



Annual Report  
2019/2020

# Ratios

## Ratios of the IFRS Financial Statements

in EUR million	2019/2020	2018/2019
<b>Comprehensive income statement</b>		
Sales revenues	72.4	66.6
- thereof SaaS/Service	31.9	24.3
EBITDA	1.8	-1.2
<b>Adjusted EBITDA*</b>	6.4	4.6
EBIT	-1.6	-2.3
<b>Adjusted EBIT*</b>	3.6	4.1
Earnings before taxes	-1.8	-2.5
<b>Adjusted earnings before taxes*</b>	3.4	4.0
Earnings after taxes	-1.6	-1.1
<b>Adjusted earnings after taxes*</b>	2.1	3.4
<b>Balance sheet</b>		
Cash and cash equivalents	33.8	41.2
Equity	55.6	57.5
Borrowings	51.0	45.1
Balance sheet total	106.6	102.6

## Information about the share

ISIN / Ticker symbol	DE000A2G8X31 / SJJ
Segment / Stock Exchange	Prime Standard (Regulated Market) / Xetra
Outstanding shares	10.5 million
Free float	ca. 37.2 percent
Xetra year-end price (on 30.12.2020)	EUR 14.00
Market capitalisation on 31.12.2020	EUR 147 million

## Further information

Fiscal year	1 December to 30 November
Registered office	Bad Camberg
Headcount (on 30 November 2020)	494
Reporting	IFRS

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

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*Serveware enables people  
to achieve their ambitions  
in the service economy*

## Letter from the Managing Directors

# Dear Shareholders

Serveware SE leaves behind an unusual fiscal year in 2019/2020 due to the impact of the Covid-19 pandemic. It affected business operations in almost all industries, however we responded at an early stage by taking comprehensive counter measures to contain the impact. The protection and health of our employees, business partners and customers was our top priority throughout the year.

The Covid-19 pandemic has fundamentally changed our society, our business community and working life. With the adoption of home offices for employees, many companies had to enable this new form of working through digital transformation methods, which are likely to be used after the pandemic as well. This radical change in the world of work offers us as well as the IT and telecommunications industries altogether enormous medium to long-term growth opportunities. With our unique Enterprise Service Management platform, we are excellently positioned in the long term to benefit from these market opportunities, to further expand our market share and support customers and the digitalisation of their service processes.

During the fiscal year, Serveware made major strategic progress, pushed future-proof projects and set the course for the company's long-term growth. Sales revenues increased during the reporting period despite an economic weakening and uncertainties due to the pandemic by 8.8 % from EUR 66.6 million to EUR 72.4 million. In line with the strategy, the rise in sales revenues was clearly disproportionately high in SaaS (Software as a Service). Here revenues increased by 31.5 % from EUR 24.3 million to EUR 31.9 million. The share of SaaS/Service in the total sales revenues amounted to 44.1 %. The further expansion of SaaS/Service is one of the focal points in the business activities of Serveware where we can rely on high growth potentials. With the

development towards SaaS the sales revenue realisations are shifting from one-off high licence revenues to monthly recurring revenues. The increasing relevance of SaaS also improves the predictability of our business development.

Serveware was also successful with its internationalization and increasing the attention of large companies as customers. For example, a US investment bank decided for Serveware Performance (cubus outperform) and an international food group chose Serveware Financial (anafee). Furthermore, Serveware entered into one of the largest licence agreements of its corporate history with a group from the German Stock Market Index, DAX. The company, with more than 100,000 employees around the world, decided in favour of Serveware Financial. Serveware also expanded its co-operation with KPMG in the field of "transfer pricing" during the reporting period. For modules to increase cost efficiency of service processes, Serveware Financial (cost analysis of service processes and budgeting) and Serveware Performance (corporate planning and management), Serveware recorded a high demand.

The average deal size for Serveware Financial has more than doubled versus the prior year. The company has also succeeded in leveraging additional cross-selling potentials, both with portfolio customers and in addressing new customers. Around half of all new Serveware Financial customers also decided in favour of the software module Serveware Performance.

Compared to the previous fiscal year, the number of orders for the software module Serveware Processes (helpLine), in which also Serveware Knowledge (SABIO) was sold, doubled.



Dr. Alexander Becker, COO

Dirk K. Martin, CEO

Harald Popp, CFO

We have continued to further develop our unique, modular ESM platform, by adding the chat and messaging service smoope. smoope can be seamlessly integrated into existing websites and apps without customers having to download additional new apps or chat programmes. With our ESM platform we can rely on a strong offering for all services. The drivers of our growth remain digitalisation and cost transparency.

In the field of Artificial Intelligence, the Darmstadt-based Serveware competence centre for AI (Artificial Intelligence), which co-operates closely with the Technical University Darmstadt in research, has launched, after the “Content Creation Assistant”, another Serveware product, the “Solution Assistant”. With this new feature, the most recent research results from AI can be implemented in the ESM platform and open further opportunities for the full automation of service processes.

We continue to invest into the future of the company in order to increase the value of Serveware sustainably. In fiscal 2019/2020 we invested EUR 5.2 million on an EBIT level within the framework of our programme for accelerated growth. This includes investments in internationalisation, integration costs for Serveware Knowledge and Serveware Performance and the orientation towards a strategic large customer business. The unadjusted EBIT improved from EUR -2.3 million by 29.9 % and amounted to EUR -1.6 million during the repor-

ting period. The unadjusted EBITDA amounted to EUR 1.8 million after previously EUR -1.2 million. Compared to the previous year, effects from the first-time application of IFRS 16 have to be taken into account. Earnings after taxes amount to EUR -1.6 million (prior year: EUR -1.1 million).

We are well positioned to continue our success story in 2020/2021 and beyond. The Covid-19 pandemic has significantly accentuated the trend towards digitalisation. We record a strongly increased demand for digital solutions with which operations can also be maintained in the home office.

Within the meaning of our vision “Enabling people to achieve their ambitions in the service economy”, we generate a high value contribution for our customers in challenging times: Based on the assumptions that there will not be any further aggravation of the pandemic, the Managing Directors of Serveware anticipate during the current fiscal year an increase in earnings in an order of magnitude of 10 percent as well as a further improvement of the EBITDA.

We would like to sincerely express our thanks to our colleagues for their cooperation and commitment. And we would like to thank you, our shareholders, customers and business partners, for your confidence. We are looking forward to your future support on our growth path.

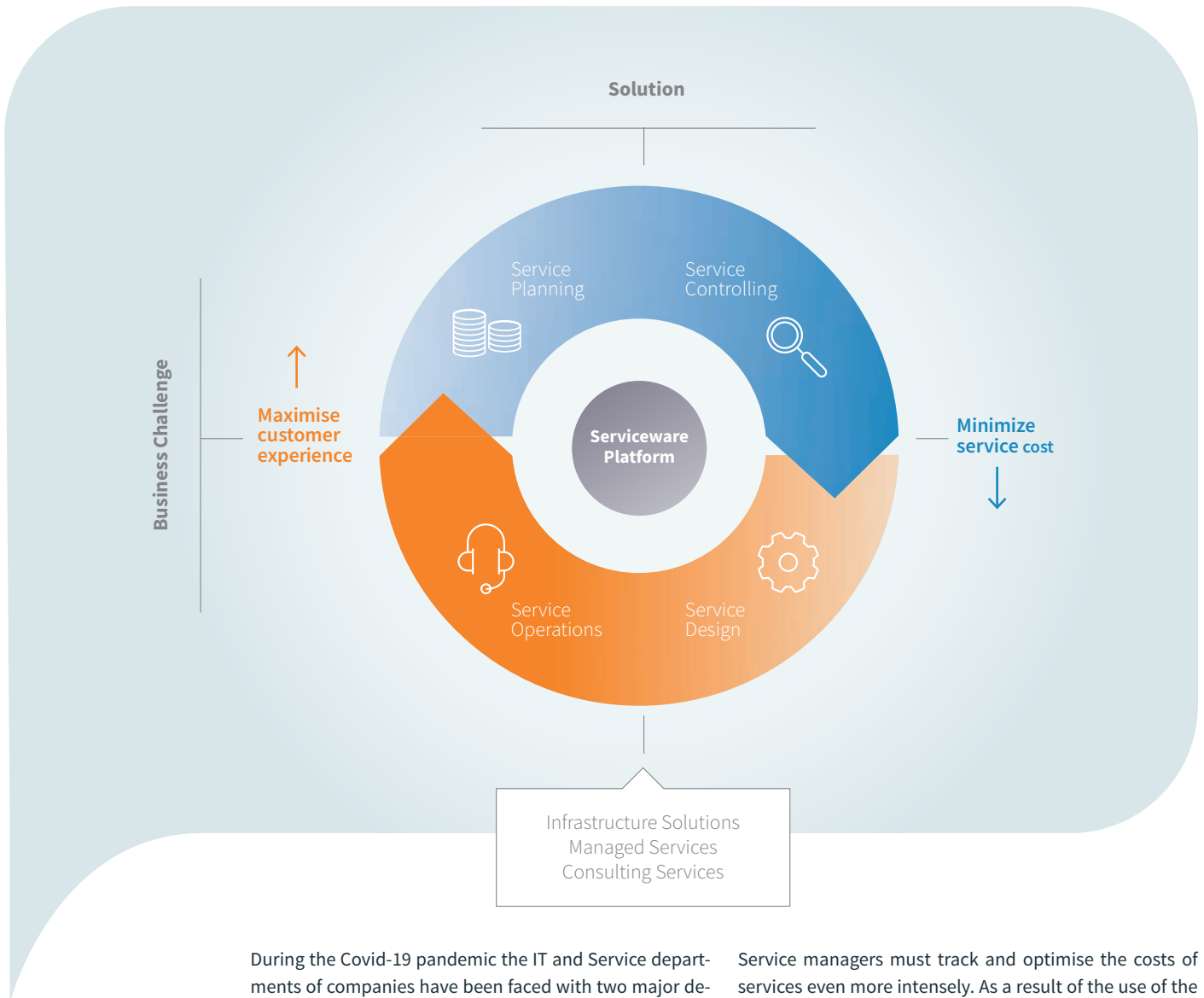
Yours sincerely

Dirk K. Martin  
CEO

Harald Popp  
CFO

Dr. Alexander Becker  
COO

# Success in the Service Economy – with the ServiceWare Enterprise Service Management Platform



During the Covid-19 pandemic the IT and Service departments of companies have been faced with two major developments: 1. The expectations of customers concerning their digital services are enormously increasing in times of lockdown and home office and 2. The economic crisis situation imposing a critical scrutinising of all costs. In this situation, service costs and service quality will be the aspects that determine the market and competition position in the Service Economy.

This means employees in customer service must provide rapid, precise, valid and uniformed answers to customer enquiries across all channels.

Service managers must track and optimise the costs of services even more intensely. As a result of the use of the market-tested software modules of ServiceWare in the Enterprise Service Management (ESM) platform, companies can holistically plan, manage, provide and evaluate their services. In this way they improve their service quality, reduce their costs and increase at the same time their profitability. As a result of the digitalisation of processes with the ESM platform, companies obtain full control over their service quality and costs and can work more effectively and efficiently in all areas of Enterprise Service Management.

Serviceware supports customers with a comprehensive offering of solutions and consulting – from strategy development through the implementation of software solutions up to the provision of infrastructure and Managed Services. Currently the ESM platform includes the following software modules:

- › **Serviceware Financial (anafee)**
- › **Serviceware Processes (helpLine)**
- › **Serviceware Resources (Careware)**
- › **Serviceware Knowledge (SABIO)**
- › **Serviceware Performance (cubus outperform)**

The modules integrated in the ESM platform can be combined with one another, but can also be used individually as well as in a package.

The modular ESM platform is permanently extended by Serviceware through the addition of innovative and intuitively used software modules, lastly in summer 2020

with the chat and messaging service smoope. This has been a logical further development, because in the digital age users expect a modern offering of direct interaction and communication from companies, beyond the classical telephone hotline. This channel is particularly suited for personal, simple and quick communication and can develop into a genuine success driver when handled properly. The new chat solution for the ESM platform can be seamlessly integrated into apps and existing websites to allow users a direct and context-related contact with companies. The fast integration of the module into the ESM platform and the resulting improvements in the communication between companies and service consumers reveal the potential of a holistic platform for cost-efficient and innovative Enterprise Service Management on the highest level.

Apart from the ongoing integration of existing and new modules, a focus of Serviceware lies on the unification of the user experience across the entire ESM platform.

» The reduction of process costs is an important lever to ensure an excellent service quality at reasonable prices. We can help our customers achieve that, particularly with our continued innovations in Artificial Intelligence within our ESM platform. «

Cordula Bauer, Group Director Product & Development at Serviceware



At the ‚Serviceware AI Centre‘ in Darmstadt, extensions to the ESM platform are being developed on an ongoing basis. The ESM platform is functionally expanded through the targeted application of research results from the field of Artificial Intelligence, especially through machine learning. In this way the digital products and services become more effective for consumers and more efficient for companies. AI software is able to accelerate and optimise service processes and decisions in an automated manner. AI provides the service agent, for instance, in a chat with the customer, with solution proposals from

knowledge articles in Serviceware Knowledge. The “Solution Assistant”, an extension of Serviceware Processes, offers independent solutions for service requests using semantic models and hence supports the service agent in processing service requests. The creation and updating of knowledge articles is simplified by the “Content Creation Assistant”, an AI-based extension for the Serviceware Knowledge module. For other platform modules such as Serviceware Financial or Serviceware Performance, Artificial Intelligence enhancements are under development, for examples with predictive analytics or fraud detection.



» ServiceWare offers customers a broad range of solutions for the challenges of the Service Economy from which tailor-made solutions are created. The platform is the logical consequence of our holistic customer view. «

Dr. Hendrik Bänder, Group Director Development at ServiceWare

### Analyse and better manage service costs

In these economic times, companies must get more out of their budgets to maintain and improve service levels that allow them to invest in future-oriented projects. A consistent planning and control of service costs is an important success driver in this situation. And: in challenging times with rapid change, companies must take the best possible decisions within increasingly short periods of time.

Companies which can rely on high-quality and valid data as well as software modules for the latter's analysis will be able to drive their growth also in difficult times and will be successful in future.

ServiceWare covers the area of service costs with ServiceWare Financial, the leading software solution for the financial management of IT and shared services, and ServiceWare Performance, the module for corporate planning and management. Due to Covid-19, the demand for the two software solutions to increase cost efficiency of service processes recorded a disproportionately high rise in fiscal 2019/2020. ServiceWare Financial helps companies with a structured service catalogue and almost unlimited budgeting scenarios as well as intelligent analytical tools to identify cost drivers and achieve optimum cost transparency. ServiceWare Performance offers customers diverse functions for planning, analysis and reporting in all areas of corporate management as well as a continuous and consistent possibility for analysis and reporting on a central database.

» By providing company-wide planning, detailed analysis of service costs, ServiceWare provides companies with exactly the insights they need to transform their business. «

Dr. Hendrik Bänder, Group Director Development at ServiceWare



The integration of Serviceware Financial and Serviceware Performance within the Enterprise Service Management platform allows our customers a holistic planning of the service offering. Thanks to the seamless transition between the modules, the company-wide planning in Serviceware Performance can be broken down to a very detailed level, eg to the consideration of an individual

technical service, in Serviceware Financial and tracked accordingly. Optimisation potentials can already be identified within the framework of planning and be controlled and managed in the implementation phase by a constant target / actual comparison using state-of-the-art business intelligence processes.

» Good customer service must meet two requirements today. Every service customer must have quick access to a solution for simple requests and must be able to contact the company easily given more complex topics. Otherwise, the risk is high that the customer will look for a different provider.»

Cordula Bauer, Group Director Product & Development at Serviceware

### Unique portfolio to improve service quality

Digital products and services are omnipresent. Amongst service consumers this leads to constantly increasing expectations in respect of individual, comprehensive and intuitively used solutions which simplify everyday routines by using state of the art technologies and algorithms. Companies must meet these high customer expectations or even better exceed them. Even if in the current economic situation around the Covid-19 pandemic the demand for solutions to optimise service costs has recently increased, the demand for software modules for the professional provision of services will rise again in a recovering economic environment. With the Enterprise Service Management platform customers have the right tool to merge the financial considerations and the high-quality implementation of their service portfolio. The ESM platform is the basis for companies to set themselves apart from the market through inspiring service provision and be successful in the Service Economy.

How can companies achieve service excellence which not only meets the constantly increasing customer expectations, but exceeds them? With solutions based on Serviceware Processes, Serviceware Knowledge and Serviceware Resources, which support all areas of a Service Economy from classic IT service management via customer service management to healthcare services by comprehensive and adjustable functions. In this way customer loyalty is strengthened and at the same time the productivity in the service centres increased significantly.



An easy-to-use interface makes a direct contribution to an efficient user and hence the productivity of our customers. For this reason, the ServiceWare Enterprise Service platform offers a uniform user experience which makes it possible to find one's way in every module and to intuitively use the required functions.



Dr. Hendrik Bündler, Group Director Development at ServiceWare

Apart from the individual strengths of the different modules, they are extended through the progressive integration of innovative functions into the ESM platform. Through the combination of artificial intelligence and the extensive classification and routing functions in ServiceWare Processes, customers have the possibility to allocate incoming requests in a fully automated manner based on self-learning models to the right agent. In this way the efficiency in the service centre increases and service consumers receive their solutions more rapidly. Faster solutions are, moreover, ensured by companies using the self-service portal which constitutes the entry gate to the ESM platform for service consumers inside and outside the own organisation. Apart from the targeted leveraging of knowledge from ServiceWare Knowledge, eg before a request is made to the service centre, the service consumer can make independently appointments in the self-service portal, based on intelligent

resource management in ServiceWare Resources. The clear focus on autonomous solution finding for service consumers increases customer satisfaction and leads at the same time to relief for service agents to deal with demanding requests. A genuine win-win situation.

The service portfolio of ServiceWare convinces customers with its extensive functions in the fields of cost planning, analysis and management as well as with its high customisability of service provision. ServiceWare looks back on many years of experience in the field of Enterprise Service Management and a sound domain knowledge. Through the integration of the ServiceWare modules towards the ESM platform, customers can be offered an even broader solution portfolio specifically adjusted to customer wishes for their challenges. As a result, ServiceWare becomes even more multi-faceted, be it in financial analysis or the provision of services.



BARC Planning Survey:  
**100 % General customer satisfaction**



Forrester Study "Total Economic Impact of ServiceWare Financial" shows:  
**ServiceWare software supports smart cost reduction**



TOP Ranking in CIO Review  
in the fields of **Artificial Intelligence (AI) and Omni Channel features**



ServiceWare scores in the user surveys of RIA:  
**# 1 Vendor in ITESM and TCRO** (IT and Enterprise Service Management and Technology Cost & Resource Optimization)

## Serveware Financial

**Service-oriented IT Management at ZF**

The IT of ZF is marked by complex structures in a growing organisation with many different requirements. The technology group makes massive investments in digital transformation. The IT department supports this corporate goal with services which are consistently oriented towards the business needs. Using the Serveware platform, the central IT service team manages the offering, makes it accessible on a worldwide basis, builds it on a usage basis and identifies potentials for sustainable cost savings.

**Transparent service offering of IT for the entire group**

The goals and benefits of a service-oriented IT are obvious for ZF: IT costs are clearly linked to the services which are used and consumed by the specialist departments. The customer is provided with individual concrete and transparent services – such as a computer workplace, a printer service, CAD or SAP. From an IT perspective, these services encompass a complex technical structure of hardware and software in combination with IT services such as the helpdesk.

» In the Serveware platform ZF merges customer and IT perspectives in a comprehensible manner – based on a detailed and automated integration into the technical systems. This ensures a maximum of cost and service transparency at the touch of a button. «

**Clear processes at the elaboration of the “ZF IT Service Catalogue”**

What matters for ZF is a traceable history of changes through a workflow-supported management of the “service lifecycle”. New services or changes go through a standardised process including an approval loop before they are entered into the catalogue and become visible for the customer. Team leaders receive automatic reports on this. For the IT services of ZF offered in large volumes throughout the world, a clear documentation of the activities is important. ZF implements this now easily and transparently with the process automation of the Serveware platform.

**Highlights:**

- › Transparent service portfolio
- › Workflow-supported management of the service lifecycle
- › Differentiated reporting based on performance indicators
- › Transparent insights in the Business Service View
- › Target / actual comparisons for a rapid identification of missed developments

### Central billing and analysis

The service-based IT model of ZF shows transparently where the services are consumed, supports comparisons and hence helps to reveal savings potentials. And, at the end of the day, it allows for a very easy billing of the IT services on a usage basis. With Serviceware Financial ZF manages the entire IT budget of a central solution from Friedrichshafen. In this connection the consumptions of the employees in the system can be checked and billed in a standardised manner using the service model.

