SERVICEWARE

Annual Report 2021/2022

Ratios

Ratios of the IFRS Financial Statements

in EUR million	2021/2022	2020/2021
Profit and loss account		
Sales revenues	83.2	81.3
- therof Service/SaaS	48.1	40.1
EBITDA	-1.6	2.2
EBIT	-5.9	-1.3
Earnings before taxes	-5.8	-1.4
Earnings after taxes	-3.9	-2.0
Balance sheet		
Cash and cash equivalents	29.1	34.3
Equity	49.9	54.0
Borrowings	58.9	56.8
Balance sheet total	108.8	110.8

Information about the share

ISIN / Ticker symbol	DE000A2G8X31 / SJJ
Segment / Stock exchange	Prime Standard (Regulierter Markt) / Xetra
Oustanding shares	10.5 million
Free float	ca. 37.2 Prozent
Xetra year-end price (on 30.12.2022)	EUR 6.50
Market capitalisation on 31.12.2022	EUR 68.25 million

Further information

Fiscal year	1 December to 30 November
Head Office	Idstein
Headcount (on 30 November 2022)	517
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.

This annual report contains interactive elements whose functionality is only guaranteed when viewed in Adobe Acrobat® or Acrobat Reader®.

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Dear Shareholders,

2022 was a challenging year. For large parts of the economy. For the technology industry. And also for Serviceware. Russia's war against Ukraine marked the past year and had a global impact on the economy and society. Energy costs rose, and the economic development in almost every country around the globe was massively slowed down. The downturn in the economic situation also made itself felt at Serviceware in the form of a reluctance on the part of companies to take investment decisions. We are, therefore, only partially satisfied with the development in fiscal 2021/2022 (December 2021 to November 2022). Nevertheless, on the operational side, there were also numerous positive developments in the past fiscal year. Despite the economic slowdown, we continued to expand our unique Enterprise Service Management (ESM) platform as planned, made good progress in our international expansion and were able to win numerous new customers for our ESM platform worldwide, including several large companies and groups.

With the course we set and our operational successes in the past fiscal year, we are consistently pursuing our expansion strategy and are excellently positioned to benefit comprehensively from the radical change in the digitalisation of services which is gaining momentum. Comparable drastic transformations have occurred time and again in history. They have fundamentally and irreversibly changed economic processes and the way people live together. Companies have emerged as winners from these transformations and have had a decisive impact on the economic activity for decades (see also chapter „Transformation processes change the world“ in this Annual Report). Currently, the economy is once again on the threshold of such a radical change with the digitalisation of services. Serviceware is excellently positioned in this context with the consistent integration of Artificial Intelligence (AI), its unique ESM platform and its outstanding position in the comprehensive digitalisation and optimisation of service processes.

In fiscal 2021/2022, we recorded a high demand for our platform modules to analyse costs and increase the efficiency of service processes, Serviceware Financial and Serviceware Performance, while the demand for our modules to improve the quality of service processes was less strong. We are currently intensifying our sales activities as part of our expansion strategy. This has resulted in an increasing number of test installations and pre-contractual trials. We are increasingly succeeding in realising cross-selling potentials and leveraging synergy effects. More than one third of all new customers decide to use several modules from the ESM platform.

During the reporting period, we added, among other things, the Solution Bot to the ESM platform, which can be used to answer queries in chats automatically thanks to Intent Recognition and Artificial Intelligence. Through the use of AI, we are continuing to drive the digital transformation of service management and are taking service management to a new level. With AI, service processes can be mapped even faster and more efficiently. AI is also used in the new Performance AI module in Serviceware Performance 9.2 for Corporate Performance Management. In our AI Competence Centre in Darmstadt, we develop new applications in cooperation with the Technical University of Darmstadt and implement them in our innovative ESM platform. There were also releases for the Serviceware Processes and Serviceware Financial modules. Our ESM platform currently includes six AI components which support customers in automating their service processes.

Our total sales revenues at the end of November 2022 amounted to EUR 83.2 million and were thus 2.3 percent above the previous year's value of EUR 81.3 million. In the SaaS/Service business area, sales rose disproportionately by 19.9 percent to EUR 48.1 million from EUR 40.1 million. The SaaS/Service revenues now account for 57.8 percent of Serviceware's total revenues (prior year 49.3 percent).

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

The transformation of our business model from one-off licence payments to an SaaS business model with monthly recurring revenues goes hand in hand with a high growth potential and an increased ability to plan our business development. Our order backlog, essentially made up of advance payments received for maintenance and SaaS agreements, increased accordingly by 23.0 percent to EUR 32.4 million. The EBITDA reached EUR -1.6 million, compared to EUR 2.2 million during the the same period last year. Sales revenues and the EBITDA were thus in line with the forecast for the 2021/2022 fiscal year, which was adjusted in September 2022. Many companies held back on investments or postponed investment decisions due to the gloomy economic situation in Germany and other national markets. High upfront costs for the expansion of the SaaS/Service business area, which Serviceware expects to have a clearly positive effect on earnings in the coming quarters, also had a negative impact on earnings. The result for the period after taxes amounted to EUR -3.9 million (prior year EUR -2.0 million).

For the current fiscal year 2022/2023, we expect an increase in sales revenues in the order of 5 to 10 percent compared to the previous year and a moderate improvement in the earnings situation on an EBITDA level.

We would like to thank our business partners and our shareholders for their trust. We would also like to thank our employees in particular for their support and commitment. We look forward to continuing the growth of Serviceware together with you.

Yours sincerely

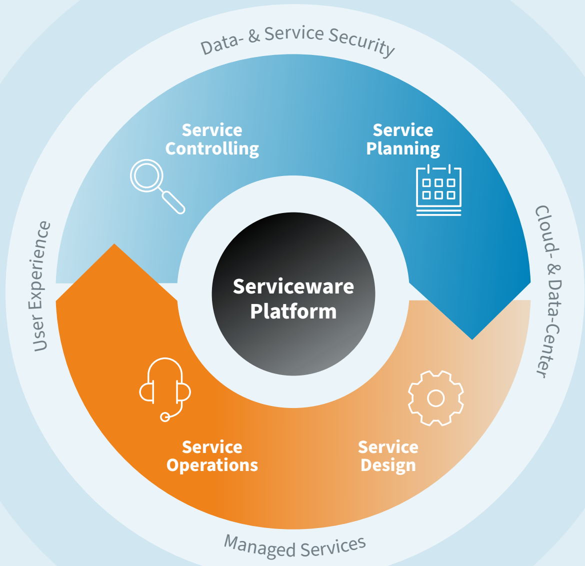
Dirk K. Martin – CEO **Harald Popp** – CFO **Dr. Alexander Becker** – COO

The Serviceware Vision

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

When services become digital

Successful entry into the service economy with Serviceware



Efficient digital processes and a high cost efficiency based on valid data are more than ever decisive for success in the market. This means for companies: they are planning and investing to meet growing competition and rising expectations of customers and the market. 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, companies of all industries and sizes create solutions with Serviceware for

- the simple planning and controlling of business processes
- the automation of the service portfolio and all processes within the company
- an optimum service experience for customers and employees

The Serviceware platform relies on state-of-the-art technologies, in particular sophisticated AI/ML functions. 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 a broad range of consulting and service offers as well as infrastructure solutions.

» A central lever for greater efficiency in planning and service is the use of AI and Machine Learning with the Serviceware platform. «

Cordula Thamm, Group Director
Product & Development at Serviceware

» As flexible as possible, as standardised as necessary - with best-practice solutions from Serviceware, companies gain a competitive edge. «

Tobias Unger, Group Director Product at Serviceware

The Serviceware Platform:

Solutions for optimised business processes and digital service management

Technology Business Management

A large part of the cost structure in any company is spent on technology. Technology Business Management (TBM) is dedicated to controlling and optimising IT costs based on the value they realise for the business, the quality and the associated risk factors. With **Serviceware Financial**, corporations simplify the complex process of IT Financial Management. All cost items can be monitored, controlled, planned and optimised in one application. Thanks to **Cloud Cost Management**, the solution provides a full overview - both on-premise and in the cloud. Serviceware's TBM implementation, the **Digital Value Model**, enables a particularly fast ROI with a unique, tried and tested procedure model.

IT and Enterprise Service Management

Enterprise Service Management (ESM) combines all processes of a company in which services are provided and enables an overall view of business-relevant workflows. It does not matter for whom these services are provided - whether for internal or external employees, customers or partners. An essential part of ESM is IT Service Management (ITSM), which controls the customer-oriented provision of IT services. With **Serviceware Processes**, companies establish automated processes in all areas of the company. Proven workflows based on industry standards enable a quick and easy start in ESM (e.g. in ITSM, HR Service Management, Facility Management or Customer Service Management).

Corporate Performance Management

Corporate Performance Management (CPM) is used for strategic corporate planning and corporate management. Essential components are the analysis of company-relevant ratios and the optimisation of processes based on the reports from Business Intelligence (BI). **Serviceware Performance** offers state-of-the-art, AI-supported planning and analytics functions with which modern companies can successfully carry out Corporate Performance Management simply and securely on the basis of consistent business figures in multiple scenarios.

Customer & Employee Experience Management

The digitalisation push is increasing the demands for fast and correct solutions from service organisations - whether as a customer, an employee, a patient or a citizen. At the same time, it is more important than ever for companies and organisations to work cost-consciously. The Serviceware platform offers software solutions to make service fast, easy, reliable and personal. With **Serviceware Knowledge**, **Serviceware Resources** and the **Solution Bot**, solutions are available which simplify customer-oriented service and enable **self-service**. This increases customer loyalty as well as the productivity of support centres.

HIGHLIGHTS 2022

JANUARY

Anniversary: Serviceware has been providing Resource Management solutions for ten years - made in Leiden, in the Netherlands

FEBRUARY

Move: New location for the Serviceware Headquarter in Idstein

MARCH

Serviceware wins world‘s leading mineral oil company as a customer

APRIL

Serviceware supports employees engaging in the Ukraine crisis

MAY

Come together: Lively exchange between the Serviceware team at the „Communication Weekend“ in Mainz

JUNE

German big bank relies on Serviceware platform for digital transformation

JULY

ITIL: Serviceware platform again recognised for important industry standards in IT service

PinkVERIFY™ ITIL® 4

AUGUST

Perspectives: Young colleagues learn about career opportunities at Serviceware

SEPTEMBER

Innovation: Focus on new technologies for even more customer benefits at the Coding Convention

OCTOBER

Live events with Serviceware customers in autumn

NOVEMBER

Serviceware launches new value-based cost model, the Digital Value Model

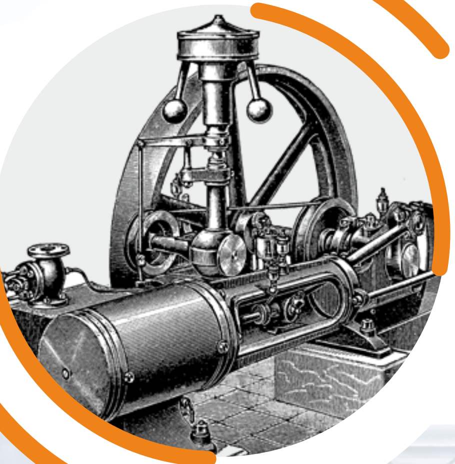
DECEMBER

Team spirit at the end of the year at self-organised Christmas markets of the Serviceware locations

Hover the cursor over the images for more views
(only when viewed in Adobe Acrobat® or Acrobat Reader®)

TRANSFORMATION PROCESSES CHANGE THE WORLD

The global business landscape has always been in a state of constant change. Technological advances, geopolitical events or changes in consumer behaviour challenge traditional business practices. For other companies, on the other hand, new possibilities and opportunities are opening up. Transformation processes of the last centuries have left a lasting mark on the economy and industry and have had a profound influence on society, work and companies. We present some examples of such radical changes - because the economy and society are currently undergoing another fundamental transformation: Service processes are being digitalised. This creates completely new perspectives and great opportunities for growth. It takes courage, innovation and a clear strategy to benefit from them.



The Industrial Revolution goes full steam ahead:

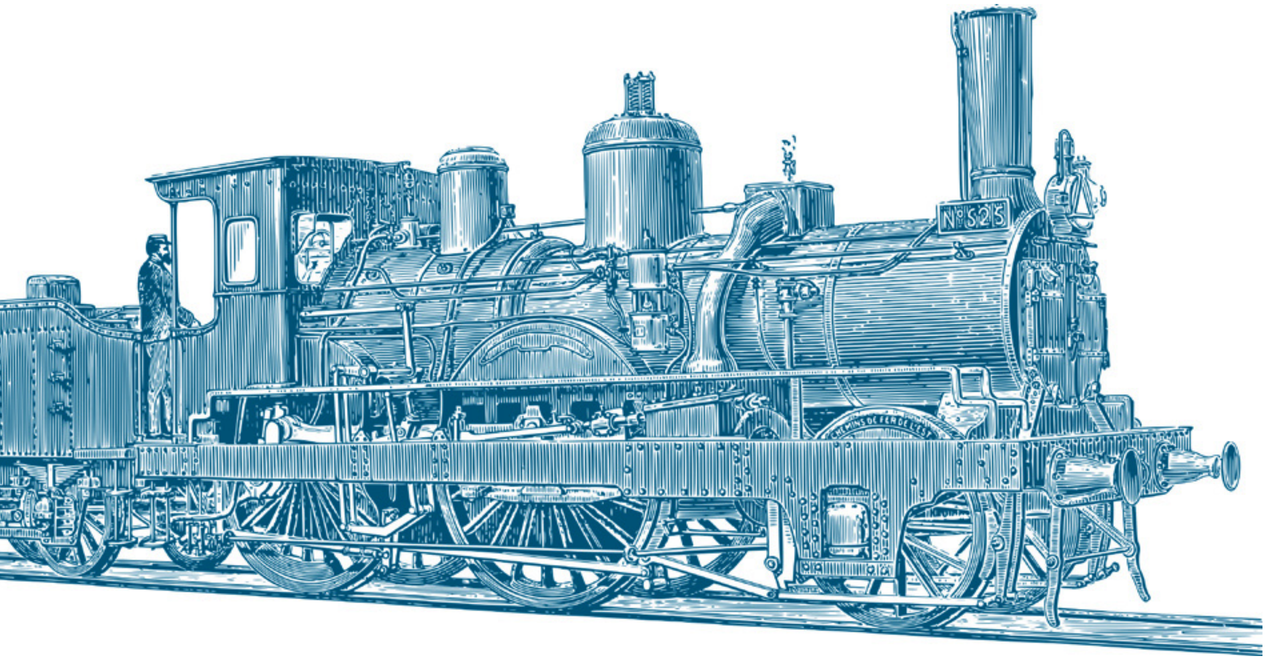
The steam engine as the cornerstone for economic growth

Just over 250 years ago, James Watt patented the steam engine, ushering in a new era: the Industrial Revolution. Even today, the descendants of Watt's steam engine are still in use.

With the steam engine, people had for the first time a device at their disposal with which they did not have to rely on power sources that were only available to a limited extent, such as water or muscle power, to move or manufacture things. Steam engines are heat engines that enable energy to be generated and exploited on an industrial scale. In a steam engine, thermal energy is used to vaporise water and convert it into kinetic energy. Water is heated in a boiler and brought to boiling point. The resulting steam enters a cylinder via valves and pipes. A slide valve controls the side on which the cylinder pressure is exerted. The steam drives a piston which is connected to a flywheel that transmits the kinetic energy to the machine to be driven.

Who invented it?

James Watt is often mistakenly named as the inventor of the steam engine. However, he did not invent it. As early as the 1st century, the Greek mathematician and engineer Heron of Alexandria worked on the phenomenon of converting thermal energy into kinetic energy. His so-called aeolipile is considered to be the first known and documented heat engine in history. It was not until many centuries later, in 1690, that the French physicist and inventor Denis Papin presented the first prototype of a steam engine which worked by means of a piston and cylinder. If the cylinder was alternately heated and cooled, the piston moved and was thus able to perform mechanical work. In 1698, the British inventor Thomas Savery developed a steam pump to pump groundwater out of galleries in mines. Thomas Newcomen, another British inventor, improved Savery's model in 1712. His atmospheric steam engine was the first to convert the energy of steam into motion. In the early 1760s, James Watt, as a university mechanic, was commissioned to repair a model of a Newcomen steam engine. In the process, he recognised the



Milestone of industrialisation: In 1804, the world's first steam locomotive in history officially runs. For the approximately 14 km long route from the factory in Merthyr-Tydfil in Wales to the canal it takes over four hours.

biggest problem: enormous heat losses and a high demand for coal. Watt optimised the operating sequence and made the machine much more efficient. Instead of repeatedly heating and cooling the entire cylinder, he moved the condensation of the steam into a separate housing, the external condenser. He also added a double wall to the cylinder. These improvements reduced heat losses and significantly less fuel was needed for operation. Watt gave his invention a new unit of measurement. He put the power of a horse in a mathematical ratio to the work done and thus developed horsepower - or hp for short.

