SERVICEWARE

Annual Report 2020/2021

Ratios

Ratios of the IFRS Financial Statements

in EUR million	2020/2021	2019/2020
Profit and loss account		
Sales revenues	81.3	72.4
- thereof Service/SaaS	40.1	31.9
EBITDA	2.2	1.8
Adjusted EBITDA*	5.4	6.4
EBIT	-1.3	-1.6
Adjusted EBIT*	2.5	3.6
Earnings before taxes	-1.4	-1.8
Adjusted earnings before taxes*	2.3	3.4
Earnings after taxes	-2.0	-1.6
Adjusted earnings after taxes*	0.7	2.1
Balance sheet		
Cash and cash equivalents	34.3	33.8
Equity	54.0	55.6
Borrowings	56.8	51.0
Balance sheet total	110.8	106.6

Information about the share

ISIN / Ticker symbol	DE000A2G8X31 / SJJ
Segment / Stock Exchange	Prime Standard (Regulated Market) / Xetra
Outstanding shares	10.5 million
Free float	ca. 37.2 percent
Xetra year-end price (on 30.12.2021)	EUR 17.50
Market capitalisation on 31.12.2021	EUR 184 million

Further information

Fiscal year	1 December to 30 November
Head Office**	Idstein (formerly Bad Camberg)
Headcount (on 30 November 2021)	510
Reporting	IFRS

* To improve comparability with the previous year and transparency about the expenses in line with the strategy which was announced at the IPO and implemented thereafter, the EBIT / EBITDA as well as the earnings for the period before / after taxes are adjusted.

** Registered Office of the company: Bad Camberg Court of Registration Local Court Limburg a.d. Lahn

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Letter from the Managing Directors

Dear Shareholders

Serviceware SE can report about a successful fiscal year 2020 / 2021. Despite the Covid-19 pandemic, which was again omnipresent during the past year, despite a massive impact on the economy and industry, our business model has proven its worth once again. We have pursued our dynamic growth course, continued to expand our unique Enterprise Service Management (ESM) platform on schedule and achieved important successes in our internationalisation strategy.

Due to the Covid-19 pandemic the automation of service processes is progressing with increasing speed. Digital services and communication channels are more and more often used for service processes. Artificial Intelligence acts as a game changer in service management. By means of Artificial Intelligence, efficiency, the degree of automation, speed and quality of service processes can be revolutionised. In future, it will represent a decisive competitive edge for the market success of digitalised services. Serviceware recognised this very early on. With our own AI competence centre, we are stepping up the transformation, develop an increasing number of applications and improvements based on Artificial Intelligence and implement those in our ESM platform. We are by now occupying a leading position worldwide when it comes to linking Artificial Intelligence to digital service processes. As a result of the co-operation with the AI competence centre of the Technical University Darmstadt, one of the leading universities in the field of Artificial Intelligence, already several products have emerged, such as the Solution Assistant, the Content Creation Assistant and the Classification Assistant, which have supplemented our ESM platform by adding further features.

Our good business development is also reflected by our numbers. We have been able to significantly increase our sales revenues by 12.2% from EUR 72.4 million to EUR 81.3 million. We had announced a rise in sales revenues by around 10%. A corresponding growth driver was, more particularly, the SaaS / Service division. In the latter, sales revenues increased disproportionately by 25.5% to EUR 40.1 million, after EUR 31.9 million during the prior year period. The share of SaaS / Service sales in the total sales revenues of Serviceware rose from 44.1% to 49.3%. One of our strategic focuses lies on the further expansion of the SaaS / Service division. Here, we can rely on high and sustainable growth potentials which go along with a shift from non-recurring licence revenues to monthly recurring revenues. This also results in a higher predictability of our business development.

In fiscal year 2020 / 2021 we were also successful in gaining new customers in Europe and other regions throughout the world. We succeeded in winning a multitude of projects with large companies and groups from many different industries such as insurance, wholesale trade, finance or automotive, where partly several modules of our platform are used. A leading European insurance company has, for instance, decided in favour of the Serviceware Financial module. Apart from an international airline, the German Covid-19 vaccination hotline, the world’s largest online marketplace for watches and a large German direct bank are new amongst the users relying on the Serviceware Knowledge module. A leading European manufacturer of prefabricated houses opted for the use of the Serviceware platform with the modules Serviceware Processes and Serviceware Resources, whilst a large Austrian healthcare company chose the Serviceware platform with the modules Serviceware Knowledge, Serviceware Processes and Serviceware Resources to set up an ESM system.

We have been able to unlock cross-selling potentials and synergy effects with an increasing momentum for both existing and new customers. More and more customers opt in favour of using several module solutions from our portfolio. The modules Serviceware Financial and Serviceware Performance, our modules for the management of IT and Shared Services, are combined most frequently. A clearly rising demand has been recorded for our modules for quality optimisation of service processes, after the rising spending on digitalisation, further accelerated by Covid-19, had previously resulted

Dr. Alexander Becker, COO | Dirk K. Martin, CEO | Harald Popp, CFO

in a disproportionate demand for our modules for cost analysis and corporate planning and management. The average deal size of the platform module Serviceware Processes rose, for instance, by 47% versus prior year.

With our ESM platform we have a strong offering for all services at our disposal. With the releases of Serviceware Financial 6.0 and Serviceware Processes 7.0, we have continued to strategically strengthen our platform. Serviceware Financial 6.0 continues to press ahead with the automation and optimisation of financial processes and sets new standards. By using Artificial Intelligence in Serviceware Processes 7.0 we elevate service management to a new level and step up the digital transformation of the company-wide service management.

Serviceware continues to invest and pursue its success course in the long term and to sustainably grow the value of the company. Within the framework of our programme for accelerated growth we invested EUR 3.8 million (PY: EUR 5.2 million) on an EBIT level. This includes costs for the targeting of the strategic large customer business and internationalisation. On the balance sheet date our EBITDA improved to EUR 2.2 million from EUR 1.8 million (+22.0%) and our EBIT rose by 21.3% to EUR -1.3 million (PY: EUR -1.6 million). The earnings for the period after taxes amount to EUR -2.0 million (PY: EUR -1.6 million).

We believe that we are excellently positioned for further corporate growth with our ESM platform. We are in an excellent position to expand our market share and support customers at the digitalisation of their service processes. For fiscal year 2021 / 2022 we are striving for a growth in sales revenues by around 10% as well as a further improvement in EBITDA (IFRS). Long term growth drivers include the trend towards digitalisation and cost transparency for service processes.

We would like to thank our customers and business partners as well as you, dear Shareholders, for your trust and confidence. We would be pleased if you continued to accompany us on our growth course in the future. We would also like to cordially thank our employees for their commitment and their support.

Yours sincerely

Dirk K. Martin
CEO

Harald Popp
CFO

Dr. Alexander Becker
COO


The Serviceware Vision
Serviceware enables people to achieve their ambitions in the service economy.
SERVICEWARE

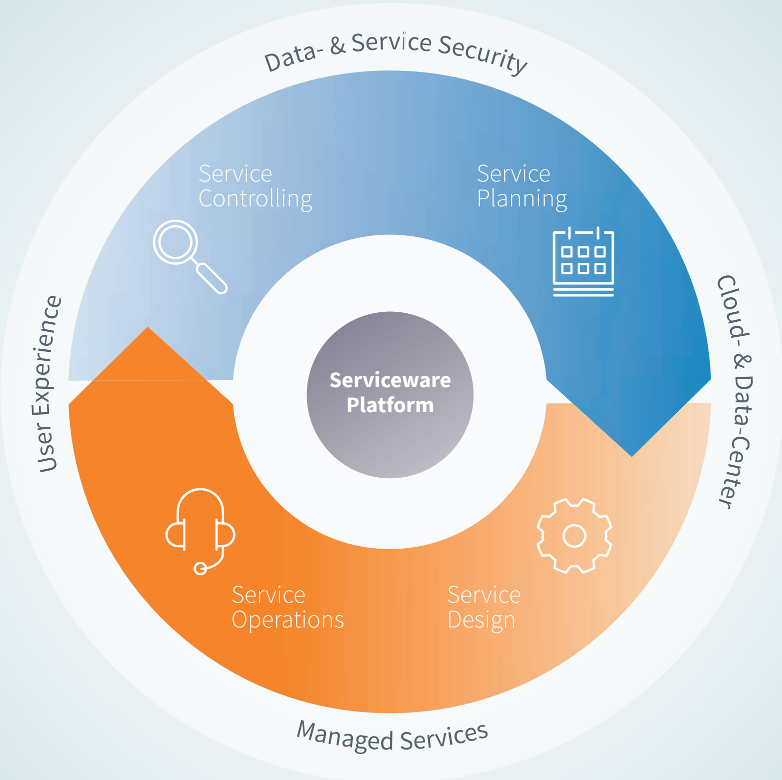
Serviceware – The partner for agile companies in the digital service economy

The era of the digital service economy is just starting. This means for companies: they are planning and investing to meet growing competition and rising customer and market expectations. Serviceware addresses their high demand for excellent solutions for agile business and service processes, cost control, analysis and planning based on flexible and secure IT.

The core of the Serviceware portfolio is its own Enterprise Service Management (ESM) platform for service and business agility. Based on the platform modules, companies create solutions with Serviceware for

- the simple planning and controlling of business processes
- the automation of the service portfolio within the company and for the customer
- an optimum customer experience with the company

All solutions benefit from the innovative Serviceware AI technologies. In this way, platform users increase the value of their services for the customer and minimise the costs of service delivery. Serviceware complements its software solutions with broad consulting and service offers as well as infrastructure solutions.



Modules of the Serviceware Platform:

- Serviceware Processes
- Serviceware Knowledge
- Serviceware Resources
- Serviceware Financial
- Serviceware Performance

HIGHLIGHTS 2021

JANUARY

Be responsible – Studio set-up for virtual meeting with the entire team allows for joint start into the year

FEBRUARY

Airline with ten thousands of employees opts in favour of “Serviceware Know-ledge” for its worldwide contact centres

MAY

General Meeting of Serviceware is held virtually

MARCH

Serviceware continues to grow and now employs more than 500 people

JUNE

Excellence in IT and Finance: at the Serviceware Forum, Serviceware presents current innovations

SEPTEMBER

At the Coding Convention the R&D team develops visions for new digital solutions of the future

Serviceware is presented with the Cloud Champion of the Year award

JULY

Some colleagues around the Hürth site are privately affected by the flood – and organise emergency aid with Serviceware

Serviceware publishes trendsetting releases of the platform modules Processes and Financial

OCTOBER

Serviceware gains many new customers for the platform module Serviceware Knowledge

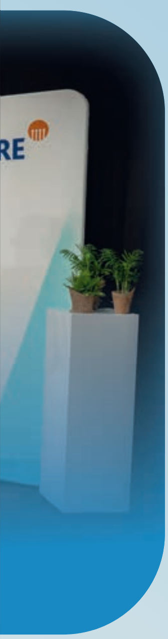
NOVEMBER

Trade fairs and customer events in autumn allow for communication with the customers – live or virtually.

Growth of the international locations – inauguration of new office premises at the Palma site

DECEMBER

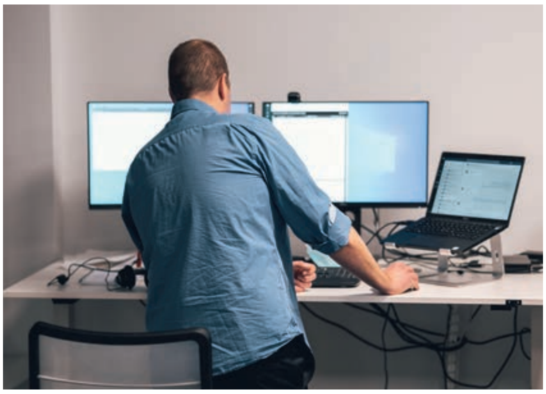
Joint end of year at the Serviceware “Christmas Market”



ONE DAY IN Competence Center AI

Artificial Intelligence at Serviceware:
The future of service management is created in Darmstadt

Artificial Intelligence ("AI") is already being used in many different products that we encounter every day: when we brush our teeth with an electric toothbrush, with speech recognition in our car – and also when we communicate with companies as service customers. No wonder. After all, AI is a key technology for successful digitalisation. But how are the new AI-driven applications created? The team of the Serviceware AI competence centre, which we were allowed to accompany for one day in January 2022, provides us with insights into the development.



Chris Stahlhut developing the latest software

Yan Qu: Simple forecasting for a successful corporate planning

Classic corporate planning is complex and often inaccurate. With the support of AI / Machine Learning we have developed a solution that enables companies to plan faster and more accurately. This is based on the corporate data. We have developed a self-service for customers with which they can train various Machine Learning models and apply results directly to make predictions for planning. This methodology can decisively advance companies on their way to data-driven forecasting.

Early January 2022 – Monday morning, 9 am:

Adrian Engelbrecht begins his working day at the AI competence centre close to Luisenplatz square, the city centre of Darmstadt. Here, the Head of AI and his colleagues develop solutions in the field of Artificial Intelligence which enable users of the Serviceware platform to advance their digital initiatives. Adrian Engelbrecht's schedule is packed with appointments on this Monday. At the start of the week, several meetings and conversations – virtual and face to face – are on his agenda. Later, some of his colleagues will join him. They have started their day in the home office.

10 am:

Engelbrecht, who holds a degree in business information systems, joins a "sprint review" with the messaging team, the development team responsible for the chatbot components of the Serviceware platform. The participants had two weeks to work on previously jointly defined objectives. In the sprint review, the results are now presented, current development at customers, challenges and upcoming tasks are discussed. Engelbrecht and his colleagues present the features, special characteristics and functions of a software which has been newly developed. Cooperation with the other development teams at Serviceware is just as much a part of the AI-specialist's daily business as the close exchange with Serviceware customers. "Our solutions are all oriented towards concrete challenges in the everyday life of companies. Together with customers and colleagues we analyse the points at which Artificial Intelligence can help and also stay in

Sanjaya Subedi: Fast self-service for satisfied customers

In the field of service provision, fast and simple communication is a critical aspect of corporate success. It is through a direct interaction and communication with customers that a good service is developed. Messaging services enjoy a high level of acceptance across all age groups and have established themselves as a communication channel in recent years. For this very reason, they offer a good opportunity for companies to improve their customer service management. In combination with AI, the messaging functionalities of the Serviceware platform provide new benefits in combination with the knowledge database. Whilst users – for instance on a website for electronic products – complete a contact form or ask a question in the chat, suitable FAQs (Frequently Asked Questions) are automatically suggested. If a question is asked which is already covered by the FAQs, the system recognises the direction of the query and offers corresponding answers. For new questions, a service agent can be involved. And the system keeps on learning.

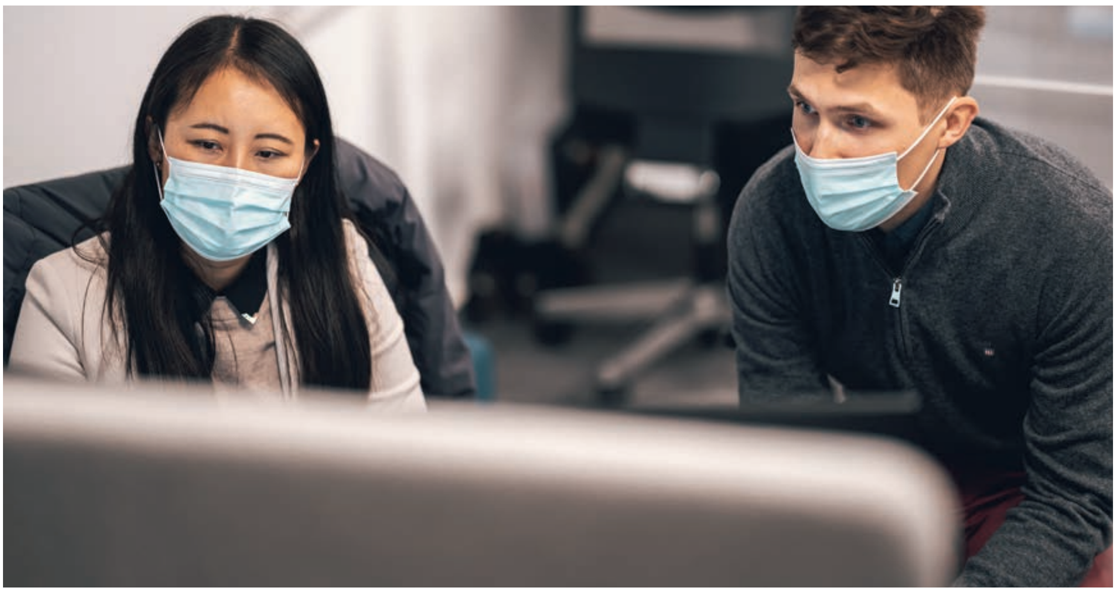
close contact with them during implementation," says Engelbrecht. "The messaging team builds the framework and the basic logic into which the AI functionalities are integrated."

Around 12 noon:

Yan Qu, Chris Stahlhut and Sanjaya Subedi have arrived. They have completed the mandatory Covid-19 test on site. Negative. The working day continues in the office. "We have a comprehensive Covid-19 hygiene concept and plenty of space," says Yan Qu. After an exchange with her colleagues, Qu, who as a product owner is responsible for communication with stakeholders and the identification and prioritisation of the goals of a development team, takes one of the many free seats. Together with her colleagues, Yan Qu develops Artificial Intelligence-based solutions for corporate and enterprise performance management which make planning and analysis processes simpler and more efficient. "At the end of 2021, we developed a self-service with which our customers can now train various machine learning models and apply results directly. In this early stage of development, we are in close contact with the first customers and take their feedback into account for further developments."

Due to rising Covid-19 incidences, most of the employees are currently working from home again. Chris Stahlhut is, therefore, all the more pleased to meet his colleagues in person again. The atmosphere is relaxed. "Working

Students of the TU Darmstadt show Yan Qu their developments



Spacious premises offer plenty of room for creativity

Chris Stahlhut: Relief for hotlines

Many service centres receive so many enquiries that just the analysis and assignment to the right contact person takes a lot of time. The time of well-trained employees who know the processes and responsibilities within the company perfectly well. With a Machine Learning-based system for classifying and assigning enquiries, we have created a solution that can replace the time-consuming and error-prone manual routing. By means of algorithms, incoming customer enquiries are automatically marked and categorised. Machine Learning replaces human behaviour and hence also errors. The solution ensures that all enquiries are always assigned to the right persons. Service desk employees are thus relieved from repetitive work and administrative bureaucracy. In this way they have more time to provide a more personalised service to customers. At the same time, the response time for answering queries is reduced. This contributes to customer satisfaction.

with my colleagues is varied. We understand each other intuitively." Stahlhut currently combines several roles in his person: Development Lead, Software Developer and Data Scientist. "Our customers often face challenges that can be addressed well with AI," the expert explains. "Where companies have collected a lot of data in recent years, Serviceware has potential to deploy solutions with AI." Stahlhut is currently busy with model development. Later he will discuss it again with his colleagues. "We define the deployment strategy, semi- or fully automated processes for installation and configuration of software, the structure of the services, monitoring and model development. The customer gets everything from us from a single source."

2 pm:

Sanjaya Subedi had his daily stand-up meeting with the team of Serviceware Knowledge. Normally, these meetings are over within a few minutes. The AI teams of the respective modules provide each other with a brief update on current developments and plannings for the coming days. "In this way we obtain a good overview of what is currently happening on the level of our colleagues. But the meetings always take a bit longer during "remote work". Because you cannot quickly join a colleague for a chat in between."

Subedi is one of the "old hands" at the AI competence centre. He has been on board since the centre was set up in 2019 and had already been involved in the development of three AI-supported assistants for a more efficient

Adrian Engelbrecht and Prof. Dr. Peter Buxmann

service management. “At present we are working on solutions with which companies can offer their customers improved self-services. This includes, for instance, interfaces to identify the intention of users on websites or in apps at an early stage and offer solutions.”

3 pm:

Pair programming by Adrian Engelbrecht and Chris Stahlhut. With this working technique, they develop source code at one workplace. Engelbrecht and Stahlhut take turns writing code, while the other monitors the process and provides feedback. “Four eyes see more than two,” says Stahlhut. “The system has fully established itself here,” adds Engelbrecht.

Artificial Intelligence and Machine Learning (ML): What’s the difference?

Artificial Intelligence refers to applications in which machines imitate human behaviour and human capabilities. AI refers to all variants and methods which can demonstrate human-like intelligence in their respective field of application. On the one hand, this intelligence can be based on programmed processes. On the other hand, Machine Learning makes it possible to identify patterns on the basis of existing datasets and hence make helpful predictions without explicit programming (e.g. the answer which is suitable for a question or the employee who should work on a task). In doing so, the machine orients itself on the information content of the data known to it. By contrast to conventional algorithms, no solution path is specified in advance.

4.30 pm:

Sanjaya Subedi gets a visit from two students from the Business Information Systems course of studies of the Technical University Darmstadt. The two are doing their IT internship at Serviceware. Serviceware acts as project sponsor and the students develop software for Serviceware during their internship. The cooperation with the Technical University Darmstadt is close and trusting. “I studied there, as did Chris, Yan and Adrian. That’s why we can put ourselves in the students’ shoes and know what is important in their tasks.” The two students are accompanied by Professor Dr. Peter Buxmann. Together with Adrian Engelbrecht, the university professor for business information system and AI-expert is evaluating further possible uses for AI and Machine Learning and enquires about the current development in the individual AI teams for Serviceware modules. Serviceware and TU Darmstadt have been closely co-operating in the field of Artificial Intelligence since September 2019. The extensive co-operation and joint research have already resulted in several products which have been successfully integrated into the Serviceware ESM platform. On the TU Darmstadt side, Professor Dr. Peter Buxmann is responsible for conducting joint studies on the topic of AI.

CUSTOMER PROJECTS

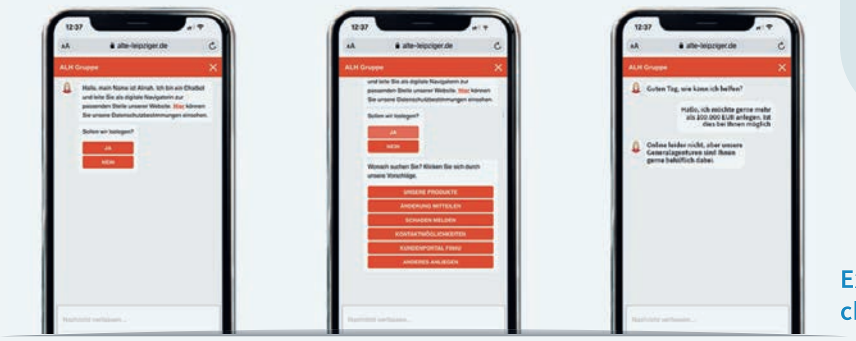
SERVICEWARE

Digital customer service via chat and bot at Alte Leipziger

Alte Leipziger - Hallesche (ALH Group) has been advancing innovations in digital customer service in co-operation with Serviceware for years. At the beginning, there was a chat on the website. At present, the digital helper “Alinah” takes website visitors virtually by the hand and improves the customer experience with the traditional insurer.

Rapidly from the first idea to the benefit for the customer

The starting point for the joint project was the idea workshop of the ALH Group. “We analysed that live chats represent a meaningful extension of the communication channels in our omnichannel strategy,” Stefan Rudolph from Sales Development explains the origins of the project with Serviceware. The use case resulted from the introduction of the direct conclusion of contracts for end customers. Since 2018 the company has offered customers the option of taking out insurance policies online directly – i.e. without the involvement of an intermediary. “In direct business we want to offer our customers as many contact channels as possible, including live chat, so that the customer can chat with one of our employees without changing media,” says Stefan Rudolph, describing the goals set by ALH, which the team has been able to successfully implement. “The chat solution by Serviceware has established itself as yet another personal communication channel in a very short period of time and is used in many different ways by both customers and prospects.”



Digital navigation Alinah | Main topics to start the dialogue | Freely formulated questions from users

» It is clear that with new topics you first have to gain trust in the technologies. An experienced partner like Serviceware, with whom you can have an honest exchange, helps with this. «

Philipp Hörst, Marketing, Alte Leipziger

Extension of a success model: chatbot Alinah shows the way

For the second pilot project, the team first selected a business transaction which occurs frequently and can be easily automated: the change of address via chat. This is a simple process, and the dialogue is, as a matter of principle, based on the query of a form. “The customers have accepted this dialogue-like query well,” says Philipp Hörst, who is supporting the project from Marketing. “This encouraged us to expand the automated chat by means of a bot.” And this bot has even been given a name: Alinah, a digital navigator, quickly takes customers to the desired spot on our website. Moreover, she can answer frequently asked questions. To start the dialogue, she also points out the top topics. “In this way, we offer the customer a guided selection to “click” on what is of interest,” Philipp Hörst is pleased to say. “In addition, the user can formulate free questions which Alinah answers.”

Implementation of innovation projects for the future

Within the project the ongoing evaluation of user behaviour plays a major role. On this basis, the ALH Group can constantly improve the bot even after its go live. “A key to success is also the good co-operation and trustful relationship with the IT partner,” says Philipp Hörst. This is the basis on which the co-operation will continue. In the medium term, chatbot Alinah is to become even smarter, more comprehensive and more customer-oriented, and the chat is to benefit the customer in other areas of the ALH Group as well.

Highlights

- Omnichannel communication through webchat
- Simplified standard process with guided form
- Smart support through chatbot “Alinah”

Profile: ALH Group

The ALH Group includes renowned insurance and financial services companies: Alte Leipziger Lebensversicherung, which ranks 7th amongst the German life assurance companies with a premium income of EUR 2.8 billion, Hallesche Krankenversicherung and Alte Leipziger Versicherung AG (non-life insurance) cover the most important business areas. The ALH Group, which also includes a Bausparkasse (building society) and a fund company, reached premium income and cash inflows of over EUR 5.0 billion in 2021.

Centralised management of IT services at the EOS Group

With over 60 companies, the EOS Group is one of the leading providers of receivables management in Europe. Within the Group, EOS Technology Solutions provides the companies with comprehensive IT services and relies on smooth processes. With Serviceware, the company manages its IT controlling on a central platform and ensures a highly professional and efficient IT finance management.

All data in one place – transparent and comprehensible

“The IT products offered by us are PO-driven, which means that the product owners are fully in charge of their products – from budgets to costs. We, therefore, must provide them with a sound database so that they can get a full picture and then manage the products accordingly,” explains IT Controller Tatiana Schuldes, referring to one of the internal challenges which can hardly be coped with without a powerful ITFM tool. Furthermore, a transparent presentation of the data is important for compliance management within the entire group of companies, because, more particularly, in the field of finance services, it is absolutely necessary to trace the services sold.

Consistency of processes saves valuable time and creates trust

This establishment of a single point of truth not only ensures the accuracy and full transparency of the data, it also provides for a considerable reduction in manual efforts. Where previously countless Excel sheets were sent out, several people can now make entries simultaneously: “Whenever I adjust a screw somewhere, the rest changes by analogy and the results are directly comprehensible in the tool for everyone involved. This saves valuable time in all planning and calculation processes,” says Schuldes. “We can, for instance, finish the month end closing within two hours in this way”.

The other companies within the EOS Group can now also be integrated into the workflows with the help of the Serviceware platform. This means another major added value for the company. “These direct insights into the planning of the PO shorten the co-ordination processes, create transparency also for our customers and ensure more mutual understanding among each other.”

» The Euro value of the services we sell must be economically plausible, both internally and externally. With Serviceware, we can ensure the consistency of our processes and complete data transparency. «

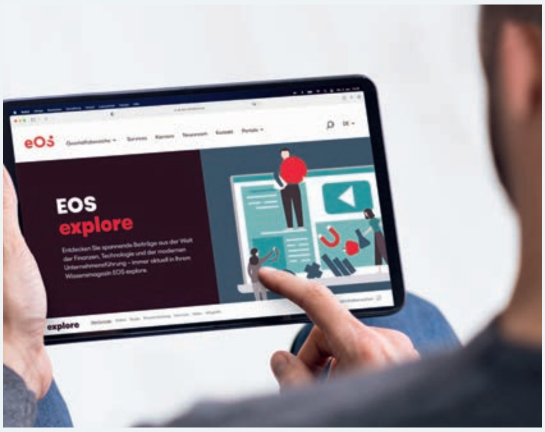
Tatiana Schuldes, IT-Controller, EOS Technology Solutions

Automated analysis and reporting options

In addition to transparency, compliance and time saving, the requirements concerning automated analysis and reporting options can likewise be met: highly complex calculation logics now function according to clear rules and in a more structured way overall by means of the Serviceware platform. In the same way, depreciations and amortisations are now calculated automatically in capital expenditure planning.

IT Controller Tatiana Schuldes is particularly enthusiastic about the drill-down: “I can look at a specific service, see the calculation for it with all cost components and immediately have a meaningful result. Almost at the push of a button.” Finally, the possibility of displaying all reportings in Power BI has also been a decisive argument.

With Serviceware Financial the centralised management of all IT processes of EOS Technology Solutions has been improved. The data generated as a single source of truth ensure the best possible IT controlling and efficient, transparent IT finance management – regardless of whether costs, sales or price calculations are concerned.



Highlights

- Creation of a single point of truth through the implementation of Serviceware Financial as a central ITFM tool
- Significant reduction of the manual effort in planning and calculation processes
- Possibility of displaying all reports in Power BI
- Better integration and support of the product owners
- Customers can also be integrated into processes

Profile: EOS Group

The EOS Group is a leading technology-driven financial investor and expert in the processing of outstanding receivables. The company’s core business is the purchase of unsecured and secured debt portfolios. With over 45 years of experience in 24 countries, EOS offers some 20,000 customers around the world smart services for all their receivables management needs. Its key target sectors are banking, real estate, telecommunications, utilities and e-commerce. EOS employs more than 6,000 people and is part of the Otto Group.

Ratiodata coordinates IT services on one platform

As an IT system house, specialising in companies in the finance and healthcare sectors, Ratiodata supports its customers with holistic IT services. An important part of their nationwide managed and field services concerns secure system operation and reliable support for customer enquiries. With Serviceware, the company has created a uniform service management platform for customer service and its extensive IT processes.

Uniform service platform for the core business

"From data centre services and comprehensive service desks to the equipment of entire office buildings with workplace infrastructure and communication technology, including on-site support, we offer our customers countless IT services. Their co-ordination is a real challenge," says Board Member Dr. Michael Stanka, explaining the task. No wonder. After all, there are extensive service agreements with the customers and a multitude of technical devices and components with the most diverse contracts and service descriptions are behind all these services. With Serviceware, Ratiodata has established a uniform platform for the support of customers and the management of all services based on ITIL.

» Fast and reliable IT solutions are our core business. With Serviceware, we now manage our IT processes and the complex portfolio on a digital platform. This allows us to support our customers quickly and yet individually. «

Dr.. Michael Stanka, Member of the Executive Board, Ratiodata

What is ITIL?

Ratiodata organises IT services according to the best-practice standard ITIL (IT Infrastructure Library), which is used in most IT organisations as a structure for the management of IT services. ITIL describes the various processes in IT service management, e.g. the handling of incidents (incident management), and changes to the infrastructure (change management). Serviceware offers a certified solution for ITIL-based ITSM processes.

Faster processing of customer enquiries through unified support organisation

Ratiodata offers customers a wide variety of reporting channels, from the telephone to the company's own app. And: no matter which channel the customers use to report, all enquiries converge in the central platform: different types of services such as scanning and document services, IT management or communication systems are mapped here with a service catalogue. A routing logic set up with Serviceware ensures that every enquiry from Ratiodata's extensive service portfolio reaches a competent contact person as quickly and automatically as possible. The services mapped in the platform thus support customized processing.

High complexity on many levels

In addition to the high complexity on the customer level due to millions of configuration objects (e.g. employee laptops or other devices) with different contracts and service descriptions, there was another major challenge: three different company divisions used different IT service management processes, IT systems, terms and guidelines. "Reconciling this diversity was our stated goal," says Oliver Grünewald, Head of Managed Services. "We are dependent on organising our processes towards the customer in such a way that we can deliver the best possible service quality." Serviceware is helping to improve the structure of the service platform at Ratiodata by standardising interfaces and processes with a holistic approach.

Many teams, one platform

The implementation and standardisation of ITIL processes such as incident management, service request management or configuration management is not only important for internal workflows of Ratiodata. These processes are part of the company's core business. Serviceware processes have made it possible to establish a uniform standard for several departments with different systems and processes. The special feature here is that all teams work with the same generic process, yet this can be individually designed for each customer through different services, SLAs etc. and managed on the basis of this information.

Profile: Ratiodata

Ratiodata is one of the largest system houses and service providers for banking technology and document digitalisation in Germany. The Ratiodata Group includes the subsidiaries Ratiodata Luxemburg S.à r.l., which is based in Luxembourg, as well as Accesa IT Group and Ratiodata Romania S.r.l. (RaRo), based both in Cluj-Napoca, Romania. The Ratiodata Group employs around 2,300 employees at 21 locations in Germany, Luxembourg and Romania. As a wholly-owned subsidiary of Atruvia it is the system house partner of the Genossenschaftliche FinanzGruppe Volksbanken Raiffeisenbanken. Moreover, it is a partner for savings banks, other banking groups, financial service, healthcare companies and public corporations and specialises in medium-sized and large companies in regulated or IT-intensive industries.

