Interim Financial Report 2022/2023

(01 December 2022 to 31 May 2023)

Serviceware SE, Idstein

Letter from the Managing Directors

Dear Shareholders of Serviceware SE,

We are on track with the implementation of our growth strategy and the transformation of our business model to an SaaS focus, as well as with regard to our figures and our overall annual targets. Consequently, we are positive about our performance during the first half of fiscal 2022/2023.

Our platform strategy is increasingly paying off and we are succeeding in leveraging synergies and realising cross-selling potential with great momentum. New releases were made during the reporting period for our Serviceware Financial and Serviceware Knowledge software modules. We are also continuing to press ahead with the integration of AI components into our ESM platform. Because we recognised at a very early stage the wide range of possibilities offered by Artificial Intelligence to automate service processes sensibly, efficiently and with high quality. For many years, we have been working - partly together with TU Darmstadt, one of the leading universities in the field of Artificial intelligence, - in our AI competence centre to further expand Serviceware's strong position in this field. In July 2023, we integrated ChatGPT into our ESM platform and we now have seven AI components to help companies automate their service processes. By integrating ChatGPT into the ESM platform, service requests and processes can be significantly accelerated, reducing the burden on service agents. Our ESM platform is constantly evolving, and new features are being added all the time.

As part of our expansion strategy, our intensive sales activities are successful. During the second quarter of the fiscal year, we were able to significantly increase the number of new customers compared to the previous quarter. During the first half-year, we were also able to significantly grow our foreign sales by more than 40 percent compared to the same prior-year period. The high demand for our modules is also reflected in an increasing number of test installations and pre-contractual trials.

The transformation of our business model from one-off licence payments to an SaaS business model with monthly recurring revenues also characterised the first half of 2022/2023. Revenues in the SaaS/Service segment rose clearly disproportionately by 17.9 percent to EUR 26.8 million from EUR 22.8 million. SaaS/Service revenues now account for 58.7 percent of Serviceware's total sales revenues (prior year: approx. 54 percent). Total sales revenues increased by 8.3 percent from EUR 42.2 million to EUR 45.7 million during the first half-year. We expect that SaaS sales revenues will continue to develop significantly above-proportionately during the coming quarters. For Serviceware, the focus on SaaS is accompanied by enormous growth potential, combined with an increased ability to plan our business development. The transformation of our business model is initially and temporarily associated with expenses. However, successful transactions, including after the end of the reporting period, as well as the very positive development of the contract liabilities on the balance sheet are proof that the conversion to SaaS is working. They make it possible to assess the future development of the company with good visibility. The contract liabilities reflect the values resulting from SaaS contracts that have not yet been recognised as revenue - and thus the sales revenues of future periods. These residual values increased by 52.9 percent to EUR 49.6 million during the first half of the year. Due to the expenses for the transformation of the business model, the EBITDA was EUR -1.2 million (prior year: EUR -around 0.2 million). For the full year, the EBITDA is expected to be better than during the previous year.

During the first half-year, we implemented additional measures to further increase the productivity of Serviceware. These primarily concern efficiency measures in the administrative area. We expect this to have a clearly positive impact from the second half of this fiscal year. At the same time, we have strengthened important areas such as strategic product sales. With the measures we have introduced, our ESM platform and the expansion of AI components, our international activities and the acquisition of new customers, we believe that we are excellently prepared for further growth. Serviceware is ideally positioned to benefit disproportionately from the current transition in the digitalisation of services and to actively shape this change.

Sincerely,

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

1 Interim Group Management Report for the First Half-Year 2022/2023

1.1 General Economic Development

The first half of the Serviceware fiscal year 2022/2023 continued to be characterised by the economic effects of the Russian war of aggression on Ukraine and the associated challenges, particularly regarding energy supply and the associated price developments. The high energy prices are a burden on industry, commerce and consumers and are depriving the economic development of impulses from investments and private consumption.

This is also reflected in the first figures for the German economic output in 2023. According to the Federal Statistical Office (Destatis), the gross domestic product (GDP) was during the first quarter of 2023 - adjusted for price, seasonal and calendar effects - 0.3 percent below the fourth quarter of 2022.[1] After the GDP had already declined during the previous quarter, the Federal Republic of Germany is now in a technical recession. In a year-on-year comparison, the GDP was during the 1st quarter of 2023 0.5 percent below the value of the previous year after price and calendar adjustments.

Inflation has fallen recently but remains at a very high level. After the value for 2022 calculated for the full year was still at 7.9 percent, the values most recently fell to 6.1 percent in May and according to preliminary calculations for June to 6.4 percent.[2]

1.2 Industry Development

The German digital sector is proving to be relatively crisis-proof in 2023 despite a variety of challenges. The industry association Bitkom currently expects moderate growth of 2.1 percent.[3] In July, the forecast from the beginning of the year, when growth was estimated at 3.8 percent, was, therefore, corrected downwards. 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 9.6 percent. Artificial Intelligence is playing an increasingly important role within this segment with outstanding growth of 40.8 percent to one billion euros.