### ZF Group

ZF is a technology group operating on a worldwide basis which provides systems for the mobility of cars, commercial vehicles and industrial engineering. ZF electrifies vehicles from many different categories and contributes with its products towards reducing emissions and protecting the climate. The company is represented with a headcount of 160,000 at around 260 sites in 41 countries.

## Standardised and harmonised forecasting tool for project management Serviceware Performance at Nokia

Nokia is a global technology company headquartered in Finland, which employs 98,000 people and operates in 120 countries. Nokia offers a comprehensive portfolio of network equipment, software, services and licensing possibilities for communication service providers, companies, industries and the public sector.

### Corporate growth in association with the integration of project planning from legacy systems requires a uniform solution

The importance of uniform controlling and forecasting on a project level and the challenges in connection therewith were perceived at Nokia after the acquisition of Alcatel-Lucent:



### Goal of the project:

- › Introduction of a standardised and harmonised planning process for forecasting in project management
- › Integration of the actual project data into the project planning and controlling solution
- › Integration of the business opportunities from the sales pipeline as a basis for the forecast
- › Shutdown of legacy systems
- › Transparency across all projects and their performance in one tool



“At the beginning there was no uniform solution,” stresses Wolfgang Dornfried (pictured), Head of Analytics and Data Visualisation at Nokia. “The different units of the divisions and markets conducted their controlling and forecasting on the basis of different project definitions and used different legacy systems.” Nokia then launched the global initiative “Project Controlling & Forecasting Solution”, which Dornfried heads today.

### Out-of-the-box solutions, Excel-oriented and simple handling are convincing

With Serviceware Performance Nokia has found a solution with which project managers and project controllers can base forecasting with integrated actual data on a project level. Reporting including forecast data is made available via Power BI Dashboards and Excel reports. With the intuitive and Excel-oriented interface of the tool, users find their way around quickly.

With the integration of the planning tool and the newly created framework in project controlling, Nokia now carries out the revenue and cost / margin planning across all divisions and all markets as a uniform process. "The new framework drives the harmonisation and standardisation and supports further increases in efficiency," says Wolfgang Dornfried.

» Serviceware Performance supports us at the improvement of financial transparency in the project business. «

Wolfgang Dornfried, Nokia

Moreover, the flexibility of the tool convinced Nokia. The company has independently implemented specific functionalities such as the module "Risk and Opportunities". A

possibility was created to assess project risks and opportunities quantitatively and integrate this into the forecast. With the freely definable templates for the user interface in Serviceware Performance this is very simply possible.

Apart from Serviceware Performance, Nokia will use in the near future also the integrated ad hoc analysis tool Serviceware Performance AL for flexible project controlling.

### The added value for Nokia

The anticipated goals were fully achieved. Project manager Wolfgang Dornfried is very satisfied to sum up: "With Serviceware Performance we now secure standardised and harmonised project controlling. We are at all times aware of the quantitative status of the projects through the project duration, because all information is bundled in one system. In this way we create a transparent, reliable basis for all divisions and markets – and for important decisions we are able to provide details about the financial project status."

## "Knowledge management always has time" Serviceware Knowledge at BGV

The insurance group BGV Badische Versicherungen (BGV) offers insurance cover for private, corporate and municipal customers all over Germany. This also includes a comprehensive customer service around the BGV insurance policies. The necessary knowledge for a quick and reliable dealing with all customer requests is made available by BGV to its employees through Serviceware Knowledge.

### The service as a central contact for the BGV customers

In the Customer Service department of BGV, telephone plays an important role. Mainly private customers contact the hotline in most cases with their questions. This concerns mainly issues around the different insurance policies – from the conclusion of the policy through the claims notification to the settlement. The team in Customer Service with its 65 employees is able to deal with 85 % of the tele-

phone requests from private customers "conclusively" without involving other departments. This only works because the employees in Customer Service can act competently and in a well-informed manner.

### Competent and consistent replies

An enormous amount of knowledge is necessary to cover the broad range of enquiries. "In the past we had several files on each table which were busily browsed through," Anja Bischof, who is in charge of knowledge management at BGV, remembers. Today the Customer Service uses Serviceware Knowledge instead. "On average every employee accesses the knowledge database 30-40 times a day," Anja Bischof explains. "With Serviceware Knowledge they find the answers to most questions themselves. And what is most important: they find them immediately. Because knowledge management always has time. "The



senior specialists only need to be involved on issues which exceed their own decision competence. This not only saves time for the Customer Service, but also pleases the customers who receive a rapid reply. Another advantage is an improved consistency of the replies. Ten editors ensure that all relevant information for Customer Service is available in an up-to-date form in the Serveware Knowledge system of BGV.

loss adjusters who visit customers on site benefit from knowledge management as well. By means of an app they can find all the necessary information in an optimised display on their mobile terminal device and can download it if necessary or send it by email.”

### Benefit from knowledge in all teams

After the launch of knowledge management in sales and Customer Service, other departments of BGV likewise discovered the Serveware Knowledge system. At present the technical insurance operations and damage areas such as “Automotive”, “Third-Party Liability” and “Accident” have their expert knowledge available – differentiated by private customers, corporate customers and municipalities. Today nobody has to search for a long time anymore: create new partners, calculate offers and process contracts or losses – information on workflows can be found quickly in the knowledge database. “In future we want to intensify our efforts to share knowledge across departments and interconnect it,” Anja Bischof explains her plans. “In this way we not only want to optimise process sequences across departments, but also strengthen the ‘we’ feeling within the company.”

» Customers now get identical answers regardless of the colleague taking the call. Because all have the same level of knowledge and communicate uniformly with external enquirers. «

Anja Bischof, BGV

### Quick and correct answers – no matter where and when

A major benefit of this solution was apparent in 2020. As far as the exchange of information is concerned, the changeover to the home office works smoothly. “We have access to our knowledge from everywhere. This is a tremendous simplification of our work from the home office,” Anja Bischof comments. “From everywhere“ also applies to other colleagues. Because the sales reps and

### Highlights:

- › Knowledge management for the Customer Service
- › App for sales reps and loss adjusters to be used at the customer
- › Support in the home office

## Certe allows painless appointments for patients and customers in the Netherlands

During the Covid-19 outbreak the team of ServiceWare Resources based in Leiden, Netherlands, set out to develop an app which was supposed to benefit the Dutch healthcare facilities. The easy-to-use and subscription-free app was rapidly developed to satisfy the market requirements of health tests for laboratories and hospitals in the region.

The app was developed and completed within a few weeks and turned out immediately to be popular, since some of the largest medical companies in the Netherlands implemented the app. Certe – a large organisation for in-

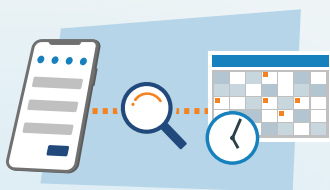
tegrated medical diagnostics and consulting for primary and secondary healthcare based in Groningen – used the ServiceWare application to manage 10,000 blood tests per day.

Vladimir Tichelaar, Medical Director at Certe, participated in the first webinar by ServiceWare in Dutch to explain the main benefits of the app. More than 50 guests from health institutions attended the webinar. „We are excited to be able to present this solution to our patients and employees,” says Vladimir Tichelaar.



**1.**

You receive an invitation to make an appointment for your blood draw.



**2.**

In only a few steps you can make an appointment online, where you can choose location, date, and time. You receive a confirmation message through text or email.



**3.**

The medical lab has real-time access to the schedule and knows exactly which patient will visit when.



**4.**

The day before you will receive a reminder text. On the appointed date and time you visit the blood draw location.

» The wellbeing of our patients and employees is a top priority for us. With this ServiceWare solution we are able to reduce the risk of an infection to an absolute minimum and we appreciate the improved utilisation of our valuable facilities. «

Vladimir Tichelaar, Certe

The momentum continued with the annual „Lab Day“ which was attended by 50 guests in mid-December. During the virtual event existing customers and prospects came together to discuss about the most recent product developments and strengthen their networks.

### How does the app work?

The app can be used without creating a user account and helps labs and medical practices to avoid capacity problems during the pandemic. The patients are informed about their appointment by email and / or SMS message. The intelligent search also ensures that the labs have the lowest possible number of empty time windows. The laboratories can create overviews in their existing Serveware Resource environment and filter all appointments by location or even by room. Moreover, the consultation hours dashboard offers the labs the opportunity to monitor the KPIs of their services in real time. As a result, they can maximise their test capacities without underbooking or overbooking the appointment schedule.

Managing Director Hereward Burgers pushes further innovations in the app together with the Leiden team and extends their reach to other institutions, such as education, to help people in safely fulfilling their daily tasks. The Serveware solution is currently used by six medical institutions in the Netherlands who manage almost 200,000 appointments per month in this way.

## Serveware Processes at DFH

# Happy and relaxed into the new home through perfect customer service

DFH Haus GmbH (DFH) offers its customers an “all-round carefree package” for the building of their single family dwellings. Smooth service processes are secured by DFH through a Serveware solution for Customer Service Management (CSM).

### Personal customer management with digital support

The customer advisors at DFH accompany future home owners as personal contacts for the realisation of their dream dwelling. They deal with all requests of the building-owners regardless of whether plans need to be changed or technical defects at the property ready for acceptance need to be dealt with. With more than 3,000 building projects per year this is an enormous challenge, not least because building their own home is a highly emotional affair for the private custo-

mers. With the Serveware Customer Service Management solution, DFH has set up an effective digital support.

### Customer service app for last mile to the building site

A typical process in the customer service of DFH is dealing with notices of defects of the customers. Even with the best planning these can unfortunately not be completely avoided in house construction. With Serveware, DFH has fully digitalised the process of removal of defects. Paper-based instructions for fitters at the building sites belong to the past. “With direct communication by app we remedy defects faster and prove completion to the customer, if necessary,” Weber is pleased to note. “Last but not least this contributes towards customers being able to settle their remaining payments quickly and easily.”

### The Project

- › Customer Service Management with Serveware Processes
- › Management of fitters with Serveware Resources
- › Company-wide processing of notifications of defects
- › 130 employees throughout the company are integrated into the system
- › 25 customer advisers are responsible for approximately 300 customer requests per day
- › 25-30 building worker access the system via the app





With Serviceware we have established a company-wide platform for all customer concerns. The system facilitates quick, informed replies, consistent documentation and the efficient routing of the concerns throughout the company.



Alexander Weber, DFH

### Service reporting as a source for quality improvement

The consistent documentation of notifications of defects has yet another advantage. When entering the concerns into the Serviceware system, the employees of DFH also classify the parts of the building concerned. Because the analysis of this information allows a consistent optimisation of the pool of standard parts used and an improvement of the network of suppliers.

### Consistent case management as a success driver

Satisfying customer requests is a joint project in the construction industry. The team of customer advisers as a central interface to the customer manages the requests through the Serviceware system transparently across numerous departments. From home planning via the construction site managers to the fitters, DFH has integrated in the course of time an increasing number of departments into the Serviceware management solution. DFH continues

this approach, as shown by Weber: “Automated processes and transparent information save a lot of expenditure for customer advisers. The integration of subcontractors into the system is already planned.”

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### Which results does DFH achieve with the solution?

- › For the end customers: Improved **customer experience** for DFH customers increases the recommendation rate
  - › For the Customer Service: Optimised **case management** from the customer adviser to the fitters on site increases efficiency
  - › For the management: Simplified **reporting** about customer concerns, in particular the evaluation of defect notifications, supports quality improvements
-

## More than half a life with Serveware: Maurice Vogt has witnessed many developments



As a passionate mountain biker, Maurice Vogt has already experienced some highs and lows in life. However, at Serveware the 36-year old has so far been permanently rising. Vogt has already spent more than half of his life at Serveware. He owes his way to the company to (un) fortunate circumstances. Already at the age of 10-years-old, when Vogt received his first computer and discovered

his passion for technology, he knew that in the future “I want to do something with computers”. After school Vogt began training at an IT company in Bad Homburg close to Frankfurt in 2000. In the course of the new economy and the bursting of the dotcom bubble, his training company went bankrupt after a short period of time and was no longer able to pay his wages. Vogt started to look for a new job and joined PMCS, the first company of the Serveware Group of companies, through the Chamber of Commerce Limburg in 2001. When CEO Dirk K. Martin learned that Vogt spent three hours every day on a train to commute to his training company, he knew that “I definitely wanted the training and would not disappear after a few weeks,” Vogt mentions. With the training as an IT specialist, Vogt’s professional career with Serveware started. His first tasks included the development of the internal IT systems.



The fact that Vogt still has the same passion for his job has been proven every day during the past 20 years with Serveware. More than ever before companies are today faced with the challenge that they must have data available at any time and match performance and costs in data management. Together with his colleagues, Vogt develops customised concepts with the fitting data management systems, with which customers can take up the challenges of digitalisation. In the field of data management and professional services, Vogt supports customers as a trusted advisor on both pre-sales issues and the administration of their corporate data and is also in charge of consulting, implementation, operating and support. Vogt creates infrastructures at customers with which companies can step up their growth and at the same time cut costs. A focus of his activity is today, more particularly, on project implementation. “In former times we had our cake and were eating it. Today we try to separate pre-sales and delivery, i.e. implementation and aftersales advisory services from one another to be able to address the needs of our customers even more selectively.” With many customers Vogt has had a trustful co-operation for many years. Companies appreciate his friendly manner and technical competence.

The current projects of Vogt and his team include the replacement and implementation of a new storage system for a German pharmaceutical group. Vogt is responsible for the completion of the project. “The entire infrastructure is integrated into a new one whereby we check the solutions which fit best and cover customer requirements.”

Despite two decades in the Group, boredom remains unknown to the 36-year old. The last years passed very rapidly. New partners, new products and solutions and fast, innovative developments did not leave any time for monotony. “Ten years ago nobody would have thought about operating all services with external providers in the cloud,” Vogt comments the quick technological development of the past years.

» We have in-depth knowledge of our products and are able to help customers optimally whenever they have problems. We do not put off customers with eternal waiting times in the service hotline. «

Maurice Vogt

Speed is also the characteristic feature for Vogt's passion, ie mountain biking. Neither the German Alps nor the French mountains or the landscapes of South Tyrol can avoid Vogt. In 2019 Vogt even participated in an Enduro series. Several legs over a distance of 30 kilometres each with

more than 1,000 metres difference in altitude are included in the programme. Apart from climbing the mountains, this involves descent on rough terrain against time. Speed in a high double digit range is absolutely usual. "I love challenges and I am in the middle of nature. During mountain biking I reach my limits and often go beyond them."

In the team Serviceware Infrastructure Solutions, of which Maurice Vogt is a member, everything turns around partner products of Serviceware. He and his colleagues decide exactly which products are to be entered into the portfolio and represent a good complement to existing solutions. In this connection the team works flexibly and independently from individual manufacturers. The focus lies on a selected number of products for which Serviceware then covers also full support, amongst other things.

Online or on site:

## Andreina Sparice lends an ear to all concerns



An annual average temperature of 22°C and eight hours of sun per day, Palma, Mallorca can be hot from time to time. You can only endure this in summer with air conditioning. A cool head must also be kept by Andreina Sparice, whereby the Venezuelan-born is an expert in stormy situations. On the social media platform Instagram she grants personal insights into her daily routines, comments on major issues such as family, partnership and motherhood, and has a regular exchange with her followers on these topics. "In particular during the first years in the life of a child, mothers want to do the right things," says the mother of a three-year old daughter. "While doing so, they often neglect their own needs." Andreina Sparice teaches mindfulness and wants to create awareness of what is often neglected or pushed aside: one's own self.



As scrum master Andreina Sparice is also available to her colleagues at Serviceware to support them with words and deeds. She explains her tasks as follows:

» My role is to be a moderator and mediator. I am responsible for the team working without trouble and effectively and reaching its goals. «

Andreina Sparice

Andreina Sparice has always loved to see herself in the role of a “problem solver”. She remedies interferences in co-operation, coaches the employees, for instance, on self-organisation and implements changes in the work structure with which the teams can work even more productively and rapidly. At present the teams in Palma work, for instance, on the further integration of the modules Serveware Financial and Serveware Processes.

The work day of Andreina Sparice starts every morning with a meeting with the three teams in Palma. They discuss the tasks to be attended to, the status of the projects and the areas with possibilities of improvement. As a scrum master Sparice has many contacts to colleagues

from various departments within the company. She is the link between the company, developers and customers. It is not always easy to reconcile the needs and suggestions of all colleagues. A sense for interpersonal relationships and

good communication skills are indispensable. Andreina Sparice is also in close contact with her scrum master colleagues at the other locations of Serveware. Apart from weekly meetings by video call, personal exchanges at meetings at the different locations were part of the work programme prior to the Covid-19 pandemic.

After her studies in production engineering Sparice worked for a large hotel chain in customer relationship management and then in Paris in human resources. She gathered first experience in coaching employees during that time. Andreina Sparice has been with Serveware for two years. “I was looking for an open-minded company with an open corporate culture. A company which cares for its employees, listens and responds to ideas and proposals. No later than during my job interview, I knew that Serveware is such a company.” Andreina Sparice appreciates, more particularly, the short communication routes within the company and the close co-operation with the management.



## The “customer’s voice”: **Padam Jain ensures smooth workflows and customer satisfaction**



In the course of the Covid-19 pandemic a large part of the employees in Germany had to change over to the home office. What was uncharted territory for many, has been common practice for Padam Jain since he started at Serveware in June 2019. The family man lives with his wife and his two children in Trier and works from his home office for the company. Padam Jain, who ranks travelling and cooking amongst his favourite recreational activities, originates from Bangalore, India, Asia’s Silicon Valley. During his school years he had the first contact with a computer in 1990 – and was immediately fascinated. In 2000 Jain

came to Germany. In Erlangen he graduated as a Master in Computational Engineering. Then he lived and worked, amongst others, in Nuremberg and Neuss. Before his activity for Serveware, Padam Jain worked for an international service provider in the field of analytical laboratories in Luxembourg, which is around 50 kilometres away from Trier. “I work independently and with virtual teams in a calm work environment, do not have to commute in the morning and in the evening and am very flexible in my way of working,” Padam Jain sums up the benefits of home-office work.



Padam Jain acts as Senior International Consultant Financial for Serviceware. His activities and responsibilities cover a broad range of areas. He supports his colleagues at the locations of Serviceware in Germany and abroad on projects with international groups and always plays the role of a solution architect or a lead consultant. Jain has many years of experience in leading multi-cultural virtual teams in Europe and Asia for different activities such as software development, maintenance and IT infrastructure rollout. Padam Jain knows the two sides: the side of the end consumer and of the technical developer.

Together with his colleagues, Jain also works on the development and implementation of new functionalities in Serviceware Financial. At present he and his colleagues are, for instance, dealing with the implementation of the module at a large European food group as well as a DAX group with several ten thousand employees.

Although the focus of his activities is on Serviceware Financial, Padam Jain is in frequent contact with the other software solutions of Serviceware. For instance, if a customer has decided in favour of several modules from Serviceware. “The current developments within the company are very fast. The individual modules are increasingly merging into a single software solution. We create interfaces and can interconnect our software solutions. Customers no longer wait today. They want to have reliable solutions offered quickly. We are fit for the future and perfectly equipped with our portfolio to perceive future market opportunities in an optimum manner.”

Padam Jain’s journey to Serviceware was a long one. At his previous employer, Jain had the first contact with Serviceware and other providers of ITFM in 2016 when his previous employer introduced IT Financial Management (ITFM). His interest in the Bad Camberg-based company grew quickly and the company was likewise convinced of Jain’s skills. “As if often the case in life, your paths often cross again in the future.” Then there were again contact points between Jain and Serviceware. The contact was intensified; goals and visions were discussed. With the IPO of Serviceware, the company then moved up a gear in the field of international expansion. For Jain the opportunity to become part of “an exciting journey which continues to advance,” became too good to turn down. “We had contact over many months which helped me to get to know Serviceware well. I had the feeling that they were really highly interested in me. I am in close contact with my colleagues also for chatting in between. It is the employees who turn work in this company into great fun. Although we are now over 500 people within the Group, there is no problem to contact the senior management and discuss ideas. I am proud to be part of the Serviceware family.”

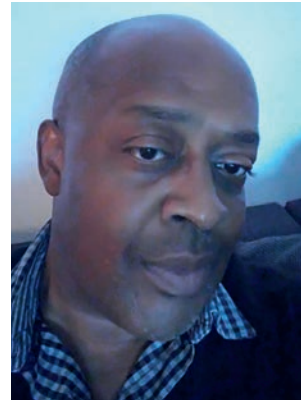


» My task is to understand the requirements of companies as “the customer’s voice” and then implement them in the software solutions of Serviceware. «

Padam Jain

“Drill Instructor” with heart:

## Rick Ormskerk motivates his team for top performances not only on the playing field



Mutual support and motivation are what distinguishes work at Serveware, according to Ormskerk. From Leiden, around 40 kilometres away from Amsterdam, he as International Consultant Financial Management and his colleagues with their “can do” mentality push the business with international key accounts. At the expansion abroad the team in Leiden cooperates closely with colleagues in Sweden and Germany. “My team and my colleagues are all highly motivated. During the past months we have already achieved big success and are in promising talks to additional international large companies. 2021 will be an exciting year for us.”