Highlights

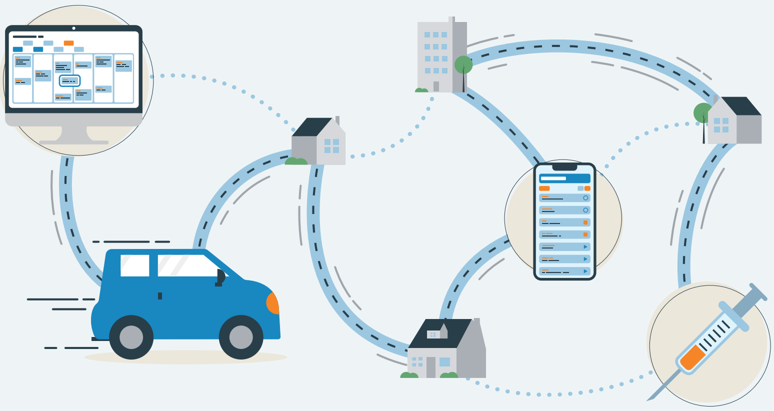
- Introduction of standard processes and roles based on ITIL, adapted to the needs of Ratiodata in all business areas
- Standardisation of the ITSM systems for all business units
- Replacement of several ITSM tools through the implementation of Serviceware Processes
- Establishment of a central platform for the services of Ratiodata and as an interface to customers as well as a unified support organisation
- Connection to various channels such as portal and web service
- Knowledge management to support the service staff
- Field service management for the on-site support of customers

COVID-19 booster vaccination in the Utrecht region: planned with Serviceware Resources

As the municipal public health service of the Utrecht region, GGD regio Utrecht (GGDrU) is in charge of the Covid-19 vaccination campaigns in the region with more than 1.6 million inhabitants. Due to the rapid spread of the omicron variant of the Covid-19 virus at the end of 2021, it was crucial that all those who had already been vaccinated received a booster vaccination as soon as possible to reduce the risk of infection and hospitalisation. From November 2021 onwards, GGDrU launched a large-scale booster campaign for everyone. Between 19 November and the end of December 2021, 146,000 booster vaccinations were administered.

> With the help of Serviceware Resources, GGDrU was able to plan and execute this complex and important mission. Thanks to the flexibility of Serviceware and shared awareness of the importance of the task, the required process was implemented smoothly.

Roel van Rooij, Manager Vaccinations, GGD regio Utrecht



The vaccination of older people and people with chronic diseases who cannot come to vaccination centres represented a particular challenge. GGDrU decided to go and see these people at home to administer the booster vaccination. As the total number of people who are not mobile is 6,000 in the GGDrU area alone, it was critical to deliver the booster vaccination as quickly and efficiently as possible. In record time, the Serviceware Resources system was prepared for GGDrU to schedule the booster routes.

In Serviceware Resources, the most efficient booster routes are planned using the Serviceware multi-route optimisation algorithm. Employees can access their schedule in the Resources app on their smartphone and record time and activities. Each visit takes 25 minutes, as vaccinated persons must be observed for 15 minutes in case of an allergic reaction. To make matters worse, vaccines must be refrigerated and meticulously prepared, as each vaccine must be administered within six hours of preparation.

Profile: GGDrU

GGD regio Utrecht (GGDrU) is the municipal public health service for greater Utrecht in the centre of the Netherlands. The municipal public health services are responsible for all pubic health matters including infant and childcare, securing public health during disasters (e.g. fires in chemical plants), vaccinations for travellers and tourists and the administration of the Covid-19 vaccine to the population.

Highlights

- Administration of 146,000 booster vaccinations within six weeks
- Scheduling and route planning for thousands of people via Serviceware Resources
- Complex Covid-19 vaccine requirements were included in the planning
- Staff access schedules via their smartphones

Fast BI solution for worldwide controlling at Vector Foiltec

Vector Foiltec has carried out more than 1,500 projects in over 100 different countries during the past decades. With Serviceware Performance, the manufacturer of roofing and façade solutions has now implemented a uniform and cross-divisional reporting for its project management and controlling.

» With Serviceware Performance, we now see a single currency in our PBRs and can show all revenues and costs in euros. This makes it easier to compare projects with one another. «

Christian Glies, Project Controller, Vector Foiltec GmbH

Worldwide activity – complex requirements

Due to its international project activities, the company is subject to various legal framework conditions that differ from country to country. Vector Foiltec works with different ERP and project systems which are adapted to the respective companies. As a result, the project and financial data of the companies were mapped decentrally. Reporting was, therefore, very time-consuming and offered only relatively limited options for analysis. Against the backdrop of the increasing complexity in the global project business, the company was looking for a group-wide integrated solution for planning, analysis and reporting.

Single point of truth ensures transparency

Serviceware Performance already convinced the company during the selection process with its ability to take over the various upstream systems that exist at Vector Foiltec and bring them together on a holistic platform solution. In addition, the web-based BI tool offers the connection to a so-called OLAP database, whereby the multi-dimensionality of the project data can be mapped


© Vector Foiltec

in detail. Planning, analysis and reporting were integrated in one tool for worldwide use, which all users can easily access online. Vector Foiltec has thus established a "single point of truth" for both financial and project data. These can now be reconciled and build upon each other.

Clear values for the HQ

A major benefit for Vector Foiltec is the mapping of the company specific project cost accounting (PBR - Project Business Report) in Serviceware Performance. The contract volume and the status of payments already made as well as the various cost categories can be quickly converted from local currency to euros. Christian Glies explains why this is important: "Since we operate all over the world, we very often have to deal with different currencies. For instance, for the company in Singapore, all projects are presented in the contract currency. This can mean that projects are presented in Singapore dollars, US dollars or Malaysian Ringgit. For us at HQ, however, it is very important to present everything in Euros."

Simplified liquidity planning

Liquidity planning represents another added value. So far, it was only possible for the controlling department to map the development of liquidity flows, whether for a project, a specific company, a continent or the entire Vector Foiltec Group, with a very high manual and time-consuming effort. With Serviceware Performance it is now possible to map from which projects, which money is expected when and which costs will be due when.

Highlights

- Creation of a "single point of truth" for reporting, analysis and planning
- Integration of the international reporting systems on a holistic platform solution
- Uniform currency in project cost reports

Profile: Vector Foiltec

Vector Foiltec is the market leader in roof and façade solutions. With its product Texlon® ETFE the company offers an ultra-light durable cladding solution that can be adapted to individual building and project requirements. The company employs approximately 250 people worldwide and operates two production facilities, one in Bremen and one in China. The HQ is located in Bremen.

SUSTAINABILITY
AT SERVICEWARE

We act sustainably

Sustainable corporate management has always been at the heart of the activities of Serviceware. Consequently, the Executive Management and employees are committed to environmental, social and governance (ESG) criteria. Serviceware has developed initiatives that promote sustainable action within the company and take into account the 17 sustainability goals of the United Nations (UN) to comply with global principles of ethical action and business. Numerous activities in the areas of environment, social affairs and governance have, therefore, already been successfully implemented. The company's goal is to further expand these activities in the future and to proactively shape social change. In this way, Serviceware continues to assume responsibility for a sustainable and future-proof world.

Governance: For a fair and respectful dealing with one another

Serviceware employees comply with the applicable laws and regulations of the respective country at all locations of the company. Serviceware is committed to upholding fundamental ethical principles to protect the rights and privacy of its employees. It goes without saying that no-one at Serviceware may be discriminated against on the basis of gender, origin, age or sexual orientation. Compliance with data protection in dealing with employee and customer data is guaranteed. Serviceware uses a modern and secure IT infrastructure and qualified staff to ensure that sensitive data do not reach third parties and are not used for third-party purposes. To this end, Serviceware conducts regular online training sessions, among other things, in which employees are trained in the field of IT security.

High-quality education for employees

Well trained employees are an important competitive advantage. Serviceware provides employees with regular training and education. In 2021, around 350 employees took part in English courses. In addition, Serviceware offers young university graduates a dedicated sales trainee programme or students are offered a dual course of study in business information systems leading to a Bachelor of Science degree. At the company's German locations, the trainee ratio of 9.5% is almost twice as high as the German average of 4.8% in 2019.

Committed employees as the basis of our company's corporate success

Serviceware offers employees flexible working hours, participation in various corporate events and working in modern offices with appropriate office equipment. In addition, they are provided, for instance, with drinks and fruit baskets in all the offices as well as a preventive medical examination, for example in the form of flu and Covid-19 vaccinations. Serviceware employees have set up the working group "my.Serviceware", in which various ideas for further improvements in the working atmosphere are collected and transformed into projects. These include, for instance, various sporting activities or "feel-good campaigns" in the offices with lounge furniture and green plants. A good indicator of employee satisfaction is the fluctuation rate, which is 11.9% at Serviceware. According to data from the German Economic Institute (IW), the fluctuation rate in Germany is just under 30%. Serviceware employees were on sick leave for an average of 10.5 days a year. The most recent figures from the umbrella organisation of corporate health insurance funds for 2020 shows that employees in Germany were on sick leave for an average of 18.2 days. The proportion of women in the Group is currently 25.3%. Serviceware endeavours to promote more female employees and managers in the future. At Serviceware the principle of equal remuneration for equal qualification, activity and seniority applies.

Social commitment: help that reaches its destination

As an internationally operating software company, Serviceware is aware of its social responsibility. Serviceware is not only committed to its employees, but to all stakeholders. Serviceware supports several social causes as well as public institutions and programmes. The company supported, amongst other things, the reconstruction of the Altenahr fire brigade equipment building and the Sinziger Lebenshilfehaus, which were hit badly by the floods in the Ahrweiler county in the summer of 2021.

We protect the environment and climate

Environmental and climate protection are important components of the corporate culture at Serviceware. All employees must comply with the applicable environmental regulations and corresponding ordinances. Effects on the climate and the environment are to be kept as low as possible. The company's own carbon footprint is to be continuously improved and resources conserved while at the same time reducing costs. Where possible, business trips are made by train, and Serviceware also offers its employees company bicycles and job tickets for the use of local public transport. Serviceware is increasingly looking at alternative drive technologies for its vehicle fleet, for example hybrid models will gradually be given more weight in the company's own vehicle fleet.

Serviceware attaches great importance to sustainable consumption and environmentally friendly office communication. Almost all processes in everyday business are digital and paperless. Serviceware has also switched to electronic invoicing. In parallel to business trips, Serviceware has always used technical alternatives such as video or telephone conferencing. A large part of the cross-location work of Serviceware is also covered using these technologies – even before the outbreak of the Covid-19 pandemic.

Serviceware solutions significantly reduce CO_2 emissions

Beyond the approach in its own company, products and services from Serviceware contribute to a reduction of CO_2 emissions. In the Netherlands, for instance, the Serviceware Resources module is used by several health and care institutions to plan home visits. The routes and distribution of resources are optimised for more than 4.5 million visits per year. In this way, more than 7.5 million kilometres and corresponding pollutant emissions are avoided each year.

Serviceware strengthens initiatives for more sustainability

During the current fiscal year 2021 / 2022, Serviceware is developing a comprehensive sustainability strategy in which the individual initiatives of the past years will be applied. To determine the company's carbon footprint, Serviceware has entered into a partnership with the company planetly. The results determined by planetly will also be considered in the sustainability strategy of Serviceware.

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The Serviceware Share in 2021

Stock markets nationally and globally

The year 2021 was for shareholders of Serviceware and investors on the German stock market a successful stock market year. In the course of the year, the German Share Index (DAX) gained 15.7% in value. This was the ninth time in 10 years that the Index ended the year with a gain. The TecDAX index closed the year with a price increase of 21% and the small cap indices MDAX and SDAX likewise recorded significant price gains. However, the stock markets not only developed positively in Germany in 2021. The international stock markets were likewise on an upward trend. The EURO STOXX 50 gained around 20% over the year and the US S&P 500 Index gained even 28%.

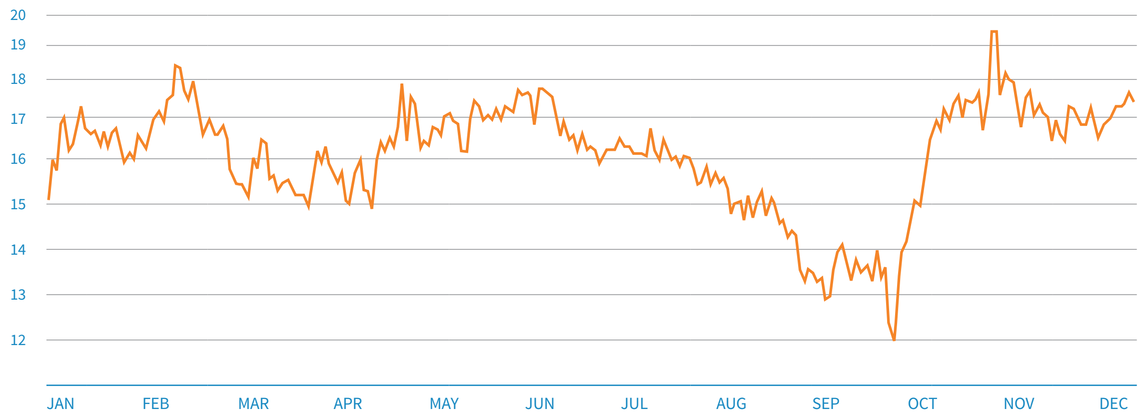
The stock market year 2021 was associated to a large extent with a high volatility for investors. While there was a sentiment of optimism on the capital markets at the beginning of the year following the start of the vaccination campaigns, there were significant price declines in spring due, more particularly, to supply bottlenecks and production delays in the industry. In the further course of the year, rising oil and gas prices slowed down the economic development, whereas the expansive monetary policy of the European Central Bank compensated for Covid-19-related uncertainties. In November the new virus variant “Omicron” caused nervousness on the stock market. The DAX went downhill significantly from an all-time high of almost 16,300 points before it then started a strong year-end rally. New uncertainties for the global economy and the stock markets are emerging, among other things, due to supply backlogs, inflation, conflicts between China and the USA or tensions between Russia and the West.

Share price of Serviceware SE

The share of Serviceware SE developed extremely positively in 2021. At the end of 2021, the Serviceware share was quoted at a price of EUR 17.50, after a closing price of EUR 14.00 in the previous year. Within one year, the value of the share increased by 25.0%. The share started the year 2021 with an opening price of EUR 14.05. The share reached its low for the year on 12 October with a price of EUR 11.45. From mid-October to the end of December the share then recorded a significant upward movement. The high for the year was reached on 12 November at EUR 20.10. On the reporting date, the company’s market capitalisation was EUR 183.75 million.

EUR

Xetra price Serviceware SE from 1.1.2021 to 31.12.2021 in EUR



Source: ⊳ Serviceware Chart | Real time | Chart analyses | Performance (ariva.de)

Stock exchange activity 2021

During the period from 1 January to 31 December 2021 a total of 1.33 million Serviceware shares were traded on Xetra. The overall trading volume on Xetra amounted in 2021 to EUR 21.41 million, after EUR 12.74 million during the prior year period. On average, 5,220 Serviceware shares were traded daily (PY: 4,260). The resulting average trading volume per stock exchange day was at EUR 83,978.

Analyst coverage

The business and share development of Serviceware is currently observed by the analysts of Quirin Bank and covered in regular analyst studies. At the time of drafting of this Annual Report (Q1 2022), the assessment by the bank was as follows:

Bank	Last update of	Recommendation	Upside target
Quirin Privatbank	22.10.2021	Buy	EUR 33.00

Investor relations activities

With the listing in the Prime Standard of the Frankfurt Stock Exchange, Serviceware meets the highest transparency demands. The need for information of the capital markets has a high importance for the company. Serviceware informs investors and interested parties through regular corporate news and, if necessary, ad hoc disclosures about current developments within the company and, moreover, publishes interim reports on the different quarters as well as annual reports for the full year. On the corporate website, detailed information on the company and the share is available for interested parties. All corporate documents are made available in German and English.

In November 2021 Serviceware participated in the German Equity Forum in Frankfurt am Main. Within the framework of a company presentation as well as individual and group talks, the management of Serviceware provided existing and potential investors, including a constantly growing number of investors, analysts and journalists, with explanations on the business model and the business development. Furthermore, the Managing Directors entered into a dialogue with interested investors within the framework of roadshows which, due to the Covid-19 pandemic, took place almost exclusively virtually as well as many investor meetings and telephone conferences. In addition, product demonstrations were carried out to inform about the corporate strategy and its implementation so far. In this connection Serviceware was successful in extending the group of its investors.

Stock market information

ISIN ticker symbol	DE000A2G8X31 / SJJ
Segment / stock exchange	Prime Standard (regulated market) Xetra
Number of shares outstanding	10,500,000
Free float	ca. 37.20%
Xetra opening price on 04.01.2021	EUR 14.05
Annual high	EUR 20.10
Annual low	EUR 11.45
Xetra year-end price on 30.12.2021	EUR 17.50
Market capitalisation on 31.12.2021	kEUR 183,750
Designated sponsor	Hauck & Aufhäuser
Analyst coverage	Quirin Privatbank

Letter from the Administrative Board

Dear Sir or Madam

Fiscal year 2020 / 2021 was yet another extraordinary year for Serviceware. On the one hand, Serviceware achieved good progress at the implementation of its growth strategy, and at the same time the year was marked by many different challenges in connection with the Covid-19 pandemic.

After the extensive switch to remote work within Serviceware and the customer interaction had already taken place during the previous year and the protective measures had proven their worth, the company was able to build on this experience in its operating business. Thus, despite the challenging overall situation, sales revenues and earnings increased in line with the guidance.

The longer the pandemic lasts, the more evident it becomes how much Serviceware employees miss personal contact among colleagues and with customers. The Administrative Board would, therefore, like to express its sincere thanks to the Serviceware team which has achieved a great deal during the past fiscal year despite many challenges, including personal ones.

The Serviceware Enterprise Service Management platform was further developed at a high pace of innovation. Version 7.0 of Serviceware Processes elevates service management to a new level. In particular, the use of Artificial Intelligence enables a very high degree of automation of service processes under optimal utilisation of existing solution knowledge.

With Serviceware Financial 6.0 our customers have access to the next generation of digital cost management. The focus is here on process automation and the leveraging of the associated efficiency potential.

The expansion of activities in Artificial Intelligence as a driver for innovation and growth will continue to be of great importance.

The growth course charted was supported by the gaining of renowned customers, including outside of Europe. In particular, the modules for increasing service quality recorded a stronger demand. An international airline opted, for instance, for Serviceware Knowledge. In addition, the Serviceware Financial and Serviceware Performance modules are used by new international customers such as a major European bank, an international insurance group and a leading European wholesale group.

As Administrative Board, we are also proud and grateful that Serviceware was able to make another strong contribution to the fight against the Covid-19 pandemic last year: when the staff of the German alliance of the Covid-19 vaccination service answered enquiries by citizens about Covid-19 vaccinations and tests, they relied on the Serviceware platform module Serviceware Knowledge.

Activities of the Administrative Board

The Administrative Board fulfilled in fiscal year 2020 / 2021 the tasks and obligations to be fulfilled in accordance with the law, the articles of association and the internal regulations with the greatest care, and regularly supervised the work of the Managing Directors. In this connection the body convinced itself at all times of the lawfulness and regularity of the executive management. We have constantly been available in an advisory capacity in our function and have jointly developed the management of the company with the goals set in an ongoing dialogue with the Managing Directors. The Administrative Board was at all times involved in all decisions which were of direct relevance for Serviceware. This was done more particularly through the transparent management by the Managing Directors.

Meetings of the Administrative Board

In five ordinary meetings of the Administrative Board, the Managing Directors regularly reported comprehensively in writing and orally about the current and the economic situation of Serviceware SE and, moreover, informed about all important aspects and business transactions of the company. All three members of the Administrative Board participated in all meetings of the Administrative Board in fiscal year 2020 / 2021.

The members of the Administrative Board were provided in due time prior to all the meetings with all relevant information and had at all times the possibility to critically deal with the reports and draft resolutions submitted by the Managing Directors. They were able to submit suggestions without any problems. The reports on the position and development possibilities of the company were discussed constructively by the Administrative Board and the Managing Directors.

The Administrative Board had, moreover, an ongoing and regular exchange of information with the Managing Directors about the current business development between the different meetings.

The meetings of the Administrative Board of 3 February 2021, 24 March 2021, 6 May 2021, 24 June 2021 and 22 September 2021 had the following foci:

Focus of the deliberations at the Administrative Board

1st quarter 2020 / 2021

For Serviceware as a strongly growing technology company, the recruitment and retention of qualified staff have the highest priority. During the meeting of the Administrative Board on 3 February 2021, the future strategic personnel planning of Serviceware was discussed. The stock option programme which was presented by the CFO during this meeting of the Administrative Board to prepare the empowerment of the implementation by the annual meeting and was discussed has to be seen in this context. Based on the submitted stock option programme, shareholders, employees, the Board of Serviceware SE and Serviceware SE itself participate provided that the corporate value of Serviceware is sustainably increased.

Furthermore, the Administrative Board proceeded to a critical assessment of the Covid-19 measures so far successfully implemented and which due to the current situation are to continue to be implemented without any changes.

2nd quarter 2020 / 2021

During the meeting of the Administrative Board of 24 March 2021, after the report by the auditor attending via the internet, the financial statements of Serviceware SE and the combined consolidated management report for fiscal year 2019 / 2020 and the consolidated financial statements of the Serviceware Group and the combined consolidated management report for fiscal year 2019 / 2020 were adopted and hence approved.

Moreover, the agenda for the annual meeting on 6 May 2021 was approved.

In its meeting on 24 March 2021, the Administrative Board, moreover, adopted the compensation system for the Managing Directors which was approved by the ordinary general meeting on 6 May 2021 in the same way as the compensation system for the Administrative Board which was proposed by the Administrative Board for adoption.

After the general meeting empowered the Administrative Board on 6 May 2021 to implement a stock option plan 2021 and create the contingent capital SOP 2021 for the purpose of the stock option plan 2021, a meeting of the Administrative Board took place on the same day during which the resolution for the adoption was approved.

3rd quarter 2020 / 2021

During the meeting of the Administrative Board of 24 June 2021, new strategic growth options were reviewed. Serviceware has established an ongoing process to identify and contact potential takeover targets. The Administrative Board is regularly informed by the Managing Directors about relevant developments.

Moreover, strategies and measures to staff the vacancies in the field of product development were discussed, since this has a direct impact on the innovation pace of the Serviceware solution portfolio.

Against the backdrop of further declining interest rates, the investment of liquid funds was another focus of the meeting.

4th quarter 2020 / 2021

During the meeting of the Administrative Board of 22 September 2021 a detailed discussion took place on the status and further prerequisites to the next steps for the international expansion potentials of Serviceware.

To further support the success of the Serviceware platform strategy, further HR investments were discussed in this field and launched.

Finally, the Administrative Board discussed the status of the sustainability initiatives in respect of the environment, ecology and governance at Serviceware with the result of bundling the individual initiatives in a coordinated sustainability strategy, in order to meet the responsibility of Serviceware for the environment and society to an even greater extent.

Committees of the Administrative Board

The Administrative Board has three members. Consequently, no committees have been set up. All topics were covered together and within the meaning of the highest possible efficiency by the entire body.

Composition of the Administrative Board

The members of the Administrative Board are:

- Christoph Debus (Chairman) since 30.01.2018
- Harald Popp, since 30.01.2018
- Ingo Bollhöfer, since 30.01.2018

Mr. Debus was last re-elected as Chairman of the Administrative Board by the ordinary general meeting on 6 May 2021. A new election was not necessary but taking into account the newly introduced variable compensation component for the Chairman of the Administrative Board and with a view to the long-term securing of the competence and expertise of Mr. Debus, it was expedient.

The other members were all re-elected by the ordinary general meeting of 15 May 2019.

Corporate governance

The Managing Directors and the Administrative Board supervise compliance of Serviceware SE with the rules of the German Corporate Governance Code. The Administrative Board adopted the declaration of conformity in accordance with § 161 AktG (German Stock Corporation Act) on 25 January 2022. Serviceware SE meets the overwhelming part of the recommendations of the Code. The few deviations are explained in the declaration of conformity under https://serviceware-se.com/company/investor-relations/corporate-governance.

Adoption of the financial statements

The consolidated financial statements and the consolidated management report of Serviceware SE as well as the financial statements and the management report were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union (EU), and in accordance with the supplementary provisions under the German Commercial Code (HGB) to be complied with in accordance with § 315e Para 3 HGB.

The external auditor elected by the general meeting on 6 May 2021 to audit the financial statements for fiscal year 2020 / 2021 RSM, GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf has audited the financial statements and the Group financial statements of Serviceware SE as well as the management report and consolidated management report for fiscal year 2020 / 2021 and issued an unqualified audit certificate.

During the meeting of the Administrative Board on 23.03.2022 deliberations took place with the Managing Directors in the presence of the external auditor who reported the main findings of his audit.

All mentioned documents and audit reports of the external auditor were circulated in due time to the members of the Administrative Board and intensively reviewed by them.

The result of the audit corresponds entirely to the result of the external auditor. The financial statements of Serviceware SE as well as the consolidated financial statements were approved at the meeting of the Administrative Board on 23.03.2022. This also applies to the submitted consolidated management and management report.

The financial statements are hence adopted.

The Administrative Board thanks the customers for their trust and, more particularly, all employees of Serviceware SE and the Managing Directors Dirk K. Martin, Harald Popp and Dr. Alexander Becker for their high commitment and the constructive co-operation during fiscal year 2020 / 2021.

Idstein, March 2022

Christoph Debus
(Chairman of the Administrative Board)

Combined Management and Consolidated Management Report 2020/2021

Serviceware SE, Idstein

1 Combined Management and Consolidated Management Report

The Serviceware Group (hereinafter referred to as Serviceware) is a European provider for the digitalisation of business processes.

The single-entity financial statements of Serviceware SE are prepared in accordance with the provisions of HGB (German Commercial Code) and AktG (German Stock Corporation Act); the consolidated financial statements are prepared in accordance with § 315e HGB based on the International Financial Reporting Standards ("IFRS"). The reporting on the situation of the Group corresponds basically to the reporting on Serviceware SE. Supplementary information on the financial statements of Serviceware SE is provided in Section 1.7.

1.1 General Economic Development

In 2021 the price-adjusted gross domestic product rose by 2.7% after it had declined during the previous year due to the pandemic by 4.6%. In the second year of the pandemic, a clear recovery was hence recorded despite the temporary significant protective measures and restrictions, more particularly, at the beginning of the year, and increasing supply and material bottlenecks. However, the gross domestic product is in 2021 still 2.0% lower than in 2019, the year before the start of the Covid-19 pandemic.[1]

The outbreak of the pandemic also had an impact on the public budget due to continued high expenses in connection with grants and relief schemes for companies and in the healthcare sector as well as due to the investment programme adopted by the Federal Government, while at the same time revenues were reduced as a result of lower taxes. According to the preliminary budgetary closing by the Federal Government, expenditure increased in 2021 by 26.0% compared to the previous year. Due to the emerging economic recovery, tax revenues exceeded the prior-year result by 10.7%. Overall, a deficit of EUR 215.6 billion will be recorded for the budgetary year 2021.[2]

In 2021 the economic development was again strongly dependent on the Covid-19 infection and the associated protective measures. While the economy shrunk still by -1.7% in the first quarter, a growth of 2.2% was recorded in the second quarter, which, flattened out in the third quarter to 1.7% and declined once more in the fourth quarter to -0.3%.[3]

Inflation returned to the focus of economic reporting in 2021. In December the inflation rate in Germany was 5.3%. For the full year, the inflation rate amounted to 3.1% and recorded the highest value since 1993. Price-driving special effects such as the consequences of the temporary reduction in value-added tax, which was discontinued in January 2021, also played a role in this connection.[4]

The business climate in Germany developed by analogy to the gross domestic product, rising steadily until summer. However, here too, the protective measures and restrictions at the end of the year again put a damper on business expectations. At the beginning of 2021, the sentiment brightened again somewhat and remained above the level of the previous year.[5] It should, however, be mentioned that the business climate in the digital industry remained at a significantly higher level compared to other economic sectors in the wake of the Covid-19 pandemic.[6]

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1 https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/01/PD22_020_811.html
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5 https://www.ifo.de/node/67662
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The economic recovery was recently also reflected by the labour market. The unemployment rate was at 5.1% in December 2021 and hence 0.8 percentage points below the prior year value of 5.9%.[7] The number of gainfully employed persons remained almost constant during the same period with 44.9 million.[8]

Last year, industry suffered from serious supply bottlenecks for raw materials and intermediate products, and was thus unable to properly ramp up production again despite full order books. However, the situation in the industry has increasingly stabilised during the past months. The main impulses came from the automotive sector whilst mechanical engineering continued to suffer considerably from the shortage of semi-conductors. Retail sales revenues increased, too. According to an estimate by the Federal Statistical Office, the retail sector in Germany achieved a new record sales revenue figure in 2021.[9]

1.2 Industry Development

The digital industry was marked by stable growth in 2021 despite a difficult economic environment. Compared to the overall economic development, growth in IT, telecommunications and consumer electronics was disproportionately high at 3.6%.[10]

The year 2022 is expected with cautious optimism. The estimated growth amounts to 3.6%. Whilst the Bitkom Ifo Digital Index had last been dropping, it recorded the highest level in seven years in the summer. However, the business climate is at a similarly high level as before the outbreak of the Covid-19 pandemic at the beginning of 2020.[11]

Not least due to the Covid-19 pandemic itself, the dynamics of digitalisation in companies have accelerated further. According to a Bitkom study from May 2021, only 12% of all companies with 20 or more employees still doubt the economic benefit of digitalisation for their company. At the beginning of the pandemic a year before, 27% still stated that the benefits were not clear to them. In almost all companies (95%), the digitalisation of business processes has gained in importance as a result of Covid-19. Covid-19 has led to a digitalisation boost in people's mindsets. "Now we must succeed in driving digitalisation forwards in practice as well," said Bitkom President Achim Berg.[11]

After a slight decline in 2020 (8,000 employees), the number of employed in the digital industry increased by 34,000 employees during the past year. At the same time, there are still 96,000 vacancies for IT professionals. Consequently, the potential of the IT industry is far from being exhausted in Germany and growth continues to be possible. In 2022 it is again expected that another 39,000 new jobs will be created for IT specialists. In the IT segment, the strongest growth in 2022 is expected in the software sector, whose sales revenues are expected to increase by 9.0%. The growth of this area will be driven, more particularly, by the cloud business.[13]

IT security proved again and, more particularly, in 2021 to be an important growth market. Sales revenues rose in 2021 by 9.7% to EUR 6.2 billion. For 2022, an ongoing strong growth of 9.9% to EUR 6.8 billion is anticipated.[14]

With a view to the entire IT expenses of companies, the analysts of Gartner estimated in January 2022 that companies all over the world spent 9.0% more than in 2020. For 2022 a growth rate of 5.1% to USD 4.5 trillion continues to be expected.[15]

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1.3 Business Development

Serviceware ratios of the financial statements for fiscal year 2020/2021 from 1 December 2020 to 30 November 2021

	01 December to 30 November			
In kEUR	2020/2021	2019/2020	Variation	%
Sales revenues	81,282	72,435	8,847	12.2%
- thereof SaaS/Service	40,093	31,949	8,143	25.5%
EBITDA	2,189	1,795	394	22.0%
EBITDA adjusted*	5,359	6,429	-1,070	-16.6%
EBIT	-1,268	-1,612	344	21.3%
EBIT adjusted*	2,504	3,624	-1,120	-30.9%
Financial result	-158	-198	40	20.1%
Result for the period before taxes	-1,427	-1,810	384	21.2%
Result for the period before taxes adjusted*	2,346	3,426	-1,081	-31.5%
Income tax	-574	235	-809	-343.7%
Result for the period after taxes	-2,000	-1,575	-425	-27.0%
Result for the period after taxes adjusted*	673	2,136	-1,463	-68.5%
	30.11.2021	30.11.2020		
Cash and cash equivalents	34,323	33,836	487	1.4%
Churn rate (%)	5.8%	5.7%	0.1%	1.1%
Recurring revenue share	61.5%	60.4%	1.1%	1.8%

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

* To improve comparability with the previous year and transparency about the expenses in line with the strategy which was announced at the IPO and implemented thereafter, the EBIT / EBITDA as well as the results for the period before / after taxes are adjusted.

During fiscal year 2020/2021 Serviceware was once again able to achieve significant growth and successfully hold its own in an overall economic environment that remains uncertain. With EUR 81.3 million, sales revenues reached the highest level in the company's history and were 12.2% higher versus prior year. The strongest growth was achieved in the SaaS/Service segment, which rose by 25.5%. The total share of recurring revenues increased by 1.1 percentage points to 61.5% (kEUR 49,981). In particular in times of economic uncertainty, this development secures a high degree of planning security. With 5.8%, the churn rate was comparable to prior year (5.7%).

The positive development in turnover in fiscal year 2020/2021 is also reflected by an increase in the operating result. The EBITDA shows a surplus of kEUR 2,189, which corresponds to an improvement by kEUR 394 or 22%. The EBIT was improved by kEUR 344 to kEUR -1,268.

Both the sales revenue development and the development of earnings are thus at the level of the forecasted expectations.

