million and SaaS/Service revenues of EUR 20.8 million, Serviceware once again achieved a new record quarter with new top figures. SaaS/Service revenues accounted for 74.9 percent of total sales revenues at the end of the first quarter of 2024/2025 (prior year: 63.9 percent). The profitability of Serviceware has also continued to improve. EBITDA rose by 14.9 percent from EUR 0.6 million

¹ In the case of relative changes of more than 100%, in particular due to small absolute initial variables, the change is indicated in simplified form as ">100%".

² The cash and cash equivalents item includes the balance sheet item liquid funds and the item non-current financial assets.

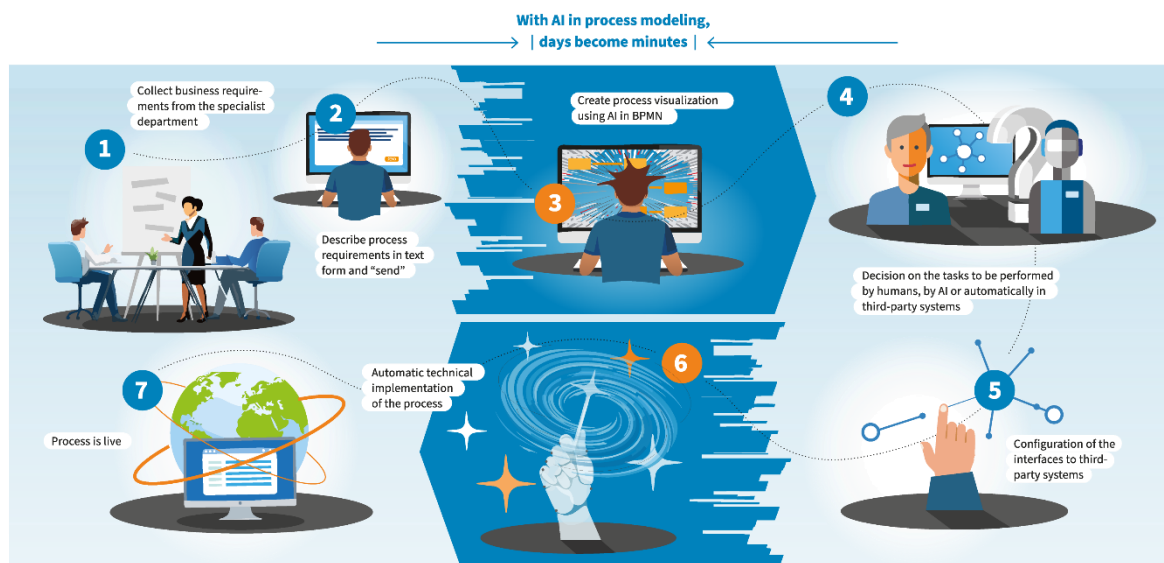
Group Interim Financial Report

to EUR 0.7 million in the first three months. Serviceware expects a further increase in EBITDA and EBIT for the full year compared to the previous year. Meanwhile, the fact that Serviceware will no longer capitalize internally generated intangible assets from the beginning of the fiscal year 2024/2025 and has started to amortize the internally generated intangible assets capitalized in the last two fiscal years as planned will have a negative impact on earnings.

The strong growth in contract liabilities - which increased by 26.0 percent from EUR 80.6 million to EUR 101.6 million - shows that the conversion of Serviceware's business model is working and will be reflected in significantly growing future revenues. Contract liabilities are primarily made up of the residual values of existing SaaS contracts and represent already fixed future revenues.

1.2 Significant events in the Serviceware Group

Artificial Intelligence in the ESM Platform: Serviceware is continuously expanding its innovative ESM Platform with new technical developments and applications. And with the Platform, it has a comprehensive offering for the digitalization and automation of all service processes of a company. A focus of the expansion is on the further integration of Artificial Intelligence at all levels of the Platform. An important milestone was the release of the newly developed AI Process Engine. With this AI-native core of the ESM platform, Serviceware has entered a new era in the automation of service processes. Just a few weeks after the launch of this innovative process modeling software, Serviceware has received a consistently positive response from the market. The implementation of the Serviceware Platform with Artificial Intelligence is already in full swing at several customers who have decided to use it.



With the Serviceware Platform and Artificial Intelligence, companies are supported in all internal and external customer service tasks. Numerous modules and intelligent tools with AI help to create and implement service processes quickly and easily without expert knowledge or programming skills. This saves time and costs and enables significant efficiency gains to be realized. Thanks to the Serviceware Platform, the company-wide degree of digitalization is significantly enhanced and the time to value is shortened. The result is a noticeable improvement in service quality and a significant increase in customer satisfaction.