The sentiment in the industry remains positive. Although the Bitkom Ifo Digital Index declined most recently in June, it is still clearly in the positive range at 12.1 points and above the comparative value for the economy as a whole, which according to Ifo is once again in the red at -6.6 points. "The companies in the Bitkom sector are stable in a difficult environment and are optimistic about the future. Policymakers should strengthen this positive momentum and give companies more freedom for innovation and more planning security," said Bitkom President Dr Ralf Wintergerst at the Bitkom half-year press conference in Berlin.

[1] https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/05/PD23_203_811.html

[2] https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/06/PD23_255_611.html

[3] https://www.bitkom.org/Presse/Presseinformation/Halbjahres-Konjunktur-Digitalbranche-waechst-stabil

1.3 Ratios of the Financial Statements as at 31 May 2023

	01 December to 31 May			
In kEUR	**2022/2023**	**2021/2022**	**Variation**	**%***
Sales revenues	45,690	42,179	3,511	8.3
thereof SaaS/Service	26,826	22,754	4,072	17.9
EBITDA	-1,155	-170	-986	>-100
EBIT	-3,003	-2,078	-925	-44.5
Financial result	119	-77	196	>100
Earnings before taxes for the period	-2,884	-2,155	-729	-33.9
Income tax	58	-253	310	->100
Earnings after taxes for the period	-2,826	-2,407	-419	-17.4

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

Serviceware continued to implement its platform strategy consistently in the first half of the fiscal year 2022/2023 and further advanced the transformation of its business model from a licensing to an SaaS model. The company continues to succeed in leveraging synergies and realising cross-selling potential with great dynamism. More and more customers are using several modules from the ESM platform. For example, half of all new customers who have decided to use the Serviceware Processes module also decide to use another module from the ESM platform. Compared to the previous quarter, Serviceware was able to significantly grow the number of new customers in Q2 (March to May).

Customer projects: At a major German bank, the go-live of the Serviceware Knowledge and Serviceware Processes platform modules for internal HR processes in the company took place. With the Serviceware modules, all HR processes can be fully digitalised, standardised and mapped transparently throughout the company. In Case Management, among other things, this leads to considerable simplification and less expenditure of resources and time. HR processes which can now be mapped include, for example, HR master data and working time changes as well as the recording of educational leave.

As part of the existing cooperation in IT financial management with a leading global building materials group, the rollout of Serviceware Financial was successfully completed for another central corporate unit in the area of taxes. With Serviceware Financial, the company's employees have access to extensive workstreams and start pages for use.

The go-live for Serviceware Financial was realised at a leading global US mineral oil company. Serviceware Financial includes numerous functions and tools for end-to-end IT financial management, which support the company in the efficient design of IT planning processes. With the go-live of the budgeting activities for 2024 now completed, all IT costs in the company are consolidated. This provides the management with full transparency of all IT expenditures.

Serviceware is currently intensifying its international sales activities in line with its strategy. In this connection, Serviceware is experiencing a high demand for its software solutions, which also results in an increasing number of test installations and pre-contractual trials. Serviceware is currently in advanced talks with a large number of potential new customers, including a significant number of large companies and groups. The company is confident that it will be able to provide information on new contracts concluded with major customers in the near future.

Expansion of the Serviceware portfolio: With its ESM platform, Serviceware has a strong offering for all services. The innovative ESM platform is continuously being expanded and supplemented by adding new features and tools to support companies in automating their service processes and business models. The ESM platform can be customised to meet individual needs and continues to evolve as requirements grow. A number of updates were made during the second quarter.

With the release of Serviceware Financial 6.4, Serviceware offers companies further tools and analysis options in IT financial management. Cost modelling and cost flow analysis are made considerably easier. Basic cost models can be created intuitively in a graphical user interface. As a basis for further evaluations, they are thus available even faster than before.

During the second quarter of fiscal 2022/2023, further releases of Serviceware Knowledge were made. Serviceware Knowledge enables companies to manage their entire knowledge in a single, central knowledge database. Among other things, the new version of Serviceware Knowledge significantly simplifies the management of additional information on a knowledge article, for example in the form of graphics and PDFs.

Serviceware has also consistently continued to integrate Artificial Intelligence at all levels of the ESM platform. After the end of the reporting period, in July 2023, Serviceware integrated ChatGPT into the ESM platform. Artificial Intelligence is used to consolidate secure expert knowledge and formulate answers to complex service requests. This significantly reduces the workload for service agents when dealing with individual customer enquiries, while at the same time accelerating processes and ensuring high quality. With ChatGPT, Serviceware's ESM platform now includes seven AI components which support companies in automating their service processes.