The Covid-19 pandemic was again an important topic in its second year and determined the overall environment. Unlike in the first year of the pandemic, however, the short-term impact on the business processes of Serviceware was significantly reduced. Thanks to our digital business and delivery model, we can deliver our implementation projects remotely at any time, even under contact and travel restrictions. In gaining new customers, both our customers and our sales team have successfully adapted to the new circumstances, and we were able to gain significant projects, amongst other things, in which the entire sales process took place remotely.

The higher economic uncertainty caused by the Covid-19 pandemic continues to be reflected by a mixed picture in its impact on the level of our customers. On the one hand, procurement projects were stopped or postponed, and on the other hand, long-term investment projects continued to be pursued despite or because of the Covid-19 pandemic. Following the Covid-19 pandemic, pressure on companies rose to improve their digital processes and infrastructure, and to plan and manage their costs transparently in this connection. To achieve this, companies can resort to the effectiveness and efficiency of the solutions provided by Serviceware.

The expansion of the large-customer business as well as the internationalisation of Serviceware were successfully continued during the past fiscal year. Outside the DACH region, a large European insurance company and a leading international group in the recycling industry were among the companies gained for the Serviceware Financial software module. A leading company in the health and social sector in Austria opted in favour of using the Serviceware platform with the three modules Serviceware Knowledge (SABIO), Serviceware Processes and Serviceware Resources as part of the launch of a company-wide enterprise service management (ESM) system. In addition, a leading major European bank decided in favour of the Serviceware Performance (cubus) software module.

The positive development of sales revenues shows the success of the defined long-term growth strategy of Serviceware which builds on the three pillars (1) European expansion, (2) Strengthening of sales to large customers including the corresponding marketing, and (3) Inorganic growth and extension of the ESM platform. The necessary investments have a short-term impact on the earnings situation, but they are necessary in strategic terms to render revenue growth even more dynamic.

In all mentioned areas Serviceware made progress during the past fiscal year and implemented the programme for accelerated growth. The incremental personnel and general administrative expenses for the European expansion, the enhanced addressing of large customers and inorganic growth are expensed during a reporting period. Within the framework of inorganic growth, the amortisations made within the framework of corporate acquisitions since the IPO have been made in respect of the capitalised intangible assets and have likewise been expensed.

To provide a transparent and comparable picture of the application of funds charged to expenses during the different periods and show at the same time the corresponding effect on earnings, we report adjusted values in addition to the existing reporting. The adjusted numbers do not represent IFRS-based ratios and are exclusively intended to increase transparency.

During fiscal year 2020/2021 incremental expenses were incurred under the abovementioned programme for accelerated growth in the amount of kEUR 3,170 (PY: kEUR 4,635) on an EBITDA level and kEUR 3,772 (PY: kEUR 5,236) on an EBIT level. These include investments in internationalisation in the amount of kEUR 1,940 (PY: kEUR 2,906), temporary integration costs within the framework of inorganic growth of kEUR 970 (PY: kEUR 1,448) and the orientation towards the strategic large customer business of kEUR 260 (PY: kEUR 280) as well as kEUR 602 (PY: kEUR 602) caused by costs and amortisations[16] in respect of acquisitions.

Compared to the previous year, the expenses under the programme for accelerated growth hence dropped on an EBITDA level by 31.6% and on an EBIT level by 28.0%. The variation is essentially attributable to the lower capital expenditure for internationalisation and reduced temporary integration costs in connection with inorganic growth. These expenses include primarily start-up costs in the form of additional personnel and non-personnel expenditure to develop our international organisation and during the integration phase of the acquired companies. In line with the sales success of Serviceware in the international environment and the advanced integration, parts of the international organisation have already completed the start-up phase and no longer have to be adjusted. The integration of the acquired companies is almost completed to a large extent, so that the additional expenses due to acquisitions were reduced accordingly.

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

The EBITDA adjusted for these expenses amounted with kEUR 5,359, i. e. kEUR 1,070 below the prior-year value of kEUR 6,429. Although the unadjusted EBITDA rose by kEUR 394, this increase is, however, overshadowed by the effect of the reduced adjustments due to the programme progress. For the reasons mentioned in the previous paragraph, the adjustments for expenses in connection with the internationalisation were reduced by kEUR 966 and those for expenses for temporary integration costs by kEUR 478.

The adjusted earnings before interest and taxes (EBIT) dropped by kEUR 1,120 to kEUR 2,504 compared to the same prior year period. The explanations given for the EBITDA apply by analogy to the EBIT.

Cash and cash equivalents remained at a comparable level to prior year and amounted to kEUR 34,323 on the balance sheet date, which corresponds to a variation of kEUR 487 (+1.4%) compared to 30 November 2020.

The number of employed was further increased in fiscal year 2020 / 2021 to 510 employees as of 30.11.2021 (prior year: 494 employees). A special focus during the past fiscal year was on the service and support area to adjust the delivery capacity of Serviceware to the successful business development and hence increasing implementation projects.

1.4 Position of the Group

The Managing Directors rate the development and the position of the Serviceware Group in line with the expectations. Sales revenues reached their highest level in corporate history in fiscal year 2020/2021, despite the uncertain market situation. In the same way profitability increased during the past fiscal year on an EBITDA level.

1.4.1 Sales Revenue Development

The sales revenues of the Serviceware Group increased again during the past fiscal year 2020/2021 and thus remain at a record level. During fiscal year 2020/2021, sales revenues rose by 12.2% versus the comparative prior year period to EUR 81.3 million. The growth in sales revenues increased significantly compared to prior year during which a growth rate of 8.8% was achieved. The strongest growth rate was recorded in the SaaS / Service division with an increase of 25.5% compared to the same prior-year period. This means that by now SaaS / Service sales revenues account for around 49% of the total sales revenues of Serviceware. Sales revenues from licences increased by 6.6% during the reporting period. Maintenance revenues were slightly below the prior-year numbers with 3.0%. The trend towards SaaS / Service transactions hence continued. Compared to the licence business, this results, amongst other things, in a shift in sales revenues to the future, which involves, however, a higher planning certainty and recurring revenues. Sales revenues break down as follows:

kEUR	2020/2021	2019/2020	Variation in %
Revenues SaaS/Service	40,093	31,949	25.5%
Revenues Licences	21,139	19,823	6.6%
Revenues Maintenance	20,050	20,663	-3.0%
Total	**81,282**	**72,435**	**12.2%**

1.4.2 Orders in hand

The orders in hand on the reporting date at the end of the fiscal year are mainly reflected by the advance payments received for maintenance and SaaS contracts. This concerns contract liabilities for a period of up to 60 months. Given the binding nature of the contracts, contract liabilities constitute already definite future revenues of Serviceware. The revenues from the maintenance area are recognised over a specific period from maintenance contracts running over several years. Compared to existing contract liabilities for maintenance, Managed Service and SaaS contracts on 30 November 2020, the number increased by 30 November 2021 by around 33%. The proportion of renewal of maintenance contracts[17] of 94.2% continued to remain on a very high level (PY: 94.3%).

1.4.3 Operating Result (EBITDA/EBIT)

The positive sales revenue development in fiscal year 2020/2021 is also reflected by an increase in the operating result. The EBITDA shows a surplus of kEUR 2,189 which corresponds to an improvement by kEUR 394 or 22% versus prior year (kEUR 1,795).

The increase in sales revenues by 12.2% or kEUR 8,847 to EUR 81.3 million was offset by higher material expenses of kEUR 6,280. Personnel expenses grew with kEUR 2,375 or 6.3% at a lower rate than the increase in sales revenues. Other operating expenses fell again by kEUR 590 or 7.8%. This was primarily driven by the restrictions due to the Covid-19 pandemic which have led to further cost reductions in distribution costs, for instance in the area of travel expenses or marketing expenses for trade fairs as well as vehicle costs, since the comparative period (December 2019 to November 2020) still included a quarter before the first Covid-19 lockdown in March 2020.

On the level of the EBIT, this results in a deficit of kEUR -1,268 (PY: kEUR -1,612) which corresponds to an improvement in EBIT of kEUR 344 or 21.3%.

To push corporate growth, Serviceware launched the programme for accelerated growth. The funds from this programme are used as scheduled during a period of three to five years for three growth areas:

- European expansion (about 15% to 25% of the funds)
- Reinforcement of large customer sales including the corresponding marketing (around 10% to 20% of the funds)
- Inorganic growth and expansion of the ESM platform (around 65% to 75% of the funds)

In all these areas Serviceware made progress during the past fiscal year and has consistently implemented its programme for accelerated growth. The total expenses of the programme are currently reducing the net income for the period but constitute the long-term basis for additional increases in sales revenues and net income in the future and strengthening the international market position of Serviceware.

[17] Proportion of contract renewals corresponds to (1-churn rate)

01 December to 30 November		
In kEUR	2020/2021	2019/2020
EBITDA (IFRS)	2,189	1,795
Costs in connection with the internationalisation outside DACH	1,940	2,906
Temporary integration costs in connection with inorganic growth	970	1,448
Costs in connection with access to large customers and corresponding marketing	260	280
Adjusted EBITDA	5,359	6,429
Amortisations and depreciations	-3,457	-3,407
Amortisations in respect of capitalised intangible assets within the framework of company acquisitions	602	602
Adjusted EBIT	2,504	3,624
Financial result	-158	-198
Adjusted result for the period before taxes	2,346	3,426
Income taxes	-574	235
Tax effects referred to adjustments	-1,099	-1,525
Adjusted result for the period after taxes	673	2,136

The EBITDA adjusted for these expenses amounted to kEUR 5,359 or kEUR 1,070 below the prior year value of kEUR 6,429. The adjusted earnings before interest and taxes (EBIT) dropped by kEUR 1,120 to kEUR 2,504 compared to the prior-year period. The variation is mainly attributable to the reduction for expenses concerning internationalisation and kEUR 478 in temporary integration costs described above.

1.4.4 Financial Result and Earnings before Taxes

The financial result of kEUR -158 includes essentially interest expenses for the long-term financing of the last company acquisition. The financial result improved from kEUR -198 to kEUR -158, amongst other things, as a result of scheduled redemption.

The result for the period before taxes (EBT) amounted to kEUR -1,427 (PY: kEUR -1,810), which corresponds to an increase of kEUR 384 versus prior year. The adjusted result for the period before taxes changed by kEUR -1,081 to kEUR 2,346 compared to the prior-year period.

1.4.5 Tax Expense and Earnings after Taxes

The total tax expense of Serviceware results from the sum of the tax expense of the individual companies. Positive results in individual companies give rise to tax expenses, which are partly offset by tax income from deferred taxes in companies with negative results. On the Group level, the tax expense and tax income from deferred taxes essentially balance each other out in fiscal year 2020/2021. The tax result is, however, burdened by a non-recurring effect unrelated to the accounting period in the amount of kEUR 574. During the previous year, the tax result was more strongly influenced by effects from deferred taxes, which resulted in tax income of kEUR 235.

After taking into account the taxes, the consolidated result (unadjusted) for fiscal year 2021 amounts to kEUR -2,000 (PY: kEUR -1,575). The earnings after taxes adjusted for expenses from the programme for accelerated growth amount to kEUR 673 (PY: kEUR 2,136).

1.5 Capital Expenditure

During fiscal year 2020/2021 investments in the amount of kEUR 1,516 (PY: kEUR 1,458) were made. In the field of intangible assets, kEUR 511 were accounted for by additions to the right of use according to IFRS 16 through car leasing, as well as kEUR 279 by additions to the right of use from rental space expansions or extensions. kEUR 125 were invested into the acquisition of software licences. The investments made in the field of property, plant and equipment (kEUR 548) concern the enlargement and modernisation of operating and office equipment.

1.6 Financial Position and Capital Structure

The change in the financial position and capital structure versus prior year results primarily from the negative result for the period as well as the growth in sales revenues and the associated accounting more particularly for maintenance and SaaS contracts. The balance sheet total amounted on 30 November 2021 to kEUR 110,780 (30 November 2020: kEUR 106,636). The equity amounted on the balance sheet date to kEUR 53,953 (PY: kEUR 55,639). The equity ratio hence amounted to around 49%. The equity ratio decreased versus 30 November 2020 by around 3.5%.

The non-current assets rose by 3.7% to kEUR 40,046. Other intangible assets dropped by kEUR 3,034. This variation results essentially from lower rights of use in respect of leased items which are recognised in the balance sheet in the intangible assets according to IFRS 16 (“Leases”). Moreover, the intangible assets are amortised on a scheduled basis in the amount of kEUR 412. Under the deferred charges for customer maintenance contracts (contract receivables) mainly payments on account made for maintenance contracts are shown with a residual term of more than 12 months (non-current assets) or of less than 12 months (current assets). Altogether the deferred charges for customer maintenance contracts (contract receivables) grew by 63%.

The variations of trade receivables result from the growth in sales revenues. 68.2% (PY: 70.4%) of the trade receivables were not yet due on the balance sheet date. The liquid funds remain on a comparable level compared to prior year and amount on the balance sheet date to kEUR 34,323; this corresponds to a variation of kEUR 487 (+1.4%) versus 30.11.2020. Overall, current assets rose by kEUR 2,718.

The subscribed capital amounts to EUR 10.5 million like in the previous year and includes 10.5 million shares with a nominal value of EUR 1.00 each. Reserves remained almost unchanged at kEUR 49,866 (PY: 49,828). The balance sheet loss has changed primarily because of the negative net income for the period. In the cumulated other equity further effects with no effect on income, which included during the past fiscal year mainly currency effects, are reflected.

Non-current liabilities decreased by kEUR 569 (-3.4%) to kEUR 16,310 in fiscal year 2020 / 2021 compared to 30 November 2020. More specifically, non-current financial liabilities fell by kEUR 1,370 to kEUR 3,227 due to the scheduled repayment of bank loans. Other long-term liabilities, under which obligations from long-term rental and leasing contracts are recognised in the balance sheet in accordance with IFRS 16, fell by kEUR 2,319 due to shorter contract terms compared to the balance sheet date of prior year. The increase in non-current contractual liabilities by kEUR 3,280 to kEUR 7,508 had the opposite effect. Current liabilities rose by kEUR 6,400 (+ 18.8.%) to kEUR 40,517 as of the balance sheet date versus prior year. Here, too, the increase in current contractual liabilities by kEUR 3,331 to kEUR 18,854 contributed to the increase in the balance sheet total. The balance sheet items concerning non-current and current contract liabilities essentially represent payments received for maintenance and SaaS contracts. These are contractual liabilities for a period of up to 12 or 60 months. Due to binding contracts, contract liabilities represent already fixed future sales revenues of Serviceware. The current income tax liability amounted on 30.11.2021 to kEUR 1,189 (PY: kEUR 298).

1.7 Presentation of the situation of Serviceware SE (single-entity financial statements according to HGB – German Commercial Code)

The balance sheet total of Serviceware SE amounts to kEUR 74,295, with the largest part being accounted for by cash and cash equivalents (kEUR 17,385), as well as shares, borrowings and shareholdings in affiliated companies (kEUR 48,167 and kEUR 7,880). Financing is made with kEUR 65,454 primarily through equity. Due to the favourable interest environment, a bank loan was raised in the amount of kEUR 6,000 in 2019, which is redeemed on schedule and showed a balance of kEUR 4,000 on the balance sheet day.

The company Serviceware SE has at the end of the fiscal year a net income for the year of kEUR 643. The company generates income primarily from the charging of management services to the affiliated companies. Expenses are incurred above all as a result of the remuneration of the employed persons and the measures involved in the listing of the company on the stock exchange.

1.8 Cash flow statement

The cash and cash equivalents of Serviceware increased as at 30 November 2021 versus 30 November 2020 by 1.4% to the amount of kEUR 34,323. Current business activities resulted during fiscal year 2021 in an inflow of cash and cash equivalents of kEUR 6,014 (PY: outflow of kEUR 646), which is essentially attributable to changes in liabilities. Contractual liabilities recognized in the balance sheet include, more particularly, advance payments received for maintenance and SaaS contracts, which represent already fixed future sales revenues of Serviceware based on binding contracts. Investment activities have resulted in an outflow of funds in the amount of kEUR 1,575 (PY: kEUR 2,559), which results from investments in intangible assets and property, plant and equipment (kEUR 726), interest income (KEUR 21) as well as payments in arrears for additions to the group of consolidated companies (“earn-outs” in connection with the acquisition of cubus AG) in the amount of kEUR 870. The financing activity results in an outflow of funds in the amount of kEUR 3,971 (PY: kEUR 4,311), which is essentially based on the scheduled repayment of non-current liabilities and the repayment of leasing liabilities (kEUR 2,073). Furthermore, there is an increase in cash and cash equivalents of kEUR 19 (PY: kEUR 153), due to exchange rates resulting from effects from cash and cash equivalents held in foreign currency.

1.9 Employees

Serviceware employed 510 employees on the reporting date 30 November 2021, which corresponds to a net growth of 16 employees compared to the prior year reporting date. Of 510 employees, 414 employees work in Germany, 37 in Spain, 26 in the Netherlands, 11 in Austria, 10 in the United Kingdom, 9 in Bulgaria, 2 in Switzerland and one employee in Sweden.

In functional terms the 510 employees are assigned as follows: 100 employees in Sales and Marketing (PY: +4.2%), 217 employees in Service & Support (PY: +8.0%), 137 employees in Software Development (PY: -1.4%) and 56 employees in Administration (PY: -3.4%).

Since a positive headcount development and a low fluctuation rate are decisive for the business success of Serviceware SE, many ratios concerning our human resources are collected. In fiscal year 2020/2021 the fluctuation rate of Serviceware of around 12% (PY: 13%) continued to be on a low level compared to the industry average.

In order to obtain an overall picture as to the development of our people, ratios are not only analysed in quantitative terms, but also with a view to their special skills.

The recruitment for positions in IT is a major challenge for all companies. Through a targeted recruitment and training strategy we succeeded in continuing the increase in our headcount. During the past fiscal year, a special focus was on Service & Support, to adapt the delivery capacity of Serviceware to the successful business development and hence the growing number of implementation projects.

As a result of our digital business and delivery model we were able to offer our employees a high degree of flexibility concerning the workplace and working hours during the pandemic. In this way social contacts were reduced, and hygiene concepts were consistently implemented.

1.10 Research and Development

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

In the field of Artificial Intelligence we, moreover, entered into a co-operation with the Technical University of Darmstadt, a leading research institution in this field, for joint practice-oriented research with the objective of being able to implement research results directly in our Enterprise Service Management platform. Within the framework of this co-operation, several AI modules have already been deployed for the Serviceware platform. For instance, the solution assistant in Serviceware Processes proposes solutions from similar tickets from the past to service agents while they are processing a ticket. This is made possible, amongst other things, by algorithms from the field of "Natural Language Processing", a sub-area of Machine Learning.

Based on customer feedback, industry and technology trends, there is an ongoing functional and technological extension and updating of our standard products. This also includes the technological and functional integration of new products acquired through acquisitions into our platform.

To be able to quickly respond to trends and topics, our development works in accordance with agile methods. Based on a long-term development roadmap we secure the consistency of our activities and the prioritisation of decisions. At the end of the past fiscal year we employed 137 employees (PY: 139) in software development.

2 Opportunities and Risks

As a software company with worldwide sales revenues, Serviceware SE is exposed to many different risks whose occurrence could jeopardise the development of the company. In accordance with its risk policy, Serviceware SE basically takes only risks which are assessed as unavoidable within the framework of value-adding activities but are controllable. In its business activities Serviceware is basically exposed to the same opportunities and risks as the entire Serviceware Group. Consequently, the opportunities and risks are represented from the general point of view of the Group and equally apply to Serviceware SE as a single entity.

The risk management system of Serviceware SE is implemented throughout the company and is constantly developed further. We check our business goals, internal company processes and risk control measures continuously by means of the controlling systems, procedures and reporting standards.

Moreover, the known risks are assessed on a regular basis in all business units. In this connection all risks are verified and evaluated with a view to their probability of occurring and the impact on the continued existence of the company. In addition, existing measures are assessed and new measures to be introduced, if necessary, are determined and implemented. Despite the regular monitoring and upgrading of risk management, risks cannot, however, be completely excluded.

We describe below only those risks which are considered to be essential since they can have a major influence on the business as well as the assets, financial and earnings position.

2.1 Global Risks and Opportunities

The vast majority of the countries around the world are still affected by the Covid-19 pandemic. Although effective vaccines against the Corona virus (SARS-CoV-2) have been available for more than 12 months, the industrialised nations are the main beneficiaries and in some cases the vaccination rate is still insufficient to protect the entire population. Our assessment of the global opportunities and risks has, therefore, not changed significantly from the previous year.

If we first look at the risks, we still consider the effects of the Covid-19 pandemic to be the greatest risk at present. Although the currently dominant omicron variant of the virus has become less dangerous, the absolute number of infections means that operations in the business environment are still impaired. Experts disagree on how long this pandemic will continue to have an impact on business activities and our social life.

At present, we still see a risk that the Covid-19 pandemic will have a negative impact on the global economy, which is based on the division of labour, and that this will reduce the willingness of our customers to invest in the services we offer.

We are concerned about the fact that the very expansive fiscal and monetary policies are gradually being handled more restrictively by policy makers and central banks. This spring, for instance, the financial support provided in connection with Covid-19 will end for many companies without the Covid-19 pandemic ending sustainably. The announced interest rate hikes of some central banks also have the potential to dampen the economic recovery.

Furthermore, the disruption of supply chains and increasing price rises, especially for energy prices, are leading to a higher instability in the economy and greater uncertainty among decision-makers. Serviceware itself is also affected by price increases in the field of wages and salaries.

The smouldering conflicts in Syria and other countries as well as the diverging interests of major economic powers in the world, do not contribute to stability and an increase in international trading activities, but rather lead to a protectionist foreign trade of the world's major economic regions.

The current war in Ukraine involves a major risk to economic stability, especially in Europe. Although Serviceware does not currently maintain any business relations with the countries of Russia, Ukraine or Belarus, the impact of the war could indirectly have a negative effect on the demand for our services, especially if it goes beyond the borders of the current crisis area.

Other uncertainties such as political or statutory changes, which Serviceware encounters on the different markets, can likewise have a considerable influence on the daily business. To counter the risk resulting from the change in statutory provisions (tax law regulations and other regulations), Serviceware bases its decisions and the design of its business processes on comprehensive advice by internal experts and also external specialists.

But the Covid-19 pandemic also involves major opportunities for the business model of Serviceware. The increasing pressure for digitalisation in almost all sectors of the economy is beneficial for Serviceware and we anticipate that this development will continue to encourage companies to digitalise business processes and hence we expect a higher demand for our services in the medium and long term.

The Covid-19 pandemic has also had a positive impact on the cost base of Serviceware. Due to travel and contact restrictions, we had to switch almost completely to digital procedures in service delivery, which has led to significant cost savings. Part of this process conversion will remain after the Covid-19 pandemic and will have a cost-reducing effect on the business model of Serviceware in the medium and long term.

Furthermore, we see the trend towards software-as-a-Service (SaaS) as an opportunity to make our business model more sustainable and hence more independent of economic demand cycles.

2.2 Strategic Opportunities and Risks

The growth in sales revenues and profit of Serviceware is subdivided into organic and inorganic growth.

As far as inorganic growth is concerned, we see the risk that we cannot acquire the companies matching our strategy, since they are either not for sale or do not exist. Furthermore, there is the risk that the already acquired companies do not develop as positively as expected. A higher than anticipated fluctuation amongst employees of the acquired companies or wrong assumptions concerning the revenue and earnings potential can have a negative impact on the business development of Serviceware. Negative earnings contributions and high depreciations and amortisations in respect of acquired companies would likewise have an adverse effect on the earnings position. In order to meet this risk, we are particularly prudent in selecting appropriate companies and examine all relevant parts of the company up for sale prior to the acquisition, partly with the support of external experts.

As far as the organic development is concerned, we see the risk that we do not find enough sales and implementation capacities or the making available of these capacities takes longer. However, if we succeeded in finding, more particularly, in European countries outside Germany, further sales and implementation partners for our software, this would have a positive influence on our earnings and revenues.

In the medium term, the implementation of a successful strategy of regional expansion has a very large influence on the revenue, earnings and assets position of Serviceware. If we do not succeed in implementing the newly founded sales companies outside Germany and generate sufficient revenues outside the DACH region, the business development of Serviceware SE will be adversely affected.

Furthermore, the strategic business orientation of continuing to focus on the SaaS business means that earnings and revenue potential will be shifted into the future and that hence the current revenue development will be curbed. At the same time, this strategic business orientation provides an opportunity to make the business model more profitable and less dependent on economic demand cycles.

With a view to the profit-earning capacity in relation to revenues, we see in this case an opportunity to dynamically increase the relative earnings if we succeed in growing disproportionately with products of the Enterprise Service Management platform.

2.3 Personnel Management Opportunities and Risks

Our employees are a major success driver for the future development of Serviceware. As a technology company we depend on retaining highly qualified and experienced employees with a high specialist and social competency, in particular in software consulting projects and software development on a permanent and motivated basis in the company in future, too as well as on adjusting employee know-how through targeted training measures to the rapidly changing market requirements.

We see the opportunity to realise additional sales revenue potentials with the current headcount since the new recruitments of the past promised further sales revenue potential. To avoid the risk of not providing the support on the international level which is necessary to leverage further potentials outside Germany, we have tried to contain this risk through broadly based training measures in the course of last year, targeting the further internationalisation of Serviceware.

In future, the intense competition for qualified IT specialists continues to lead to the risk that employees will leave the company or not enough new employees can be recruited. In order to reduce this risk, Serviceware intends to position and present itself as a modern and attractive employer. This is backed by the development of an employer brand together with a performance and success-dependent compensation model and the possibility of participating in further development programmes in initial and continuing education. Our leadership culture must be upgraded in such a way that our employees are provided with a long-term and interesting perspective at Serviceware. Moreover, Serviceware has developed an internal reporting and key indicator system to inform about the areas in the company in which improvements in staff retention are necessary. To continue to strengthen the corporate culture, we will, as soon as the current contact restrictions will be lifted again, further promote the personal encounters of our teams to increase the exchange and thus the innovative strength.

We continue to see an opportunity to recruit the necessary number of high-quality IT employees in the further extension of the international service and development locations in Spain and Bulgaria or other locations, at which highly-qualified IT employees are available.

To recruit new talents, intensive contacts are maintained with universities, dual training is carried out and trainee programmes are offered. Furthermore, we provide training in occupations relating to the IT environment.

We want to continue to exploit any opportunities available to us and secure the enthusiasm of a sufficient number of highly qualified employees for Serviceware.

2.4 Opportunities and Risks from Software Projects

We will continue to deal with competition on the market through experience, innovations, reliability and a high degree of quality. We enforce our high-quality demands through internal procedures and quality control. Nonetheless quality defects cannot be avoided and increase the risk that customers do not fully recognise the services and that the revenue, earnings and assets position of Serviceware is adversely affected.

We believe that price pressure which can result at the project acquisition through the high intensity of competition, is another challenge. In the customer project business Serviceware is partly confronted with offers from competitors which have not been calculated in a cost-covering manner and hence exert pressure on competitors. Serviceware deals with these risks, in particular in the field of fixed-price projects, with standards for the calculation and approval in connection with the acceptance and execution of software implementation projects and an active risk management in order to avoid losses from projects. As a result of regular reporting by project controlling directly to the managing director in charge, the development of the software implementation projects is permanently monitored to identify deviations at an early stage and initiate counter measures as soon as possible. Nonetheless it can happen that individual projects are not developing on schedule, which might have an adverse effect on the success of Serviceware at the end of the day.

In order to reduce the risk of errors at the software development and in connection with consulting and the implementation of customer solutions, our contracts include restrictions of liability for possible warranty claims. Furthermore, third-party liability insurance policies are taken out for these risks. If necessary, provisions are created for potential liability risks.

There is an ongoing risk that portfolio customers postpone or no longer extend service and licence contracts if their economic situation deteriorates, and the acquisition of new customers is difficult. Another risk consists in the ability of anticipating product trends and customer demand at the development of our standard software. If we do not succeed in this field, this has an adverse effect on our revenue, earnings and asset position. We counter this risk by developing software with agility so that we are able to respond quickly to demand trends or changes. Furthermore, the co-operation with various universities is to ensure that we continue to offer an attractive and innovative software product on the market.

2.5 Financial Opportunities and Risks

The cash management of Serviceware regularly checks the liquidity on a Group level and on the level of the individual subsidiaries. By means of regular liquidity status reports and an active receivables management it is to be ensured that sufficient liquidity is available and that our receivables are paid when due. Nonetheless there is a risk that individual debtors become insolvent or delay payments beyond their due date.

We take a conservative approach to the investment of liquid funds and attach importance to a high solvency and collateral of the debtor and exposure protection systems that work. At the investment of liquidity, safety prevails over yield. Consequently, there is a risk that negative interest rates have to be paid in fiscal year 2020/2021 and during the following years. In addition, the investment of our surplus liquidity involves the risk that the repayment of the cash investment will be below the amount that was originally invested.

Since the financial receivables from our customers are broadly diversified with a view to industries and the potential default of the highest individual receivables would so far not have jeopardised our existence, the risk under this aspect is limited. Moreover, Serviceware entertains active business relations in almost all industries and has, therefore, a balanced risk profile. Nonetheless, it cannot be excluded that there might be a default of high receivables, too. This would have negative consequences for the revenue, earnings and assets position of Serviceware. Serviceware counters this risk with consistent receivables management and a review of the creditworthiness of the contracting parties at the initiation of the business relations and the further development of a business relation.

Serviceware is currently not engaged in any active hedging against other currencies. When investing liquid funds, Serviceware is prudent and ensures that the funds which are held as liquidity reserve can be made available at short notice. It, therefore, primarily invests in fixed-term deposits and financial instruments of debtors with a high creditworthiness. The interest rate exposure is partly hedged.

Serviceware has currently enough liquid funds to always meet its financial obligations.

Moreover, our comfortable liquidity positions mean that we are hardly limited in our entrepreneurial options to act and can thus take advantage of meaningful entrepreneurial opportunities for the benefit of Serviceware.

2.6 Accounting-related Risk Management System and Internal Control System

The internal controlling and risk management system in the Serviceware Group includes all accounting-related processes as well as all risks and controls with a view to the accounting of the Serviceware Group. The objective is the identification and assessment of risks which can have a major influence on the financial statements. Any risks which are identified can be monitored and managed in a targeted manner through the introduction of measures and the implementation of corresponding controls, to ensure enough safety to prepare financial statements in conformity with the laws and regulations.

Serviceware has an internal control and risk management system in view of the Group accounting process in which suitable structures and processes are defined and implemented in the organisation. They are designed in such a way that prompt, uniform and correct accounting of all business processes and transactions is secured. It ensures compliance with the statutory norms and accounting principles for all companies included in the consolidated financial statements. Both the risk management system and the internal control system include all subsidiaries which are relevant for the consolidated financial statements with all processes which are relevant for the financial statements. A uniform central booking process ensures that the subsidiaries prepare their financial statements in close co-ordination with the parent company. The controls which are relevant for accounting, focus, more particularly, on risks relating to material mis-statements in financial reporting.

The assessment of mis-statements is based on the probability of occurrence and the financial impact on sales revenues and the EBITDA. Changes in laws, accounting standards and other statements are continuously analysed in terms of their relevance and impact on the consolidated financial statements by both internal and also external specialists.

Essential elements of risk management and control in accounting are the clear assignment of responsibilities and controls at the preparation of the financial statements, adequate access regulations to the IT systems which are relevant for accounting and clear definition of responsibilities at the inclusion of external specialists. The four-eye principle and segregation of functions are further important control principles in the financial reporting process.

The identified risks and the corresponding measures taken are regularly updated in the half-year reports to the Administrative Board of Serviceware SE. Material changes are communicated immediately to the Administrative Board.

The effectiveness of internal controls in view of accounting is assessed at least once a year, primarily within the framework of the process of preparation of the financial statements. The auditor makes an assessment of the relevant accounting processes within the framework of his audit. The above-mentioned risk areas do not have any impact threatening the continued existence of the Group neither individually nor in their cumulative effect.

The principles of the financial policy of the Group are defined by the Managing Directors. The ultimate goals of finance management are the securing of liquidity and the restriction of financial risks.

Serviceware is currently not engaged in any active exchange rate hedging against other currencies. If necessary, this management is the central task of Serviceware SE for all its subsidiaries. At the investment of liquid funds Serviceware is conservative and attaches importance to the fact that the funds held as necessary liquidity reserve for business operations can be made available at short notice. It, therefore, invests primarily in fixed-term deposits and / or in financial instruments of debtors with a good standing. The management of solvency risks of our contracting partners is the central task of Serviceware SE for all its subsidiaries. There is a partial interest rate hedging. A return on the liquidity reserve is in the current interest environment no goal of the Group; it is rather about minimising negative interest rates in respect of the liquidity reserves.

An essential source for corporate financing is currently and on a transitory basis the capital based debt capital and internal financing. In the medium and long term corporate financing is to be carried out again increasingly through positive earnings from the current operating business activity. As a result of the revenues from the IPO in April 2018 Serviceware has sufficient liquid funds to finance the projects which were communicated prior to the IPO.

The financing is managed centrally by Serviceware SE for all its subsidiaries. Due to the existing liquidity, all the bank accounts should show a credit. Financial liabilities are reduced on schedule.