Take a deep breath. The next 60 minutes will be strenuous! Once a week Rick Ormskerk runs his boot camp at different places in Amsterdam, in the Netherlands. “I am 55 years old and feel 20 years younger,” the honorary fitness instructor says with a smile. For many years Ormskerk played football on a high amateur level; almost four years ago he then had the idea of the boot camp. With a colourful mix of many different exercises, Ormskerk is knocking the participants into shape with power, stamina and mobility. “I have thousands of training methods behind me and know exactly which muscles are strained by which exercises.” Everybody is welcome in Ormskerk’s boot camp, both men and women, beginners or advanced. Participants of all age groups attended his boot camps already, the youngest was 13, the oldest 70. As a rule the age bracket of the participants ranges between mid-30 and mid-50. “Sport unites. We not only sweat but also laugh a lot.” Ormskerk’s boot camps are highly popular now. Around 20 people participate in each training session. His honorable commitment has seen the initiative support the community with equipment such as skipping ropes or kettlebells, but also with financial resources. During winter the group may also use the local gym.

Rick Ormskerk has more than 20 years of experience in finance and IT. Since August 2019 he has contributed his expert knowledge to Serveware. Ormskerk supports companies in the financial management of shared and IT services. Almost every day companies must take important IT financial decisions while they must not jeopardise growth perspectives but must take into account the economic environment. However, in many cases the information available for decisions is obsolete, incomplete or erroneous. In economically uncertain times such as those marked by the Covid-19 pandemic, companies need opportunities to lower costs rapidly on the basis of valid data and step up transformation at the same time. “With our software solutions we provide companies with a source of truth. Decision makers can be assured to have always up-to-date data available and take the best decisions for their IT financial management.”



Prior to his activity at Serveware, Rick Ormskerk worked for mid-sized companies in the field of financial controlling, amongst others. When he had the opportunity to work with Serveware, he did not have to think about it for a long time.

» Serveware enjoys an excellent reputation in the industry. The growth prospects and the strategy of the company rapidly convinced me.

Rick Ormskerk

My decision in favour of Serveware was, moreover, driven by the product portfolio, in particular in the field of financial management of IT and shared services. I was able to imagine immediately to become part of this growth story.”

Rick Ormskerk has already a clear idea of the destination of this growth course. Although Serveware Financial is the module with which he and his colleagues mainly work for the moment, the modules from the portfolio of Serveware are increasingly merged with one another so that cross-selling potentials and synergy effects can be leveraged even better. “At present we work, for instance, on connecting Serveware Financial even closer to Serveware Performance to be able to provide customers with even better solutions in the field of reporting and budgeting. In future, we will tap even stronger potentials between the different modules and witness a homogenisation of our product portfolio.”

Short communication paths, the open corporate culture at Serveware and a sympathetic ear of the senior management for ideas and suggestions for the optimisation of work procedures at all times is what Ormskerk appreciates on top at his employer. “At Serveware there is a good work atmosphere with only a few rules. One enjoys many freedoms and as long as you do a reasonable job, nobody intends to change this.” Ormskerk comments with a wink of the eye.

## Financial and IT Knowledge perfectly combined: **Viktor Gogov supports customers at the implementation of Serveware Financial projects**

Shortly after the opening of the Serveware office in the Bulgarian capital, Viktor Gogov joined Serveware in Sofia as a Senior Financial IT Consultant in 2019. Already during his studies of information technology the 45-year old father of a daughter gathered extensive knowledge in the field of software development. After he started his working life as a software developer, Gogov was attracted by the financial area. For more than a decade he worked as an analyst for big banks operating in Bulgaria and Greece. Between corporate and IT projects Gogov was a direct witness to software and technology knowledge becoming permanently more important in an increasingly digitalised world of work. The new technical possibilities for the application in all industries and his eagerness to learn more about the destination, led Gogov back to his roots as a software developer. From Sofia Gogov has been operating, after his excursion to the world of money, until two years ago for companies from the USA and Germany.



As far as Serveware is concerned, he was, more particularly, convinced by the growth prospects and the good positioning of the company on the market. “At Serveware I can optimally interconnect my many years of experience from the world of finance and my IT knowledge,” stresses Viktor Gogov. As a Senior IT Financial Consultant Gogov is in charge of customers and projects in connection with



Serveware Financial. He supports customers with the financial management of their IT costs or the billing of IT services, works permanently on problem management and the making available of an efficient reporting. Gogov deals with the implementation of new functionalities. His tasks also include the smooth course of the planning of IT costs and the billing at the customer. At present, Gogov works with his colleagues, for instance, on the integration of Serveware Financial into the IT environment of one of the largest retail companies in Europe. “With our system the customer is already now able to calculate and take into account costs which will arise in ten years for certain projects. In this way the IT costs can be calculated accordingly.” At Serveware Gogov appreciates the pleasant corporate culture and the fact that he rapidly was granted a lot of freedom of decision.

» Responsibility, discipline and freedom go hand in hand at Serveware. Here I have found the optimum environment for the implementation of my ideas.

Viktor Gogov

At the beginning of his activities at Serveware, Gogov went through a two-month training programme. At workshops, training sessions and project exercises he was familiarised with tools and working methods, the products and the company. “My colleagues in Sofia, Munich and the other locations of Serveware have supported me in my daily tasks and helped me to take the first hurdles during the onboarding.” Immediately after this programme, Gogov was deployed as a consultant for a major customer project. Today he has close friendships with collea-

gues in Germany, the Netherlands and also Spain, Gogov mentions. His open and cordial character has already frequently benefited Gogov. Travelling and getting to know cultures and new people has been for years amongst his preferred recreational activities in addition to bicycle riding and jogging. “During my travelling I have learned a lot from people and places. This has often helped me to have the right reaction in certain situations.”

Supporting and helping: This has continued to be important for Gogov also after his start with Serveware. Gogov is strongly committed within the company. The Senior IT Financial Consultant has already written several articles in which he has dealt with procedures, knowledge and information in connection with different systems in a comprehensible manner for his colleagues at Serveware and made them accessible for them. Moreover, he has also produced video recordings for a series of training modules. “Originally I started with the writing of articles and the video recording to refresh existing knowledge for my colleagues and myself.” However, when he received downright positive feedback to his commitment from his colleagues on a national and international level, “this has certainly turned already into 15 articles and approximately the same number of videos.”

Gogov and his team in Sofia are in a daily exchange with their colleagues in Germany. Sofia has also intense contacts to Serveware employees in the Netherlands and Spain. “Before the Covid-19 crisis we were several days a month at the other Serveware branches,” Gogov reports. Not having met his colleagues already for a year makes work in different respects of course not easier. “But in particular in these challenging times the overarching significance of technology and IT throughout the world has been showcased.”





# 2020



## JANUARY:

Start into the year 2020 for Serveware with kick-off event in Mainz

## FEBRUARY

Setting up the Covid-19 task force

## MARCH

Serveware honoured by RIA Study as market leader in the field of IT and Enterprise Service Management



## APRIL

ESM platform is supplemented by the technology and the team of the messaging and chat provider smoope

## MAY

Development of a scheduling tool to avoid overcrowded medical test centres and laboratories in times of Covid-19

## JUNE

Expansion of the cooperation with KPMG AG Wirtschaftsprüfungsgesellschaft in the field of transfer pricing

## JULY

Back to meeting customers - at a distance



## AUGUST

After the successful completion of their training, Serveware welcomes new employees to the group

## SEPTEMBER

Virtual Coding Convention with all international R&D teams

## OCTOBER

For the first time, the Serveware Knowledge Praxisforum took place online

## NOVEMBER

Serveware Performance reaches 21 top ratings in BARC BI & Analytics Survey



## DECEMBER

Digital fair stand at the virtual DSME

# The Serviceware Share in 2020

## Stock markets nationally and globally

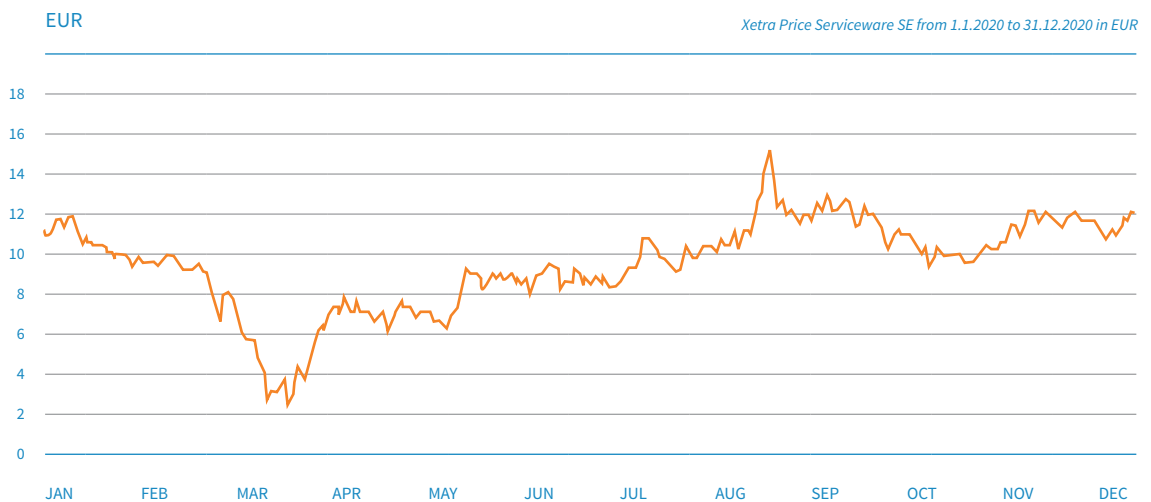
The impact of the Covid-19 crisis was temporarily also perceivable on the level of the stock markets. In spring 2020 the DAX Index plunged markedly to then rise in the further course of the year to a new all-time high. In a full-year analysis the DAX profit amounted to 3.5 %. The TecDax rose in 2020 by around 6.6 % and the indices MDAX and SDAX recorded corresponding price gains. On a global level, there was, however, a non-uniform picture. The European EURO STOXX 50 had to record a price loss of around 5 % whilst the US S&P 500 Index put on around 16 %.

The further global spreading of the Covid-19 had severe consequences for the world economy in 2020 and brought about a historic slump of the global economic output during the second quarter by 7.8 % versus the previous quarter. By analogy to the stock markets, the world economy experienced a strong upswing during the second half of the year and was even able to outperform the expectations. The IMF attributed this to the rapid intervention of central banks and governments

which launched with low interest rates and support programmes counter measures to contain the impact of the corona virus pandemic. New uncertainties for the further development of the world economy are emerging as a result of the virus variants and the associated lasting strict restrictions.

## Share price of Serviceware SE

The share of Serviceware SE started with an opening price of EUR 13.40 into the stock exchange year 2020. On 17 March the share recorded its annual low of EUR 7.22 in the environment of a collapsing market due to the Covid-19 pandemic. In the further course of the year, the Serviceware share clearly recovered and reported its annual high with a Xetra price of EUR 16.60 on 1 September. Towards the end of 2020 the share price was again slightly declining with a year-end price of EUR 14.00. This corresponds to a value increase of 4.5 % versus the beginning of the year. The market capitalisation of Serviceware SE amounted to EUR 147 million for 10.5 million shares on 31 December.



## Stock Exchange Activity 2020

During the period from 1 January to 31 December 2020, a total of 1.065 million Serviceware shares were traded on Xetra. This resulted in an overall trading volume 2020 on XETRA of EUR 12.74 million. On average, 4,260 Serviceware shares were traded on each of the 250 trading days in calendar year 2020, with a resulting average trading volume of EUR 50,972.

## Analyst coverage

The development of Serviceware SE is observed by the analysts of Hauck & Aufhäuser, Commerzbank and Quirin Privatbank and published in regular analyst studies. At the time of drafting of this Annual Report (Q1 2021), the Serviceware share was assessed as follows:

Bank	Last update of	Recommendation	Upside target
Hauck & Aufhäuser	25.11.2019	Buy	EUR 20.00
Commerzbank	09.03.2021	Buy	EUR 21.00
Quirin Privatbank	10.03.2021	Buy	EUR 31.00

## Investor Relations Activities

With the listing in the Prime Standard of the Frankfurt Stock Exchange, Serviceware is subject to particular transparency demands. Interim reports are published on the different quarters and for the fiscal year 2019/2020 this Annual Report is published. Through regular corporate news and ad hoc disclosures, if necessary, the capital market is informed about news concerning Serviceware SE. The corporate website provides all interested parties with comprehensive information on the company and the share. All the communication documents are made available in German and English. In November 2020 Serviceware participated in the German Equity Forum in Frankfurt am Main.

Within the framework of a company presentation as well as in individual and group talks, many investors, analysts and journalists were given explanations on the business model and the business development. Moreover, the Managing Directors were available for talks to interested investors during investor roadshows which, due to the Covid-19 pandemic, took place exclusively virtually, as well as in many investor meetings and telephone conferences.

## Stock market information

ISIN Ticker symbol	DE000A2G8X31 / SJJ
Segment / stock exchange	Prime Standard (Regulated Market) Xetra
Number of shares outstanding	10,500,000
Free float	ca. 37.20 %
Xetra opening price 02.01.2020	EUR 13.40
Annual high	EUR 16.60
Annual low	EUR 7.22
Xetra year-end price on 30.12.2020	EUR 14.00
Market capitalisation on 31.12.2020	kEUR 147,000
Designated sponsor	Hauck & Aufhäuser
Analyst coverage	Hauck & Aufhäuser, Commerzbank, Quirin Privatbank

## Letter from the Administrative Board

# Dear Sir or Madam

Fiscal 2019/2020 was an extraordinary year for Serviceware, marked by many different challenges in connection with the Covid-19 pandemic.

This included the postponement of the general meeting of Serviceware SE to 27 May 2020 where it was hosted as a virtual meeting.

Fiscal 2019/2020 was mainly characterised by pandemic-based challenges in the operating area. At the same time, it was also a year during which the robustness and the future-proof potential of the Serviceware platform proved to be successful despite the external challenges. Based on this strength, Serviceware has been able to generate sound growth rates for both sales revenues and earnings.

Since spring 2020, Serviceware has been affected by the Covid-19 pandemic, like more or less every company around the world. In February 2020 Serviceware had already responded with comprehensive measures to contain the impacts of the pandemic on the operating activities and to protect the health of employees, customers and partner companies in the best possible manner.

These measures included the changeover to remote work in the entire company and the introduction of short-time work in parts of the company from May to the end of September 2020. The interaction with our customers was transferred to the largest possible extent to digital communication which continued to prevail also during the temporary relaxations of the Covid-19 measures and contact restrictions in the summer of 2020.

Both from a technical and operating point of view, the changeover was smooth. We would, therefore, like to expressly thank our colleagues and customers for their co-operation and commitment.

The unique modular ESM platform was extended in April through the addition of the message solution “smoope”. Communication is a central aspect of service provision. Service arises only through the interaction and communication with customers. The type of communication and the communication routes have considerably changed over the past years: end customers increasingly expect chat as a communication channel with their service provider. Serviceware platform customers can now address this potential.

Further progress was also made through the integration of Artificial Intelligence (“AI”) into the solutions of the ESM platform. The Serviceware competence centre AI developed in fiscal 2019/2020 the first AI-based solutions for the ESM platform, the “Content Creation Assistant” and the “Solution Assistant”. The two solutions are already in use with customers. The “Content Creation Assistant” extends Serviceware Knowledge and helps companies to step up the efficiency of their knowledge management and at the same time to improve the service quality. The “Solution Assistant” supports companies in service process management through the AI-based automatic response to service enquiries.

In the Netherlands, Serviceware was able to make a special contribution to fight the Covid-19 pandemic: Serviceware provided its customers within a very short period of time a solution on the basis of the Serviceware platform with which visitor capacities in medical facilities were controlled in such a way that social contacts and the infection risk were minimised.

## Activities of the Administrative Board

The Administrative Board has fulfilled in fiscal 2019/2020 the tasks and obligations to be fulfilled in accordance with the law, the statutes and the internal regulations with greatest care, and regularly supervised the work of the Managing Directors. In this connection the body convinced itself at all times of the lawfulness and regularity of the 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, who were also advised by the Administrative Board.

## Meetings of the Administrative Board

In five ordinary meetings of the Administrative Board, the Managing Directors have regularly reported comprehensively in writing and orally about the current situation of Serviceware SE and informed about all important aspects and business transactions of the company. 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 and make their suggestions in this respect. 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 exchange of information with the Managing Directors about the current business development between the meetings.

## Focus of the deliberations at the Administrative Board

The meetings of the Administrative Board on 31.01.2020, 16.03.2020, 03.06.2020, 29.08.2020 and on 23.11.2020 focused on the following topics:

### **1<sup>st</sup> Quarter 2019/2020**

The Administrative Board accompanied the Managing Directors intensively in the further implementation of the inorganic growth strategy. During the meeting of the Administrative Board on 31 January 2020 the preparations and negotiations to take over the team and technology of the Stuttgart-based smoope GmbH by way of a share or asset deal were thoroughly discussed.

The transaction was executed successfully on 24 April 2020. In this connection the Serviceware platform was not only extended by adding the important communication channel chat, but it was also possible to convince renowned smoope customers of Serviceware.

In the discussion about the further product strategy of the Serviceware platform and its implementation, the Administrative Board was comprehensively included by the Managing Directors.

### **2<sup>nd</sup> Quarter 2019/2020**

During the meeting of the Administrative Board on 16 March 2020, after the report by the attending auditor, the financial statements of Serviceware SE and the combined Group management report for fiscal 2018/2019 and the consolidated financial statements of the Serviceware Group and the combined Group management report for fiscal 2018/2019 were adopted and hence approved.

During the second quarter Serveware was able to enter into one of the largest licence deals of its corporate history with a DAX group and a contract with a large US customer, amongst other things. The Managing Directors reported about the preparation and completion of the deals.

Furthermore, the meeting of the Administrative Board on 16 March 2020 was marked by the Covid-19 pandemic. This concerned, more particularly, the postponement of the ordinary general meeting and possible alternatives, especially the conduct of a virtual general meeting.

Since the beginning of the Covid-19 pandemic, the Administrative Board was fully included into the discussion about the situation, measures and management of the company during these particularly challenging times by the Managing Directors.

### 3<sup>rd</sup> Quarter 2019/2020

The activities of the Administrative Board also included ongoing work by the Administrative Board such as the negotiation and agreement of contractual framework conditions with the Managing Directors.

In the same way the success drivers for gaining new large international customers such as a large international food group, were discussed in the Administrative Board.

The meeting of the Administrative Board on 3 June 2020 was again marked by the Covid-19 pandemic. Decisions were taken to top up the short-time worker allowances for employees who were in short-time work due to the Covid-19 pandemic, and the implementation of a voluntary salary reduction of the daily active members of the Administrative Board and Managing Directors was discussed and adopted.

As in the preceding meetings of the Administrative Board, the reports of the Managing Directors regularly addressed the optimisation potential in the day to day business of Serveware SE and discussed this with the Administrative Board.

The Administrative Board accompanied the Managing Directors, amongst others, at the optimisation of liquidity management and the further implementation of the Serveware AI strategy.

### 4<sup>th</sup> Quarter 2019/2020

Against the backdrop of the ongoing fourth and final quarter of the fiscal year 2019/2020 marked by the Covid-19 pandemic, the earnings and accounts receivable situation of Serveware SE and optimisation approaches were extensively discussed with the Managing Directors.

## Committees of the Administrative Board

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

## 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

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

## Corporate Governance

The Managing Directors and the Administrative Board supervise compliance of Serviceware SE with the rules of the German Corporate Governance Code. The Administrative Board adopted the declaration of conformity in accordance with §161 AktG (German Stock Corporation Act) on 28 January 2021.

Serviceware SE meets the overwhelming part of the recommendations of the Code. The few deviations are explained in the Corporate Governance report which was published together with the declaration on corporate management under <https://serviceware-se.com>.

## Adoption of the financial statements

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

The external auditor appointed by the general meeting of the company, RSM GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf, has audited the financial statements and the consolidated financial statements of Serviceware SE as well as the management report and consolidated management report for fiscal 2019/2020 and issued an unqualified audit certificate.

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.

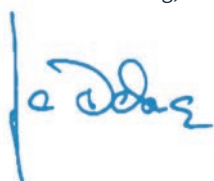
During the meeting of the Administrative Board by conference call on 24 March 2021 with the participation of the external auditor who reported about the material results of his audit and his findings concerning the internal control and risk management system for the accounting process, the financial statements and audit reports were deliberated intensively.

