SERVICEWARE

Annual Report 2022/2023

Ratios

Ratios of the IFRS Financial Statements

in EUR million	2022/2023	2021/2022
Profit and loss account		
Sales revenues	91.5	83.2
- thereof SaaS/Service	57.3	48.1
EBITDA	0.2	-1.6
EBIT	-4.0	-5.9
Earnings before taxes	-3.9	-5.8
Earnings after taxes	-3.9	-3.9
Balance sheet		
Cash and cash equivalents*	28.2	30.8
Equity	46.3	49.9
Contract liabilities (order backlog)	55.4	32.4
Borrowings	78.5	58.9
Balance sheet total	124.7	108.8

Information about the share

ISIN / Ticker symbol	DE000A2G8X31 / SJJ
Segment / Stock Exchange	Prime Standard (Regulated Market) / Xetra
Outstanding shares	10.5 million
Free float	ca. 37.2 percent
Xetra year-end price (on 30.12.2023)	EUR 11.45
Market capitalisation on 31.12.2023	EUR 120.2 million

Further information

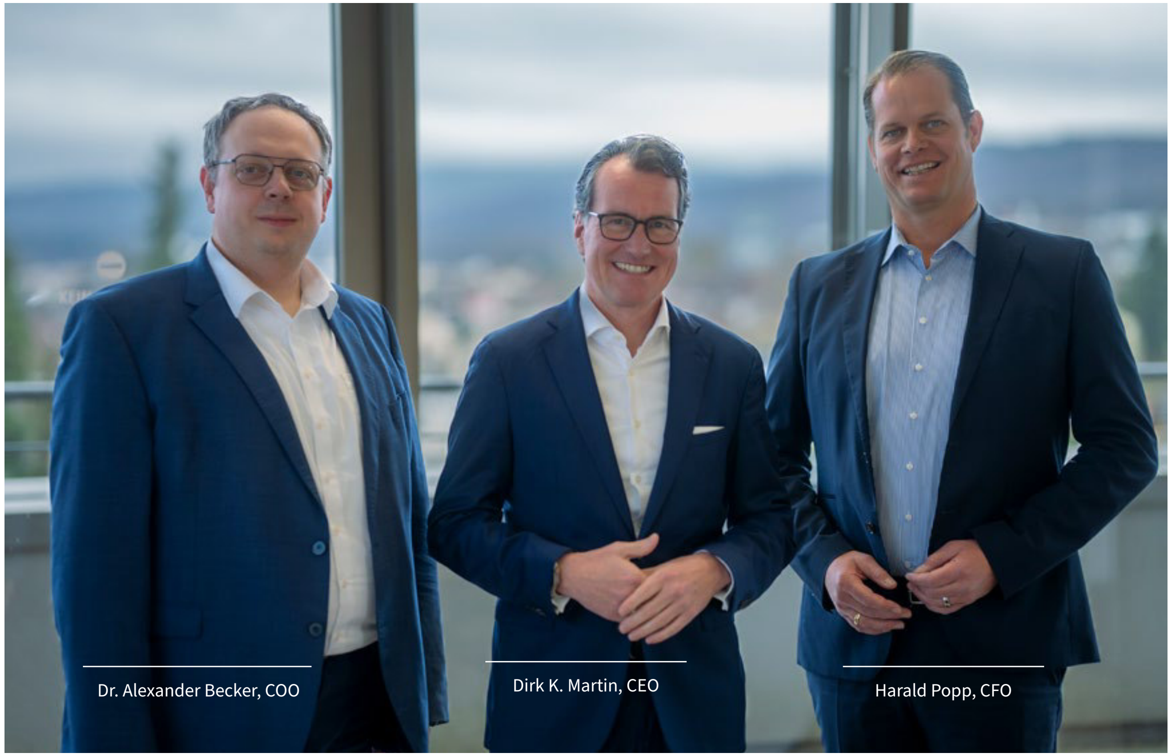
Fiscal year	1 December to 30 November
Head Office	Idstein
Headcount (on 30 November 2023)	479
Reporting	IFRS

* The figure reported in previous years under cash and cash equivalents only comprised liquid funds. In order to benefit from the changed interest rate environment, Serviceware also makes long-term investments, which are recognised in the balance sheet item non-current financial assets. In order to improve comparability, the cash and cash equivalents item will in future also include non-current financial assets in addition to liquid funds.

Content

Dear Shareholders,

Five years ago, we at Serviceware took the strategic decision that the use of Artificial Intelligence (AI) would be a central factor in our corporate strategy. Consequently, we founded the Serviceware AI Competence Centre at the beginning of 2019, in the first year after our IPO - at that time, AI was hardly perceived as a topic in the public eye. There, partly together with TU Darmstadt, we are pushing ahead with the development of the use of AI in the automation and optimisation of service processes. It has now become clear that Artificial Intelligence will be one of the game changers in our industry - and AI is already integrated throughout the modules of the Serviceware Enterprise Service Management (ESM) platform. What‘s more, Artificial Intelligence has long since become part of our corporate DNA and has become an integral part not only of our products but also of our entire operations. The very early strategic decision in favour of AI gives Serviceware an excellent competitive position in the market today and is a strong basis for future growth. The investment in AI expertise, AI development and AI integration in our platform in recent years is paying off today and will continue to do so in the coming years. Our track record makes it clear that Artificial Intelligence is not a short-term fad for us, but it has become an essential part of our company, which we are continuously developing comprehensively and at various levels. We are also increasingly utilising Artificial Intelligence in our internal processes. We are consistently continuing along this path. During the reporting period, we integrated ChatGPT into our ESM platform, among other things. This significantly reduces the workload for service agents and speeds up service processes considerably.



Dr. Alexander Becker, COO

Dirk K. Martin, CEO

Harald Popp, CFO

We grew on a solid foundation in the 2022/2023 fiscal year (December 2022 to November 2023) despite a weak macroeconomic environment with high inflation and a decline in economic output in Germany. Our good business performance is not only reflected in our key financial figures. We are also fully on track operationally. We have made further significant progress with our international growth strategy and the transformation of our business model from a licence to a SaaS model and have added new features and tools to our ESM platform.

We have consistently pursued our platform vision and further expanded and strengthened the ESM platform in line with our strategy. In addition to the integration of ChatGPT, there were also releases for Serviceware Financial, Serviceware Performance, Serviceware Knowledge, Serviceware Processes and Serviceware Resources and thus for all of our ESM modules in fiscal 2022/2023.

We were able to further grow our customer portfolio and realise a large number of projects with new and existing customers. Among others, we were able to convince one of Europe's largest transportation associations with our AI expertise. The transportation association relies on the Serviceware platform and the Solution Bot, which uses AI to answer user questions at a high level of quality, for the digitalisation of its service processes. In addition, a leading European telecommunications company and another DAX company, now the 18th to use Serviceware solutions, opted for modules from the ESM platform. A major German bank and a leading global oil company went live with the Serviceware Knowledge, Serviceware Processes and Serviceware Financial platform modules. As part of our expansion strategy, we have intensified our sales activities and are experiencing a very high demand for our software solutions outside Germany and Europe. This is also reflected in an increasing number of test installations and pre-contractual trials. Serviceware is succeeding with increasing dynamism in realising synergy effects and leveraging cross-selling potential. Demand was particularly strong for Serviceware Financial and Serviceware Knowledge, the software solutions for IT financial management and knowledge management.

Serviceware's total sales revenues increased by 10.0 percent year-on-year to EUR 91.5 million in the fiscal year 2022/2023 (prior year: EUR 83.2 million). Sales growth was thus at the upper end of the forecast range for the year as a whole of 5 to 10 percent. Growth in the SaaS/Service segment was once again significantly above average. SaaS/Service sales revenues rose by 19.2 percent from EUR 48.1 million to EUR 57.3 million. SaaS/Service revenues thus accounted for 62.6 percent of total sales revenues, compared to 57.8 percent in the previous year. The transformation of the business model from one-off licence revenue to monthly recurring revenue is accompanied by increased predictability of business development and high growth potential. Our order backlog shows that the transformation of our business model to an SaaS model is working and will be reflected in strong growth in future sales revenues. This consists of residual values of current SaaS contracts and is recognised in contract liabilities in the balance sheet. On the balance sheet date, contract liabilities increased by 71.0 percent from EUR 32.4 million to EUR 55.4 million. The EBITDA, according to IFRS, totalled EUR 169,000, compared to EUR -1.6 million in the previous year. The measures introduced during the first half of the year to increase efficiency and productivity contributed to the improvement in earnings. The earnings for the period after taxes totalled EUR -3.9 million (prior year: EUR -3.9 million). For the current fiscal year 2023/2024, we expect an increase in sales revenues of between 5 and 15 percent compared to the previous year and a further significant improvement in EBITDA.

We would like to thank you, dear business partners and shareholders, for the trust you have placed in us and would be delighted if you continued to accompany us on our growth path. We would also like to thank our employees for their commitment and support.

Sincerely yours

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 – revolutionized by AI

Success in the AI-transformed service economy

» Knowledge management is a key to success with Artificial Intelligence. We are ideally positioned for this with Serviceware Knowledge.«

Michael Dettmann
Manager Contact
Center Applications
AIDA Cruises

» Data is among a company's most important assets. If we lose data, we are also lost as a company. That's why we must fulfil high security standards to protect our data and thus our business processes. Serviceware has fully supported us in the introduction of an AI-based security solution that we can absolutely rely on.«

Holger Ried
Teamlead IT Operations
FFT Produktionssysteme
GmbH & Co. KG

Artificial Intelligence (AI) is the decisive lever for improving the efficiency and competitiveness of companies today. That is why AI is the main driver of innovation in the Serviceware portfolio. Serviceware addresses the needs of companies for excellent, AI-supported solutions for agile business and service processes, cost control, analysis and planning based on flexible and secure IT.

Serviceware supports its customers from strategic consulting for the AI transformation to the development of the service strategy and the introduction of the Serviceware platform. The company also offers secure and reliable infrastructure solutions and managed services.

The core of the Serviceware portfolio is its own Enterprise Service Management (ESM) platform for service and business agility. The Serviceware platform is based on state-of-the-art technologies, in particular sophisticated AI and Machine Learning functions.

The AI-supported platform solutions are used in these areas in particular:

- IT and Enterprise Service Management - control and automation of processes in IT as well as business processes of all kinds
- Customer & Employee Experience Management - Knowledge Management, Self-Service and Chatbot solutions for efficient services and an optimised service experience for customers and employees
- Technology Business Management - planning, budgeting, forecasting and controlling for financial management in IT and other business processes based on Serviceware's own Digital Value Model (DVM)

In this way, platform users increase the value of their services to the customer and minimise the costs of service provision.

Digitise, automate, optimise and control all service processes with the AI-supported Serviceware Platform

Service Consumer

Expectations of the Service Consumer

- Quick solutions
- Top customer experience
- Little effort

Service Provider

Requirements of the Service Provider

- High efficiency and degree of automation
- Cost savings and added value transparency for optimised use of resources
- Secure and reliable IT infrastructure

» With Serviceware AI, we now classify 90% of requests automatically. This saves processing time, and solutions are sent to the enquirer more quickly.«

Lars Schuh
IT System Engineer,
Hekatron Service Center

“The idea of AI turning against humanity is a far cry from our current technology and its applications.”

Interview Dr. Alexander Becker, COO Serviceware

Dr. Alexander Becker, COO

Mr Becker, many experts are now warning of unregulated development and the potential risks of AI. Is the danger really that great?

The concerns about the unregulated development of AI are justified. AI has the potential to have a profound impact on our society, similar to other major technologies in the past. Just think of how the smartphone has changed our everyday lives. There are many advantages, and it has made life much easier in many areas - but it also harbours dangers, especially in combination with social media. With AI, it is important to consider the potential risks such as data breaches, ethical concerns and unfair decision-making. However, it is an exaggeration to demonise AI, as some have done in the recent past. Rather, it is about ensuring responsible use and development.

So we are not in danger of losing control of the technology?

There are many science fiction scenarios that fuel fears about AI and a loss of control over technology. But in reality, researchers and developers are working to make AI safe and useful for humanity. The idea of AI turning against humanity is a far cry from our current technology and its applications.

What are the challenges associated with AI?

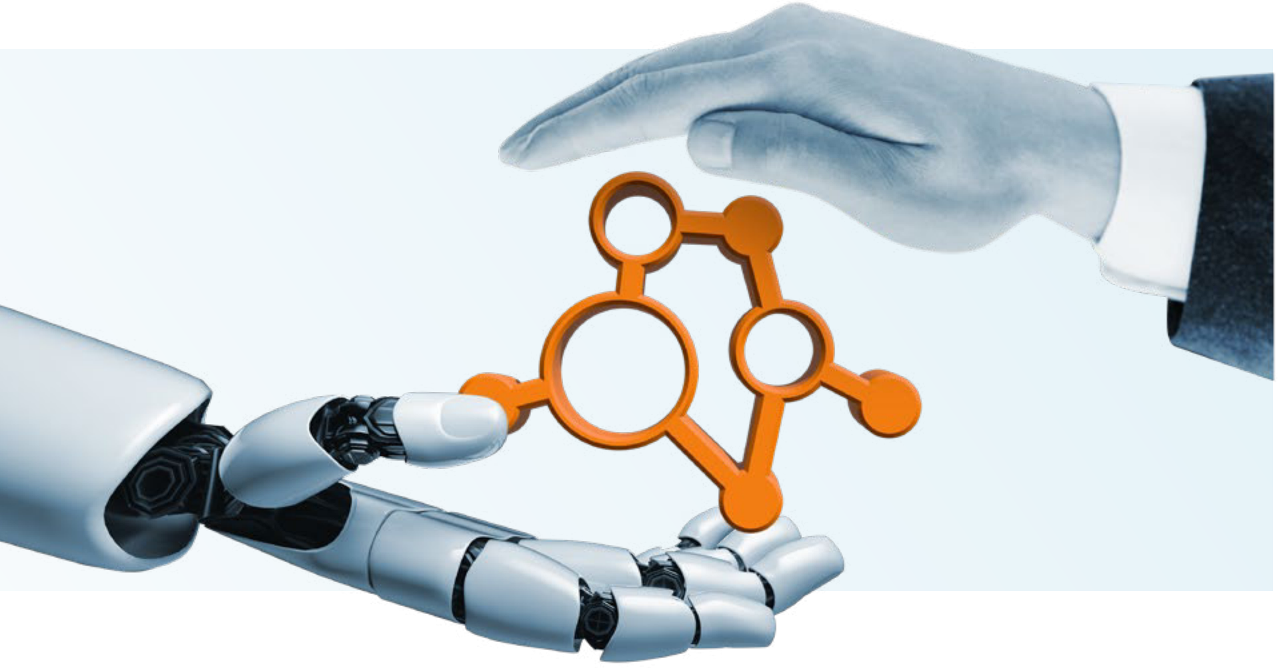
The challenges include integration into existing systems, data protection, dealing with intellectual property, avoiding bias in algorithms and ensuring that AI decisions are comprehensible and transparent. Companies must pay attention to these aspects to ensure that their AI systems function responsibly and efficiently.

How can companies ensure compliance with ethical standards?

Companies should introduce ethical guidelines for the use of AI that include transparency, fairness and data privacy.

And how does Serviceware itself ensure the responsible use of AI?

At Serviceware, we invest in precisely these aspects of AI - our AI strategy always envisages interaction between humans and machines. This means that we want to enable the user to understand what the AI has done and why - and to intervene to supplement or correct it. The AI is the “co-pilot”. The human should remain in the “driver‘s seat” - but be supported and relieved in the best possible way. At the same time, we are implementing additional mechanisms that allow the AI algorithms to be used - while at the same time safeguarding data protection and intellectual property interests.



Together with our “AI first” strategy, we have introduced the “Serviceware AI Codex”, which defines a simple and transparent framework for action for all Serviceware employees. If you then transparently demonstrate how and why AI produces certain results and enables intervention, compliance with these principles can also be easily realised.

Is there a need for stricter rules for AI to ensure that AI can be used safely?

Careful regulation is important to ensure that AI is used responsibly. This should include a framework for data protection, security and ethics to avoid misuse and negative effects. However, we should also be careful not to overly restrict and regulate the innovation and dynamism that AI brings us.

Why should companies not forgo the use of AI today?