Brand, brand appearance and marketing: After the end of the Covid-19 pandemic, industry events are once again taking place with a stronger presence. During the first half-year, Serviceware took part in a number of events, where it presented its products and reported on current developments. These included the Confare CIO Summit in Vienna, the CIO Executive Circle in Hamburg and the IT Service Cost & Chargeback Summit in Berlin.

In June 2023, IBM announced the acquisition of the software company Apptio Inc, a provider of SaaS solutions for Technology Business Management (TBM), for a purchase price of USD 4.6 billion. IBM obviously sees great potential in the area of TBM and the automation of IT financial management - in this area Serviceware is represented on the market with its product Serviceware Financial. This will give Serviceware the opportunity to position itself even more strongly than before as a group-independent, focused and flexible provider on the international market. In addition, Serviceware assumes that the comprehensive integration process of Apptio into the IBM Group will result in additional market opportunities for Serviceware in addressing customers.

Investor relations: Serviceware's executive management held numerous discussions with existing and potential investors in Germany and abroad during the reporting period. Current market developments and operational developments, in particular the transformation of the business model from a licence to an SaaS model, were explained and the corporate strategy was presented. The circle of potential investors was significantly expanded.

The Serviceware share is currently covered by analysts at Montega and Quirin Bank. Both research houses recommend the share as a buy. The price targets are EUR 18.00 and EUR 18.50, respectively. Compared to the price level of mid-July, this means an upside potential of 110 percent and 115 percent, respectively.

Annual General Meeting 2023: The Annual General Meeting for the fiscal year 2021/2022 took place on 11 May 2023. The general meeting was held virtually. A total of 82.2 percent of the share capital was represented at the AGM. Serviceware's shareholders approved all items on the agenda with a large majority. Details of the Annual General Meeting and the complete voting results are available on Serviceware's website in the Investor Relations section.

1.5 Position

The Managing Directors assess the current development and the position of the Serviceware Group as being in line with expectations. Further increases in sales revenues were achieved. Profitability deteriorated versus prior year. At the EBITDA level, the result is kEUR 986 below the previous year at kEUR -1,155, of which kEUR -957 are attributable to the first quarter. During the second quarter, the result at the EBITDA level was kEUR -198.

1.5.1 Sales Revenue Development

The sales revenues of Serviceware grew again during the first six months of the fiscal year 2022/2023. Sales revenues amounted to EUR 45.7 million, which corresponds to a year-on-year increase of 8.3 percent. After 2.3 percent in the past fiscal year and 4.7 percent in the first quarter of 2022/2023, this is a further dynamization of revenue growth. The strongest growth again came from the SaaS/Service segment with a significant increase of 17.9 percent compared to the same period last year. SaaS/Service sales now account for 58.7 percent of Serviceware's total sales revenue (prior year: around 54 percent). Sales revenues from licences increased slightly during the reporting period (2.8 percent) and amounted to EUR 10.3 million. Maintenance revenues, on the other hand, declined versus the same prior-year period (-9.0 percent). The trend towards SaaS/Service business is thus continuing at an accelerated pace. Compared to the licensing business, this results, among other things, in a shift of sales revenues into the future, which, however, goes hand in hand with a higher degree of planning security and recurring revenues. The breakdown of sales revenues is as follows:

	01 December to 31 May		
In kEUR	**2022/2023**	**2021/2022**	**Variation in %**
Sales revenues SaaS/Service	26,826	22,754	17.9
Sales revenues licenses	10,321	10,042	2.8
Sales revenues maintenance	8,543	9,383	-9.0
Total	**45,690**	**42,179**	**8.3**

1.5.2 Order Position

The backlog of orders as at the balance sheet date is mainly made up of advance payments received for SaaS and maintenance contracts. These are contract liabilities for a period of up to 60 months. Based on binding contracts, contract liabilities already represent fixed future sales revenues of Serviceware. Revenues from SaaS and maintenance are realised on a time-period basis from contracts running over several years. Compared to the portfolio of contract liabilities for SaaS and maintenance contracts as at 30 November 2022, the portfolio as at 31 May 2023 has increased by around 53 percent from EUR 32.4 million to EUR 49.6 million.

1.5.3 Operating Result (EBITDA/EBIT)

The consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) for the first six months of fiscal 2022/2023 amounted to kEUR -1,155 according to IFRS, of which kEUR -957 are attributable to the first quarter. During the second quarter, the result at EBITDA level was kEUR -198. Thus, the EBITDA in the first half of the fiscal year 2022/2023 is kEUR 986 below the value of the prior-year period of kEUR -170.