All central management measures are regularly discussed at the meetings of the Managing Directors and at the meetings of the Administrative Board to be adjusted to the relevant developments. In this connection the management measures are supported by various ratios (e.g. sales revenues, EBIT, deferred items, cash flow).

2.7 Corporate Governance Statement according to §§ 289f, § 315d HGB

1. Declaration of conformity

The declaration of conformity in accordance with § 161 AktG is available on the website of the company under “Company”, “Investor Relations”, “Corporate Governance” in the section “Declarations of conformity”:

German:
https://serviceware-se.com/de/investor-relations/corporate-governance
English:
https://serviceware-se.com/investor-relations/corporate-governance

2. Compensation

The applicable compensation scheme in accordance with § 87a Para 1 and 2 Sentence 1 AktG (German Stock Corporation Act) and the last resolution on compensations in accordance with § 113 Para 3 AktG are available on the website of the company in the section “Company”, “Corporate Governance” under “Compensation Schemes”:

German:
https://serviceware-se.com/de/investor-relations/corporate-governance
English:
https://serviceware-se.com/investor-relations/corporate-governance

3. Information about the management practices which are applied beyond the statutory requirements
Serviceware SE has implemented a company-wide risk management system which is continuously being developed further. The business goals, internal corporate processes and risk control measures are reviewed by means of the control systems, processes and reporting standards applied. A detailed description of these internal risk management and control systems can be found in this Management Report.

The executive management of the company complies with the applicable laws, the Statutes of Serviceware SE as well as the internal rules of procedure. There are no more extensive publicly accessible qualified corporate management practices.

4. Functioning of the Administrative Board and the Managing Directors
Serviceware SE has a monistic management and control structure. The monistic system is characterised in accordance with Art. 43-45 SE-VO (SE Regulation) in conjunction with §§ 20 SEAG (SE Implementation Act) by the fact that the management of the SE is carried out by a uniform body, the Administrative Board. The Managing Directors are conducting the current operations of the company by implementing the base lines and targets laid down by the Administrative Board. Another body is the General Meeting.

4.1. Administrative Board
The Administrative Board of Serviceware SE manages the company, determines the baselines of its activities and supervises the implementation by the Managing Directors. It appoints and dismisses the Managing Directors. In accordance with the Statutes, the Administrative Board has three members, who must be elected by the General Meeting.

The current members of the Administrative Board are Mr. Christoph Debus (Chairman), Mr. Harald Popp and Mr. Ingo Bollhöfer.

Mr. Debus was appointed with effect from the end of the general meeting on 6 May 2021 until the end of the general meeting which resolves on the discharge of the members of the Administrative Board for the fourth fiscal year after the beginning of the (new) term of office. The other members have been appointed with effect from the end of the general meeting on 15 May 2019 until the end of the general meeting which resolves on the discharge of the members of the Administrative Board for fiscal year 2020/2021.

The Administrative Board meets at least every three months to deliberate about the development of the business and its prospects. The Administrative Board had five ordinary meetings in fiscal year 2020/2021.

In accordance with the rules of procedure of the Administrative Board, the overall Administrative Board may instruct individual members of the Administrative Board with the implementation of the resolutions and the execution of measures and set up committees of the Administrative Board. The Administrative Board which consists of the minimum number of three members acts, however, at the same time as audit committee. At present there are no other committees of the Administrative Board.

In the summer of 2021, the Administrative Board carried out a self-assessment for the first time. This self-assessment was supported by a questionnaire drafted by a working group of the DGB Working Group on Co-determination under the auspices of the Hans Böckler Foundation. The result was positive and no need for action resulted from it.

4.2. Managing Directors
The Managing Directors conduct the business of the company with the goal of creating sustainable added value under their joint responsibility. They implement the baselines and instructions which are elaborated by the Administrative Board. This body is currently composed of three members, namely Mr. Dirk K. Martin (CEO), Mr. Harald Popp (CFO) and Dr. Alexander Becker (COO). The Managing Directors inform the Administrative Board regularly, promptly and comprehensively about all relevant issues concerning corporate planning, business developments, the risk situations, risk management and compliance. They deal with deviations of the business development from the defined plans and goals by stating the corresponding reasons.

The Managing Directors are obliged to immediately disclose all conflicts of interests vis-à-vis the Administrative Board and to inform the other Managing Directors accordingly. They may only take over sideline activities, and, more particularly, mandates on supervisory boards and comparable mandates outside the Serviceware Group, with the prior consent of the Administrative Board. During the past fiscal year there have not been any conflicts of interests among the Managing Directors of Serviceware SE.

5. Targets for the Women's Quota

At the staffing of the management positions of Serviceware SE as well as on the two levels below the Managing Directors, it matters for the Administrative Board in accordance with the requirements under the German Stock Corporation Act that the female or male candidate has the skills, knowledge and experience which are a prerequisite to the management's activities. We promote women at Serviceware to a special extent and really wish women to take over more responsibility at Serviceware. At the same time, the Administrative Board has to note that the women's quota as a whole but also in management positions is in the IT industry significantly lower compared to other industries. It is, therefore, comparatively more difficult to staff open positions with women in the different corporate functions and hierarchies.

By contrast, the Administrative Board believes that criteria such as gender of the candidate are of secondary importance, even if diversity is expressly welcomed. In addition, it has to be considered that the male members of the Administrative Board and the Managing Directors have long-term contracts or should be retained by Serviceware on a long-term basis against the backdrop of their qualifications. This is why a target women's quota of zero percent was defined.

6. Diversity Concept

The composition of the Administrative Board and the Executive Management are based exclusively on knowledge, skills and specialist experience of the different candidates. No age limit or maximum term for Managing Directors or members of the Administrative Board have been laid down. With a view to age and the term the company believes that there is no reason for such limits. No limit for membership has been defined and according to the Administrative Board it does not make sense given, more particularly, the shareholder structure. Criteria such as the gender of the candidate are at present considered by the company of secondary importance, even if diversity is expressly welcomed. It is intended to continue to stick to these principles in order to secure experience and skills. The Administrative Board believes that proposals for the composition of the Administrative Board and the Executive Management should be decided individually in the respective concrete situation and without the elaboration and publication of a concept.

2.8 Compensation System

The compensation system for the Managing Directors consists of a fixed basic compensation, payable on a monthly basis, which takes into account the tasks and performance of the respective Managing Directors, a short-term variable compensation in the form of an annual bonus, which depends on the achievement of the annual performance targets of the company, and a long-term compensation, which is directly linked to the value development of the company and is thus intended to create an incentive for a sustainable commitment in support of the company. The targets for the short- and long-term variable compensation are derived from the corporate strategy of Serviceware SE. The long-term variable compensation is granted partly cash-based and partly share-based in the form of stock options. The options may be exercised at the earliest four years after they have been granted, provided that the performance target has been achieved.

The members of the Administrative Board receive a fixed compensation in addition to a reimbursement of their expenses for the respective fiscal year. The Chairman of the Administrative Board may receive in addition a variable compensation in the form of an option to acquire shares in the company, provided that he is not also a Managing Director. The conditions of acquisition are to be based on the respectively applicable stock option plan for the Managing Directors.

As far as further details on the compensation scheme for Managing Directors and the Administrative Board are concerned, reference is made to the content of the compensation scheme approved by the general meeting of 6 May 2021, which is available on the website of the company in the section "Company", subsection "Corporate Governance" under "Compensation Systems".

2.9 Disclosures in accordance with § 289a and § 315a HGB

As a listed company with a registered office in Germany, Serviceware SE (the "Company"), whose voting stock is listed on an organised market within the meaning of § 2.7 of the Securities Acquisition and Takeover Act (WpÜG), namely in the regulated market of the Frankfurt Stock Exchange (Prime Standard), is obliged to disclose in the Management and Consolidated Management report the information in accordance with § 289a Para 1 HGB and § 315a Para 1 HGB.

Composition of the subscribed capital
The subscribed capital of Serviceware SE amounted on 30 November 2021 to EUR 10,500,000 and includes 10,500,000 no-par value bearer shares with a proportionate amount in the share capital of EUR 1.00. There are no different classes of shares. Since the beginning of the fiscal year 2020/2021 there has not been any change in the share capital. The shares are all fully entitled to dividend.

Restrictions concerning the voting rights or the transfer of shares
The shareholders of Serviceware SE are neither bound by German laws nor by the Statutes of the company with a view to their decision to buy or sell shares. The acquisition and sale of shares does not require the consent of the bodies of the company with a view to validity. No restrictions concerning the transferability of shares are known to the company.

Each share grants one vote in the general meeting. The voting right of the shareholders is not subject to any restrictions either in accordance with laws nor the Statutes of the company. The voting rights are not limited to a certain number of shares or a certain number of votes. All shareholders who have registered in due time for the general meeting and have proven their entitlement to participate in the general meeting and exercise the voting right, are entitled to exercise the voting right under all shares held and registered by them. Statutory voting right restrictions (e.g. § 136 AktG) apply exclusively.

Shares in the capital which exceed 10% of the voting rights
On 30 November 2021 the following direct and indirect shares in the capital of Serviceware SE exceeded the threshold of 10.00% of the voting rights:

a) Mr. Dirk K. Martin, held through aventura Management GmbH, Idstein, Germany as well as
b) Mr. Harald Popp, held through dreifff Management GmbH, Idstein, Germany.

Shareholders vested with special rights which grant control rights
No shares with special rights were issued which would grant control rights.

Voting right control for the shareholding of employees
There is no voting right control if employees have a share in the capital of Serviceware SE.

The statutory provisions and the provisions of the Statutes about the appointment and dismissal of members of the Administrative Board as well as Managing Directors and about the amendment to the Statutes.

Appointment and dismissal of members of the Administrative Board and Managing Directors

As far as the appointment and dismissal of members of the Administrative Board is concerned, reference is made to the applicable statutory provisions of §§ 28, 29 SEAG as well as §§ 15. of the Statutes. According to these provisions the Administrative Board consists of three members who must all be elected by the general meeting. At present the Administrative Board consists of Mr. Christoph Debus (Chairman), Mr. Harald Popp and Mr. Ingo Bollhöfer.

As far as the appointment and dismissal of Managing Directors is concerned, reference is made to the applicable statutory provision of § 40 SEAG. Moreover, § 12 of the Statutes stipulates that the Administrative Board appoints one or more Managing Directors. In accordance with § 12 Para 3 of the Statutes, the Administrative Board may appoint one of these Managing Directors as spokesperson or chief executive officer (CEO) as well as deputy Managing Directors. The Administrative Board appoints the Managing Directors in accordance with § 12 Para 2 of the Statutes for a term not exceeding six years. The Managing Directors may be dismissed at any time by resolution of the Administrative Board. At present Mr. Dirk K. Martin (CEO), Mr. Harald Popp (CFO) and Dr. Alexander Becker (COO) are Managing Directors of the company.

Amendments to the Statutes

The amendments to the Statutes are governed by Article 9 Para 1 lit. C) (ii) SE-VO and §§ 133, 179 AktG (German Stock Corporation Act) according to which every amendment to the Statutes requires a resolution by the general meeting. The Administrative Board is empowered according to § 16.2 of the Statutes to adopt resolutions about the amendments to the Statutes which concern only the version.

Resolutions of the general meeting concerning amendments to the Statutes require in accordance with §§ 133, 179 AktG in conjunction with § 28 Para 2 and Para 6 of the Statutes the simple majority of the votes cast and in addition the simple majority of the share capital represented during the adoption of the resolutions unless statutory provisions or the Statutes impose a larger majority in individual cases. The amendment to the Statutes becomes effective in accordance with § 181 Para 3 AktG upon its entry in the commercial register.

Powers of the Administrative Board in particular with a view to the possibility of issuing and buying back shares

Authorised capital 2018

By resolution of the general meeting of 14 March 2018 the Administrative Board was empowered to increase the share capital of the company during the period up to 13 March 2023 by a total of up to EUR 4,000,000 by a single or multiple issuing of up to 4,000,000 new no-par value shares against cash and / or non-cash contributions (Authorised Capital 2018).

The shareholders have, as a matter of principle, a subscription right. The Administrative Board is empowered to exclude the subscription right of the shareholders as a whole or in part. The exclusion of the subscription right is only admissible in the following cases:

(i) in the event of capital increases for cash, if the shares of the company are listed at the Stock Exchange (regulated market or open market and / or the successors to these segments), the number of shares issued does not exceed 10% of the share capital and the issuing amount of the new shares does not essentially remain below the Stock Exchange price of the shares of the company already traded at the Stock Exchange of the same category and with the same terms at the time of the fixing of the issue price within the meaning of §§ 203 Para 1 and 2, 186 Para 3 Sentence 4 AktG. The amount of 10% of the share capital must be charged against the amount accounted for by shares which during the term of this empowerment until the time of its use are issued and / or sold by virtue of other corresponding empowerments to the exclusion of the subscription right by direct or corresponding application of § 186 Para 3 Sentence 4 AktG, to the extent that such a charging is required by statutory provisions. Within the meaning of this empowerment the issuing price is the amount to be paid by a third party or the third parties when taking over the new shares by an issuing intermediary with a simultaneous obligation for the intermediary to offer the new shares to one or more third parties determined by the company for acquisition;

(ii) In the event of capital increases against non-cash contributions, more particularly for the acquisition of companies, parts of companies and shareholdings in companies, industrial property rights such as patents, trademarks or licences based thereon or other product rights or other contributions in kind, including receivables, bonds, convertible bonds and other financial instruments;

(iii) As far as necessary to grant the owners and / or creditors of the bonds issued by the company and its affiliates with option or conversion rights and / or obligations a subscription right in respect of new shares to the extent they would be entitled to after the exercise of their option or conversion right and / or after the fulfilment of an option and / or conversion obligation;

(iv) For fractions which arise as a result of the subscription ratio.

The entry of the Authorised Capital 2018 in the Commercial Register was made on 3 April 2018. The Authorised Capital 2018 exists in its full amount.

Empowerment to issue bonds

a) By resolution of the general meeting of 4 April 2018 the Administrative Board was empowered to issue until 3 April 2023 once or several times convertible bonds and / or bonds cum warrants or profit participation rights with and without conversion or subscription rights (jointly hereinafter referred to as “Bonds”) with a total nominal amount of up to EUR 100,000,000. The term of the Bonds or the period until the first possibility of termination for the company may not exceed 20 years. The holders of the Bonds referred to in the above sentence may be granted conversion or subscription rights in respect of up to 4,000,000 no-par value bearer shares of the company with a proportionate amount in the share capital of a total of up to EUR 4,000,000. The conversion and subscription rights may be exercised from a contingent capital to be decided at the general meeting of 4 April 2018 or future general meetings, from existing or future Authorised Capital and / or from a cash capital increase and / or from existing shares and / or provide a cash compensation instead of the delivery of the shares. The Bonds may be issued for cash or as non-cash contributions

b) At the issuing of the bonds the shareholders have a statutory subscription right unless the subscription right is excluded in accordance with the provisions below.

c) The Administrative Board was empowered to exclude the subscription right of the shareholders,

(i) in order to exclude fractions from the subscription right;

(ii) to offer the convertible bonds and / or the bonds cum warrants and / or the profit participation rights which are provided with a conversion or a subscription right, to individual investors for subscription insofar as in compliance with § 186 Para 3 Sentence 4 AktG the percentage of shares to be issued under these bonds does not exceed 10% of the share capital available upon the entry into force of this empowerment and existing at the resolution about the exercise of the empowerment and the issue price of the bonds does not remain essentially below the theoretical market value of the bonds determined in accordance with recognised methods of financial mathematics. The amount which is accounted for by shares which are issued or sold by virtue of another corresponding empowerment to the exclusion of the subscription right in direct or corresponding application of § 186 Para 3 Sentence 4 AktG is to be charged against the amount of 10% of the share capital, to the extent that such a charging is required by law;

(iii) to offer the profit participation rights without conversion or subscription right to individual investors for subscription to the extent that the issue price is not essentially below the theoretical market value of the profit participation rights determined in accordance with recognised methods of financial mathematics and to the extent that the profit participation rights are merely similar to an option, i.e. establish neither membership like rights nor conversion or subscription rights in respect of shares of the company, do not grant any participation in the liquidation proceeds and the amount of the payment is not governed by the amount of the net income for the year, the balance sheet profit or the dividend;

(iv) To the extent that it is necessary to grant holders of conversion and subscription rights which were granted by the company or affiliated companies of the company in respect of shares of the company a subscription right to bonds which are issued in accordance with this empowerment to the extent that they would be entitled to after the exercise of their conversion or subscription right or after the fulfilment of any conversion obligation (anti-dilution provisions); or

(v) To the extent that bonds are issued against contributions in kind, in particular to acquire companies, parts of companies and stakes in companies, industrial property rights such as patents, trademarks or corresponding licences or other product rights or other non-cash contributions, including bonds, convertible bonds and other financial instruments and the exclusion of the subscription right is in the prevailing interests of the company.

Contingent Capital 2018

By resolution of the general meeting of 4 April 2018 the share capital of the company was contingently increased by up to EUR 4,000,000 with the issuing of up to 4,000,000 new no-par value bearer shares with entitlement to profits from the beginning of the fiscal year of their issuing (Contingent Capital 2018). The Contingent Capital increase serves for the exercise of bonds which are issued by virtue of the above-mentioned empowerment resolution of the general meeting of 4 April 2018 under agenda item 1.

Empowerment to acquire and dispose of treasury shares

By resolution of the general meeting of 4 April 2018 the company was empowered to acquire treasury shares in the amount of 10% of the share capital of the company at the time of the general meeting of 4 April 2018. The acquired shares may not exceed at any time 10% of the share capital of the company together with other treasury shares which the company has already acquired or still owns or which are attributable to it in accordance with §§ 71a ff. AktG. The empowerment became effective upon the expiration of the general meeting of 4 April 2018 and applies until 3 April 2023. Effective 30 November 2021 no treasury shares were held. The acquisition may be made as a whole or in parts, once or several times by the company.

Moreover, the Administrative Board was empowered by resolution of the general meeting of 4 April 2018 to dispose of the treasury shares acquired by virtue of the above-mentioned or a previous empowerment in accordance with § 71 Para 1 No. 8 AktG by observing the principle of equal treatment (§ 53a AktG) for other purposes than the trading in treasury shares. The disposal of the acquired treasury shares may be carried out through the Stock Exchange. The acquisition right of the shareholders is excluded in this connection.

Empowerment to use derivatives within the framework of the acquisition and disposal of treasury shares in accordance with § 71 Para 1 No. 8 AktG

By resolution of the general meeting of 4 April 2018 it was moreover decided that the acquisition of the treasury shares may also be made by using certain derivatives (hereinafter referred to as “Equity Derivatives”). For the disposal and redemption of shares acquired by using Equity Derivatives, the rules defined under agenda item 3 of the general meeting of 4 April 2018 apply.

Empowerment to issue stock options

By resolution of the annual meeting of 6 May 2021 the Administrative Board was empowered to issue up to 5 May 2026 up to a total of 420,000 options on one or more occasions to current and future Managing Directors and employees of the company as well as to employees and members of the management bodies of current or future affiliated companies which entitle the acquirer in accordance with the terms and conditions of the options, to acquire new no-par value bearer shares of the company with a pro-rata amount of the share capital of EUR 1.00 per share (Stock Option Plan 2021).

With a total volume of the maximum options available for issue of up to 420,000 shares, the group of beneficiaries is composed as follows:

a) Current and future Managing Directors of the company are entitled to up to 264,346 options.
b) No options are available to current and future employees of the company.
c) Current and future members of the executive bodies and the current and future employees of current and future affiliated companies are entitled to up to 155,654 options.

In fiscal year 2020/2021, the Administrative Board implemented a stock option plan 2021-D for up to 272,160 options and a stock option plan 2021-M for up to 147,840 options and offered a total of 420,000 options on this basis. Within the acceptance period, 398,400 options were accepted and subsequently issued.

Contingent Capital SOP 2021
The share capital of the company is conditionally increased by EUR 420,000.00 by issuing up to 420,000 no-par value bearer shares with dividend rights from the beginning of the fiscal year in which they are issued (Contingent Capital SOP 2021). The contingent capital increase serves exclusively to fulfil options granted until 5 May 2026 on the basis of the empowerment of the annual general meeting of 6 May 2021 pursuant to agenda item 5 lit. a).

Significant agreements subject to the condition of a change in control following a takeover bid
There are no significant agreements of the company which are subject to the condition of a change in control following a takeover bid.

Compensation agreements in the event of a takeover bid with the members of the Administrative Board or employees
According to the respective employment contracts of the Managing Directors Popp and Martin, the company and the Managing Directors are entitled each to terminate the service agreement within a period of three months after the occurrence of a change of control subject to a period of notice of three months to the end of a month. In the event of a termination, severance pay is provided for, which takes the claims into account that the managing director would have if the service agreement had been carried out up to the expiration of its term.

The severance pay includes

a) the fixed compensation in accordance with the service agreement for the residual term of the service agreement, whereby the calculation of the severance pay is based on a maximum period of 24 months, plus

b) all variable compensation components for the residual term of the respective service agreement; the amount of variable compensation components to be paid is calculated in view of the targeted growth of the company based on the last planning numbers adopted by the Administrative Board for the period of the residual term of the service agreement and

c) a compensation for the value in use of the company car of the Managing Director for the residual term of the service agreement. The compensation for the value in use is to be calculated on the basis of the financial advantage of the private possibility to use as well as

d) at the option of the Managing Director either a compensation for the share options granted to the Managing Director based on the value of the share options at the time of retirement from the company based on the assumption that the waiting periods are met at this point in time or the upholding of the share options granted provided that within the vesting period the Managing Director is not responsible for the reasons which lead to the termination of the service agreement;

e) The total amount of the compensation is calculated in accordance with the provisions of the German Corporate Governance Code and together with the ancillary payments it may not exceed the value of the compensation for 24 months. The value of the compensation of the share options in accordance with lit. d) is not taken into account at this calculation.

2.10 Supplementary Report

At the time of drafting of this Annual Report, the infection rates of the Covid-19 virus (SARS-CoV-2) range in dimensions never experienced before. Even if in the meantime vaccines are not only available but have been administered in a high number partly several times, the further mutation of the virus can have negative consequences for the economic development in the different countries. It cannot yet, therefore, be excluded at the present point in time that the rapid spreading of the virus and its variants will result in an adverse impact on the financial, earnings and assets position of Serviceware.

In addition, there is a high degree of uncertainty about the further development of the war in Ukraine, more particularly about the extent to which the armed conflict will remain regionally limited. It is possible that the sanctions associated with the conflict could result in far-reaching distortions for the entire European and German economy. Against this backdrop, it cannot be ruled out at present that the financial, earnings and assets position of Serviceware may be adversely affected.

2.11 Outlook

In its annual economic report for 2022, published in January 2022, the Federal Government anticipates dynamic growth for the price-adjusted gross domestic product of 3.6% (PY: 2.7%).[18] This growth will be driven, more particularly, by domestic demand. At present, it is assumed that at the beginning of the year the economic situation will be subdued because of the Covid-19 pandemic, especially in the service sector. However, the economic recovery will pick up noticeably in the further course of the year as the infection is expected to flatten out. Industry is expected to be able to expand its production noticeably as soon as the supply bottlenecks will gradually disappear in the course of the year.

For the European growth, the Federal Government forecasts a moderate expansion rate of +4.2% in the Euro area in 2022. For the world economy, too, the annual economic report sends out positive signals whereby the economic recovery of individual countries will continue to be marked by the respective course of the pandemic. The US gross domestic product reached the pre-Covid-19 level already last year. For 2022 lower growth of the real gross domestic product is, however, to be assumed compared to the previous year. Here the annual economic report anticipates for 2022 an increase by 4.0%. For the People's Republic of China a growth rate on the level of the pre-Covid-19 years is expected in 2022.[19]

In the field of information technology which is an important and relevant market for Serviceware and includes the segments IT hardware, software and IT services, the industry association Bitkom expects according to information provided in January 2022 sales revenues of EUR 108.6 billion (+5.9% versus 2021) in calendar year 2022.[20] In this way the growth of 2021 (+6.3%) would be continued on a comparable level. The industry association assumes that the IT hardware segment will generate sales revenues of EUR 33.2 billion (+5.7% versus 2021), the software segment sales revenues of EUR 32.4 billion (+9.0% versus 2021) and the segment IT services sales revenues of EUR 43.0 billion (+3.9% versus 2021) in 2022. A successful digitalisation strategy will increasingly become a decisive competitive edge for companies. According to a Bitkom study of November 2021, every second company had to realise that competitors from their own industry who had switched to digitalisation at an early stage were now ahead of them. A quote by Bitkom President Achim Berg illustrates that Serviceware is in an excellent strategic position for the coming years, too, with its product portfolio: "On the threshold to 2022 only those can make their way in competition who bet on their digital assets."[21]

We continue to be convinced that the business model of Serviceware will benefit from the trend towards digitalisation and the increasing deployment of digital business processes in the medium and long term. In addition, we are firmly convinced that there is also great potential demand for our services outside the DACH region and that this represents a major lever for dynamic growth in sales revenues and earnings at Serviceware in the medium and long term.

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[18] https://www.bundesregierung.de/breg-de/aktuelles/jahreswirtschaftsbericht-2022-2001060
[19] https://www.bmwi.de/Redaktion/DE/Publikationen/Wirtschaft/jahreswirtschaftsbericht-2022.pdf?__blob=publicationFile&v=18
[20] https://www.bitkom.org/Presse/Presseinformation/Digitalisierungsschub-in-Wirtschaft-wird-Pandemie-ueberdauern
[21] https://www.bitkom.org/Presse/Presseinformation/Digitalisierungsschub-in-Wirtschaft-wird-Pandemie-ueberdauern

In the short term, however, this great opportunity has to face a number of challenges that could stand in the way of our business success in the current fiscal year.

In addition to the ongoing Covid-19 pandemic, which could expand further due to additional mutations of the virus and vaccination fatigue, rising inflation, disrupted supply chains and, last but not least, the various conflict situations around the globe are leading to economic instability that could slow down the economic growth in Germany and Europe as a region whose prosperity depends heavily on foreign trade. The increasingly restrictive monetary and fiscal policy could intensify this effect.

We look with great concern at the current armed conflicts in Ukraine, which have the potential to cause major distortions, more particularly in Europe. As a result, we can only make forecasts on the course of business in 2022 with a very high degree of uncertainty, and because of this currently unclear situation, our forecast for the current fiscal year is accompanied by a high degree of variance.

Serviceware is currently in the midst of migrating to a business model in which the majority of sales revenues are recurring, and this proportion will further increase in future. Such a migration phase is characterised by the fact that contractually agreed sales revenues fall outside the fiscal year but due to indirect costs, expenses must be partly realised in full in the current fiscal year. As a result, revenue growth is currently curbed until the end of this migration phase and the earnings side is adversely affected. In the long term, this business model with a high share of recurring revenues and a low churn rate will lead to higher profitability and a more sustainable business development.

Despite these still difficult framework conditions, we are confident that we will be able to increase the sales revenues during the current fiscal year by an order of magnitude of 10% versus prior year. This presupposes that we will continue to make significant progress in marketing and customer acquisition on the markets outside our core market and that the Covid-19 pandemic will lose in relevance as a result of a higher immunisation of the population and declining mutations of the corona virus (SARS-CoV-2).

If we succeed in this, we expect a further acceleration of our sales revenue and profit growth in the following years.

On the earnings side we expect for the current fiscal year that we will continue to moderately improve the positive EBITDA (IFRS) for the current fiscal year. The improvement in terms of EBIT will be lower than the improvement in terms of EBITDA, as an additional burden in depreciation and amortisation is to be expected due to the shortening of the amortisation period for the "SABIO" and "cubus" trademarks acquired in 2018 and 2019.

After a successful fiscal year 2020 / 21 we are looking forward to fiscal year 2021 / 2022 with a great deal of optimism. Despite the above-mentioned challenges, we are confident that we will be able to significantly strengthen our international market position through our unique and improved ESM platform and thus achieve record sales revenues again this year. Furthermore, our steady expansion of recurring revenues will make our business model more sustainable and thus lead to stronger revenue and earnings potential in future.

Idstein, 23 March 2022

Dirk K. Martin	Harald Popp	Dr. Alexander Becker

Consolidated Financial Statements 2020/2021

Serviceware SE, Idstein

Consolidated balance sheet as at 30 November 2021

in €	Notes	30. Nov 21	30. Nov 20
Assets			
Goodwill	1.	14,048,135	14,048,135
Other intangible assets	1.	15,770,684	18,804,629
Property, plant and equipment	2.	968,661	832,063
Prepaid expenses for customer maintenance contracts (contract receivables)	4.	6,007,307	2,213,142
Deferred income tax assets	5.	3,251,388	2,722,058
Non-current assets		**40,046,174**	**38,620,027**
Inventories		0	67,800
Trade receivables	3.	23,401,877	21,590,710
Other current receivables/assets	4.	2,095,624	4,378,968
Prepaid expenses for customer maintenance contracts (contract receivables)	4.	10,913,572	8,142,755
Cash and cash equivalents	6.	34,322,851	33,835,534
Current assets		**70,733,924**	**68,015,767**
Balance sheet total		**110,780,097**	**106,635,795**
Liabilities			
Subscribed capital	7.	10,500,000	10,500,000
Reserves	8.	49,866,327	49,827,627
Net loss for the year		-5,409,180	-3,310,214
Accumulated other equity		-1,022,576	-1,297,818
Equity without non-controlling shares		53,934,571	55,719,595
Non-controlling shares		18,154	-80,514
Equity		**53,952,725**	**55,639,081**
Deferred income taxes	12.	2,773,823	2,933,706
Non-current financial liabilities	9.	3,226,745	4,596,794
Non-current contract liabilities	10.	7,508,027	4,228,034
Other non-current liabilities	11.	2,801,364	5,120,453
Non-current liabilities		**16,309,959**	**16,878,987**
Current income tax liabilities		1,189,245	298,487
Current financial liabilities	9.	1,371,522	1,817,429
Trade payables		6,166,460	3,994,720
Current contract liabilities	10.	18,854,367	15,523,758
Other current liabilities	11.	12,935,819	12,483,333
Current liabilities		**40,517,414**	**34,117,727**
Balance sheet total		**110,780,097**	**106,635,795**

Consolidated statement of comprehensive income for the period from 01 Dezember 2020 to 30 November 2021

in €	Notes	Dec. 20 - Nov. 21	Dec. 19 - Nov. 20
Sales revenues	13.	81,281,694	72,435,030
Other operating income	14.	1,539,536	1,859,355
Change in inventories		-67,800	0
Cost of materials	15.	-33,676,672	-27,397,157
Personnel expenses	16.	-39,941,334	-37,566,022
Other operating expenses	17.	-6,946,528	-7,536,346
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**2,188,897**	**1,794,861**
Depreciation and amortisartion		-3,457,370	-3,407,102
Earnings before interest and taxes (EBIT)		**-1,268,473**	**-1,612,241**
Interest income		21,243	28,310
Interest expenses		-179,382	-226,290
Financial result		**-158,139**	**-197,980**
Earnings before taxes		**-1,426,612**	**-1,810,221**
Income taxes	18.	-573,686	235,380
Period loss	19.	**-2,000,298**	**-1,574,841**
Items which may in future be reclassified in the P&L			
Balancing items from the currency translation of foreign subsidiaries		275,241	-249,611
Other result		**275,241**	**-249,611**
Comprehensice income		**-1,725,055**	**-1,824,453**
Period loss			
thereof, shareholders of the Serviceware SE Group		-2,098,965	-1,586,562
thereof, non-controlling shares		98,668	11,721
Earnings per share	20.	*-0,20*	*-0,15*
Comprehensive income			
thereof, shareholders of the Serviceware SE Group		-1,823,723	-1,836,173
thereof, non-controlling shares		98,668	11,721

Consolidated cash flow statement for the period from 01 December 2020 to 30 November 2021

in €	Dec. 20 - Nov. 21	Dec. 19 - Nov. 20
Period loss	-2,000,298	-1,574,841
Depreciation and amortisation of non-current assets	3,457,370	3,407,102
Tax expense or income	1,265,984	-235,380
Change in non-current liabilities	3,279,993	1,216,894
Change in deferred taxes /deferred tax income	-692,298	-547,101
Financial result	158,139	197,980
Change in non-current assets	-3,794,164	1,242,105
Change in items of current assets and current liabilities		
- Change in inventory	67,800	-67,800
- Change in receivables / other asets	-2,298,639	-5,940,575
- Change in liabilities	6,835,312	4,803,837
Income taxes paid	-265,044	-3,147,831
Cash inflow/outflow from current business activity	**6,014,154**	**-645,610**
Capital expenditure on intangible assets and on property, plant and equipment	-726,260	-899,020
Interest received	21,243	28,310
Payments for additions to the group of consolidated companies	-870,000	-1,688,200
Cash inflow/outflow from investing activity	**-1,575,017**	**-2,558,910**
Interest paid	-81,708	-141,897
Repayment of non-current liabilities	-1,370,049	-1,790,994
Repayment of lease liabilities	-2,073,180	-1,935,420
Repayment of current liabilities	-445,907	-442,455
Cash inflow/outflow from financing activity	**-3,970,844**	**-4,310,767**
Exchange rate-related change in cash and cash equivalents	19,025	153,428
Change in cash and cash equivalents	**487,317**	**-7,361,859**
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	**34,322,851**	**33,835,534**