AI offers enormous opportunities to increase efficiency, which can be translated into cost reductions and quality improvements. This starts with the automation of individual tasks and entire processes and extends to the improvement of customer relationships and the creation of completely new business models. Companies that do not utilise AI will, therefore, lag behind the competition that effectively exploits these opportunities.

So, companies that use AI have a corresponding competitive edge?

Absolutely. Companies that use AI effectively can react more quickly to market trends, offer personalised customer experiences and optimise their internal processes. This leads to a clear competitive edge.

What will be the most important milestones in AI in the coming years?

In addition to the generally increasing penetration of AI in many areas and processes, I see the area of quantitative models, in particular, as an exciting development. Today, we are seeing a lot of AI solutions based on “Large Language Models”, i.e. qualitative models that deal with linguistic issues. Here at Serviceware, we already have a wide range of solutions on the basis of our platform, such as an assistant for creating knowledge articles in Serviceware Knowledge or a “Solution Assistant” that pre-formulates answers to customer enquiries for a service employee. This means that AI is already very advanced when it comes to analysing and generating texts and images. There is still potential in the area of quantitative models that enable the analysis and forecasting of figures, such as financial data. This will also be a strong focus of development at Serviceware in 2024.

Increasing efficiency in Support with AI and self-service

Christian Thiel
Head of ESM
Customer Support
& Managed Service

Putting oneself in the customer's shoes and showing understanding and empathy even in tense situations is one of the most important skills in Support. This must then also be reflected in the formulation of an appropriate solution. "As a human, I can do that better than a machine," laughs Christian Thiel, Head of ESM Customer Support & Managed Service. "The main aim of using AI in support is to increase efficiency and quality in ticket processing, combined with greater speed in finding solutions. This enables us to offer customers an even faster and high-quality service," says Christian Thiel. As the person responsible for Support, he is often the first point of contact for his colleagues and quickly provides them with practical help. Every day, Serviceware's Support employees receive a large number of customer enquiries, which are categorised with the help of AI. AI also helps with formulating answers and communicating these to the customers.

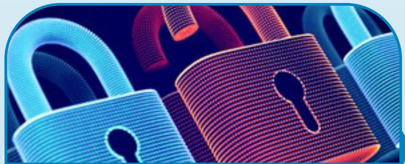
Artificial Intelligence is used in numerous areas in Customer Support and the Managed Service Organisation, including the "Solution Assistant". With the AI-supported solution for service desks, enquiries can be answered quickly and accurately. AI searches systems for comparable processes in the past, identifies errors and fault reports and provides suggestions for solutions. The technology is also used for translations for non-native speakers at Serviceware's international locations or for qualifying customer enquiries. Based on a generic error code, Artificial Intelligence can also be used to generate a list of measures and possible solutions, which previously had to be painstakingly compiled via internet research. This has led to significant improvements in support work. "We have been able to increase the speed of our analyses and have already significantly increased the level of automation and efficiency."

According to Christian Thiel, the use of AI will soon lead to further improvements in many other areas at Serviceware. Christian Thiel includes, for example, the reduction in the initial recording of faults through automatic classification, forwarding and prioritisation using AI technologies. He assumes that requests and tickets could be reduced by up to 40 percent in the future through proactive responses using AI.

For internal processes, the AI Chatbot from Serviceware uses ChatGPT, which is integrated into the ESM platform, to formulate suitable answers to questions by drawing on existing knowledge. "For us, the question is not where AI is "better" than humans, but how the technology can support us."

»With AI, we can process a large number of tickets simultaneously and provide answers quickly. This significantly shortens the response time and enables Support to work more efficiently.«

HIGHLIGHTS 2023



FEB

ISO 27001 certification: Serviceware fulfils international standards for information security

MAR

Award: Serviceware is Crowdstrike "Partner of the Year"

APR

E-mobility: Twelve charging stations commissioned at the Idstein headquarters

MAY

PinkVERIFY™ Certified

Serviceware Platform again honoured in important industry standard

JUN

Corporate Fitness: Serviceware takes part in the JP Morgan run

JUL

Innovation: Integration of Open AI into the Serviceware platform

AUG

Strategy: Serviceware communicates customer-centred strategy "AI First"

SEP

#FreeTBM: Serviceware COO launches initiative to open up the TBM (Technology Business Management) standard

SEP

Serviceware SE wins major European telecommunications company in the field of IT cost management as a customer

OCT

Cooperation: New partnership with the international IT service provider Materna

NOV

Customer Days: The Serviceware Customer Days in Hamburg, Wiesbaden and Herrenberg are all about AI

Platform: Serviceware impresses one of Europe's largest transportation associations with its AI expertise

DEC

Whistleblower system: Serviceware establishes an internal reporting centre for confidential communications

AI in Software Development: From "hype" to sparring partner at eye level

Martin Ludwig
Senior Software Developer

"At the beginning, we didn't agree on whether AI could really help or whether it was just hype," says Martin Ludwig, Senior Software Developer, looking back on numerous lively discussions with his colleagues in Development. "However, it quickly became clear that AI can support us in many areas." Today, Artificial Intelligence is an essential part of the work in Product Development at Serviceware. In Software Development, Serviceware primarily uses Github Copilot. The AI-supported code completion tool supports developers in writing programme code by making suggestions for lines of code, automating recurring tasks such as writing test cases or helping to learn features of the programming language used "on the job". "With the chat function, developers can also ask questions directly to GitHub Copilot, which are then answered individually based on the existing code base." The creation of extensive test scenarios is much more efficient with AI. In addition, employees who are not yet perfectly proficient in a particular programming language can use GitHub Copilot to quickly build up knowledge and expand the code base. "AI helps to improve programming skills quickly. This allows us to significantly increase our efficiency and productivity."

Thanks to AI, every Serviceware software developer always has a sparring partner at their disposal with whom the benefits of pair programming can be realised even without a human partner. Martin Ludwig cites early error detection and the use of new and better solutions and algorithms as some of the advantages. "The quality of the software is increased as more and more extensive test cases and solutions are created based on a broad knowledge base and in accordance with the suggestions of GitHub Copilot. Recurring tasks are automated, allowing us to focus on more challenging and exciting tasks."

AI was implemented quickly and silently in Development. "Today, it feels as if Artificial Intelligence has always been a part of our work." And this collaboration is set to be further expanded in the future. Martin Ludwig sees potential for the further use of Artificial Intelligence in the process steps before and after implementation. This includes the creation of requirements and documentation as well as the definition and implementation of security assessments and tests.

»AI will increasingly become the ubiquitous expert and increase quality and efficiency in development.«

AI: The multi-faceted new assistant in Marketing

Sarah Ruckaberle
Performance Marketing & Automation Manager

With the advent of Artificial Intelligence, many tasks and practices in Marketing have changed, reports Sarah Ruckaberle, Performance Marketing & Automation Manager. In addition to the creation and optimisation of texts, AI is also used to generate graphics and videos or for automation along the customer journey. “Artificial Intelligence has made many things easier and more efficient, such as the mapping of standard processes or the initial research and creation of content. At the same time, however, the availability of AI tools has also increased the demands and expectations of marketing.” High-quality content at the touch of a button? It‘s not that simple. Artificial Intelligence can be used in many areas to provide support, deliver individual building blocks and help with personalised marketing when addressing customers. “Ultimately, however, we must continue to be creative, have a precise understanding of customer needs and ensure quality in marketing.”

In Marketing, content, the presentation of this content, and the evaluation of customer reactions are becoming increasingly automated. However, this has not made interaction between Marketing and customers, prospects or colleagues any less personalised. “Rather, Artificial Intelligence helps to address existing and potential customers in a much more personalised manner.” Sarah Ruckaberle believes that the automation of processes and the associated increases in productivity are likely to intensify further. It is also conceivable that cornerstones of digital marketing work, such as the role and functionality of search engines, will change in the coming years and merge with dialogue-oriented AI tools.

The use of AI in a beneficial sense requires precise knowledge of the customer status at all levels. However, information such as contracts, special agreements or support satisfaction is sometimes still stored in different systems. AI could help to create an even more holistic picture of interests here. “In the near future, we want to build an AI-analysed data lake with all customer data, CRM and marketing information, as well as all information from product application and service data.” Sarah Ruckaberle is certain that this will enable the customer experience to be optimised on further levels, data to be used even better for individual campaigns, and marketing investments to be used in an even more targeted manner than before. “This will enable us to make an even greater contribution to profitable growth.”

»How powerful the AI tools actually are - especially when creating content - was quite surprising in this intensity.«

Sustainability at Serviceware

We create added value through holistic action

Serviceware is committed to responsible corporate governance and, as an internationally operating software company, is aware of the ethical, ecological and social impact of its actions. Consequently, Serviceware aligns its business activities with sustainability along the entire value chain. Serviceware's aim is to create added value for the company and all stakeholders and thus ensure the long-term success of the company.

Serviceware made further significant progress as part of its Sustainability Strategy 2030 in fiscal year 2022/2023. The strategy was initiated in 2021/2022 and is the result of a process in which all stakeholders were involved. The Sustainability Strategy 2030 is based on the 17 Sustainable Development Goals of the United Nations and includes numerous initiatives from previous years, current and future projects and specific strategic goals, including the goal of being climate-positive by 2030. The sustainability strategy is now an integral part of Serviceware's corporate culture and is being successively expanded with new activities. As a basis for entrepreneurial action, the Sustainability Strategy 2030 provides guidance for employees and other stakeholders.

Consolidation of the data centres: Success factor for sustainable growth

When evaluating and implementing its own IT and product strategy, Serviceware has always taken ecological efficiency criteria into account. A key element for sustainable growth and simpler administration across all locations is the further consolidation of the data centres, such as those at the Hürth and Herrenberg sites. By merging Cloud, Computing, Storage and Network, Serviceware is transforming its data centres into flexible and highly scalable platforms for IT infrastructure, applications and data. As a result, Serviceware guarantees permanent data sovereignty and control over its own IT and can react quickly to new technological trends.

Serviceware has also further developed its information security management system and compliance activities. Among other things, the company has introduced a new platform for information security training, which is to be further expanded in 2024. In addition, the backup infrastructure was modernised with more energy-efficient hardware and the disaster recovery/BCM strategy was further developed. This enables Serviceware to respond even more quickly to damage events or environmental disasters in an emergency and resume business activities.

Diversity at Serviceware: Our commitment to diversity and equal opportunities

Serviceware employees comply with the applicable laws and regulations of the respective country at all of the company's locations. Serviceware attaches great importance to equal opportunities for all employees as well as in application and selection procedures. No employee or applicant may be discriminated against or disadvantaged on the basis of skin colour, age, religion, gender or sexual orientation. Serviceware is committed to the free democratic basic order of the Basic Law of the Federal Republic of Germany and is resolutely opposed to all forms of racism, anti-Semitism, xenophobia and intolerance. The company is openly in favour of more diversity and tolerance and against any form of discrimination. Serviceware actively promotes diversity within the company.

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.

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.

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.

Data protection: Your data in safe hands

Through a secure and modern IT infrastructure as well as regular training on IT security, Serviceware ensures that data is handled responsibly in compliance with the applicable data protection laws and that sensitive data is secured at all times and cannot be disclosed to third parties. 2023 saw the rollout of the new Serviceware Code of Conduct, the communication of which is an integral part of the onboarding processes for Serviceware employees and partners. It comprises the guidelines and principles that employees must observe in their day-to-day business.

Satisfied employees are the foundation of the company's success

Satisfied and well-qualified employees are an important competitive advantage. Serviceware offers employees the opportunity to take part in various employee events, work in ultra-modern offices and work from home. Employees can contribute ideas to further improve the working atmosphere in various working groups, which are implemented in various projects. The staff turnover rate serves as a good indicator of employee satisfaction. It is 15.7 percent at Serviceware. According to figures from iwd, the fluctuation rate in Germany as a whole is around 33 percent, which is more than twice as high as at Serviceware. Serviceware employees were on sick leave for an average of 8.3 days. The national average in Germany was 20 days in 2023, according to an analysis by the health insurance company DAK Gesundheit. At 24.8 percent, the proportion of women at Serviceware is significantly higher than the proportion of women in the German ITC industry, which is around 15 percent. In order to promote women in IT in an even more targeted manner and to further increase the proportion of women, Serviceware has already initiated various training measures and founded the women's network "Women@Serviceware", in which female employees regularly exchange ideas in working groups on topics such as careers or further development and develop measures to encourage even more women to join the IT sector.

CO_2 footprint further reduced

The impact on the environment and climate should be minimised in all of Serviceware's activities. Serviceware offers its employees the option of using a "Rail Card 100" instead of a company car. In 2023, 76 percent of all business trips were already made by train (previous year: 69 percent). Serviceware has also continued to convert its vehicle fleet to alternative drive technologies. Electric and hybrid vehicles currently make up around 21 percent of the vehicle fleet, compared to 15 percent in the previous year. Serviceware also offers employees job tickets for the use of local public transport and company bicycles.

In 2023, Code Gaia, a provider of ESG software solutions for corporate sustainability management, measured Serviceware's carbon footprint for areas directly influenced by the company for the fiscal year 2021/2022. This resulted in emissions of 2997 tonnes. As part of the Sustainability Strategy 2030, Serviceware plans to receive a sustainability rating from the EcoVadis rating platform in 2024. By having its ESG performance assessed by the leading ESG rating platform, Serviceware will further increase transparency and comparability with other companies and thus offer investors further significant added value.

Serviceware supports companies in reducing emissions

The software solutions and services from Serviceware support companies in reducing their CO_2 emissions and thus contribute to a cleaner environment. The Serviceware Resources software module supports health and care facilities, primarily in the Netherlands, with the planning of appointments and home visits and organises service and route planning in the field, from ordering to billing. In 2023, Serviceware Resources was used to optimise the routes and distribution of resources for around 4.2 million visits. This saved an average of 10 kilometres of driving per route and thus avoided the corresponding pollutant emissions. The Serviceware Financial software module also includes a solution for recording and analysing greenhouse gas emissions along the entire value chain ("Carbon Accounting"). Emissions data can be integrated into the customers' existing cost models. Serviceware Financial transparently identifies CO_2 drivers in the company and shows how emissions can be reduced. In addition, the software solution shows correlations between the status quo, effects on CO_2 consumption and target figures.

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Better and faster learning with AI: Artificial Intelligence in Education Management

Armin Schäfthaler
Service Manager Education Management

"The use of AI has revolutionised the way we work," says Armin Schäfthaler, Service Manager Education Management. Schäfthaler works in Education Management at Serviceware. In this role, he supports his colleagues throughout the company with digital teaching content and practical workshops on how to use the modules of the Serviceware platform. This was sometimes time-consuming and tied up considerable personnel resources in Education Management. However, time-consuming and repetitive tasks are now a thing of the past in Education Management at Serviceware. They are now taken over by Artificial Intelligence. The technology creates automatically generated teaching content so that Education Management can focus even more on more demanding and strategic tasks and respond more flexibly to new challenges. "Our work has become more varied. AI supports us with many complex tasks, or the technology takes them over completely."

With the involvement of ChatGPT, storybooks were used to create instructional videos to convey knowledge in a structured and simple way. AI avatars were created to carry out role plays. "These technologies enable diverse and effective knowledge transfer." Prompting is used to generate tasks that are set for users in e-learning and serve to practise and consolidate the knowledge learnt. For e-learning courses, AI also generates both the use cases and the audio for the videos created. Armin Schäfthaler sees increased efficiency, improved content quality and the ability to react quickly to changing requirements as the key benefits of AI in Education Management.

The initial scepticism towards AI among some employees quickly faded. "We were pleasantly surprised by Artificial Intelligence's ability to translate complex teaching content into understandable and appealing formats." The quality of the generated content exceeded expectations and quickly helped to improve learning outcomes for participants. The integration of AI into various education management processes is to be further advanced in the coming years to be able to serve individual needs in personnel development even more precisely, among other things. In addition to the development of customised training programmes for individual employees, this also includes the introduction of advanced simulation technologies for training courses. Technologies such as Virtual Reality for immersive learning environments could complement Artificial Intelligence in Education Management in the long term. It could be used to simulate real-life scenarios so that users can test and develop their skills in a safe and controlled environment.