The result of the own review by the Administrative Board has not led to any objections. The Administrative Board has, therefore, approved the result of the audit by 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 by conference call on 24 March 2021 and hence adopted. This also applies to the submitted combined management and group management report.

The financial statements are hence adopted.

The Administrative Board thanks all employees of Serviceware SE as well as the Managing Directors Dirk K. Martin, Harald Popp and Dr. Alexander Becker for their high commitment and the constructive co-operation during the particularly challenging fiscal year 2019/2020.

Bad Camberg, March 2021



Christoph Debus  
(Chairman of the Administrative Board)





# **Combined Management and Group Management Report 2019/2020**

*Serviceware SE, Bad Camberg*

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# 1 Combined Management and Group Management Report

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

The single-entity financial statements of Serveware 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 Serveware SE. Supplementary information on the financial statements of Serveware SE is provided in Section 1.7.

## 1.1 General Economic Development

After a ten year growth phase, the price-adjusted gross domestic product in Germany has shrunk for the first time again in 2020 and was 5.0 % below prior year.<sup>1</sup> This was triggered by the Covid-19 pandemic which made the German economy plunge into a similarly deep recession as last during the financial and economic crisis 2008/09. The impact of the Covid-19 crisis was felt in almost all areas of life and business.

As a result of growing expenditure in connection with allowances and relief for companies, in the healthcare sector and for consumers to cope with the Covid-19 crisis and simultaneously dropping income from lower taxes, the outbreak of the pandemic was also noticeable in the public budget. Whereas a clear finance surplus was still generated during the previous year, the preliminary budgetary closing of the German Government shows a deficit of EUR 130.5 billion for 2020.<sup>2</sup>

After the gross domestic product plunged by historic -9.7 % in the summer of 2020, the ensuing economic growth of +8.5 % during the third quarter seemed to tune in on better times. With the second Covid-19 wave and the associated lockdown measures of the German Government, this short term uptrend levelled off abruptly. The fourth quarter of 2020 closed with a growth of only 0.1 % versus prior quarter.<sup>3</sup>

By analogy to the gross domestic product, the business climate in Germany improved slightly around the middle and the end of 2020 after a strong decline. However, here, too, the lockdown measures towards the end of the year constituted another dampener for the business expectations. At the beginning of 2021 the business climate is back on the level of July 2020 after five months of ongoing growth.<sup>4</sup> It remains to be seen how quickly the optimistic mood of the summer will be back. It should, however, be mentioned that in the digital industry, the business climate continues to move on a significantly higher level compared to the other sectors despite a decrease in the wake of the Covid-19 pandemic.<sup>5</sup>

The partly considerable impact of the Covid-19 pandemic on the general economy is also reflected by the German labour market. After an increase lasting over 14 years, 2020 recorded a reduction in the number of gainfully employed in Germany (-1.6 % versus 2019); the unemployment rate reached 5.9 % in December 2020.<sup>6</sup>

This represented, however, already a slight improvement (in August 2020 the rate was, for instance, still at 6.4 %).<sup>6</sup> In this way the unemployment rate in Germany was lower than the comparative value in the Euro area (8.3 %)<sup>7</sup>; this confirms the ongoing good position of Germany on a European comparison basis.<sup>8</sup> Here, too, the economic stagnation towards the end of 2020 is reflected by the numbers, because the unemployment rate in the Euro area was already at 8.3 % or 8.4 % in November and October.

<sup>1</sup> [https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/01/PD21\\_040\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/01/PD21_040_811.html)

<sup>2</sup> <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2021/01/2021-01-19-vorlaufuefiger-haushaltsabschluss-2020.html>

<sup>3</sup> [https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/01/PD21\\_040\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/01/PD21_040_811.html)

<sup>4</sup> <https://www.ifo.de/node/61249>

<sup>5</sup> <https://www.bitkom.org/Presse/Presseinformation/Bitkom-Branche-wieder-auf-Wachstumskurs>

<sup>6</sup> <https://www.destatis.de/DE/Themen/Wirtschaft/Konjunkturindikatoren/Arbeitsmarkt/arb210a.html>

<sup>7</sup> [https://ec.europa.eu/eurostat/documents/portlet\\_file\\_entry/2995521/3-01022021-AP-DE.pdf/aa035a82-6b5d-50ba-8b7f-71261ddf5d10](https://ec.europa.eu/eurostat/documents/portlet_file_entry/2995521/3-01022021-AP-DE.pdf/aa035a82-6b5d-50ba-8b7f-71261ddf5d10)

The major uncertainty involved in the Covid-19 pandemic and the associated restrictions in many industries clouds the expectations concerning the sustainability of the uptrend of the general economic output during the fourth quarter 2020. Industrial production was able to report positive signals following a growth impulse of the automotive industry and the manufacturing industries. However, the HoReCa sector and companies in the fields of leisure and tourism were hit particularly hard by the ongoing lockdown regulations and curbed, together with the cautious export expectations, the economic output during the final quarter 2020.<sup>8</sup>

## 1.2 Industry Development

As practically all industries, the digital industry likewise recorded losses during the Covid-19 crisis year 2020. Compared to the general economic development and other industries, the decline in growth for IT, telecommunications and consumer electronics of -0.6 % was, however, comparatively low.<sup>9</sup>

The forthcoming year 2021 is expected with cautious optimism. The estimated growth amounts to 2.7 %. Whilst the Bitkom IFO Digital Index was slightly dropping at the beginning of the new year, it recorded the highest level since the beginning of the crisis in February 2020 in December.<sup>10</sup>

Not least the enlarged use of home office arrangements and investments in IT security have been seized as opportunities during the Covid-19 crisis by the digital industry. According to a Bitkom study of December 2020, 55 % of all jobs in Germany can at least be exercised also from home. With the introduction of a mandatory offer for home office by the employers, more than 4 million employees have been instructed to stay at the home office and the implementation of digital structures is unavoidable for employers.<sup>11</sup>

The number of employed in the digital industry dropped slightly by 8,000 employees in 2020 after many years of uptrend. It is, however, noteworthy that 86,000 jobs are still vacant. Consequently, the potential of the IT industry is far from being exhausted in Germany and growth continues to be possible. In 2021 it is again expected that another 20,000 new jobs will be created for IT specialists.

In the IT segment, IT hardware is expected to be the largest industry segment in 2021 with sales revenues which are to increase by 8.6 %. The software segment is likewise about to recover from the Covid-19 shock in 2020 with a forecasted growth of 4.1 %.<sup>10</sup>

IT security proved again and, more particularly, in 2020 to be an important growth market. Sales revenues rose in 2020 by 5.6 % to EUR 5.2 billion. For 2021 an even higher growth of 9.3 % to EUR 5.7 billion is anticipated.<sup>12</sup>

With a view to the entire IT infrastructure, the analysts of Gartner estimated in January 2021 that companies all over the world spent 3.2 % less for their IT infrastructure compared to 2019. For 2021 a positive growth of 6.2 % to USD 3.9 trillion is, however, expected again.<sup>13</sup>

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<sup>8</sup> <https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2020/20201214-die-wirtschaftliche-lage-in-deutschland-im-dezember-2020.html>

<sup>9</sup> <https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland.html>

<sup>10</sup> <https://www.bitkom.org/Presse/Presseinformation/Bitkom-Branche-wieder-auf-Wachstumskurs>

<sup>11</sup> <https://www.bitkom.org/Presse/Presseinformation/Bitkom-zu-verschaerfter-Homeoffice-Regelung>

<sup>12</sup> <https://bitkom.org/Presse/Presseinformation/Markt-fuer-IT-Sicherheit-auf-Allzeithoch>

<sup>13</sup> <https://www.gartner.com/en/newsroom/press-releases/2020-01-25-gartner-forecasts-worldwide-it-spending-to-grow-6-point-2-percent-in-2021>

### 1.3 Business Development

Serveware Group: Ratios of the Financial Statements for fiscal 2019/2020  
From 1 December 2019 to 30 November 2020

01 December to 30 November					
In kEUR	2019/2020	2018/2019	Variation	%	
Sales revenues	72,435	66,571	5,864	8.8 %	
- thereof SaaS/Service	31,949	24,293	7,656	31.5 %	
EBITDA	1,795	-1,179	2,974	252.3 %	
EBITDA adjusted*	6,429	4,589	1,840	40.1 %	
EBIT	-1,612	-2,312	700	30.3 %	
EBIT adjusted*	3,624	4,135	-511	-12.4 %	
Financial result	-198	-176	-22	-12.7 %	
Result for the period before taxes	-1,810	-2,488	678	27.2 %	
Result for the period before taxes adjusted*	3,426	3,959	-533	-13.5 %	
Income tax	235	1,338	-1,103	-82.4 %	
Result for the period after taxes	-1,575	-1,150	-425	-36.9 %	
Result for the period after taxes adjusted*	2,136	3,419	-1,283	-37.5 %	
30.11.2020					
30.11.2019					
Cash and cash equivalents	33,836	41,197	-7,362	-17.9 %	
Churn Rate (%)	5.7 %	4.8 %	0.9 %	19.0 %	
Recurring Revenue Share	60 %	59 %	1 %	2.4 %	

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

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

During fiscal 2019/2020 Serveware was also able to assert itself in a difficult general economic situation and to generate substantial growth. Sales revenues reached with EUR 72.4 million a new record level and were 8.8 % above prior year. Sales revenues recorded a particularly positive development in the field of SaaS/Service which rose by 31.5 % to EUR 31.9 million. The overall share of recurring revenues was improved by one percentage point to now 60 % (kEUR 43,724). In times of economic instability this development secures a high degree of planning certainty. The churn rate of 5.7 % was above prior year (4.8 %) but continues to remain on a low level even in a difficult environment.

The prevailing topic of the past year, the Covid-19 pandemic, impacted the business development of Serveware in many different ways. During the first wave in spring, the high uncertainty concerning the overall development of the pandemic and its economic impact meant that both ongoing implementation projects and project tenders at our customers were frozen at short notice. As a result of our digital business and delivery model it was, however, possible in almost all cases to find timely ways to continue the implementation projects on a remote basis. In the further course of the year, we observed that projects which had initially been frozen were almost completely caught up on. As far as the recruitment of new customers was concerned, the impact of the Covid-19 pandemic had a non-uniform impact. On the one hand, procurement projects were stopped or postponed and on the other hand, long-term investment projects continued to be pursued despite or because of the Covid-19 pandemic. Following the Covid-19 pandemic pressure on companies rose to improve their digital processes and infrastructure, and to plan and manage their costs transparently in this connection. To achieve this, companies can resort to the effectiveness and efficiency of the solutions provided by Serveware. In addition, there are new demand drivers for our products, eg from healthcare where the use of the planning software "Serveware Resources" can optimise the allocation of appointments and patient flows to minimise social contacts.

During the past fiscal year significant success was achieved, more particularly, at the expansion of our large customer business and our internationalisation. A US investment bank decided, for instance, in favour of the software module Serviceware Performance (cubus outperform), and an internationally leading food group in favour of the software module Serviceware Financial (anafee). With a company from the German stock market index DAX, Serviceware entered into one of the largest license agreements of the company's history. In addition, we further pushed the functional extension of our Enterprise Service Management platform and extended it by adding the technology of smoope with a messaging and chat module.

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

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

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

During fiscal 2019/2020 incremental expenses were incurred under the abovementioned programme for accelerated growth in the amount of kEUR 4,635 (PY: kEUR 5,768) on an EBITDA level and kEUR 5,236 (PY: kEUR 6,447) on an EBIT level. These include investments in internationalisation in the amount of kEUR 2,906 (PY: kEUR 3,932), temporary integration costs within the framework of inorganic growth of kEUR 1,448 (PY: kEUR 1,392) and the orientation towards the strategic large customer business of kEUR 280 (PY: kEUR 444) as well as kEUR 602 (PY: kEUR 679) caused by costs and amortisations in respect of acquisitions.<sup>14</sup>

Compared to the previous year, the expenses under the programme for accelerated growth hence dropped on an EBITDA level by 19.6 % and on an EBIT level by 18.8 %. The variation is essentially attributable to the lower expenditure for investments into internationalisation and the orientation towards the strategic large customer business, which are essentially below prior year values. The expenses include primarily start-up costs in the form of additional personnel and non-personnel expenditure to develop our international organisation and to address large customers. The sales successes of Serviceware in the international environment and at large customers have meant that parts of these organisational units have already completed the launch phase and no longer have to be adjusted.

The EBITDA adjusted for these expenses rose versus the prior year period by 40.1 % to kEUR 6,429. Together with the expenditure from the programme for accelerated growth, the EBITDA amounted to kEUR 1,795 (prior year kEUR -1,179). Compared to the previous year, effects from the first-time application of IFRS 16 must, however, be taken into account. They result in a reduction of the other operating expenses with a simultaneous increase in depreciations and amortisations and interest expenses. On an EBITDA level, this effect amounts to kEUR 1,953.

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<sup>14</sup> Purchase price allocation on customer base and trademark as well as internally generated intangible assets acquired through the acquisition, which are subject to scheduled amortisation of up to 20 years.

The adjusted earnings before interest and taxes (EBIT) dropped, by contrast, versus the prior year period by 12.4 % to kEUR 3,624. In this connection it must, however, be taken into account that the adjustment effects were kEUR 1,211 lower during fiscal 2019/2020 versus prior year. The unadjusted EBIT was, however, improved by kEUR 700 to kEUR -1,612 (PY: kEUR -2,312).

The financial result dropped with kEUR -198 (PY: kEUR -176) by 12.7 %. The adjusted earnings before taxes for the period fell by kEUR 533 to kEUR 3,426 versus the prior year period. After extraordinary expenses they reached kEUR -1,810 (PY: kEUR -2,488); this corresponds to an improvement versus prior year of 27.2 %.

Income taxes reflect the effects from the change in deferred taxes. During the past fiscal year 2019/2020 tax income in the amount of kEUR 547 was arising. By contrast, there is a tax burden of kEUR 312, so that altogether there has been a tax income of kEUR 235 (PY: kEUR 1,338).

The adjusted earnings for the period after taxes amounted to kEUR 2,136. After expenses for the programme for accelerated growth they amounted to kEUR -1,575 (PY: kEUR -1,150).

The change in cash and cash equivalents in the amount of kEUR -7,362 (-17.9 %) to kEUR 33,836 versus prior year results essentially from strategic expenses under the programme for accelerated growth and the repayment of long-term debts.

The headcount continued to rise during the fiscal year 2019/2020 to 494 persons as at 30.11.2020 (PY: 481 employees). For the strengthening of the innovative power of Serveware the build-up concerned, more particularly, the field of software development.

## 1.4 Position of the Group

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

### 1.4.1 Sales revenue development

The sales revenues of the Serveware Group improved during the past fiscal year 2019/2020 even in a difficult overall economic situation and continued to range on a record level. In fiscal 2019/2020 sales revenues rose by 8.8 % versus the comparative prior year period to EUR 72.4 million. The growth rate was, however, below the development of the prior year during which a growth of 20.6 % was achieved. Positive growth was recorded by SaaS/Service with a 31.5 % rise versus the prior year period. Sales revenues from licences declined, however, during the reporting period by 3.3 %. Maintenance revenues were likewise below the prior year numbers with 5.2 %. The trend towards SaaS/Service deals hence continued. Compared to the licence business, this results, amongst other things, in a shift of sales revenues to the future, which involve, however, a higher planning certainty and recurring revenues.

Sales revenues break down as follows:

In kEUR	2020	2019	Variation in %
Revenues SaaS/Service	31,949	24,293	31.5 %
Revenue licences	19,823	20,491	-3.3 %
Revenues maintenance	20,663	21,787	-5.2 %
<b>Total</b>	<b>72,435</b>	<b>66,571</b>	<b>8.8 %</b>

#### 1.4.2 Orders in hand

The orders in hand on the reporting date at the end of the fiscal year are mainly reflected by the advance payments received for maintenance and SaaS contracts. This concerns contract liabilities for a period of up to 60 months. Given the binding nature of the contracts, contract liabilities constitute already definite future revenues of Serviceware. The revenues from the maintenance area are recognised over a specific period from maintenance contracts running over several years. Compared to existing contract liabilities for maintenance, Managed Service and SaaS contracts on 30 November 2019, the number increased by 30 November 2020 by around 7 %. The proportion of renewal of maintenance contracts<sup>15</sup> of 94.3 % continued to remain on a very high level (PY: 95.2 %).

#### 1.4.3 Operating result (EBITDA/EBIT)

The positive sales revenue development during fiscal 2019/2020 is also reflected by an increase of the operating result. The unadjusted EBITDA shows after a loss in the amount of kEUR -1,179 during the previous year, a surplus of kEUR 1,795 for the past fiscal year. The increase in the EBITDA of kEUR 2,974 is accounted for in the amount of kEUR 1,953 by effects from the first-time application of IFRS 16, which results in a reduction with no effect on income of other operating expenses with a simultaneous rise in depreciations and amortisations and interest expenses.

To push corporate growth Serviceware launched the programme for accelerated growth and received for this purpose within the framework of the IPO on 20 April 2018 through a capital increase, net inflows of approximately EUR 55 million. The funds are used as scheduled during the coming three to five years for three growth areas:

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

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

The higher result was able to contribute through a disproportionately low rise in material costs (3.3 %) compared to the increase in sales revenues (8.8 %) and a reduction of other operating expenses (-37.6 %). The other operating expenses were reduced in almost all areas by an overall kEUR 4,549. In many areas such as travel expenses or marketing spend for trade fairs, the cost reductions result from the restrictions by the Covid-19 pandemic. The already mentioned first-time application of IFRS 16 accounts for kEUR 1,953. In this way the rise in personnel expenses by kEUR 5,433 (16.9 %) as well as the decline in other operating income by kEUR 1,131 were altogether more than compensated. The rise in personnel expenses is much higher than the growth in headcount on the reporting date 30.11. of 13 employees to 494 persons; this is, however, amongst others to be explained by the fact that the strong growth in headcount of the previous year (net growth of 103 employees) was primarily achieved during the second half of 2019 and had only been taken into account proportionately on the expense side last year.

On an EBIT level, the unadjusted result shows a loss of kEUR -1,612 (PY: kEUR -2,312) which corresponds to an improvement of the EBIT by kEUR 700 or 30.3 %. The EBIT adjusted for expenses from the programme for accelerated growth decreased versus the prior year period by 12.4 % to kEUR 3,624. Here, too, the effect of lower adjustments described in connection with the adjusted EBITDA has an impact.

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<sup>15</sup> Proportion of contract renewals corresponds to (1 - churn rate)

01 December to 30 November

In kEUR	2019/2020	2018/2019
EBITDA (IFRS)	1,795	-1,179
Costs in connection with the internationalisation outside DACH	2,906	3,932
Temporary integration costs in connection with inorganic growth	1,448	1,392
Costs in connection with access to large customers and corresponding marketing	280	444
Adjusted EBITDA	6,429	4,589

01 December to 30 November

In kEUR	2019/2020	2018/2019
EBIT (IFRS)	-1,612	-2,312
Amortisations in respect of capitalised intangible assets within the framework of company acquisitions	602	679
Costs in connection with the internationalisation outside DACH	2,906	3,932
Temporary integration costs in connection with inorganic growth	1,448	1,392
Costs in connection with large customer sales and the corresponding marketing	280	444
Adjusted EBIT	3,624	4,135
Financial result	-198	-176
Adjusted net result for the period before taxes	3,426	3,959
Income taxes	235	1,338
Tax effect referred to adjustments	-1,525	-1,878
Adjusted result for the period after taxes	2,136	3,419

The financial result of kEUR -198 includes essentially interest expenses for the long-term financing of the last company acquisition. The financial result dropped from kEUR -176 to kEUR -198.

The unadjusted earnings before taxes (EBT) increased versus the prior year period by kEUR 678 to kEUR -1,810 (prior year: kEUR -2,488). The earnings before taxes adjusted for expenses under the programme for accelerated growth decreased versus the prior-year period to kEUR 3,426 (PY: 3,959).

#### 1.4.4 Group Earnings after Taxes

After taking into account the taxes, the consolidated result (unadjusted) for fiscal 2020 amounts to kEUR -1,575 (PY: kEUR -1,150). The earnings after taxes adjusted for expenses from the programme for accelerated growth decreased versus the prior-year period by kEUR 1,283 to kEUR 2,136.

#### 1.5 Capital Expenditure

During fiscal 2020 investments in the amount of kEUR 1,458 (PY: kEUR 14,182 including kEUR 13,671 in connection with the acquisition of cubus AG) were made. In the field of intangible assets, investments in industrial property rights (kEUR 396) were made with the acquisition of the trademarks and technology of smoope. Furthermore, there were additions in terms of rights of use under IFRS 16 through the extension of leased areas (kEUR 208) and car leasing (kEUR 351) as well as the acquisition of software licences (kEUR 45). The other investments of kEUR 458 in property, plant and equipment concern the enlargement and modernisation of furniture and office equipment.