Triumphant advance not only in rail transport

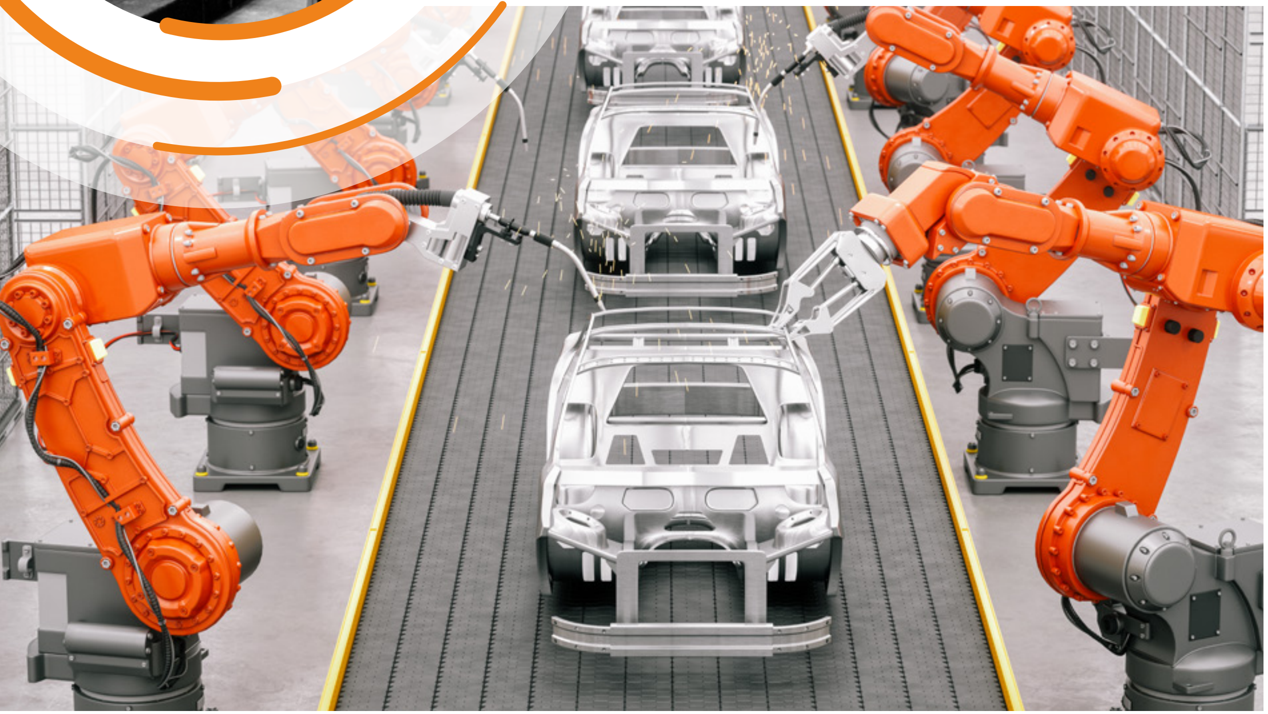
Watt's improvements and other variations saved more than 60 percent of coal, the fuel used to heat and evaporate water, in Britain's mines. Word quickly spread about the usefulness of his steam engine, and it soon became the driving force behind industrialisation and urbanisation. The steam engine made it possible to build factories independent of natural energy sources. More and more factories were built in cities. From the mines of Great Britain, the steam engine made its way into the textile industry and mechanical engineering. Later, it was also used in the operation of steam locomotives and ships. The steam engine simplified the transport and production of goods and enabled the construction of large factories. Large quantities of goods and raw materials could now be transported much more quickly and cost-effectively. People also now got from place to place more easily and cheaply. With the steam engine, the economy in England gained massive momentum. It is estimated that the gross domestic product in England increased from GBP 150 million in 1750, before the steam engine, to GBP 200 million in 1770. Only another 30 years later, after the steam engine had gained a foothold in countless industries, the gross domestic product was already at GBP 300 million, before it had already tripled to GBP 900 million in 1850.

A case for the museum? Steam engines still indispensable today

Steam engines are far from being old-fashioned and are still used in many industries today. In almost every modern power plant, the energy of steam is still used to generate electricity via generators and turbines. A large part of the electricity generated worldwide is produced by steam power. With one change: today, steam turbines have replaced pistons to convert the energy of steam into motion.

From Chicago via Michigan to the rest of the world:
Assembly line work revolutionises car production

For many people, owning a car is an expression of individual freedom and indispensable in every-day life. However, it was a long way from the first model to the mass product and factories where robots do most of the work today.

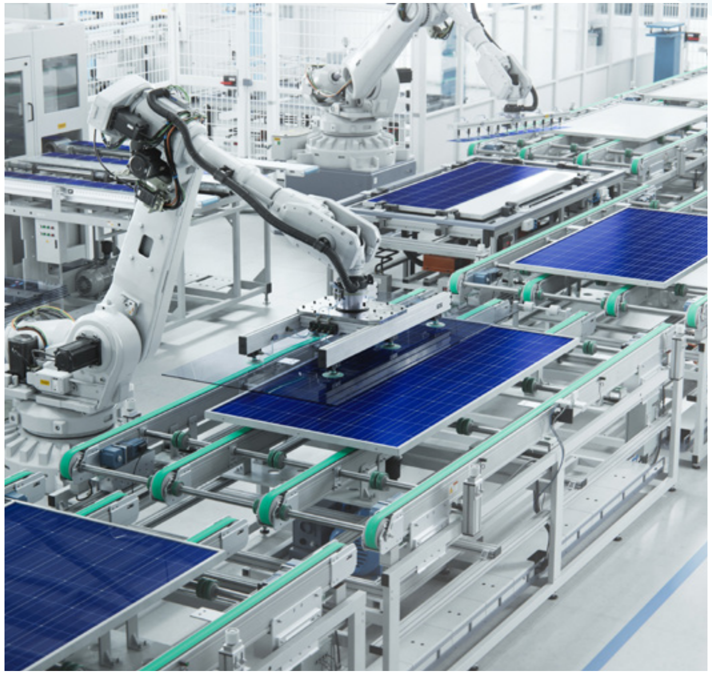


While today cars can be bought in almost every price range, more than 100 years ago only a minority with the necessary small change could afford the luxury of owning their own car. At the beginning of the 20th century, cars were still hand-crafted custom-made products. The introduction of the assembly line revolutionised working methods at the time and paved the way for the car for everyone.

Henry Ford and his “American Dream”

To this day, the assembly line is synonymous with industrial manufacturing. It brought economic progress and efficiency and is closely associated with the name of Henry Ford, the car pioneer and founder of the eponymous automotive manufacturer in 1903. Ford revolutionised not only the way cars were made, but also how hundreds of millions of people around the world worked and consumed decades later. In 1908, Ford launched “Model T” in the USA, known in Germany as the “Blechliesl”, the first automobile that will later be produced on an assembly line. In 1913, Ford ran an assembly line for the first time in his production halls in Michigan. He had the idea for this three years earlier during a visit to a slaughterhouse in Chicago. There he observed how the butchers disassembled pigs and cattle on conveyor belts. On these so-called “disassembly lines”, the animals can be moved from butcher to butcher, with one butcher responsible for a particular piece of meat at a time. Ford’s idea: assemble cars according to the same principle. Ford was by no means the first with this idea. Already in the early 15th century, ships were built in Italy according to this pattern. The Bremen coffee merchant Ludwig Roselius, founder of Kaffee Hag, also processed his coffee on assembly lines long before Ford. Ford, however, was the first to use the assembly line consistently in industrial production. With the arrival of a permanent assembly line, each employee in the production halls was immediately responsible for specified work steps. Each employee had a fixed workplace and the cars “flowed” past them. Because

In combination with state-of-the-art robots, assembly line work continues to be used in countless industries, as here on a production line for solar panels.



the Ford employees were only responsible for a few steps in the division of labour, work processes were radically accelerated, and production output increased significantly. The production time for a car was reduced from twelve hours to about 90 minutes by the introduction of assembly line work. Ford was now able to produce at significantly lower costs than the competition, which was also reflected in the price of the Model T. While the Model T initially cost over USD 800, the price dropped to USD 300 after the introduction of the assembly line. The car became a mass product and accessible to a broad section of the population. The assembly line marked the beginning of Ford's rise to become the global brand it still is today. By 1927 alone, Ford had sold more than 15 million units of this blockbuster. Henry Ford's dream that every American could afford a car had become a reality for the masses. It was not until the 1970s that Model T was replaced by the VW Beetle as the world's best-selling car.

Assembly line work still standard in car production

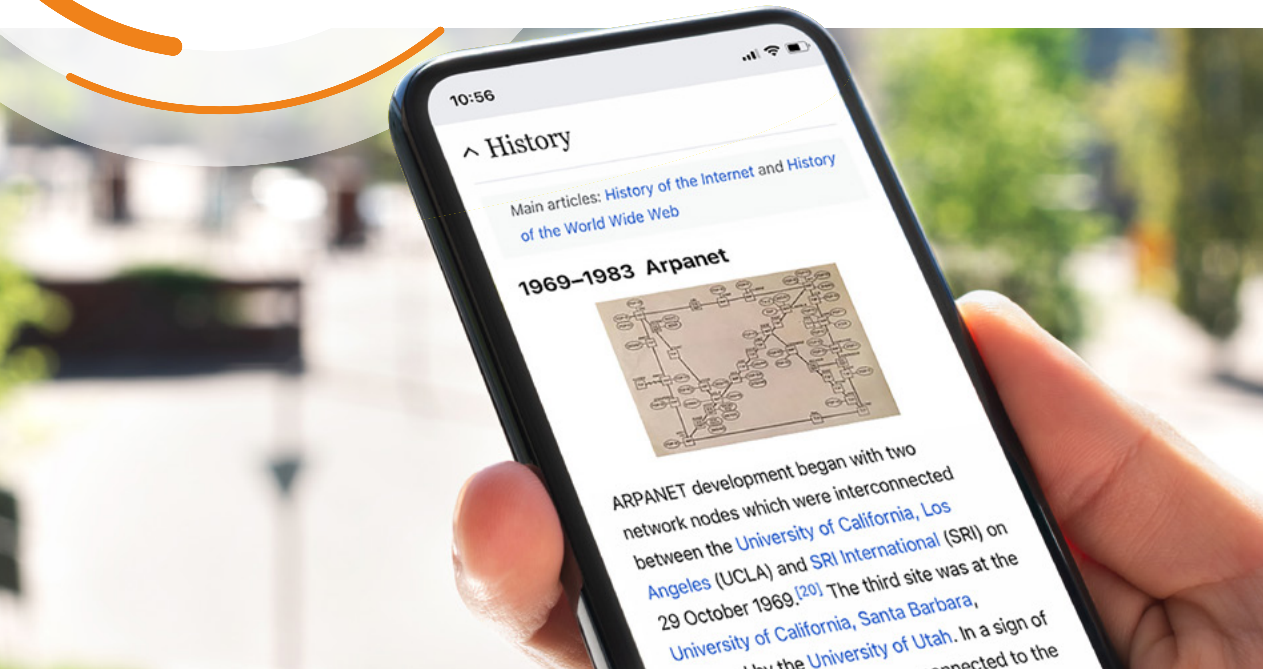
Ford was able to find numerous imitators worldwide with its production principles. Car manufacturers, first in the USA like General Motors and Chrysler and in Europe like Citroën, Volvo, Fiat and in Germany Daimler, Volkswagen and Hanomag also introduced assembly line production years later. The assembly line was first introduced in Germany by Opel, which had the first car to roll off the production line, the "Laubfrosch". The new production process also made cars more affordable for many people in Germany. The price of the Laubfrosch, for example, fell from 4,500 marks to just under 2,000 marks due to lower manufacturing costs. Without assembly line production, mass production in car manufacturing would still be inconceivable today, even though robots and automated systems have now taken over most of the work in conjunction with employees. The assembly line principle is constantly being expanded, for example in just-in-time production, and is an elementary building block on which the leading sector of German industry is based.

Radiance of the assembly line beyond the automotive industry

The outstanding importance of the automotive industry, which was also due to the assembly line, has set important impulses for several other industrial sectors. The aircraft industry and mechanical engineering, for instance, have increasingly converted their production to assembly line production. In America, probably no other invention has changed the way people live and work as permanently as the car. People in rural areas became mobile. The need for freedom and adventure grew in them. New hotels were built, roads were constructed, and the tourism industry flourished. Education, recreational facilities and better medical care also entered formerly isolated areas of the USA and modern cities developed with residential and industrial areas as we know them today.

Ubiquitous: The internet in your pocket

Send a quick voice message, check when the next bus is coming, stream your favourite series, read the latest news or book your next summer holiday from the comfort of your sofa. The internet has brought forth numerous technologies without which our everyday life would be almost inconceivable.



In the world of work, too, we encounter digitalisation everywhere - and not just when we look into the digital face of our colleagues in the morning video conference. We already encounter the Internet of Things when we wake up in our networked smart home, for instance when the coffee machine is turned on via our mobile phone. In factories, too, machines communicate with each other. Production processes are made much more efficient by the Internet of Things connecting and networking machines with each other. Machine-to-machine communication (M2M) achieves wireless automation and control and enables intelligent manufacturing of products.

Do you still have a city map?

It is the simplicity of the internet that makes it the tool of choice for communication and information gathering. Within a few seconds, I can check the cinema programme online and buy the tickets at the same time. The navigation system reliably guides me to my destination with just a few clicks. Holidays can now be planned and booked from home without having to go to a travel agency, and even fruit, vegetables and toiletries from the supermarket can be delivered to your doorstep in no time at all thanks to online services.

A brief history of the internet

The internet has existed since 1969, when it was known as “Arpanet” and was used to network mainframe computers at universities and research institutions. The Arpanet was intended to make more efficient use of the computing power of mainframe computers. Arpanet also served military purposes. In the event of a nuclear attack, it was supposed to ensure that communication was still possible.

The acoustic coupler, also known as a data telephone, is the forefather of modern modems. Today, the device for transmitting digital data via an analogue subscriber line is probably only used by real enthusiasts in daily use.

At the beginning of the 1980s, new transmission protocols were developed with which it was also possible to send e-mails. With the changeover to the Internet Protocol from the Arpanet protocols, the name “Internet” also began to establish itself. However, the internet did not become part of people’s everyday lives until the 1990s. The breakthrough came not only with the spread of personal computers in private households but also with the “World Wide Web”, a system developed by CERN for hypertext documents that can be linked to each other - the birth of websites. With the World Wide Web, mobile phones with GSM (Global System for Mobile Communications), a telecommunication network that allows mobile telephoning and surfing the Internet, were also increasingly used. Later, the phones were provided with built-in web browsers and e-mail clients.

Internet gives birth to global players

The internet gave birth to a multitude of companies which are now among the largest and most valuable corporations in the world across all sectors. Within just a few years, companies like Amazon have evolved from booksellers to global trading giants. Google is by far the most visited website in the world and has even made it into the dictionary with the verb “to google”. Networks such as Facebook, Instagram and YouTube count hundreds of millions of users every day and streaming services such as Netflix are competing with established television channels with their diverse offers and access and have revolutionised the way films and series are consumed today.

Shaping digital change

Digitalisation continues to advance with great strides in the private and business sectors. Processes, sales and working methods are becoming increasingly digitalised. Digitalisation has the potential to fundamentally change industry and the economy and is already generating numerous new products and services which are an integral part of the everyday lives of many. Key technologies such as Artificial Intelligence can increase prosperity and the quality of life in the long term. This requires intelligent networking, digital sovereignty, and a powerful data infrastructure.

Digitalisation of service processes:

The machine thinks with you

Companies of all sizes and in all sectors are constantly working to improve service processes through digitalisation. Today, service processes increasingly use digital communication channels and technologies.

With comparatively little effort, the digitalisation and automation of processes can significantly increase the customer experience and at the same time save costs and time. The digitalisation of service processes has also gained further momentum due to the Covid-19 pandemic and home office work. Due to rising manufacturing costs at companies as a result of current economic and geopolitical conditions, companies must also operate more cost-efficiently and digitise service processes more strongly.

Companies in Germany plan extensive investments in their digital future

80 percent of the companies want to increase their total IT budget. During the preceding year, this figure was 74 percent and two years ago it was 66 percent. 24 percent expect automation to „transform“ their own company‘s business model in the next three years. No other IT trend is expected to have anywhere near as much potential for change.

Quelle: “Digital Workflows 2023” study by CIO, CSO, Computerwoche

Development still at the beginning

Digitalisation? Still a foreign word in many service and administrative areas. Excel spreadsheets, manual data reconciliation and many manual processes with high error rates still dominate daily work processes. But improvement is in sight. While some companies have long since arrived in the digital world, also in service processes, others - especially in the SME sector - are still at the beginning of the development. But the signs of the times and the need for change are increasingly being recognised by companies and the willingness to invest in the digitalisation of service processes is growing. Companies believe that the biggest benefit of automation is improving the efficiency of business processes, according to NTT’s 2021 Global Customer Experience Benchmarking Report. The market for IT service automation is growing rapidly. The international market research and analysis company Gartner Group expects an average annual market growth of 22.8 percent until 2026 for the market segment “IT Financial Management”, which is particularly relevant for Serviceware.

Game changer Artificial Intelligence

Artificial intelligence (AI) is a central success factor for digitalisation in service management. Through its use, the efficiency, degree of automation, quality and speed of service processes can be significantly increased and higher customer requirements can be efficiently met. Many companies consider the customer experience factor to be a weak point in their product and solution portfolio, but at the same time consider a better customer experience to be a way for companies to differentiate themselves from the competition in the market.

Three quarters of the companies want to use Artificial Intelligence to make work processes more efficient

(CIO, CSO, Computerwoche)

Serviceware recognised the potential of Artificial Intelligence at an early stage and already occupies a leading position worldwide in the field of service processes. In the Group’s own AI Competence Centre in Darmstadt, Serviceware is driving forward the digital service transformation, developing new AI solutions in cooperation with the Technical University of Darmstadt and implementing corresponding applications and tools with AI in the software solutions of its unique ESM platform. The latter now already includes six AI components which support customers in automating their service processes.

» In a complex corporate structure and a very broad spectrum of applications and services, Serviceware offers us optimal tools for far-reaching automation in ticketing, asset manage–ment and the internal billing of our IT services. «

Sven Degenhardt, Head of IT-Governance & Services, Funke Group

» Serviceware meets all our requirements in the area of reporting and planning. For us, the investment has been worthwhile. And the price/performance ratio is right too. The products are fast and streamlined. They make the daily work of our users easier. «

Eileen MacAulay Schmitz, Finance Systems Specialist, Viseca

Cost savings with Serviceware Financial

Especially in large companies and groups with a high level of digital maturity and IT budgets in the high double-digit or triple-digit million range, there are high potential savings that can be made transparent and realised with the help of the ESM platform. As the IT analysis company Forrester has determined on the basis of company data from existing Serviceware Financial customers, the Serviceware module for IT Financial Management leads to significant cost savings and efficiency increases with an ROI of 270 percent.