The use of AI also makes things considerably easier in Partner Enablement. Generating training content using AI has significantly reduced the time required to create training materials. Whereas Serviceware trainers previously needed around five weeks on-site to familiarise partners such as resellers or managed service providers with the solutions from the ESM platform and explain functionalities, it now only takes an average of 8 days. "This enables us to offer training courses faster and more cost-effectively," explains Armin Schäfthaler. With Serviceware's digital training content, the partners have a good basis for dealing with Serviceware products and services. "In the on-site training courses, we can intensify the knowledge already acquired and thus maximise the benefits of the platform for our partners' respective fields of application."

»Artificial Intelligence is an exciting journey into the future. With AI training content, Serviceware employees are perfectly equipped for future tasks.«

The Serviceware Share in 2023

Stock markets nationally and globally

2023 was a successful year on the stock market for Serviceware shareholders and investors on the German stock market alike. After a loss-making year in 2022, the German Share Index (DAX) rose by 20.3 percent in 2023 and reached a new record high of over 17,000 points for the first time in mid-December. The small and mid-cap indices MDAX and SDAX also performed positively, gaining 8.0 percent and 17.1 percent, respectively. The technology stock index TecDAX, which lists the 30 largest German technology companies, rose by around 14 percent within a year. The international stock markets were also on the upswing in 2023. The pan-European EURO STOXX 50 recorded a price increase of around 19 percent, while the S&P 500 index gained a solid 24 percent in value.

The stock market year 2023 was characterised by a weak global economy and a high inflation rate, which the international central banks countered with several interest rate hikes. The Fed and the ECB managed to get inflation under control quickly. Falling electricity and energy prices, as well as the outlook for a recovering global economy, which is expected to be fuelled in particular by China's economic growth in 2024, also created a positive sentiment on the stock markets. Artificial Intelligence was another key topic on the global stock markets in 2023. Technology companies dealing with AI were among the big winners on the stock markets worldwide in 2023.

in EUR

Xetra price Serviceware SE from 1.1.2023 to 31.12.2023

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

Share price of Serviceware SE

The Serviceware share performed very positively on the stock market in 2023, clearly outperforming the market as a whole. The first price of the year for the Serviceware share was EUR 6.48. At the end of 2023, the share was trading at EUR 11.45, compared to a closing price of EUR 6.50 in 2022, representing an increase of 76.2 percent over the course of the year. The high for the year was reached on 21 December at EUR 11.70. The share reached its lowest price of EUR 5.78 on 11 January. As of the reporting date, Serviceware's market capitalisation was EUR 120.23 million.

Stock exchange activity 2023

Between 1 January and 31 December 2023, a total of 2.13 million Serviceware shares were traded on all German stock exchanges, thereof 1.18 million on Xetra. An average of 8,341 Serviceware shares were traded daily on all stock exchanges, of which the majority (5,227) were traded on Xetra. The resulting average trading volume per trading day was EUR 51,130 (Xetra: EUR 39,903).

Analyst coverage

The business and share performance of Serviceware is currently being tracked by analysts of the research houses Montega AG and Quirin Privatbank AG and covered by regular analyst studies. Both research houses recommend the share as a buy. At the time of compiling this Annual Report (First Quarter 2024), the assessments are as follows:

Bank	Last update of	Recommendation	Upside target
Montega	28.02.2024	Buy	EUR 18.00
Quirin Privatbank	31.10.2023	Buy	EUR 18.50

This means an upside potential of 36 percent or 40 percent, respectively, compared to the price level at the end of February 2024.

Investor Relations activities

Serviceware attaches great importance to the capital market‘s need for information. With its listing in the Prime Standard of the Frankfurt Stock Exchange, Serviceware fulfils the highest transparency requirements. The company informs investors and interested parties about current developments via regular corporate news and ad hoc disclosures. Serviceware also publishes interim reports for the quarters and annual reports for the year as a whole. Detailed information about the company and the share is available in German, English and partly also in Dutch on the company website, www.serviceware-se.com.

In fiscal 2022/2023, the management of Serviceware also held numerous discussions with existing and potential investors, analysts and journalists from Germany and abroad, including at the German Equity Forum in Frankfurt in November 2023. As part of a company presentation as well as individual and group discussions, Serviceware reported on the business model, the corporate strategy, current operational developments, and market trends. A focus was placed on the transformation of the business model from a licence to a SaaS model. The number of potential investors was increased significantly. Serviceware also carried out product demonstrations during the reporting period to provide information about the corporate strategy and its implementation to date.

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 02.01.2023	EUR 6.48
Annual high	EUR 11.70
Annual low	EUR 5,78
Xetra year-end price on 29.12.2023	EUR 11.45
Market capitalisation on 31.12.2023	kEUR 120.225
Designated Sponsor	ICF Bank
Analyst Coverage	Montega, Quirin Privatbank

AI in Sales: New fuel for customer relationships

Kevser Boyacioglu
Account Manager

"AI helps us to respond to customer needs even faster, more professionally and more individually, to prioritise tasks and to better identify and leverage sales potential," says Kevser Boyacioglu, Account Manager. Artificial Intelligence is used in Serviceware's Sales division throughout the entire sales cycle. AI takes on a range of tasks, from research to the initiation of new contacts. These include creating focus and account lists for various sales campaigns, researching individual companies or the market environment of a specific industry or summarising and structuring documents for RFPs (Requests for Proposal) such as management summaries.

Artificial Intelligence can analyse a large amount of data and recognise patterns, from which Sales employees can gain valuable insights to identify qualified leads, among other things. The use of AI has enabled more precise lead qualification and a stronger focus on relevant accounts. "In Sales, this allows us to concentrate on promising potential customers."

However, Kevser Boyacioglu recalls that not everything went smoothly at first when implementing AI in Sales. With the incorrect use of prompts to initiate a certain response or action, authenticity was lost, and the Artificial Intelligence responses were often similar. It also took some time to find out how to interact correctly with language models in a context window. "In some cases, it took more time to figure this out than it saved." However, once the Sales team had overcome these challenges through intensive prompt training, the benefits of AI quickly became apparent to Kevser Boyacioglu and her colleagues. "AI paid off extremely quickly. By using it, we have already been able to optimise processes and communication and offer our customers an even better and faster service."

If Kevser Boyacioglu has her way, all routine tasks such as maintaining CRM data, responding to RFIs (requests for information) and RFPs or lead generation, qualification and nurturing should be highly automated. In this way, continuous improvement in work processes can be achieved. Kevser Boyacioglu expects the areas of application for AI to be further expanded in the future, for example, to carry out even more precise needs analyses. "This will allow Sales employees to focus even more on customised solutions and make communication even more effective."

Even though AI can make work easier and more efficient in many areas, personal interaction remains indispensable for Kevser Boyacioglu. "I want to continue to be able to bring my intuition and experience to my work in the future and to be in personal dialogue with my customers so that I can understand their individual needs and serve them in the best possible way. Human interaction is irreplaceable, especially in complex business processes."

»With the help of AI, we can create personalised and tailored offers for each customer in Sales and optimise sales strategies based on customer behaviour and preferences.«

Dear Madam or Sir,

Serviceware was able to further improve its sales revenues and earnings during fiscal year 2022/23 despite a challenging economic environment and, at the same time, lay important foundations for the future success of the company.

Against the background of achieving the Guidance, the Administrative Board is satisfied with the overall result, coupled with the expectation that the course taken towards positive revenue and earnings development will be continued.

In particular in the areas of strategy, the Serviceware Platform and the customer portfolio, further foundations were laid in the past year to ensure the future success of Serviceware in a rapidly changing market environment that is increasingly characterised by AI:

Growth through innovation and Artificial Intelligence has been an integral part of Serviceware‘s strategy since the IPO of Serviceware SE. The foundation stone for the AI orientation of Serviceware was laid in 2019 with the establishment of the Serviceware AI Centre in cooperation with the technical university TU Darmstadt. After AI emerged as an absolute technological game changer, Serviceware aligned itself even more consistently towards AI: In 2023, the Serviceware “AI First” strategy was adopted. This also brought Serviceware‘s vision into the AI age: “Serviceware enables people to achieve their ambitions in the service economy - revolutionised by AI”.

The Serviceware Platform has been consistently developed further with releases in all modules. Artificial Intelligence is being used in more and more areas of the platform to leverage efficiency potential on the one hand and to noticeably improve the customer experience on the other. Serviceware decided early on not to develop its own AI models and instead to focus on providing data for AI-supported service processes. This has proven to be the best possible strategic decision, with ChatGPT, which is now used by the Serviceware Platform, and other Large Language Models (LLMs) dominating the market.

We were able to acquire further well-known national and international customers and realise a large number of projects for new and existing customers. Among others, one of Europe‘s largest transportation associations opted for Serviceware thanks to our AI expertise. In the digitalisation of its service processes, the transportation association relies on the Serviceware Platform and the Solution Bot, which uses AI to answer users‘ questions at a high level of quality. Since last year, the ESM platform has also been used by a leading European telecommunications company and another DAX-listed company. The Serviceware Knowledge and Serviceware Processes and Serviceware Financial platform modules became operational at a German big bank and a leading global oil company.

Activities of the Administrative Board

In fiscal year 2022/2023, the Administrative Board fulfilled the tasks and obligations to be fulfilled in accordance with the law, the articles of association, and the internal regulations with the greatest care and regularly supervised the work of the Managing Directors. In this connection, the body convinced itself at all times of the lawfulness and regularity of the executive management. We have constantly been available in an advisory capacity in our function and have jointly developed the management of the company with the goals set in an ongoing dialogue with the Managing Directors. The Administrative Board was at all times involved in all decisions which were of direct relevance for Serviceware. This was done more particularly through the transparent management by the Managing Directors.

Meetings of the Administrative Board

In five ordinary meetings of the Administrative Board, the Managing Directors regularly reported comprehensively in writing and orally about the current and the economic situation of Serviceware SE and, moreover, informed about all important aspects and business transactions of the company. All three members of the Administrative Board attended all Administrative Board meetings in the 2022/2023 fiscal year.

The meeting of the Board of Directors on 7 December 2022 was held as a conference call. All other meetings were held in person. The Chairman of the Administrative Board joined the meetings on 22 March 2023 and 20 September 2023 by video conference. Otherwise, all members of the Administrative Board were present in person at all face-to-face meetings.

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 on 7 December 2022, 2 February 2023, 22 March 2023, 21 June 2023 and 20 September 2023 focused on the following topics, among others:

The focus of the deliberations at the Administrative Board

1st quarter 2022/2023

The Administrative Board meeting on 7 December 2022 primarily discussed the economic prospects for the fiscal year that had just begun and the associated impetus from the Administrative Board for a strategy meeting of the Managing Directors planned for January 2023. In addition, a resolution was passed to hold the Annual General Meeting virtually again in 2023.

The meeting of the Administrative Board on 2 February 2023 focused on evaluating the current measures to boost sales revenues and improve the EBIT during the current fiscal year as well as the reorganisation of the Development Department planned for the second quarter. The aim of the reorganisation was to increase efficiency within development on the one hand and anchor artificial intelligence even more firmly in products and processes on the other.

2nd quarter 2022/2023

During the meeting of the Administrative Board of 22 March 2023, after the report by the attending auditor, the financial statements of Serviceware SE and the combined consolidated management report for fiscal 2021/2022 and the consolidated financial statements of the Serviceware Group and the combined consolidated management report for fiscal 2021/2022 were adopted and hence approved.

Moreover, the agenda for the annual meeting on 11 May 2023 was approved.

3rd quarter 2022/2023

At the meeting of the Administrative Board on 21 June 2023, the considerations for focussing the Serviceware strategy on growth through the key technology AI while retaining all previous strategy elements were discussed intensively. In addition, the market potential of individual modules of the Serviceware platform was critically assessed.

4th quarter 2022/2023

At the meeting of the Administrative Board on 20 September 2023, liquidity planning was discussed against the backdrop of the upcoming repayment of a significant amount of term deposits. In addition, the "AI First" strategy was presented, together with the update of the Serviceware vision, which was supplemented by the addition of "revolutionised by AI". Finally, as at all meetings of the Administrative Board during the fiscal year, the company's financial position and the measures derived from it were scrutinised.

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 30.01.2018
- Harald Popp, since 30.01.2018
- Ingo Bollhöfer, since 30.01.2018

Mr Debus was last re-elected to the Administrative Board by the ordinary general meeting on 06.05.2021.

The other members were all re-elected by the ordinary general meeting of 12.05.2022.

Corporate Governance

The Managing Directors and the Administrative Board supervise the 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 02.02.2024. 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 were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union (EU), and taking into account the supplementary provisions under the German Commercial Code (HGB) to be complied with in accordance with § 315e Para 3 HGB. The financial statements and the management report of Serviceware SE is prepared in accordance with the provisions of HGB and AktG (German Stock Corporation Act).

RSM GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf ("RSM GmbH"), was elected by the General Meeting on 11.05.2023 as the external auditor of the financial statements for the fiscal year 2022/2023. Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft carries out the mandate as the universal successor of RSM GmbH in this respect and 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 2022/2023 and issued an unqualified audit certificate.

During the meeting of the Administrative Board on 20.03.2023, deliberations took place with the Managing Directors in the presence of the external auditor, who reported the main findings of his audit.

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

The result of the 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 20.03.2023. This also applies to the submitted combined Group 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 constructive cooperation during fiscal 2022/2023.

Idstein, March 2024

Christoph Debus
(Chairman of the Administrative Board)

Combined Management and Consolidated Management Report 2022/2023

Serviceware SE, Idstein

1 Combined Management and Consolidated Management Report

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

The 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 the first preliminary calculations by the Federal Statistical Office, the price-adjusted gross domestic product (GDP) was in 2023 0.3 percent lower than in the previous year. The economic development was unable to escape the environment characterised by a variety of crises. This was compounded by the effects of a persistently high inflation and unfavourable investment conditions due to rising interest rates and a lower demand from Germany and abroad. The recovery of the German economy from the deep slump in the first year of the Covid-19 pandemic in 2020 has thus come to an end. The economic output is still 0.7 percent higher than in 2019 before the start of the pandemic.[1]

After the German economy experienced a more positive start to the year than initially expected with growth of 0.3 percent in the first quarter, the further development dampened over the course of the year. A decline of 0.4 percent was recorded in the second quarter. After a further decline of 0.7 percent in the third quarter, the most recent development in the fourth quarter was again minus 0.4 percent.[2] Gross value added developed differently in the individual economic sectors in 2023: the manufacturing industry (excluding construction) declined significantly by 2.0 percent due to very low production in the energy supply sector. A positive impetus came from the automotive industry and vehicle construction. By contrast, value added in energy-intensive industries such as chemicals and metals fell again. The services sector, on the other hand, was able to increase its economic output. The largest price-adjusted growth was recorded by the information and communication sector at 2.6 percent, continuing its long history of growth. Private consumption fell by 0.8 percent in 2023 versus prior year. This is likely to be primarily due to high consumer prices. The areas most affected by declines were those in which prices either remained at the previous year‘s high level or even rose further over the course of the year.[1]

[1] https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_019_811.html
[2] https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_038_811.html

The economic and geopolitical developments are also reflected by the Federal Government's provisional budget statement. The financial efforts to deal with the consequences of the Covid-19 pandemic have decreased significantly, which has eased the burden on the expenditure side. At the same time, there are still burdens from the support provided by the Federal Republic of Germany in connection with the war of aggression against Ukraine as well as measures to curb the rise in energy costs for companies and citizens. Overall, 4.9 percent less was spent than in the previous year. Tax revenue, on the other hand, increased by 5.6 percent, resulting in a budget deficit of EUR 27.2 billion. The government deficit according to the Maastricht calculation amounts to 2.0 percent of the gross domestic product.[3]

At 5.9 percent, the inflation rate was in 2023 again at a very high level, albeit below the 2022 figure of 6.9 percent. The main driver was the price trend in the food sector, which rose by an annual average of 12.4 percent. Prices for energy products increased by 5.3 percent. They thus remain at a high level following the price increase of 29.7 percent in the previous year. Monthly inflation rates - measured as the change in the consumer price index compared to the same month of the previous year - have been below the 5.0 percent mark again since September. At the end of the year, this figure stood at 3.7 percent in December.[4]

The business climate continued to deteriorate over the course of 2023. At the beginning of the year, the ifo Business Climate Index stood at 90.1 points and hit a low of 85.8 points in August and September. After a slight increase in the following months, it was lower again in January 2024 at 85.2 points. This is the lowest value since the Covid-19-related slump in spring 2020.[5] However, it should be mentioned that the business climate in the digital sector remains at a significantly higher level compared to other sectors of the economy.[6]