Internationalization and new projects: Serviceware is consistently pursuing its international expansion strategy and can report a strong and steadily growing international order pipeline for the first quarter. During the reporting period, Serviceware convinced a large international mechanical engineering and Fortune 500

Group Interim Financial Report

company to use the Serviceware ESM Platform. The company decided to use the Platform with the Serviceware Financial and Serviceware Performance modules. A SaaS contract was signed with the company for an initial period of three years. Serviceware is also pleased with its partnership with the Maryville Consulting Group in North America, the largest software market in the world. As a result of this partnership, Serviceware has signed its first contract with a leading US food company with sales revenues in the billion US dollar range. This company, too, will use the Serviceware Platform with the Serviceware Financial and Serviceware Performance modules. The implementation of the Serviceware Platform is currently underway at the customer. After the end of the reporting period, in April 2025, Serviceware also entered the Italian market with Serviceware Financial. A leading global packaging company will use Serviceware's software solution for IT cost management at its site in Italy. The new customer will deploy Serviceware Financial after it was not possible to successfully use the solution of a US competitor.

In view of its excellent international market position and very good growth opportunities in Germany and abroad, Serviceware will maintain strong momentum as it continues its expansion. Serviceware has already taken the first steps towards a go-to-market in France and is also planning to expand its international partner network.

Highlights from project implementations: The go-live for Serviceware Financial and Serviceware Performance took place at a leading global company for construction solutions. With Serviceware's intelligent Cloud Cost Management, the Group always has an overview of on-premises and cloud costs as well as all cost items. This significantly reduces time and staff expenses, while at the same time considerably cutting costs. The ITFM processes for internal cost allocation and budgeting went live at an Asian Fortune Global 500 company in the oil industry. In addition, Serviceware supported a large German automotive group with its ESM Platform and the modules Serviceware Financial and Serviceware Processes in the migration of its processes and data from "on premise" to the cloud.

Share: The Serviceware share is currently covered by analysts at Montega and Quirin Bank. Both research houses recommend the share as a buy. The price target is EUR 21.00 and EUR 25.50, respectively.

1.3 Business Development

1.3.1. Development of sales revenues

During the first three months of the current fiscal year, Serviceware's sales revenues were further increased and amounted to EUR 27.8 million, reflecting a growth of 11.2 percent compared to the same period of the previous year. The sales growth of the past fiscal year 2023/2024 was thus continued. Growth was once again driven by the SaaS/Service segment, which was up 30.5 percent versus the same prior-year period. All of this growth was attributable to the SaaS subsegment. SaaS/Service revenues now account for 74.9 percent of total sales revenues at Serviceware (prior-year figure: 63.9 percent). With kEUR 2,940, revenue from licenses was during the reporting period significantly below the previous year's figure of 40.8 percent. Maintenance revenues fell slightly by 0.6 percent and were at a comparable level to the previous year. The transition towards SaaS/service business is thus continuing consistently. The ongoing shift towards SaaS/Service business is leading to a shift in revenue into the future but is accompanied by greater planning security and recurring revenue. The breakdown of sales revenues is as follows:

In kEUR	December 01 to February 28/29		Variation in %
	2024/2025	2023/2024	
Revenues SaaS/Service	20,801	15,945	30.5
Revenues licenses	2,940	4,967	-40.8
Revenues maintenance	4,020	4,043	-0.6
Total	27,761	24,954	11.2

Group Interim Financial Report

1.3.2. Operating income (EBITDA/EBIT)

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for the first three months of the 2024/2025 fiscal year amounted to kEUR 654, up kEUR 85 on the figure for the same prior-year period. Consolidated earnings before interest and taxes (EBIT) for the first three months improved slightly by kEUR 12 compared to the same period of the previous year.

The previous year's earnings were relieved in the amount of kEUR 386 by the capitalization of internally generated intangible assets, which met the capitalization criteria in accordance with IAS 38 "Intangible Assets" and had to be capitalized accordingly. In the current reporting period, the prerequisites for capitalization in accordance with IAS 38 are no longer met and accordingly there was no relief on the result from the capitalization of internally generated intangible assets. The internally generated intangible assets capitalized from June 2023 to November 2024 totaling kEUR 2,452 will be amortized over the expected useful life of three years from the beginning of the current fiscal year. No further significant capitalization of internally generated intangible assets is expected in subsequent periods.

The transformation of the business model from one-off license billing to a SaaS business model with monthly recurring revenues continues to have a negative impact on earnings. The trend towards SaaS/service business is associated with the fact that revenue is only recognized with a delay and over a period of several years, while the sales expenses for identifying and processing leads in particular are fully realized in the current reporting period. This effect is particularly significant for enterprise customers and international projects. However, the earnings trend shows that the progress made in transforming the business model is increasingly reflected in the business figures.