Excellently positioned for further growth

Serviceware is constantly expanding its ESM platform and developing it further with new releases of individual modules. The global trend towards digitalisation, increased efficiency and quality improvement of service processes is a growth driver for Serviceware. With the ESM platform, Serviceware has a strong offering for all services. Serviceware has a proven business model and a strong international team. The company is well positioned in the market to participate in and shape the trend towards service digitalisation in the long term, to expand market shares and to accompany customers in the digitalisation of their service processes.

Sustainability at Serviceware:
Towards a climate-positive future

Sustainable business management and the consideration of ethical, social and ecological aspects (ESG criteria) are firmly anchored in Serviceware's corporate culture and are an integral part of the company. The management and employees assume responsibility towards all stakeholders on a daily basis and orient their business activities towards sustainability. In doing so, it goes without saying that they comply with the applicable regulations and laws of the respective country at all locations. Serviceware promotes international cooperation and attaches great importance to equal opportunities for all employees, including in application and selection procedures. No one may be discriminated against or disadvantaged on the basis of gender, age, skin colour, nationality, religion, sexual orientation or marital status. A secure and modern IT infrastructure and qualified staff ensure compliance with data protection when handling data of employees and customers, and ensure that sensitive data cannot be disclosed to third parties and used for third-party purposes.

Serviceware develops Sustainability Strategy 2030

During the 2021/2022 fiscal year, Serviceware developed a comprehensive sustainability strategy which is oriented towards the 17 Sustainable Development Goals (SDGs) of the United Nations for compliance with global principles of ethical action and business, and combines social, economic and ecological aspects. Numerous initiatives of the past years are applied in this strategy. The Sustainability Strategy 2030 comprises three strategic fields of action: environment, social affairs, and business and governance. It provides orientation for employees and other stakeholders, contains concrete strategic goals and is intended to serve as a basis for the entrepreneurial actions of all Serviceware employees. During the development of the Sustainability Strategy 2030, Serviceware comprehensively involved all stakeholders and incorporated their expectations into the strategic orientation. In the future, Serviceware will continue to proactively shape social change and further expand its activities in the area of ESG. In the course of 2023, Serviceware will concretise and publish further focus initiatives as part of its sustainability strategy. These will include the establishment of an electronic learning system and a leadership development programme.

In 2022, the climate tech company planetly measured Serviceware's CO_2 footprint for the first time for the 2020/2021 fiscal year. An emission of 3,048 tonnes was determined, which corresponds to 6.9 tonnes per employee (based on full-time equivalents). The footprint was determined for areas which can be directly influenced by Serviceware. The CO_2 footprint of Serviceware is to be successively reduced. Serviceware's goal is to be climate-positive by 2030.

Serviceware has already successfully implemented numerous activities in the fields of social affairs, environment and governance. The following is an overview of selected Serviceware activities in the field of ESG:

Wellbeing atmosphere at the workplace: Creating good cooperation in close exchange with employees

In times of a shortage of skilled workers, committed, excellently qualified and, more particularly, satisfied employees are now more than ever a decisive factor for the long-term success of companies. In recent years, Serviceware has implemented various measures to further increase employee satisfaction. These include flexible working hours, a balanced ratio of home office and face-to-face work, various events and working in state-of-the-art offices with appropriate office equipment. In the “my.Serviceware” working group, employees implement various measures and projects to further improve the working atmosphere, including sponsoring sporting and team activities or “wellbeing” campaigns with lounge furniture and green plants. As part of the women’s network “Women@Serviceware”, the female employees at Serviceware have formed several working groups on topics such as career, recruiting and further development. The goal is to get even more women interested in the IT industry and to increase Serviceware’s attractiveness as an employer. With

SOCIAL

People are at the center of our success, as team members and business partners.

Mutual respect and appreciation are the building blocks for fair and excellent collaboration with our business partners and team members.

FOCUS TOPICS	GOALS 2030
Employer Attractiveness	Serviceware is a well known European employer brand powered by personal development, trustful leadership and the Serviceware company culture.
Diversity	Diversity leads to more creativity and success. That is why we promote diversity and variety in the company and continuously strengthen the equal rights of our employees.
Training and Education	We are increasing the training and development of our employees so that each individual and the company as a whole is prepared for future requirements.

ENVIRONMENT

The sustainable use of our environment and all its resources is in line with our philosophy.

A climate- and resource-friendly future is our goal, and we act accordingly.

FOCUS TOPICS	GOALS 2030
Emissions	We are becoming CO_2-positive in those areas of our business that we can directly influence.
Energy & Energy-efficient IT	We explicitly include ecological efficiency criteria in our product and IT strategy.

various training measures, women are to be promoted in an even more targeted manner. The proportion of women at Serviceware is to be increased further and, with 25.2 percent, is already well above the proportion of women in the German IT industry of around 18 percent, as determined by the Internet Industry Association. A good indicator of employee satisfaction is the fluctuation rate, which is 11.9 percent at Serviceware; in Germany as a whole, it reaches around 30 percent. Serviceware employees were on sick leave for an average of 10.9 days. As the latest figures for 2022 from the BKK umbrella organisation show, employees in Germany were on sick leave for an average of 18.2 days.

ECONOMY & GOVERNANCE

Ethical conduct is the basis of our economic activity.

Since our foundation in 1998, adherence to the principle of legality and acting responsibly and fairly in our business dealings have always been and will always be the cornerstone of Serviceware's corporate values.

FOCUS TOPICS	GOALS 2030
IT and Data Security	We are constantly improving the consistent protection of our company's data as well as the data of our customers and partners. Information security and the maintenance of confidentiality in accordance with legal requirements have absolute priority for us.
Governance Guidelines/Ethics	Compliance, anti-corruption and integrity are of the utmost relevance to us. We continue to actively minimize risks in these areas and expand corresponding preventive measures.

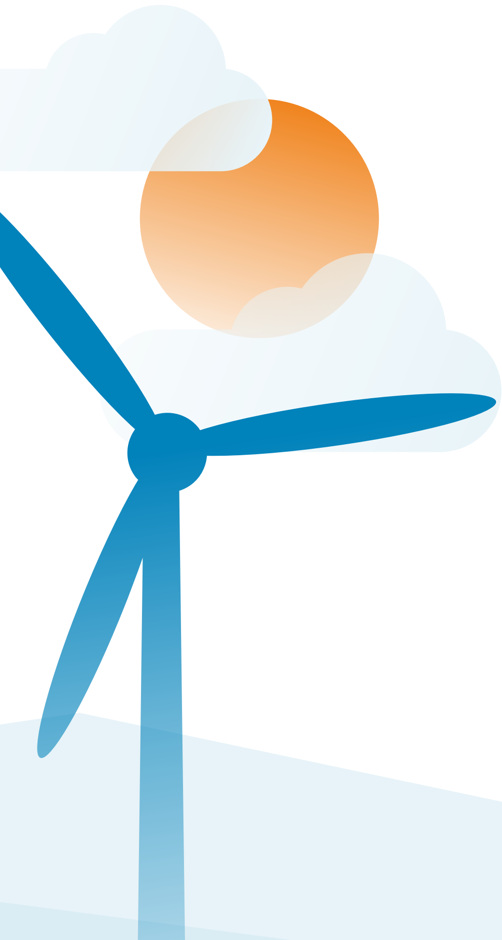
8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Awards

Serviceware and its employees agreed on common principles of cooperation back in 2006, which continue to serve as a maxim for successful collaboration. Employees who live these principles and values in a special way are honoured by Serviceware with the "Maxi Award". The award winners are nominated by their colleagues, who thus express their appreciation in a special way.

Serviceware has already received several awards as an attractive employer. In an analysis carried out by the employer evaluation platform kununu and the ZEIT publishing group, Serviceware is one of the "Most Wanted Employers" and is among the 1,000 most popular employers in Germany out of more than 1 million companies reviewed. Among other things, Serviceware was able to score points with an above-average recommendation rate and a high employee evaluation score. Serviceware was also named a "Top National Employer" by Focus magazine.



The skilled workers of tomorrow - trained today

For more than ten years, Serviceware has offered university graduates a sales trainee programme and students a dual course of study in business information systems leading to a Bachelor of Science degree. In this way, Serviceware ensures that highly qualified staff can continue to implement the Serviceware platform for customers in the future. Based on the many years of experience and success of the Sales Trainee Programme and dual studies, Serviceware has launched a new Pre-Sales and Consulting Trainee Programme in June 2022. During the two-year programme, participants will be trained as consultants in the field of technical implementation or pre-sales. At the company's German locations, the trainee rate is 8.6 percent, which is significantly higher than the German average of 4.8 percent in 2020. After their successful completion, students and trainees can take on a variety of activities in different departments and subject areas at Serviceware. As part of perspective days, individual training sessions and workshops with Serviceware employees, they gain insights into the various areas of Serviceware. Together, perspectives and development opportunities are to be explored and worked out to strengthen the basis for a long-term and trusting cooperation.

Strong commitment to environmental and climate protection

Serviceware is subject to numerous environmental regulations and corresponding regulatory ordinances in its operational business activities, which must be applied and complied with by employees at all times. Impacts on the environment, climate and health are to be avoided and kept as low as possible. The company's own carbon footprint is to be continuously improved, resources are to be preserved and costs are to be reduced. Serviceware attaches great importance to environmentally friendly office communication. Even before the onset of the Covid-19 pandemic, Serviceware cultivated a distinct digital meeting culture and made extensive use of video and telephone conferences. In addition, employees have been able to work from home for several years already. Almost all processes in day-to-day business are digital and paperless, and invoicing is already completely electronic. Serviceware's Annual Reports are published exclusively in digital form.

In 2022, 69 percent of all business trips were made by rail, compared to 59 percent in the pre-crisis year of 2019. Serviceware offers its employees job tickets for the use of public transportation as well as company bicycles. In addition, the company's own vehicle fleet is gradually being converted to alternative drive technologies. Hybrid models now make up around 15 percent of the fleet. Serviceware has launched a company-wide energy-saving campaign in the course of which the CO_2 footprint is actively managed and, among other things, all indoor and outdoor lights at the headquarters in Idstein are switched off.

Support for people affected by the Ukraine war

Social commitment has always been a top priority at Serviceware. As an internationally active software company, Serviceware assumes responsibility not only for its employees, but for all stakeholders. The company is aware of its social responsibility and actively supports various social causes, programmes and public institutions. Serviceware employees have organised several collection and aid campaigns for those affected by the Ukraine war and, among other things, have taken in refugees from Ukraine at their homes. In addition, local aid projects were supported and donations amounting to EUR 7,500 were collected by employees for Ukraine. Furthermore, dozens of laptops, mobile phones and tablets were donated to refugees from Ukraine.

The Serviceware Share in 2022

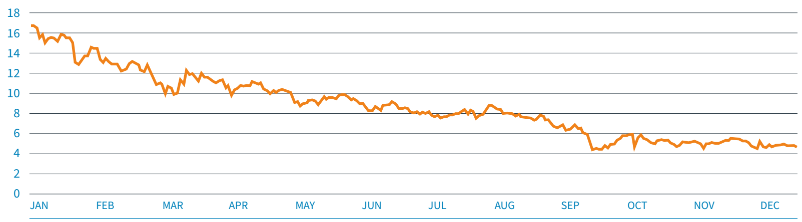
Stock markets nationally and globally

The international stock markets ended the year 2022 with significant losses in many areas. The German Share Index (DAX) lost 12.3 percent of its value over the year as a whole. In the previous year, the DAX had still gained almost 16 percent. The small and mid-cap indices MDAX and SDAX recorded an even more significant drop in value, each falling by around 29 percent. The TecDAX likewise fell considerably in value over the course of the year, ending 2022 with a drop of around 26 percent. But it was not only in Germany that investors suffered heavy losses in 2022. The picture was similar on the international stock markets. The EURO STOXX 50 ended 2022 with a drop of more than 12 percent and the U.S. S&P 500 index fell by around 20 percent.

The year 2022 was characterized by numerous geopolitical and economic uncertainty factors, which also impacted the capital markets. The main reason for the weak stock market year was Russia's war of aggression on Ukraine. As a result, energy costs exploded in Germany and many other countries around the world. High energy prices added to the already high inflation and economic slowdown. Central banks responded to this with significant and rapid interest rate hikes.

in EUR

Xetra price Serviceware SE from 1.1.2022 to 31.12.2022



Source: ▹ https://www.ariva.de/serviceware-aktie/chart/chartanalyse

Share price of Serviceware SE

The Serviceware share entered the 2022 stock market year at a price of EUR 17.30. The share reached its high of EUR 18.00 on 3 January. As the year progressed, the Serviceware share, like the shares of many technology companies around the world, suffered sharp setbacks. The share reached its low for the year on 27 September at EUR 6.10. At the end of the year, the share was quoted at EUR 6.50. This means that the loss within the year amounted to 62.9 per cent. On the reporting date, the market capitalisation of Serviceware SE was EUR 68.25 million.

Stock exchange activity 2022

During the period from 1 January to 31 December 2022, a total of 1.47 million Serviceware shares were traded on all stock exchanges, the majority of which (1.02 million shares) were traded on Xetra. The overall trading volume in 2022 amounted to EUR 13.81 million (Xetra: EUR 10.37 million). On average, 5,737 Serviceware shares were traded daily on all stock exchanges, 4,337 of them on Xetra. The resulting average trading volume per trading day was EUR 53,731 (Xetra: EUR 44,117).

Analyst coverage

The business and share development of Serviceware is currently being followed by the analysts of the research houses Montega AG and Quirin Privatbank AG and covered by regular analyst studies. At the time of drafting this Annual Report (Q1 2023), the Serviceware share was assessed as follows:

Bank	Last update of	Recommendation	Upside target
Montega	27.02.2023	Buy	EUR 18.00
Quirin Privatbank	26.09.2022	Buy	EUR 18.50

Based on the price level of EUR 6.70 as at 28.02.2023, the two research houses see a very high price potential for the Serviceware share of currently around 167 percent and 176 percent, respectively.

Investor Relations activities

Serviceware meets the highest transparency requirements with its listing in the Prime Standard of the Frankfurt Stock Exchange. The company attaches great importance to the need for information of the capital market and regularly informs about current developments in the company via ad hoc disclosures and corporate news. In addition, interim reports for the quarters and annual reports for the entire year are published. Investors and interested parties can find information on the company and the share on the corporate website. All corporate documents are provided in German and English, and some are also available in Dutch.

During the reporting period, the management of Serviceware held numerous individual and group meetings with investors, including a steadily increasing number of international investors. During these meetings, information was provided about the company's business model and strategy. In November 2022, Serviceware participated in the German Equity Forum in Frankfurt am Main and explained the business model as well as the corporate strategy and business development to a large number of investors, journalists and analysts in the course of a company presentation and individual and group discussions. In addition, product demonstrations were carried out to inform about the strategy and its implementation.

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 percent
Xetra opening price on 03.01.2022	EUR 17.30
Annual high	EUR 18.00
Annual low	EUR 6.10
Xetra year-end price on 30.12.2022	EUR 6.50
Market capitalisation on 31.12.2022	kEUR 68,250
Designated Sponsor	ICF Bank
Analyst coverage	Montega, Quirin Privatbank

Dear Sir or Madam

The fiscal year 2021/2022 of Serviceware was characterised by both positive developments and major challenges.

The implementation of the Serviceware platform strategy as a basis for further growth progressed successfully with great strides. On the other hand, the past fiscal year was marked by the ongoing Covid-19 pandemic and the war in Ukraine, which not only led to immense human suffering, but also to economic challenges such as supply bottlenecks in numerous industries and severe inflation.

Thus, in the fourth quarter of the last fiscal year, the guidance with regard to the financial result had to be adjusted. The Administrative Board is only partially satisfied with Serviceware's financial results for the past fiscal year and has suggested that measures be initiated to improve performance.

On a positive note, it was again possible to win well-known international companies as customers in the past fiscal year. At the beginning of the year, for instance, a leading global petroleum company from America decided to use the ESM platform module Serviceware Financial and thus ensured one of the largest deals in Serviceware's corporate history. Another highlight deal at the end of the year was the acquisition of a Fortune 500 retailer as a new customer, likewise with the Serviceware Financial platform module. But there were also large new customers in the DACH region, such as a big German bank or an Austrian technology group.

Now that the Covid-19 situation in Germany has comparatively returned to normal and almost all restrictions have been removed, Serviceware's traditional "Communication Weekend" in Mainz was once again able to take place in person in May 2022. At the Communication Weekend, Serviceware employees from different countries and locations meet to exchange ideas together and to discuss and fine-tune strategic initiatives. This event once again demonstrated the importance of a direct personal exchange for the employees of Serviceware.

The Serviceware platform underwent significant functional enhancements in the past fiscal year. More than 10 individual releases across the entire platform offer customers expanded options for automating their service processes even more efficiently and thereby increasing cost transparency and economic efficiency.

Artificial Intelligence continues to be a key technology in this regard. In March 2022, for example, the Solution Bot was launched. With this AI-supported solution, customer enquiries can be answered automatically and the customer experience in self-service can be improved. But the possibilities for managing service costs were also greatly expanded: With Cloud Cost Management, customers keep an eye on their cloud and on-premise costs with the Serviceware platform. In addition, a new, value-based cost model, the Digital Value Model (DVM), provides even more cost transparency even faster.

A special moment was certainly the company's move from its founding location in Bad Camberg to Idstein during the 24th year of its existence.

Activities of the Administrative Board

The Administrative Board fulfilled in fiscal 2021/2022 the tasks and obligations to be fulfilled in accordance with the law, the articles of association and the internal regulations with 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 and one extraordinary meeting 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 2021 / 2022. The meeting of the Administrative Board on 8 December 2021 was held as a conference call, the meeting on 3 February 2022 took place in the presence of all members of the Administrative Board. The meetings on 23 March 2022 and 22 June 2022 were attended by all members of the Administrative Board except the Chairman, who was connected via video conference. The meeting of the Board of Directors on 12 September 2022 was held physically, the meeting on 22 September 2022 as a video conference.