The labour market has so far been relatively unaffected by the economic trend. At around 46.0 million, the number of people in employment was in December 2023 0.4 percent higher than the previous year's figure.[7] At the same time, the unemployment rate has risen slightly, partly due to the registration of Ukrainian refugees, and stood at 5.7 percent in December 2023, 0.3 percentage points above the previous year's figure of 5.4 percent.[8]

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[3] https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2024/01/2024-01-16-vorlaeufiger-jahresabschluss-bundeshaushalt-2023.html
[4] https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_020_611.html
[5] https://www.ifo.de/fakten/2024-01-25/ifo-geschaeftsklimaindex-gefallen-januar-2024
[6] https://www.bitkom.org/Digitalindex
[7] https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/01/PD24_040_132.html
[8] https://www.destatis.de/DE/Themen/Wirtschaft/Konjunkturindikatoren/Arbeitsmarkt/arb210a.html

1.2 Industry Development

The German digital industry was stable in 2023 and continued to grow against the overall economic trend. However, at 2.0 percent, growth in information technology, telecommunications and consumer electronics was below the prior-year figure (6.8 percent). The information technology sector grew by 2.2 percent. Within IT, the software sector showed the strongest growth with an increase of 9.6 percent.[9]

The outlook for the current year 2024 remains positive. The industry association Bitkom expects growth to increase to 4.4 percent. The Bitkom-Ifo Digital Index rose again slightly at the end of 2023 and remains well above the general business climate.[10]

The use of Artificial Intelligence (AI) is seen as the next step in the use of digital technologies in the German economy. Spending on Artificial Intelligence increased by 32 percent in 2023. AI software accounts for the largest share of AI expenditure (EUR 4.1 billion).[11] In a representative Bitkom study conducted in October 2023, 72 percent of respondents assume that AI is of great importance for the future competitiveness of the German economy, but only 15 percent use AI in their own company. ChatGPT and generative AI have influenced the internal discussion on the use of Artificial Intelligence in 71 percent of companies. “Companies have recognised the importance of digitalisation for their own future. However, they do not seem to know how to approach digitalisation. For each individual company and for the German economy as a whole, the motto must be: Make the 2020s the digital decade!” demands the new Bitkom President Dr Ralf Wintergerst.[12]

The number of employees in the digital industry rose by a further 28,000 last year. However, there are still 149,000 vacancies for IT specialists. The shortage of IT specialists will become even more pronounced in the coming years due to demographic trends. The creation of additional new jobs for IT specialists is already expected to continue in 2024.[13]

According to a study by the analyst firm Gartner, global IT spending by companies will increase by 3.3 percent in 2023. Based on the results of the study, decision-makers are currently experiencing change fatigue, which often manifests itself in a reluctance to invest in new projects and initiatives. As a result, some of the IT spending in 2023 will be postponed to 2024, for which increased growth of 8.0 percent is forecast.[14]

[9] ITK market figures as at January 2024 to be found under: https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland
[10] https://www.bitkom.org/Presse/Presseinformation/Digitalbranche-von-Krisen-unbeeindruckt
[11] https://www.bitkom.org/Presse/Presseinformation/KI-Markt-waechst-um-ein-Drittel
[12] https://www.bitkom.org/Presse/Presseinformation/Digitalisierte-Unternehmen-ziehen-im-Wettbewerb-davon
[13] https://www.bitkom.org/Presse/Presseinformation/Rekord-Fachkraeftemangel-Deutschland-IT-Jobs-unbesetzt
[14] https://www.gartner.com/en/newsroom/press-releases/2023-10-18-gartner-forecasts-worldwide-it-spending-to-grow-8-percent-in-2024

1.3 Business Development

Serviceware ratios of the financial statements for fiscal 2022/2023 from 1 December 2022 to 30 November 2023

	01 December to 30 November			
In kEUR	2022/2023	2021/2022	Variation	%**
Sales revenues	91,529	83,180	8,348	10.0
- thereof SaaS/Service	57,281	48,062	9,219	19.2
EBITDA	169	-1,634	1,803	>100
EBIT	-3,980	-5,851	1,871	32.0
Financial result	119	18	101	>100
Result for the period before taxes	-3,861	-5,833	1,972	33.8
Income tax	-83	1,876	-1,959	>-100
Result for the period after taxes	-3,944	-3,957	13	0.3
	30.11.2023	30.11.2022		
Churn Rate (Maintenance & SaaS)	3.1%	4.6%	-1.5%	-33.3
Recurring Revenue share	70.9%	67.6%	3.3%	4.8
Cash and cash equivalents*	28,245	30,777	-2,532	-8.2
Equity	46,254	49,867	-3,612	-7.2
Contract liabilities (order backlog)	55,447	32,428	23,018	71.0
Debt capital	78,486	58,913	19,573	33.2
Balance sheet total	124,740	108,779	15,961	14.7

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.

* The figure reported in previous years under cash and cash equivalents only comprised liquid funds. In order to benefit from the changed interest rate environment, Serviceware also makes long-term investments, which are recognised in the balance sheet item non-current financial assets. In order to improve comparability, the cash and cash equivalents item will in future also include non-current financial assets in addition to liquid funds.

** 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 completed fiscal year 2022/2023, Serviceware was able to significantly increase its sales revenues and generate sales of EUR 91.5 million. Sales revenues were up 10.0 percent versus prior year and thus once again at a record level. The strategically important SaaS/Service segment achieved the strongest growth of 19.2 percent. This was accompanied by an increase in the share of recurring revenues by 3.3 percentage points to 70.9 percent of total sales revenues. This development provides a high degree of planning security, particularly in times of economic uncertainty. The churn rate for SaaS and maintenance revenue fell by 1.5 percent to 3.1 percent during the past fiscal year.

The positive sales revenue development during the fiscal year 2022/2023 is also reflected in an increase in earnings. The EBITDA for the full year is back in the positive range with a surplus of kEUR 169 after a loss of kEUR 1,634 in the previous year. While the EBITDA was still EUR -1,155 at the half-year reporting date, a clear increase was realised in the second half of the year. At EBIT level, earnings increased by kEUR 1,871 and totalled kEUR -3,980.

Unimpressed by the economic slowdown, Serviceware continued its strategic expansion course. The ESM platform was enhanced and further developed through releases for individual modules. The latest additions include OpenAI (ChatGPT) integration, which allows the work of human service agents for more complex customer enquiries to be combined with automated processing by Artificial Intelligence. The number of customers using modules of the ESM platform has continued to increase. Internationally, Serviceware sees an increasing number of enquiries from potential customers for test opportunities as a result of the unchanged high level of activity, and numerous precontractual trials were carried out, which have already led to firm orders in fiscal 2023/2024.

Serviceware‘s cash and cash equivalents decreased by kEUR 2,532 (-8.2 percent) to kEUR 28,245 versus prior year. The figure reported in previous years under cash and cash equivalents only comprised liquid funds. In order to benefit from the changed interest rate environment, Serviceware also makes long-term investments, which are recognised in the balance sheet item non-current financial assets. In order to improve comparability, the cash and cash equivalents item will in future also include non-current financial assets in addition to liquid funds. Non-current financial liabilities were repaid, as scheduled, in the amount of kEUR 1,166 during the reporting period, while current financial liabilities remained unchanged.

Serviceware had a total of 479 employees as at 30 November 2023. On the same reporting date in the previous year, the Serviceware Group had 517 employees. The reduction in the number of employees was accompanied by planned process-related and organisational optimisation measures, which have further increased the efficiency of Serviceware and will have a positive impact on future profitability. The implementation of the personnel changes was largely realised through resorting to natural fluctuation.

1.4 Position of the Group

The Managing Directors assess the current development and position of the Serviceware Group as being in line with expectations. Further increases were achieved in sales revenues and profitability was likewise improved. At EBITDA level, the result is kEUR 1,803 above the previous year and with a value of kEUR 169 again in the positive range. The EBIT totalled kEUR -3,980 and was thus kEUR 1,871 above the prior-year figure.

1.4.1 Sales Revenue Development

During the past fiscal year 2022/2023, Serviceware was able to significantly increase its sales revenues and achieve a growth rate of 10.0 percent versus prior year. Following growth of 2.3% in the previous year, business development was once again more dynamic. With sales revenues totalling EUR 91.5 million, a record level was achieved. The strongest growth once again came from SaaS/Service with a significant increase of 19.2 percent compared to the same period last year. This means that SaaS/Service revenues now account for 62.6 percent of Serviceware's total sales revenues (prior-year figure: 57.8 percent). Sales revenues from licences, on the other hand, fell by 3.8 percent during the reporting period. Maintenance revenues were 1.2 percent below the prior year figures. The transition towards SaaS/Service business is thus continuing consistently 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	2022/2023	2021/2022	Variation in %
Revenues SaaS/Service	57,281	48,062	19.2
Revenues Licences	16,504	17,154	-3.8
Revenues Maintenance	17,743	17,964	-1.2
Total	**91,529**	**83,180**	**10.0**

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 2022, the number increased by 71.0 percent from EUR 32.4 million to EUR 55.4 million by 30 November 2023. The proportion of renewal[15] of SaaS and maintenance contracts of 96.9% continued to remain on a very high level (PY: 95.4 percent).

1.4.3 Operating Result (EBITDA/EBIT)

The consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) for the 2022/2023 fiscal year amounted to kEUR 169, which is kEUR 1,803 higher than the prior-year figure, when a loss of kEUR -1,634 was recorded. While an EBITDA of kEUR -1,155 was recorded at the half-year reporting date, a result of kEUR 1,324 was posted in the second half of the year. The result for the second half of the year was relieved by the capitalisation of own work that meets the capitalisation criteria in accordance with IAS 38 "Intangible Assets" and must be capitalised accordingly in the amount of kEUR 749. Own work that does not fulfil the capitalisation criteria in accordance with IAS 38 continues to be recognised as an expense in the period in which it is incurred. Own work capitalised in subsequent periods is expected to be of a comparable amount.

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

Significant investments in the transformation of the business model from one-off licence billing to an SaaS business model with monthly recurring revenues continue to have a negative impact on earnings. The trend towards SaaS/Service business means 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 fully realised in the current reporting period. However, the earnings trend shows that the progress made in transforming the business model is increasingly reflected in the business figures. In addition, Serviceware took a number of measures to increase profitability during the first half of the fiscal year, which began to take effect in the second half of the year.

The consolidated earnings before interest and taxes (EBIT) amounted to kEUR -3,980 and were thus kEUR 1,871 higher than the result of kEUR -5,851 during the same prior-year period. At kEUR 4,149, depreciation and amortisation were at a comparable level to the previous year (prior year: kEUR 4,217). Although the amortisation of the value of the acquired “SABIO” trademark recognised in the balance sheet increased due to the shortening and adjustment of the amortisation period and method, there was also less amortisation of the “cubus” brand value, as this had already been depreciated using the declining balance method in the previous year. This does not increase the total amount to be amortised over the future period, but the shorter amortisation period leads to higher annual amortisation 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 lease liabilities in accordance with IFRS 16, interest expenses from the discounting of trade receivables and interest expenses for the long-term financing of the most recent company acquisition. This is offset by interest on deposits. The financial result improved from kEUR 18 in the previous year to kEUR 119 due to scheduled repayments and effects from the turnaround in interest rates, among other things.

The earnings before taxes (EBT) for the period totalled kEUR -3,861 (prior year: kEUR -5,833), which corresponds to an improvement of kEUR 1,972 versus prior year.

1.4.5 Income Taxes and Earnings after Taxes for the period

The total tax expense of Serviceware results from the sum of the tax expenses of the individual companies. Positive results in individual companies give rise to tax expenses, which are partly offset by tax income from deferred taxes in companies with negative results. At Group level, tax expenses and tax income from deferred taxes largely balance each other out. In the past fiscal year 2022/2023, this resulted in a total tax burden of kEUR 83 (prior year: tax income of kEUR 1,876).

After taking taxes into account, the consolidated earnings for the 2022/2023 fiscal year totalled kEUR -3,944 (prior year: kEUR -3,957).

1.5 Capital Expenditure

During the 2022/2023 fiscal year, capital expenditure totalled kEUR 2,935 (prior year: kEUR 3,759). In the area of intangible assets, kEUR 1,255 is accounted for by additions to right-of-use assets for leased premises in accordance with IFRS 16 due to extensions or new leases. A further kEUR 732 is attributable to right-of-use assets from vehicle lease. Internally generated intangible assets in the amount of kEUR 749 were recognised due to own work capitalised that meets the criteria of IAS 38 “Intangible Assets” and must be capitalised accordingly.

1.6 Financial Position and Capital Structure

The financial position and capital structure of Serviceware have changed compared to the previous year primarily due to the growth in sales revenues and the associated balance sheet recognition, especially of maintenance and SaaS contracts, as well as the negative result for the period. The balance sheet total as at 30 November 2023 was kEUR 124,740 (30 November 2022: kEUR 108,779). Equity totalled kEUR 46,254 as at the balance sheet date (prior year: kEUR 49,867). The equity ratio thus amounted to 37.1 percent. The equity ratio decreased by around 8.8 percentage points versus 30 November 2022. Of this, 5.4 percentage points are attributable to the increase in total assets, driven by the successful business development, particularly in the strategically important SaaS/Service segment, and 3.4 percentage points to the reduction in equity due to the negative earnings for the period.

The non-current assets increased by 13.3 percent to kEUR 50,937. By contrast, other intangible assets decreased by kEUR 1,977. This includes the amortisation of intangible assets in the amount of kEUR 1,514, 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”). Internally generated intangible assets in the amount of kEUR 749 were recognised through own work capitalised. kEUR 3,229 (prior year: kEUR 1,703) 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 71.0 percent.

Trade receivables are 28.1 percent above the previous year at kEUR 24,121. 79.6 percent (prior year: 74.9 percent) of the trade receivables were not yet due as at the balance sheet date. Compared to the previous year, cash and cash equivalents decreased by kEUR 4,059 (-14.0 percent) to kEUR 25,016. Of this amount, kEUR 1,507 is attributable to the acquisition of financial assets and kEUR 1,166 to the scheduled repayment of financial liabilities. Overall, current assets rose by kEUR 9,990 (+15.7 percent).

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 50,047 (PY: 49,951). 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 and measurement effects, are reflected.

Non-current liabilities increased by kEUR 9,090 to kEUR 26,503 in the 2022/2023 fiscal year versus 30 November 2022. The main driver here is non-current contract liabilities, which increased by kEUR 11,696 to kEUR 21,380. 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. Other non-current liabilities, under which obligations from long-term rental and lease agreements are recognised in accordance with IFRS 16, fell by kEUR 1,344 to kEUR 1,788 compared to the previous year‘s reporting date. Non-current financial liabilities decreased by kEUR 1,166 to kEUR 999 during the reporting period due to the scheduled repayment of bank loans.

Current liabilities rose by kEUR 10,483 to kEUR 51,983 as at the balance sheet date versus prior year. Here too, the increase in current contract liabilities by kEUR 11,322 to kEUR 34,066 contributed to the increase in the balance sheet item. Current and non-current contract liabilities have thus increased by a total of kEUR 23,018 (71.0 percent) and thereby secure Serviceware's long-term sales revenues.

The current income tax liability amounted on 30 November 2023 to kEUR 98 (prior year: 390).

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 69.610, with the largest part being accounted for by cash and cash equivalents (kEUR 12,656), as well as shares, borrowings and shareholdings in affiliated companies (kEUR 15,880 and kEUR 36,831, respectively). Financing is made with kEUR 60,757 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 2,000 on the balance sheet day.

Serviceware SE reported a net loss of kEUR 1,685 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 2022/2023. No increase in investment income is expected for the 2023/2024 fiscal year either.

1.8 Cash flow statement

The liquid funds of Serviceware decreased by 14.0 percent to kEUR 25,016 as at 30 November 2023 versus 30 November 2022. Operating activities resulted in an inflow of liquid funds of kEUR 1.272 in fiscal 2022/2023 (prior year: kEUR 777). Investing activities resulted in a cash outflow of kEUR 2,027 (prior year: kEUR 2,564), which is made up of capital expenditure on intangible assets and property, plant and equipment (kEUR 198), capitalised own work (kEUR 749), capital expenditure for the acquisition of non-current financial assets (kEUR 1,507) and credit interest received (kEUR 427). Financing activities resulted in a cash outflow of kEUR 3,303 (prior year: kEUR 3,455), which was mainly due to the scheduled repayment of non-current and current financial liabilities as well as the repayment of lease liabilities (kEUR 2,062). In addition, there was an exchange rate-related reduction in liquid funds of kEUR 1 (previous year: kEUR 6), which resulted from the effects of cash and cash equivalents held in foreign currencies.