Consolidated statement of changes in equity for the period from 01 December 2020 to 30 November 2021

in €	Subscribed capital	Reserve	Losses brought forward	Currency translation reserve	Non-controlling shares	Total
1 December 2020	**10,500,000**	**49,827,627**	**-3,310,214**	**-1,297,818**	**-80,514**	**55,639,082**
Period result			-2,098,965		98,668	-2,000,298
Currency translation				275,241		275,241
Comprehensive income			-2,098,965	275,241	98,668	-1,725,055
Change in capital reserve due to stock option plan		38,700				38,700
30 November 2021	**10,500,000**	**49,866,327**	**-5,409,180**	**-1,022,576**	**18,154**	**53,952,725**

Consolidated statement of changes in equity for the period from 01 December 2019 to 30 November 2020

in €	Subscribed capital	Reserve	Losses brought forward	Currency translation reserve	Non-controlling shares	Total
1 December 2019	**10,500,000**	**49,827,627**	**-1,723,652**	**-1,048,207**	**-92,234**	**57,463,534**
Period result			-1,586,561		11,721	-1,574,841
Currency translation				-249,611		-249,611
Comprehensive income			-1,586,561	-249,611	11,721	-1,824,452
30 November 2020	**10,500,000**	**49,827,627**	**-3,310,214**	**-1,297,818**	**-80,514**	**55,639,082**

Statement of changes in fixed assets for the fiscal year from 1 December 2020 to 30 November 2021

	Determination of the acquisition and production costs			
in €	Status 01.12.2020	Additions	Reclassifi-cations, Disposals	Status 30.11.2021
I. Immaterielle Vermögensgegenstände				
1. Industrial property rights	399,946	52,363	0	452,309
2. IT software	441,063	125,187	0	566,250
3. Goodwill	14,048,135	0	0	14,048,135
4. Internally generated intangible assets	894,573	0	0	894,573
5. SABIO trademark	1,768,281	0	0	1,768,281
6. SABIO customer base	2,905,460	0	0	2,905,460
7. cubus trademark	2,111,447	0	0	2,111,447
8. cubus customer base	5,248,189	0	0	5,248,189
9. Right to use rented premises (IFRS16)	7,809,283	279,136	925,952	7,162,468
10. Right to use leasing cars (IFRS16)	1,326,381	510,816	30,058	1,807,138
Total Pos. I.	**36,952,759**	**967,502**	956,010	**36,964,251**
II. Property, plant and equipment				
1. Cars	31,750	0	0	31,750
2. Furniture and fixtures	2,385,618	494,905	181	2,880,342
3. Office equipment	294,212	1,044	0	295,256
4. Fixtures	185,580	17,497	0	203,077
5. Low-cost assets	153,320	35,264	35,264	153,320
Total Pos. II.	**3,050,480**	**548,710**	**35,445**	**3,563,745**
Total Pos. I.-II.	**40,003,238**	**1,516,212**	**991,455**	**40,527,996**

Determination of the depreciations and amortisations				Carrying amounts	
Status 1.12.2020	Additions (Annual depreciations))	Reclassifi-cations, Disposals	Status 30.11.2021 (accumulated)	30.11.2021	30.11.2020
159,706	110,098	0	269,805	182,505	240,240
351,359	40,395	0	391,754	174,496	89,704
0	0	0	0	14,048,135	14,048,135
610,942	261,828	0	872,769	21,804	283,631
206,299	88,414	0	294,713	1,473,567	1,561,981
338,970	145,273	0	484,243	2,421,217	2,566,490
158,358	105,572	0	263,931	1,847,516	1,953,089
393,607	262,409	0	656,016	4,592,173	4,854,582
1,320,395	1,337,129	0	2,657,524	4,504,944	6,488,888
560,357	694,319	0	1,254,677	552,462	766,024
4,099,995	**3,045,438**	0	**7,145,432**	**29,818,819**	**32,852,764**
24,978	2,553	0	27,531	4,219	6,772
1,717,722	329,915	0	2,047,636	832,706	667,896
220,031	17,832	0	237,863	57,393	74,181
102,367	26,368	0	128,735	74,342	83,213
153,319	35,264	35,264	153,319	1	1
2,218,416	**411,932**	**35,264**	**2,595,084**	**968,661**	**832,063**
6,318,411	**3,457,370**	**35,264**	**9,740,517**	**30,787,480**	**33,684,827**

Statement of changes in fixed assets for the fiscal year from 1 December 2019 to 30 November 2020

	Determination of the acquisition and production costs			
in €	Status 01.12.2019	Additions	Reclassifi-cations, Disposals	Status 30.11.2020
I. Intangible assets				
1. Industrial property rights	3,502	396,444	0	399,946
2. IT software	396,171	44,892	0	441,063
3. Goodwill	14,048,135	0	0	14,048,135
4. Internally generated intangible assets	894,573	0	0	894,573
5. SABIO trademark	1,768,281	0	0	1,768,281
6. SABIO customer base	2,905,460	0	0	2,905,460
7. cubus trademark	2,111,447	0	0	2,111,447
8. cubus customer base	5,248,189	0	0	5,248,189
9. Right to use rented premises (IFRS16)	7,743,248	208,599	142,564	7,809,283
10. Right to use leasing cars (IFRS16)	975,576	350,805	0	1,326,381
Summe Pos. I.	**36,094,582**	**1,000,740**	**142,564**	**36,952,759**
II. Property, plant and equipment				
1. Cars	31,750	0	0	31,750
2. Furniture and fixtures	2,063,847	321,770	0	2,385,618
3. Office equipment	274,205	20,008	0	294,212
4. Fixtures	171,459	14,122	0	185,580
5. Low-cost assets	94,866	101,784	43,330	153,320
Total Pos. II.	**2,636,126**	**457,683**	**43,330**	**3,050,480**
Total Pos. I.-II.	**38,730,709**	**1,458,424**	**185,894**	**40,003,238**

Determination of the depreciations and amortisations				Carrying amounts	
Status 1.12.2019	Additions (Annual depreciations))	Reclassifi-cations, Disposals	Status 30.11.2020 (accumulated)	30.11.2020	30.11.2019
0	159,706		159,706	240,240	3,502
305,115	46,244	0	351,359	89,704	91,056
0	0	0	0	14,048,135	14,048,135
349,114	261,828	0	610,942	283,631	545,459
117,885	88,414	0	206,299	1,561,981	1,650,395
193,697	145,273	0	338,970	2,566,490	2,711,763
52,786	105,572	0	158,358	1,953,089	2,058,661
131,198	262,409	0	393,607	4,854,582	5,116,992
0	1,320,395	0	1,320,395	6,488,888	0
0	560,357	0	560,357	766,024	0
1,149,795	**2,950,199**	**0**	**4,099,995**	**32,852,764**	**26,225,963**
20,712	4,267	0	24,978	6,772	11,038
1,415,103	302,619	0	1,717,722	667,896	648,745
199,825	20,206	0	220,031	74,181	74,380
74,340	28,027	0	102,367	83,213	97,119
94,865	101,784	43,330	153,319	1	1
1,804,844	**456,903**	**43,330**	**2,218,416**	**832,063**	**831,283**
2,954,639	**3,407,102**	**43,330**	**6,318,411**	**33,684,827**	**27,057,245**

Consolidated Notes

General information

1. Serviceware SE

Serviceware SE, Bad Camberg, (hereinafter referred to as "Serviceware" or the "Company") is a European public limited liability company entered in the Commercial Register under number HRB 5894 with the local court Limburg an der Lahn and the parent company of the Serviceware Group (hereinafter referred to as "Group" or "Serviceware Group"). The business address of the Company has been since 1 February 2022 at Telco Kreisel 1 in 65510 Idstein. Until 31 January 2022 the business address of Serviceware SE was in Carl-Zeiss-Str. 16 in 65520 Bad Camberg.

The fiscal year of the Company runs from 1 December to 30 November of a year. The duration of the company is unlimited.

Serviceware is a Societas Europaea according to the law of the European Union as well as German law and was founded in the Federal Republic of Germany. The relevant legal order for the Company is the law of the Federal Republic of Germany.

The object of the companies of the Serviceware Group is the production, trade in and sale of software and the associated hardware for computer applications and the conduct of trainings, seminars and consulting as well as the maintenance of these services and the consulting of companies on economic and organisational matters.

The Company acts as a consulting holding company for its subsidiaries by taking over management functions for the latter.

According to the voting rights notifications available to the Company, the following shareholders have a stake in the share capital of Serviceware:

Shareholder	Number of shares taken up	Shareholding interest in %
Dirk K. Martin [1)]	3,296,545	31.40%
Harald Popp [2)]	3,296,545	31.40%
Free Float	3,906,910	37.20%
Total	**10,500,000**	**100.00%**

[1] held by aventura Management GmbH, Idstein
[2] held by dreifff Management GmbH, Idstein

The shares of the Company have been listed in the regulated market (primary market) of the Frankfurt Stock Exchange since 20 April 2018. The ISIN (International Securities Identification Number) is DE000A2G8X31, the WKN (Securities Identification Number) is A2G8X3 and the ticker symbol is SJJ.

2. Accounting principles and functional and presentation currency

The consolidated financial statements of the Serviceware Group were prepared for the fiscal year from 1 December 2020 to 30 November 2021 in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union (EU) and the supplementary provisions under German commercial law to be complied with in accordance with § 315e Para 3 HGB (German Commercial Code).

Serviceware SE is the ultimate parent company of the Serviceware Group. The consolidated financial statements have been prepared in Euro, the functional currency of Serviceware SE. Unless otherwise mentioned, all amounts are stated in thousand euro (kEUR).

The profit and loss account is prepared in accordance with the total cost method. In order to improve the clarity of presentation individual items in the balance sheet and the statement of comprehensive income can be aggregated. The breakdown of these items is shown in the Notes. In the presentation rounding differences can occur with the mathematically precise values.

The accounting policies correspond as a matter of principle to the methods applied during the previous year, apart from the amendments explained in section “4. Amendments to significant accounting policies”.

The values shown in the balance sheet differentiate between non-current and current assets and liabilities which are disclosed in the consolidated Notes, if prescribed, in accordance with their maturities. The financial statements of Serviceware and its subsidiaries are included into the consolidated financial statements taking into account the accounting and valuation methods applying uniformly to the Group.

The financial statements of Serviceware SE, Bad Camberg, as well as the consolidated financial statements of the Serviceware Group are published in the Bundesanzeiger (Federal Gazette).

These consolidated financial statements of the Serviceware Group were released for publication by Administrative Board on 23 March 2022.

3. Use of discretionary decisions and estimates

The reporting on the assets, financial and earnings position in the consolidated financial statements is dependent on accounting policies as well as assumptions and estimates. The actual amounts may deviate from the estimates. The following material estimates and corresponding assumptions as well as the uncertainties involved in the accounting policies are decisive to understand the underlying risks of financial reporting as well as the impact the estimates, assumptions and uncertainties can have on the consolidated financial statements. This applies, more particularly, against the background of the Covid-19 pandemic, which has altogether caused rejections on the level of the global supply chains, end markets and the general business development. The developments in the course of the pandemic are dynamic so that it cannot be excluded that the actual results will deviate from the estimates and assumptions made within the framework of these consolidated financial statements or that in future periods it will be necessary to make an adjustment of the estimates and assumptions made and that this will have a material impact on the assets, financial and earnings position of the Serviceware Group. The estimates and assumptions made within the framework of the preparation of the consolidated financial statements as at 30 November 2021 with relevance for the financial statements were based on the then existing state of knowledge and the best available information. Although the Covid-19 pandemic has developed into a global economic crisis, the impact on the IT industry and the Serviceware Group has not been as serious as in other industries, because of a higher demand for specific software solutions and the general trend of companies increasingly investing into the digitalisation of their processes.

The business activities and hence the assets, financial and earnings position of the Serviceware Group were affected in various business units by the coronavirus pandemic in terms of sales revenues and results, but not with a material impact. At the current point in time we have only identified a low impact on defaults of payments and the number of customers. Effects due to COVID-19 on the consolidated financial statements can still occur from declining and volatile share prices, interest rate adjustments in different countries, a higher volatility of the foreign exchange rates, a deteriorating creditworthiness, defaults of payment or late payments, delays in incoming orders and also in order fulfilment or contract fulfilment. Cancellations of contracts, adjusted or modified sales revenue and cost structures, restricted use of assets, restricted or impossible access to the site of customers or the difficulty of making predictions and forecasts based on the uncertainties concerning the amount and time of cash flows. These factors can impact the fair values and carrying values of assets and liabilities, the extent and time of the realisation of earnings as well as cash flows. Possible future impacts on the assets, financial and earnings position are analysed on an ongoing basis.

Areas which are subject to estimates and assumptions and are hence more likely to be affected if the actual results deviate from the estimates and assumptions are:

- Recognition and measurement of deferred tax assets as well as uncertain income tax positions,
- Period-related recognition of sales revenues as well as sales proceeds,
- Impairment of non-financial assets, in particular goodwill, trademarks and customer bases,
- Impairment of trade receivables,
- Recognition and measurement of provisions.

The measurement of the valuation of **property, plant and equipment and intangible assets** is associated with estimates to determine the fair value at the time of acquisition if they were acquired within the framework of a business combination. Furthermore, the expected useful life of the assets has to be estimated. The determination of the fair value of assets and liabilities as well as the useful lives of the assets are based on judgements by the management.

Within the framework of the **determination of the impairment of property, plant and equipment and intangible assets** estimates are likewise made which refer, amongst other things, to the cause, time and amount of the impairment. An impairment is based on many different factors. As a matter of principle, changes in respect of the current competition conditions, expectations concerning the growth of the industry, increases in capital expenditures, changes in respect of the future availability of financing resources, technological ageing, the discontinuation of services, current replacement costs, purchase prices paid in comparable transactions and other changes concerning the environment which point to an impairment are taken into account. The identification of indications which suggest an impairment, the estimate of future cash flows as well as the determination of the fair value of assets (or groups of assets) involve considerable judgements which the management has to make in terms of identification and examination of indications suggesting an impairment, the expected cash flows, the applicable discount rates, the respective useful lives as well as the residual values.

The determination of the recoverable amount of a cash generating unit involves estimates by the management. The methods applied for the calculation of the recoverable amount include methods on the basis of discounted cash flows and methods which use market prices as a basis. The judgements on the basis of discounted cash flows are based on forecasts which result from the financial plans approved by management and are also used for internal purposes. The selected planning horizon reflects the assumptions for short to medium-term market developments and is selected in order to obtain a stable business outlook of the company which is necessary for the calculation of the perpetual annuity. Discount rates are determined on the basis of external variables derived from the market. This is carried out by taking into account the risks involved in the cash generating unit. Future changes in respect of the aforementioned assumptions may have a material influence on the fair value of the cash generating units.

The management of the Serviceware Group creates **valuation allowances for doubtful accounts receivable**, to take into account any anticipated losses resulting from the insolvency of customers. The bases used by the management to assess the adequacy of the valuation allowances for doubtful accounts receivable are the maturity structure of the balance of receivables and experience in respect of write-offs of receivables in the past, the creditworthiness of the customers as well as changes in respect of the terms of payment. If the financial position of a customer deteriorates, the extent of write-offs to be made may exceed the extent of anticipated write-offs.

The recognition and valuation of provisions and contingent liabilities are associated to a considerable extent with estimates by the management. The assessment of the probability that pending proceedings are successful, or a liability arises or the quantification of the possible amount of the payment obligation is, for instance, based on the judgement of the respective facts. Furthermore, provisions are made for anticipated losses from pending business transactions, if a loss is probable and this loss can be estimated in a reliable manner. Because of the uncertainties involved in this judgement, the actual losses may possibly deviate from the original estimates and hence from the provision amount. Any changes concerning the estimates of these anticipated losses from pending business transactions may have a considerable impact on the future earnings position. Furthermore, the determination of provisions for taxes and legal risks involves considerable estimates. These estimates may change as a result of new information. To obtain new information the Serviceware Group mainly uses the services of internal experts as well as the services of external consultants such as actuaries or legal advisers.

In every tax jurisdiction in which the Serviceware Group operates, the management must make valuations when calculating actual and deferred taxes. This is relevant, amongst others, when deciding about the **recognition of deferred tax assets**, since it must be probable that in future there will be a taxable result against which the deductible temporary differences, losses carried forward and tax credits can be used. For the assessment of the likelihood of the future usability of deferred tax assets, it is not only necessary to refer to an estimate of the future results but also factors such as the earnings position in the past, the reliability of planning as well as tax planning strategies must be taken into consideration. The planning period considered for the assessment of the probability is determined by the circumstances of the respective affiliated company and amounts as a rule between five and ten years.

For the determination of the **term of the lease** all facts and circumstances are assessed and taken into account which constitute for the Serviceware Group an economic incentive to exercise an extension option and / or not to exercise a termination option. Extension options are only a component of the term of a lease if the management is sufficiently certain that it will exercise the extension option and / or the termination option. The exercise is considered to be “sufficiently certain” if it is less than “virtually certain” and more likely than not according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Most of the extension options in leases for office and car are included in the lease liabilities. The risk of future additional disbursements exists only if an extension option (which is not classified as sufficiently certain) is exercised or if a termination option (which is classified as sufficiently certain) is not exercised. After the commencement of use, the probability of exercise of an option only has to be reassessed if a significant event or a significant modification of circumstances with an impact on the original assessment takes place and if these events or modifications are under the control of the lessee. The Serviceware Group reassesses the term of a lease if an option is exercised or not exercised or if the Serviceware Group is obliged to exercise or not exercise an option.

The Serviceware Group frequently enters into several **contracts with** the same **customer**. For accounting purposes these contracts are treated as one contract if the contracts are entered into at the same time or with a short time interval and are economically related. The exercise of discretion is necessary for the assessment whether different contracts are interconnected. In this connection the Serviceware Group considers, amongst other things, whether they were negotiated as a package with a single economic purpose, whether the consideration for one contract depends on the fulfilment of the other contract or whether some or all products in the contracts represent a single performance obligation. The determination whether a product or a service is considered as a separate performance obligation, involves, however, the exercise of discretion. Discretion is, more particularly, required for our implementation activities to assess whether this service, based on its type and scope, is an independent and separately assessable performance obligation. In general the implementation services go beyond mere set-up activities. In this connection we take the type of the services as well as their scope compared to the scope of the underlying standard software delivery into account.

The transaction price corresponds as a matter of principle to the individual selling price. The individual selling price is the price which the company would charge to sell a product or service to a customer. The Serviceware Group has fixed minimum prices for this purpose. The estimate of the individual selling prices involves the exercise of discretion. This includes estimates whether and to what extent the customers are granted subsequent concessions or payments and whether the customer will pay the contractually agreed fees as expected. The exercise of discretion takes into account our experience so far both with the corresponding customer and also beyond the individual customer relationship. The Serviceware Group applies this method, more particularly, for its offers in respect of software licences, SaaS, and software maintenance.

If the selling price for an offer cannot be directly observed or if the selling prices are very different for all customers, we apply an estimation procedure. For offers relating to advisory and implementation services we base the price estimates on the costs plus a margin.

In order to ensure that the most objective input parameters available are used, we verify the individual selling prices regularly or whenever the circumstances and assumptions change.

In multiple component agreements the determination of the individual selling prices of individual products or services is complex since certain components are price-sensitive and are, therefore, subject to fluctuations in a market environment marked by competition. Moreover, there are in many cases no observable individual selling prices for own products. Resorting to market prices of similar products involves uncertainties because of the normally missing full comparability just as an estimate with a cost plus margin approach. Changes in the estimates of the individual selling prices can have a major impact on the allocation of the transaction price for the entire multiple component transaction to the individual performance obligations and can, therefore, have an impact on both the asset position, i.e. the amount of the recognition of contract assets and contract liabilities, and on the current and also future earnings position.

Contract costs are deferred and basically distributed over the expected duration of the customer relationship. The estimate of the expected average customer retention period is based on the historic customer fluctuation rate which is, however, subject to variations and has, more particularly, in the event of a launch of new products, only a limited explanatory power concerning the future customer behaviour. In the event of a change of the estimates by the management, there can be substantial differences in terms of amount and time of the expenses for subsequent periods.

The significance of essential rights is an estimate which is based both on quantitative and qualitative factors. At the end of the day, it is a decision based on discretion – albeit supported by quantitative facts. Depending on the decision whether an essential right to be deferred of the customer exists or not, there can be major differences in terms of amount and time of the sales revenues for the current as well as the subsequent periods.

The assessment whether the Serviceware Group shows revenues as principal gross or as agent net after deduction of the costs, i.e. only in the amount of the remaining margin, requires an analysis of both the legal form and the economic substance of contracts. After considering all relevant facts and circumstances of the individual case, the decision involves a certain discretion even when applying a uniform review scheme throughout the Group. Depending on the conclusion, there can be essential differences concerning the amount of sales revenues and expenses for the current as well as subsequent periods. The operating result is not affected by that.

4. Amendments to significant accounting policies

In fiscal 2020/2021 the following pronouncements and / or amendments to pronouncements of the IASB were to be applied on a mandatory basis for the first time:

Standard	New or amended standards and interpretations and essential contents	Mandatory application EU
Amendments IFRS conceptual framework	Amendments to the references to the conceptual framework	01 January 2020
Amendments to IFRS 3	Definition of a business	01 January 2020
Amendments to IAS 1 and IAS 8	Definition of "essential"	01 January 2020
IFRS 9, IAS 39 and IFRS 7	Reform of the reference interest rates	01 January 2020
IFRS 16	COVID-19 related rent concessions	01 June 2020

The new or amended standards have no or no essential impact on the consolidated financial statements of the Serviceware Group.

In future, the following standards published by the IASB will be applicable to fiscal years beginning on the reference date of the mandatory EU application or later:

Standard	New or amended standards and interpretations	Mandatory application EU
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reform of the reference interest rates – Phase 2	01 January 2021
IFRS 16	COVID-19 related rent concessions after 30 June 2021	01 April 2021
IAS 16	Property, plant and equipment: proceeds before intended use	01 January 2022
IAS 37	Onerous contracts – costs of fulfilling a contract	01 January 2022
IFRS 3	Reference to the conceptual framework	01 January 2022
Various	Annual improvements to the IFRS standards 2018–2020	01 January 2022
IAS 1	Classification of liabilities as current or non-current	01 January 2023
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	01 January 2023
IAS 8	Definition of accounting estimates	01 January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	01 January 2023
IFRS 17	Insurance contracts and amendments to IFRS 17 Insurance Contracts	01 January 2023

Serviceware expects that there will probably be no or no material impact as a result of the amendments.

5. Accounting Policies

INTANGIBLE ASSETS (WITHOUT GOODWILL)

Intangible assets with a determinable useful life are valued at their acquisition costs and, as a matter of principle, amortised on a straight-line basis over their respective useful life. Such assets are impaired if the recoverable amount – the higher value from the fair value minus costs to sell and value in use – is lower than the carrying amount.

Intangible assets with an indeterminable useful life are valued at acquisition costs. They are not subject to scheduled amortisation but are examined on an annual basis and whenever there are indications for an impairment concerning their recoverability, and if necessary, they are written off to their recoverable amount. If the reasons for the previous impairments no longer exist, these assets are written up taking into account scheduled depreciations to the maximum amount which would have resulted if no impairments had been reported during the earlier periods. The useful life and the depreciation methods for intangible assets are reviewed at least on every reporting date; if expectations deviate from existing estimates, the corresponding amendments are recognised in accordance with IAS 8 as changes in accounting estimates.

The useful lives amount for software as a rule to three to five years.

Intangible assets, which were acquired within the framework of a merger, are recognised separately from the goodwill and measured with a fair value at the time of acquisition.

During the following periods intangible assets which were acquired within the framework of a merger are measured in the same way as individually acquired intangible assets with their cost of acquisition minus cumulated amortisations and possible cumulated impairments.

The intangible assets of the trademark “SABIO” as well as the trademark “cubus” and the “SABIO” customer base and “cubus” customer base disclosed within the framework of the acquisition of SABIO GmbH, Hamburg as well as cubus AG, Herrenberg, are amortised in each case over a useful life of 20 years.

As a result of events occurring or decisions made after the balance sheet date in connection with the long-term trademark strategy of Serviceware, the company will change the useful lives of the “SABIO” and “cubus” trademarks. Serviceware expects that from 1 December 2021 onwards, the remaining useful life of the “SABIO” trademark will be reduced to eight years and the remaining useful life of the “cubus” trademark will be reduced to four years. The total amount to be amortised over the future period will not, however, increase as a result, but the amortisation period will be shortened and lead to higher annual amortisation amounts over a shorter overall period.

The useful life of the capitalised development costs amounts to three years from the commencement of marketing of the developed products.

Costs for research activities are recognised as expenditure during the period in which they arise.

A self-generated intangible asset which results from the development activity or the development phase of an internal project is recognised if the following evidence has been submitted:

- The completion of the intangible asset is technically feasible so that it is available for use or sale.
- There is the intention to complete the intangible asset as well as to use or sell it.
- The ability to use or sell the intangible asset exists.
- The intangible asset will probably achieve a future economic use.
- The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset exists.
- The ability to determine the expenditure to be allocated within the framework of the development of the intangible asset for a reliable determination exists.

The amount with which a self-generated intangible asset is capitalised for the first time is the sum of expenses incurred from the day on which the intangible asset fulfils the above-mentioned conditions for the first time. If a self-generated intangible asset cannot be capitalised or if there is not yet any intangible asset, the development costs are recognised through profit or loss during the period in which they are incurred.

During the following periods self-generated intangible assets as well as acquired intangible assets are measured at historical costs or manufacturing costs minus cumulated amortisations and impairments. Capitalised development costs are amortised on a straight-line basis within the Group as a rule with a duration of use of 5 years.

GOODWILL

Goodwill is not subject to scheduled amortisation but is examined on the basis of the recoverable amount of the cash generating unit to which the goodwill is allocated for a possible impairment. The impairment test is carried out regularly at the end of each fiscal year and, in addition, whenever there are indications that the cash generating unit suffers from an impairment in its value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at acquisition or production costs, reduced by scheduled straight-line depreciations and possibly impairments. The depreciation period is governed by the probable economic useful life of the assets. In the year of acquisition property, plant and equipment are depreciated on a pro rata basis. The residual book values, the useful lives and the depreciation methods of the assets are reviewed at least on each reporting date; if expectations deviate from the existing estimates, the corresponding changes are reported in accordance with IAS 8 as changes in accounting estimates. If a property, plant and equipment asset consists of several parts with different useful lives, the individual material parts are depreciated over their individual useful lives. Maintenance and repair costs are recognised as an expense on the date on which they are incurred. Public investment allowances reduce the acquisition or production costs of those assets for which the allowance has been granted. A property, plant and equipment asset is derecognised if the asset is disposed of or if no other economic benefit is to be expected from its use or disposal. The profit or loss from the disposal of a property, plant and equipment asset is the difference between the net realisable value and the carrying amount of the asset and is recognised at the time of derecognition in the other operating income or other operating expenses. The useful lives of the essential asset categories are represented in the following table:

Other equipment, operational and office equipment	3 to 13 years

Tenant fixtures are either depreciated over their respective lifetime or over the shorter period of a possible lease.

BORROWING COSTS

Borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the acquisition and production costs until the assets are essentially available for the scheduled use or for sale. Borrowing costs for assets are measured at fair value and inventories which are regularly manufactured or produced in large amounts are not capitalised.

Earnings generated from the temporary investment of special borrowings up to their investments in qualified assets are deducted from the capitalizable borrowing costs.

All other borrowing costs are recognised through profit or loss during the period in which they are incurred.

IMPAIRMENT OF INTANGIBLE ASSETS (INCLUDING GOODWILL) AND PROPERTY, PLANT AND EQUIPMENT

Impairments are determined by comparing the carrying amount with the recoverable amount. If individual assets cannot be allocated to own future cash inflows generated independently from other assets, the impairment is to be tested on the basis of the superordinate cash generating unit of assets. On every reporting date it is reviewed whether there are any indications that an asset has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset or the cash generating unit is to be determined.

If the recoverable amount of a cash-generating unit is smaller than the carrying value of the unit, the impairment loss is first to be allocated to the carrying value of goodwill allocated to a unit and then proportionately to the other assets on the basis of the carrying values of each asset in proportion to the overall carrying value of the assets within the unit. In this connection the recoverable amount is the higher value of the value in use and the fair value minus costs of disposal.

Any impairment loss of the goodwill is recognised through profit or loss. At the disposal of a cash-generating unit, the amount of goodwill assigned to it is taken into account within the framework of the determination of the gain or loss on divestiture.

In the event of intangible assets with indeterminable useful life (goodwill), an annual impairment test is in addition carried out on a regular basis. Within the framework of the impairment test the goodwill acquired in connection with a business combination is allocated to each cash generating unit which is likely to benefit from the synergies from the merger. If the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount, the goodwill allocated to this cash generating unit is to be reduced in the amount of the difference. An impairment of the goodwill may not be revoked. If the impairment of the cash generating unit exceeds the carrying amount of the allocated goodwill, the additional impairment has to be distributed on a proportional basis to the assets allocated to the cash generating unit. The fair values and / or values in use (as far as they can be determined) of the individual assets are to be taken into account as lower value limit. If the conditions for impairments recognised in previous periods no longer exist, the corresponding assets (with the exception of goodwill) must be written up through profit and loss. The recoverable amount of a cash generating unit is determined from the higher value from the fair value less disposal costs and value in use of the asset. The recoverable amount is determined as a rule by applying the discounted cash flow (DCF) method, unless a measurement based on a market price is relevant. These DCF calculations are based on forecasts derived from financial plans approved by the management and which are also used for internal purposes. The selected planning horizon reflects the assumptions for short to medium-term market developments. Cash flows which go beyond the planning period are calculated by means of adequate growth rates. The main assumptions on which the calculation of the recoverable amount by the management is based, are explained under “Discretionary judgements and uncertainties of estimates”.

LEASES

The Serviceware Group enters into contracts concerning leases for cars, buildings as well as fixed assets. Since the introduction of IFRS 16, the Serviceware Group has been obliged to assess whether a contract establishes or includes a lease. This is the case, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. On the date of supply the Serviceware Group must recognise an asset for the right to use granted as well as a lease liability.

At the initial measurement the right of use is measured at historical costs. The historical costs of the right of use include:

- The amount which results from the first measurement of the lease liability,
- Adjusted for the lease payments made;
- Plus all initial direct costs incurred, and
- The estimated costs at the dismantling or removal of the underlying asset, at the restoration of the location where it is,
- And minus all lease incentives possibly received.

The subsequent measurement of the right of use is made in accordance with the historic cost model taking into account all accumulated depreciations and accumulated impairments, adjusted for any new valuation of the leased liability shown.

Rights to use are written down over the shorter of the two periods of duration of use and term of the underlying lease.

On the making available the lease liability is measured at the cash value of the lease payments not yet made at that time. At the determination of the term of lease relationships, the Managing Directors consider all facts and circumstances which offer an economic incentive to exercise extension options or not to exercise termination options. Any changes in term resulting from the exercise of extension or termination options are only included into the term if an extension or non-exercise of a termination option is sufficiently safe. The lease payments are discounted at the respective interest rate underlying the lease relationship insofar as the latter can be easily determined. If this interest rate cannot be easily determined, the incremental borrowing rate of the Serviceware Group is to be used. As a rule, the incremental borrowing rate of the Serviceware Group is used as discount factor. The Serviceware Group does not enter into any leases with variable lease payments.

The subsequent measurement of the leased liability is made on the basis of the amortised costs by applying the effective interest rate. In this connection the carrying value is increased by the interest expenses and reduced by the lease payments made. After the date of provision the carrying value of the leased liability is to be newly measured and any changes in the lease relationship must be taken into account.

The right to use must be adjusted for the amount resulting from the restatement of the lease liability. If the carrying value of the right to use decreases, however, to zero and if the valuation of the lease liability continues to decline, each residual amount resulting from the revaluation is reported with an effect on income.

In the event of lease modifications which are not recognised as separate lease, the lessee must recognise the remeasurement of the lease liability by reducing the carrying value of the right to use. This is to take into account the partial or complete end of the lease by way of amendments which reduce the scope of the lease. Any profits or losses which are related to the partial or full end of the lease must be recognised by the lessee through profit or loss.

The Serviceware Group has not entered into any leases as a lessor.

IFRS 16 – Relief Provisions
The following relief provisions under IFRS 16 were used:

- Application of a uniform interest rate to a homogeneous portfolio.

Leased liabilities have been discounted on the basis of a uniform interest rate of 1% p.a. for the entire homogeneous portfolio. This essentially corresponds to the leverage interest rate of Serviceware.

INVENTORIES

Inventories are recognised with the lower value of costs of acquisition or production and net realisable value. The production costs include directly allocatable direct and indirect costs.

The net realisable value represents the estimated selling price of the inventories minus all estimated expenses which are still necessary for completion and selling.

OTHER PROVISIONS

Other provisions within the meaning of IFRS are not stated in these financial statements. Accruals are to be reported as other liabilities. The deferrals presented and explained separately as other deferrals under Section 11, are recognised for current legal or factual obligations vis a vis third parties which are uncertain in terms of their maturity or their amount.

Provisions are made for current legal or factual obligations vis-à-vis third parties only if they are based on past business transactions or events, which are likely to lead to outflows of financial resources and these outflows can be determined in a reliable manner. Provisions are recognised with their probable settlement amount taking into account all identifiable risks and uncertainties. The settlement amount is determined on the basis of a best possible estimate whereby adequate estimate procedures and information sources depending on the characteristics of the obligation are used.