High investments in the transformation of the business model from one-off licence payments to an SaaS business model with monthly recurring revenues continue to have a negative impact on the result. The trend towards SaaS/Service business is associated with the fact that sales revenues are only recognised with a delay and over a period of several years, while sales expenses for the identification and processing of leads in particular are realised in full in the current reporting period. This effect is particularly significant for Enterprise customers and international projects.

The consolidated earnings before interest and taxes (EBIT) for the first half-year amounted to kEUR -3,003, and hence were kEUR -925 below the result of the prior-year period of kEUR -2,078. The EBIT thus essentially follows the change in the EBITDA.

1.5.4 Financial Result and Earnings before Taxes

The financial result for the first six months of fiscal 2022/2023 amounted to kEUR 119 and improved by kEUR 196 versus the same prior-year period (kEUR -77).

Earnings before taxes (EBT) for the period amounted to kEUR -2,884 (prior year: kEUR -2,155), which corresponds to a decrease of kEUR 729 versus prior year.

1.5.5 Tax Expenses and Earnings after Taxes

For the first six months of the fiscal year 2022/2023, tax income totalled kEUR 58 (prior year: tax burden kEUR -253).

The consolidated earnings after taxes for the first six months of the fiscal year 2022/2023 amounted to kEUR -2,826. Compared to the same prior-year period (kEUR -2,407), this corresponds to a minus of kEUR 419.

1.6 Capital Expenditure

During the first half of fiscal 2022/2023, Serviceware invested kEUR 74 (prior year: kEUR 457) in intangible assets and property, plant and equipment, resulting mainly from the expansion and modernisation of operating and office equipment as well as the acquisition of software licences.

1.7 Financial Position and Capital Structure

Condensed balance sheet as at 31 May 2023

In kEUR	31.05.2023	30.11.2022	Variation	%
Cash and cash equivalents	25,316	29,075	-3,759	-12.9
Equity	46,876	49,867	-2,991	-6.0
Contract liabilities (order backlog)	49,594	32,428	17,166	52.9
Debt capital	75,045	58,913	16,132	27.4
Balance sheet total	121,921	108,779	13,142	12.1

Compared to the last balance sheet date of 30 November 2022, equity decreased by kEUR 2,991 to kEUR 46,876. The amount of debt capital as at 31 May 2023 amounts to kEUR 75,045, an increase of kEUR 16,132 compared to 30 November 2022.

The main driver for the increase in debt capital is the increase in the order backlog as at the reporting date at the end of the reporting period. The order backlog is mainly made up of advance payments received for SaaS and maintenance contracts and has increased by kEUR 17,166 as at 31 May 2023 versus 30 November 2022, in particular due to the accelerated expansion of the SaaS business. In addition, the majority of the existing SaaS and maintenance contracts provide for a calendar-year advance payment, which is recognised in the balance sheet under contract liabilities that increased accordingly during the first half of the year. Due to binding agreements, these contract liabilities already represent fixed future sales revenues of Serviceware. Serviceware's financial liabilities were further reduced by scheduled repayments.

Total assets amounted to kEUR 121,921 on 31 May 2023 (30 November 2022: kEUR 108,779). The equity ratio was thus 38.4 percent. The equity ratio decreased by 7.4 percentage points versus 30 November 2022 (45.8 percent). The reduction is mainly due to the balance sheet extending effect of the increased contract liabilities described above as well as the negative result for the period.

Non-current assets rose by a total of kEUR 2,407 to kEUR 47,374. The main drivers were the prepaid expenses for customer maintenance contracts (contract receivables), which increased by kEUR 3,746.

Current assets increased by EUR 10,734 to kEUR 74,547. Trade receivables increased by kEUR 4,288, while current prepaid expenses for customer maintenance contracts (contract receivables) increased by kEUR 7,699 and other current receivables/assets increased by kEUR 2,401. Cash and cash equivalents decreased by kEUR 3,759 during the reporting period, mainly due to the negative result for the period.

Non-current liabilities increased by kEUR 6,276 to kEUR 23,689. While non-current financial liabilities were reduced by kEUR 536 to kEUR 1,629 through scheduled repayments, non-current contract liabilities increased by kEUR 6,777 to kEUR 16,462. The non-current contract liabilities mainly include advance payments received for SaaS and maintenance contracts with a residual term of more than 12 months.

Current liabilities increased altogether by kEUR 9,856 to kEUR 51,356 compared to the last balance sheet date. Within current liabilities, current contract liabilities (advance payments received for SaaS and maintenance contracts for up to 12 months) increased by kEUR 10,388. On the other hand, the current income tax liability was reduced by kEUR 382.