1.3.3. Financial result and earnings before taxes

The financial result mainly includes interest on deposits, interest expenses for the long-term financing of the last company acquisition, the repayment of which will be completed at the end of the year, expenses from the compounding of lease liabilities in accordance with IFRS 16 and interest expenses from the discounting of trade receivables. In total, the financial result increased by kEUR 41 during the reporting period compared to the previous year and amounted to kEUR 25.

Earnings before taxes (EBT) for the period amounted to kEUR -270 (prior year: kEUR -323), which corresponds to an improvement of kEUR 53 compared to the previous year.

1.3.4. Tax expenses and earnings after taxes

A tax burden totaling kEUR 146 was incurred for the first three months of the 2024/2025 fiscal year (prior year: kEUR 171).

The consolidated earnings after taxes for the reporting period amounted to kEUR -416, an increase of kEUR 78 compared to the previous year (kEUR -494).

1.4 Balance Sheet as at February 28, 2025

The cash and cash equivalents of Serviceware, which are calculated on the basis of the balance sheet items cash and cash equivalents and non-current financial assets, decreased by kEUR 2,006 to a total value of kEUR 31,605 as at February 28, 2025 versus November 30, 2024. They are therefore at a comparable level to the previous year (February 29, 2024: kEUR 31,476).

The equity of kEUR 45,950 decreased by kEUR 421 or 0.9 percent versus the balance sheet date of the 2023/2024 fiscal year (kEUR 46,371). Total liabilities amounted to kEUR 125,689 as at February 28, 2025, an increase of kEUR 17,185 compared to November 30, 2024. The main driver for the increase in total liabilities is

Group Interim Financial Report

the increase in contract liabilities, which rose by kEUR 20,990 to kEUR 101,587 as at February 28, 2025 compared to November 30, 2024. The balance sheet item contract liabilities mainly reflects the advance payments received for SaaS and maintenance 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 revenues for Serviceware. Due to the accelerated expansion of the SaaS business, contract liabilities rose by 26.0 percent.

Total assets amounted to kEUR 171,819 on February 28, 2025 (November 30, 2024: kEUR 155,054). The equity ratio was 26.7 percent. The equity ratio decreased by 3.2 percentage points versus November 30, 2024 (29.9 percent). The reduction is mainly due to the above-mentioned balance sheet extension effect of the increased contract liabilities and the negative result for the reporting period.

1.5 Supplementary Report

At the time of preparing this quarterly report, there were no material events that need to be disclosed in the Supplementary Report.

1.6 Outlook

Our business model is still in an advanced stage of transformation, in which we are moving from comparatively high one-off revenues to lower but recurring revenue structures that are more profitable in the long term. A characteristic feature of this transition is that a large proportion of the contractually agreed revenues is not recognized in profit or loss in the current fiscal year but is only recognized in the profit and loss account or the consolidated statement of comprehensive income in subsequent years. In addition, high one-off expenses are usually incurred at the beginning of the multi-year SaaS contracts, which initially place an additional burden on financial performance. In the long term, this model, which is characterized by a high proportion of recurring sales revenues and a low churn rate, is expected to lead to higher profitability and more sustainable business development, making Serviceware's business model more resilient against short-term economic fluctuations.

In addition, the numerous armed conflicts and economic turbulence lead to considerable uncertainty with regard to forecasts for business development. The risks described in detail above also contribute to the fact that both the estimates for the current financial year and the medium-term business outlook are subject to increased volatility.

The general framework conditions remain challenging. Nevertheless, we are confident that we will once again be able to increase sales revenues in the current fiscal year by between 5% and 15% year over year. If we continue to succeed in attracting new customers internationally, there is a higher probability that we will see a revenue growth rate in the upper half of this range at the end of the fiscal year. Furthermore, we assume in the sales forecast for the current fiscal year that there will be no exogenous shocks in 2025 that will have a negative impact on Serviceware's business activities. We are also confident that we will continue to drive revenue and profit growth in subsequent years.

As we no longer capitalize internally generated intangible assets since the beginning of the new fiscal year and have started to amortize the internally generated intangible assets capitalized in the last two fiscal years as planned, this cost relief of the two previous years no longer applies and has a negative impact on EBIT and EBITDA. Nevertheless, we expect the earnings situation at the EBITDA and EBIT levels to improve slightly in the current year compared to the previous year.

Group Interim Financial Report

Idstein, April 25, 2025

.....

Dirk K. Martin

.....

Harald Popp

.....

Dr. Alexander Becker

Group Interim Financial Report

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

Serviceware SE
Serviceware-Kreisel 1
65510 Idstein
Germany

serviceware@edicto.de
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, Local Court Wiesbaden,
Register number: HRB 33658