For a large number of similar obligations, the group of obligations is considered as a whole. The expected value method is used as an estimation method. In the event of bandwidths of possible events with the same likelihood of occurrence, the mean value is applied. Individual obligations (e.g. legal and litigation risks) are regularly valued with the most likely result unless other estimates lead to an adequate measurement due to special probability distributions. For the measurement of provisions historical experience, current cost and price information as well as estimates and / or expert opinions of specialists and experts are used. Insofar as historical experience or current cost and price information is used for the determination of the settlement amount, these values are updated taking into account the probable period of settlement. In this respect adequate price development indicators (e.g. inflation rates) are used. Provisions are discounted if their effect is material. For discounting purposes market interest rates before taxes are used which reflect the term and risk of the obligation (if not yet taken into account at the determination of the settlement amount).

Refund claims are not offset against provisions but are capitalised separately as soon as their realisation is as certain as possible. Provisions for decommissioning, reproduction or similar obligations which occur as a result of the acquisition of property, plant and equipment, are recognised with no effect on profit and loss and result in subsequent increases or decreases of the carrying amount of the property, plant and equipment asset concerned. This hence also leads to changed scheduled depreciations of the asset to be recognised in future and hence to a recognition with an effect on net income of the changes in estimate over the residual useful life.

If an impairment of the provision exceeds the carrying value of the corresponding asset, the exceeding amount has immediately to be recognised through profit or loss as income.

FINANCIAL INSTRUMENTS

A financial instrument is a contract which leads at the same time in one company to a financial asset and in another company to a financial liability or an equity instrument. This includes both primary financial instruments (for instance trade receivables or payables) and derivative financial instruments (transactions to hedge against the risk of change in value).

In accordance with IAS 32.11 an **equity instrument** is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. If the financial instrument leads to payment obligations (including conditional ones), this represents debt capital and not equity.

Financial assets include, more particularly, cash and cash equivalents, trade receivables as well as other loans granted and receivables, financial investments held to maturity and primary financial assets and derivative financial assets held for trading.

Financial liabilities regularly establish a repayment entitlement in cash or in a different financial asset. This includes, more particularly, bonds, trade payables, liabilities to financial institutions, liabilities from finance leases and derivative financial liabilities.

Initial recognition

Financial instruments are recognised as soon as the Serviceware Group becomes a contractual party to the provisions of the financial instrument. In the event of regular way purchases or sales (purchases or sales within the framework of a contract whose terms and conditions provide for the delivery of the asset within a specific period which is usually determined by provisions or conventions of the respective market), the settlement day is relevant for the first-time recognition as well as derecognition, i.e. the day on which the asset is delivered to or by the Serviceware Group.

Financial assets and financial liabilities are disclosed as a rule without being offset; they are only offset if there is a right to offsetting at present concerning the amounts and if it is intended to bring about a balance on a net basis.

If contracts for the purchase or sale of non-financial assets come within the scope of application of IFRS 9, they are recognised in accordance with the provisions of this standard.

The initial recognition of financial instruments is carried out at fair value, possibly adjusted by transaction costs which are attributable to the acquisition or issue of the financial instrument. Exceptions include trade receivables without a significant financing component which are recognised at the transaction price. The fair values recognised in the balance sheet correspond as a rule to the market prices of the financial assets. If these are not directly available, they are calculated by applying recognised measurement models and referring to current market parameters.

Subsequent Measurement of Financial Assets:

The subsequent measurement is carried out in accordance with its measurement category based on IFRS 9:

Financial assets are sub-divided in accordance with IFRS 9 into the classification categories amortised cost or fair value and measured accordingly. If financial assets are measured on the basis of the fair value, the expenses and income can either be fully recognised in the period result (at fair value through profit or loss) or in the other comprehensive income (at fair value through other comprehensive income).

Financial assets measured at amortised cost are measured during the subsequent periods by applying the effective interest method and must be verified with a view to impairment. Profits and losses are recognised with no effect on income if the asset is derecognised, modified or impaired. The amortised costs of a financial asset represent the amount at which the financial asset is measured during the first-time recognition, minus redemption payments plus cumulated amortisations using the effective interest method on a difference between this additional amount and the due amount, adjusted by an impairment.

The Group determines the fair value at each transaction completion day. The fair value is the price which has been received in an orderly transaction between market participants on the measurement date for the sale of an asset or which has been paid for the transfer of a debt. When measuring the fair value it is assumed that the transaction within the framework of which the financial asset is sold or debt is transferred,

- took place either on the principal market for the financial asset or the debt or, if there is no principal market,
- on the most advantageous market for the financial asset and / or liability.

The Group must have access to the principal market or the most advantageous market. The fair value of a financial asset or a liability is measured based on the assumptions which market participants would use in the pricing for the financial asset and / or liability. In this connection it is assumed that the market participants act in their best economic interest.

The Group applies measurement methods which are appropriate under the respective circumstances and for which sufficient data are available to measure the fair value. In this connection the use of relevant observable input factors is as high as possible and non-observable input factors are kept as low as possible.

All financial assets and liabilities for which the fair value is determined or presented in the financial statements are classified in the following measurement hierarchy based on the input factor of the lowest stage which is altogether substantial for the measurement at fair value:

- **Stage 1:** prices quoted for identical financial assets or liabilities (without adjustment) on active markets
- **Stage 2:** measurement methods for which the input factor of the lowest stage which is altogether substantial for the measurement at fair value, can be observed directly or indirectly on the market
- **Stage 3:** measurement methods for which the input factor on the lowest stage which is altogether substantial for the measurement at fair value cannot be observed on the market.

In order to meet the reporting obligations for the fair values, the Group has determined classes of financial assets and liabilities on the basis of their type, their characteristics and their risks as well as the stages of the abovementioned measurement hierarchy.

Trade accounts receivable

Trade receivables are the unconditional claim of the Serviceware Group to consideration (i.e. maturity arises automatically by expiration of time).

Trade receivables are measured at amortised cost taking into account appropriate deductions for all identifiable individual risks. Non-current receivables with a residual term of more than one year are discounted to the balance sheet date based on the corresponding interest rate. The general credit risk is likewise taken into account, as far as provable, by corresponding value adjustments.

For trade receivables the Group applies the simplified impairment scheme of IFRS 9 and recognises immediately the expected credit loss for the entire term. The necessary impairment is derived by taking into account historic credit losses and – as far as relevant – based on current developments on the market. In this connection it is assumed that if the receivables are past due by more than 90 days, a credit loss is expected and the creditworthiness is assessed. In individual cases the credit loss is, however, also derived directly from information about the creditworthiness of the customer. In the event of insolvency of a customer, the value of the receivable is fully reported as a debt loss. It is only derecognised at this stage. As a matter of principle, changes in the carrying value of trade receivables are reduced by using an impairment account and recognising the impairment loss with no effect on income. If the amount of an estimated impairment expense increases or decreases during a subsequent reporting period due to an event which occurred after the recognition of the impairment, the previously recognised impairment loss is increased or decreased by adjustment of the impairment account through profit or loss. If a derecognised receivable is classified later again as recoverable due to an event which occurred after the derecognition, the corresponding amount is recognised through profit and loss.

For all other financial instruments the Group recognises the loss expected during the residual term only if the default risk since the first-time recognition has significantly increased. If the default risk has not significantly increased since the first-time recognition, the Serviceware Group continues to recognise for these financial instruments the expected 12 month loss as impairment.

The loss expected during the residual term represents the loss resulting from all possible default events during the expected term of a financial instrument. As opposed, the expected 12 month loss represents the part of the loss expected during the term which results from possible default events within the 12 months following the reporting date.

The amount of the expected losses is updated on each balance sheet day to take into account any changes in the default risk since the first-time recognition of the respective financial instrument.

Other non-current accounts receivable and borrowing expenses are measured by applying the effective interest rate method at amortised costs.

The item ***"Cash and Cash Equivalents"*** in the balance sheet includes the cash on hand, cash accounts and short-term deposits at banks with a residual term of less than three months which are only subject to a minor risk of fluctuations in value. They are measured at amortised cost. Furthermore, the item includes financial assets which serve for the company at any time to cover its short-term liquidity needs, since they can be cancelled at short notice and no substantial economic loss is to be expected in the event of premature termination of these assets.

Cash investments are measured at amortised cost. Cash investments are term deposit investments and similar investments with banks and other financial service institutions as well as investments in insurances with original maturities of more than three months from the date of acquisition.

Debt and equity instruments held for trading are recognised with no effect on income at fair value whereby the changes in fair value are reported after offsetting in the income statement. Financial assets are classified as held for trading if they are acquired for the purpose of selling or selling back in the near future. Financial assets with cash flows which do not exclusively represent principal and interest payments are classified independently from the business model through profit or loss at fair value and recognised accordingly.

Equity Instruments held to maturity

For certain financial investments in equity instruments, it is both intended and also to be expected with an economically sufficient reliability that they are held to maturity. These financial assets are classified and measured without effect on income at fair value in the other comprehensive income. A reclassification of the amounts in the net income e.g. when selling the instrument, is then no longer possible.

Derecognition

A financial asset is derecognised (i.e. removed from the consolidated balance sheet) principally, when the contractual rights to receive cash flows from the financial asset have expired.

Subsequent Measurement of Financial Liabilities:

Financial liabilities are sub-divided into two measurement categories according to IFRS 9: either into the category at amortised cost or at fair value with recognition of the change in value in the net income.

Trade payables as well as other original financial liabilities are recognised at amortised costs.

Non-current liabilities with a term of more than one year are discounted to the balance sheet reporting date based on the corresponding interest rate. Exceptions are liabilities from acquisitions which are recognised at fair value at the time of acquisition (IFRS 3.18).

Derecognition of Financial Liabilities:

The Group derecognises a financial liability if the corresponding liability has been settled, cancelled or has expired.

The difference between the carrying value of the derecognised financial liability and the consideration received or to be received is recognised in the consolidated income statement.

If the Group replaces with the existing lender a debt instrument by another with substantially different terms and conditions, this exchange is treated as a redemption of the original financial liability and a recognition of a new financial liability.

Derivative Financial Instruments

The Serviceware Group uses derivative financial instruments to hedge the interest risks from operations, financial transactions and investments. Derivative financial instruments are neither held nor issued for speculation purposes.

IFRS 9 defines certain requirements to be met by the application of hedge accounting. These are fulfilled by the Serviceware Group as follows: at the beginning of a hedging measure both the relationship between the financial instrument used as underlying transaction as well as the goal and the hedging strategy are documented. This includes both the concrete allocation of the hedging instruments to the corresponding assets and / or liabilities or (fixed / expected) future transactions as well as the estimate of the degree of effectiveness of the hedging instruments used. Existing hedging relationships are constantly monitored. If the conditions for the application of hedge accounting are no longer met, the hedging relationship is immediately dissolved.

The derivative financial instruments are recognised at fair value for the initial reporting. The fair values are also relevant for the subsequent measurements. The fair value of traded derivative financial instruments corresponds to the market value This value can be positive or negative. If no market values are available, the fair value must be calculated by means of recognised mathematical models. For derivative financial instruments the fair value corresponds to the amount which the Serviceware Group would either receive or have to pay on the balance sheet date for the transfer of the financial instrument. It is calculated by applying the interest rates of the contracting partners which are relevant on the balance sheet date. For the calculation average prices are used.

For the measurement of the changes of the fair values – fair value through profit or loss or for recognition in equity without effect on income – it is decisive whether the derivative financial instrument is embedded in an effective hedging relationship in accordance with IFRS 9. If no hedging relationship exists, the changes of the fair values of the derivative financial instruments have to be recognised directly through profit or loss. If there is, however, an effective hedging relationship (hedge accounting), the hedging relationship as such is reported.

CONTINGENCIES (CONTINGENT LIABILITIES AND ASSETS)

Contingencies (contingent liabilities and assets) are possible obligations or assets which result from past events or whose existence is conditional upon the occurrence or non-occurrence of one or more uncertain future events which are not fully under the control of the Serviceware Group. Contingent liabilities are also current obligations which result from past events in respect of which the outflow of resources which represent an economic benefit is unlikely or in respect of which the scope of the obligation cannot be estimated with sufficient liability. Contingent liabilities are measured at fair value if they were taken over within the framework of a company acquisition. Contingent liabilities not taken over within the framework of a company acquisition are not recognised. Contingent receivables are not recognised. If the realisation of earnings is, however, almost certain, the corresponding asset is no longer to be considered as a contingent receivable and is recognised as an asset. If an outflow of resources with economic benefit is not unlikely, information on contingent liabilities is published in the Notes to the consolidated financial statements. The same applies to contingent receivables if the inflow of economic benefit is likely.

REVENUE RECOGNITION

Sales revenues include all revenues resulting from the ordinary activities of the Serviceware Group. The sales revenues are recognised without value added tax and other tax collected at the customers and paid to the tax authorities. The Serviceware Group generates sales revenues from the licensing of software products to end customers or resellers, from SaaS, from maintenance contracts, consulting services, from the implementation of infrastructure projects, in the fields of IT security, IT management systems, IT storage management and in strategy projects as well as the provision of other deliveries and services.

The Group recognises sales revenues if it transfers the power of disposition over a product or a service to a customer.

The sales revenues are recognised in the amount of the consideration which the Group will probably receive in exchange for these goods or services.

The sales revenue recognition of the Serviceware Group presents itself in detail as follows:

Classes of Sales Revenues

(a) Revenues from the Sale of Software Licences

The revenues from software licences result from the licence fees which the Serviceware Group generates from the sale of the software to customers for use on their own IT infrastructure or on IT infrastructure sold together with the software which constitutes a unit with the sold software. In this connection the customer has the right to take possession of the software to install it on its own systems or on the IT infrastructure of third hosting providers which are not related to the Serviceware Group. The software licence revenues include sales revenues from the sale of standard software products possibly in product unity with IT infrastructure. The granting of licences for the standard software products is carried out as a rule by making an access available for the customer to download the software. The basically unrestricted licensing period starts with point in time when the software can be used. The recognition of the revenues from these licences takes place when the customer can use the licenses and has hence the power to dispose of the software. At the assessment whether the software offers grant the customer a right to use the intellectual property and not a right to access our intellectual property we have taken into account the benefits of the software for the customer – without subsequent updates. The software use rights (licences) are sold independently from the contracted maintenance and update service.

(b) Software as a Service - SaaS

The sales revenues from the licence subscriptions and support represent revenues from the granting of a right to use software functions either on a third-party provider-hosted infrastructure, on an infrastructure of the customer or on an own infrastructure of the Serviceware Group.

In this connection the customer has no right to terminate the hosting contract and take possession of the software. After the conclusion of the SaaS contract the customer has a right to ongoing access to the most recent versions and updates of the software product. If the performance obligation is the granting of a right to ongoing access to a licence product and its use for a certain period, the revenues are recognised in accordance with the time passed and hence prorated in respect of the term of the contract in conformity with the output-oriented method. The standard minimum contractual term amounts to three years. The amounts for SaaS services normally charged in advance for services which are provided in later periods and hence have an effect on income, are recognised as contract liabilities.

(c) Provision of Maintenance, Software Updates, Hotline and Helpdesk Services (Software Maintenance Services)

Software maintenance services embody the sales revenues which the Serviceware Group generates through standardised support services, i.e. non-specified future software updates, upgrades and extensions as well as technical product support services for software use rights (licences).

For our standardised software maintenance services our performance obligation includes making available the resources to be able to provide technical product support when needed by the customer and to make available non-specified updates, upgrades and extensions when available. Our customers enjoy the benefit of these support services at the same time as our service performance. Software maintenance services are recognised as a rule after the expired time and hence prorated over the term of the support contract in conformity with the output-oriented method. The amounts for software maintenance services which are, as a rule, charged annually in advance for services provided in subsequent periods and hence have an impact on sales revenues are recognised as contract liabilities.

(d) Revenues from Consulting and Implementation Services

The Serviceware Group provides consulting and implementation services in connection with software projects and IT infrastructure projects in the fields of IT security, IT systems management, IT storage management as well as strategy projects. The transactions include, amongst others, IT services and network services for customers including IT outsourcing services and the sale of hardware.

These services are either sold individually in contracts with customers or offered as a package together with the sale of software licences to customers. As a matter of principle, the Serviceware Group does not, however, offer any consulting and implementation services in an overall package with software licences for an overall price.

The agreements concerning the implementation of IT infrastructure projects are, as a rule, governed by the following: if a customer contract includes several promised goods or services, Serviceware decides whether the promised goods or services have to be recognised as separate performance obligations or as a service bundle. The determination whether a product or a service is considered as a separate performance obligation involves, however, the exercise of discretion. In particular for our consulting and implementation services, discretion is necessary to assess whether these services represent a material integration service, a customer specific adjustment or a modification of the hardware components to which they relate. In this connection Serviceware considers the type of services as well as their extent compared to the extent of the underlying hardware services. In general, the hardware and software services provided within the framework of the consulting and implementation activities are combined in an independent delimitable bundle of products and services (combined performance obligation). Maintenance services and more extensive services are classified in each case as separate performance obligations. The exercise of discretion is also necessary for the determination whether sales revenues from the combined performance obligation are to be recognised at a certain time or over a certain period. Sales revenues for combined performance obligations are realised in accordance with the type of performance obligation primarily with a reference to points in time.

Revenues from maintenance and service contracts are recognised in accordance with the performance of the service, i.e. basically proportionately over the contractual period. Sales revenues from contracts for services charged based on time and material expenditure are recognised upon the provision of working hours and the arising of direct costs based on the contractually agreed hourly rate.

Contract Assets and Contract Liabilities / Costs

A **contract asset** is to be stated if the Serviceware Group has recognised revenues based on the fulfilment of a contractual performance obligation before the customer has made a payment and / or before – independently from maturity – the prerequisites for invoicing and hence the recognition of receivables exist.

A **contract liability** is to be stated if the customer has made a payment and / or a receivable falls due vis a vis the customer before the Serviceware Group has fulfilled a contractual performance obligation and hence recognised revenues. Contract liabilities are to be offset within a customer contract against contract receivables. Long-term contract liabilities (e.g. from an advance payment of the customer) are to be recognised at cash value if the financing component referred to the entire contract value (i.e. including the performance obligations which do not include a financing component) is significant. The Serviceware Group exercises the option not to consider a significant financing component if the time interval between the delivery of a good or the provision of a service and the payment by the customer amounts to a maximum of one year.

Contract costs include costs of contract initiation (essentially sales commission to employees and third-party dealers in the direct and indirect sales channel) as well as contract performance costs. These must be capitalised if it has to be assumed that the costs will be compensated by future revenues from the contract. Costs of contract initiation are additional costs which would not have been incurred without the conclusion of the contract. Contract performance costs are directly attributable costs arising after the commencement of the contract which serve the purpose of contract performance but are upstream of the latter and are not to be capitalised under another standard. The Serviceware Group exercises its option to immediately expense contract costs whose depreciation period would not amount to more than a year. The capitalised contract costs are basically recognised on a linear line with an effect on expenditure over the entire customer retention period. The expenses are not reported in the income statement of the Serviceware Group under the scheduled depreciations and amortisations but – independently from the distribution channel – as material costs or personnel expenses.

Payments to customers including credits or subsequent price rebates are recognised as a matter of principle as sales deductions unless the payment is a consideration for an independently definable appropriately measurable delivery or service of the customer.

Charges for access provision and other non-recurring payments of the customer made in advance which do not represent a consideration for a separate performance obligation are deferred as contract liability and recognised with an effect on revenues over the minimum contract term and / or in exceptional cases (e.g. for contracts which may be terminated at any time) over an expected contractual term. This applies also to fees for installation and setting up activities provided that they do not have an independent value for the customer.

At the sale of products or services Serviceware often grants customers options to acquire additional products or services (for instance extensions of extendable offers, additional volumes for purchased software). At the determination whether such options grant the customer an essential right that the customer would not have been granted without the conclusion of this contract **(option with an essential right)**, we exercise discretion. At this evaluation we take into account whether the options grant the customer the right to a rebate which is above the rebate which is granted for the corresponding products or services sold together with the option. In the event of granting of "essential rights", such as the granting of additional rebates for the future acquisition of further products, part of the transaction price is to be deferred as contract liability and only to be recognised upon the performance or expiration of this additional performance promise as revenue. At present the contract structure of Serviceware does not provide for the granting of essential rights within the meaning of the accounting standard.

In cases in which a company is in an intermediary position between another supplier / provider (e.g. manufacturer, wholesaler) and an end customer, it has to be evaluated whether the company supplies the corresponding product and / or the service requested by the customer as principal itself or whether the company acts merely as an agent for the supplier. It depends on the result whether the company can **recognise revenues on a gross basis** (as principal) or on a **net basis** after deduction of the costs vis a vis the supplier (as agent). For the Serviceware Group the question arises in particular in connection with implementation services (hardware, software for IT infrastructure) which is sourced from third parties and sold as part of the product portfolio of the Serviceware Group to final customers. Summing up, the Serviceware Group sees itself in the event of rights in respect of goods or services of a third party in a principal position vis a vis the final customer and hence states gross revenues:

- Serviceware is primarily responsible for the fulfilment of the promise to deliver the hardware and consequently the other party has entered into an enforceable, ongoing obligation to provide access.
- The Serviceware Group sells goods and services of the other party on its own behalf and for its own account within the framework of a contract between the Serviceware Group and the final customer.

The Serviceware Group can influence at its own discretion the price for the services of the other party which it sells for its own account.

EMPLOYEE BENEFITS

Short-term employee benefits

Obligations under short-term employee benefits are recognised as an expense as soon as the related service is rendered. A liability is recognised for the amount expected to be paid if the Group has at present a legal or constructive obligation to pay that amount as a result of a service rendered by the employee and a reliable estimate of the obligation can be made.

Share-based payment arrangements

(i) Accounting and measurement

The fair value on the date of the granting of the share-based payment arrangements to employees is recognised as an expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the relevant service conditions and non-market performance conditions are expected to be satisfied, so that the final amount recognised as an expense is based on the number of awards that satisfy the relevant service conditions and non-market performance conditions at the end of the vesting period. For share-based payment awards with non-vesting conditions, the fair value is determined on the date of granting, taking into account these conditions; no adjustment is requirement for differences between expected and actual outcomes.

(ii) Description of the share-based payment arrangements of Serviceware SE

As at 30 November 2021, the following share-based payment arrangements exist in the Group:

Stock Option Plan 2021-M and Stock Option Plan 2021-D

By resolution of the general meeting on 6 May 2021, the Administrative Board of Serviceware SE was authorised to issue options for a maximum total of 420,000 no-par value shares of the company to employees and members of the management bodies of current or future affiliated companies on one or more occasions free of charge until 5 May 2026.

In fiscal 2020/2021, the Administrative Board implemented a Stock Option Plan 2021-D for up to 272,160 options and a Stock Option Plan 2021-M for up to 147,840 options. Within the acceptance period 398,400 options were accepted and subsequently issued. The same parameters apply to both stock option plans.

The initial exercise price of the options is EUR 15.00. In accordance with § 10 of the Option Terms, anti-dilution provisions are defined. The new shares are entitled to a share in the profits from the beginning of the fiscal year during which they are created by exercising the option.

The following contractual terms and conditions form the basis for the stock option programmes granted. The fulfilment of the options is effected by the issue and delivery of subscription shares in the form provided for in the respectively valid Statues of the company and / or as determined by the Administrative Board:

Period of grant	Number of instruments	Exercise conditions	Contractual term of the options
27 May 2021 to 30 June 2021	offered 420,000 accepted 398,400	• At the earliest after the expiration of four years following the option issue date, i.e. from 27 May 2025 at the earliest • Only with valid employment relationship • Exercise only after receipt of notification from the Administrative Board on the determination of the extent to which the options can be exercised according to the criteria A and / or B in accordance with the performance target defined in more detail in § 3 of the Option Terms • Exercise only during the exercise period (§§ 5 and possibly 6 of the Option Terms)	3 months after the date on which the option may be exercised for the first time (4 years + 3 months)
Total stock options			**398,400**

In accordance with § 3 of the Option Terms, the performance targets are defined as explained below:

The basis for the assessment of target achievement is the **development of the stock market price** of the Serviceware SE share in the electronic trading system XETRA of Deutsche Börse AG during the **period of four years** from the respective date of the resolution of the Administrative Board about the issuance of a respective tranche of options (programme period).

The scope within which options can be exercised is determined on the basis of a price criteria model consisting of the following criteria:

Criterion A:

- Reaching or exceeding certain threshold values specified in the Option Terms for the **"60 day average XETRA price"**, calculated as a moving average based on the respective daily closing price for the last 60 trading days and
- During this period, a total of at least 30,000 shares were traded on XETRA or, if applicable, on a successor system replacing XETRA.

Criterion B:

- Achievement of a specified increase in the average price over the programme period measured against the target calculated as the difference between the **"Average XETRA price during the programme period"** (based on the respective daily closing prices) and the target of EUR 27.50.

For each criterion, a percentage share is first determined within which the option can be exercised. Criterion A allows a maximum of 60% of the options issued to the respective beneficiary to be exercised.

The number of exercisable options is further capped by the XETRA price on the day the Administrative Board determines the number of shares. If the XETRA price on that day is more than EUR 49.80, the number of exercisable options is reduced proportionately to the extent that the economic benefit of the beneficiary would otherwise (i.e. in the case of unrestricted exercisability) exceed EUR 34.80 (maximum amount less exercise price) per option originally granted.

(iii) Determination of fair values

The fair value of the stock options under the aforementioned stock option plan was determined using a Monte Carlo simulation.

The following parameters were used in determining the fair value on the date of granting of the share-based payment plan:

	2021
Fair value at date of granting (measurement date 17 June 2021, in EUR)	4.25
Share price on the date of granting (in EUR)[1]	16.90
Exercise price (in EUR)	15.00
Expected volatility (weighted average, in %)	51.3
Expected term (weighted average, in years)	3.95
Expected dividends (in %)	0.00
Risk-free interest rate (in %)	-0.41

The expected volatility is based on an assessment of the historical volatility of the share price of the company, more particularly over the period corresponding to the expected term.

(iv) Reconciliation of outstanding stock options

In fiscal 2020 / 2021 420,000 stock options were offered for the first time at an exercise price of EUR 15.00. Within the acceptance period, 398,400 options were accepted and subsequently issued. During the period after the grant until the end of the fiscal year, no options were exercised or expired. During the same period, 804 options expired due to termination of the option holder's employment relationship. 397,596 options are thus outstanding at a weighted average exercise price of EUR 15.00 as at 30 November 2021.

INCOME TAXES

Income taxes include both actual income taxes and deferred taxes. Actual and deferred tax income and tax expenses are to be recognised as a matter of principle if they are likely. The valuation is based on the tax provisions which apply or have been announced on the reporting date, provided that the announcement has the effect of an actual entry into force. If actual and deferred taxes are recognised, they must be disclosed as income or expenses unless they result from a transaction which is recognised outside the profit and loss account either in the other comprehensive income or in the equity or is related to a business combination. In the balance sheet actual tax income has, as a matter of principle, to be offset against actual tax expenses and deferred tax income against deferred tax expenses, if there is an enforceable right to offsetting of actual tax income against actual tax liabilities, there is an intention to carry it out and the tax income and tax expenses relate to income tax levied by the same tax authority. Actual tax income and tax expenses are to be measured with the amount of the expected payment or refund to or from the tax authority. They include both the current year and any expenses / income from previous years.

Deferred taxes are recognised for temporary differences between the carrying amounts in the consolidated balance sheet and the tax balance sheet as well as for tax loss carry-forwards and tax credits. By deviation from this principle no deferred taxes are recognised for temporary differences if they result from the initial recognition of assets or liabilities, neither the IFRS earnings (before taxes) nor the tax earnings are influenced and no business combinations are concerned. Deferred tax claims are recognised insofar as it is likely that taxable profits are available for which the deductible temporary differences can be used.

[1] The basis is the closing price (XETRA) on the day before the granting: for a valuation on 17 June 2021 the closing price of 16 June 2021 was the starting point of the valuation.

Moreover, no deferred tax liabilities are created in respect of temporary differences which are related to the initial accounting of a goodwill. Deferred tax liabilities in connection with temporary differences from shareholdings in subsidiaries, joint agreements and associated companies, are calculated as a matter of principle unless Serviceware is able to control the chronological sequence of the reversal of the temporary difference and the temporary differences will probably not reverse in the foreseeable future.

6. Principles of consolidation

Subsidiaries

Subsidiaries are companies which are directly or indirectly controlled by Serviceware. Control exists if and only if an investor disposes of the decision-making power, is exposed to variable returns or is entitled to rights concerning the returns or if based on the decision-making power he is able to influence the amount of the variable returns. The existence and impact of substantial potential voting rights which are currently exercised or can be converted, including potential voting rights held by other affiliated companies are taken into account when judging whether a company is controlled. All subsidiaries are included into the consolidated financial statements.

The income and expenses of a subsidiary are included into the consolidated financial statements from the time of its acquisition. The income and expenses of a subsidiary remain included in the consolidated financial statements until the control by the parent company ends. As far as necessary, the accounting concepts of subsidiaries are adapted to the accounting concepts of Serviceware which are uniform across the Group. Expenses and income, receivables and payables as well as the results between the companies included into the consolidated financial statements are eliminated.

With the loss of the controlling influence a gain or loss from the derecognition of the subsidiary is disclosed in the consolidated profit and loss account in the amount of the difference between (i) the income from the disposal of the subsidiary, the fair value of the retained shares, the carrying amount of the non-controlling shares as well as the cumulated amounts accounted for by the subsidiaries in the other comprehensive income and (ii) the carrying amount of the disposed net assets of the subsidiary.

BUSINESS COMBINATIONS

A business combination exists if Serviceware obtains control over another company. All business combinations must be reported in accordance with the purchase method. The acquisition costs of an acquired subsidiary are measured on the basis of the fair value of the transferred consideration, i.e. the sum of assets given up, debts taken over and equity instruments issued. Incidental acquisition costs are, as a matter of principle, recognised as expenses. The acquisition costs are distributed over the acquired assets, debts and contingent liabilities – regardless of the shareholding of Serviceware – to the full amount at the fair values. This is determined by the value ratios at the time when control over the subsidiary was obtained. The valuation of a possible goodwill is determined by the surplus of the sum from the acquisition costs, the value of the shares of other shareholders (non-controlling shares) and the fair value of the equity shares already held prior to the acquisition date by Serviceware (step acquisition) over the fair value of the acquired net assets. The difference from the revaluation of shares already held by Serviceware must be recognised with an effect on profit or loss.

For every business combination there is an option concerning the measurement of the non-controlling shares. These may be recognised either directly with the fair value (i.e. with the share of other shareholders in the total shareholder value of the acquired company) or with the share of the fair value of the acquired net assets accounted for by other shareholders. This means that in the first case, the minority shareholders also participate in the goodwill resulting from the business combination, whereas in the second case, the share of the other shareholders in the revalued assets and liabilities remains restricted and the goodwill is only recognised in the amount of the share accounted for by Serviceware. Transactions concerning the further purchase or sale of equity shares with other shareholders which do not affect the controlling influence of Serviceware do not result in any change in goodwill.

The difference between the fair value of the transferred or obtained consideration (i.e. the purchase price of the shares) and the carrying amount of the equity accounted for by the corresponding non-controlling shares is to be offset against the consolidated equity with a neutral effect in terms of profit or loss in the capital reserve and / or increases the latter.

The option to recognise the part of the goodwill accounted for by minorities was not exercised.

If the transferred consideration includes a contingent consideration, the latter is recognised with the fair value applicable at the time of acquisition.

Modifications of the fair value of the contingent consideration within the measurement period are corrected retroactively and recognised accordingly against the goodwill.

Corrections during the measurement period are adjustments to reflect additional information about facts and circumstances which existed at the time of acquisition. The measurement period may not, however, exceed one year after the time of acquisition.

The recognition of modifications of the fair value of the contingent consideration which do not constitute corrections during the measurement period, depends on how the contingent consideration is to be classified.

If the contingent consideration is equity, there is no subsequent measurement on subsequent balance sheet days; its fulfilment is recognised within the equity.

Contingent considerations which do not concern equity are recognised at the following balance sheet date at fair value and a resulting profit or loss is recognised in the consolidated income statement.

7. Changes in the scope of consolidation and other transactions

During fiscal 2020/2021 no transactions were carried out within the Serviceware Group which had an impact on the scope of consolidation.

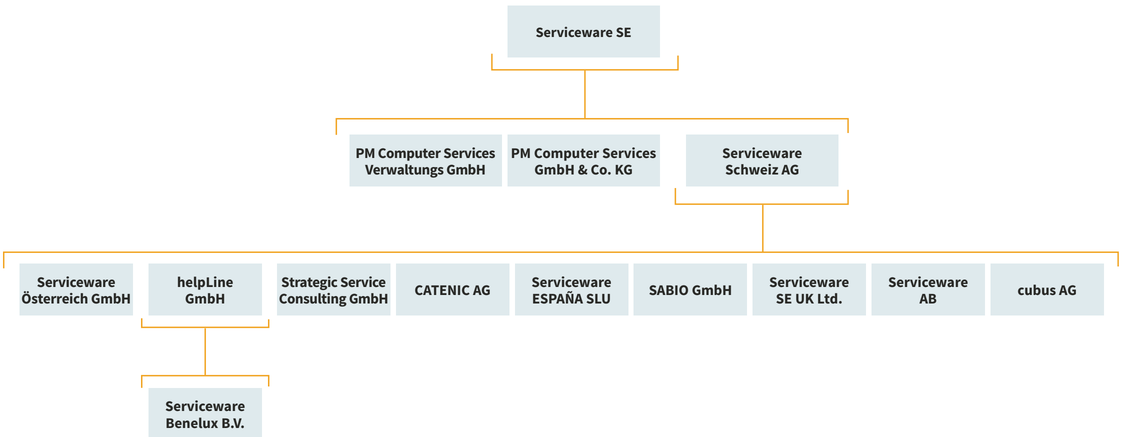
cubus Schweiz GmbH was merged into Serviceware Schweiz AG in August 2021. The basis of consolidation remains altogether unaffected by this internal change.