1.8 Cash Flow Statement

The cash and cash equivalents of Serviceware decreased by kEUR 3,759 (-12.9 percent) to kEUR 25,316 as at 31 May 2023 versus 30 November 2022. During the first half of 2022/2023, there was an outflow of cash and cash equivalents of kEUR 2,262 (prior year: inflow of kEUR 3,083) from current operating activities. Investing activities resulted in a cash inflow of kEUR 91 (previous year: outflow of kEUR 3,278). Financing activities resulted in a cash outflow of kEUR 1,595 (prior year: outflow of kEUR 1,999). In addition, there was an increase in cash and cash equivalents of kEUR 6 (prior year: kEUR 2) due to exchange rate fluctuations and changes in the scope of consolidation.

1.9 Employees

Serviceware employs a total of 510 employees on the reporting date of 31 May 2023. On the same reporting date during the previous year, the Serviceware Group had 508 employees and 517 employees on 30 November 2022.

1.10 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 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 aim of being able to implement research results directly in our Enterprise Service Management platform. Within the framework of this cooperation, several AI modules for the Serviceware platform have already been implemented. These include, for example, the new integration of the OpenAI solution ChatGPT into the Serviceware ESM platform. With the new AI module, Serviceware addresses the area between fully automated processing of requests, as is possible with the AI-based Serviceware Solution Bot, and individual service management by human service agents.

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.

1.11 Opportunities and Risks

The opportunities and risks mentioned in the Annual Report 2021/2022 under Chapter 2, page 40 ff. continue to apply. These include, for example, global risks such as the economic development in the wake of the war in Ukraine and the associated effects on supply chains, energy costs and the resulting inflationary effects. There is a risk that past and future interest rate hikes to reduce the inflation rate will lead to a decline in the willingness to invest and thus to stagnating or shrinking economic performance.

The strategic opportunities and risks include the potential for sales revenue and profit growth through the organic and inorganic growth of Serviceware. Regarding inorganic growth, there is currently a risk that we are not making progress at the pace that would be necessary for more dynamic sales revenue growth. As in recent years, there is still a risk that the companies we have acquired in the years 2018 to 2020 will not develop in line with expectations. This can affect the fluctuation of employees in the acquired companies as well as inaccurate assumptions regarding sales revenue and earnings potential, which have an impact on Serviceware's business development. Negative contributions to earnings and high write-offs on acquired companies would have a negative impact on the earnings position.

We see the trend towards digitalisation as a great opportunity. On the one hand, increasing digitalisation can create efficiency potential internally at Serviceware. Furthermore, this creates the opportunity for customer demand for our product portfolio to increase. We see a particular opportunity in the integration of Artificial Intelligence (AI) into our products. Especially in service processes, the use of AI can increase both service quality and service efficiency. These effects have a positive impact on the assets, financial and earnings position of Serviceware.

The strategic business orientation to continue to focus on the SaaS business with its annual recurring revenues, and thus not to realise sales revenues at a single point in time with an effect on earnings, but rather to realise sales revenues and thus also earnings potential continuously over the term of the contracts, entails the risk that earnings and earnings potential will be shifted into the future and that the current revenue and earnings development will thus be dampened. At the same time, this strategic business orientation offers a great opportunity to make the business model more profitable and resilient. In addition, there are HR-related and financial opportunities and risks as well as opportunities and risks from software projects, details of which can be found in the Annual Report.

The opportunities for the second half of the fiscal year 2022/2023 are included in the outlook below.

1.12 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.

1.13 Outlook

In its Annual Economic Report published in January, the Federal Government forecast slight growth of 0.2 percent in the price-adjusted gross domestic product for the year as a whole.[4] In April 2023, this assessment was confirmed by the Spring Expert Report of the leading economic research institutes, which forecast a price-adjusted increase in gross domestic product of 0.3 percent.[5] The International Monetary Fund (IMF) has a much more cautious outlook, expecting a decline in German economic output of 0.1 percent in its latest publication in April. Global growth, on the other hand, is expected to increase by 2.8 percent.[6]

---

[4] https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2023/01/20230125-jahreswirtschaftsbericht-2023-wohlstand-erneuern.html

[5] https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2023/04/20230405-gemeinschaftsdiagnose-erwartet-konjunkturelle-erholung.html

[6] https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023

The full-year outlook for 2023 remains positive for the ICT industry despite the many challenges in the global markets. Currently, the industry association Bitkom is expecting moderate growth of 2.1 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 9.6 percent.[7]

The Serviceware business model is currently in the midst of a transformation from relatively high one-off revenues to lower, but recurring revenues that are more profitable in the long term. In addition, such a transformation phase is characterised by the fact that contracted revenues cannot be recognised in profit or loss in the current fiscal year for the most part but will find their way into the profit and loss account or consolidated statement of comprehensive income in subsequent years. In addition, high one-off expenses are usually incurred at the beginning of these multiannual 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 is expected to lead to a higher profitability and a more sustainable business development, which will make the business model of Serviceware more resilient in the economic cycle.