## 1.6 Financial Position and Capital Structure

The financial position of the Group has not materially changed compared to the last balance sheet date of 30.11.2019. The equity of kEUR 55,639 decreased versus the balance sheet date of fiscal 2018/2019 by 3.2 %. The debt capital amounts as at 30 November 2020 to kEUR 50,997. Compared to 30 November 2019, this corresponds to an increase by kEUR 5,876. This variation results essentially from the first-time application of IFRS 16 (“leases”). For lessees IFRS 16 introduces a uniform accounting and reporting of leases in the balance sheet according to which assets have to be recognised in the balance sheet for the right of use of leased items and liabilities have to be recognised for the payment obligations entered into. A lease liability is defined as the cash value of future lease payments and a use is basically understood to be a liability minus payments made in advance or deferred. Within the framework of the simplified application of IFRS 16 chosen by Serviceware, there is no retroactive application of IFRS 16. For Serviceware the definition of leases under IFRS 16 includes primarily long-term lease contracts for office spaces as well as car lease contracts.

The balance sheet total amounted on 30 November 2020 to kEUR 106,636 (30 November 2019: kEUR 102,584). Consequently, the equity ratio amounted to around 53 %. The equity ratio dropped versus 30 November 2019 (around 56 %) by around 3 %. The reduction is essentially attributable to the above-mentioned effect of IFRS 16 extending the balance sheet and the negative result for the period.

The increase in non-current assets by kEUR 5,405 to kEUR 38,620 is mainly attributable to an increase in other intangible assets by 54 % to kEUR 18,805, driven by the above mentioned first-time application of IFRS 16. By contrast, there is a reduction of other intangible assets through scheduled amortisations in the amount of kEUR 602. Under the deferred charges for customer maintenance contracts (contract receivables) mainly payments on account made for maintenance contracts are shown with a residual term of more than 12 months (non-current assets) or of less than 12 months (current assets). Altogether the deferred charges for customer maintenance contracts (contract receivables) have remained stable and recorded a minor growth of 4 %. There has, however, been a shift from non-current deferred charges for customer maintenance contracts (contract receivables) to current ones. The decline in current assets by altogether kEUR 1,353 includes, more particularly, the reduction in liquid funds by kEUR 7,362 as well as an opposite effect from the increase in accounts receivable by kEUR 2,878 (+15 %) to kEUR 21,591.

The variation in trade receivables results from the growth in sales revenues and effects from extended payment terms for invoices concerning longer term maintenance contracts. 70.4 % (PY: 78.1 %) of the trade receivables were not yet due on the balance sheet date. Consequently, the share of overdue receivables increased versus prior year, but the share of receivables with a maturity of more than 90 days was reduced from 6.1 % during the previous year to 5.3 %.

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 likewise remain at kEUR 49,828. The balance sheet loss has changed primarily as a result of the negative net income for the period. In the cumulated other equity further effects with no effect on income, which included during the past fiscal year mainly currency effects, are reflected. The reduction in liquid funds results primarily from the investments in line with strategy into the programme for accelerated growth, the scheduled repayment of the bank loan raised for the acquisition of cubus AG as well as the repayment of the current tax liabilities.

Non-current liabilities increased during fiscal 2019/2020 versus 30 November 2019 by kEUR 3,532 (26 %) to kEUR 16,879. The rise is attributable on the one hand to the first-time application of IFRS 16 in the course of which liabilities under long term rental and leasing relations in the amount of kEUR 5,120 are recognised as other non-current liabilities. An opposite effect is caused by the above-mentioned scheduled repayment of long term financial liabilities. The current liabilities rose as at the balance sheet date compared to the previous year by kEUR 2,344 (+7 %) to kEUR 34,118. The increase results essentially from the reporting of current liabilities under rental and leasing relations under other current liabilities as a result of the first-time application of IFRS 16, an increase in trade liabilities by kEUR 1,115, as well as the opposite effect from the repayment of current tax liabilities in the amount of kEUR 2,333.

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

The balance sheet total of Serveware SE amounts to kEUR 73,933, with the largest part being accounted for by cash and cash equivalents (kEUR 19,883), as well as borrowings and shareholdings in affiliated companies (kEUR 45,404 and kEUR 7,880). Financing is made with kEUR 64,811 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 5,000 on the balance sheet day.

The company Serveware SE has at the end of the fiscal year a net income for the year of kEUR 261. The company generates income primarily from the charging of management services to the affiliated companies. Expenses are incurred above all as a result of the remuneration of the Managing Directors and the measures involved in the listing of the company on the stock exchange.

### 1.8 Cash flow Statement

The cash and cash equivalents of Serveware decreased as at 30 November 2020 versus 30 November 2019 by 18 % to an amount of kEUR 33,836. Current business activities resulted during fiscal 2020 in an outflow of cash and cash equivalents of kEUR 646 (PY: kEUR 7,232), which is essentially attributable to the period loss in an amount of kEUR 1,575 as well as changes in liabilities. Investment activities have resulted in an outflow of funds in the amount of kEUR 2,559 (PY: 10,139), which results from investments in intangible assets and property, plant and equipment, interest income (kEUR 28) as well as payments in arrears for additions to the group of consolidated companies (“earn-outs” in connection with the acquisition of SABIO GmbH and cubus AG) in the amount of kEUR 1,688. The financing activity results in an outflow of funds in the amount of kEUR 4,311 (PY: kEUR 4,793 inflow), which is essentially based on the scheduled repayment of non-current liabilities and the repayment of leasing liabilities (kEUR 1,935), which need to be recognised following the first-time application of IFRS 16 under financing activities. Furthermore, there is an increase in cash and cash equivalents of kEUR 153 (PY: kEUR 80), due to exchange rates resulting from effects from cash and cash equivalents held in foreign currency.

### 1.9 Employees

Serveware SE employed 494 employees on the reporting date 30 November 2020, which corresponds to a net growth of 13 employees compared to the prior year reporting date. Of 494 employees, 417 employees work in Germany, 28 in the Netherlands, 24 in Spain, nine in Austria, seven in the United Kingdom, five in Bulgaria, three in Switzerland and one employee in Sweden.

In functional terms the 494 employees are assigned as follows: 96 employees in sales and marketing (PY: -7.7 %), 201 employees in service and support (PY: -3.8 %), 139 employees in software development (PY: +29.9 %) and 58 employees in administration (PY: -4.9 %).

Since a positive headcount development and a low fluctuation rate are decisive for the business success of Serveware SE, many ratios concerning our human resources are collected. In fiscal 2019/2020 the fluctuation rate of Serveware of around 13 % (PY: 12 %) continued to be on a low level compared to the industry average.

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

The recruitment for positions in software development and the staffing of IT projects are a major challenge for IT companies. Through a targeted recruitment and training strategy we nonetheless succeeded in increasing the headcount in software development by around 30 % and hence to strengthen the innovative capacity of Serveware.

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

### 1.10 Research and Development

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

In the field of Artificial Intelligence we, moreover, entered into a co-operation with the Technical University of Darmstadt, a leading research institution in this field, for joint practice-oriented research with the objective of being able to implement research results directly in our Enterprise Service Management platform.

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

To be able to quickly respond to trends and topics, our development works in accordance with agile methods. Based on a long-term development roadmap we secure the consistency of our activities and the prioritisation of decisions. During the past fiscal year we have been able to further grow in software development from 107 to 139 employees.

## 2 Opportunities and Risks

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

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

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

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

## 2.1 Global Risks and Opportunities

The worldwide slump of the economy during the past year has impressively shown how real the risks and opportunities described theoretically here can become. At present we see the global opportunities and risks in a similar way as during the past years. As an export-oriented nation, the Federal Republic of Germany is particularly dependant on foreign trade with other economic regions. Consequently, a negative economic development of the world economy can indirectly also have negative consequences for the assets, financial and earnings position of Serveware.

Amongst the global risks we continue to see above all the consequences of the now implemented exit of the United Kingdom from the European Union, the foreign trade policy marked by protectionism of large economic regions and very topically, the still existing and partially dynamic spread of Covid-19 (SARS-CoV-2) and its by now existing variants. Moreover, many states have increased their new borrowings in addition to the partially high existing level to combat the negative economic consequences, and this altogether does not contribute to financial market stability.

The past year has also revealed opportunities for Serveware because of its business model, and also as a result of its organisation. As externally driven opportunities we see the large support measures for the business community by the governments which have been put in place since the outbreak of the Covid-19 pandemic around the globe. The ongoing moderate monetary policy of many central banks is considered as an opportunity by us for an ongoing global support of demand. As a further opportunity we see our business model which consists in supporting the digitalisation of business processes. The Covid-19 pandemic will in particular encourage companies to digitalise company processes and hence we anticipate a higher demand in the medium and long term. Furthermore, we see the trend towards “Software-as-a-Service (SaaS)” as an opportunity to provide our business model with a more sustainable orientation and hence shape it independently from economic demand cycles.

In addition, there is the possibility to provide our services to a large extent independently from place and time. This constitutes a major opportunity for not essentially interrupting our development of services despite tighter contact restrictions. Other uncertainties such as political or statutory changes, which Serveware encounters on the different markets, can likewise have a considerable influence on the daily business. In order to counter the risk resulting from the change in statutory provisions (tax law regulations and other regulations), Serveware bases its decisions and the design of its business processes on comprehensive advice by internal experts and also external specialists.

## 2.2 Strategic Opportunities and Risks

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

As far as inorganic growth is concerned, we see the risk that we cannot acquire the companies matching our strategy, since they are either not for sale or do not exist. Furthermore, there is the risk that the already acquired companies do not develop as positively as expected. A higher than anticipated fluctuation amongst employees of the acquired companies or wrong assumptions concerning the revenue and earnings potential can have a negative impact on the business development of Serveware. Negative earnings contributions and high depreciations and amortisations in respect of acquired companies would likewise have an adverse effect on the earnings position.

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

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

Furthermore, the strategic business orientation, which consists in focusing on the SaaS business, can mean that the earnings and revenues potentials will be subject to a shift in future and that the current revenue expectations cannot be realised.

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

### 2.3 Personnel Management Opportunities and Risks

Our employees are a major success driver for the future development of Serviceware. As a technology company we depend on retaining highly qualified and experienced employees with a high specialist and social competency, in particular in software consulting projects and software development on a permanent and motivated basis in the company in future, too as well as on adjusting employee know-how through targeted training measures to the rapidly changing market requirements. During the past fiscal year, we adapted our recruiting activities to the in the meantime very strong decrease in demand due to the Covid-19 pandemic and compared to previous years, we only had a very moderate growth in headcount. Nonetheless, we see the opportunity to realise additional sales revenue potentials with the current headcount since the new recruitments of the past promised further sales revenue potential. To avoid the risk of not providing the support on the international level which is necessary to leverage further potentials outside Germany, we have tried to contain this risk through broadly based training measures in the course of last year, targeting the further internationalisation of Serviceware.

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

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

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

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

### 2.4 Opportunities and risks from software projects

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

We believe that price pressure which can result at the project acquisition through the high intensity of competition, is another challenge. In the customer project business Serviceware is partly confronted with offers from competitors which have not been calculated in a cost-covering manner and hence exert pressure on competitors. Serviceware deals

with these risks, in particular in the field of fixed-price projects, with standards for the calculation and approval in connection with the acceptance and execution of software implementation projects 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 Serveware at the end of the day.

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

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

## 2.5 Financial opportunities and risks

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

We take a conservative approach to the investment of liquid funds and attach importance to a high solvency and collateral of the debtor and exposure protection systems that work. At the investment of liquidity, safety prevails over yield. Consequently, there is a risk that negative interest rates have to be paid in fiscal 2020/2021 and during the following years.

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

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

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

## 2.6 Accounting-related risk management system and internal control system

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

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

The assessment of mis-statements is based on the probability of occurrence and the financial impact on revenues and EBITDA. Amendments to laws, accounting standards and other communications are permanently analysed in view of their relevance and impact on the consolidated financial statements both by internal and external specialists.

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

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

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

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

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

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

The financing is managed centrally by Serviceware SE for all its subsidiaries. Based on the liquid funds available, all bank accounts are to be kept in credit. Financial liabilities are reduced on schedule.

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

## 2.7 Group 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://serveware-se.com/de/investor-relations/corporate-governance>

*English:*

<https://serveware-se.com/investor-relations/corporate-governance>

### 2. Information about the management practices which are applied beyond the statutory requirements

Within the framework of its IPO in fiscal 2018, Serveware SE has modified its risk management system and adapted it to the requirements of the new circumstances. It has been implemented throughout the Group and is developed further. The business goals, internal corporate processes and risk control measures are constantly reviewed by means of the controlling systems, processes and reporting standards applied. A detailed description of these internal risk management and controlling systems can be found in this Management Report.

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

### 3. Functioning of the Administrative Board and the Managing Directors

Serveware SE has a monistic management and control structure. The monistic system is characterised in accordance with Art. 43-45 SE-VO (SE Regulation) in conjunction with §§ 20ff 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.

#### 3.1. Administrative Board

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

The current members of the Administrative Board are Mr. Christoph Debus (Chairman), Mr. Harald Popp and Mr. Ingo Bollhöfer. The current members have been appointed with effect from the end of the General Meeting on 15 May 2019 until the end of the General Meeting which decides about the formal approval of the acts of the members of the Administrative Board for fiscal 2021.

The Administrative Board meets at least every three months to deliberate about the development of the business and its prospects. The Administrative Board had five ordinary meetings in fiscal 2019/2020.

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. At present there are no committees of the Administrative Board.



### **3.2. Managing Directors**

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

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

### **4. 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 0 percent is defined.

### **5. Diversity concept**

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

## 2.8 Compensation Report

The compensation system of the managing directors includes apart from the fixed salary components also variable salary components. The variable compensation components are oriented, more particularly, on the increase in current sales revenues versus prior year, the extension of the ESM platform, the further growth in sales revenues outside Germany and the positive development of the share price. In terms of amount, the variable compensation components are restricted in fiscal 2019/2020 to 72.2 % of the maximum variable compensations.

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

As a listed company with registered office in Germany, Serveware SE, whose voting stock is listed on an organised market within the meaning of § 2.7 of the Securities Acquisition and Takeover Act (WpÜG), namely in the regulated market of the Frankfurt Stock Exchange (Prime Standard), is obliged to disclose in the Management and Group 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 Serveware SE amounted on 30 November 2020 to EUR 10,500,000 and includes 10,500,000 no-par value bearer shares with a proportionate amount in the share capital of EUR 1. There are no different classes of shares. Since the beginning of the fiscal year 2019/2020 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 Serveware 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 Articles of Association 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 2020 the following direct and indirect shares in the capital of Serveware SE exceeded the threshold of 10.00 percent of the voting rights:

- a) Mr Dirk K. Martin, held through aventura Management GmbH, Bad Camberg, Germany as well as
- b) Mr Harald Popp, held through dreiff Management GmbH, Bad Camberg, 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 Serveware 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 ff. of the Articles of Association. According to these provisions the Administrative Board consists of three members who must all be elected by the general meeting. At present the Administrative Board consists of Mr Christoph Debus (Chairman), Mr Harald Popp and Mr Ingo Bollhöfer.

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

### Amendments to the Statutes

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

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

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

### Authorised capital 2018

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

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

- (i) in the event of capital increases for cash, if the shares of the company are listed at the Stock Exchange (regulated market or open market and / or the successors to these segments), the number of shares issued does not exceed 10 percent of the share capital and the issuing amount of the new shares does not essentially remain below the Stock Exchange price of the shares of the company already traded at the Stock Exchange of the same category and with the same terms at the time of the fixing of the issue price within the meaning of §§ 203 Para 1 and 2, 186 Para 3 Sentence 4 AktG. The amount of 10 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 issuing price is the amount to be paid by a third party or the third parties when taking over the new shares by an issuing intermediary with a simultaneous obligation for the intermediary to offer the new shares to one or more third parties determined by the company for acquisition;

- (ii) In the event of capital increases against non-cash contributions, more particularly for the acquisition of companies, parts of companies and shareholdings in companies, industrial property rights such as patents, trademarks or licences based thereon or other product rights or other contributions in kind, including receivables, bonds, convertible bonds and other financial instruments;
- (iii) As far as necessary to grant the owners and / or creditors of the bonds issued by the company and its affiliates with option or conversion rights and / or obligations a subscription right in respect of new shares to the extent they would be entitled to after the exercise of their option or conversion right and / or after the fulfilment of an option and / or conversion obligation;
- (iv) For fractions which arise as a result of the subscription ratio.

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

#### Empowerment to issue bonds

- a) By resolution of the general meeting of 4 April 2018 the Administrative Board was empowered to issue until 3 April 2023 once or several times convertible bonds and / or bonds cum warrants or profit participation rights with and without conversion or subscription rights (jointly hereinafter referred to as "Bonds") with a total nominal amount of up to EUR 100,000,000. The term of the Bonds or the period until the first possibility of termination for the company may not exceed 20 years. The holders of the Bonds referred to in the above sentence may be granted conversion or subscription rights in respect of up to 4,000,000 no-par value bearer shares of the company with a proportionate amount in the share capital of a total of up to EUR 4,000,000. The conversion and subscription rights may be exercised from a contingent capital to be decided at the general meeting of 4 April 2018 or future general meetings, from existing or future Authorised Capital and / or from a cash capital increase and / or from existing shares and / or provide a cash compensation instead of the delivery of the shares. The Bonds may be issued for cash or as non-cash contributions
- b) At the issuing of the bonds the shareholders have a statutory subscription right unless the subscription right is excluded in accordance with the provisions below.
- c) The Administrative Board was empowered to exclude the subscription right of the shareholders,
  - (i) in order to exclude fractions from the subscription right;
  - (ii) to offer the convertible bonds and / or the bonds cum warrants and / or the profit participation rights which are provided with a conversion or a subscription right, to individual investors for subscription insofar as in compliance with § 186 Para 3 Sentence 4 AktG the percentage of shares to be issued under these bonds does not exceed 10 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, ie establish neither membership like rights nor conversion or subscription rights in respect of shares of the company, do not grant any participation in the liquidation proceeds and the amount of the payment is not governed by the amount of the net income for the year, the balance sheet profit or the dividend;

- (iv) To the extent that it is necessary to grant holders of conversion and subscription rights which were granted by the company or affiliated companies of the company in respect of shares of the company a subscription right to bonds which are issued in accordance with this empowerment to the extent that they would be entitled to after the exercise of their conversion or subscription right or after the fulfilment of any conversion obligation (anti-dilution provisions); or
- (v) To the extent that bonds are issued against contributions in kind, in particular to acquire companies, parts of companies and stakes in companies, industrial property rights such as patents, trademarks or corresponding licences or other product rights or other non-cash contributions, including bonds, convertible bonds and other financial instruments and the exclusion of the subscription right is in the prevailing interests of the company.

#### Contingent Capital 2018

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

#### Empowerment to acquire and dispose of treasury shares

By resolution of the general meeting of 4 April 2018 the company was empowered to acquire treasury shares in the amount of 10 percent of the share capital of the company at the time of the general meeting of 4 April 2018. The acquired shares may not exceed at any time 10 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 4 April 2018 and applies until 3 April 2023. Effective 30 November 2020 no treasury shares were held. The acquisition may be made as a whole or in parts, once or several times by the company.

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

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

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

#### **Significant agreements subject to the condition of a change in control following a takeover bid**

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

### Compensation agreements in the event of a takeover bid with the members of the Administrative Board or employees

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

The severance pay includes

- a) the fixed compensation in accordance with the service agreement for the residual term of the service agreement, whereby the calculation of the severance pay is based on a maximum period of 24 months, plus
- b) all variable compensation components for the residual term of the respective service agreement; the amount of variable compensation components to be paid is calculated in view of the targeted growth of the company based on the last planning numbers adopted by the Administrative Board for the period of the residual term of the service agreement and
- c) a compensation for the value in use of the company car of the Managing Director for the residual term of the service agreement. The compensation for the value in use is to be calculated on the basis of the financial advantage of the private possibility to use as well as
- d) at the option of the Managing Director either a compensation for the share options granted to the Managing Director based on the value of the share options at the time of retirement from the company based on the assumption that the waiting periods are met at this point in time or the upholding of the share options granted provided that within the vesting period the Managing Director is not responsible for the reasons which lead to the termination of the service agreement;
- e) The total amount of the compensation is calculated in accordance with the provisions of the German Corporate Governance Code and together with the ancillary payments it may not exceed the value of the compensation for 24 months. The value of the compensation of the share options in accordance with lit. d) is not taken into account at this calculation.