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 8 December 2021, 3 February 2022, 23 March 2022, 22 June 2022, 12 September 2022 and 22 September 2022 had the following foci:

Focus of the deliberations at the Administrative Board

1st quarter 2021/2022

At the meeting of the Administrative Board on 8 December 2021, the further course of action with regard to the Covid-19 pandemic was agreed. Even though the infection rate was very low in the operational environment at Serviceware, the high infection rates in the private environment have had a negative impact on the sickness rate of the employees. In addition, a resolution was passed to hold the Annual General Meeting virtually again in 2022.

The focal points of the meeting of the Administrative Board on 3 February 2022 were the consideration of the transformation of Serviceware’s business model from the classic licence model to the SaaS model and the regular risk report of the CFO.

In addition, the challenges in personnel recruitment, especially in the area of Product Development, were addressed.

2nd quarter 2021/2022

During the meeting of the Administrative Board of 23 March 2022, after the report by the auditor attending (via video conference), the financial statements of Serviceware SE and the combined consolidated management report for fiscal 2020/2021 and the consolidated financial statements of the Serviceware Group and the combined consolidated management report for fiscal 2020/2021 were adopted and hence approved.

Moreover, the agenda for the annual meeting on 12 May 2022 was approved.

3rd quarter 2021/2022

For an IT company like Serviceware, IT security is one of the central risks. Against this background, the assessment of the current status of IT security was one of the main topics of the meeting of the Administrative Board on 22 June 2022.

In addition, inorganic growth options were discussed, although these did not materialise in retrospect.

Another focus was on the technology roadmap of the Serviceware platform.

4th quarter 2021/2022

At the meeting of the Administrative Board on 12 September 2022, various scenarios for the further business outlook for the current fiscal year were intensively discussed with the perspective of the upcoming accounting close of the third quarter.

In addition, the service contracts of the CEO and CFO expiring on 31 January 2023 were extended.

Another focus of the consultation was the orientation of future liquidity management against the backdrop of no more penalty interest on liquid funds.

Based on the outcome of the scenario discussion initiated at the meeting on 12 September and the Q3 figures now available internally, the guidance for the current fiscal year was adjusted at the extraordinary meeting of the Administrative Board on 22 September 2022 and published immediately afterwards.

Committees of the Administrative Board

The Administrative Board, consisting of the statutory number of three members, also acts as the Audit Committee. There are currently no other Board committees. Other than that, 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 January 2018
- Harald Popp, since 30 January 2018
- Ingo Bollhöfer, since 30 January 2018

Mr. Debus was last re-elected as Chairman of the Administrative Board by the ordinary general meeting on 6 May 2021.

The other members were all re-elected by the ordinary general meeting of 12 May 2022.

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 24 January 2023. 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/de/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 12 May 2022 to audit the financial statements for fiscal 2021/2022 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 2021/2022 and issued an unqualified audit certificate.

During the meeting of the Administrative Board on 22 March 2023 deliberations took place with the Managing Directors in the presence of the external auditor who reported about 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 review 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 22 March 2023. 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 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 2021/2022.

Idstein, March 2023

Christoph Debus
(Chairman of the Administrative Board)

Combined Management and Consolidated Management Report 2021/2022

Serviceware SE, Idstein

30 .... Combined Management and Consolidated Management Report
40 .... Opportunities and Risks
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46 .... Corporate Governance Statement according to §§289f, §315d HGB
49 .... Compensation System
50 .... Disclosures in accordance with §289a and §315a HGB
55 .... Supplementary Report
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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 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

According to calculations by the Federal Statistical Office, the price-adjusted gross domestic product in Germany rose by 1.9 percent in 2022 versus prior year. The economic development was significantly influenced by the Russian war of aggression on Ukraine and the related challenges, especially with regard to energy supply and the associated price developments. In addition, the challenges of recent years in the area of material and supply bottlenecks persisted. However, the effects of the Covid-19 pandemic have clearly diminished over the course of the year. After the German gross domestic product had already grown by 2.6 percent in 2021, economic output is now again above that of 2019, the year before the Covid-19 pandemic.[1]

The economic development in 2022 follows the geopolitical events. The first quarter was still marked by the recovery from the Covid-19 pandemic and recorded the strongest growth of the year at 0.8 percent compared to the previous quarter. In the second quarter, the first effects of the Russian war of aggression in Ukraine impacted economic growth, which declined to 0.1 percent. Driven by private consumption after the lifting of al-most all Covid-19 restrictions, economic output increased more significantly again in the third quarter with a plus of 0.5 percent. Due to increased uncertainty, driven among other things by inflation rates of over 10 percent in some cases, growth finally stagnated in the fourth quarter.[2]

The economic development is also reflected in the German government’s preliminary budget statement. By cutting back on subsidies and relief for companies and in the health sector, expenditure was reduced by 13.6 percent versus prior year. Tax revenues, on the other hand, increased by 7.6 percent, resulting in a budget deficit of EUR 115.4 billion. The relief provided to the state budget by the expiring Covid-19 measures was partially outweighed by new burdens from the energy crisis resulting from the Russian war of aggression in Ukraine. However, some of the subsidies and relief already decided to mitigate inflation, such as the price curbs for electricity, gas and heat, will not have their fiscal effect until 2023.[3]

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[1] https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_020_811.html
[2] Jahreswirtschaftsbericht (Annual Economic Report) 2023 „Wohlstand erneuern“ of the German Government page 136.
Download (German version) under: https://www.bmwk.de/Redaktion/DE/Publikationen/Wirtschaft/jahreswirtschaftsbericht-2023.html
[3] https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2023/01/2023-01-12-vorlaeufiger-haushaltsabschluss-2022.html

Inflation for the year as a whole reached 7.9 percent, the highest level in decades. The inflation rate was thus significantly higher than the previous year's value of 3.1 percent. The main drivers were extreme price increases for energy and food since the beginning of the war in Ukraine. Monthly inflation rates were high throughout 2022, peaking at 10.4 percent in October. This value weakened again somewhat towards the end of the year with a value of 8.6 percent in December.[4]

The business climate in Germany suffered a significant setback in March 2022 with Russia's attack on Ukraine and was not able to fully recover from it in the further course of the year. After the low in September, however, the Ifo Business Climate Index has been rising for three months in a row.[5] But it should be mentioned that the business climate in the digital industry remains at a significantly higher level compared to other economic sectors.[6]

The economic development also continued on the labour market. In November, the number of employed persons reached a new high of 45.9 million.[7] At the same time, the unemployment rate increased slightly due to the registration of Ukrainian refugees and stood at 5.4 percent in December 2022, 0.3 percentage points higher than the prior-year figure of 5.1 percent.[8]

Last year, industry suffered from high procurement prices and a shortage of materials. Industrial production stabilised recently after a weak start to the fourth quarter. Demand in the manufacturing sector, on the other hand, fell sharply, but was strongly influenced by the lack of large orders from abroad. Private consumer spending was the most important pillar of growth in the German economy in 2022. In price-adjusted terms, it rose by 4.6 percent compared to the previous year, almost reaching the pre-crisis level of 2019.[9]

[4] https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_022_611.html
[5] https://www.ifo.de/fakten/2022-12-19/ifo-geschaeftsklimaindex-gestiegen-dezember-2022
[6] https://www.bitkom.org/Digitalindex
[7] https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_002_132.html
[8] https://www.destatis.de/DE/Themen/Wirtschaft/Konjunkturindikatoren/Arbeitsmarkt/arb210a.html
[9] https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2023/20230113-die-wirtschaftliche-lage-in-deutschland-im-januar-2023.html

1.2 Industry Development

The digital industry was very stable in 2022 despite a difficult economic environment. Compared to the overall economic development, growth in information technology, telecommunications and consumer electronics was disproportionately high at 4.0 percent. The strongest growth came from the information technology sector, which increased by 6.6 percent versus prior year. Within IT, the software sector showed the strongest growth with an increase of 9.4 percent.[10]

The expectations for the current year 2023 are optimistic. The estimated growth amounts to 3.8 percent. The Bitkom-Ifo Digital Index was able to recover at the end of 2022 from its slump as a result of the war against Ukraine and was in December again at a similarly high level as at the beginning of the year.[5, 9]

The field of Artificial Intelligence (AI) is considered to be a future-proof technology in the German economy. In a Bitkom study from September 2022, 65 percent of the companies surveyed said they saw opportunities in the use of AI. The greatest potential for the use of AI is perceived in the optimisation of processes and in the strengthening of competitiveness. Despite this assessment, only nine percent of the companies surveyed have used AI themselves. A year ago, it was eight percent. The biggest obstacles to the use of AI in companies are currently a lack of human resources and a lack of data for AI use. “Many companies are forced to go into crisis mode: Rising energy costs and high inflation rates, as well as disrupted supply chains as a result of the Covid-19 pandemic and the war against Ukraine, are putting a strain on the economy. This leaves little room to think about new technologies and business models for the future,” says Bitkom President Achim Berg.[11]

The number of employees in the digital industry increased further by 45,000 employees last year.[12] At the same time, there are still 137,000 vacancies for IT professionals. This figure is even higher than in the pre-Covid-19 year 2019 with 124,000 unfilled positions. The structural shortage of skilled workers is thus becoming a risk for the digitalisation of the German economy. For the year 2023, the creation of new positions for IT special-ists is already expected to continue.[13]

According to a study by the analyst firm Gartner, global IT spending by companies has fallen slightly by 0.2 percent in 2022. The uncertain economic development has led to companies questioning or postponing their investment decisions. A reversal of the trend and moderate growth of 2.4 percent are expected for 2023.[14]

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[10] ITK market figures (January 2023) available under: https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland
[11] https://www.bitkom.org/Presse/Presseinformation/Kuenstliche-Intelligenz-2022
[12] Presentation „Jahres-Pressekonferenz 2023“ (Annual Press Conference) to be found under: https://www.bitkom.org/Presse/Presseinformation/Digitalbranche-trotzt-der-Krise-schafft-neue-Jobs
[13] https://www.bitkom.org/Presse/Presseinformation/Deutschland-fehlen-137000-IT-Fachkraefte
[14] https://www.gartner.com/en/newsroom/press-releases/2023-01-18-gartner-forecasts-worldwide-it-spending-to-grow-2-percent-in-2023

1.3 Business Development

Serviceware ratios of the financial statements for fiscal 2021/2022 from 1 December 2021 to 30 November 2022

	01 December to 30 November			
In kEUR	2021/2022	2020/2021	Variation	%*
Sales revenues	83,180	81,282	1,899	2.3
- thereof SaaS/Service	48,062	40,093	7,970	19.9
EBITDA	-1,634	2,189	-3,823	>-100
EBIT	-5,851	-1,268	-4,582	>-100
Financial result	18	-158	176	>-100
Result for the period before taxes	-5,833	-1,427	-4,406	>-100
Income tax	1,876	-574	2,449	>100
Result for the period after taxes	-3,957	-2,000	-1,957	-97.8
	30.11.2022	30.11.2021		
Cash and cash equivalents	29,075	34,323	-5,248	-15.3
Churn Rate (Maintenance & SaaS)	4.6 %	3.7 %	0.9 %	24.3
Churn Rate (Maintenance)	7.2 %	5.8 %	1.4 %	25.0
Recurring revenue share	67.6 %	61.5 %	6.1 %	10.0

Please note: All figures have been rounded to the nearest thousand in accordance with commercial practice. This may result in rounding differences when totals are calculated. The relative change is calculated on the unrounded values.

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

During the fiscal year 2021/2022, Serviceware was able to achieve a solid business development despite an economic slowdown. Sales revenues increased – albeit less than initially expected - by 2.3 percent to EUR 83.2 million, thus exceeding the record value of the previous year by another EUR 1.9 million. The strategically important SaaS/Service segment achieved the strongest growth with 19.9 percent. This is also accompanied by an increase in the share of recurring revenues by 6.1 percentage points to 67.6 percent of total sales revenues. Especially in times of economic uncertainty, this development provides a high degree of planning security.

The churn rate[15] reported in previous years refers to the maintenance revenues of Serviceware. In order to take into account the increased importance of SaaS, reporting is expanded this year to include another churn rate, which covers both the maintenance and the SaaS business. The churn rate (maintenance & SaaS) was 4.6 percent in the past fiscal year and 3.7 percent in the previous year. The churn rate (maintenance) increased by 1.4 percent to 7.2 per-cent, partly as a result of declining maintenance sales due to the trend towards SaaS.

The development of fiscal 2021/2022 was characterised by high investments in the transformation of the busi-ness model from one-off licence payments to an SaaS business model with monthly recurring revenues. In addition, the economic situation in Germany and other national markets deteriorated, accompanied by a high inflation rate. Many companies are currently holding back on investments or have postponed investment decisions. Under these circumstances, the EBITDA at the end of the reporting period was kEUR -1,634. In the previous year, however, a surplus of kEUR 2,189 was achieved. The EBIT fell by kEUR 4,582 to kEUR -5,851.

For these reasons, Serviceware adjusted its forecast for the fiscal year 2021/2022 on 22 September 2022. Both the sales revenue development and the development of earnings are at the level of the adjusted expectations.

The Enterprise Service Management (ESM) platform of Serviceware was further expanded as planned during the past fiscal year. This includes, for instance, the launch of the Solution Bot, which can automatically answer queries in chats thanks to Intent Recognition and Artificial Intelligence (AI). Good progress was made with the international expansion, and numerous new customers were acquired worldwide for our ESM platform, including a steadily growing number of large companies and groups.

The cash and cash equivalents of Serviceware decreased by kEUR 5,248 (-15.3 percent) to kEUR 29,075 versus prior year. kEUR 1,729 of this amount is accounted for by the acquisition of financial assets, which are recognised in the balance sheet under non-current assets. In addition, non-current and current financial liabilities were repaid as scheduled in the amount of kEUR 1,356.

Serviceware had a total of 517 employees as at the reporting date of 30 November 2022. On the same date in the previous year, 510 people were employed by the Serviceware Group. During the past fiscal year, a special focus was placed on software development in order to further strengthen the innovative power of Serviceware and thus realise future sales potential.

[15] Recurring revenue share as defined in the IPO communication in Q1 2018

1.4 Position of the Group

The Managing Directors assess the development and the position of the Serviceware Group as being in line with the adjusted expectations. In the initial forecast, it was expected that sales revenues would increase by 10 percent and that the EBITDA would improve moderately. Despite the uncertain market situation, sales revenues continued to grow in fiscal 2021/2022, albeit at a lower rate than initially expected. The EBITDA and EBIT are within the adjusted forecast of 22 September 2022.

1.4.1 Sales Revenue Development

The sales revenues of Serviceware increased again in the past fiscal year 2021/2022. Compared to the same period in the previous year, sales revenues rose by 2.3 percent to EUR 83.2 million. The growth in sales revenues was thus significantly more restrained than in the previous year when the growth rate was still 12.2 percent. The growth driver continues to be the SaaS/Service segment with an increase of 19.9 percent compared to the previous year. This means that SaaS/Service revenues now account for around 58 percent of Serviceware's total sales revenues (prior-year figure: around 49 percent). Sales revenues from licences, on the other hand, fell by 18.8 percent during the reporting period. Maintenance revenues were 10.4 percent below the previous year's figures. The trend towards SaaS/Service business is thus continuing at an accelerated pace. Compared to the licensing business, this results, among other things, in a shift of sales revenues into the future, which, however, goes hand in hand with a higher degree of planning security and recurring revenues. The sales revenues are broken down as follows:

In kEUR	2021/2022	2020/2021	Variation in %
Revenues SaaS/Service	48,062	40,093	19.9
Revenues Licences	17,154	21,139	-18.8
Revenues Maintenance	17,964	20,050	-10.4
Total	**83,180**	**81,282**	**2.3**

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 SaaS and maintenance 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 SaaS and maintenance contracts on 30 November 2021, the number increased by around 23 percent by 30 November 2022. The proportion of renewal of SaaS and maintenance contracts[16] of 95.4 percent continued to remain on a very high level (PY: 96.3 percent).

[16] Proportion of contract renewals corresponds to (1-churn rate (Maintenance & SaaS))

1.4.3 Operating Result (EBITDA/EBIT)

The consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) for the fiscal year 2021/2022 amounted to kEUR -1,634 according to IFRS, which is kEUR 3,823 less than the prior-year value of kEUR 2,189.

This was characterised by high investments in the transformation of the Serviceware business model from one-time licence payments to an SaaS business model with monthly recurring revenues. The trend towards SaaS/Service business is also associated with the fact that sales revenues are only recognised with a delay and over a period of several years, while the selling expenses for identifying and processing leads in particular are realised in full in the current reporting period. This effect is particularly significant for enterprise customers and international projects.

Consolidated earnings before interest and taxes (EBIT) amounted to kEUR -5,851 and were thus kEUR 4,582 below the result of the prior-year period of kEUR -1,268. The depreciation and amortisation increased by kEUR 760 compared to the prior-year period. The increase is explained by the shortening or adjustment of the depreciation and amortisation period or method, respectively, of the trademarks “SABIO” and “cubus” acquired in 2018 and 2019, which increased the depreciation and amortisation in the past fiscal year by kEUR 914. The total amount to be depreciated over the future period will not increase as a result, but the shorter depreciation period will lead to higher annual depreciation amounts over a shorter period overall.

1.4.4 Financial Result and Earnings before Taxes for the period

The financial result essentially includes interest accrued on leasing liabilities in accordance with IFRS 16, interest expenses for the long-term financing of the last company acquisition and interest on deposits. The financial result improved from kEUR -158 in the previous year to kEUR 18 due to scheduled repayments and effects from the turnaround in interest rates, among other things.

The earnings before taxes (EBT) for the period amounted to kEUR -5,833 (prior year: kEUR -1,427), which corresponds to a year-on-year variation of kEUR -4,406.

1.4.5 Income Taxes and Earnings after Taxes for the period

The total tax expense of Serviceware was influenced by effects from deferred taxes and tax income from a one-time effect unrelated to the accounting period. In the past fiscal year 2021/2022, this resulted in total tax income of kEUR 1,876. KEUR 781 of this amount is attributable to the one-off effect unrelated to the accounting period. In the previous year, the tax burden amounted to kEUR 574.