Furthermore, the armed conflicts, especially in Ukraine, and the associated economic upheavals are causing a very high degree of uncertainty with regard to forecasts on the course of business. Therefore, the following statements for the current fiscal year, as well as the estimates for the medium-term business development, are accompanied by a high degree of variance.

The results of the first half of the fiscal year 2022/2023 are in line with the planning. The projected business development and the measures taken, which will, however, only take full effect in the second half of the year, allow us to adhere to the forecast made in the 2021/2022 Annual Report that we will be able to increase revenue by between 5 and 10 percent in the current fiscal year versus prior year, despite the partly still difficult general conditions. This assumes that we will continue to make significant progress in marketing and customer acquisition in the markets outside our core market and that there will be no further exogenous shocks during the fiscal year 2022/2023 that will have a negative impact on Serviceware's business activities. We are also confident that we will continue to push sales revenue and profit growth in the coming years.

On the earnings side, we expect a moderate improvement in the earnings situation at the EBITDA level for the current fiscal year versus prior year. At the EBIT level, we expect the improvement to be slightly lower than at the EBITDA level, as higher amortisations of the acquired and capitalised trademarks are to be expected. As a result, the negative impact of trademark amortisation will end earlier, and the EBIT will be able to develop more positively again sooner than expected.

Idstein, 28 July 2023

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

[7] https://www.bitkom.org/Presse/Presseinformation/Halbjahres-Konjunktur-Digitalbranche-waechst-stabil

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 Serviceware share started the reporting period at a price of EUR 7.24 on Xetra. After a low of EUR 5.78 on 11 January 2023, the share recovered to EUR 7.46 as the highest price for the period by 16 May 2023. The share then closed the financial half-year at EUR 7.12, so that the market capitalisation at that time amounted to EUR 74.8 million.

Research and designated sponsoring: The analysts at Montega and Quirin Bank regularly write reports on the Serviceware share. At the time of preparation of this report (July 2023), the Serviceware share was rated "Buy" by both firms, with corresponding upside targets of EUR 18.00 and EUR 18.50, respectively. ICF Bank acts as designated sponsor for the Serviceware share. On average, 6,366 shares were traded daily during the first half of the year, corresponding to a trading volume of EUR 43,060 per day - the vast majority of which was traded on Xetra.

Roadshow and investor meetings: During the first six months of the current fiscal year, CEO Dirk K. Martin and CFO Harald Popp were once again available to existing and potential investors to answer all questions regarding the business model of Serviceware, the current business development, the strategy and its implementation status. Individual investor meetings were supplemented by roadshows, and a web call was held with national and international investors on the occasion of the 2021/2022 annual results.

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

Annual General Meeting: On 11 May 2023, Serviceware held its Annual General Meeting in virtual form. Statements and questions from the shareholders were possible via video communication. The resolutions of the Annual General Meeting can be read on Serviceware's website (https://serviceware-se.com/de/investor-relations/hauptversammlungen).

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

Stock exchange information

ISIN	DE000A2G8X31
WKN (German securities ID)	A2G8X3
Ticker symbol	SJJ
Number of shares	10,500,000
Main shareholders	Dirk K. Martin (1) 3,296,545 (1) held via aventura Management GmbH Bad Camberg, Germany Harald Popp (2) 3,296,545 (2) held via dreifff 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 2022/2023	EUR 5.78 / EUR 7.46
Half-year final price	EUR 7.12
Market capitalisation as at 31.05.2023	EUR 74.8 million.