1.9 Employees

Serviceware employed a total of 479 employees on the reporting date 30 November 2023, which corresponds to a net reduction of 38 employees compared to the prior-year reporting date. There are 387 employees in Germany, 31 in Spain, 25 in the Netherlands, 13 in Bulgaria, 11 in Austria, 8 in the United Kingdom, 2 in Switzerland and 2 in Poland.

The 479 employees break down functionally as follows: 97 employees in Sales and Marketing (prior year: 100 employees), 197 employees in Service & Support (prior year: 218 employees), 131 employees in Software Development (prior year: 145 employees) and 54 employees in Administration (unchanged versus prior year).

The reduction in the number of employees was accompanied by planned process-related and organisational optimisation measures, which have further increased Serviceware's efficiency and will have a positive impact on future profitability. The implementation of the personnel changes was largely realised through natural fluctuation. In fiscal 2022/2023, the fluctuation rate was 15.7 percent after 11.9 percent during the previous year and thus remained at a low level compared to the rest of the industry.

In order to obtain an overall picture of the development of our employees, we not only analyse a large number of quantitative key figures, but also record how our employees develop in terms of their specialist skills.

Filling positions in the IT sector is a major challenge for all companies. Thanks to a targeted recruitment and training strategy, we have succeeded in filling open positions and further increasing the quality of our workforce.

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. The latest additions include an OpenAI (ChatGPT) integration that combines the work of human service agents for more complex customer enquiries with automated processing by Artificial Intelligence.

Based on customer feedback, industry and technology trends, there is an ongoing functional and technological extension and updating of our standard products.

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 131 employees (PY: 145) in software development.

As part of development activities, own work that meets the capitalisation criteria in accordance with IAS 38 “Intangible Assets” and must be capitalised accordingly was recognised in the amount of kEUR 749 during the reporting period. Own work that does not fulfil the capitalisation criteria in accordance with IAS 38 continues to be recognised as an expense in the period in which it is incurred.

2 Opportunities and Risks

Serviceware SE is currently focussing on a large number of opportunities which are to be seized in the future and some of which have already been seized. The first and foremost of these are the diverse and comprehensive changes associated with the use of Artificial Intelligence, which Serviceware sees as a great opportunity to be even more successful in the future.

However, many future opportunities are also accompanied by risks, which will be explained in more detail in this section. In order to be able to better assess the risks and bring more transparency to the risks and opportunities explained, we will categorise the risks and opportunities in the following scheme for the first time this year:

1. Likelihood of occurrence:	
- high	over 90%
- possible	between 10% and 90%
- unlikely	less than 10%

2. Level of impact:	
- significant	material impact
- moderate	moderate impact
- low	low impact

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 material 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

We see a major global opportunity in the development of international markets, which, according to current market studies by major research companies, are expected to see double-digit growth in our relevant markets over the next few years. This further market penetration and market growth could have a positive effect on the asset, sales revenue and earnings situation of Serviceware. We consider the likelihood of this occurring to be possible and the effects would be significant.

We see a further opportunity for Serviceware globally in the trend towards further digitalisation and the increasing use of Artificial Intelligence. The consistent use of Artificial Intelligence in our software products, as well as in the business operations of Serviceware, and the increasing demand for our products due to digitalisation can have a positive impact on the assets, sales revenue and earnings situation of Serviceware. We consider the likelihood of occurrence to be possible and the impact would be significant.

Following the global contact restrictions caused by the Covid-19 pandemic, virtual collaboration via remote communication solutions has increased significantly. This has created an opportunity for Serviceware to organise sales channels and collaboration without physical on-site visits and to make crossborder deals easier and more efficient. This has already had and can continue to have a positive effect on Serviceware‘s assest, sales revenues and earnings situation.

At this point, it should be noted that we at Serviceware consider personal contact with our customers and among our employees to be the best way to work together and expressly encourage this. However, additional virtual meetings increase efficiency and the likelihood of operating more successfully internationally. We estimate the likelihood of occurrence to be high and the impact to be moderate.

Cooperation with international partners increases the opportunity to better penetrate the markets relevant to us internationally and to increase the likelihood of closing deals, which would have a positive effect on Serviceware's assets, sales revenues and earnings situation. The likelihood of occurrence is possible, the impact would be moderate.

The provision of our software as a Cloud-based service and the offer of Software-as-a-Service models opens up the opportunity for Serviceware that our software can be made available for use worldwide comparatively easily. The utilisation by a larger group of customers worldwide will have a positive long-term effect on Serviceware's assets, sales revenues and earnings situation. We estimate the likelihood of occurrence to be high and the effects would be significant.

However, these opportunities are also offset by risks. Firstly, we see a risk in the increasing conflicts and armed hostilities worldwide. These lead to political instability and trade disputes that affect global trade. This tends to have a negative impact on Serviceware's assets, sales revenues and earnings. We try to minimise this risk by focusing our sales activities on regions that are politically stable and allow free trade. We consider the likelihood of occurrence to be possible and the impact would be significant.

Economic risks, such as a weakening of the global economy, could also have a negative impact on the assets, sales revenues and earnings situation. We consider the likelihood of occurrence to be possible and the impact would be significant.

Increasing internationalisation is accompanied by the risk that political or legal changes that Serviceware encounters in the various markets could have a significant impact on day-to-day business. In order to counteract the risk arising from changes in statutory regulations (tax regulations and other regulations), Serviceware bases its decisions and the organisation of its business processes on comprehensive advice from internal experts as well as external specialists. We consider the likelihood of occurrence to be possible, the impact would be moderate.

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, developments are monitored very closely. As the relevant influencing factors are predominantly outside Serviceware's direct sphere of influence, the effectiveness of countermeasures is naturally limited.

Different data protection laws and compliance requirements in different countries can lead to legal issues and financial burdens. This would have a negative impact on the assets, sales revenues and earnings situation of Serviceware. We are working with external experts to minimise the risk. We consider the impact to be moderate and the likelihood of occurrence to be low.

As a provider of Cloud-based services that are available from anywhere via the internet, we recognise the risk of falling victim to cybercrime. This could adversely affect our business operations for a certain period of time, which could have a negative impact on our assets, sales revenues and earnings. We counter this risk by protecting our infrastructure with state-of-the-art technology and regularly informing and training our employees regarding the dangers of cybercrime and identifying potential attacks. In addition, the topic of IT risk management is a particular focus of the Administrative Board and regular reports are provided on protective measures, particularly with regard to Artificial Intelligence. We consider the impact to be significant and the likelihood of occurrence to be possible.

2.2 Strategic Opportunities and Risks

We see our ESM platform strategy of offering our customers the right software modules for their digital services as an opportunity, as it offers our customers seamless integration of data and ease of use. With this strategy, we see the opportunity to expand our platform with our customers over the years and thus increase the up- and cross-selling potential. Our customers can thus continue to increase the value of their initial investment in the long term. This has a positive effect on the assets, sales revenues and earnings situation of Serviceware in the medium and long term. We consider the effects to be significant and estimate the likelihood of occurrence to be possible.

Since the IPO in 2018, we have been pursuing the strategy of offering our ESM software modules worldwide. This international expansion, which goes hand in hand with the expansion of our business, can attract new international customers and create additional international references, which in turn attracts further international customers. This would have a positive impact on sales revenues and earnings. We consider the impact to be significant and the likelihood of occurrence to be possible.

In product development, we have made the decision to work in an agile manner for years. This means that we can also take market trends and customer feedback into account in product development at short notice. As a result, new versions of our software meet customer expectations as closely as possible and should therefore provide the customer with a high level of benefit. This can increase the demand for our products and would therefore have a positive effect on the assets, sales revenues and earnings situation of Serviceware.
We consider the effects to be significant and estimate the likelihood of occurrence to be possible.

We see the high customer retention and loyalty of our customers to Serviceware and the trust of our customers in the long-term performance of Serviceware, which manifests itself in a low churn rate, as a further opportunity. This gives us the chance to offer additional products to existing customers and thus have the potential to increase the sales revenues and earnings of Serviceware. We consider the impact to be significant and the likelihood of occurrence to be possible.

These strategic opportunities are offset by strategic risks, which we will briefly describe below and explain how we are proceeding to minimise these risks as far as possible.

Our products and services are very much characterised by technological progress. This rapid development of new technologies can lead to existing products or services becoming obsolete, threatening to render them technologically irrelevant. We counter this risk by being agile in product development and obtaining customer feedback on new product developments at a very early stage in order to deliver a competitive end product. We consider the impact to be significant and the likelihood of occurrence to be low.

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. We consider the impact to be significant and the likelihood of occurrence to be high.

In order to further accelerate growth, we are continuously reviewing the inorganic growth options available to us in addition to organic growth. There is a risk that companies or parts of companies that we have acquired or will acquire may perform worse financially than expected and thus have a negative impact on the assets, sales revenues and earnings situation of Serviceware. For this reason, before every acquisition of companies or parts of companies, we check and assess with internal and external experts how the acquisition object could develop in the future and what risks arise from a purchase.

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 assets, financial and earnings position of Serviceware. We consider the impact of the opportunity and the risk described to be moderate and the probability of occurrence to be low.

2.3 Personnel Management Opportunities and Risks

Through the use of Artificial Intelligence, we see the opportunity that in the long term a not inconsiderable part of our work will be replaced by Artificial Intelligence. This development could lead to us being able to perform more efficiently, not only in the development of our software, but also in all other activities that need to be carried out in our business model. This would have a positive impact on the assets, sales revenues and earnings situation at Serviceware. We consider the impact to be significant and estimate the likelihood of occurrence to be high.

Highly qualified and motivated employees are the basis for the long-term success of Serviceware, despite the use of Artificial Intelligence or precisely because of the use of Artificial Intelligence. 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. A lack of skilled labour and a generally higher price level will have a driving effect on the wage level and thus involve the risk that personnel expenses at Serviceware will increase.

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. We consider the impact to be significant and estimate the likelihood of occurrence to be possible at present and in the short term.

2.4 Opportunities and Risks from Software Projects

The greatest opportunity in software projects results from the successful realisation of such a project. This often results in further licence, SaaS or service orders. However, this results, more particularly, in satisfied customers who recommend us to others and thus ensure further demand for our software projects. This has a positive effect on the assets, sales revenues and earnings situation at Serviceware. We consider the effects to be significant and estimate the likelihood of occurrence to be high.

Furthermore, we have the opportunity to receive customer feedback on our services from our many software projects. As a result, we are constantly improving our offering, which means that our products and services are constantly improving, and we are becoming more competitive. This can have a positive effect on the assets, sales revenues and earnings situation of Serviceware. We consider the impact to be moderate and the likelihood of occurrence to be possible.

Successful software projects continue to increase confidence in our performance and increase customer loyalty, which has a positive effect on Serviceware's assets, sales revenues and earnings situation. We consider the impact to be moderate and the likelihood of occurrence to be possible.

The more software projects we successfully implement, the greater the chance of scaling and thus reducing project costs, as we can implement many project phases at lower costs due to higher volumes. This would have a positive effect on the assets, sales revenues and earnings situation of Serviceware. We consider the impact to be moderate and the likelihood of occurrence to be possible.

The risks associated with software projects consist of typical project risks as well as product risks that need to be minimised. The typical project risks consist of a software project not being realised within the agreed time, quality and cost framework. This can be due to a variety of reasons, such as a change in requirements, dependence on key personnel or a lack of personnel on all sides of the project managers, to name just a few examples.

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.

Despite the greatest care, quality defects cannot be prevented in software development. 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 revenues, earnings and assets position. We consider the impact to be moderate and the likelihood of occurrence to be possible.

The risk of cybercrime and hacker attacks described in section 2.1 also exists in the implementation of software projects.

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. An evaluation of the financial risks yields the following results:

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. We consider the impact to be moderate and the likelihood of occurrence to be high.

When investing our cash holdings, there is currently the opportunity to invest cash holdings at credit interest rates. When we invest liquid funds, we proceed in an extremely conservative way 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. We consider the impact to be low and the likelihood of occurrence to be high.

Despite rising interest rates, there is no interest rate risk for our financial liabilities, which are low in relation to our financial strength, as the interest rate is fixed until the regular repayment date. We consider the impact to be low and the likelihood of occurrence to be unlikely.

There is a risk that bad debt losses and insolvencies of our customers could have a negative impact on the assets, sales revenues and earnings position 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. If we generate significant receivables from our customers that have a payment term of more than 60 days, we secure most of these receivables with default insurance coverage. Nevertheless, it cannot be ruled out that also large receivables will default. This would have negative consequences for Serviceware‘s sales revenues, earnings and assets situation. We consider the impact to be moderate and the likelihood of occurrence to be possible.

Since we are increasingly transacting business in US dollars (USD) as a result of the internationalisation of our business, 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. Excess USD positions are largely hedged using forward exchange transactions, insofar as these risks remain with us. All in all, there remain calculable opportunities and risks. However, these are continuously monitored and, if necessary, hedged if the situation so requires. We consider the impact to be low and the likelihood of occurrence to be possible.

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.

If the effects of exchange rate risks could be significant, active hedging is undertaken against the US dollar. This is currently done exclusively through forward transactions and is carried out on an ad hoc basis and exclusively in relation to an underlying legal transaction in order to have a fixed and hedged calculation basis for multi-year invoices in US dollars. In the future, the currency option instrument may also be used for subsequent purchase options in US dollars that could be granted to our customers if the effects of exchange rate fluctuations on the income from the underlying legal transaction could be significant.

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. During the past fiscal year, Serviceware also began to invest liquid funds in government bonds with very good credit ratings to further minimise the risk of losing liquidity.

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.

The Administrative Board considers the internal control system and the risk management system to be appropriate and effective.[16]

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 about the last fiscal year 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 Reports”:

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.

[16] This is a disclosure required by GCGC 2022, which is not part of the audit of the financial statements as it is not part of the 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 Administrative Board appoints the Managing Directors and ensures long-term succession planning. This is discussed by the Administrative Board at least once a year. It ensures that the knowledge, skills and experience of all members of the Administrative Board and the Managing Directors are diverse and balanced.

A key component of long-term succession planning is the identification and development of internal candidates for future management tasks. The Managing Directors are responsible for identifying potential candidates at an early stage, who are to be systematically developed by taking on tasks with increasing responsibility and providing further training in line with requirements, so that internal candidates can ideally always be included in the shortlist when new appointments are made.

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 analysed its competencies in the 2022/2023 fiscal year and drew up a qualification matrix for the competencies of the Administrative Board. This can be summarised as follows:

Qualification matrix: Competencies of the Administrative Board members

	Christoph Debus	Harald Popp	Ingo Bollhöfer
Management of companies, associations and networks	✓	✓	
Knowledge of the software industry and the business area of research and development of software solutions		✓	✓
Finance, accounting, financial reporting, risk management, legal affairs & compliance	✓	✓	
Sustainability issues			✓
Accounting/auditing including sustainability reporting	2	1	
Innovation, research & development & technology			✓
Digitalisation, IT, business models & start-ups			✓
Human resources, society, communication, media		✓	
Economic sectors other than the software industry	✓		

1 Member with specialist knowledge and experience in the field of auditing, including the audit of sustainability reporting
2 Member with specialist knowledge and experience in the field of accounting, including sustainability reporting

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 meetings in fiscal 2022/2023.

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 2023, the Administrative Board carried out a self-assessment for the first time. This self-assessment was supported by a questionnaire drafted by a working group of the DGB Working Group on Co-determination under the auspices of the Hans Böckler Foundation. The result was positive and no need for action resulted from it.

4.2. Managing Directors

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

The Managing Directors are obliged to immediately disclose all conflicts of interests vis-à-vis the Administrative Board and to inform the other Managing Directors accordingly. They may only take over 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 Man-aging Directors or members of the Administrative Board have been laid down. With a view to age and the term the company believes that there is no reason for such limits. No limit for membership has been defined and according to the Administrative Board it does not make sense given, more particularly, the shareholder structure. Criteria such as the gender of the candidate are at present considered by the company of secondary importance, even if diversity is expressly welcomed. It is intended to continue to stick to these principles in order to secure experience and skills. The Administrative Board believes that proposals for the composition of the Administrative Board and the Executive Management should be decided individually in the respective concrete situation and without the elaboration and publication of a concept.