### 2.10 Supplementary Report

At the time of drafting of this Annual Report, many countries in Europe are still in a lockdown due to the dynamic spreading of the corona virus (SARS-CoV-2) and its variants. This has negative consequences for the economic development in the individual countries. It cannot, therefore, be excluded at the present point in time that the rapid spreading of the virus and its variants can result in an adverse impact on the financial, earnings and assets position of Serveware.

### 2.11 Outlook

The Federal Government expects in the annual economic report for 2021 published in January 2021 a 3.0 % increase (PY: -5.0 %) rise and hence a dynamic growth of the price-adjusted gross domestic product.<sup>16</sup> This growth is, more particularly, driven by domestic demand. At present we have to assume that the economic level which prevailed before the Covid-19 pandemic will only be reached in mid-2022.

<sup>16</sup> <https://www.bundesregierung.de/breg-de/themen/coronavirus/jahreswirtschaftsbericht-2021-1845852>

For the European growth the Federal Government forecasts after a dip of -7.8 % a moderate expansion rate of +4.3 % in 2021. For the world economy, too, the annual economic report sends out positive signals whereby the economic recovery of individual countries will be marked directly by the respective course of the pandemic.<sup>17</sup> For the coming year, a further economic strengthening is expected during the second quarter which can be driven, more particularly, by rising vaccination rates and reduced infection numbers. According to official communications, the People's Republic of China has already been able to achieve its economic level of the previous year, whilst other industrial nations such as India, Russia or the USA will use 2021 in particular for the compensation of the economic losses from 2020.

In the field of information technology, which is the important and relevant market for Serviceware SE, which consists of the segments IT hardware, software and IT services, the sector association Bitkom expects according to information provided in January 2021 sales revenues of EUR 98.6 billion in calendar year 2021 (+4.2 % versus 2020).<sup>18</sup> This would correspond to a significant growth thrust compared to the dynamics of the past year (-0.7 % versus 2019) clouded by the Covid-19 pandemic. The sector association assumes that the segment IT hardware will generate sales revenues of EUR 31.6 billion (+8.6 % versus 2020), the segment software sales revenues of EUR 27.0 billion (+4.1 % versus 2019) and the segment IT services sales revenues of EUR 40.0 billion (+2.4 % versus 2020) in 2021. A quote by the Association President of Bitkom, Achim Berg, underlines that, in particular after the pandemic year 2020, Serviceware has a strategically excellent position with its product portfolio for the coming years as well: "The pandemic has triggered an unprecedented thrust for digitalisation – but has also clearly shown our deficits. Already now it is clear that the digital progress which we have made during and because of the crisis, will survive Covid-19. We are at the beginning of a new decade. This decade is digital." says Berg.

The major opportunities which we identify in the increasing digitalisation of our customers contrast with a series of challenges which could impair the world economic recovery in 2021. Despite the success achieved so far in vaccine development against Covid-19 and the started production and vaccination, there can be further setbacks in the control of the pandemic with a considerable impact on the overall economic situation. It will still take some time until a large part of the population receives a vaccination offer whereas at the same time, the risk of variants increases. Although we still generate most of our sales revenues in Germany, the development of foreign trade and the worldwide business cycle has a major influence on the capital spending of our customers on our software solutions, since the overwhelming part of our customers consists of companies with worldwide operations whose economic success and hence also their readiness to invest depend essentially on export. Furthermore, it will be important for the further development and expansion of our business in the United Kingdom how the trade relations between the European Union and the UK will continue to develop in practice after the Brexit agreement.

As far as Serviceware is concerned, this means that we will benefit from the digitalisation trend in the medium and long term.

At present we are, however, in particular on our core markets, in the middle of the Covid-19 pandemic. Extended lockdown periods, delayed vaccination offers and further variants of the coronavirus (SARS-CoV-2) will also cause major uncertainty this year and therefore our forecast for the current business year involves a higher variance than in the past.

The ongoing reinforcement of the trend in sales revenue development towards Software-as-a-Service (SaaS) will also mean this year that we cannot report the largest part of the revenues from newly acquired SaaS contracts. This makes on the one hand our business model essentially more resistant to economic declines in future, but on the other hand, these sales revenues are missing in the current fiscal year and hence have a dampening effect on the growth in sales revenues during the current year.

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<sup>17</sup> <https://www.bmwi.de/Redaktion/DE/Publikationen/Wirtschaft/jahreswirtschaftsbericht-2021.html>

<sup>18</sup> <https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland.html>

Since our headcount has hardly increased during the past fiscal year – due to Covid-19 – we plan to grow again more dynamically in terms of the number of employed this year. However, we also anticipate that our personnel expenses and our material costs will develop under-proportionately to the growth in sales revenues.

Despite these difficult framework conditions, we are confident that we can increase the sales revenues during the current fiscal year by an order of magnitude of 10 % versus prior year. This presupposes that we will also make significant progress in marketing and customer acquisition in the markets outside our core market, and the Covid-19 pandemic will move to the background during the second half of the year. If we succeed in this, we expect a further dynamic of our sales revenue growth for the coming years.

On the earnings side, we expect for the current fiscal year that we will be able to continue to moderately improve the positive EBITDA (IFRS) and EBIT (IFRS).

We altogether go optimistically into this fiscal year and anticipate, despite the challenging framework conditions, that we can strengthen our market position through our unique ESM platform and hence further develop our foundation for future growth in sales revenues and earnings.

Bad Camberg, 24 March 2021



Dirk K. Martin



Harald Popp



Dr. Alexander Becker



# Consolidated Financial Statements 2019/2020

*Serviceware SE, Bad Camberg*

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## Consolidated balance sheet as at 30 November 2020

In EUR	Notes	30. Nov 20	30. Nov 19
<b>Assets</b>			
Goodwill	1.	14,048,135	14,048,135
Other intangible assets	1.	18,804,629	12,177,828
Property, plant and equipment	2.	832,063	831,283
Prepaid expenses for customer maintenance contracts (contract receivables)	4.	2,213,142	3,455,247
Deferred income tax assets	5.	2,722,058	2,702,592
<b>Non-current assets</b>		<b>38,620,027</b>	<b>33,215,085</b>
Inventories		67,800	0
Trade receivables	3.	21,590,710	18,712,402
Other current receivables/assets	4.	4,378,968	2,944,620
Prepaid expenses for customer maintenance contracts (contract receivables)	4.	8,142,755	6,514,837
Cash and cash equivalents	6.	33,835,534	41,197,393
<b>Current assets</b>		<b>68,015,767</b>	<b>69,369,251</b>
<b>Balance sheet total</b>		<b>106,635,795</b>	<b>102,584,336</b>
<b>Liabilities</b>			
Subscribed capital	7.	10,500,000	10,500,000
Reserves	8.	49,827,627	49,827,627
Net loss for the year		-3,310,214	-1,723,652
Accumulated other equity		-1,297,818	-1,048,207
Equity without non-controlling shares		55,719,595	57,555,768
Non-controlling shares		-80,514	-92,234
<b>Equity</b>		<b>55,639,081</b>	<b>57,463,534</b>
Deferred income taxes	12.	2,933,706	3,461,341
Non-current financial liabilities	9.	4,596,794	6,387,788
Non-current contract liabilities	10.	4,228,034	3,497,960
Other non-current liabilities	11.	5,120,453	0
<b>Non-current liabilities</b>		<b>16,878,987</b>	<b>13,347,089</b>
Current income tax liabilities		298,487	2,631,439
Current financial liabilities	9.	1,817,429	2,259,884
Trade payables		3,994,720	2,879,908
Current contract liabilities	10.	15,523,758	14,978,520
Other current liabilities	11.	12,483,333	9,023,961
<b>Current liabilities</b>		<b>34,117,727</b>	<b>31,773,713</b>
<b>Balance sheet total</b>		<b>106,635,795</b>	<b>102,584,336</b>

## Consolidated statement of comprehensive income for the period from 01 Dezember 2019 to 30 November 2020

In EUR	Notes	Dec. 19 - Nov. 20	Dec. 18 - Nov. 19
Sales revenues	13.	72,435,030	66,570,848
Other operating income	14.	1,859,355	2,990,568
Cost of materials	15.	-27,397,157	-26,520,954
Personnel expenses	16.	-37,566,022	-32,133,517
Other operating expenses	17.	-7,536,346	-12,085,462
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>1,794,861</b>	<b>-1,178,516</b>
Depreciation and amortisation		-3,407,102	-1,133,720
<b>Earnings before interest and taxes (EBIT)</b>		<b>-1,612,241</b>	<b>-2,312,237</b>
Interest income		28,310	3,100
Interest expenses		-226,290	-178,766
<b>Financial results</b>		<b>-197,980</b>	<b>-175,666</b>
<b>Earnings before taxes</b>		<b>-1,810,221</b>	<b>-2,487,903</b>
Income taxes	18.	235,380	1,337,962
<b>Period loss</b>	19.	<b>-1,574,841</b>	<b>-1,149,941</b>
<b>Items which may in future be reclassified in the P&amp;L</b>			
Balancing intems from the currency translation of foreign subsidiaries		-249,611	-880,730
<b>Other result</b>		<b>-249,611</b>	<b>-880,730</b>
<b>Comprehensive income</b>		<b>-1,824,453</b>	<b>-2,030,672</b>
Period loss			
thereof, shareholders of the Serviceware SE Group		-1,586,562	-1,088,336
thereof, non-controlling shares		11,721	-61,605
<i>Earnings per share</i>	20.	-0,15	-0,10
Comprehensive income			
thereof, shareholders of the Serviceware SE Group		-1,836,173	-1,969,066
thereof, non-controlling shares		11,721	-61,605

## Consolidated cash flow statement for the period from 01 December 2019 to 30 November 2020

In EUR	Dec. 19 - Nov. 20	Dec. 18 - Nov. 19
Period loss	-1,574,841	-1,149,941
Depreciation and amortisation of non-current assets	3,407,102	1,133,720
Tax expense or income	-235,380	-1,337,962
Change in non-current liabilities	1,216,894	-460,985
Change in deferred taxes /deferred tax income	-547,101	-1,397,056
Financial result	197,980	175,666
Change in non-current assets	1,242,105	-494,900
Change in items of current assets and current liabilities		
- Change in inventory	-67,800	0
- Change in receivables / other assets	-5,940,575	-3,336,058
- Change in liabilities	4,803,837	2,052,579
Income taxes paid	-3,147,831	-2,416,696
<b>Cash inflow/outflow from current business activity</b>	<b>-645,610</b>	<b>-7,231,631</b>
Capital expenditure on intangible assets and on property, plant and equipment	-899,020	-447,686
Interest received	28,310	3,100
Payments for additions to the group of consolidated companies	-1,688,200	-9,694,197
<b>Cash inflow/outflow from investing activity</b>	<b>-2,558,910</b>	<b>-10,138,783</b>
Interest paid	-141,897	-180,558
Raising of non-current bank borrowings	0	6,000,000
Repayment of non-current liabilities	-1,790,994	-2,203,838
Repayment of lease liabilities	-1,935,420	0
Raising of current bank borrowings	0	1,177,452
Repayment of current liabilities	-442,455	0
<b>Cash inflow/outflow from financing activity</b>	<b>-4,310,767</b>	<b>4,793,056</b>
Exchange rate-related change in cash and cash equivalents	153,428	80,122
<b>Change in cash and cash equivalents</b>	<b>-7,361,859</b>	<b>-12,497,236</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>41,197,393</b>	<b>53,694,629</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>33,835,534</b>	<b>41,197,393</b>

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

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

## Consolidated statement of changes in equity for the period from 01 December 2018 to 30 November 2019

In EUR	Subscribed capital	Reserve	Losses brought forward	Currency translation reserve	Non-controlling shares	Total
<b>1 December 2018</b>	<b>10,500,000</b>	<b>49,827,627</b>	<b>-635,316</b>	<b>-167,477</b>	<b>-30,629</b>	<b>59,494,205</b>
Period result			-1,088,336		-61,605	-1,149,941
Currency translation				-880,730		-880,730
Comprehensive income			-1,088,336	-880,730	-61,605	-2,030,671
<b>30 November 2019</b>	<b>10,500,000</b>	<b>49,827,627</b>	<b>-1,723,652</b>	<b>-1,048,207</b>	<b>-92,234</b>	<b>57,463,534</b>

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

Determination of the acquisition and production costs				
In EUR	Status 01.12.19	Additions	Reclassifi- cations, Disposals	Status 30.11.20
<b>I. Intangible assets</b>				
1. Industrial property rights	3,502	396,444	0	399,946
2. IT software	396,171	44,892	0	441,063
3. Goodwill	14,048,135	0	0	14,048,135
4. Internally generated intangible assets	894,573	0	0	894,573
5. SABIO trademark	1,768,281	0	0	1,768,281
6. SABIO customer base	2,905,460	0	0	2,905,460
7. cubus trademark	2,111,447	0	0	2,111,447
8. cubus customer base	5,248,189	0	0	5,248,189
9. Right to use rented premises (IFRS16)	7,743,248	208,599	142,564	7,809,283
10. Right to use leasing cars (IFRS16)	975,576	350,805	0	1,326,381
<b>Total Pos. I.</b>	<b>36,094,582</b>	<b>1,000,740</b>	<b>142,564</b>	<b>36,952,759</b>
<b>II. Property, plant and equipment</b>				
1. Cars	31,750	0	0	31,750
2. Furniture and fixtures	2,063,847	321,770	0	2,385,618
3. Office equipment	274,205	20,008	0	294,212
4. Fixtures	171,459	14,122	0	185,580
5. Low-cost assets	94,866	101,784	43,330	153,320
<b>Total Pos. II.</b>	<b>2,636,126</b>	<b>457,683</b>	<b>43,330</b>	<b>3,050,480</b>
<b>Total Pos. I.-II.</b>	<b>38,730,709</b>	<b>1,458,424</b>	<b>185,894</b>	<b>40,003,238</b>

Determination of the depreciations and amortisations				Carrying amounts	
Status 01.12.19	Additions (Annual depreciations)	Reclassifi- cations, Disposals	Status 30.11.2020 (accumulated)	30.11.20	30.11.19
0	159,706		159,706	240,240	3,502
305,115	46,244	0	351,359	89,704	91,056
0	0	0	0	14,048,135	14,048,135
349,114	261,828	0	610,942	283,631	545,459
117,885	88,414	0	206,299	1,561,981	1,650,395
193,697	145,273	0	338,970	2,566,490	2,711,763
52,786	105,572	0	158,358	1,953,089	2,058,661
131,198	262,409	0	393,607	4,854,582	5,116,992
0	1,320,395	0	1,320,395	6,488,888	0
0	560,357	0	560,357	766,024	0
<b>1,149,795</b>	<b>2,950,199</b>	<b>0</b>	<b>4,099,995</b>	<b>32,852,764</b>	<b>26,225,963</b>
20,712	4,267	0	24,978	6,772	11,038
1,415,103	302,619	0	1,717,722	667,896	648,745
199,825	20,206	0	220,031	74,181	74,380
74,340	28,027	0	102,367	83,213	97,119
94,865	101,784	43,330	153,319	1	1
<b>1,804,844</b>	<b>456,903</b>	<b>43,330</b>	<b>2,218,416</b>	<b>832,063</b>	<b>831,283</b>
<b>2,954,639</b>	<b>3,407,102</b>	<b>43,330</b>	<b>6,318,411</b>	<b>33,684,827</b>	<b>27,057,245</b>

## Statement of changes in fixed assets for the fiscal year from 1 December 2018 to 30 November 2019

Determination of the acquisition and production costs				
In EUR	Status 01.12.18	Additions	Reclassifi- cations, Disposals	Status 30.11.19
<b>I. Intangible assets</b>				
1. Industrial property rights	3,501	1	0	3,502
2. IT software	311,380	48,618	-36,173	396,171
3. Goodwill	7,736,316	6,311,819	0	14,048,135
4. Internally generated intangible assets	894,573	0	0	894,573
5. SABIO trademark	1,768,281	0	0	1,768,281
6. SABIO customer base	2,905,460	0	0	2,905,460
7. cubus trademark	0	2,111,447	0	2,111,447
8. cubus customer base	0	5,248,189	0	5,248,189
9. Intangible assets under construction	36,173	0	36,173	0
<b>Total Pos. I.</b>	<b>13,655,684</b>	<b>13,720,074</b>	<b>0</b>	<b>27,375,758</b>
<b>II. Property, plant and equipment</b>				
1. Cars	31,750	0	0	31,750
2. Furniture and fixtures	1,712,146	358,001	6,300	2,063,847
3. Office equipment	266,116	8,088	0	274,205
4. Fixtures	171,459	0	0	171,459
5. Low-cost assets	57	95,908	1,099	94,866
<b>Total Pos. II.</b>	<b>2,181,528</b>	<b>461,997</b>	<b>7,399</b>	<b>2,636,126</b>
<b>Total Pos. I.-II.</b>	<b>15,837,212</b>	<b>14,182,071</b>	<b>7,399</b>	<b>30,011,884</b>



Determination of the depreciations and amortisations			Carrying amounts	
Additions (Annual depreciations)	Reclassifi- cations, Disposals	Status 30.11.2019 (accumulated)	30.11.2019	30.11.2018
0	0	0	3,502	3,501
27,923	0	305,115	91,056	34,188
0	0	0	14,048,135	7,736,316
261,827	0	349,114	545,459	807,286
88,414	0	117,885	1,650,395	1,738,809
145,273	0	193,697	2,711,763	2,857,036
52,786	0	52,786	2,058,661	0
131,198	0	131,198	5,116,992	0
0	0	0	0	36,173
<b>707,421</b>	<b>0</b>	<b>1,149,795</b>	<b>26,225,963</b>	<b>13,213,309</b>
6,898	0	20,712	11,038	17,937
281,104	0	1,415,103	648,745	578,147
15,978	0	199,825	74,380	82,269
26,356	0	74,340	97,119	123,475
95,964	1,099	94,865	1	57
<b>426,300</b>	<b>1,099</b>	<b>1,804,844</b>	<b>831,283</b>	<b>801,885</b>
<b>1,133,720</b>	<b>1,099</b>	<b>2,954,639</b>	<b>27,057,245</b>	<b>14,015,195</b>

# Consolidated Notes

## General Information

Serveware SE, Bad Camberg, (hereinafter referred to as “Serveware” or the “Company”) is a European public limited liability company entered in the Commercial Register under number HRB 5894 with the local court Limburg an der Lahn and the parent company of the Serveware Group (hereinafter referred to as “Group” or “Serveware Group”). The business address of the Company is Carl-Zeiss-Strasse 16 in 65520 Bad Camberg. The fiscal year of the Company runs from 1 December to 30 November of a year. The duration of the company is unlimited.

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

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

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

Shareholder	Number of shares taken up	Shareholding interest in % (rounded)
Dirk K. Martin <sup>1</sup>	3.296.545	31,40 %
Harald Popp <sup>2</sup>	3.296.545	31,40 %
Free Float	3.906.910	37,20 %
<b>Total</b>	<b>10.500.000</b>	<b>100,00 %</b>

<sup>1</sup> held by aventura Management GmbH, Bad Camberg

<sup>2</sup> held by dreiff management GmbH, Bad Camberg

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.

These consolidated financial statements are to be released by the Administrative Board for publication on 24 March 2021.

Serveware SE is the ultimate parent company of the Serveware Group. The financial statements of Serveware SE, Bad Camberg, as well as the consolidated financial statements of the Serveware Group are published in the *Bundesanzeiger* (Federal Gazette).

The consolidated financial statements of the Serveware Group were prepared for the fiscal year from 1 December 2019 to 30 November 2020 in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union (EU) and the supplementary provisions under German commercial law to be complied with in accordance with § 315e Para 3 HGB (German Commercial Code).

The consolidated financial statements have been prepared in Euro. 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. All figures in this report have been rounded to the nearest thousand in accordance with commercial practice. This may result in rounding differences when totals are calculated.

The accounting policy corresponds as a matter of principle to the methods applied during the previous year, apart from the first-time application of IFRS 16. 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.

### Standards, interpretations and amendments to standards and interpretations to be applied for the first time during the fiscal year

During fiscal 2019/2020 the following pronouncements and / or amendments to pronouncements of the IASB were applied for the first time:

Pronouncement	Essential contents	Mandatory application EU	Effect on the statement of the assets, financial and earnings position of the Serviceware Group
IFRS 16	Leases	01.01.2019	The detailed effects of IFRS 16 are explained after this table.
IFRIC 23	Uncertainty over income tax treatments	01.01.2019	No material impact
Amendments to IFRS 9	Prepayment features with negative compensation	01.01.2019	<p>The amendments emphasise that for the purpose of assessment whether a premature right to terminate with compensation payment infringes the cash flow condition it is irrelevant whether the party which exercises the termination option must make a compensation payment or receive one. In other words, prepayment features with negative compensation do not automatically lead to non-compliance with the cash flow condition.</p> <p>The application of the amendments does not have any impact on the consolidated financial statements, since the company has not taken out any financial instruments with corresponding rights of termination.</p>
Amendments to IAS 28	Long-term interests in associates and joint ventures	01.01.2019	No material impact
Cycle 2015-2017	Annual improvements	01.01.2019	No material impact
Amendments to IAS 19	Plan amendment, curtailment or settlement	01.01.2019	No material impact

IASB published in January 2016 IFRS 16 "Leases". IFRS 16 has to be applied for fiscal years starting on or after 1 January 2019. The Serveware Group applied IFRS 16 for the first time to the fiscal year starting on 1 December 2019. Following the adoption of IFRS 16, the Serveware Group had to amend its accounting methods. This is covered by the section below. The other amendments mentioned above had no impact on the amounts reported during prior periods and will probably have no significant impact on the current and / or future periods.