Financial Calendar

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

3 Interim Consolidated Balance Sheet as at 31 May 2023

In EUR	31 May 23	30 Nov 22
Assets		
Goodwill	14,048,135	14,048,135
Other intangible assets	12,905,511	14,481,547
Property, plant and equipment	1,062,076	1,252,620
Prepaid expenses for customer maintenance contracts / SaaS contracts (contract receivables)	13,013,864	9,267,498
Non-current financial assets	1,705,035	1,702,512
Deferred income tax assets	4,639,004	4,213,938
Non-current assets	**47,373,625**	**44,966,249**
Inventories	180,747	74,702
Trade receivables	23,113,809	18,826,013
Other current receivables/assets	5,342,610	2,941,668
Prepaid expenses for customer maintenance contracts / SaaS contracts (contract receivables)	20,594,612	12,895,847
Cash and cash equivalents	25,315,680	29,074,869
Current assets	**74,547,457**	**63,813,099**
Balance sheet total	**121,921,082**	**108,779,348**
Liabilities		
Subscribed capital	10,500,000	10,500,000
Reserves	49,994,127	49,951,527
Net retained profits / Net accumulated losses	-12,160,935	-9,326,844
Accumulated other equity	-1,443,484	-1,236,718
Equity without non-controlling shares	46,889,708	49,887,965
Non-controlling shares	-13,575	-21,275
Equity	**46,876,133**	**49,866,690**
Deferred income tax liabilities	2,429,600	2,430,580
Non-current financial liabilities	1,628,786	2,165,162
Non-current contract liabilities	16,461,826	9,684,457
Other non-current liabilities	3,168,829	3,132,847
Non-current liabilities	**23,689,042**	**17,413,046**
Current income tax liabilities	8,855	390,379
Current financial liabilities	1,077,000	1,077,000
Trade payables	6,346,738	6,104,604
Current contract liabilities	33,132,299	22,743,852
Other current liabilities	10,791,014	11,183,776
Current liabilities	**51,355,907**	**41,499,611**
Balance sheet total	**121,921,082**	**108,779,348**

4 Consolidated Statement of Comprehensive Income for the period from 1 December 2022 to 31 May 2023

In EUR	**Dec. 22 - May 23**	**Dec. 21 - May 22**
Sales revenues	45,690,495	42,179,380
Other operating income	1,788,983	810,632
Cost of materials	-22,867,925	-18,273,966
Personnel expenses	-21,590,964	-21,091,125
Other operating expenses	-4,175,762	-3,794,444
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**-1,155,173**	**-169,523**
Depreciation and amortisation	-1,847,448	-1,908,162
Earnings before interest and taxes (EBIT)	**-3,002,620**	**-2,077,686**
Interest income	165,643	19,546
Interest expenses	-47,087	-96,514
Financial result	**118,556**	**-76,968**
Earnings	**-2,884,064**	**-2,154,653**
Income taxes	57,673	-252,746
Period loss	**-2,826,391**	**-2,407,399**
Items which may in future be reclassified in the P&L		
Balancing items from the currency translation of foreign subsidiaries	-209,290	56,997
Valuation of financial assets without effect on income	2,523	-59,389
Other result	**-206,767**	**-2,391**
Comprehensive income	**-3,033,157**	**-2,409,791**
Period loss		
thereof shareholders of the Serviceware SE Group	-2,834,091	-2,412,261
thereof non-controlling shares	7,700	4,862
Earnings per share	*-0.27*	*-0.23*
Comprehensive income		
thereof shareholders of the Serviceware SE Group	-3,040,858	-2,414,652
thereof non-controlling shares	7,700	4,862

5 Consolidated Cash Flow Statement for the period from 1 December 2022 to 31 May 2023

In EUR	Dec. 22 - May 23	Dec. 21 - May 22
Period loss	-2,826,391	-2,407,399
Depreciation and amortisation of non-current assets	1,847,448	1,908,162
Tax expense or income	368,373	295,550
Change in non-current liabilities	6,777,369	1,811,037
Change in deferred taxes / deferred tax income	-426,046	-42,805
Financial result	-118,556	76,968
Change in non-current assets	-3,746,366	-2,286,652
Change in items of current assets and current liabilities		
- Change in inventories	-106,044	0
- Change in receivables / other assets	-14,234,400	2,504,121
- Change in liabilities	10,893,272	2,025,642
Income taxes paid	-690,510	-801,297
Cash inflow/outflow from current business activity	**-2,261,851**	**3,083,327**
Capital expenditure on intangible assets and on property, plant and equipment	-74,292	-457,017
Payments for the acquisition of financial assets	0	-2,840,875
Income taxes paid	165,643	19,546
Cash inflow/outflow from investing activity	**91,351**	**-3,278,345**
Interest paid	-21,326	-23,252
Repayment of non-current liabilities	-536,376	-682,611
Repayment of lease liabilities	-1,036,976	-1,146,168
Repayment of current liabilities	0	-147,271
Cash inflow/outflow from financing activity	**-1,594,678**	**-1,999,301**
Exchange rate-related change in cash and cash equivalents	5,989	1,994
Change in cash and cash equivalents	**-3,759,189**	**-2,192,325**
Cash and cash equivalents at the beginning of the period	**29,074,869**	**34,322,850**
Cash and cash equivalents at the end of the period	**25,315,680**	**32,130,525**