After taking taxes into account, the consolidated result for the fiscal year 2021/2022 amounts to kEUR -3,957 (prior year: kEUR -2,000).

1.5 Capital expenditure

In the fiscal year 2021/2022, investments of kEUR 3,759 (prior year: kEUR 1,516) were made. In the area of intangible assets, EUR 2,275,000 is accounted for by additions to rights of use in accordance with IFRS 16. The main driver here is the long-term rental agreement for the corporate headquarters in Idstein in the course of the move in the fiscal year 2021/2022. A further kEUR 528 is accounted for by rights of use from vehicle leasing. kEUR 144 was invested in the acquisition of software licences. The investments made in property, plant and equipment (kEUR 811) mainly concern the enlargement and modernisation of operating and office equipment.

1.6 Financial Position and Capital Structure

The financial position and capital structure have changed compared to the previous year primarily due to the negative result for the period, the reduction in trade receivables, as well as the growth in revenues and the associated recognition in the balance sheet, especially of maintenance and SaaS agreements. The balance sheet total as at 30 November 2022 was kEUR 108,779 (30 November 2021: kEUR 110,780). Equity amounted to kEUR 49,867 (prior year: kEUR 53,953) as of the balance sheet date. The equity ratio hence amounted to around 46 percent. The equity ratio decreased by around 2.9 percentage points versus 30 November 2021.

The non-current assets increased by 12.3 percent to kEUR 44,966. Other intangible assets decreased by kEUR 1,289. This includes the amortisation of intangible assets in the amount of kEUR 1,657, which is mainly attributable to the “SABIO” and “cubus” trademarks acquired in 2018 and 2019 and the associated customer bases. In addition, there are changes in the rights of use for leased assets, which are recognised in the balance sheet under intangible assets in accordance with IFRS 16 (“Leases”). kEUR 1,703 (prior year: kEUR 0) is accounted for by non-current financial assets. Prepaid expenses for customer maintenance and SaaS agreements (contract receivables) mainly include payments on account for maintenance and SaaS agreements with a remaining term of more than 12 months (non-current assets) or less than 12 months (current assets). Altogether, the deferred income for customer maintenance and SaaS agreements (contract receivables) increased by 31 percent.

Trade receivables are 19.6 percent below the previous year at kEUR 18,826. 74.9 percent (prior year: 68.2 percent) of the trade receivables were not yet due as of the balance sheet date. Compared to the previous year, cash and cash equivalents decreased by kEUR 5,248 (-15.3 percent) to kEUR 29,075. Of this amount, kEUR 1,729 is attributable to the acquisition of financial assets and kEUR 1,356 to the scheduled repayment of non-current and current financial liabilities. Overall, current assets fell by kEUR 6,921.

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 49,951 (PY: 49,866). 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 increased by kEUR 1,103 (6.8 percent) to kEUR 17,413 in fiscal 2021 / 2022 compared to 30 November 2021. More specifically, contractual liabilities rose by kEUR 2,176 to kEUR 9,684. 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, increased by kEUR 331 due to longer contract terms and/or commitments compared to the balance sheet date of prior year. The development of non-current financial liabilities, which decreased as a result of the scheduled repayment of bank loans by kEUR 1,062 to kEUR 2,165, had the opposite effect.

Current liabilities rose by kEUR 982 (+2.4 percent) to kEUR 41,500 as of the balance sheet date versus prior year. Here, too, the increase in current contractual liabilities by kEUR 3,889 to kEUR 22,744 contributed to the increase in the balance sheet item. 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 twelve 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 November 2022 to kEUR 390 (PY: kEUR 1,189).

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

The balance sheet total of Serviceware SE amounts to kEUR 71,936, with the largest part being accounted for by cash and cash equivalents (kEUR 12,256), as well as shares, borrowings and shareholdings in affiliated companies (kEUR 15,880 and kEUR 40,628, respectively). Financing is made with kEUR 62,442 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 3,000 on the balance sheet day.

Serviceware SE reported a net loss of kEUR 3,012 at the end of the fiscal year. The company generates revenues primarily by charging management services to its affiliated companies. Expenses arise mainly from the remuneration of salaried employees, the charging of management services from the affiliated companies to Serviceware SE and from the measures associated with the listing of the company on the stock exchange. In the medium term, income from investments is expected, which, however, could not be realised in the fiscal year 2021/2022. No increase in investment income is expected for the 2022/2023 fiscal year either.

1.8 Cash flow statement

The cash and cash equivalents of Serviceware decreased by 15.3 percent to kEUR 29,075 as of 30 November 2022 compared to 30 November 2021. In the fiscal year 2021/2022, the inflow of cash and cash equivalents from operating activities amounted to kEUR 777 (PY: inflow of kEUR 6,014). The inflow in the previous year resulted, among other things, from the expansion of trade payables. These were kept almost constant in the past fiscal year, which eliminates this effect. Investment activities resulted in a cash outflow of kEUR 2,564 (PY: kEUR 1,575), which consisted of investments in intangible assets and property, plant and equipment (kEUR 955), investments for the acquisition of long-term financial assets (kEUR 1,729) and interest received on credit balances (kEUR 120). Financing activities resulted in a cash outflow of kEUR 3,455 (PY: kEUR 3,971), which was mainly due to the scheduled repayment of long-term and short-term financial liabilities, as well as the repayment of leasing liabilities (kEUR 2,074). In addition, there was an exchange rate-related decrease in cash and cash equivalents of kEUR 6 (PY: increase of kEUR 19), resulting from the effects of cash and cash equivalents held in foreign currencies.

1.9 Employees

Serviceware employed 517 employees on the reporting date 30 November 2022, which corresponds to a net growth of 7 employees compared to the prior-year reporting date. Of 517 employees, 419 employees work in Germany, 37 in Spain, 26 in the Netherlands, 14 in Bulgaria, 11 in Austria, 8 in the United Kingdom and 2 in Switzerland.

In functional terms the 517 employees break down as follows: 100 employees in Sales and Marketing (unchanged vs. PY), 218 employees in Service & Support (PY: +0.5%), 145 employees in Software Development (PY: +5.8%) and 54 employees in Administration (PY: -3.6%).

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 2021/2022 the fluctuation rate of Serviceware remained unchanged at around 12 percent and continued hence 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 the field of software development, to further strengthen the innovative strength of Serviceware.

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 (AI) we, moreover, have entered into a co-operation with the Technical University of Darmstadt, a leading research institution in this field, for joint practice-oriented research. The objective of the cooperation is to develop new AI solutions and implement them 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. This includes, for instance, the newly developed Solution Bot, which can answer queries in chats automatically with the help of Intent Recognition processes and Artificial Intelligence.

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 145 employees (PY: 137) in software development.

2 Opportunities and Risks

Serviceware SE is exposed to a large number of risks, the occurrence of which could jeopardise the further development and existence of the company. The risk policy of Serviceware SE is oriented in a conservative manner, which means that in principle only those risks are entered into which are assessed as unavoidable within the framework of the business activity and the business model, but which appear to be controllable. At the same time, Serviceware SE always keeps an eye on opportunities to further develop the business model and business activities. The opportunities and risks of Serviceware SE do not fundamentally differ from those of the Serviceware Group. Therefore, the opportunities and risks are presented below from the overall perspective of the Group and apply equally to Serviceware SE.

In order to regularly assess the risks and also evaluate new opportunities and risks, a company-wide risk management system has been implemented at Serviceware and this is continuously developed and adapted according to the latest findings. We regularly review our business objectives, our business processes and risk control measures with the help of the controlling systems, procedures and reporting standards we use.

In addition, 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. Furthermore, existing measures are assessed and new measures to be introduced are determined and implemented, if necessary. 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 global risk posed by the ongoing Covid-19 pandemic over the past three years exists, if at all, only in a very diminished form and, in our assessment, will no longer have a material impact on the assets, financial and earnings position of Serviceware in the future.

We see great opportunities in the fact that the markets in which Serviceware offers its products and services are steadily expanding. According to a market study by a large analysis company, the markets relevant to Serviceware in Europe, but also worldwide, will increase in size over the next few years, in some cases with double-digit growth rates per year. This market growth can have a positive effect on the sales revenue and earnings situation of Serviceware.

The increasing internationalisation is accompanied by the risk that political or statutory changes which Serviceware encounters in the various markets may have a considerable impact on day-to-day business. In order to counteract the risk of changes in statutory provisions (tax law and other regulations), Serviceware bases its decisions and the design of its business processes on comprehensive advice by internal experts as well as external specialists.

We see a further risk in the economic development. Despite government relief packages, the energy and commodity price increases driven by the Russia-Ukraine war have the potential to cause a recession. In addition, the war and related sanctions and embargo measures could exacerbate the supply chain problems described above and the already high inflationary pressure. It is also unclear at present how previous and possible future interest rate hikes will lead to a reduction in the inflation rate or rather to a decline in the willingness to invest and thus to a stagnating or shrinking economic performance. In view of the aforementioned factors, the overall economic situation is likely to prove volatile in the future as well and provide for risks which could negatively affect the business development of Serviceware.

In order to identify the dynamics of the risks of social, political, macroeconomic and regulatory developments as early as possible and to take targeted countermeasures, the developments are monitored very closely. As the relevant influencing factors are predominantly outside the direct sphere of influence of Serviceware, the effectiveness of countermeasures is naturally limited.

The possible effects on the assets, financial and earnings position can be both positive and negative.

2.2 Strategic Opportunities and Risks

If we first look at the risks in this area, there is currently a risk that we will not make progress in inorganic growth at the pace that would be necessary for more dynamic revenue growth. As in recent years, there is still a risk that the companies we have acquired in the years 2018 to 2020 will not develop as expected. This can affect the fluctuation of employees in the acquired companies as well as inaccurate assumptions regarding sales revenue and earnings potential, which have an impact on the business development of Serviceware. Negative earnings contributions and high depreciations and amortisations regarding acquired companies would have an adverse effect on the earnings position. In order to counter this risk, we are particularly prudent in selecting suitable companies and examine all relevant parts of the company up for sale prior to the acquisition, partly with the support of external experts. Conversely, inorganic growth also offers the opportunity to positively counter the transformation pressure and pace of innovation in our markets and to positively influence the asset, financial and earnings position of Serviceware.

Our ongoing and continuous customer penetration with a wide range of products and services gives us the opportunity to positively influence the assets, financial and earnings position of Serviceware through successful cross-selling and upselling. Innovations in the field of Artificial Intelligence and other areas of our product development can also have a positive impact on our business development. Nevertheless, these opportunities are accompanied by the risk of choosing the wrong innovation paths and thus investing in product developments which prove to be non-marketable, which in turn would have a negative impact on the assets, financial and earnings position of Serviceware. We try to minimise this risk by working closely with experts from the University of Darmstadt.

We still see physical customer acquisition as the dominant strategy for more successfully selling our products and services. In addition, virtual customer acquisition opens up opportunities. The virtual sales channel is promising and cost-efficient, and this without having to be present in the regions worldwide and to finance cost-intensive sales units. In the medium term, the implementation of a successful strategy of international expansion has a very significant influence on the sales revenue, earnings and asset position of Serviceware.

We also see the trend towards digitalisation as a great opportunity for two reasons. On the one hand, increasing digitalisation can create efficiency potential internally at Serviceware. Furthermore, it creates the opportunity for customer demand for our product portfolio to increase. Both aspects have a positive effect on the sales revenue, earnings and asset position of Serviceware.

The strategic business orientation to continue to focus on the SaaS business with its recurring revenues, and thus not to realise the sales revenues at a single point in time with an effect on income, but to realise the sales revenues and thus also the earnings potential continuously over the term of the agreements, entails the risk that earnings and sales potential will be shifted into the future and that the current revenue and earnings development will be slowed down as a result. At the same time, this strategic business orientation offers a great opportunity to make the business model more profitable and resilient.

With regard to strategic opportunities and risks, we assess the current situation in such a way that our strategic opportunities outweigh the strategic risks.

2.3 Personnel Management Opportunities and Risks

Highly qualified and motivated employees are the basis for the long-term success of Serviceware. Therefore, our success is closely linked to the fact that we will continue to retain experienced employees with a high level of professional and social competency, more particularly in software consulting projects and in software development, and that we will adjust employee know-how to the rapidly changing market requirements through targeted training measures.

For the future, however, it is still true that the intense competition for qualified IT specialists leads to the risk that employees will leave the company or that not enough new employees can be recruited. Rising inflation also brings with it the risk that the higher price level will have a driving effect on the wage level and thus increase personnel expenses at Serviceware. In order to position and present ourselves as a modern and attractive employer, we are focusing not only on the development of an employer brand, but also on a performance and success-based remuneration model and on development programmes for the training and further education of our employees. As before, our leadership culture must be upgraded in such a way that our employees are provided with a long-term and interesting perspective at Serviceware. In addition, Serviceware has developed an internal reporting and performance indicator system that provides information on where improvements need to be made in the company to retain employees. To continue to strengthen the corporate culture, we promote the personal exchange between our teams to strengthen innovation and team cohesion. In the future, too, we want to make optimal use of the opportunities that open up for us and inspire a sufficient number of highly qualified employees for Serviceware.

2.4 Opportunities and Risks from Software Projects

As more and more software projects are implemented in the public and private cloud, data centre security, potential cyberattacks, and data protection are increasingly becoming the focus of our risk considerations. A cyberattack on our data centres which could, for instance, jeopardise the protection of customer data or our own data, or which could, for instance, destroy our IT infrastructure, represents a serious risk which must be avoided with the greatest possible effort, as it would have a negative impact on the sales revenue, earnings and asset position of Serviceware. We therefore continuously protect our IT environments with up-to-date methods and procedures and regularly train our employees so that they can better recognise these dangers and avert damage. In addition, we enlist the help of external consultants to ensure that our measures are effective. Hazard reports outlining consequences and avoidance strategies are regularly discussed by the Administrative Board and thus enjoy the highest possible level of attention within Serviceware.

The highest demands on the quality of the software products and services we offer mean that we mostly receive very good customer ratings, which gives us the opportunity to offer additional services to our customers. Nevertheless, quality deficiencies cannot be prevented. 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. Lower quality increases the risk that our services will not be fully recognised and paid for, thus negatively affecting Serviceware's sales revenue, earnings and asset position.

Another risk is that the high intensity of competition can lead to price pressure in project acquisition. 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.

Due to the deterioration of the economic situation, there is again an increased risk that portfolio customers postpone or no longer extend service, SaaS and licence contracts if their economic situation deteriorates, and the acquisition of new customers is difficult. Another risk consists in a wrong assessment of product trends and the needs in respect of the customer demand at the development of our standard software. This would have an adverse effect on our sales 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.

The great opportunity of successful software projects with high customer value lies in the fact that customers recommend Serviceware to others and thus further sales opportunities can lead to an improvement in the sales revenue, earnings and asset situation of Serviceware.

2.5 Financial Opportunities and Risks

By financial risks and opportunities, we mean in particular financing and liquidity risks as well as the risks of bad debts and insolvencies among our customers. Due to the continuing internationalisation of our business activities, exchange rate risks have been added this year, especially in the US dollar currency. An evaluation of the financial risks leads to the following results:

There is a risk that bad debts and insolvencies of our customers will have a negative impact on the earnings of Serviceware. However, this risk is minimised by the fact that the financial receivables from our customers are broadly diversified with regard to our customers' industries. Furthermore, our highest receivables from individual customers are so low in relation to the total receivables that a default would not have threatened the existence of the company. In the future, we will continue to ensure that we have a balanced risk profile for our receivables through sector diversification, creditworthiness checks of our business partners and a limitation of maximum receivables. Nevertheless, it cannot be ruled out that also large receivables will default. This would have negative consequences for Serviceware's sales revenue, earnings and asset situation.

We see a great financial opportunity in our high cash holdings. This gives us the possibility to implement business opportunities quickly and flexibly at any time. In managing our cash on hand, we regularly check the liquid funds at group level and at the level of the individual subsidiaries. Regular liquidity status reports and active receivables management are used to ensure that sufficient liquidity is available and that our receivables are paid when due.

When investing our cash holdings, the risk of negative interest rates is no longer present; instead, there is currently the opportunity to invest cash holdings at credit interest rates. When we invest liquid funds, we proceed extremely conservatively and always place the default security of the cash investment above the return prospects of the corresponding cash investment. Nevertheless, there is still a risk that the counterparty will default and that we will not get back some or all of the invested liquidity. We counter this risk by investing most of our liquidity in fixed-term deposits and in financial instruments from debtors with good credit ratings, and by making the liquidity available at short notice. We also take care to invest our liquidity with different financial institutions.

Despite rising interest rates, there is no risk of interest rate changes for our relatively low financial liabilities, as the interest rate is fixed until the regular repayment date.

Since we are increasingly transacting business in US dollars, there is an exchange rate risk. We try to minimise this risk by passing on the opportunities and risks arising from changes in exchange rates to a large extent to our business partners. In addition, payments in USD to our suppliers are partially hedged by payments in USD from our customers. All in all, there remain calculable opportunities and risks that arise from changes in exchange rates, also in relation to other currencies. However, these are continuously monitored and, if necessary, hedged if the situation so requires.

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 misstatements in financial reporting.

The assessment of misstatements 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 the 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 not a primary objective of the Group, but opportunities to generate interest income through the use of time deposits and call accounts are continuously evaluated and utilised.

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. The management measures are supported by the most important financial performance indicators (revenue, EBIT and EBITDA) and various other ratios (e.g. accruals and deferrals and cash flow). There are no significant non-financial performance indicators.

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 compensation report and the auditor’s statement in accordance with §162 AktG (German Stock Corporation Act) as well as the applicable compensation scheme in accordance with § 87a Para 1 and 2 Sentence 1 AktG 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 controlling systems, processes and reporting standards applied. A detailed description of these internal risk management and controlling 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 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 12 May 2022. The term of office of Mr. Popp ends with 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 term of office of Mr. Bollhöfer ends at the end of the general meeting which resolves on the discharge of the members of the Administrative Board for the second fiscal year after the beginning of the (new) term of office. The fiscal year in which the (new) term of office begins is not counted.