2.8 Compensation System

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

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

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

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

As a listed company with registered office in Germany, Serviceware SE (the “Company”), whose voting stock is listed on an organised market within the meaning of § 2 Para 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 2023 to EUR 10,500,000.00 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 2022/2023 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 2023 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 Para 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 5,250,000.00 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 80,000,000.00. 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 4,830,000.00. 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 4,830,000.00 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 2023 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 year 2020/2021, the Administrative Board implemented a stock option plan 2021-D for up to 272,160 options and a stock option plan 2021-M for up to 147,840 options and offered a total of 420,000 options on this basis. Within the acceptance period, 398,400 options were accepted and subsequently issued. In fiscal 2022/2023 no other options were 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

Leading economic research institutes and institutions expect the German economy to return to slight growth in 2024. In its forecast published at the end of January, the Munich-based ifo Institute expects growth of 0.7 percent. The forecast has been revised downwards compared to the previous forecast from mid-December, when growth of 0.9 percent was still expected. This correction is justified by the reduced national budget, which will lead to more burdens or less relief for companies and households.[17] In its World Economic Outlook published in January, the International Monetary Fund forecasts slightly lower growth of 0.5 percent for the German economy.[18]

[17] https://www.ifo.de/pressemitteilung/2024-01-24/ifo-institut-kappt-wachstumsprognose-fuer-2024
[18] https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024

For the global economy, the International Monetary Fund is forecasting growth of 3.1 percent. Growth will be supported by a relatively robust US economy and a Chinese economy supported by fiscal measures. Inflation is falling faster than expected in most regions and is forecast at 5.8 percent globally for the year as a whole. Risks are seen in renewed price increases for commodities and energy sources due to geopolitical shocks - including ongoing attacks in the Red Sea - and worsening problems in the property sector in China.[18]

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 151.5 billion in the calendar year 2024 (+6.1 percent versus 2023), according to information published by the industry association Bitkom in January 2024. This is a significant increase in growth compared to 2023 (+2.2 percent). The industry association assumes that the IT hardware segment will generate sales revenues of EUR 54.4 billion (+4.6 percent versus 2023), the software segment EUR 45.4 billion (+9.4 percent versus 2023) and the IT services segment EUR 51.7 billion (+4.8 percent versus 2023) in 2024.[19]

The focus on a successful digitalisation strategy will continue to be highly relevant for companies and society in 2024. Artificial Intelligence will be a particular focus here. A quote from Bitkom Association President Dr Wintergerst makes it clear that Serviceware is in an excellent strategic position with its product portfolio: “Artificial Intelligence will remain the key topic in 2024. Companies should engage with AI now, set up corresponding projects and also invest in the technology.”[20]

Serviceware anticipated the trend towards Artificial Intelligence at the time of its IPO in 2018 and acted consistently by establishing a dedicated Artificial Intelligence team in Darmstadt in 2019. We can now benefit from this and believe we are very well positioned in this area.[20]

Leading analyst firms and Artificial Intelligence experts believe the impact will be significant, particularly in the area of digital services, as automation will continue to advance and leverage potential efficiencies. We see this as a major lever for increasing sales revenues and earnings in the service sector. At the same time, we believe that the consistent use of Artificial Intelligence in all areas of Serviceware can lead to efficiency increases and cost reductions.

However, with our business model we are still 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 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.

[18] https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024
[19] ITK market figures as of January 2023 to be found under: https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland
[20] https://www.bitkom.org/Presse/Presseinformation/Digitalbranche-von-Krisen-unbeeindruckt

Furthermore, the numerous armed conflicts lead to economic disruptions and a high degree of uncertainty about business forecasts. The numerous risks, which we have described in more detail above, also mean that 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 challenging framework conditions, we are confident that we will be able to increase sales revenues in the current fiscal year by between 5 and 15 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 2023/2024 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 significantly improve the earnings situation on the EBITDA and EBIT level in the current fiscal year versus prior year.

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 eighth 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, 20 March 2024

Dirk K. Martin

Harald Popp

Dr. Alexander Becker

Consolidated Financial Statements 2022/2023

Serviceware SE, Idstein

Consolidated balance sheet

as at 30 November 2023

in EUR	Notes	30. Nov 23	30. Nov 22
Assets			
Goodwill	1.	14,048,135	14,048,135
Other intangible assets	1.	12,504,537	14,481,547
Property, plant and equipment	2.	931,919	1,252,620
Prepaid expenses for customer maintenance agreements / SaaS agreements (contract receivables)	4.	15,642,978	9,267,498
Non-current financial assets		3,229,465	1,702,512
Deferred income taxes	5.	4,580,224	4,213,938
Non-current assets		**50,937,258**	**44,966,249**
Inventories		105,047	74,702
Trade receivables	3.	24,120,621	18,826,013
Other current receivables/assets	4.	2,332,389	2,941,668
Prepaid expenses for customer maintenance agreements / SaaS agreements (contract receivables)	4.	22,229,057	12,895,847
Cash and cash equivalents	6.	25,015,785	29,074,869
Current assets		**73,802,899**	**63,813,099**
Balance sheet total		**124,740,157**	**108,779,348**
Liabilities			
Subscribed capital	7.	10,500,000	10,500,000
Reserves	8.	50,046,627	49,951,527
Net retained profits / Net accumulated losses		-13,304,516	-9,326,844
Accumulated other equity		-1,000,316	-1,236,718
Equity without non-controlling shares		46,241,795	49,887,965
Non-controlling shares		12,677	-21,275
Equity		**46,254,472**	**49,866,690**
Deferred income taxes	12.	2,334,808	2,430,580
Non-current financial liabilities	9.	999,400	2,165,162
Non-current contract liabilities	10.	21,380,483	9,684,457
Other non-current liabilities	11.	1,788,428	3,132,847
Non-current liabilities		**26,503,119**	**17,413,046**
Current income tax liabilities		98,078	390,379
Current financial liabilities	9.	1,077,000	1,077,000
Trade payables		5,188,497	6,104,604
Current contract liabilities	10.	34,066,275	22,743,852
Other current liabilities	11.	11,552,717	11,183,776
Current liabilities		**51,982,566**	**41,499,611**
Balance sheet total		**124,740,157**	**108,779,348**

Consolidated statement of comprehensive income

for the period from 01 December 2022 to 30 November 2023

in EUR	Notes	Dec. 22 - Nov. 23	Dec. 21 - Nov. 22
Sales revenues	13.	91,528,757	83,180,264
Other operating income	14.	3,790,962	1,891,739
Other own work capitalised	15.	748,862	0
Cost of materials	16.	-44,856,038	-35,378,115
Personnel expenses	17.	-41,207,087	-41,149,709
Other operating expenses	18.	-9,836,351	-10,177,996
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**169,104**	**-1,633,817**
Depreciation and amortisation		-4,149,086	-4,216,943
Earnings before interest and taxes (EBIT)		**-3,979,982**	**-5,850,760**
Interest income		426,771	120,490
Interest expenses		-307,467	-102,363
Financial result		**119,304**	**18,126**
Earnings before taxes		**-3,860,678**	**-5,832,634**
Income tax	19.	-83,042	1,875,540
Period loss	20.	**-3,943,720**	**-3,957,093**
Items which may in future be reclassified in the P&L			
Balancing items form the currency translation of foreign subsidiaries		216,354	-187,284
Valuation of financial assets without effect on income		20,047	-26,856
Other result		**236,401**	**-214,141**
Comprehensive income		**-3,707,318**	**-4,171,234**
Period loss			
thereof, shareholders of the Serviceware SE Group		-3,977,672	-3,917,665
thereof, non-controlling shares		33,952	-39,429
Earnings per share	21.	*-0,38*	*-0,37*
Comprehensive income of the Serviceware SE Group			
thereof, shareholders of the Serviceware SE Group		-3,741,271	-4,131,805
thereof, non-controlling shares		33,952	-39,429

Consolidated cash flow statement

for the period from 01 December 2022 to 30 November 2023

in EUR	Dec. 22 - Nov. 23	Dec. 21 - Nov. 22
Period loss	-3,943,720	-3,957,093
Depreciation and amortisation of non-current assets	4,149,086	4,216,943
Own work capitalised	545,101	-569,747
Tax expense or income	11,696,026	2,176,431
Change in non-current liabilities	-462,059	-1,305,793
Change in deferred taxes / deferred income	-119,304	-18,126
Financial result	-6,375,481	-3,260,191
Change in non-current assets		
Change in items of current assets and current liabilities	-30,345	-74,702
- Change in inventory	-13,875,668	2,328,197
- Change in receivables / other assets	10,494,946	1,741,697
- Change in liabilities	-806,538	-500,822
Income taxes paid	**1,272,045**	**776,792**
Cash inflow/outflow from current business activity	-198,453	-955,286
Capital expenditure on intangible assets and on property, plant and equipment	-748,862	0
Payments for the acquisition of financial assets	-1,506,905	-1,729,368
Interest received	426,771	120,490
Cash inflow/outflow from investing activity	**-2,027,450**	**-2,564,165**
Interest paid	-74,792	-25,016
Repayment of non-current liabilities	-1,165,761	-1,061,584
Repayment of lease liabilities	-2,061,961	-2,073,952
Repayment of current liabilities	0	-294,522
Cash inflow/outflow from financing activity	**-3,302,514**	**-3,455,074**
Exchange rate-related change in cash and cash equivalents	**-1,165**	**-5,536**
Change in cash and cash equivalents	**-4,059,084**	**-5,247,982**
Cash and cash equivalents at the beginning of the period	**29,074,869**	**34,322,851**
Cash and cash equivalents at the end of the period	**25,015,785**	**29,074,869**

Consolidated statement of changes in equity

for the period from 01 December 2022 to 30 November 2023

in EUR	Subscribed capital	Reserve	Losses brought forward	Market valuation of financial instruments	Currency translation reserve	Non-controlling shares	Total
1 December 2022	**10,500,000**	**49,951,527**	**-9,326,844**	**-26,856**	**-1,209,861**	**-21,275**	**49,866,691**
Period result			-3,977,672			33,952	-3,943,720
Currency translation					216,354		216,354
Market valuation of financial assets				20,047			20,047
Comprehensive income			-3,977,672	20,047	216,354	33,952	-3,707,318
Change in capital reserve due to stock option plan		95,100					95,100
30 November 2023	**10,500,000**	**50,046,627**	**-13,304,516**	**-6,809**	**-993,507**	**12,677**	**46,254,473**

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**

Statement of changes in fixed assets

for the fiscal year from 01 December 2022 to 30 November 2023

	Determination of the acquisition and production costs				Determination of the depreciations and amortisations				Carrying amounts	
in EUR	Status 01.12.2022	Additions	Reclassifications Disposals	Status 30.11.2023	Status 01.12.2022	Additions (Annual depreciation)	Reclassifications Disposals	Status 30.11.2023 (accumulated)	30.11.2023	30.11.2022
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	460,948	0	-1,757	462,706	343,787	45,139	0	388,926	73,780	117,161
2. IT software	710,216	0	323,433	386,783	436,964	67,598	323,403	181,159	205,624	273,252
3. Internally generated intangible assets	894,573	748,862	0	1,643,435	894,553	0	0	894,553	748,882	20
4. SABIO trademark	1,768,281	0	0	1,768,281	478,909	644,686	0	1,123,595	644,686	1,289,371
5. SABIO customer base	2,905,460	0	0	2,905,460	629,516	145,273	0	774,789	2,130,671	2,275,944
6. Cubus trademark	2,111,447	0	0	2,111,447	1,187,689	461,879	0	1,649,568	461,879	923,758
7. Cubus customer base	5,248,189	0	0	5,248,189	918,426	262,409	0	1,180,835	4,067,354	4,329,763
8. Right of use leased premises (IFRS16)	8,881,873	1,255,157	2,701,911	7,435,119	4,187,727	1,549,496	1,643,714	4,093,509	3,341,610	4,694,146
9. Right of use leased cars (IFRS16)	2,125,055	732,124	323,419	2,533,760	1,546,925	480,202	323,419	1,703,708	830,052	578,130
Total Pos. II.	**25,106,042**	**2,736,142**	**3,347,005**	**24,495,179**	**10,624,495**	**3,656,682**	**2,290,535**	**11,990,642**	**12,504,537**	**14,481,547**
III. Property, plant and equipment										
1. Cars	31,953	0	31,953	0	29,314	0	29,314	0	0	2,639
2. Furniture and fixtures	3,378,146	169,099	1,138,350	2,408,895	2,447,454	410,430	1,118,938	1,738,945	669,950	930,692
3. Office equipment	384,362	0	67,790	316,571	256,057	20,009	63,095	212,971	103,600	128,305
4. Fixtures	354,033	15,833	27,716	342,150	163,049	48,446	27,713	183,782	158,368	190,983
5. Low-cost assets	60,527	13,520	13,520	60,527	60,526	13,519	13,519	60,526	1	1
Total Pos. III.	**4,209,020**	**198,453**	**1,279,329**	**3,128,144**	**2,956,400**	**492,404**	**1,252,580**	**2,196,023**	**931,919**	**1,252,620**
Total Pos. I.-III.	**43,363,197**	**2,934,595**	**4,626,334**	**41,671,458**	**13,580,896**	**4,149,086**	**3,543,115**	**14,186,665**	**27,484,591**	**29,782,301**

Statement of changes in fixed assets

for the fiscal year from 01 December 2021 to 30 November 2022

	Determination of the acquisition and production costs				Determination of the depreciations and amortisations				Carrying amounts	
in EUR	Status 01.12.21	Additions	Reclassifications Disposals	Status 30.11.2022	Status 01.12.21	Additions (Annual depreciation)	Reclassifications Disposals	Status 30.11.2022 (accumulated)	30.11.2022	30.11.21
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 of use leased 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 of use leased 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**

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 is at Serviceware-Kreisel 1 in 65510 Idstein.

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 inerest 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 2022 to 30 November 2023 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 Company Register.

These consolidated financial statements of the Serviceware Group were released for publication by the Administrative Board on 20 March 2024.

3. Use of discretionary decisions and estimates

The reporting on the assets, financial and earnings position in the consolidated financial statements is dependent on recognition and measurement methods as well as assumptions, discretionary decisions and estimates relating to the future. The assumptions, discretionary decisions and estimates made influence the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. The actual amounts may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are therefore in line with the Group‘s risk management. Revisions regarding estimates are recognised prospectively.

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.

The following statements for the current fiscal year, as well as the estimates for the medium-term business development, are subject to a high degree of variance. In this context, we refer to our corresponding comments in the forecast report. 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 relevant to the financial statements made in preparing the consolidated financial statements as of 30 November 2023 were based on existing knowledge and the best available information.

Effects on the consolidated financial statements can result 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 to offset the deductible temporary differences, losses carried forward and tax credits. 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 to up to five 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 2022/2023 the following pronouncements and / or amendments to pronouncements of the IASB were to be applied on a mandatory basis for the first time:

Mandatory application EU	Standard	New or amended standards and interpretations and essential contents
01 January 2022	IAS 16	Property, plant and equipment: proceeds before intended use
	IAS 37	Onerous contracts – costs of fulfilling a contract
	IFRS 3	Reference to the conceptual framework
	Various	Annual improvements to the IFRS standards 2018–2020

The above-mentioned standards have no or no material impact on the consolidated financial statements of the Serviceware Group.

The following pronouncements or amendments to pronouncements of the IASB were mandatory for the first time in calendar year 2023. Against the background that the fiscal year of Serviceware already began on 1 December 2022, the application of the following standards was not yet mandatory for the Serviceware Group. Early voluntary application did not take place:

Mandatory application EU	Standard	New or amended standards and interpretations and essential contents
01 January 2023	IFRS 17	Insurance contracts
	Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies
	IAS 8	Definition of accounting estimates
	IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
01 January 2023*)	IAS 12	International Tax Reform - Pillar Two Model Rules

*) published by IASB on 23 May 2023

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

The scope of the disclosures on the accounting methods applied by the Serviceware Group was adjusted taking into account the amendments to IAS 1.