IFRS 16 replaces IAS 17, IFRIC 4, SIC-15 and SIC.27, the existing lease accounting provisions, and abolishes the existing classification of leases on a lessee level into operating and finance leases. IFRS 16 introduces instead a single lessee accounting model according to which the lessee is obliged to recognise for leases with a term of more than 12 months assets (for the right of use) and lease liabilities. This means that leases so far not accounted for must be reported in future – to a large extent comparable to the former reporting of finance leases.

The Serveware Group concludes contracts about the lease of cars, buildings as well as fixed assets as operating lessee.

With the introduction of IFRS 16, the Serveware Group is 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 consideration. On the date of supply the Serveware Group must recognise an asset for the right to use granted as well as a lease liability.

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

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

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

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

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

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

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

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

The Serviceware Group has not applied the new lease standard completely retrospectively, but has used the simplification provision in accordance with IFRS 16.C5(b) (“modified retrospective method”) and has hence refrained from adapting the prior year numbers. The Serviceware Group will apply the above-mentioned method consistently for all leases in which it is a lessee. Furthermore, the Serviceware Group has used various facilitation provisions at the transition to IFRS 16:

**Substantial options and delimitations** are exercised as follows:

- Rights of use and lease liabilities are reported separately in the balance sheet.
- Leases for intangible assets are not covered by IFRS 16, but by IAS 38.
- The principles for recognition, measurement and presentation of IFRS 16 do not cover leases whose underlying asset is of a low value.
- In contracts which contain in addition to lease components, also non-lease components, no separation will be made. Each lease component will be reported together with the corresponding other lease components as one lease.

Furthermore, substantial options and facilitations will be used at the time of the first application of IFRS 16:

- For the measurement of each right of use an amount corresponding to the lease liability is recognised which is adjusted for the amount of the lease fees made or deferred in advance for this lease which was reported in the balance sheet immediately preceding the date of the first application.
- A single discount rate is applied to a portfolio with similar lease contracts.
- In connection with the determination of the term of leases better knowledge obtained partly subsequently (so-called “hindsight”) is not taken into account.
- The so-called “grandfathering” provisions are used. Consequently, the lease standard is applied on 1 December 2019 to agreements which were previously classified as lease by application of IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.
- For the measurement of the right to use at the time of the first application, the initial direct costs are not taken into account.
- It was refrained from an impairment test; instead it is measured immediately before the first-time application whether the leases are onerous contracts.

## Measurement of the Lease Liability

The lease liabilities as at 1 December 2019 can be reconciled as follows with the obligations under operating leases which exist on 30 November 2019:

in kEUR

<b>Obligations from operating leases stated as at 30 November 2019</b>	<b>5,689</b>
Discounted with the incremental borrowing rate of the lessee at the time of the first-time application of IFRS 16	5,549
plus: liabilities from finance leases recognized as at 30 November 2019	0
minus: current leases which are recognized as an expense on a straight-line basis	0
minus: Leases low-value assets which are recognized as an expense on a straight-line basis	0
plus: Extension options which are exercised with reasonable certainty	3,170
<b>Lease liabilities recognized on 1 December 2019</b>	<b>8,719</b>

The weighted average incremental borrowing rate of the lessee which was applied to the lease liabilities as at 1 December 2019 amounts to 1 %.

Immediately before the first-time application of IFRS 16, the Serveware Group had no leases classified as finance leases according to IAS 17.

## Measurement of the Rights to Use

Rights to use were adjusted in the amount of the associated lease by the amount of lease payments made in the balance sheet as at 30 November 2019 which were made in advance or deferred.

## Adjustments Recognised in the Balance Sheet as at 1 December 2019

The change in accounting method influenced the following balance sheet items as at 1 December 2019 as follows:

Other intangible assets	Increase by	kEUR 8.719
Other non-current liabilities	Increase by	kEUR 6.892
Other current liabilities	Increase by	kEUR 1.827

As a result of the recognition of amortisations of rights to use and effects from the discounting of lease liabilities – instead of the lease expenses recognised so far in other operating expenses – the consolidated EBITDA of the fiscal year increased by kEUR 1,953. For Serveware there is a low positive impact in the amount of kEUR 127 on the financial result. The negative effect on the financial result results from the interest roll-up of the lease liabilities and amounts to kEUR 72. Furthermore, the application of IFRS 16 has led to a deterioration of the cash flow from financing activity in the amount of kEUR 1,935 and an improvement of the cash flow from current operations in the amount of kEUR 1,935.

For lessors there have not been any material changes as a result of IFRS 16 versus IAS 17. The Serveware Group did not conclude any leases as lessor. As a result, the Serveware Group has no material impact from the first-time application of IFRS 16 on leases in the function of a lessor.

## IFRS 16 – Practical Makeshift following the Covid-19 Pandemic

The practical makeshift of IASB grants lessees facilitations at the application of the provisions of IFRS 16 for the recognition of modifications of leases which would have resulted from rent concessions as a result of the Covid-19 pandemic. As a practical makeshift, a lessee can decide to suspend the assessment whether a rent concession due to the pandemic of a lessor represents an amendment to the lease. The EU endorsement took place on 9 October 2020. The Serviceware Group has applied the amendments prematurely on a voluntary basis. For the consolidated financial statements of the Serviceware Group there has not been any material impact.

Payments for leases based on low value assets are recognised on a straight-line basis as expenses in the profit or loss. Assets with a low value include IT equipment and smaller office furniture.

## Published but not yet applicable standards, interpretations and amendments

Standard	New or amended standards and interpretations	Mandatory application EU
Amendments to the IFRS conceptual framework	Amendments to the IFRS conceptual framework	01.01.2020
Amendments to IFRS 3	Definition of a business	01.01.2020
Amendments to IAS 1 and IAS 8	Definition of inventories	01.01.2020
IFRS 17	Insurance contracts	01.01.2023

There will probably be no impact as a result of the amendments.

## Discretionary decisions and uncertainties on estimates

The reporting on the assets, financial and earnings position in the consolidated financial statements is dependent on accounting policies as well as assumptions and estimates. The actual amounts may deviate from the estimates. The following material estimates and corresponding assumptions as well as the uncertainties involved in the accounting policies are decisive to understand the underlying risks of financial reporting as well as the impact the estimates, assumptions and uncertainties can have on the consolidated financial statements. This applies, more particularly, against the background of the Covid-19 pandemic, which has altogether caused rejections on the level of the global supply chains, end markets and the general business development. The developments in the course of the pandemic are dynamic so that it cannot be excluded that the actual results will deviate from the estimates and assumptions made within the framework of these consolidated financial statements or that in future periods it will be necessary to make an adjustment of the estimates and assumptions made and that this will have a material impact on the assets, financial and earnings position of the Serviceware Group. The estimates and assumptions made within the framework of the preparation of the consolidated financial statements as at 30 November 2020 with relevance for the financial statements were based on the then existing state of knowledge and the best available information. Although the Covid-19 pandemic has developed into a global economic crisis, the impact on the IT industry and the Serviceware Group has not been as serious as in other industries, because of a higher demand for specific software solutions and the general trend of companies increasingly investing into the digitalisation of their processes.

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

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

- Recognition and measurement of deferred tax assets as well as uncertain income tax positions,
- Period-related recognition of sales revenues as well as sales proceeds,
- Fair value of trade receivables,
- Recognition and measurement of provisions.

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

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

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

The management of the Serveware 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 Serveware Group mainly uses the services of internal experts as well as the services of external consultants such as actuaries or legal advisers.



In every tax jurisdiction in which the Serviceware Group operates, the management must make valuations when calculating actual and deferred taxes. This is relevant, amongst others, when deciding about the **recognition of deferred tax assets**, since it must be probable that in future there will be a taxable result against which the deductible temporary differences, losses carried forward and tax credits can be used. For the assessment of the likelihood of the future usability of deferred tax assets, it is not only necessary to refer to an estimate of the future results but also factors such as the earnings position in the past, the reliability of planning as well as tax planning strategies must be taken into consideration. The planning period considered for the assessment of the probability is determined by the circumstances of the respective affiliated company and amounts as a rule between five and 10 years.

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

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

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

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

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

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

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

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

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

The assessment whether the Serveware 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.

## 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.

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

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

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

During the follow-up 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 historical costs minus cumulated amortisations and possible cumulated impairments.

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

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

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

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

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

## **GOODWILL**

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

## PROPERTY, PLANT AND EQUIPMENT

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

Other equipment, operational and office equipment	3 to 13 years
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Tenant fixtures are either depreciated over their respective lifetime or over the shorter period of a possible lease.

## BORROWING COSTS

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

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

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

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

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

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

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

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

## **LEASES**

Since the beginning of the reporting year 2019/2020 the reporting of operating lease contracts was changed over according to IFRS 16. The application of the new provisions is covered in the note on “Standards, interpretations and amendments to standards and interpretations to be applied for the first time during the fiscal year”.

## **INVENTORIES**

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

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

## **OTHER PROVISIONS**

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

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

For a large number of similar obligations, the group of obligations is considered as a whole. The expected value method is used as an estimation method. In the event of bandwidths of possible events with the same likelihood of occurrence, the mean value is applied. Individual obligations (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 Serveware 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 Serveware 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 Serveware 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 Serveware 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 (IFRS 3.39).

**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 Serveware Group. Contingent liabilities are also current obligations which result from past events in respect of which the outflow of resources which represent an economic benefit is unlikely or in respect of which the scope of the obligation cannot be estimated with sufficient liability. Contingent liabilities are measured at fair value if they were taken over within the framework of a company acquisition. Contingent liabilities not taken over within the framework of a company acquisition are not recognised. Contingent receivables are not recognised. If the realisation of earnings is, however, almost certain, the corresponding asset is no longer to be considered as a contingent receivable and is recognised as an asset. If an outflow of resources with economic benefit is not unlikely, information on contingent liabilities is published in the Notes to the consolidated financial statements. The same applies to contingent receivables if the inflow of economic benefit is likely.

## REVENUE RECOGNITION

Sales revenues include all revenues resulting from the ordinary activities of the Serveware Group. The sales revenues are recognised without value added tax and other tax collected at the customers and paid to the tax authorities. The Serveware 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 Serveware 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 Serveware 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 Serveware 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 of IFRS 15.B14 (a). The standard minimum contractual term amounts to three years. The amounts for SaaS services normally charged in advance for services which are provided in later periods and hence have an effect on income, are recognised as contract liabilities.

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

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

For our standardised software maintenance services our performance obligation includes making available the resources to be able to provide technical product support when needed by the customer and to make available non-specified updates, upgrades and extensions when available. Our customers enjoy the benefit of these support services at the same time as our service performance. Software maintenance services are recognised as a rule after the expired time and hence prorated over the term of the support contract in conformity with the output-oriented method in IFRS 15.B14 (a). 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 Serveware 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 Serveware 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 Serveware 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 Serveware 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 Serveware 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 present 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 Serveware 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.

## INCOME TAXES

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

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

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

## Principles of consolidation

### Subsidiaries

Subsidiaries are companies which are directly or indirectly controlled by Serveware. 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 Serveware 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 Serveware 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 Serveware – 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 Serveware (step acquisition) over the fair value of the acquired net assets. The difference from the revaluation of shares already held by Serveware 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 Serveware. Transactions concerning the further purchase or sale of equity shares with other shareholders which do not affect the controlling influence of Serveware 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.

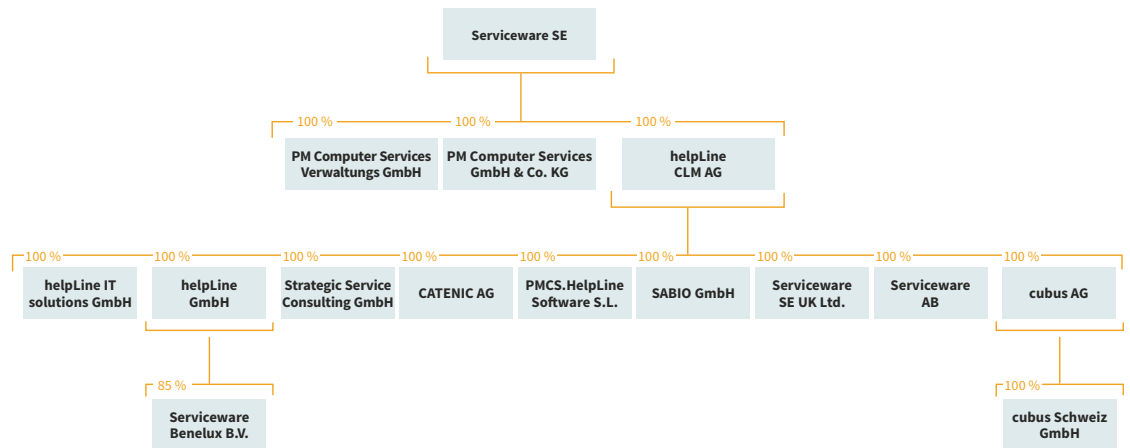
#### CHANGES IN THE SCOPE OF CONSOLIDATION AND OTHER TRANSACTIONS

During fiscal 2019/2020 no transactions were carried out within the Serviceware Group which had an impact on the scope of consolidation.

On the balance sheet date the following shareholdings exist:

Name	Founded/ Acquired on	Registered Office	Share capital	Shareholding
PM Computer Services Verwaltungs GmbH (PMCS Verwaltungs GmbH)	03.06.2005	Carl-Zeiss-Str. 16, 65520 Bad Camberg / Germany	EUR 25,600	100 %
PM Computer Services GmbH & Co. KG (PMCS GmbH & Co. KG)	29.06.2004	Carl-Zeiss-Str. 16, 65520 Bad Camberg / Germany	EUR 250,000	100 %
helpLine CLM AG	01.12.2003	Haldenstrasse 5, 6340 Baar / Switzerland	CHF 610,000	100 %
helpLine IT solutions GmbH	06.07.2004	Karl-Farkas-Gasse 22, 1030 Wien / Austria	EUR 35,000	100 %
helpLine GmbH	02.12.2003	Carl-Zeiss-Str. 16, 65520 Bad Camberg / Germany	EUR 25,000	100 %
Strategic Service Consulting GmbH	22.11.2011	Friedrichstraße 95, 10117 Berlin / Germany	EUR 25,000	100 %
Serviceware Benelux B.V.	05.06.2002	Dellaertweg 9, 2316 WZ Leiden / The Netherlands	EUR 28,409	85 %
CATENIC AG	14.11.2014	Hauptstraße 1, 82008 Unterhaching / Germany	EUR 328,778	100 %
PMCS. HelpLine Software S.L.	07.06.2017	Gremi de Sabaters 21, 07009 Palma, Illes Balears / Spain	EUR 3,000	100 %
SABIO GmbH	30.07.2018	Schützenstraße 5, 22761 Hamburg / Germany	EUR 43,576	100 %
Serviceware SE UK Ltd.	22.08.2018	282 Farnborough Road, Abbey House, Farnborough, Hampshire, GU14 7NA / UK	GBP 100	100 %
Serviceware AB	22.08.2018	Vasagatan 7, 11120 Stockholm / Sweden	SK 50,000	100 %
cubus AG	05.06.2019	Bahnhofstraße 29, 71083 Herrenberg / Germany	EUR 400,000	100 %
cubus Schweiz GmbH	05.06.2019	Leutschenbachstraße 95, CH-8050 Zürich / Switzerland	CHF 50,000	100 %

helpLine B.V. was renamed into Serviceware Benelux B.V. in February 2021.



### 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 Serveware Group varied versus the euro as follows:

	Exchange rate on the reporting date		Average exchange rate	
	30.11.2020	30.11.2019	2019/2020	2018/2019
Switzerland	1.084	1.100	1.071	1.116
United Kingdom	0.98	0.852	0.884	0.882
Sweden	10.178	10.500	10.514	10.570



## Notes to the Balance Sheet

### 1. Goodwill and Other Intangible Assets

in kEUR	30.11.20	30.11.19	Variation absolute
Goodwill	14,048	14,048	0
Trademark "SABIO"	1,562	1,650	-88
Trademark "cubus"	1,953	2,059	-106
Customer base SABIO	2,566	2,712	-146
Customer base cubus	4,855	5,117	-262
Rights to use leased premises (IFRS 16)	6,489	0	6,489
Rights to use cars (IFRS 16)	766	0	766
Intangible assets	284	545	-262
IT software	90	91	-1
Industrial property rights	240	4	237
<b>Total</b>	<b>32,853</b>	<b>26,226</b>	<b>6,627</b>

#### Goodwill

The goodwill was allocated as at 30 November 2020 for the purpose of the impairment test to the following cash-generating units:

in kEUR	30.11.2020	30.11.2019
cubus AG	6,312	6,312
SABIO GmbH	4,928	4,928
Serviceware Benelux B.V.	2,291	2,291
CATENIC AG	517	517
<b>Total</b>	<b>14,048</b>	<b>14,048</b>

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

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

The relevant WACC in accordance with IAS 36 is derived on the basis of standardised tax rates for each cash-generating unit from the estimated future cash flows after taxes and the after tax WACC.

In conformity with IFRS 13, the following Level 3 parameters were selected for the impairment test as basic assumptions:

Assumptions impairment test	30.11.2020	30.11.2019
Risk-free base rate	-0.10 %	0.10 %
Market risk premium	8.00 %	7.00 %
Beta factor	1.11	1.07
WACC	7.97 %	8.18 %

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

- Based on 2020, increasing sales revenues are expected until 2025.
- For the planning variables of 2026 (terminal value) a growth reduction of 1 % was assumed.
- The impairment test was conducted for the scenarios “expected case“, “worst case“ and “best case“ which were weighted in accordance with their assumed probability of occurrence.

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

Business planning is marked, amongst others, by uncertainties concerning the assessment of markets and the 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.

**Trademarks**

Within the framework of the acquisition of all shares in SABIO GmbH, Hamburg (SABIO), in 2018, the acquired trademark “SABIO“ was identified as an intangible asset and recognised at the time of acquisition in the amount of kEUR 1,768. The trademark “SABIO“ is amortised on a straight-line basis over an estimated economic useful life of 20 years. The amortisation amount in 2019/2020 amounted to kEUR 89 (prior year: kEUR 89), so that the carrying amount on the balance sheet date 30.11.2020 amounts to kEUR 1,562 (prior year: kEUR 1,650).

Within the framework of the acquisition of all shares in cubus AG, Herrenberg (cubus), in 2019, the acquired trademark “cubus“ was identified as an intangible asset and recognised at the time of acquisition in the amount of kEUR 2,111. The trademark “cubus“ is amortised on a straight-line basis over an estimated economic useful life of 20 years. The amortisation amount in 2019/2020 amounted to kEUR 106 (prior year: TEUR 53), so that the carrying amount on the balance sheet date 30.11.2020 amounts to kEUR 1,953 (prior year: kEUR 2,059).

Moreover, helpLine CLM 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. The trademark “smoope“ including the integrated messaging service is amortised over an estimated economic useful life of five years by degressive amortisation. The amortisation amount amounted in 2019/2020 to kEUR 160, so that the carrying value of the intangible assets reported under the industrial property rights amounts to kEUR 237 on the balance sheet date 30.11.2020.

### 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 2019/2020 the amortisation amounted to kEUR 145 (prior year: kEUR 145), so that on 30.11.2020 the carrying value amounts to kEUR 2,566 (prior year kEUR 2,712).

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 2019/2020 the amortisation amounted to kEUR 262 (prior year kEUR 131), so that on 30.11.2020 the carrying value amounts to kEUR 4,855 (prior year kEUR 5,117).

### Rights to Use (IFRS 16)

Based on the first-time application of IFRS 16 rights to use under leases and car lease contracts in a total amount of kEUR 8,719 were for the first time capitalised on 1 December 2019. The additions during the fiscal year amounted to kEUR 560, the disposals to kEUR 143 and the straight-line amortisation to kEUR 1,881 so that on the balance sheet date rights to use in a total amount of kEUR 7,255 were reported:

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

The Serviceware Group leases essentially buildings (offices) and cars. The average term of the lease concerning buildings (offices) amounts to 6.5 years. The average residual term of the leases concerning cars (office) amounts to 2 years.