The Administrative Board meets at least every three months to deliberate about the course of the business and its probable further development. The Administrative Board had five ordinary and one extraordinary meeting in fiscal 2021/2022.

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 at the same time as audit committee. Due to the fact that the Administrative Board and the Audit Committee have the same chair, the Committee is chaired by Mr. Debus. Mr. Debus has special expertise in the field of accounting due to his many years of work as CFO in various companies in the mobility industry. Mr. Popp has special expertise in the field of auditing due to his many years as CFO of Serviceware SE.

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. A further self-evaluation took place in the summer of 2022; here, too, no need for action emerged.

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 side-line 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”. Furthermore, we refer to the compensation report prepared, which can be found on the same website.

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

As a listed company with 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 2022 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 2021/2022 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 (eg §136 AktG) apply exclusively.

Shares in the capital which exceed 10 percent of the voting rights
On 30 November 2022 the following direct and indirect shares in the capital of Serviceware SE exceeded the threshold of 10.00 percent 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, Ingelheim, 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-Regulation 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 2022
By resolution of the general meeting of 12 May 2022 the Administrative Board was empowered to increase the share capital of the company during the period up to 11 May 2027 by a total of up to EUR 5,250,000 by a single or multiple issuing of up to 5,250,000 new no-par value shares against cash and / or non-cash contributions (Authorised Capital 2022).

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 shares issued do not exceed 10 percent of the share capital and the issuing price 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 within the meaning of §§ 203 Para 1 and 2, 186 Para 3 Sentence 4 AktG and all other additional possible prerequisites of § 186 Para 3 Sentence 4 AktG are met. The amount of 10 percent 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 amount to be paid by a third party or the third parties if the new shares are taken over by an issuing intermediary with a simultaneous obligation for the intermediary to offer the new shares for acquisition to one or more third parties determined by the company, is considered to be the issuing amount or the issuing price;

(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 bonds, convertible bonds and other financial instruments;

(iii) As far as necessary to grant the owners and / or creditors of the bonds with option or conversion rights and / or obligations, issued by the company or its affiliates, 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;

(v) In other cases in which the exclusion of subscription rights is in the best interests of the company.

The entry of the Authorised Capital 2022 in the Commercial Register was made on 14 February 2023. The Authorised Capital 2022 exists in its full amount.

Empowerment to issue bonds

a) By resolution of the general meeting of 12 May 2022 the Administrative Board was empowered to issue until 11 May 2027 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 80,000,000. The holders of the Bonds referred to in the above sentence may be granted conversion or subscription rights in respect of up to 4,830,000 no-par value bearer shares of the company with a proportionate amount in the share capital of a total of up to EUR 4,830,000. The conversion and subscription rights may be exercised from a contingent capital decided at this 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) 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 percent 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 percent 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 2022

By resolution of the general meeting of 12 May 2022 the share capital of the company was contingently increased by up to EUR 4,830,000 with the issuing of up to 4,830,000 new no-par value bearer shares with entitlement to profits from the beginning of the last fiscal year for which no resolution on the appropriation of profits has yet been adopted (Contingent Capital CB 2022). The Contingent Capital increase serves for the exercise of bonds which are issued by virtue of the empowerment resolution of the general meeting of 12 May 2022 under agenda item 8.

The Conditional Capital CB 2022 was entered in the Commercial Register on 14 February 2023. The Conditional Capital CB 2022 exists in full.

Empowerment to acquire and dispose of treasury shares

By resolution of the general meeting of 12 May 2022 the company was empowered to acquire treasury shares in the amount of 10 percent of the share capital of the company at the time of the general meeting of 12 May 2022. The acquired shares may not exceed at any time 10 percent 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 12 May 2022 and applies until 11 May 2027. Effective 30 November 2022 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 12 May 2022 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 12 May 2022 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 12 May 2022 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 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 which 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 the preparation of this Annual Report, there were no significant events which would need to be mentioned in the Supplementary Report.

2.11 Outlook

In its annual economic report published in January 2023, the Federal Government forecasts a slight growth of the price-adjusted gross domestic product of 0.2 percent for the year 2023.[17] There are still high uncertainties for the German economy: Russia's war of aggression against Ukraine and its economic consequences, the weak development of the global economy, the persistently high energy and consumer prices as well as securing future gas supplies.

For the global economy, the annual economic report forecasts growth of 2.7 percent. The expansion of the US economy is expected to weaken noticeably as a result of the expiring stimulus from the Covid-19 stabilisation measures and the Fed's advanced tightening of monetary policy. In China, the world's second-largest economy, there could be catch-up effects after years of restrictive pandemic measures and weak growth, so that somewhat stronger growth can be expected again overall. The easing of the strict zero-covid policy may allow the economy to brighten, but high numbers of Covid-19 infections could still weigh on the economic recovery for the time being.

The information technology market, which is important and relevant for Serviceware and consists of the IT hardware, software and IT services segments, is expected to generate sales revenues of EUR 126.4 billion during the calendar year 2023 (+6.3 percent versus 2022), according to the industry association Bitkom in January 2023. This means that the growth from 2022 (+6.6 percent) would continue on a comparable level. The industry association assumes that the IT hardware segment will achieve sales revenues of EUR 39.7 billion (+5.3 percent versus 2022), the software segment sales revenues of EUR 38.8 billion (+9.3 percent versus 2022) and the IT services segment sales revenues of EUR 47.8 billion (+4.7 percent versus 2022) in 2023.[18] The focus on a successful digitalisation strategy will continue to be highly relevant for companies and society in 2023. A quote from Bitkom Association President Achim Berg makes it clear that Serviceware is in an excellent strategic position with its product portfolio: "Digitalisation is the answer to the multiple crises of our time. Digitalisation makes an economy more resilient; it helps with global challenges such as climate protection and it makes people's lives easier, in healthcare as well as in education or in mobility".[19]

Incidentally, we see this great opportunity of digitalisation not only in our core region of Germany, Austria and Switzerland, but especially throughout Europe and many regions of the world. We therefore assume that the increasing spread of digital business processes will open up revenue and earnings potential for Serviceware worldwide. Consequently, the general trend towards digitalisation represents a major lever for dynamic increases in sales revenues and earnings for Serviceware.

However, these developments, which are very good for Serviceware, face a number of challenges which are described in detail in the report on opportunities and risks.

The business model is currently in the midst of a transformation from relatively high one-off revenues to lower but recurring and more profitable revenues in the long term. In addition, such a transformation phase is characterised by the fact that contracted revenues cannot be recognised in profit or loss in the current fiscal year for the most part but will find their way into the income statement or consolidated statement of comprehensive income in subsequent years. In addition, high one-off costs are usually incurred at the beginning of these multi-year SaaS agreements, which initially place an additional burden on the earnings situation. In the long term, this

[17] https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2023/01/20230125-jahreswirtschaftsbericht-2023-wohlstand-erneuern.html
[18] https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland
[19] https://www.bitkom.org/Presse/Presseinformation/Digitalbranche-trotzt-der-Krise-schafft-neue-Jobs

business model with a high proportion of recurring revenues and a low churn rate should lead to higher profitability and a more sustainable business development, which will make the business model of Serviceware more resilient in the economic cycle.

Furthermore, the armed conflicts, especially in Ukraine, and the associated economic disruptions lead to a high degree of uncertainty about business forecasts. Therefore, the following statements for the current fiscal year, but also the estimates for the medium-term business development, are subject to a high degree of variance.

Despite these partly still difficult general conditions, we are confident that we will be able to increase sales revenues in the current fiscal year by between 5 and 10 percent compared to the previous year. This assumes that we will continue to make significant progress in marketing and customer acquisition in markets outside our core market and that there will be no further exogenous shocks in the 2023 fiscal year which will have a negative impact on Serviceware's business activities. We are also confident that we will continue to drive sales revenue and profit growth in subsequent years.

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

We are entering the new fiscal year with optimistic expectations and are very confident that we will again achieve a record year in terms of sales revenues for the seventh year in a row. Furthermore, we expect to significantly increase the share of recurring revenues and thus make the business model more sustainable and resilient. In addition, we see the potential to make further progress in gaining international customers. In the medium term, this should lead to a significantly better development of earnings than has been the case in recent years.

Idstein, 22 March 2023

Dirk K. Martin

Harald Popp

Dr. Alexander Becker

Consolidated Financial Statements 2021/2022

Serviceware SE, Idstein

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Consolidated balance sheet

as at 30 November 2022

In EUR	Notes	30. Nov 22	30. Nov 21
Assets			
Goodwill	1.	14,048,135	14,048,135
Other intangible assets	1.	14,481,547	15,770,684
Property, plant and equipment	2.	1,252,620	968,661
Prepaid expenses for customer maintenance agreements / SaaS agreements (contract receivables)	4.	9,267,498	6,007,307
Non-current financial assets		1,702,512	0
Deferred income taxes	5.	4,213,938	3,251,388
Non-current assets		**44,966,249**	**40,046,174**
Inventories		74,702	0
Trade receivables	3.	18,826,013	23,401,877
Other current receivables/assets	4.	2,941,668	2,095,624
Prepaid expenses for customer maintenance agreements / SaaS agreements (contract receivables)	4.	12,895,847	10,913,572
Cash and cash equivalents	6.	29,074,869	34,322,851
Current assets		**63,813,099**	**70,733,924**
Balance sheet total		**108,779,348**	**110,780,097**
Liabilities			
Subscribed capital	7.	10,500,000	10,500,000
Reserves	8.	49,951,527	49,866,327
Net loss for the year		-9,326,844	-5,409,180
Accumulated other equity		-1,236,718	-1,022,576
Equity without non-controlling shares		49,887,965	53,934,571
Non-controlling shares		-21,275	18,154
Equity		**49,866,690**	**53,952,725**
Deferred income taxes	12.	2,430,580	2,773,823
Non-current financial liabilities	9.	2,165,162	3,226,745
Non-current contract liabilities	10.	9,684,457	7,508,027
Other non-current liabilities	11.	3,132,847	2,801,364
Non-current liabilities		**17,413,046**	**16,309,959**
Current income tax liabilities		390,379	1,189,245
Current financial liabilities	9.	1,077,000	1,371,522
Trade payables		6,104,604	6,166,460
Current contract liabilities	10.	22,743,852	18,854,367
Other current liabilities	11.	11,183,776	12,935,819
Current liabilities		**41,499,611**	**40,517,414**
Balance sheet total		**108,779,348**	**110,780,097**

Consolidated statement of comprehensive income

for the period from 01 December 2021 to 30 November 2022

In EUR	Note	Dec. 21 - Nov. 22	Dec. 20 - Nov. 21
Sales revenues	13.	83,180,264	81,281,694
Other operating income	14.	1,891,739	1,539,536
Change in inventories		0	-67,800
Cost of materials	15.	-35,378,115	-33,676,672
Personnel expenses	16.	-41,149,709	-39,941,334
Other operating expenses	17.	-10,177,996	-6,946,528
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**-1,633,817**	**2,188,897**
Depreciation and amortisation		-4,216,943	-3,457,370
Earnings before interest and taxes (EBIT)		**-5,850,760**	**-1,268,473**
Interest income		120,490	21,243
Interest expenses		-102,363	-179,382
Financial result		**18,126**	**-158,139**
Earnings before taxes		**-5,832,634**	**-1,426,612**
Income tax	18.	1,875,540	-573,686
Period loss	19.	**-3,957,093**	**-2,000,298**
Items which may in future be reclassified in the P&L			
Balancing items from the currency translation of foreign subsidiaries		-187,284	275,241
Valuation of financial assets without effect on income		-26,856	0
Other result		**-214,141**	**275,241**
Comprehensive income		**-4,171,234**	**-1,725,055**
Period loss			
thereof, shareholders of Serviceware SE		-3,917,665	-2,098,965
thereof, non-controlling shares		-39,429	98,668
Earnings per share	20.	*-0.37*	*-0.20*
Comprehensive income			
thereof, shareholders of Serviceware SE		-4,131,805	-1,823,723
thereof, non-controlling shares		-39,429	98,668

Consolidated cash flow statement

for the period from 01 December 2021 to 30 November 2022

In EUR	Dec. 21 - Nov. 22	Dec. 20 - Nov. 21
Period loss	-3,957,093	-2,000,298
Depreciation and amortisation of non-current assets	4,216,943	3,457,370
Tax expense or income	-569,747	1,265,984
Change in non-current liabilities	2,176,431	3,279,993
Change in deferred taxes /deferred tax income	-1,305,793	-692,298
Financial result	-18,126	158,139
Change in non-current assets	-3,260,191	-3,794,164
Change in items of current assets and current liabilities		
- Change in inventory	-74,702	67,800
- Change in receivables / other assets	2,328,197	-2,298,639
- Change in liabilities	1,741,697	6,835,312
Income taxes paid	-500,822	-265,044
Cash inflow/outflow from current business activity	**776,792**	**6,014,154**
Capital expenditure on intangible assets and on property, plant and equipment	-955,286	-726,260
Payments for the acquisition of financial assets	-1,729,368	0
Interest received	120,490	21,243
Payments for additions to the group of consolidated companies	0	-870,000
Cash inflow/outflow from investing activity	**-2,564,165**	**-1,575,017**
Interest paid	-25,016	-81,708
Repayment of non-current liabilities	-1,061,584	-1,370,049
Repayment of lease liabilities	-2,073,952	-2,073,180
Repayment of current liabilities	-294,522	-445,907
Cash inflow/outflow from financing activity	**-3,455,074**	**-3,970,844**
Exchange rate-related change in cash and cash equivalents	-5,536	19,025
Change in cash and cash equivalents	**-5,247,982**	**487,317**
Cash and cash equivalents at the beginning of the period	**34,322,851**	**33,835,534**
Cash and cash equivalents at the end of the period	**29,074,869**	**34,322,851**

Consolidated statement of changes in equity

for the period from 01 December 2021 to 30 November 2022

In EUR	Subscribed capital	Reserve	Losses brought forward	Market valuation of financial instruments	Currency translation reserve	Non-controlling shares	Total
1 December 2021	**10,500,000**	**49,866,327**	**-5,409,180**	**0**	**-1,022,576**	**18,154**	**53,952,725**
Period result			-3,917,665			-39,429	-3,957,093
Currency translation					-187,284		-187,284
Market valuation of financial assets				-26,856			-26,856
Comprehensive income			-3,917,665	-26,856	-187,284	-39,429	-4,171,234
Change in capital reserve due to stock option plan		85,200					85,200
30 November 2022	**10,500,000**	**49,951,527**	**-9,326,844**	**-26,856**	**-1,209,861**	**-21,275**	**49,866,691**

Consolidated statement of changes in equity

for the period from 01 December 2020 to 30 November 2021

In EUR	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				275,242		275,242
Comprehensive income			-2,098,965	275,242	98,668	-1,725,056
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**

Statement of changes in fixed assets

for the fiscal year from 1 December 2021 to 30 November 2022

	Determination of the acquisition and production costs				Determination of the depreciations and amortisations				Carrying amounts	
In EUR	Status 01.12.2021	Additions	Reclassifications Disposals	Status 30.11.2022	Status 01.12.2021	Additions (Annual depreciation)	Reclassifications Disposals	Status 30.11.2022 (accumulated)	30.11.2022	30.11.2021
I. Goodwill										
Goodwill	14,048,135	0	0	14,048,135	0	0	0	0	14,048,135	14,048,135
Total Pos. I.	**14,048,135**	**0**	**0**	**14,048,135**	**0**	**0**	**0**	**0**	**14,048,135**	**14,048,135**
II. Intangible assets										
1. Industrial property rights	452,309	0	-8,639	460,948	269,805	73,982	0	343,787	117,161	182,505
2. IT software	566,250	143,966	0	710,216	391,754	45,210	0	436,964	273,252	174,496
3. Internally generated intangible assets	894,573	0	0	894,573	872,769	21,784	0	894,553	20	21,804
4. SABIO trademark	1,768,281	0	0	1,768,281	294,713	184,196	0	478,909	1,289,371	1,473,567
5. SABIO customer base	2,905,460	0	0	2,905,460	484,243	145,273	0	629,516	2,275,944	2,421,217
6. cubus trademark	2,111,447	0	0	2,111,447	263,931	923,758	0	1,187,689	923,758	1,847,516
7. cubus customer base	5,248,189	0	0	5,248,189	656,016	262,409	0	918,426	4,329,763	4,592,173
8. Right to use rented premises (IFRS16)	7,162,468	2,275,207	555,803	8,881,873	2,657,524	1,530,203	0	4,187,727	4,694,146	4,504,944
9. Right to use leasing cars (IFRS16)	1,807,138	528,376	210,459	2,125,055	1,254,677	502,707	210,459	1,546,925	578,130	552,462
Total Pos. II.	**22,916,116**	**2,947,549**	**757,622**	**25,106,042**	**7,145,432**	**3,689,522**	**210,459**	**10,624,495**	**14,481,547**	**15,770,684**
III. Property, plant and equipment										
1. Cars	31,750	0	-203	31,953	27,531	1,783	0	29,314	2,639	4,219
2. Furniture and fixtures	2,880,342	497,923	120	3,378,145	2,047,636	399,817	0	2,447,453	930,692	832,706
3. Office equipment	295,256	89,129	23	384,362	237,863	18,194	0	256,057	128,305	57,393
4. Fixtures	203,077	150,956	0	354,033	128,735	34,315	0	163,049	190,983	74,342
5. Low-cost assets	153,320	73,313	166,105	60,527	153,319	73,313	166,105	60,526	1	1
Total Pos. III.	**3,563,745**	**811,321**	**166,046**	**4,209,020**	**2,595,084**	**527,421**	**166,105**	**2,956,400**	**1,252,620**	**968,661**
Total Pos. I.-III.	**40,527,996**	**3,758,869**	**923,668**	**43,363,197**	**9,740,517**	**4,216,943**	**376,564**	**13,580,895**	**29,782,302**	**30,787,480**