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:

Mandatory application EU	Standard	New or amended standards and interpretations and essential contents
01 January 2024	IAS 1	Non-current liabilities with ancillary conditions and classification as current or non-current
	IFRS 16	Lease Liability in a Sale and Leaseback
	IAS 7 und IFRS 7	Supplier finance arrangements
1 January 2025	IAS 21	Lack of exchangeability
Still open	IFRS 10 and IAS 28	Sale or contribution of assets between an investor and an associate or joint venture

Serviceware expects that the amendments will probably have no or no material impact on the consolidated financial statements.

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 previous fiscal year. Serviceware assumes that the remaining useful life of the "cubus" trademark has been reduced to four years from 1 December 2021. A degressive course of the inflow of economic benefits is assumed. Furthermore, Serviceware has assumed since 1 December 2022 that the remaining useful life of the "SABIO" trademark has been reduced to four years and that there will be a degressive course of the inflow of economic benefits.

As at the balance sheet date 30 November 2023, the remaining useful life of the "cubus" trademark was therefore two years and the remaining useful life of the "SABIO" trademark was three years.

The total amount to be amortised over the future period will not, however, increase as a result, but the amortisation period will be shortened and lead to higher annual amortisation amounts over a shorter overall period.

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

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

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

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

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

During the following periods self-generated intangible assets as well as acquired intangible assets are measured at historical costs or manufacturing costs minus cumulated amortisations and impairments.

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.

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 of 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 of use must be adjusted for the amount resulting from the restatement of the lease liability. If the carrying value of the right of 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 of 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 up to fiscal 2021/2022 based on a uniform interest rate of 1 percent p.a. for the entire homogeneous portfolio. This essentially corresponded to the existing leverage interest rate of Serviceware.

Against the backdrop of the increased interest rate level, the new lease liabilities entered into in fiscal 2022/2023 were discounted at a uniform interest rate of 3.58 percent per annum. This would correspond to the expected incremental borrowing rate for new Serviceware debt.

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 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 2023, 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: 15,226	• 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			**383,174**

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 2022/2023, 5,394 options expired due to the termination of the option holder’s employment relationship. During the past fiscal year 2022/2023, a further 9,832 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. Consequently, 383,174 options (prior year: 393,006 options) are thus outstanding at a weighted average exercise price of EUR 15.00 as at 30 November 2023.

[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.

(i) Actual income taxes

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.

The offsetting of actual tax assets against actual tax liabilities only takes place under certain conditions:

- there is a legal right to offset actual tax assets against actual tax liabilities and
- the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Deferred taxes

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.

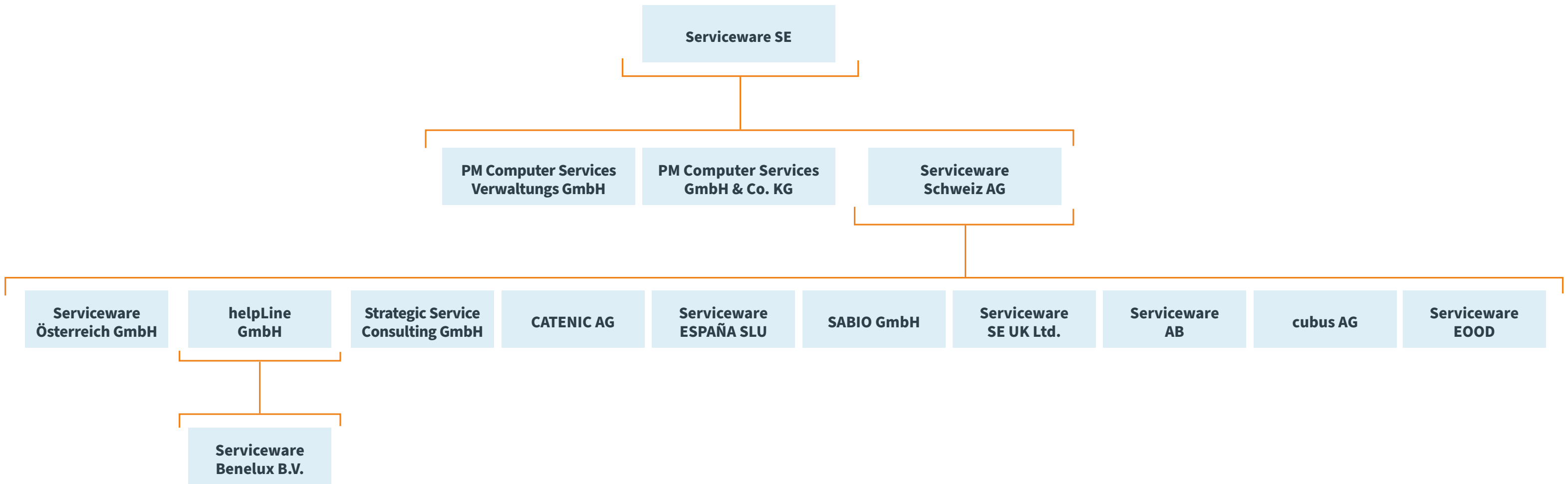
Contingent considerations which do not concern equity are recognised at the following balance sheet date at fair value and a resulting profit or loss is recognised in the consolidated income statement.

7. Changes in the scope of consolidation and other transactions

During fiscal 2022/2023 no transactions were carried out, 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 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	Lennéstraße 3, 10785 Berlin / Germany	EUR 25,000	100%
Serviceware Benelux B.V.	Dellaertweg 9F, 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, Bulgaria	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	
	30.11.2023	30.11.2022	2022/2023	2021/2022
Switzerland	0.956	0.985	0.977	1.010
United Kingdom	0.864	0.865	0.871	0.851
Sweden	11.431	10.934	11.455	10.568
Bulgaria	1.956	1.956	1.956	1.956

Notes to the Balance sheet

1. Goodwill and other immaterial assets

in kEUR	30.11.2023	30.11.2022	Variation absolute
Goodwill	14,048	14,048	0
Customer base cubus	4,067	4,330	-262
Risghts of use leased premises (IFRS 16)	3,342	4,694	-1,353
Customer base SABIO	2,131	2,276	-145
Rights of use cars (IFRS 16)	830	578	252
Intangible assets (internally generated)	749	0	749
Trademark "SABIO"	645	1,289	-645
Trademark "cubus"	462	924	-462
IT software	206	273	-68
Industrial property rights	74	117	-43
Total	**26,553**	**28,530**	**-1,977**

Goodwill

The goodwill was allocated as at 30 November 2023 for the purpose of the impairment test to the following cash-generating units:

in kEUR	30.11.2023	30.11.2022
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 operating cash flows of the planning period discounted with the WACC. The WACC used for the discounting was 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	30.11.2023	30.11.2022
Risk-free base rate	2.75%	2.00%
Market risk premium	8.00%	8.00%
Beta factor	1.01	1.041
WACC	9.82%	9.74%

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

- Based on 2023, increasing sales revenues are expected until 2028.
- For the planning variables of the subsequent years (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 tests 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 macro-economic 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 for Sabio GmbH, CATENIC AG and Serviceware Benelux B.V.

Due to changes in the market environment of the cash-generating unit cubus AG, adjustments to the sales model and the cost structure were necessary in fiscal 2022/2023. Together with the change in interest rates, this led to the conclusion that a possible change in two key assumptions for the cash-generating unit cubus AG could result in the carrying amount of goodwill exceeding the recoverable amount. This would occur if the WACC were to increase by approximately 1% point or if the planned EBITDA were to decrease by approximately 8.3 percent. There is currently no need for amortisation at cubus AG.

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 during the previous year in connection with the long-term trademark strategy of Serviceware, the Company has made a change to the useful lives of the “SABIO” trademarks. Serviceware expects that the remaining useful life of the “SABIO” trademark has been reduced to four years from 1 December 2022 and that there will be a degressive inflow of the economic benefits.

The amortisation amount of the trademark “SABIO” in 2022/2023 amounted to kEUR 645 (prior year: kEUR 184), so that the carrying amount as of the balance sheet date 30 November 2023 is kEUR 645 (prior year: kEUR 1,290).

The remaining useful life of the “SABIO” trademark as at the reporting date of 30 November 2023 is three years.

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. Since 1 December 2021 it is now assumed that there will be a degressive inflow of economic benefits. The amortisation amount in 2022/2023 amounted to kEUR 462 (prior year: kEUR 924), so that the carrying amount on the balance sheet date 30. November 2023 amounts to kEUR 462 (prior year: kEUR 924). The remaining useful life of the “cubus” trademark as at the reporting date of 30 November 2023 is two years.

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 2022/2023 to kEUR 45 (prior year: kEUR 65), so that the carrying value of the intangible assets reported under the industrial property rights amounts to kEUR 70 (PY: kEUR 114) on the balance sheet date 30 November 2023.

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 2022/2023 the amortisation amounted to kEUR 145 (prior year: kEUR 145), so that on 30 November 2023 the carrying value amounts to kEUR 2,131 (prior year kEUR 2,276).

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 2022/2023 the amortisation amounted to kEUR 263 (prior year kEUR 263), so that on 30 November 2023 the carrying value amounts to kEUR 4,067 (prior year kEUR 4,329).

Rights of 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 2022/2023 compared to the previous year:

2022 / 2023 in kEUR	Buildings	Cars	Total
Historical cost			
As at 1 December 2022	8,881	2,126	**11,007**
Additions	1,255	732	**1,987**
Disposals	2,702	323	**3,025**
As at 30 November 2023	7,434	2,535	**9,969**
Accumulated depreciation			
As at 1 December 2022	4,187	1,547	**5,734**
Additions depreciations	1,549	480	**2,030**
Disposals depreciations	1,644	323	**1,967**
As at 30 November 2023	4,093	1,704	**5,797**
Carrying amounts			
As at 1 December 2022	4,694	579	**5,273**
As at 30 November 2023	3,341	831	**4,172**

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**

Amounts recognized in the statement of comprehensive income in kEUR	2022/2023	2021/2022
Interest expense on lease liabilities	2,030	2,033
Expense from current lease liabilities	100	72
Expenses from leases with low-value assets	0	0
Expense from variable lease payments which have not been taken into account in the measurement of the lease liability	3	75
Income from subleases	0	0
Erträge aus Untervermietverhältnissen	147	134

The total cash outflows from leases (repayment and interest) totalled kEUR 2,162 (prior year: kEUR 2,146).

In the course of the fiscal year 2022/2023, the Serviceware Group concluded a new rental agreement for the use of new office space in Berlin. 1 June 2023 was agreed as the date of commencement of use. The rental agreement still in place during the previous year at another location in Berlin expired on 30 June 2023. The change of location in Berlin resulted in the addition of the right-of-use asset for the office property in the 2022/2023 reporting year in the amount of kEUR 708. This is offset by the disposal of the right of use of the previously used office property in Berlin in the amount of kEUR 1,737 (historical cost) and the corresponding historical depreciation in the amount of kEUR 725, so that the disposal of the residual carrying amount of the right of use totalled kEUR 1,012.

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.

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

Intangible Assets (Development Services)

In the 2022/2023 fiscal year, development costs of kEUR 749 (prior year: kEUR 0) were capitalised for the development of a new product. The expected useful life was estimated at three years. The capitalised development costs are amortised on a straight-line basis over the estimated useful life. No amortisation has been recognised in fiscal 2022/2023 as the development of the product has not yet been completed.

2. Property, plant and equipment

in kEUR	30.11.2023	30.11.2022	Variation absolute
Furniture and fixtures	670	931	-261
Fixtures	158	191	-33
Office equipment	104	128	-24
Motor vehicles and low-value assets	0	3	-3
Total	**932**	**1,253**	**-321**

3. Trade receivables

Trade receivables resulting from contracts with customers broke down as follows on 30 November 2023 versus 30 November 2022:

	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 betwen 90 days and 12 months	1,231	158	191	883
Due between 12 months and three years	571	571	0	0

	2022/2023			
in kEUR	Gross	Specific valuation allowance	Collective specific valuation allowance	Net
Trade receivables *thereof*	**24,797**	**445**	**232**	**24,121**
Not due	19,206	0	0	19,206
Due up to 90 days	4,648	0	0	4,648
Due betwen 90 days and 12 months	588	223	232	133
Due between 12 months and three years	354	222	0	133

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 677 (prior year: kEUR 920) were written off. This corresponds to a quota of 2.73 percent (prior year: 4.66 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 01.12.2022	**920**
+ / - Exchange differences consolidation	0
- Utilisation	-189
- Reversal	-391
+ Additions (expenses for valuation allowances)	336
Valuation allowances as at 30.11.2023	**676**

The expenses from the immediate derecognition of trade receivables amount to kEUR 102 (prior year: kEUR 17). 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 24,121 (PY: kEUR 18,826) and possibly “Non-current trade receivables” kEUR 0 (PY: kEUR 0). Of the trade receivables, which all correspond to the normal business cycle, kEUR 3,997 (prior year: kEUR 953) are not expected to be realised until after 12 months.

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	30.11.2023	30.11.2022	Variation absolute
Prepaid expenses for customer maintenance agreements / SaaS agreements (contract receivables)	15,643	9,267	6,375
Total	**15,643**	**9,267**	**6,375**

Current in kEUR	30.11.2023	30.11.2022	Variation absolute
Prepaid expenses for customer maintenance agreements / SaaS agreements (contract receivables)	22,229	12,896	9,333
Tax receivables	711	773	-62
VAT receivables	695	1,138	-442
Supplier bonuses	403	376	27
Deposits	236	228	8
Others	286	427	-140
Total	**24,561**	**15,838**	**8,724**

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 4,580 (prior year: kEUR 4,214) include kEUR 4,580 (prior year: 4,371) 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 0 (prior year: kEUR 157) against the deferred tax liabilities.

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

in kEUR	30.11.2023	30.11.2022	Variation absolute
Losses carried forward of other group companies	3,286	3,256	30
Directly allocable IPO costs (with no effect on income)	665	665	0
Loss eligible to be carried forward 15a EStG (Income Tax Act)	319	0	319
Deferred tax on loss carried forward and net income of Serviceware SE	310	449	-140
Deferred tax SABIO	0	-157	157
Total	**4,580**	**4,214**	**367**

6. Cash and cash equivalents

in kEUR	30.11.2023	30.11.2022	Variation absolute
Cash in banks	25,014	29,071	-4,058
Cash on hand	2	3	-1
Total	**25,016**	**29,075**	**-4,059**

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 25,016 (PY: kEUR 29,075).

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	30.11.2023	30.11.2022
Non-current		
collateralised	999	2,165
Current		
collateralised	1,077	1,077
Total	**2,076**	**3,242**
up to 1 year	1,077	1,077
1-3 years	999	2,165
> 3 years	0	0
Total	**2,076**	**3,242**

The interests effectively range 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 23,019 to kEUR 55,447. This includes essentially deferred sales revenues. This significant increase was due to the successful business development of Serviceware, particularly in the strategically important SaaS/Service segment. During the reporting year sales revenues from contract liabilities on 30 November 2022 were realised in the amount of kEUR 22,744 (PY: kEUR 18,854). Of the total amount of contract liabilities, kEUR 34,066 (prior year: kEUR 22,744) 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 building leases and car lease agreements.

The other **current liabilities** include:

in kEUR	30.11.2023	30.11.2022	Variation absolute
Current			
Other accruals	6,209	5,767	443
Current lease liabilities (IFRS 16)	2,062	2,074	-12
VAT liabilities	1,562	1,620	-58
Advance payments received	431	536	-105
Liabilities wage and salary as well as wage and church tax	470	471	-2
Others	819	716	103
Total	**11,553**	**11,184**	**369**

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	30.11.2023	30.11.2022	Variation absolute
Bonus payments	3,867	3,402	465
Vacation	583	530	53
Financial statement and audit costs as well as archiving	342	306	36
Outstanding invoices / Sales commission	258	771	-513
Others	1,159	758	401
Total	**6,209**	**5,767**	**443**

The other liabilities recognised under " Others" mainly include liabilities for expected future contractual obligations, reimbursements to customers, rental liabilities and wage tax liabilities resulting from the stock option programme.

12. Deferred Tax Liabilities

The deferred tax liabilities result essentially 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. The shortening of the remaining useful life of the "cubus" trademark in the 2022/2023 fiscal year had a correspondingly reducing effect on the amount of deferred tax liabilities.

Deferred taxes of kEUR 218 (prior year: kEUR 0) arose in connection with the capitalisation of development costs. In addition, deferred taxes in the amount of kEUR -11 (prior year: kEUR 19) arose from differences in the carrying amounts of right-of-use assets and lease liabilities in connection with the application of IFRS 16.