On the balance sheet date the following shareholdings exist:

Name	Founded/ Acquired on	Registered Office	Share capital	Shareholding
PM Computer Services Verwaltungs GmbH	03.06.2005	Carl-Zeiss-Str. 16, 65520 Bad Camberg / Germany	EUR 25,600	100%
PM Computer Services GmbH & Co. KG	29.06.2004	Carl-Zeiss-Str. 16, 65520 Bad Camberg / Germany	EUR 250,000	100%
Serviceware Schweiz AG	01.12.2003	Haldenstrasse 5, 6340 Baar / Switzerland	CHF 610,000	100%
Serviceware Österreich GmbH	06.07.2004	Karl-Farkas-Gasse 22, 1030 Wien / Austria	EUR 35,000	100%
helpLine GmbH	02.12.2003	Carl-Zeiss-Str. 16, 65520 Bad Camberg / Germany	EUR 25,000	100%
Strategic Service Consulting GmbH	22.11.2011	Friedrichstraße 95, 10117 Berlin / Germany	EUR 25,000	100%

Name	Founded/ Acquired on	Registered Office	Share capital	Shareholding
Serviceware Benelux B.V.	05.06.2002	Dellaertweg 9, 2316 WZ Leiden / The Netherlands	EUR 28,409	85%
CATENIC AG	14.11.2014	Hauptstraße 1, 82008 Unterhaching / Germany	EUR 328,778	100%
Serviceware ESPAÑA SLU	07.06.2017	Gran Via Asima, 6 Edificio A – 2° Planta 07009 Palma de Mallorca, Spain	EUR 3,000	100%
SABIO GmbH	30.07.2018	Schützenstraße 5, 22761 Hamburg / Germany	EUR 43,576	100%
Serviceware SE UK Ltd.	22.08.2018	Building B, Watchmoor Park - Riverside Way Camberley, Surrey GU15 3YL / England / UK	GBP 100	100%
Serviceware AB	22.08.2018	Vasagatan 7, 11120 Stockholm / Sweden	SK 50,000	100%
cubus AG	05.06.2019	Bahnhofstraße 29, 71083 Herrenberg / Germany	EUR 400,000	100%

helpline CLM AG was renamed into Serviceware Schweiz AG in October 2021.
helpline B.V. was renamed into Serviceware Benelux B.V. in February 2021.
helpLine IT solutions GmbH was renamed into Serviceware Österreich GmbH in November 2021.
PMCS. HelpLine Software S.L. was renamed into Serviceware ESPAÑA SLU in February 2022.



8. Foreign currency translation

Transactions in foreign currency are translated into the functional currency with the exchange rate on the day of the transaction. The timing of the transaction for the purpose of the determination of the exchange rate is the initial measurement of the non-monetary asset from the advance payment or the non-monetary liability from the deferred income. On the reporting date monetary items are translated based on the exchange rate on the reporting date; non-monetary items are translated with the exchange rate on the day of the transaction. Exchange differences are recognised with an effect on profit or loss. The assets and liabilities of the affiliated companies whose functional currency is not the euro, are translated from the respective country currency into euro based on the middle rates applying on the reporting date. The profit and loss account of the foreign affiliated companies whose functional currency is not the euro are translated like the corresponding annual results on the basis of monthly average exchange rates of the reporting period. The differences occurring as a result of the application of the two exchange rates are recognised with no effect on profit or loss.

Any translation differences recognised previously in the provision for foreign currency translation (with a view to the translation of both the net assets of the foreign operating company and the collateralisation of net investments in foreign operating companies) are transferred to the income statement, if there is a partial or full disposal of the foreign operating company.

The exchange rates of currencies which are important for the Serviceware Group varied versus the euro as follows:

	Exchange rate on the reporting date		Average exchange rate	
	30.11.2021	30.11.2020	2020/2021	2019/2020
Switzerland	1.043	1.084	1.085	1.071
United Kingdom	0.852	0.898	0.865	0.884
Sweden	10.286	10.178	10.137	10.514

Notes to the Balance Sheet

1. Goodwill and Other Intangible Assets

in kEUR	30.11.2021	30.11.2020	Variation absolute
Goodwill	14,048	14,048	0
Trademark "SABIO"	1,474	1,562	-88
Trademark "cubus"	1,848	1,953	-106
Customer base SABIO	2,421	2,566	-145
Customer base cubus	4,592	4,855	-263
Rights to use leased premises (IFRS 16)	4,505	6,489	-1,984
Rights to use cars (IFRS 16)	552	766	-214
Intangible assets	22	284	-262
IT software	174	90	85
Industrial Property Rights	183	240	-58
Total	**29,819**	**32,853**	**-3,034**

Goodwill

The goodwill was allocated as at 30 November 2021 for the purpose of the impairment test to the following cash-generating units:

in kEUR	30.11.2021	30.11.2020
cubus AG	6,312	6,312
SABIO GmbH	4,928	4,928
Serviceware Benelux B.V.	2,291	2,291
CATENIC AG	517	517
Total	**14,048**	**14,048**

For the review of the recoverability of goodwill in accordance with IAS 36 the value in use of the unit was calculated and compared to the carrying amount. If the carrying amount is above the value in use, a write-off is carried out. The value in use results from the discounted operating cash flows of the planning period, with a WACC derived by means of a peer group analysis.

The cash flow forecasts are based on the respective detailed planning for the coming 5 years and take into account internal empirical values and external economic framework data. Here, both the experience from past values and the influences from the future general market developments have been taken into account. For the value contribution after the planning period perpetual annuities are assumed. They are determined through a growth factor which is laid down individually and is oriented towards long term real growth and growth expectations.

The relevant WACC in accordance with IAS 36 is derived on the basis of standardised tax rates for each cash-generating unit from the estimated future cash flows after taxes and the after tax WACC. In conformity with IFRS 13, the following Level 3 parameters were selected for the impairment test as basic assumptions:

Assumptions impairment test	30.11.2021	30.11.2020
Risk-free base rate	0.10%	-0.10%
Market risk premium	8.00%	8.00%
Beta factor	0.90	1.11
WACC	6.76%	7.97%

The impairment test based on the value in use was made for all four companies on the basis of the following assumptions:

- Based on 2021, increasing sales revenues are expected until 2026.
- For the planning variables of 2027 (terminal value) a growth reduction of 1% was assumed.
- The impairment test was conducted for the scenarios “expected case“, “worst case“ and “best case“ which were weighted in accordance with their assumed probability of occurrence.

The impairment test did not result in any impairment on the reporting date. The managing directors used past experience as the basis for their assumptions concerning forecasts underlying the determination of the value in use.

Business planning is marked, amongst others, by uncertainties concerning the assessment of markets and the macroeconomic environment and is based to a large extent on the assumption of the successful realisation of the expected sales revenue and cost synergies. Taking into account modifications of essential assumptions considered to be possible, sensitivity analyses were, therefore, carried out on the level of the cash-generating unit. Also taking into account the modifications of the essential assumptions considered to be possible, sensitivity analyses on the level of the cash-generating unit did not result in any impairments of the goodwill.

Trademarks

Within the framework of the acquisition of all shares in SABIO GmbH, Hamburg (SABIO), in 2018, the acquired trademark “SABIO“ was identified as an intangible asset and recognised at the time of acquisition in the amount of kEUR 1,768. The trademark “SABIO“ is amortised on a straight-line basis over an estimated economic useful life of 20 years. The amortisation amount in 2020/2021 amounted to kEUR 88 (prior year: kEUR 88), so that the carrying amount on the balance sheet date 30.11.2021 amounts to kEUR 1,474 (prior year: kEUR 1,562).

Within the framework of the acquisition of all shares in cubus AG, Herrenberg (CUBUS), in 2019, the acquired trademark “cubus“ was identified as an intangible asset and recognised at the time of acquisition in the amount of kEUR 2,111. The trademark “cubus” is amortised on a straight-line basis over an estimated economic useful life of 20 years. The amortisation amount in 2020/2021 amounted to kEUR 106 (prior year: KEUR 106), so that the carrying amount on the balance sheet date 30.11.2021 amounts to kEUR 1,848 (prior year: kEUR 1,953).

Moreover, Serviceware Schweiz AG, Baar/Switzerland acquired by purchase and transfer agreement of 24 April 2020 the fixed assets and intangible assets of smoope GmbH, Stuttgart. Within the framework of this acquisition of trademark rights and intangible assets the trademark “Smoope“ and the associated messaging service were identified as intangible assets and recognised at the time of acquisition with a carrying value of kEUR 397, and as a result of a deferred purchase price component (earn-out) during the past fiscal year it increased by another kEUR 52. The trademark “Smoope” including the integrated messaging service is amortised over an estimated economic useful life of 5 years by degressive amortisation. The amortisation amounted in 2020/2021 to kEUR 110, so that the carrying value of the intangible assets reported under the industrial property rights amounts to kEUR 179 (PY: 237) on the balance sheet date 30.11.2021.

Customer Bases

Within the framework of the acquisition of all shares in SABIO in 2018, acquired customer bases were identified as intangible assets and recognised at the time of initial valuation with a value of kEUR 2,905. The customer bases are amortised over a probable useful life of 20 years. In 2020/2021 the amortisation amounted to kEUR 145 (prior year: kEUR 145), so that on 30.11.2021 the carrying value amounts to kEUR 2,421 (prior year kEUR 2,566).

Within the framework of the acquisition of all shares in cubus in 2019, acquired customer bases were identified as intangible assets and recognised at the time of initial recognition with a value of kEUR 5,248. The customer bases are amortised over a probable useful life of 20 years. In 2020/2021 the amortisation amounted to kEUR 263 (prior year kEUR 262), so that on 30.11.2021 the carrying value amounts to kEUR 4,592 (prior year kEUR 4,855).

Rights to Use (IFRS 16)

The Serviceware Group leases essentially buildings (offices) and cars. The average residual term of the lease concerning buildings (offices) amounts to 5 years. The average residual term of the leases concerning cars (office) amounts to 2 years.

The Serviceware Group has no purchase options for the acquisition of certain buildings or cars at previously defined amounts at the end of the term of the lease.

The rights of use from leases developed as follows in fiscal 2020/2021 compared to the previous year:

2020 / 2021 in kEUR	Buildings	Cars	Total
Historical cost			
As at 1 Dezember 2020	7,809	1,327	**9,136**
Additions	279	511	**790**
Disposals	926	30	**956**
As at 30 November 2021	7,162	1,808	**8,970**
Accumulated depreciation			
As at December 2020	1,320	561	**1,881**
Additions depreciations	1,337	694	**2,031**
Disposals depreciations	0	0	**0**
As at 30 November 2021	2,657	1,255	**3,912**
Carrying amounts			
As at 1 December 2020	6,489	766	**7,255**
As at 30 November 2021	4,505	552	**5,057**

2019 / 2020 in kEUR	Building	Cars	Total
Historical cost			
As at 1 December 2019	7,743	976	**8,719**
Additions	209	351	**560**
Disposals	143	0	**143**
As at 30 November 2020	7,809	1,327	**9,136**
Accumulated depreciation			
As at 1 December 2019	0	0	**0**
Depreciations expenses	1,320	561	**1,881**
As at 30 November 2020	1,320	561	**1,881**
Carrying amounts			
As at 1 December 2019	7,743	976	**8,719**
As at 30 November 2020	6,489	766	**7,255**

Amounts recognized in the statement of comprehensive income in kEUR	2020/2021	2019/2020
Depreciation of rights to use	2,031	1,881
Interest expense on lease liabilities	86	72
Expense from current lease liabilities	0	0
Expense from leases with low-value assets	0	0
Expense from variable lease payments which have not been taken into account in the measurement of the lease liability	0	0
Income from subleases	0	0

The total outflows from leases amount to kEUR 2,160 (prior year: kEUR 2,008).

During the reporting period 2020/2021 the Serviceware Group has entered into a new lease for the use of office premises in Idstein. The beginning of use has been agreed as 1 February 2022. The lease for the office premises in Bad Camberg was hence terminated with due notice effective 31 January 2022; the contractual extension option was not used. The resulting decline in rights of use from leases on the balance sheet date amounted to kEUR 922.

Extension or termination options exist in connection with some building leases.

There are no contractual relationships under sale and leaseback transactions.

Leases with variable leasing payments coupled to the sales revenues from the leased outlets have currently not been agreed.

There are no rights to use which are recognised according to the revaluation model.

Intangible Assets (Development Services)

The development services acquired and recognised within the framework of the acquisition of SABIO (carrying amount at the time of acquisition: kEUR 894) are amortised on schedule over a residual useful life of three years from the time of marketing. The amortisation effective in 2020/2021 amounted to kEUR 262 (prior year: kEUR 262). The residual carrying amount on the balance sheet date amounts to kEUR 22 (prior year: kEUR 284).

2. Property, Plant and Equipment

in kEUR	30.11.2021	30.11.2020	Variation absolute
Furniture and fixtures	833	668	165
Fixtures	74	83	-9
Office equipment	57	74	-17
Cars	4	7	-3
Total	**969**	**832**	**137**

3. Trade receivables

Trade receivables resulting from contracts with customers broke down as follows on 30 November 2021 versus 30 November 2020:

	2020/2021			
in kEUR	Gross	Specific valuation allowance	Collective specific valuation allowance	Net
Trade receivables *thereof*	23,871	265	205	23,402
Not due	15,968	0	0	15,968
Due up to 90 days	6,733	0	0	6,733
Due between 90 days and 12 months	1,170	265	205	700
Due between 12 months and three years	0	0	0	0

	2019/2020			
in kEUR	Gross	Specific valuation allowance	Collective specific valuation allowance	Net
Trade receivables *thereof*	22,053	265	197	21,591
Not due	15,528	0	0	15,528
Due up to 90 days	5,366	0	0	5,366
Due between 90 days and 12 months	1,159	265	197	697
Due between 12 months and three years	0	0	0	0

Trade receivables are not bearing interest and are as a rule due within 7 – 30 days. Doubtful accounts receivable from the sale of goods and services in the amount of kEUR 470 (prior year: kEUR 462) were written off. This corresponds to a default rate of 1.96 percent (prior year: 2.1 percent).

The Company grants terms of payment which are usual in the industry and country. As far as the trade receivables which are neither impaired nor past due are concerned, there are no indications on the reporting date that the debtors will not meet their payment obligations.

The valuation allowances on trade receivables developed as follows:

Development of the valuation allowances on trade receivables in kEUR	
Status on 01.12.2020	462
+ / - Exchange differences consolidation	0
- Utilisation	-21
- Reversal	-11
+ Additions (expenses for valuation adjustments	38
Valuation allowances as at 30.11.2021	470

The expenses from the immediate derecognition of trade receivables amount to kEUR 21 (prior year: kEUR 6). Income from the receipt of payments in connection with derecognised receivables exist only in a non-substantial amount. The trade receivables are allocated for the information according to IFRS 7 depending on the maturity pattern to the classes "Current trade receivables" kEUR 23,402 (PY: kEUR 21,591) and possibly "Non-current trade receivables" kEUR 0 (PY: kEUR 0).

The Serviceware Group always evaluates the valuation allowances for trade receivables in the amount of the losses expected during the residual term, by referring to the existing default of the debtor and an analysis of the current financial position of the debtor, the general economic conditions in the industry in which the debtor operates and an assessment of both the current and forecast development of the situations on the balance sheet date.

4. Other Current and Non-Current Assets

current in kEUR	30.11.2021	30.11.2020	Variation absolute
Current contract receivables Customer maintenance contracts	10,914	8,143	2,771
VAT receivables	621	1,344	-723
Deposits	236	223	13
Tax receivables	193	1,448	-1,255
Supplier bonuses	471	336	135
Others	575	1,027	-452
Total	**13,009**	**12,521**	**488**

non-current in kEUR	30.11.2021	30.11.2020	Variation absolute
Non-current contract receivables Customer maintenance contracts	6,007	2,213	3,794
Total	**6,007**	**2,213**	**3,794**

The other assets of the Company are not collateralised and do not bear any interest. Consequently, the Company bears the risk that there may be bad debt losses in the amount of the carrying amounts.

The financial instruments included in the other current assets are due within periods of up to one year on the respective reporting date.

5. Deferred Tax Assets

The deferred tax assets in the amount of kEUR 3,251 (prior year: kEUR 2,722) include kEUR 3,585 (prior year: 2,189) losses carried forward which can be used for tax purposes of the other affiliated companies. The deferred tax assets of SABIO GmbH, Hamburg, were offset in the amount of kEUR 333 (prior year: 267) against the deferred tax liabilities.

Compared to prior year, the deferred tax assets developed as follows:

in kEUR	30.11.2021	30.11.2020	Variarion absolute
Losses carried forward of other group companies	2,920	2,189	731
directly allocable IPO costs (with no effect on incomel)	665	665	0
Deferred tax on loss carried forward and net income of Serviceware SE	0	135	-135
Deferred tax SABIO	-333	-267	-66
Total	**3,251**	**2,722**	**529**

6. Cash and cash equivalents

in kEUR	30.11.2021	30.11.2020	Variarion absolute
Cash in banks	34,321	33,833	488
Cash on hand	2	2	0
Total	**34,323**	**33,835**	**488**

Cash in banks is partly bearing interest on the basis of variable interest rates on balances due daily. The fair value of the liquid funds amounts to kEUR 34,324 (PY: kEUR 33,835).

Cash and cash equivalents are allocated for the information according to IFRS 7, as in the previous year, in the full amount to the class "Cash and cash equivalents". Due to the very short terms and the creditworthiness of our contracting partners, there is no impairment based on expected credit losses.

7. Subscribed capital

The subscribed capital of the Serviceware Group amounts on the balance sheet day to EUR 10,500,000.00 (prior year: EUR 10,500,000.00).

The share capital of Serviceware SE amounts to EUR 10,500,000.00 (prior year: EUR 10,500,000.00) and is subdivided into 10,500,000 no par value shares, each with a nominal value of EUR 1.00 / share. The shares have been traded at the Frankfurt Stock Exchange in the "Prime Standard" market segment since 20 April 2018.

Authorised Capital

In accordance with Clause 8.3 of the Statutes of Serviceware SE the Administrative Board is empowered to increase the share capital of the Company during the period up to 13 March 2023 by a total of up to EUR 4,000,000.00 through a single or multiple issuing of up to 4,000,000 new no par value shares against cash and / or non-cash contributions (Authorised Capital 2018 in accordance with the resolution of the general meeting of 14 March 2018). The shareholders have, as a matter of principle, a subscription right.

The Administrative Board is empowered to exclude the subscription right of the shareholders as a whole or in part.

The Administrative Board is empowered to lay down the further content of the share rights and the further details of the capital increase and its implementation. The Administrative Board is empowered to determine that the fresh shares in accordance with § 186 Para 5 AktG (German Stock Corporation Act) are to be taken over by a bank or a company operating in accordance with § 53 Para 1 Sentence 1 or § 53b Para 1 Sentence 1 or Para 7 KWG (German Banking Act) with the obligation to offer it to the shareholders for subscription.

The Administrative Board is empowered to amend the version of the statutes in accordance with the respective scope of the share capital increase from the Authorised Capital.

Contingent Capital

Contingent Capital 2018
On 4 April 2018 the general meeting adopted a contingent capital ("Contingent Capital 2018") of up to EUR 4,000,000.

Contingent Capital SOP 2021
The share capital of the company is conditionally increased by EUR 420,000.00 by issuing up to 420,000 no-par value bearer shares with entitlement to profit from the beginning of the fiscal year in which they are issued (Contingent Capital SOP 2021). The Contingent Capital increase serves exclusively to fulfil options granted until 5 May 2026 on the basis of the authorisation of the general meeting on 6 May 2021 in accordance with Agenda item 5a).

8. Reserves

The reserves developed in accordance with the values disclosed in the statement of changes in equity.

In the consolidated balance sheet there is, furthermore, a reserve for currency adjustments within the equity. This item serves for reporting differences due to the currency translation of the financial statements of the foreign subsidiaries.

9. Financial Liabilities

The financial liabilities, which are recognised at amortised costs, include the liabilities to financial institutions which are as follows:

in kEUR	30.11.2021	30.11.2020
Non-current		
collateralised	3,227	4,597
Current		
collateralised	1,372	1,817
Total	**4,598**	**6,414**
< 1 year	1,372	1,817
1-3 years	2,227	3,229
> 3 years	1,000	1,368
Total	**4,598**	**6,414**

The interests amount from 0.9% to 6.30%. The loans are collateralised as follows:

a) by personal guarantees of the managing directors Harald Popp and Dirk Martin up to a maximum amount of kEUR 408,
b) life assurances of the managing directors Harald Popp and Dirk Martin up to a maximum amount of kEUR 200
c) as well as receivables from two subsidiaries
d) Lien under the Standard Terms and Conditions for deposits in the amount of 50% of the outstanding loan amount of the loan granted for the acquisition of cubus

The change in financial liabilities results from the ongoing redemption of loans payable which are shown in the cash flow statement in the cash flow from financing activities.

10. Contract liabilities

The carrying amount of the current and non-current contract liabilities increased compared to the previous year by kEUR 6,611 to kEUR 26,362. This includes essentially deferred sales revenues. During the reporting year sales revenues from contractual obligations which were not yet fully met on 30 November 2021 were realised in the amount of kEUR 14,979. Of the total amount of contract liabilities, kEUR 18,854 (prior year: kEUR 15,524) are due within one year.

11. Other Current and Non-Current Liabilities

The **other current** liabilities include:

in kEUR	30.11.2021	30.11.2020	Variation absolute
current			
Other accruals	7,003	5,013	1,990
Current leasing liabilities (IFRS 16)	2,160	2,080	80
VAT liabilities	1,926	2,330	-404
Advance payments received	644	1,387	-743
Liabilities wage and salary as well as wage and church tax	509	545	-36
Liabilities earn out from company acquisition	0	870	-870
Others	694	259	435
Total	**12,936**	**12,484**	**452**

The liabilities reported in the previous year from earn-out concerned the acquisition of cubus in 2019. In accordance with the contractual agreements, subsequent purchase price payments are due in each case if certain recurring sales revenues are achieved. Against this backdrop earn-out payments were made during the reporting year in connection with the acquisition of cubus in the amount of kEUR 870 and the earn-out liabilities have been completely met.

The other accruals disclosed in other liabilities break down as follows and concern essentially liabilities from outstanding purchase invoices and personnel-related liabilities.

kEUR	30.11.2021	30.11.2020
Bonus payments	4,363	2,624
Outstanding invoices/Sales commission	1,288	673
Vacation	581	654
Financial statement and audit costs	301	334
Employers' Liability Insurance Association	89	87
Licence invoices	0	380
Others	381	261
Total	**7,003**	**5,013**

The reporting of the other **non-current liabilities** concerns exclusively non-current lease liabilities.

12. Deferred Tax Liabilities

The deferred tax liabilities in the amount of kEUR 2,774 (prior year kEUR 2,934) result from the acquisition of SABIO in 2018 as well as the acquisition of cubus in 2019 and the capitalisation and / or proportional amortisation of the trademarks “SABIO” and “cubus” as well as the customer bases SABIO and cubus as intangible assets. Moreover, deferred taxes have arisen in the amount of kEUR 97 from differences in carrying amount of the rights to use and lease liabilities in connection with the first-time application of IFRS 16. A balancing was carried out with the deferred tax assets on losses carried forward of SABIO in the amount of kEUR 333.

The deferred tax liabilities have developed as follows versus prior year:

in kEUR	30.11.2021	30.11.2020	Variation absolute
Deferred tax SABIO (trademark + customer base)	1,134	1,202	-68
Deferred tax SABIO (losses carried forward)	-333	-267	-66
Deferred tax cubus	1,876	1,983	-107
Tax impact IFRS 16	97	16	81
Total	**2,774**	**2,934**	**-160**

Notes to the Profit and Loss Account

13. Sales revenues

in kEUR	2020/2021	2019/2020	Variation absolute
Germany	66,171	60,194	5,978
Austria	6,192	6,653	-461
Switzerland	3,475	3,440	35
Others	5,444	2,149	3,295
Total	**81,282**	**72,435**	**8,847**
Service / SaaS	40,093	31,949	8,144
Licenses	21,139	19,823	1,316
Maintenance	20,050	20,663	-613
Total	**81,282**	**72,435**	**8,847**

14. Other operating income

The other operating income is made up as follows:

in kEUR	2020/2021	2019/2020	Variation absolute
Car use	466	530	-64
Price gains	231	832	-602
Insurance compensation	102	71	31
Investment aids	85	0	85
Advertising allowances	78	50	28
Non-period income	0	64	-64
Others	578	313	265
Total	**1,540**	**1,859**	**-319**

15. Cost of materials

The cost of materials is made up as follows:

in kEUR	2020/2021	2019/2020	Variation absolute
Purchased services	34,699	28,029	6,670
Rebates	-1,023	-632	-391
Total	**33,677**	**27,397**	**6,280**

16. Personnel expenses

in kEUR	2020/2021	2019/2020	Variation absolute
Wages and salaries	34,646	32,609	2,037
Social security contributions including pension scheme provisions	5,295	4,957	338
Total	**39,941**	**37,566**	**2,375**

17. Other Operating Expenses

The other operating expenses include the following items:

kEUR	2020/2021	2019/2020	Veränderung absolut
Administrative expenses *	3,569	3,201	368
Distribution costs	1,638	1,999	-361
Car expenses	492	668	-176
Rental expenses	378	519	-141
Price losses	271	611	-340
Maintenance costs hardware + software	229	381	-152
Insurances, contributions, fees	127	107	20
Repairs	15	9	6
Others	228	43	185
Total	**6,947**	**7,536**	**-589**

* The administrative expenses included in other operating expenses are made up as follows:

in kEUR	2020/2021	2019/2020	Variation absolute
Closing, auditing, consulting costs	987	1,083	-96
Software support costs	1,074	1,047	27
Recruitment costs	554	235	318
Training costs	336	237	100
Telephone	220	232	-12
Others	398	366	32
Total	**3,569**	**3,201**	**368**

18. Income Taxes

The main components of the income tax expenses for fiscal 2020/2021 and 2019/2020 are made up as follows:

in kEUR	2020/2021	2019/2020	Variation absolute
Income taxes	1,266	312	954
Deferred taxes	-692	-547	-145
Stated tax expenses / tax income	**574**	**-235**	**809**

The tax rates to be applied to the individual companies are:

Name	Income tax rate
Serviceware SE	29.1%
SABIO GmbH	29.1%
cubus AG	29.1%
PM Computer Services GmbH & Co. KG	13.3%
PM Computer Services Verwaltungs-GmbH	29.1%
helpLine GmbH	29.1%
Strategic Service Consulting GmbH	30.2%
CATENIC AG	26.2%
Serviceware Österreich GmbH	25.0%
Serviceware Benelux B.V.	20% to 25%
Serviceware Schweiz AG	11.5% to 14.25%
Serviceware ESPAÑA SLU	25.0%
Serviceware SE UK Ltd.	19.0%
Serviceware AB	22.0%

The reconciliation between the income tax expenses and the product of the reported result for the period and the Group tax rate to be applied for fiscal 2020/2021 and 2019/2020 is made up as follows:

in kEUR	2020/2021	2019/2020
Earnings before taxes	-1,427	-1,810
Expected tax income for income tax rate 29.125% (prior year 29.125%)	**-416**	**-527**
Tax expenses / tax income from previous years	648	-11
Adjustment of deferred taxes	527	231
Effects of tax rates from other tax jurisdictions or deviating taxation under company law	-195	457
Non-deductible operating expenses	17	49
Tax-free earnings	-20	0
Earn out components	0	-435
Others	12	0
Actual tax expenses / tax income	**574**	**-236**

During the reporting year deferred taxes on the level of the individual companies were netted as during the previous year.

The income taxes for 2020/2021 and 2019/2020 include corporation tax, trade earnings tax, solidarity surcharge and the corresponding foreign taxes. In the Federal Republic of Germany, the corporation tax rate for distributed and retained profits amounts to 15%. Furthermore, a solidarity surcharge is levied on the corporation tax in the amount of 5.5%. The trade tax was calculated on the basis of the rate of assessment of the competent municipality.

In fiscal 2020/2021 tax expenses in a total amount of kEUR 574 versus a tax income of kEUR 235 during the previous year is reported. The tax expenses result primarily from back-payments of taxes for prior years.

Moreover, loss carry-forwards in the amount of kEUR 5,639 have not been used for the capitalisation of deferred taxes.

19. Loss for the period

in kEUR	2020/2021	2019/2020	Variation absolute
Period earnings before taxes	-1,427	-1,810	384
Income tax	-574	235	-809
Period loss	**-2,000**	**-1,575**	**-425**

20. Earnings per share

When calculating the undiluted earnings per share, the earnings allocable to the holders of ordinary shares of the parent company are divided by the weighted average number of ordinary shares outstanding during the year.

The following table includes the amounts used for the calculation of the undiluted earnings per share:

in EUR, unless otherwise stated	2020/2021	2019/2020
Earnings of the shareholders of the Serviceware SE Group	-2,098,965	-1,586,562
Weighted average of shares outstanding (undiluted)	10,500,000	10,500,000
Earnings per share (undiluted)	-0,20	-0,15

The average number of shares was weighted on a pro rata temporis basis in accordance with the respective issuing.

Other Information

21. Notes to the Statement of Cash Flow

Serviceware discloses the cash flow from current business activity in conformity with IAS 7 “Statement of Cash Flow” in accordance with the indirect method based on which the profit or loss of the period is adjusted by the impact of non-cash transactions, accruals or deferrals of the cash inflows or outflows from current business activity in the past or in future and earnings or expense items in conjunction with the cash flow from investing and financing activities. The reconciliation is made starting from earnings before taxes; tax payments are disclosed within the operating cash flow, interest received as part of the cash flow from investing activity and interest paid as part of the cash flow from financing activity. The cash flows from financing activity are almost exclusively caused by payments. Changes in fair value are of absolutely subordinate significance. Changes of cash and cash equivalents caused by exchange rates concern, more particularly, the translation of cash positions in foreign currencies.

The cash and cash equivalents are defined in accordance with the cash management of the Company. They include cash funds and sight deposits at banks:

in kEUR	30.11.2021	30.11.2020
Cash in banks	34,321	33,833
Cash at hand	2	2
Total	**34,323**	**33,835**

22. Notes to the Statement of Changes in Equity

The Company distributed kEUR 0 in fiscal 2020/2021 (prior year: kEUR 0). Further distributions are not planned for the fiscal year.

23. Further Information on Financial Instruments in accordance with IFRS 7

According to IFRS 13 the parameters in which the measurement is based must be stated for all financial instruments, whose fair value is disclosed or which are recognised at their fair value. The measurement techniques are categorised into the following three levels:

Level 1:
Measurement with quoted (non-adjusted) prices in active markets for identical assets or liabilities.

Level 2:
Measurement for the asset or liability is made either directly or indirectly on the basis of observable input data, which do not represent a quoted price in accordance with Level 1.

Level 3:
Measurement on the basis of models with input parameters which are unobservable on the market.

Liabilities from acquisitions are conditional, subsequent purchase price payments (earn outs) for acquisitions made (IFRS 3.58). The fair value is determined by means of the DCF method. Apart from the planning of the business development of the unit taken over, a discount rate to the end of the respective terms was used. On the reporting date the fair value corresponds to the contractual amount to be paid when due. The biggest influencing factor for the fair value is the planning of the business course which is based on result-driven ratios.

The fair values of the time deposits, long-term borrowings, loans as well as non-current receivables and trade payables correspond to the cash value of the cash flow taking into account the risk weighted interest rates with matching maturities plus a creditworthiness adjustment.

For all current financial assets and liabilities, the carrying amount corresponds to the fair value (IFRS 7.29). This includes the current trade receivables, securities and trade payables, the other financial assets, cash and cash equivalents and other financial liabilities.

During the reporting period ending on 30.11.2021 there were no reclassifications between measurements at fair value of Level 1 and Level 2 and no reclassifications into or from measurements at fair value of Level 3.