Statement of changes in fixed assets

for the fiscal year from 1 December 2020 to 30 November 2021

In EUR	Determination of the acquisition and production costs				Determination of the depreciations and amortisations				Carrying amounts	
	Status 01.12.2020	Additions	Reclassifications Disposals	Status 30.11.2021	Status 01.12.2020	Additions (Annual depreciation)	Reclassifications Disposals	Status 30.11.2021 (accumulated)	30.11.2021	30.11.2020
I. Goodwill										
Goodwill	14,048,135	0	0	14,048,135	0	0	0	0	14,048,135	14,048,135
Total Pos. I.	**14,048,135**	**0**	**0**	**14,048,135**	**0**	**0**	**0**	**0**	**14,048,135**	**14,048,135**
II. Intangible assets										
1. Industrial property rights	399,946	52,363	0	452,309	159,706	110,098	0	269,805	182,505	240,240
2. IT software	441,063	125,187	0	566,250	351,359	40,395	0	391,754	174,496	89,704
3. Internally generated intangible assets	894,573	0	0	894,573	610,942	261,828	0	872,769	21,804	283,631
4. SABIO trademark	1,768,281	0	0	1,768,281	206,299	88,414	0	294,713	1,473,567	1,561,981
5. SABIO customer base	2,905,460	0	0	2,905,460	338,970	145,273	0	484,243	2,421,217	2,566,490
6. cubus trademark	2,111,447	0	0	2,111,447	158,358	105,572	0	263,931	1,847,516	1,953,089
7. cubus customer base	5,248,189	0	0	5,248,189	393,607	262,409	0	656,016	4,592,173	4,854,582
8. Right to use rented premises (IFRS16)	7,809,283	279,136	925,952	7,162,468	1,320,395	1,337,129	0	2,657,524	4,504,944	6,488,888
9. Right to use leasing cars (IFRS16)	1,326,381	510,816	30,058	1,807,138	560,357	694,319	0	1,254,677	552,462	766,024
Total Pos. II.	**22,904,624**	**967,502**	**956,010**	**22,916,116**	**4,099,995**	**3,045,438**	**0**	**7,145,432**	**15,770,684**	**18,804,629**
III. Property, plant and equipment										
1. Cars	31,750	0	0	31,750	24,978	2,553	0	27,531	4,219	6,772
2. Furniture and fixtures	2,385,618	494,905	181	2,880,342	1,717,722	329,915	0	2,047,636	832,706	667,978
3. Office equipment	294,212	1,044	0	295,256	220,031	17,832	0	237,863	57,393	74,181
4. Fixtures	185,580	17,497	0	203,077	102,367	26,368	0	128,735	74,342	83,132
5. Low-cost assets	153,320	35,264	35,264	153,320	153,319	35,264	35,264	153,319	1	1
Total Pos. III.	**3,050,480**	**548,710**	**35,445**	**3,563,745**	**2,218,416**	**411,932**	**35,264**	**2,595,084**	**968,661**	**832,063**
Total Pos. I.-III.	**40,003,238**	**1,516,212**	**991,455**	**40,527,996**	**6,318,411**	**3,457,370**	**35,264**	**9,740,517**	**30,787,480**	**33,684,827**

Consolidated Notes

General Information

1. Serviceware SE

Serviceware SE, Idstein, (hereinafter referred to as “Serviceware” or the “Company”) is a European public limited liability company entered in the Commercial Register under number HRB 33658 with the local court Wiesbaden and the parent company of the Serviceware Group (hereinafter referred to as “Group” or “Serviceware Group”). The business address of the Company has been at Serviceware-Kreisel 1 in 65510 Idstein since 1 February 2022. 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 essentially 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 % (rounded)
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, Ingelheim am Rhein

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 2021 to 30 November 2022 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 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, Idstein, 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 the Administrative Board on 22 March 2023.

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 and the Ukraine war, which have 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 and the Ukraine war 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 2022 with relevance for the financial statements were based on the then existing state of knowledge and the best available information.

The digital industry in Germany was very stable in 2022 despite a difficult economic environment. Compared to the overall economic development, growth was disproportionately high. However, according to a study by the analyst firm Gartner, global IT spending by companies fell slightly in 2022. The uncertain economic development has led companies to question or postpone their investment decisions.

The current macroeconomic environment, which is characterised by a combination of pandemic-related effects, inflation, rising interest rates, deterioration in the business climate, geopolitical risks, rising energy costs and other uncertainties, poses significant challenges for companies.

For the above reasons, Serviceware has adjusted its forecast for fiscal 2021/2022 downwards on 22 September 2022.

Effects 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:

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

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. Due to the increased interest rate level, the attainable amounts within the framework of the impairment test of non-financial assets can decrease.

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 10 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, ie 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, ie 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 2021/2022 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
IFRS 9, IAS 39, IFRS 7, IFRS 4 und 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

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
IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
IAS 37	Onerous contracts – costs of fulfilling a contract	1 January 2022
IFRS 3	Reference to the conceptual framework	1 January 2022
Various	Annual improvements to the IFRS standards 2018–2020	1 January 2022
IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of accounting policies	1 January 2023
IAS 8	Definition of accounting estimates	1 January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Insurance contracts and amendments to IFRS 17 Insurance Contracts	1 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 “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 basically amortised in each case over a useful life of 20 years.

With regard to the intangible assets of the trademark “SABIO” and the trademark “cubus” disclosed within the framework of the aforementioned acquisition, the company has made a change to the useful lives in connection with the long-term trademark strategy of Serviceware against the backdrop of the events which have occurred or decisions which have been made in the current fiscal year. Serviceware assumes that the remaining useful life of the “SABIO” trademark will be reduced to eight years from 1 December 2021. The remaining useful life of the “cubus” trademark has been reduced to four years and a degressive course of the inflow of economic benefits is assumed.

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.

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 as well as buildings. 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 substantive 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 percent 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 allocable 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 (eg 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 (eg 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, ie 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 (ie 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 eg when selling the instrument, is then no longer possible.

Derecognition

A financial asset is primarily derecognised, ie removed from the consolidated balance sheet, if the contractual rights to the cash flows from the financial asset are extinguished.

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, ie 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, we decide 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 we consider 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, ie 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 (eg from an advance payment of the customer) are to be recognised at cash value if the financing component referred to the entire contract value (ie 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 (eg 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 we often grant 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 (eg 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 2022, 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 expired by the balance sheet date: 5,394	• At the earliest after the expiration of four years following the option issue date, ie 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			**393,006**

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 percent 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 (ie 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:

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 420,400 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 beginning of the fiscal year 2021/2022, 804 options expired due to the termination of the option holder’s employment relationship. During the past fiscal year, a further 4,590 options expired due to the termination of the option holder’s employment relationship. Furthermore, no options were exercised after they were granted and until the end of the fiscal year. 393,006 options (prior year: 397,596 options) are thus outstanding at a weighted average exercise price of EUR 15.00 as at 30 November 2022.

[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.

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.

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, ie 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 (ie 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 (ie 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.

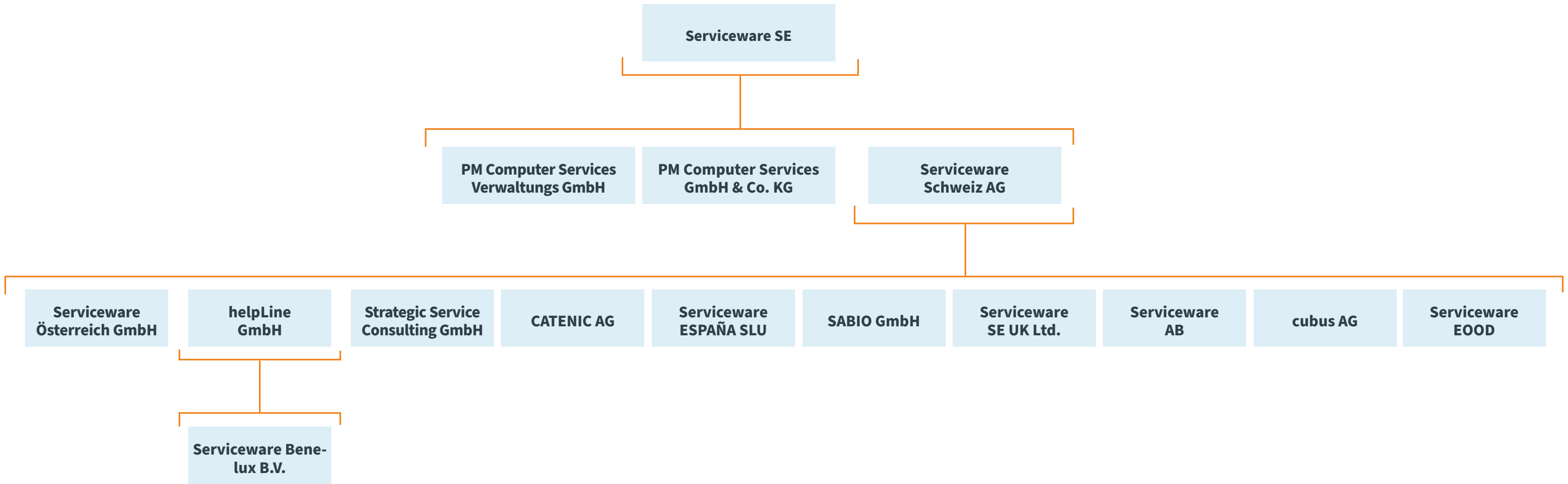
Contingent considerations which do not concern equity are recognised at the following balance sheet date at fair value and a resulting profit or loss is recognised in the consolidated income statement.

7. Changes in the scope of consolidation and other transactions

During fiscal 2021/2022 no transactions were carried out, except for the foundation of a subsidiary in Bulgaria within the Serviceware Group which had an impact on the scope of consolidation.

On the balance sheet date the following shareholdings exist:

Name	Registered Office	Share capital	Shareholding
PM Computer Services Verwaltungs GmbH	Serviceware-Kreisel 1, 65510 Idstein / Germany	EUR 25,600	100 %
PM Computer Services GmbH & Co. KG	Serviceware-Kreisel 1, 65510 Idstein / Germany	EUR 250,000	100 %
Serviceware Schweiz AG	Haldenstrasse 5, 6340 Baar / Switzerland	CHF 610,000	100 %
Serviceware Österreich GmbH	Karl-Farkas-Gasse 22, 1030 Wien / Austria	EUR 35,000	100 %
helpLine GmbH	Serviceware-Kreisel 1, 65510 Idstein / Germany	EUR 25,000	100 %
Strategic Service Consulting GmbH	Friedrichstraße 95, 10117 Berlin / Germany	EUR 25,000	100 %
Serviceware Benelux B.V.	Dellaertweg 9, 2316 WZ Leiden / The Netherlands	EUR 28,409	85 %
CATENIC AG	Hauptstraße 1, 82008 Unterhaching / Germany	EUR 328,778	100 %
Serviceware ESPAÑA S.L.U.	Gran Via Asima, 6 Edificio A – 2° Planta, 07009 Palma de Mallorca / Spain	EUR 3,000	100 %
SABIO GmbH	Schützenstraße 5, 22761 Hamburg / Germany	EUR 43,576	100 %
Serviceware SE UK Ltd.	Building B, Watchmoor Park - Riverside Way Camberley, Surrey GU15 3YL / England / United Kingdom	GBP 100	100 %
Serviceware AB	Vasagatan 7, 11120 Stockholm / Sweden	SK 50,000	100 %
cubus AG	Bahnhofstraße 29, 71083 Herrenberg / Germany	EUR 400,000	100 %
Serviceware EOOD	Aleksandar Malinov Boul. 51, Office A17, 1712 Sofia, Bulgarien	BGN 100,000	100 %



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	
	30.11.2022	30.11.2021	2021/2022	2020/2021
Switzerland	0.985	1.043	1.010	1.085
United Kingdom	0.865	0.852	0.851	0.865
Sweden	10.934	10.286	10.568	10.137
Bulgaria	1.956	1.956	1.956	1.956

Notes to the Balance Sheet

1. Goodwill and other intangible assets

in kEUR	30.11.2022	30.11.2021	Variation absolute
Goodwill	14,048	14,048	0
Rights to use leased premises (IFRS 16)	4,694	4,505	189
Customer base cubus	4,330	4,592	-262
Customer base SABIO	2,276	2,421	-145
Trademark "SABIO"	1,289	1,474	-184
Trademark "cubus"	924	1,848	-924
Rights to use cars (IFRS 16)	578	552	26
IT software	273	174	99
Industrial property rights	117	183	-65
Intangible assets	0	22	-22
Total	**28,530**	**29,819**	**-1,289**

Goodwill

The goodwill was allocated as at 30 November 2022 for the purpose of the impairment test to the following cash-generating units:

in kEUR	30.11.2022	30.11.2021
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 five 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	30.11.2022	30.11.2021
Risk-free base rate	2.00 %	0.10 %
Market risk premium	8.00 %	8.00 %
Beta factor	1.041	0.90
WACC	9.74 %	6.76 %

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

- Based on 2022, increasing sales revenues are expected until 2027.
- For the planning variables of 2028 (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 “SABIO” trademark was originally amortised on a straight-line basis over an estimated useful life of 20 years. Due to events occurring or decisions made in fiscal 2021/2022 in connection with the long-term trademark strategy of Serviceware, the Company has made a change to the useful lives of the “SABIO” trademark. Serviceware expects that the remaining useful life of the “SABIO” trademark has been reduced to eight years from 1 December 2021.

The amortisation amount of the trademark “SABIO” in 2021/2022 amounted to kEUR 184 (prior year: kEUR 88), so that the carrying amount as of the balance sheet date 30 November 2022 is kEUR 1,290 (prior year: kEUR 1,474).

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” was originally amortised on a straight-line basis over an estimated economic useful life of 20 years. Due to the aforementioned change in the trademark strategy of the Serviceware Group, the remaining useful life of the trademark “cubus” has been reduced to four years. It is now assumed that there will be a degressive inflow of economic benefits. The amortisation amount in 2021/2022 amounted to kEUR 924 (prior year: kEUR 106), so that the carrying amount on the balance sheet date 30. November 2022 amounts to kEUR 924 (prior year: kEUR 1,848).

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 previous years it increased by another kEUR 52. The trademark “Smoope” including the integrated messaging service is amortised over an estimated economic useful life of five years by degressive amortisation. The amortisation amounted in 2021/2022 to kEUR 65 (prior year: kEUR 110), so that the carrying value of the intangible assets reported under the industrial property rights amounts to kEUR 114 (PY: kEUR 179) on the balance sheet date 30 November 2022.

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 2021/2022 the amortisation amounted to kEUR 145 (prior year: kEUR 145), so that on 30 November 2022 the carrying value amounts to kEUR 2,276 (prior year kEUR 2,421).

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 2021/2022 the amortisation amounted to kEUR 263 (prior year kEUR 263), so that on 30 November 2022 the carrying value amounts to kEUR 4,329 (prior year kEUR 4,592).

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 five years. The average residual term of the leases concerning cars (office) amounts to two 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 2021/2022 compared to the previous year:

2021 / 2022 in kEUR	Buildings	Cars	Total
Historical cost			
As at 1 December 2021	7,162	1,808	**8,970**
Additions	2,275	528	**2,804**
Disposals	556	210	**766**
As at 30 November 2022	8,881	2,126	**11,007**
Accumulated depreciation			
As at 1 December 2021	2,657	1,255	**3,912**
Additions depreciations	1,530	503	**2,033**
Disposals depreciations	0	210	**210**
As at 30 November 2022	4,187	1,547	**5,734**
Carrying amounts			
As at 1 December 2021	4,505	552	**5,057**
As at 30 November 2022	4,694	579	**5,273**

2020 / 2021 in kEUR	Buildings	Cars	Total
Historical cost			
As at 1 December 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 decpreciation			
As at 1 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**

Amounts recognized in the statement of comprehensive income in kEUR	2021/2022	2020/2021
Amortisations of rights to use	2,033	2,031
Interest expense on lease liabilities	72	86
Expense from current lease liabilities	0	0
Expenses from leases with low-value assets	75	127
Expense from variable lease payments which have not been taken into account in the measurement of the lease liability	0	0
Income from subleases	134	122

The total outflows from leases amount to kEUR 2,146 (prior year: kEUR 2,160).

During fiscal 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. This results in an addition to the right of use for the office property in Idstein in the reporting year 2021/2022 in the amount of kEUR 1,758.

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

There are no contractual relationships under sale and leaseback transactions.

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

With the exception of two subleases, there are no leases in which the company acts as lessor. For reasons of transparency and in contrast to the previous year, Serviceware has shown the income generated from these sub-leases separately in the table above.

For reasons of transparency, the expenses from leases with low-value assets were also reported in this fiscal year (corresponding information for the previous year).

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 2021/2022 amounted to kEUR 22 (prior year: kEUR 262). The residual carrying amount on the balance sheet date amounts to kEUR 0 (prior year: kEUR 22).

2. Property, Plant and Equipment

in kEUR	30.11.2022	30.11.2021	Variation absolute
Furniture and fixtures	931	833	98
Fixtures	191	74	117
Office equipment	128	57	71
Motor vehicles and low-value assets	3	4	-2
Total	**1,253**	**969**	**284**

3. Trade receivables

Trade receivables resulting from contracts with customers broke down as follows on 30 November 2022 versus 30 November 2021:

	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

	2021/2022			
in kEUR	Gross	Specific valuation allowance	Collective specific valuation allowance	Net
Trade receivables *thereof*	19,745	729	191	18,826
Not due	14,092	0	0	14,092
Due up to 90 days	3,852	0	0	3,852
Due between 90 days and 12 months	1,231	158	191	883
Due between 12 months and three years	571	571	0	0

Trade receivables are not bearing interest and are as a rule due within 7 to 30 days. Doubtful accounts receivable from the sale of goods and services in the amount of kEUR 920 (prior year: kEUR 470) were written off. This corresponds to a quota of 4.66 percent (prior year: 1.96 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 01.12.2021	470
+ / - Exchange differences consolidation	0
- Utilisation	-39
- Reversal	0
+ Additions (expenses for valuation allowances)	488
Valuation allowances as at 30.11.2022	920

The expenses from the immediate derecognition of trade receivables amount to kEUR 17 (prior year: kEUR 21). 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 18,826 (PY: kEUR 23,402) 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 Non-Current and Current Assets

non-current in kEUR	30.11.2022	30.11.2021	Variation absolute
Prepaid expenses for customer maintenance agreements / SaaS agreements (contract receivables)	9,267	6,007	3,260
Total	**9,267**	**6,007**	**3,260**

current in kEUR	30.11.2022	30.11.2021	Variation absolute
Prepaid expenses for customer maintenance agreements / SaaS agreements (contract receivables)	12,896	10,914	1,982
VAT receivables	1,138	621	517
Tax receivables	773	193	581
Supplier bonuses	376	471	-94
Deposits	228	236	-8
Others	427	575	-149
Total	**15,838**	**13,009**	**2,828**

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 4,214 (prior year: kEUR 3,251) include kEUR 4,371 (prior year: 3,585) losses carried forward which can be used for tax purposes of the affiliated companies. The deferred tax assets of SABIO GmbH, Hamburg, were offset in the amount of kEUR 157 (prior year: kEUR 333) against the deferred tax liabilities.