The balancing with the deferred tax assets on loss carryforwards of SABIO amounted to kEUR 0 in the 2022/2023 fiscal year (prior year: kEUR 157).

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

in kEUR	30.11.2023	30.11.2022	Variation absolute
Deferred tax SABIO (trademark and customer base)	808	1,038	-230
Deferred tax SABIO (losses carried forward)	0	-157	157
Deferred tax cubus	1,319	1,530	-211
Deferred tax from the capitalisation of development costs	218	0	218
Tax impact IFRS 16	-11	19	-30
Total	**2,335**	**2,430**	**-95**

Notes to the Profit and Loss Account

13. Sales revenues

in kEUR	2022/2023	2021/2022	Variation absolute
Germany	72,682	66,048	6,633
Austria	5,772	7,402	-1,630
Switzerland	3,337	3,671	-334
Others	9,738	6,059	3,679
Total	**91,529**	**83,180**	**8,348**
SaaS/Service	57,281	48,062	9,219
Licenses	16,504	17,154	-650
Maintenance	17,743	17,964	-221
Total	**91,529**	**83,180**	**8,348**

14. Other operating income

The other operating income is made up as follows:

in kEUR	2022/2023	2021/2022	Variation absolute
Price gains	1,613	613	1,000
Income from the reversal of provisions (relating to other periods)	604	292	311
Car use	518	503	15
Income from the reduction of valuation allowances	391	82	309
Investment aids	104	55	49
AAG compensation	69	89	-21
Insurance compensation	64	34	30
Non-period income	5	8	-3
Others	424	214	209
Total	**3,791**	**1,892**	**1,899**

15. Other own work capitalised

Income from other own work capitalised in the amount of kEUR 749 (prior year: kEUR 0) relates to the development of a new software product.

16. Cost of materials

The cost of materials is made up as follows:

in kEUR	2022/2023	2021/2022	Variation absolute
Purchased services	45,855	36,036	9,819
Rebates	-999	-658	-341
Total	**44,856**	**35,378**	**9,478**

17. Personnel expenses

Wages and salaries	2022/2023	2021/2022	Variation absolute
Social security contributions incl. pension scheme provisions	35,585	35,355	-230
Total	5,622	5,795	173
Gesamt	**41,207**	**41,150**	**-57**

18. Other operating expenses

The other operating expenses include the following items:

in kEUR	2022/2023	2021/2022	Variation absolute
Administrative expenses *	3,161	4,468	-1,307
Distribution costs	2,903	2,765	138
Currency losses	933	640	292
Ancillary rental expenses	815	694	121
Car expenses	813	706	107
Insurances, contributions, fees	183	121	62
Repairs	16	23	-7
Others	1,013	762	251
Total	**9,836**	**10,178**	**-342**

The other operating expenses included in the “Others” item mainly result from other liabilities for expected future contractual obligations, reimbursements to customers, rental liabilities and wage tax liabilities resulting from the stock option programme.

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

in kEUR	2022/2023	2021/2022	Variation absolute
Software support costs	1,154	1,729	-575
Closing, auditing, consulting costs	1,051	1,034	17
Training costs	261	342	-81
Telephone	248	227	21
Recruitment costs	164	434	-270
Business supplies	71	145	-74
Others	212	557	-345
Total	**3,161**	**4,468**	**-1,307**

19. Income taxes

The main components of income tax revenue for the fiscal year 2022/2023 and income tax expense for the fiscal year 2021/2022 are as follows:

in kEUR	2022/2023	2021/2022	Variation absolute
Income tax	-545	570	-1,115
Deferred taxes	462	1,306	-844
Stated tax income /tax expenses (-)	**-83**	**1,876**	**-1,959**

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 2022/2023 and 2021/2022 is made up as follows:

in kEUR	2022/2023	2021/2022
Earnings before taxes	-3,861	-5,833
Expected tax income for income tax rate 29.125% (prior year 29.125%)	**1,124**	**1,699**
(-) Tax expenses / (+) Tax income from previous years	-146	782
Adjustment of deferred taxes and utilisation of loss carryforwards	-863	-555
Effects of tax rates from other tax jurisdictions or deviating taxation under company law	-199	11
Non-deductible operating expenses	-24	-18
Tax-free earnings	21	15
Others	3	-58
Acutal tax income (+) / tax expenses (-)	**-83**	**1,876**

During the reporting year 2022/2023 deferred taxes on the level of the individual companies were netted as during the previous year. The kEUR 308 increase in tax expenses from the adjustment of deferred taxes versus prior year is mainly due to the findings of an ongoing tax audit regarding the amount of tax loss carryforwards that can be utilised for tax purposes.

The income taxes for 2022/2023 and 2021/2022 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 2022/2023, a tax expense of kEUR 83 is reported versus a tax income of kEUR 1,876 in the previous year.

Moreover, loss carry-forwards in the amount of kEUR 4,855 (prior year: kEUR 5,563) have not been used for the capitalisation of deferred taxes.

20. Period loss

in kEUR	2022/2023	2021/2022	Variation absolute
Period earnings before taxes	-3,861	-5,833	1,972
Income tax	-83	1,876	-1,959
Period loss	**-3,944**	**-3,957**	**13**

21. 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	2022/2023	2021/2022
Earnings of the shareholders of the Serviceware SE Group	-3,977,672	-3,917,665
Weighted average of shares outstanding (undiluted)	10,500,000	10,500,000
Earnings per share (undiluted)	-0.38	-0.37

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

Other Information

22. 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 financial liabilities from financing activities are explained below:

2022/2023 in kEUR	Lease liabilities	Loans payable	Total
Balance as at 01.12.2022	5,207	3,242	8,449
Cash-effective changes			
- Borrowing		0	0
- Repayment	-2,062	-1,166	-3,228
Non cash-effective changes			
- New leases	2,124	0	2,124
- Revaluations	-1,519	0	-1,519
- Interest expense Unwinding of discount	100	0	100
Balance as at 30.11.2023	**3,850**	**2,076**	**5,926**

2021/2022 in kEUR	Lease liabilities	Loans payable	Total
Balance as at 01.12.2021	4,961	4,598	9,559
Cash-effective changes			
- Borrowing	0		0
- Repayment	-2,074	-1,356	-3,430
Non cash-effective changes			
- New leases	2,747	0	2,747
- Revaluations	-499	0	-499
- Interest expense Unwinding of discount	71	0	71
Balance as at 30.11.2023	**5,207**	**3,242**	**8,449**

The cash changes in lease liabilities only include the repayment portion contained in the lease instalment. A total of kEUR 2,162 (prior year: kEUR 2,146) was used to pay the lease instalments (interest and repayment).

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	30.11.2023	30.11.2022	Variation absolute
Cash in banks	25,014	29,071	-4,058
Cash on hand	2	3	-1
Total	**25,016**	**29,075**	**-4,059**

23. Notes to the Statement of Changes in Equity

The Company distributed kEUR 0 in fiscal 2022/2023 (prior year: kEUR 0). Further distributions are not planned for the fiscal year.

24. 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 2023 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 2023 compared to the previous year:

30.11.2023			Fair value		
in kEUR	Carrying amount	Amortised cost	Level 1	Level 2	Level 3
Financial assets					
Non-current financial assets	3,236	0	3,229	0	0
Trade receivables*	24,121	24,121	0	0	0
Cash and cash equivalents*	25,016	0	0	0	0
Total	**52,373**	**24,121**	**3,229**	**0**	**0**
Financial liabilities					
Trade payables*	5,188	5,188	0	0	0
Liabilities to banks	2,076	2,076	0	0	2,076
Lease liabilities*	3,850	3,850	0	0	0
Total	**11,115**	**11,115**	**0**	**0**	**2,076**

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

Trade receivables include receivables in the amount of kEUR 3,997 (prior year: kEUR 953) that will only be realised after more than twelve months. These receivables were discounted by kEUR 144 (prior year: kEUR 0).

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 thefair value (IFRS 7.29)

25. 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.

26. 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 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.

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.

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

in kEUR	30.11.2023	30.11.2022
Germany	39,707	35,109
The Netherlands	2,711	2,557
Other countries	710	1,384
Total	**43,128**	**39,049**

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

27. 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 85 (prior year: kEUR 648).

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 154 (prior year: kEUR 114) 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 2023 the financial liabilities of the Group have the following maturities. The information is provided on the basis of the contractual non-discounted payment obligations.

30.11.2023 in kEUR	Due within 1 year	Due within 1 to 5 years	Due over 5 years	Total
Interest-bearing loans	1,077	999	0	**2,076**
Trade payables	5,188	0	0	**5,188**
Lease liabilities	2,062	1,788	0	**3,850**
Other financial liabilities	9,491	0	0	**9,491**
Total	**17,818**	**2,788**	**0**	**20,606**

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**

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 the securities 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	30.11.2023	30.11.2022	Variation absolute
Cash and cash equivalents	25,016	29,075	-4,059
Trade receivables	24,121	18,826	5,295
Total	**49,136**	**47,901**	**1,236**

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 I In addition, Managing Director / member of the Management Board of subsidiaries of Serviceware SE I Shareholder of Serviceware SE
Harald Popp, Wiesbaden	Managing Director of Serviceware SE Member of the Administrative Board of Serviceware SE I Member of the Supervisory Board of CATENIC AG and cubus AG I Shareholder of Serviceware SE
Dr. Alexander Christoph Becker, Hünstetten	Managing Director of Serviceware SE I 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 I Member of the Supervisory Board of CATENIC AG and cubus AG I 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 1,309 (PY: kEUR 1,312) and a variable compensation of kEUR 205 (PY: kEUR 405). On 30 January 2018 Mr 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 24. In addition, Mr Dirk K. Martin and Mr Harald Popp indirectly invoiced the company through a company related to them for services amounting to kEUR 419 for rents and incidental rental costs in the past fiscal year. As at the balance sheet date, Serviceware has an outstanding receivable for services rendered from a company related to Mr Dirk. K Martin and Mr Harald Popp in the amount of kEUR 46.

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 members of the Administrative Board receive a fixed compensation of EUR 10,000.00 for the respective fiscal year in addition to reimbursement of their expenses plus VAT. The Chairman of the Administrative Board receives an increased fixed compensation of EUR 20,000.00 per year in addition to reimbursement of his expenses plus VAT.

In addition, the company bears the costs of D&O insurance for all members of the Administrative Board to an appropriate extent up to a maximum premium per Administrative Board member of EUR 20,000.00.

The Chairman of the Administrative Board is entitled to demand that the company transfer up to 15,628 shares (“call shares”) in the company concurrently within an exercise period of three months from 6 May 2026 (“first exercise date”) against payment of a purchase price of EUR 15.00 per call share, whereby the exercise period is extended by any closed periods that fall within the exercise period. The number of call shares is automatically reduced on the first exercise date pro rata to the extent that the economic benefit (resulting from the difference in value between the purchase price of EUR 15.00 and the 60-day average of the XETRA price of the company‘s shares on the first exercise date) would exceed a total of EUR 600,000.00 for the Chairman of the Administrative Board. The right to acquire the call shares expires in full if the Chairman of the Administrative Board leaves the Administrative Board before 6 May 2026.

The other members of the Administrative Board do not receive any variable compensation for their work as members of the Administrative Board. For members of the Administrative Board who are also Managing Directors, however, a variable compensation component can be included in the respective service contract.

The non-managing members of the Administrative Board, Mr Ingo Bollhöfer and Mr Christoph Debus, received during the past fiscal year as members of the Administrative Board a flat rate compensation of kEUR 30 (prior year: kEUR 32). Moreover, Mr Ingo Bollhöfer received in connection with his activity for various companies of Serviceware a fixed compensation in the amount of kEUR 124 (prior year: kEUR 123) and a variable compensation of kEUR 76 (prior year: kEUR 84).

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 I FlixMobility Tech GmbH, Berlin, Managing Director I Flix Bulgaria EOOD, Varna/Bulgaria, Managing Director I Flix North America Inc., Dallas/USA, Director I PAHECA GmbH, Bad Homburg, Managing Director
Harald Popp	Deputy Chairman	dreifff Management GmbH, Ingelheim, Managing Director I CATENIC AG, Unterhaching, Chairman of the Supervisory Board I cubus AG, Herrenberg, Chairman of the Supervisory Board
Ingo Bollhöfer	Member	CATENIC AG, Unterhaching, Member of the Supervisory Board I cubus AG, Herrenberg, Supervisory Board

Employees

Serviceware employed on average a total of 452 persons during the reporting period from 1 December 2022 to 30 November 2023; this corresponds to a net reduction of 12 employees compared to the prior year period. Of an average of 452 employees, 360 employees are employed in Germany, 32 in Spain, 26 in the Netherlands, 13 in Bulgaria, 10 in Austria, 7 in the United Kingdom, 2 in Switzerland and 2 in Poland.

In functional terms, the 452 employees break down as follows:

- 85 employees in Sales and Marketing (PY: -6.5 percent),
- 194 employees in Service and Support (PY: -4.1 percent),
- 125 employees in Software Development (PY: -1.6 percent)
- 48 employees in Administration (PY: +6.7 percent).

Darüber hinaus beschäftigt Serviceware 24 Auszubildende.

Auditor's Fees

in kEUR	2022/2023	2021/2022
External auditor services	132	132
Tax consultancy services	0	0
Other audit-related services	0	0
Total	**132**	**132**

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 §264b 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 Para 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 audit of the financial statements as well as the management report.

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/company/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, 20 March 2024

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 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cashflow for the fiscal year from 1 December 2022 to 30 November 2023 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 2022 to 30 November 2023. 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 2023 as well as its income situation for the fiscal year from 1 December 2022 to 30 November 2023 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.

Legal uncertainty about the conformity of the interpretation of the relevant European regulations

The consolidated financial statements converted to ESEF format cannot be fully analysed by machine in a meaningful way due to the conversion process chosen by the company with regard to the notes in iXBRL format ("block tagging"). The legal conformity of the legal representatives' interpretation that the Delegated Regulation (EU) 2019/815 does not explicitly require meaningful machine analysability of the structured notes information when block tagging the notes is subject to significant legal uncertainty, which therefore also constitutes an inherent uncertainty in our audit.

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 2022 to 30 November 2023. 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 (30% 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. The assessments were analysed for the scenarios "expected case", "worst case" and "best case".
   - 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 (management override of 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 material misstatements due to fraudulent acts (i.e. manipulation of accounting and asset misappropriation) or errors.

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 material misstatements due to fraudulent acts (i.e. manipulation of accounting and asset misappropriation) or errors, 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 fraudulent acts or errors 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 material misstatements in the consolidated financial statements and in the consolidated management report due to fraudulent acts or errors, 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 resulting from fraudulent acts are not revealed is higher than the risk that material misstatements resulting from errors are not revealed, since fraudulent acts may involve collusion, 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 presentation, the structure and the content of the consolidated financial statements as a whole 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 significant 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, where relevant, the actions or protective measures taken to remove threats to independence.

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_20231130 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 2022 to 30 November 2023 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 QMS 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

By resolution of the Annual General Meeting of the parent company on 11 May 2023, RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft was elected as statutory Group auditor. Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft performs the mandate as the universal successor to RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft in this regard. We were appointed by the Administrative Board on 2 November 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, 20 March 2024

Nexia GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jüsgen	Schulz
Auditor	*Auditor*

Declaration by the legal representatives

Concerning the Financial Statements and the Management Report for fiscal 2022/2023

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 provider of software solutions for the digitalization and automation of service processes (Enterprise Service Management), with which companies can increase their service quality and manage their service costs efficiently.

The Serviceware Platform consists of seamlessly integrated software solutions that can also be used Independently of each other. Since 2018, Serviceware has been focusing on the potential of artificial intelligence in service management. Today, AI is the central innovation factor of the Serviceware Platform, which is constantly being further developed in the company's own AI competence center in cooperation with TU Darmstadt.

Serviceware partners with customers from strategic consulting through the definition of the service strategy to the implementation of the Serviceware Platform. Further components of the portfolio are safe and reliable Infrastructure solutions as well as managed services.

Serviceware has more than 1,000 customers worldwide from various business sectors, including 18 DAX companies, as well as 5 of the 7 largest German companies. The head office of Serviceware is in Idstein, Germany. Serviceware employs more than 470 people at 14 international locations.

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

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Harald Popp
Ingo Bollhöfer

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