6 Consolidated Statement of Changes in Equity for the period from 01 December 2022 to 31 May 2023

In EUR	Subscribed capital	Reserve	Losses brought forward	Mark-to-market valuation Financial Instruments	Currency translation reserve	Non-controlling shares	Total
1 December 2022	**10,500,000**	**49,951,527**	**-9,326,844**	**-26,856**	**-1,209,861**	**-21,275**	**49,866,691**
Period result			-2,834,091			7,700	-2,826,391
Currency translation					-209,290		-209,290
Mark-to-market valuation of financial assets				2,523			2,523
Comprehensive income			-2,834,091	2,523	-209,290	7,700	-3,033,157
Change in capital reserve due to stock option plan		42,600					42,600
31 May 2023	**10,500,000**	**49,994,127**	**-12,160,935**	**-24,333**	**-1,419,151**	**-13,575**	**46,876,134**

7 Consolidated Notes

7.1 General Information

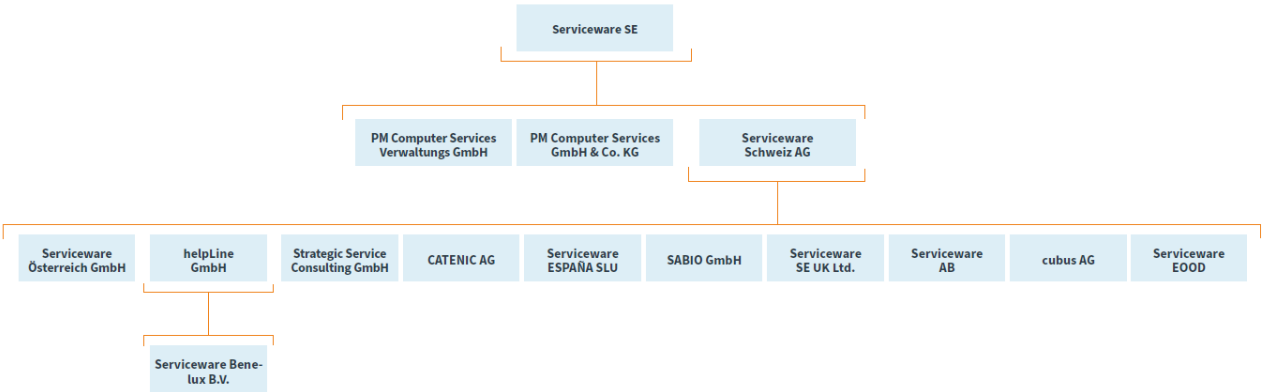
Serviceware SE, Idstein, has prepared for the first half year 2022/2023 as at 31 May 2023, interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they are to be applied within the European Union.

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

These interim consolidated financial statements are published in a condensed form in accordance with IAS 34. The condensed interim consolidated financial statements as at 31 May 2023 and the interim management report have neither been audited nor been subject to an audit review by an external auditor.

Group of consolidated companies

Name	Registered office	Share capital	Stake
PM Computer Services Verwaltungs GmbH	Telco Kreisel 1 65510 Idstein, Germany	EUR 25,600	100 %
PM Computer Services GmbH & Co. KG (PMCS GmbH & Co. KG)	Telco Kreisel 1 65510 Idstein, Germany	EUR 250,000	100 %
Serviceware Schweiz AG	Haldenstrasse 5, 6340 Baar, Switzerland	CHF 610,000	100 %
Serviceware Österreich GmbH	Karl-Farkas-Gasse 22, 1030 Wien, Austria	EUR 35,000	100 %
helpLine GmbH	Telco 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 – 2° 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.	Building B, Watchmoor Park - Riverside Way Camberley, Surrey GU15 3YL / England / UK	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	Landmarkcenter Floors 5 and 6, Bul. TsarOsvo- boditel 14, 1000 Sofia, Bulgaria	BGN 100,000	100%



<u>Accounting Policies</u>

This interim consolidated financial report as at 31 May 2023 was prepared in agreement with the provisions of IAS 34 "Interim Financial Reporting". The interim consolidated 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 2022 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 2022/2023 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 2022/2023.

At the preparation of the interim financial statements as at 31 May 2023, the accounting policies applied to the consolidated financial statements as at 30 November 2022 were maintained without any changes, so that the Notes to the Consolidated Financial Statements 2021/2022 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.

<u>Uncertainties and Estimates</u>

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 2022 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 interim consolidated financial statements provide a true and fair view of the assets, financial and earnings position of the Group and that in the interim consolidated 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 and fair view is conveyed with a description of the main opportunities and risks of the probable development of the Group.

Idstein, 28 July 2023

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

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 Serviceware platform includes the Serviceware solutions Serviceware Processes, Serviceware Financial, Serviceware Resources, Serviceware Knowledge and Serviceware Performance. 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 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 17 DAX companies as well as five of the seven largest German companies. The headquarters of Serviceware are in Idstein, Germany.

Serviceware employs more than 500 employees at 14 international sites.

For more information, 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 Court of Registration
Local Court Wiesbaden,
Register number: HRB 33658