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

in kEUR	30.11.2022	30.11.2021	Variation absolute
Losses carried forward of other group companies	3,256	2,920	336
Directly allocable IPO costs (with no effect on income)	665	665	0
Deferred tax on loss carried forward and net income of Serviceware SE	449	0	449
Deferred tax SABIO	-157	-333	176
Total	**4,214**	**3,251**	**962**

6. Cash and cash equivalents

in kEUR	30.11.2022	30.11.2021	Variation absolute
Cash in banks	29,071	34,321	-5,249
Cash on hand	3	2	1
Total	**29,075**	**34,323**	**-5,248**

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 29,075 (PY: kEUR 34,323).

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

By resolution of the General Meeting on 12 May 2022 the Administrative Board is empowered to increase the share capital of the Company during the period up to 11 May 2027 by a total of up to EUR 5,250,000.00 through a single or multiple issuing of up to 5,250,000 new no par value shares against cash and / or non-cash contributions (Authorised Capital 2022).

Furthermore, the Administrative Board was authorised by resolution of the General Meeting of 12 May 2022 to issue convertible bonds and/or bonds with warrants or profit participation rights with or without conversion or subscription rights (collectively hereinafter also referred to as “Bonds”) in a total nominal amount of up to EUR 80,000,000.00 on one or more occasions until 11 May 2027. The holders of the Bonds referred to in the preceding sentence may be granted conversion or subscription rights to up to 4,830,000 no-par value bearer shares of the company with a pro rata amount of the share capital of up to EUR 4,830,000.00 in total.

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 2022

By resolution of the General Meeting of 12 May 2022, the share capital of the Company was conditionally increased by up to EUR 4,830,000.00 by issuing up to 4,830,000 new no-par value bearer shares with dividend rights from the beginning of the last fiscal year for which no resolution on the appropriation of profits has yet been passed ("Contingent Capital CB 2022"). The contingent capital increase serves to service bonds issued on the basis of the empowerment resolution of the General Meeting of 12 May 2022.

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	30.11.2022	30.11.2021
Non-current		
collateralised	2,165	3,227
Current		
collateralised	1,077	1,372
Total	**3,242**	**4,598**
< 1 year	1,077	1,372
1-3 years	2,165	2,227
> 3 years	0	1,000
Total	**3,242**	**4,598**

The interests amount from 0.9 percent to 1.95 percent. The loans are collateralised as follows:

a) Receivables from two subsidiaries.
b) Lien under the Standard Terms and Conditions for deposits in the amount of 50 percent 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 6,066 to kEUR 32,428. This includes essentially deferred sales revenues. During the reporting year sales revenues from contractual obligations which were not yet fully met on 30 November 2022 were realised in the amount of kEUR 15,524 (PY: kEUR 14,979). Of the total amount of contract liabilities, kEUR 22,744 (prior year: kEUR 18,854) are due within one year.

11. Other Current and Non-Current Liabilities

The disclosure of other **non-current** liabilities relates exclusively to non-current lease liabilities from lease agreements and car lease agreements.

The other **current** liabilities include:

in kEUR	30.11.2022	30.11.2021	Variation absolute
Current			
Other accruals	5,767	7,003	-1,237
Current lease liabilities (IFRS 16)	2,074	2,160	-86
VAT liabilities	1,620	1,926	-306
Advance payments received	536	644	-108
Liabilities wage and salary as well as wage and church tax	471	509	-38
Others	716	694	22
Total	**11,184**	**12,936**	**-1,752**

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

in kEUR	30.11.2022	30.11.2021
Bonus payments	3,402	4,363
Outstanding invoices / Sales commission	771	1,288
Vacation	530	581
Financial statement and audit costs	306	301
Employers' Liability Insurance Association	6	89
Others	752	381
Total	**5,767**	**7,003**

The item “Others” includes, among other things, receivables from customers in the amount of kEUR 260.

12. Deferred Tax Liabilities

The deferred tax liabilities in the amount of kEUR 2,431 (prior year kEUR 2,774) 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 19 from differences in carrying amount of the rights to use and lease liabilities in connection with the 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 157.

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

in kEUR	30.11.2022	30.11.2021	Variation absolute
Deferred tax SABIO (trademark + customer base)	1,038	1,134	-96
Deferred tax SABIO (losses carried forward)	-157	-333	176
Deferred tax cubus	1,530	1,876	-346
Tax impact IFRS 16	19	97	-78
Total	**2,430**	**2,774**	**-344**

Notes to the Profit and Loss Account

13. Sales revenues

in kEUR	2021/2022	2020/2021	Variation absolute
Germany	66,048	66,171	-123
Austria	7,402	6,192	1,210
Switzerland	3,671	3,475	196
Others	6,059	5,444	615
Total	**83,180**	**81,282**	**1,899**
Service / SaaS	48,062	40,093	7,970
Licenses	17,154	21,139	-3,985
Maintenance	17,964	20,050	-2,087
Total	**83,180**	**81,282**	**1,899**

14. Other operating income

The other operating income is made up as follows:

in kEUR	2021/2022	2020/2021	Variation absolute
Price gains	613	231	382
Car use	503	466	37
AAG compensation	89	78	12
Investment aids	55	85	-30
Insurance compensation	34	102	-68
Non-period income	8	0	8
Others	589	578	11
Total	**1,892**	**1,540**	**352**

15. Cost of materials

The cost of materials is made up as follows:

in kEUR	2021/2022	2020/2021	Variation absolute
Purchased services	36,036	34,699	1,336
Rebates	-658	-1,023	365
Total	**35,378**	**33,677**	**1,701**

16. Personnel expenses

in kEUR	2021/2022	2020/2021	Variation absolute
Wages and salaries	35,355	34,646	709
Social security contributions including pension scheme provisions	5,795	5,295	500
Total	**41,150**	**39,941**	**1,209**

17. Other Operating Expenses

The other operating expenses include the following items:

in kEUR	2021/2022	2020/2021	Variation absolute
Administrative expenses *	4,468	3,569	899
Distribution costs	2,765	1,638	1,127
Car expenses	706	492	214
Ancillary rental expenses	694	378	316
Price losses	640	271	369
Insurances, contributions, fees	121	127	-6
Repairs	23	15	8
Others	762	457	305
Total	**10,178**	**6,947**	**3,231**

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

in kEUR	2021/2022	2020/2021	Variation absolute
Software support costs	1,729	1,074	655
Closing, auditing, consulting costs	1,034	987	47
Recruitment costs	434	554	-120
Training costs	342	336	5
Telephone	227	220	7
Business supplies	145	98	48
Others	557	300	257
Total	**4,468**	**3,569**	**898**

18. Income Taxes

The main components of income tax revenue for the fiscal year 2021/2022 and income tax expense for the fiscal year 2020/2021 are as follows:

in kEUR	2021/2022	2020/2021	Variation absolute
Income tax	570	-1,266	1,836
Deferred taxes	1,306	692	614
Stated tax income / tax expenses (-)	**1,876**	**-574**	**2,450**

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 % bis 25 %
Serviceware Schweiz AG	11.5 % bis 14.25 %
Serviceware ESPAÑA S.L.U.	25.0 %
Serviceware SE UK Ltd.	19.0 %
Serviceware AB	22.0 %
Serviceware EOOD	10.0 %

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 2021/2022 and 2020/2021 is made up as follows:

in kEUR	2021/2022	2020/2021
Earnings before taxes	-5,833	-1,427
Expected tax income for income tax rate 29.125 % (prior year 29.125 %)	**1,699**	**416**
(-) Tax expenses / (+) Tax income from previous years	782	-648
Adjustment of deferred taxes	-555	-527
Effects of tax rates from other tax jurisdictions or deviating taxation under company law	11	195
Non-deductible operating expenses	-18	-17
Tax-free earnings	15	20
Others	-58	-12
Actual tax income (+) / tax expenses (-)	**1,876**	**-574**

In order to present the impact of the tax effects explained in the table above in a more comprehensible way, we have adjusted the breakdown with regard to the corresponding algebraic sign depending on the direction of the effect in the previous year as well.

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

The income taxes for 2021/2022 and 2020/2021 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 percent. Furthermore, a solidarity surcharge is levied on the corporation tax in the amount of 5.5 percent. The trade tax was calculated on the basis of the rate of assessment of the competent municipality.

In the fiscal year 2021/2022, a total tax income of kEUR 1,876 is reported versus a tax expense of kEUR 574 in the previous year.

Moreover, loss carry-forwards in the amount of kEUR 5,563 (prior year: kEUR 5,639) have not been used for the capitalisation of deferred taxes.

19. Period loss

in kEUR	2021/2022	2020/2021	Variation absolute
Period earnings before taxes	-5,833	-1,427	-4,406
Income tax	1,876	-574	2,450
Period loss	**-3,957**	**-2,000**	**-1,957**

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	2021/2022	2020/2021
Earnings of the shareholders of the Serviceware SE Group	-3,917,665	-2,098,965
Weighted average of shares outstanding (undiluted)	10,500,000	10,500,000
Earnings per share (undiluted)	-0.37	-0.20

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	30.11.2022	30.11.2021
Cash in banks	29,071	34,321
Cash on hand	3	2
Total	**29,075**	**34,323**

22. Notes to the Statement of Changes in Equity

The Company distributed kEUR 0 in fiscal 2021/2022 (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. November 2022 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 allocated to the individual measurement levels as follows as at the balance sheet date 30 November 2022 compared to the previous year:

30.11.2022				Fair value	
in kEUR	Carrying amount	Amortised cost	Level 1	Level 2	Level 3
Financial assets					
Non-current financial assets	1,729	0	1,703	0	0
Trade receivables*	18,826	18,826	0	0	0
Cash and cash equivalents*	29,075	0	0	0	0
Total	**49,630**	**18,826**	**1,703**	**0**	**0**
Financial liabilities					
Trade payables*	6,105	6,105	0	0	0
Liabilities to banks	3,242	3,242	0	0	3,242
Lease liabilities*	5,207	5,207	0	0	0
Total	**14,554**	**14,554**	**0**	**0**	**3,242**

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

30.11.2021			Fair value		
in kEUR	Carrying amount	Amortised cost	Level 1	Level 2	Level 3
Financial assets					
Non-current financial assets	0	0	0	0	0
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**	**15,726**	**0**	**0**	**4,598**

*without fair value disclosure since the carrying amount corresponds 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, Serviceware Financial, Serviceware Resources, Serviceware Knowledge and Serviceware Performance. 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 Managing Directors manage 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	30.11.2022	30.11.2021
Germany	35,109	32,701
The Netherlands	2,557	2,746
Other countries	1,384	1,348
Total	**39,049**	**36,795**

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 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.

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, eg 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.

Despite the rising interest rate level, management does not consider the interest rate risk to be material due to the relatively low financial liabilities and the interest rate lock-ins concluded.

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 percent vis a vis the essential currencies would have an effect on the result not exceeding kEUR 648 (prior year: kEUR 371).

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 114 (prior year: kEUR 141) 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 2022 the financial liabilities of the Group have the following maturities. The information is provided on the basis of the contractual non-discounted payment obligations.

30.11.2022 in kEUR	Due within 1 year	Due within 1 to 5 years	Due over 5 years	Total
Interest-bearing loans	1,077	2,165	0	**3,242**
Trade payables	6,105	0	0	**6,105**
Lease liabilities	2,074	1,375	1,758	**5,207**
Other financial liabilities	9,110	0	0	**9,110**
Total	**18,366**	**3,540**	**1,758**	**23,664**

30.11.2021 in kEUR	Due within 1 year	Due within 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**

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 account for any financial instruments measured at fair value, except for one security reported as “Non-current financial assets”.

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	30.11.2022	30.11.2021
Cash and cash equivalents	29,075	34,323
Trade receivables	18,826	23,402
Total	**47,901**	**57,725**

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 | In addition, Managing Director / member of the Management Board of subsidiaries of Serviceware SE | Shareholder of Serviceware SE
Harald Popp, Wiesbaden	Managing Director of Serviceware SE | Member of the Administrative Board of Serviceware SE | Member of the Supervisory Board of CATENIC AG and cubus AG | Shareholder of Serviceware SE
Dr. Alexander Christoph 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 Administrative Board of Serviceware SE | 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 1,312 (PY: kEUR 1,259). This sum includes the compensation for Mr. Harald Popp for his activities on the Administrative Board. The variable compensation amounted to kEUR 405 (PY: kEUR 470). 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 27. In addition, a company related to Mr. Dirk K. Martin and Mr. Harald Popp indirectly invoiced the company for services amounting to kEUR 342 for rents and incidental rental costs in the past fiscal year.

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 32 (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 123 (prior year: kEUR 100) and a variable compensation of kEUR 84 (prior year: kEUR 69).

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	Flix SE, München, CFO/Member of the Board (from 03/2022) | FlixMobility Tech GmbH, Berlin, Managing Director | Flix Bulgaria EOOD, Varna/Bulgaria, Managing Director | Flix North America Inc., Dallas/USA, Director | PAHECA GmbH, Bad Homburg, Managing Director | Condor Flugdienst GmbH, Frankfurt, Managing Director (until 02/2022)
Harald Popp	Deputy Chairman	dreifff Management GmbH, Ingelheim, Managing Director | CATENIC AG, Unterhaching, Chairman of the Supervisory Board | cubus AG, Herrenberg, 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 on average a total of 464 persons during the reporting period from 1 December 2021 to 30 November 2022; this corresponds to a net growth of 7 employees compared to the prior year period. Of an average of 464 employees, 371 employees are employed in Germany, 34 in Spain, 26 in the Netherlands, 12 in Bulgaria, 11 in Austria, 8 in the United Kingdom, and 2 in Switzerland.

In functional terms, the 464 employees break down as follows: 90 employees in sales and marketing (PY: +4.7 percent), 201 employees in service and support (PY: +0.6 percent), 127 employees in software development (PY: +5.8 percent) and 45 employees in administration (PY: -11.8 percent).

Moreover, Serviceware employed 26 apprentices.

Auditor's Fees

in kEUR	2021/2022	2020/2021
External auditor services	132	125
Tax consultancy services	0	0
Other audit-related services	0	0
Total	**132**	**125**

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), and the Serviceware consolidated financial statements according to IFRS. 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, Idstein, 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.

Waiver of Disclosure according to § 264 Abs. 3 HGB
The subsidiaries listed below exercise the option in accordance with §264 Para 3 HGB concerning the disclosure of the financial statements as well as the management report. They are included in these consolidated financial statements:

- PM Computer Services Verwaltungs GmbH, Idstein,
- helpLine GmbH, Idstein,
- Strategic Service Consulting GmbH, Berlin,
- CATENIC AG, Unterhaching,
- SABIO GmbH, Hamburg,
- cubus AG, Herrenberg.

Moreover, helpLine GmbH, Idstein, exercises the option in accordance with § 264 Para 3 HGB concerning the disclosure of the financial statements as well as the management report.

Ban on distribution
For amounts totalling kEUR 0 (PY 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 the preparation of this Annual Report, there were no significant events that would have to be mentioned in the Supplementary Report.

Idstein, 22 March 2023

Dirk K. Martin   Harald Popp   Dr. Alexander Becker

Independent Auditor's Report

To Serviceware SE:

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 2022, 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 2021 to 30 November 2022 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 2021 to 30 November 2022. The elements referred to in the section "Other Information" of our Independent Auditor's Report 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 give a true and fair view of the assets and financial position of the Group as at 30 November 2022 as well as its income situation for the fiscal year from 1 December 2021 to 30 November 2022 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 elements of the consolidated management report referred to in the section "Other Information".

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 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 2021 to 30 November 2022. 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:

Impairment of goodwill

1. In the consolidated financial statements of Serviceware SE the balance sheet item "Goodwill" shows goodwill in the amount of kEUR 14,048 (28% of the consolidated equity). The company allocates the goodwill to the relevant groups of cash generating units. The goodwill is subject on an annual basis on the balance sheet date or on specific occasions 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 cashflows 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 in 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:

   - As part of our audit, we examined the internally defined methods, procedures and control mechanisms of project management in the bidding and settlement phase of sales designed 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 Para 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_20221130 and prepared for disclosure purposes comply in all material respects with the electronic reporting format ("ESEF format") requirements of § 328 Para 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. Beyond this audit opinion as well as our audit opinions on the attached consolidated financial statements and the consolidated management report for the fiscal year from 1 December 2021 to 30 November 2022 contained in the preceding "Statement on the audit of the consolidated financial statements and the combined management report and consolidated management report" we do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

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 Para 3a of the German Commercial Code (HGB) (IDW PS 410 (06.2022)). 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 12 May 2022 as statutory Group auditor. We were instructed by the Administrative Board on 19 January 2023. 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 entered in the Company Register - 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, 22 March 2023

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Weyers	Schulz
Auditor	*Auditor*

Declaration by the legal representatives

Concerning the Financial Statements and the Management Report for fiscal 2021/2022

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, 22 March 2023

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 headquarter 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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Harald Popp (CFO)
Dr. Alexander Becker (COO)

Administrative Board
Christoph Debus (Chairman)
Harald Popp
Ingo Bollhöfer

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