The financial assets and financial liabilities were made up as follows on the balance sheet date 30.11.2021 versus prior year:

The classification into levels was as follows on 30 November 2021 and 30 November 2020:

30.11.2021			Fair value		
in kEUR	Carrying amount	Amortised cost	Level 1	Level 1	Level 3
Financial assets					
Trade receivables*	23,402	23,402	0	0	0
Cash and cash equivalents*	34,323	0	0	0	0
Total	**57,725**	**23,402**	**0**	**0**	**0**
Financial liabilities					
Trade payables*	6,166	6,166	0	0	0
Liabilities to banks	4,598	4,598	0	0	4,598
Lease liabilities*	4,961	4,961	0	0	0
Total	**15,726**	**15,725**	**0**	**0**	**4,598**

*without fair value disclosure since the carrying amount corresponds to the fair value (IFRS 7.29)

30.11.2020			Fair value		
in kEUR	Carrying amount	Amortised cost	Level 1	Level 1	Level 3
Financial assets					
Trade receivables*	21,591	21,591	0	0	0
Cash and cash equivalents*	33,836	0	0	0	0
Total	**55,426**	**21,591**	**0**	**0**	**0**
Financial liabilities					
Trade payables*	3,995	3,995	0	0	0
Liabilities to banks	6,414	6,414	0	0	6,414
Lease liabilities*	7,200	7,200	0	0	0
Other liabilities	870	0	0	0	870
Total	**18,479**	**17,609**	**0**	**0**	**7,284**

* without fair value disclosure since the carrying amount corresponds approximately to the fair value (IFRS 7.29)

24. Contingent Liabilities and Other Financial Obligations

Apart from customary rent guarantees of a subordinate amount, there are no contingent liabilities to which the Company is exposed.

25. Segment Reporting

The identification of operating segments presupposes that for essential corporate components the earnings position is reviewed and measured by a key decision maker as a basis for the resource allocation and the performance measurement, the corporate segment generates earnings and makes expenses during its business activity and financial information is available for this entity. Several segments can be combined in one segment if the type of products and services, the production processes, the customers for whom the products and services are intended as well as the sales methods applied are similar and / or the quantitative threshold values which are relevant for the formation of segments are not reached.

The Serviceware Group has only one uniform business segment within the meaning of IFRS 8 which includes the sale and implementation of software solutions with a view to an efficient provision of services.

Serviceware is an innovative developer and provider of software solutions for business service management, more particularly in the field of Enterprise Service Management (ESM). Serviceware offers its customers an integrated software platform and further support with a view to the automation and standardisation of workflows and service processes within a company.

The Serviceware Plattform includes the software solutions Serviceware Processes (helpLine), Serviceware Financial (anafee), Serviceware Resources (Careware), Serviceware Knowledge (SABIO) and Serviceware Performance (cubus). All solutions can be used in an integrated manner, but also independently from one another.

In accordance with the strategy of the Company as a provider of integrated ESM solutions, IT infrastructure, software licences, maintenance services and services are offered in an integrated manner for customers and are comparable in respect of their risk structure. The software solutions are used for small and medium-sized companies on the SME market as well as for customers of the upper Mittelstand and large accounts. The selection of the software solution depends essentially on the specific technical and professional requirements of the respective customer. Only with a view to the distribution approach a distinction is made between the targeting of the SME and the premium market. For this reason, the Administrative Board manages the Company on the basis of ratios concerning the overall business. There is no segmentation of the business for that reason. The Group does not prepare any segment reporting.

The sales revenues generated by the companies from the services provided and products sold can be taken from the Notes concerning the sales revenues both in terms of type and according to the geographical regions in which these sales revenues were generated.

Non-current assets by geographical regions:

in kEUR	30.11.2021	30.11.2020
Germany	32,701	31,626
The Netherlands	2,746	3,141
Other countries	1,348	1,131
Total	**36,795**	**35,898**

The non-current assets do not include any financial instruments and deferred tax assets.

26. Financial Risk Management

Risk management for financial instruments

Serviceware is exposed through its operations to many different financial risks: market risks (including currency risks, interest risks and price risks), credit risks as well as financing and liquidity risks.

The Group is guided by clearly defined processes which have been adopted by the Administrative Board and secure the effectiveness of financial risk management.

The risk management of Serviceware concerning financial risks is to limit possible negative effects on the earnings position and the liquidity situation. In close co-operation with the operating units, the financial risks are identified by the finance department, assessed and hedged. The guidelines of the finance department include in addition to principles concerning general risk management, guidance concerning the individual areas such as currency risks, interest change risks, credit risks, the use of derivative and non-derivative financial instruments or the investment of free liquidity.

The Covid-19 pandemic and the associated measures to contain the virus can have a direct and indirect impact for Serviceware on the financial risks. The spreading of Covid-19 as well as the consequences for the risk position of Serviceware are monitored on an ongoing basis and taken into account in the methods, models and processes used for the management of the financial risks. Possible longer term effects on Serviceware as a result of the spreading of Covid-19 and the associated volatility of the financial markets are currently not foreseeable.

The essential risks result from default, liquidity, exchange rate, interest rate and fair value risks. Other price risks from financial instruments do not exist.

Default risk

The credit risks of Serviceware result essentially from cash and cash equivalents, financial investments as well as trade receivables.

Without taking into account any additional collaterals, the carrying amount of the financial investments, the cash and cash equivalents as well as the trade receivables correspond to the maximum credit risk.

Insofar as default risks are identifiable for the financial assets, these risks are covered by value adjustments.

The default risk is permanently controlled through implemented processes. In the event of a material default risk the corresponding facts are investigated separately. In this way it is ensured that the reported financial assets are recognised with their realisable value. The Group uses ageing structure analysis in order to monitor the default risk of the financial assets.

The Group has no material default risk in respect of a single contracting party.

Despite ongoing monitoring, Serviceware cannot exclude the possibility of a loss from a default of one of the contracting parties to the full extent.

The developments in the course of the Covid-19 pandemic are very dynamic so that it cannot be excluded that the actually occurring credit losses are significantly deviating from the credit losses expected based on current estimates and assumptions or that in future periods an adjustment of the estimates and assumptions made could be necessary, which can have a material impact on the expected credit losses of Serviceware.

Interest rate risk

The fair value risk concerns the risk that the fair value of the future financial cash flows which result from the financial instruments of the Group fluctuate, e.g. due to changes of the interest rates quoted on the market. The loan raised by Serviceware SE in fiscal 2018/2019 for the acquisition of cubus is subject to a variable interest rate. Against the backdrop of the conclusion of an interest cap agreement during the same time and over the same amount, a fixed interest rate has to be paid for the loan in the overall consideration. All other loans taken out by the Group are completely subject to fixed interest rates and, therefore, not exposed to any significant interest rate risks.

In the current low or zero interest phase, management considers the interest risk not to be material.

Foreign exchange risk

The Group prepares its financial statements in EUR so that both the result and the net assets position of business transactions conducted outside Germany are exposed to a foreign currency risk due to the translation to EUR. Any increase or decrease of the euro by 10% vis a vis the essential currencies would have an effect on the result not exceeding kEUR 371 (prior year: kEUR 29).

In the event of increases or decreases of the euro vis a vis the relevant currencies by 10 percent, the translation of the statements of the subsidiaries in foreign currencies would increase or decrease by a maximum of kEUR 141 (prior year: kEUR 104) by means of the modified reporting date method of the currency adjustment items in equity.

Liquidity risk

The liquidity risk concerns the risk that the Group is not able to meet its financial obligations due to an excessively low availability of liquid funds upon maturity. In order to prevent this risk, the Group has always a certain amount of cash and cash equivalents available which is, according to the Managing Directors, sufficient to meet all obligations due.

As at 30 November 2021 the financial liabilities of the Group have the following maturities. The information is provided on the basis of the contractual non-discounted payment obligations.

30.11.2021 in kEUR	Due within 1 year	Due 1 to 5 years	Due over 5 years	Total
Interest-bearing loans	1,372	3,227	0	4,598
Trade payables	6,166	0	0	6,166
Lease liabilities	2,160	2,039	762	4,961
Other financial liabilities	10,776	0	0	10,776
Total	**20,474**	**5,266**	**762**	**26,502**

30.11.2020 in kEUR	Due within 1 year	Due 1 to 5 years	Due over 5 years	Total
Interest-bearing loans	1,817	4,597	0	6,414
Trade payables	3,995	0	0	3,995
Lease liabilities	2,134	3,852	1,214	7,200
Other financial liabilities	10,350	0	0	10,350
Total	**18,296**	**8,449**	**1,214**	**27,958**

Fair value of the financial instruments

The carrying amount of the current receivables, liabilities, cash and cash equivalents as well as loans corresponds essentially to their fair value against the backdrop of the short-term nature of this financial instrument and the immaterial discounting effect.

Fair value hierarchies

The Group does not recognise any financial instruments which are measured at fair value.

Capital control

The priority goal of capital control of the Company is:
- Securing of a positive continuation forecast for the Group
- Securing of stability and further growth of the Group
- Making available capital to manage Group risks.

The Group controls its capital by means of the capital structure. In this way it is to be ensured that an optimum capital structure is maintained which guarantees the benefits for the shareholders, whereby the future capital requirements of the Group and the way the capital can be used effectively are taken into account. The Group has no formal dividend policy.

The assets of the Group which are classified and controlled as capital, present themselves as follows:

in kEUR	30.11.2021	30.11.2020
Cash and cash equivalents	34,323	33,836
Trade receivables	23,402	21,591
Total	**57,725**	**55,426**

Other notes

Transactions Between Related Parties

Transactions with persons or companies which can be influenced by the Serviceware Group or which can influence the Serviceware Group must be disclosed if the corresponding transactions have not yet been covered by inclusion of consolidated companies into the consolidated financial statements.

Apart from the members of the Administrative Board, the following persons have to be considered as related parties:

Name	Relationships with the Group
Dirk K. Martin, Wiesbaden	Managing Director of Serviceware SE
	Shareholder of Serviceware SE
	In addition, Managing Director / member of the Management Board of subsidiaries of Serviceware SE
Harald Popp, Wiesbaden	Managing Director of Serviceware SE
	Member of the Supervisory Board of CATENIC AG and cubus AG
	Shareholder of Serviceware SE
Dr. Alexander Becker, Hünstetten	Managing Director of Serviceware SE
	In addition, Managing Director / member of the Management Board of subsidiaries of Serviceware SE
Ingo Bollhöfer, Wiesbaden	Member of the Supervisory Board of CATENIC AG and cubus AG
	Shareholder of Serviceware SE
Christoph Debus, Bad Homburg	Chairman of the Administrative Board of Serviceware SE

The Managing Directors of the subsidiaries included in the consolidated financial statements are likewise considered as related parties.

The following transactions were made with persons and companies which belong to the Serviceware Group as related persons or companies:

Managing Directors
Dirk K. Martin, Wiesbaden
Harald Popp, Wiesbaden
Dr. Alexander Becker, Hünstetten

The Managing Directors received altogether during the past fiscal year a fixed compensation of kEUR 1,259 (PY: kEUR 1,123) and a variable compensation of kEUR 470 (PY: kEUR 336). Within the framework of the Stock Option Programme the Managing Directors have been granted 264,346 stock options. On 30 January 2018 Dirk K. Martin took over the position of CEO. He receives a fixed annual compensation and has a variable target component. In the event of a change in control, he is entitled to a non-recurring payment under certain circumstances. As at 31 January 2018 Mr. Harald Popp took over the position of CFO. He receives a fixed annual compensation and has a variable target component. In the event of a change in control, he is entitled to a non-recurring payment under certain circumstances.

Mr. Dirk K. Martin sold during the past fiscal year indirectly through a related company advertising media and consumer goods to the company in an amount of around kEUR 23.

The managing directors of the subsidiaries have not conducted any business with the Group apart from their activities with the corresponding bodies for which they have received corresponding compensation.

Administrative Board
The company refunds for each member of the Administrative Board any expenses incurred by him when exercising his office in an adequate and proven amount as well as possibly arising value added tax for the compensation. The non-managing members of the Administrative Board, Ingo Bollhöfer and Christoph Debus, received during the past fiscal year as members of the Administrative Board a flat rate compensation of kEUR 30 (prior year: kEUR 30). Moreover, Ingo Bollhöfer received in connection with his activity for various companies of Serviceware a fixed compensation in the amount of kEUR 100 (prior year: kEUR 92) and a variable compensation of kEUR 69 (prior year: kEUR 47). Within the framework of the stock option programme, the non managing members of the Administrative Board were granted 7,814 stock options.

Other information

1. Further Notes based on the Provisions of HGB (German Commercial Code)

Managing Directors

Name	Function
Dirk K. Martin	CEO
Harald Popp	CFO
Dr. Alexander Becker	COO

Dirk K. Martin is responsible as CEO for Strategy, Sales & Marketing as well as Research & Development.

Harald Popp has been appointed as CFO. He is in charge of Finance, Investor Relations, Human Resources and Legal.

Dr. Alexander Becker has been appointed as COO; he is responsible for the internal and external services and operational processes.

Administrative Board

Name	Position on the Administrative Board	Memberships in statutory supervisory or administrative boards
Christoph Debus	Chairman	Condor Flugdienst GmbH, Frankfurt; Managing Director (until 02/2022) Internationale Lufttransport 2 GmbH, Frankfurt; Managing Director (until 09/2021) PAHECA GmbH, Bad Homburg, Managing Director (since 07/2021) FlixMobility SE, Munich, Member of the Executive Board (from 03/2022)
Harald Popp	Deputy Chairman	dreifff Management GmbH, Bad Camberg; Managing Director CATENIC AG, Munich, Chairman of the Supervisory Board cubus AG, Chairman of the Supervisory Board
Ingo Bollhöfer	Member	CATENIC AG, Unterhaching, Member of the Supervisory Board cubus AG, Herrenberg, Member of the Supervisory Board

Employees

Serviceware employed a total of 457 persons during the reporting period from 1 December 2020 to 30 November 2021; this corresponds to a net growth of 24 employees compared to the prior year period. Of an average of 457 employees, 369 employees are employed in Germany, 32 in Spain, 26 in the Netherlands, 11 in Austria, 9 in the United Kingdom, 7 in Bulgaria, 2 in Switzerland and one employee in Sweden.

In functional terms, the 457 employees break down as follows: 86 employees in sales and marketing (PY: + 3.0%), 200 employees in service and support (PY: + 3.6%), 120 employees in software development (PY: +12.4%) and 51 employees in administration (PY: + 2.5%).

Moreover, Serviceware employed 26 apprentices.

Auditor's Fees

in kEUR	2020/2021	2019/2020
Annual audit	125	110
Tax consultancy services	0	0
Other audit-related services	0	5
Total	**125**	**115**

The auditing fees for the external audit include the audit of the single-entity financial statements of Serviceware SE according to HGB (German Commercial Code), the Serviceware consolidated financial statements according to IFRS as well as the main domestic subsidiaries of Serviceware SE according to HGB. The external auditor audited the financial statements for Serviceware SE for the first time in 2018, starting with the consolidated financial statements for the fiscal years from 2014/2015 and the interim financial report of Serviceware SE on 15 February 2018.

Waiver of Disclosure according to § 264b HGB

PM Computer Services GmbH & Co. KG, Bad Camberg, exercises the option in accordance with §264 b HGB concerning the preparation, audit and publication of the financial statements, as well as the management report. It is included in these consolidated financial statements.

Ban on distribution

For amounts totalling kEUR 21 there is a ban on distribution according to § 268 Para 8 HGB on the level of SABIO GmbH.

Corporate Governance

The company has submitted the declaration of conformity in accordance with § 161 AktG (German Stock Corporation Act) and has made it permanently accessible on the website of the company: https://serviceware-se.com/de/investor-relations/corporate-governance.

2. Events after the Balance Sheet Date

At the time of drafting of this annual report the infection rates for the Corona Virus (SARS-CoV-2) have reached unprecedented levels. Even though vaccines are now not only available but have also been administered in large numbers, in some cases repeatedly, further mutations of the virus may have negative consequences for the economic development in various countries. For that reason, it is at present not yet possible to rule out that the rapid spread of the virus and its mutations may lead to an adverse impact on the financial position, earnings and assets of Serviceware.

In addition, there is a high degree of uncertainty about the further development of the war in Ukraine, more particularly about the extent to which the armed conflict will remain regionally limited. It is possible that the sanctions associated with the conflict could result in far-reaching distortions for the entire European and German economies. Against this backdrop, it cannot be ruled out at present that the financial, earnings and assets position of Serviceware may be adversely affected.

Idstein, 23 March 2022

Dirk K. Martin	Harald Popp	Dr. Alexander Becker

Independent auditor’s report

To Serviceware SE, Idstein

Statement about the audit of the Consolidated Financial Statements and the Combined Management Report and Consolidated Management Report

Audit Opinions

We have audited the consolidated financial statements of Serviceware SE and its subsidiaries (the Group) – including the consolidated balance sheet as at 30 November 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the fiscal year from 1 December 2020 to 30 November 2021 as well as the consolidated notes, including a summary of significant accounting methods. Furthermore, we have audited the consolidated management report of Serviceware SE which is combined with the management report of the Company for the fiscal year from 1 December 2020 to 30 November 2021. The explanatory notes by the management have not been audited in terms of content in conformity with the German statutory provisions.

According to our assessment based on the findings gained during the audit

- the enclosed consolidated financial statements correspond in all material respects to the IFRS, as they have to be applied in the EU and the German statutory provisions to be applied in addition in accordance with § 315e Para 1 HGB (German Commercial Code) and taking into account these provisions gives a true and fair view of the assets and financial position of the Group as at 30 November 2021 as well as its income situation for the fiscal year from 1 December 2020 to 30 November 2021 and
- the enclosed consolidated management report gives altogether an appropriate view of the situation of the Group. This consolidated management report is in all material respects in conformity with the consolidated financial statements, corresponds to the German statutory provisions and constitutes an adequate representation of the opportunities and risks concerning the future development. Our audit opinion on the consolidated management report does not cover the content of the above-mentioned declaration by the management.

In accordance with § 322 Para 3 Sentence 1 HGB we hereby declare that our audit has not resulted in any objections concerning the regularity of the consolidated financial statements and the consolidated management report.

Basis for the audit opinion

We have carried out our audit of the consolidated financial statements and the consolidated management report in conformity with § 317 HGB and the EU Statutory Audit Regulation (No. 537/2014; hereinafter referred to as “EU Audit Regulation” (EU-AR) taking into account the German generally accepted audit principles defined by the German Institute of Chartered Accountants (IDW). Our responsibility under these provisions and principles is described in the section “Responsibility of the auditor for the audit of the consolidated financial statements and the consolidated management report” of our Independent Auditor’s Report in more detail. We are independent from the affiliated companies in conformity with the European as well as German provisions under commercial and professional law and have fulfilled our other German professional obligations in conformity with these requirements. Furthermore, we declare in accordance with Article 10 Para 2 letter f) EU-AR that we have not provided any prohibited non-audit services referred to in Article 5 (1) EU-AR. We are of the opinion that the audit evidence obtained by us is sufficient and appropriate to serve as a basis for our audit opinion on the consolidated financial statements and the consolidated management report.

Particularly significant audit items in the auditing of the consolidated financial statements

Particularly significant audit items are items with which in accordance with our reasonable discretion were most essential in our audit of the consolidated financial statements for the fiscal year from 1 December 2020 to 30 November 2021. These items were taken into account in connection with our audit of the consolidated financial statements as a whole and in our corresponding audit opinion; we do not issue any separate audit opinion on these items.

From our point of view the following circumstances were most relevant in our audit:

- Recoverability of the goodwill
- Sales revenues from licence and maintenance sales

We have structured our presentation of these particularly important audit items as follows:

1. Facts and issues
2. Audit approach and findings
3. Reference to further information

We now present the particularly significant audit items:

Recoverability of the goodwill

1. In the consolidated financial statements of Serviceware SE the balance sheet item "Goodwill" shows goodwill in the amount of kEUR 14,048 (26% of the consolidated equity). The Company allocates the goodwill to the relevant groups of cash generating units. The goodwill is on an annual basis on the balance sheet date or on specific occasions subject to an impairment test by the company. In this connection the determined value in use is compared to the carrying amounts of the corresponding group of cash generating units. The basis for these measurements is regularly the cash value of future cash flows of the cash generating unit to which the respective goodwill is allocable. The measurements are based on the budgetary accounting of the individual cash generating units which are based on financial plans approved by the management. Discounting is based on the weighted average cost of capital of the respective cash generating unit. The result of this measurement is to a large extent dependent on the assessment of the future cash inflows by the statutory representatives of the company as well as the discount rate used and hence involves a considerable uncertainty so that these circumstances are particularly relevant within the framework of our audit.

2. In order to address this risk, we have critically challenged the assumptions and estimates by the management and carried out, more particularly, the following audit activities:

   - We have reproduced the methodological approach concerning the conduct of the impairment test and assessed the determination of the weighted average cost of capital.
   - We have convinced ourselves that the future cash inflows and the discount rates used underlying the measurements constitute altogether an appropriate basis for the impairment tests of the individual cash generating units.
   - In our assessment we have based ourselves, amongst other things, on a comparison with general and industry specific market expectations as well as comprehensive explanatory notes by the management on the essential value drivers of the planning.
   - Being aware that already comparatively small changes of the discount rate can have a material impact on the value in use determined in this way, we have dealt with the parameters used for the determination of the discount rate used including the weighted average cost of capital and obtained an understanding of the calculation scheme of the company.
   - Moreover, we have carried out in addition own sensitivity analyses in order to be able to assess a possible impairment risk for a change in respect of a material assumption of the measurement considered as possible. The selection based on qualitative aspects and the amount of surplus cover of the respective carrying amount by the value in use.

We have determined that the goodwill to be disclosed in each case and the carrying amounts of the relevant groups of cash generating units are covered by the discounted future cash flows on the balance sheet date.

3. The information of the Company on the goodwill in the consolidated financial statements is included in the section "Notes to the balance sheet" in the Notes.

Revenue recognition from licence and maintenance sales

1. A material object of the companies of the Serviceware SE Group is the production, trade in and sale of software as well as the maintenance of these services. The accounting of licence sales in combination with maintenance services is in our view an area with a significant risk of essentially wrong presentations (including the possible risk that managers bypass controls) and therefore a particularly significant audit item, because in particular the maintenance services which are period-limited services must be delimited across the maintenance period. The presentation of the maintenance services and licence revenues is subject to discretion in mixed contracts which can result in a deferred revenue recognition and hence to a misstatement of the sales revenues.

2. In order to address this risk, we have critically challenged the assumptions and estimates of the management, and carried out, amongst others, the following audit activities:

   - Within the framework of our audit we have dealt with the internally defined methods, processes and control mechanisms of project management in the billing and settlement phase of sales structures as projects. Furthermore, we have assessed the structuring and effectiveness of accounting-based internal controls by reproducing order-specific transactions from their initiation to their presentation in the consolidated financial statements as well as by testing controls.
   - On the basis of spot checks selected in a risk-oriented manner we have assessed the delimitations and assumptions made by the statutory representatives within the framework of single-case audits. Our audit activities included the review of the contractual basis as well as contractual terms and conditions including contractually agreed provisions concerning partial deliveries or services, termination rights, default and contractual penalties as well as damage claims. For the selected projects we dealt for the assessment of the determination of revenues on an accrual basis also with the sales revenues chargeable on the cut-off date and analysed the presentation of the relevant balance sheet positions in the balance sheet.
   - Furthermore, we have interviewed the statutory representatives on the representation of the projects and possible order risks.

   Our audit activities have not resulted in any objections concerning the sales revenue recognition from licence and maintenance sales.

3. The information provided by the Company concerning the accounting and valuation basis within the framework of the accounting of licence and maintenance income is included under the explanatory notes on the sales revenues in the presentation of the "Accounting Policies" in the Notes.

Other information

The statutory representatives are responsible for the other information. The other information includes:

- The Group declaration on corporate management,
- The other parts of the annual report except for the audited consolidated financial statements and the consolidated management report as well as our audit certificate,
- the assurance in accordance with § 297 Para 2 Sentence 4 HGB on the consolidated financial statements and the assurance in accordance with § 315 Para 1 Sentence 5 HGB on the consolidated management report.

Our audit opinions on the consolidated financial statements and the consolidated management report do not cover the other information and consequently we do not make any audit assessment nor do we draw any form of audit conclusion.

In connection with our audit we have to read the other information and have to appreciate whether the other information

- presents material inconsistencies compared to the consolidated financial statements, the consolidated management report or our knowledge obtained during the audit or
- appears to be otherwise materially misstated.

Responsibility of the statutory representatives and the Administrative Board for the consolidated financial statements and the consolidated management report

The statutory representatives are responsible for the preparation of the consolidated financial statements, which must correspond in all material respects to the IFRS as they have to be applied in the EU and, in addition, § 315e Para 1 HGB concerning the German statutory provisions and for the consolidated financial statements giving a true and correct view of the assets, financial and earnings position of the Group taking into account these provisions. Moreover, the statutory representatives are responsible for the internal controls which they have defined as necessary in order to permit the preparation of consolidated financial statements free from intended or unintended material misstatements.

At the preparation of the consolidated financial statements the statutory representatives are responsible for assessing the ability of the Group to continue its corporate activities. Furthermore, they have the responsibility to disclose facts in connection with the continuation of the corporate activities, if relevant. In addition, they are responsible to account for the continuation of the corporate activities on the basis of the accounting principles unless there is an intention to wind up the Group or discontinue its business operations or if there is no realistic alternative to the latter.

Moreover, the statutory representatives are responsible for the preparation of the consolidated management report which altogether gives a true and correct view of the situation of the Group and is in conformity in all essential respects with the consolidated financial statements, corresponds to the German statutory provisions and presents the opportunities and risks of the future development appropriately. Furthermore, the statutory representatives are responsible for the precautions and measures (systems) which they have considered to be necessary in order to permit the preparation of a consolidated management report in conformity with the applicable German statutory provisions and in order to be able to provide sufficiently suited evidence for the statements in the consolidated management report.

The Administrative Board is responsible for the supervision of the accounting process of the Group in view of the preparation of the consolidated financial statements and the consolidated management report.

Responsibility of the auditor for the auditing of the consolidated financial statements and the consolidated management report

Our goal is to obtain sufficient certainty whether the consolidated financial statements as a whole are free from intended or unintended material misstatements, and whether the consolidated management report gives altogether a fair and true view of the situation of the Group and is in conformity in all material respects with the consolidated financial statements as well as with the findings obtained during the audit, corresponds to the German statutory provisions and is an appropriate presentation of the opportunities and risks of the future development as well as to issue an audit certificate which includes our audit opinions on the consolidated financial statements and the consolidated management report.

Sufficient certainty is a high degree of certainty but no guarantee that an audit carried out in accordance with § 317 HGB and the EU-AR taking into account the German Generally Accepted Auditing Principles as established by the Institute of Chartered Accountants (IDW) is always revealing a material misstatement. Misstatements may result from infringements or inaccuracies and are considered as material if it could be reasonably expected that they influence individually or altogether the economic decisions taken on the basis of these consolidated financial statements and the consolidated management report.

During the audit we exercise discretion in accordance with our duties and maintain a critical basic attitude. Moreover,

- we identify and assess the risks of intended or unintended material misstatements in the consolidated financial statements and in the consolidated management report plan and conduct audit activities in response to these risks and obtain audit evidence which is sufficient and appropriate to serve as a basis for our audit opinions. The risk that material misstatements are not revealed is higher in the event of infringements than in the event of inaccuracies, since infringements may involve fraudulent co-operation, adulteration, intended incompleteness, misleading presentations and / or the discontinuation of internal controls.

- We obtain an understanding of the relevant internal controlling system for the audit of the consolidated financial statements and the precautions and measures which are relevant for the audit of the consolidated management report, to plan audit activities which are appropriate under the given circumstances but not with the goal of issuing an audit opinion on the efficacy of these systems.
- We assess the appropriateness of the accounting methods applied by the statutory representatives and the acceptability of the estimated values presented by the statutory representatives and information in connection therewith.
- We draw conclusions about the appropriateness of the accounting principles applied by the statutory representatives concerning the continuation of the corporate activities as well as on the basis of the audit evidence obtained whether there is a material uncertainty in connection with the events or circumstances which could raise significant doubts concerning the ability of the Group to continue its corporate activities. If we reach the conclusion that there is a material uncertainty, we are obliged to draw attention in the audit report to the corresponding information in the consolidated financial statements and in the consolidated management report, or if these data are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained until the date of our audit report. Future events or circumstances may, however, result in the Group not being able to continue its corporate activities.
- We assess the overall presentation, the structure and the content of the consolidated financial statements including the information as well as whether the consolidated financial statements represent the underlying transactions and events in such a way that the consolidated financial statements, taking into account the IFRS as they have to be applied in the EU and the German statutory provisions to be applied on top in accordance with § 315e Para 1 HGB, give a true and fair view of the assets, financial and earnings position of the Group.
- We obtain sufficiently appropriate audit evidence for the accounting information of the companies or business activities within the Group in order to issue an audit opinion on the consolidated financial statements and the consolidated management report. We are responsible for the instructions, supervision and conduct of the audit of the consolidated financial statements. We alone are responsible for our audit opinions.
- We assess the conformity of the consolidated management report with the consolidated financial statements, the conformity with the laws as well as the view of the situation of the Group given.
- We conduct audit activities concerning the future-oriented information in the consolidated management report presented by the statutory representatives. Based on sufficiently appropriate audit evidence, we seek to understand, more particularly, the material assumptions of the statutory representatives underlying the future-oriented information and assess the appropriate deduction of the future-oriented information from these assumptions. We do not issue a separate audit opinion on the future-oriented information as well as the underlying assumptions. There is a considerable unavoidable risk that future events will deviate materially from the future-oriented information.

We discuss with those responsible for supervision, amongst others, the planned scope and time of the audit as well as material audit findings, including any defects concerning the internal control system which we detect during our audit.
We make a declaration vis a vis those responsible for supervision that we have complied with the relevant requirements as to independence and discuss with them all relationships and other facts of which it can be reasonably assumed that they have an impact on our independence and the corresponding protective measures taken.
We determine amongst the facts which we have discussed with those responsible for supervision the facts which were most relevant in the audit of the consolidated financial statements for the current reporting period and which are, therefore, particularly important audit findings. We describe these findings in the audit report, unless laws or other legal provisions exclude the public disclosure of the findings.

OTHER STATUTORY AND LEGAL REQUIREMENTS

Statement on the audit of the electronic reproductions of the consolidated financial statements and the consolidated management report prepared for the purpose of disclosure in accordance with § 317 (3a) HGB (German Commercial Code)

Audit opinion

Pursuant to § 317 (3a) HGB, we have performed a reasonable assurance engagement as to whether the reproductions of the consolidated financial statements and the consolidated management report (hereinafter also referred to as „ESEF documents“) contained in the attached file serviceware_ka_lb_20211130 and prepared for disclosure purposes comply in all material respects with the electronic reporting format („ESEF format“) requirements of § 328 (1) HGB. In accordance with German legal requirements, this audit extends only to the conversion of the information in the consolidated financial statements and the consolidated management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the consolidated management report contained in the above-mentioned file and prepared for disclosure purposes comply, in all material respects, with the requirements of § 328 (1) HGB regarding the electronic reporting format. We do not express an opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond this opinion and our audit opinions on the accompanying consolidated financial statements and the combined management report and consolidated management report for the fiscal year from 1 December 2020 to 30 November 2021 contained in the preceding „Statement on the audit of the consolidated financial statements and the combined management report and consolidated management report“.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the consolidated management report contained in the above-mentioned file in accordance with § 317 (3a) of the German Commercial Code (HGB) and in compliance with the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to § 317 (3a) of the German Commercial Code (HGB) (IDW PS 410 (10.2021)). Our corresponding responsibility is further described in the section „Responsibility of the group auditor for the audit of the ESEF documents“. Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for quality assurance in the auditing practice (IDW QS 1).

Responsibility of the legal representatives and the Board of Directors for the ESEF documents

The statutory representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the consolidated management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the certification of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 HGB.

Furthermore, the statutory representatives of the company are responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material – intended or unintended - non-compliance, with the electronic reporting format requirements of § 328 (1) HGB.

The Administrative Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Group auditor‘s responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from intended or unintended material non-compliance with the requirements of § 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore, we

- Identify and assess the risks of material intended or unintended non-compliance with the requirements of § 328 (1) HGB, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- Evaluate the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the technical specification for that file as set out in the Delegated Regulation (EU) 2019/815 as applicable on the reporting date.

- We assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited consolidated management report.
- We assess whether the inline XBRL (iXBRL) markups of the ESEF documentation complies with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as amended on the reporting date, to provide an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information in accordance with Article 10 EU-AR

We were appointed by the General Meeting of 6 May 2021 as statutory Group auditor. We were instructed by the Administrative Board on 22 December 2021. We have been acting as Group auditor for Serviceware SE since fiscal 2018 without interruption.

We hereby declare that the audit opinions in our audit report are in conformity with the additional report to the Audit Committee in accordance with Article 11 EU-AR (Audit Report).

OTHER FACTS - USE OF THE AUDIT CERTIFICATE

Our audit certificate should always be read in conjunction with the audited consolidated financial statements and the audited consolidated management report as well as the audited ESEF documents. The consolidated financial statements and the consolidated management report converted into the ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited consolidated financial statements and the audited consolidated management report and do not replace them. The ESEF opinion and our audit opinion contained therein may, more particularly, only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Daniel Schulz.

Düsseldorf, 23 March 2022

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Grote	Schulz
Auditor	Auditor

Declaration by the legal representatives

Concerning the Financial Statements and the Management Report for fiscal 2020/2021

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

Idstein, 23 March 2022

Dirk K. Martin | Harald Popp | Dr. Alexander Becker

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 software 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 5 of the 7 largest German companies. The head office of Serviceware is in Idstein, Germany. Serviceware employs more than 500 employees at 14 international sites.

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

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

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