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

### **Amounts recognized in the statement of comprehensive income**

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

The total outflows from leases amount to kEUR 2,008 (prior year: kEUR 1,887).

During the reporting year 2019/2020 the Serveware Group did not enter into any leases for a transfer of use of buildings (office) and cars which had not yet commenced by the end of the year.

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

There are no contractual relationships under sale and leaseback transactions.

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

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

#### Intangible Assets (Development Services)

The development services acquired and recognised within the framework of the acquisition of SABIO (carrying amount at the time of acquisition: kEUR 894) are amortised on schedule over a residual useful life of three years from the time of marketing. The amortisation effective in 2019/2020 amounted to kEUR 262 (prior year: kEUR 262). The residual carrying amount on the balance sheet date amounts to kEUR 284 (prior year: kEUR 545).

## 2. Property, Plant and Equipment

in kEUR	30.11.2020	30.11.2019	Variation absolute
Furniture and fixtures	668	649	19
Fixtures	83	97	-14
Office equipment	74	74	0
Cars	7	11	-4
<b>Total</b>	<b>832</b>	<b>831</b>	<b>1</b>

## 3. Trade Receivables

Trade receivables resulting from contracts with customers broke down as follows on 30 November 2020 versus 30 November 2019:

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

2018/2019				
in kEUR	Gross	Specific valuation allowance	Collective specific valuation allowance	Net
Trade receivables thereof	18,971	29	229	18,713
Not due	14,810	0	0	14,810
Due up to 90 days	3,002	0	0	3,002
Due between 90 days and 12 months	1,040	0	139	901
Due between 12 months and three years	119	29	90	0

Trade receivables are not bearing interest and are as a rule due within 7 – 30 days. Doubtful accounts receivable from the sale of goods and services in the amount of kEUR 462 (prior year: kEUR 258) were written off. This corresponds to a default rate of 2.1 % (prior year: 1.4 %).

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 01.12.2019	258
+ / - Exchange differences consolidation	0
- Utilisation	-6
- Reversal	-34
+ Additions (expenses for valuation adjustments)	244
Valuation allowances as at 30.11.2020	462

The expenses from the immediate derecognition of trade receivables amount to kEUR 8 (prior year: kEUR 44). 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 21,591 (PY: kEUR 18,713) and possibly “Non-current trade receivables” kEUR 0 (PY: kEUR 0).

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

#### 4. Other Current and Non-Current Assets

current in kEUR	30.11.2020	30.11.2019	Variation absolute
Current contract receivables Customer maintenance contracts	8,143	6,515	1,628
VAT receivables	1,344	997	347
Tax receivables	1,448	883	565
Supplier bonuses	336	289	47
Deposits	223	223	0
Others	1,027	553	474
<b>Total</b>	<b>12,521</b>	<b>9,459</b>	<b>3,062</b>

non-current in kEUR	30.11.2020	30.11.2019	Variation absolute
Non-current contract receivables Customer maintenance contracts	2,213	3,455	-1,242
<b>Total</b>	<b>2,213</b>	<b>3,455</b>	<b>-1,242</b>

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 2,722 (prior year: kEUR 2,703) include kEUR 665 of IPO costs from the IPO carried out in fiscal 2017/2018 which reduced the capital without effect on income (equity reduction through IPO costs kEUR 2,331), the deferred taxes of kEUR 135 (PY: kEUR 409) on the basis of the loss carried forward of Serveware SE which includes essentially the not directly allocable IPO costs of 2017/2018 hence to be recognised through profit and loss on the basis of the current annual result of Serveware SE as well as losses carried forward which can be used for tax purposes of the other affiliated companies of kEUR 2,189 (PY: kEUR 1,629). The deferred tax assets of SABIO GmbH, Hamburg, were offset in the amount of kEUR 267 against the deferred tax liabilities.

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

in kEUR	30.11.2020	30.11.2019	Variation absolute
Losses carried forward of other group companies	2,189	1,629	560
Loss carryforward in respect of directly allocable IPO costs (with no effect on income)	665	665	0
Deferred tax on loss carried forward and net income of Serveware SE	135	409	-274
Deferred tax SABIO	-267	0	-267
<b>Total</b>	<b>2,722</b>	<b>2,703</b>	<b>19</b>

## 6. Cash and cash equivalents

in kEUR	30.11.2020	30.11.2019	Variation absolute
Cash in banks	33,833	41,096	-7,263
Cash on hand	2	101	-99
<b>Total</b>	<b>33,835</b>	<b>41,197</b>	<b>-7,362</b>

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 33,835 (PY: kEUR 41,197).

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

## 7. Subscribed Capital

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

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

### Authorised Capital

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

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

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

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

### Contingent Capital

On 4 April 2018 the general meeting adopted a contingent capital ("Contingent Capital 2018") of up to EUR 4,000,000.00

## 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	30.11.20	30.11.19
<b>Non-current</b>		
collateralised	4,597	6,388
<b>Current</b>		
collateralised	1,817	2,260
<b>Total</b>	<b>6,414</b>	<b>8,648</b>
< 1 year	1,817	2,260
1-3 years	3,229	4,388
> 3 years	1,368	2,000
	<b>6,414</b>	<b>8,648</b>

The interests amount from 0.9 % to 6.3 %. The loans are collateralised as follows:

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

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

## 10. Contract liabilities

The carrying amount of the current and non-current contract liabilities increased compared to the previous year by kEUR 1,276 to kEUR 19,752. This includes essentially deferred sales revenues. During the reporting year sales revenues from contractual obligations which were not yet met on 30 November 2020 were realised in the amount of kEUR 14,979. Of the total amount of contract liabilities, kEUR 15,524 (prior year: kEUR 14,979) are due within one year.



## 11. Other Current and Non-Current Liabilities

The other current liabilities include:

in kEUR	30.11.2020	30.11.2019	Variation absolute
<b>current</b>			
Other accruals	5.013	4.035	978
VAT liabilities	2.330	1.615	715
Current lease liabilities (IFRS 16)	2.080	0	2.080
Advance payments received	1.387	0	1.387
"Liabilities earn out from company acquisition"	870	2.100	-1.230
Liabilities wage and church tax	545	615	-70
Liabilities retention bonus	0	240	-240
Others	259	419	-160
<b>Total</b>	<b>12.484</b>	<b>9.024</b>	<b>3.461</b>

The current lease liabilities result from the first-time application of IFRS 16.

The liabilities from earn-out concern the acquisition of cubus in 2019. In accordance with the contractual agreements, subsequent purchase price payments are due in each case if certain recurring sales revenues are achieved. Against this backdrop earn-out payments were made during the reporting year in connection with the acquisition of cubus in the amount of kEUR 870 as well as a residual payment from the acquisition of SABIO.

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	30.11.2020	30.11.2019
Bonus payments	2,624	1,117
Outstanding invoices	673	0
Vacation	654	574
Financial statement and audit costs	334	248
Licence invoices	380	1,708
Employers' Liability Insurance Association	87	59
Others	261	329
<b>Total</b>	<b>5,013</b>	<b>4,035</b>

The reporting of the other non-current liabilities concerns exclusively non-current lease liabilities in connection with the first-time application of IFRS 16.

## 12. Deferred Tax Liabilities

The deferred tax liabilities in the amount of kEUR 2,934 (prior year kEUR 3,461) result from the acquisition of SABIO in 2018 as well as the acquisition of cubus in 2019 and the capitalisation and / or proportional amortisation of the trademarks "SABIO" and "cubus" as well as the customer bases SABIO and cubus as intangible assets. Moreover, deferred taxes have arisen in the amount of kEUR 16 from differences in carrying amount of the rights to use and lease liabilities in connection with the first-time application of IFRS 16. A balancing was carried out with the deferred tax assets on losses carried forward of SABIO in the amount of kEUR 267.

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

in kEUR	30.11.2020	30.11.2019	Variation absolute
Deferred tax SABIO (trademark and customer base)	1.202	1.309	-107
Deferred tax SABIO (losses carried forward)	-267	0	-267
Deferred tax cubus	1.983	2.153	-170
Tax impact IFRS 16	16	0	16
<b>Total</b>	<b>2.934</b>	<b>3.461</b>	<b>-528</b>

## Notes to the Profit and Loss Account

### 13. Sales Revenues

in kEUR	2019/2020	2018/2019	Variation absolute
Germany	60,194	54,209	5,984
Austria	6,653	5,599	1,054
Switzerland	3,440	3,246	194
Others	2,149	3,517	-1,368
<b>Total</b>	<b>72,435</b>	<b>66,571</b>	<b>5,864</b>
SaaS/Service	31,949	24,293	7,656
Licenses	19,823	20,491	-668
Maintenance	20,663	21,787	-1,124
<b>Total</b>	<b>72,435</b>	<b>66,571</b>	<b>5,864</b>

### 14. Other Operating Income

The other operating income is made up as follows:

in kEUR	2019/2020	2018/2019	Variation absolute
Price gains	832	1,281	-449
Non-period income	64	600	-536
Car use	530	438	92
Advertising allowances	50	222	-172
Others	384	450	-66
<b>Total</b>	<b>1,859</b>	<b>2,991</b>	<b>-1,132</b>

## 15. Cost of Materials

The cost of materials is made up as follows:

in kEUR	2019/2020	2018/2019	Variation absolute
Purchased services	28,029	26,957	1,072
Rebates	-632	-496	-136
Others	0	60	-60
<b>Total</b>	<b>27,397</b>	<b>26,522</b>	<b>876</b>

## 16. Personnel Expenses

in kEUR	2019/2020	2018/2019	Variation absolute
Wages and salaries	32,609	27,785	4,824
Social security contributions including pension scheme provision	4,957	4,349	608
<b>Total</b>	<b>37,566</b>	<b>32,134</b>	<b>5,432</b>

## 17. Other Operating Expenses

The other operating expenses include the following items:

in kEUR	2019/2020	2018/2019	Variation absolute
Administrative expenses *	3,201	4,158	-958
Distribution costs	1,999	3,479	-1,481
Rental expenses	519	1,634	-1,116
Vehicle expenses	668	1,357	-690
Price losses	611	868	-257
Insurances, contributions, fees	107	163	-56
Repairs	9	40	-31
Others	424	386	38
<b>Total</b>	<b>7,536</b>	<b>12,085</b>	<b>-4,549</b>

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

in kEUR	2019/2020	2018/2019	Variation absolute
Closing, auditing, consulting costs	1,083	1,209	-126
Software support costs	1,047	1,332	-285
Recruitment costs	235	536	-300
Training costs	237	282	-45
Telephone	232	197	35
Others	366	602	-236
<b>Total</b>	<b>3,201</b>	<b>4,158</b>	<b>-958</b>

## 18. Income Taxes

The main components of the income tax expenses for fiscal 2019/2020 and 2018/2019 are made up as follows:

in kEUR	2019/2020	2018/2019	Variation absolute
Income taxes	312	145	167
Deferred taxes	-547	-1,483	936
<b>Stated tax amount</b>	<b>-235</b>	<b>-1,338</b>	<b>1,103</b>

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

Name	Income tax rate
Serveware SE	29.1 %
SABIO GmbH	29.1 %
cubus AG	29.1 %
cubus Schweiz GmbH	11.5 % to 14.25 %
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 %
helpLine IT solutions GmbH	25.0 %
Serveware Benelux B.V.	20 % to 25 %
helpLine CLM AG	11.5 % to 14.25 %
PMCS helpLine Software S.L.	25.0 %
Serveware SE UK Ltd.	19.0 %
Serveware AB	22.0 %

The reconciliation between the income tax expenses and the product of the reported result for the period and the Group tax rate to be applied for fiscal 2019/2020 and 2018/2019 is made up as follows:

in kEUR	2019/2020	2018/2019
Earnings before taxes	-1,810	-2,488
<b>Expected tax income for income tax rate 29.125 % (prior year 29.125 %)</b>	<b>-527</b>	<b>-725</b>
Effects of tax rates from other tax jurisdictions or deviating taxation under company law	457	110
Tax expenses / tax income from previous years	-11	-18
Non-deductible operating expenses	48	31
Adjustment of deferred taxes	231	-408
Earn out components	-435	-180
Others	0	-147
<b>Actual tax income</b>	<b>-235</b>	<b>-1,338</b>

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

The income taxes for 2019/2020 and 2018/2019 include corporation tax, trade earnings tax, solidarity surcharge and the corresponding foreign taxes. In the Federal Republic of Germany, the corporation tax rate for distributed and retained profits amounts to 15 %. Furthermore, a solidarity surcharge is levied on the corporation tax in the amount of 5.5 %. The trade tax was calculated on the basis of the rate of assessment of the competent municipality.

In fiscal 2020 a tax income in a total amount of kEUR 235 versus a tax income of kEUR 1,338 during the previous year is reported.

The losses carried forward of Serviceware Benelux B.V. Leiden, Netherlands, in the total amount of kEUR 1,122 (prior year: kEUR 1,373) have the following time limits as far as corporation tax is concerned:

- kEUR 31 until 2023/2024,
- kEUR 325 until 2024/2025,
- kEUR 360 until 2026/2027,
- kEUR 407 until 2027/2028.

## 19. Loss for the Period

in kEUR	2019/2020	2018/2019	Variation absolute
Period earnings before taxes	-1,810	-2,488	678
Income tax	235	1,338	-1,103
<b>Period loss</b>	<b>-1,575</b>	<b>-1,150</b>	<b>-425</b>

## 20. Earnings per Share

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

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

in EUR, unless otherwise stated	2019/2020	2018/2019
Earnings of the shareholders of Serviceware SE Group	-1,586,562	-1,088,336
Weighted average of shares outstanding (undiluted)	10,500,000	10,500,000
Earnings per share (undiluted)	-0.15	-0.10

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

## Other Information

### 21. Notes to the Statement of Cash Flow

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

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

in kEUR	30.11.2020	30.11.2019	Variation absolute
Cash in banks	33,833	41,096	-7,263
Cash on hand	2	101	-99
<b>Total</b>	<b>33,835</b>	<b>41,197</b>	<b>-7,362</b>

## 22. Notes to the Statement of Changes in Equity

The Company distributed kEUR 0 in fiscal 2019/2020 (prior year: kEUR 0). Further distributions are not planned for the fiscal year.

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

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

### Level 1:

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

### Level 2:

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

### Level 3:

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

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

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

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

During the reporting period ending on 30.11.2020 there were no reclassifications between measurements at fair value of Level 1 and Level 2 and no reclassifications into or from measurements at fair value of Level 3.

The financial assets and financial liabilities were made up as follows on the balance sheet date 30. November 2020 versus prior year:

The classification into levels was as follows on 30 November 2020 and 2019:

30.11.2020		Fair value			
in kEUR	Carrying value	Amortised cost	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Trade receivables*	21,591	21,591	0	0	0
Cash and cash equivalents*	33,836	0	0	0	0
<b>Total</b>	<b>55,426</b>	<b>21,591</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial liabilities</b>					
Trade payables*	3,995	3,995	0	0	0
Liabilities to banks	6,414	6,414	0	0	6,414
Lease liabilities*	7,200	7,200	0	0	0
Other liabilities	870	0	0	0	870
<b>Total</b>	<b>18,479</b>	<b>17,609</b>	<b>0</b>	<b>0</b>	<b>7,284</b>

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

30.11.2019		Fair value			
in kEUR	Carrying value	Amortised cost	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Trade receivables*	18,713	18,713	0	0	0
Cash and cash equivalents*	41,197	0	0	0	0
<b>Total</b>	<b>59,911</b>	<b>18,713</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial liabilities</b>					
Trade payables*	2,880	2,880	0	0	0
Liabilities to banks	8,647	8,647	0	0	8,647
Other liabilities	6,093	6,093	0	0	6,093
<b>Total</b>	<b>17,621</b>	<b>17,620</b>	<b>0</b>	<b>0</b>	<b>14,741</b>

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

## 24. Contingent Liabilities and Other Financial Obligations

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

## 25. Segment Reporting

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

The Serveware 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.

Serveware is an innovative developer and provider of software solutions for business service management, more particularly in the field of Enterprise Service Management (ESM). Serveware 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 Serveware platform includes the software solutions Serveware Processes (helpLine), Serveware Financial (anafee), Serveware Resources (Careware), Serveware Knowledge (SABIO) and Serveware Performance (cubus). All solutions can be used in an integrated manner, but also independently from one another.

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

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

Non-current assets by geographical regions:

in kEUR	30.11.2020	30.11.2019
Germany	31,626	27,829
Netherlands	3,141	2,614
Other countries	1,131	70
<b>Total</b>	<b>35,898</b>	<b>30,513</b>

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



## 26. Financial Risk Management

### *Risk management for financial instruments*

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

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

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

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

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

### *Default risk*

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

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

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

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

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

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

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

**Interest rate risk**

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

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

**Foreign exchange risk**

The Group prepares its financial statements in EUR so that both the result and the net assets position of business transactions conducted outside Germany are exposed to a foreign currency risk due to the translation to EUR. Any increase or decrease of the euro by 10 % vis a vis the essential currencies would have an effect on the result not exceeding kEUR 29 (prior year: kEUR 25).

In the event of increases or decreases of the euro vis a vis the relevant currencies by 10 %, the translation of the statements of the subsidiaries in foreign currencies would increase or decrease by a maximum of kEUR 104 (prior year: kEUR 109) 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 2020 the financial liabilities of the Group have the following maturities. The information is provided on the basis of the contractual non-discounted payment obligations.

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

30.11.2019 in kEUR	Due within 1 year	Due 1 to 5 years	Due over 5 years	Total
Interest-bearing loans	2,260	5,388	1,000	8,648
Trade payables	2,880	0	0	2,880
Other financial liabilities	6,093	0	0	6,093
<b>Total</b>	<b>11,233</b>	<b>5,388</b>	<b>1,000</b>	<b>17,621</b>

**Fair value of the financial instruments**

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

### **Fair value hierarchies**

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

### **Capital control**

The priority goal of capital control of the Company is:

- Securing of a positive continuation forecast for the Group
- Securing of stability and further growth of the Group
- Making available capital to manage Group risks.

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

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

in kEUR	30.11.2020	30.11.2019
Cash and cash equivalents	33,836	41,197
Trade receivables	21,591	18,713
<b>Total</b>	<b>55,426</b>	<b>59,910</b>

## **27. 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	Beziehungen zu der Gruppe
Dirk K. Martin, Wiesbaden	Managing Director of Serviceware SE Shareholder of Serviceware SE In addition, Managing Director / member of the Management Board of subsidiaries of Serviceware SE
Harald Popp, Wiesbaden	Managing Director of Serviceware SE Member of the Supervisory Board of CATENIC AG and cubus AG Shareholder of Serviceware SE
Dr. Alexander Christoph Becker, Hünstetten	Managing Director of Serviceware SE In addition, Managing Director / member of the Management Board of subsidiaries of Serviceware SE
Ingo Bollhöfer, Wiesbaden	Member of the Supervisory Board of CATENIC AG and cubus AG Shareholder of Serviceware SE
Jean 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 Serveware 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 1,123 (PY: kEUR 1,197) and a variable compensation of kEUR 336 (PY: kEUR 414). On 30 January 2018 Dirk K. Martin took over the position of CEO. He receives a fixed annual compensation and has a variable target component. In the event of a change in control, he is entitled to a non-recurring payment under certain circumstances. As at 31 January 2018 Mr Harald Popp took over the position of CFO. He receives a fixed annual compensation and has a variable target component. In the event of a change in control, he is entitled to a non-recurring payment under certain circumstances.

Mr Dirk K. Martin sold during the past fiscal year indirectly through a related company advertising media and consumer goods to the company in an amount of around kEUR 15.

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

**Administrative Board**

The company refunds for each member of the Administrative Board any expenses incurred by him when exercising his office in an adequate and proven amount as well as the possibly arising value-added tax for the compensation. The non-managing members of the Administrative Board, Ingo Bollhöfer and Christoph Debus, received during the past fiscal year a fixed compensation of kEUR 92 (PY: kEUR 94) and a variable compensation of kEUR 77 (PY: kEUR 105).

**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
Jean Christoph Debus	Chairman	Condor Flugdienst GmbH, Frankfurt; Managing Director Internationale Lufttransport 2 GmbH, Frankfurt; Managing Director
Harald Popp	Deputy Chairman	dreiff Management GmbH, Bad Camberg; Managing Director CATENIC AG, Munich, Chairman of the Supervisory Board cubus AG, Chairman of the Supervisory Board
Ingo Bollhöfer	Member	CATENIC AG, Munich, Member of the Supervisory Board cubus AG, Member of the Supervisory Board

## Employees

Serviceware SE employs a total of 494 persons on the reporting date 30 November 2020; this corresponds to a net growth by 13 employees compared to the prior year reporting date. Of the 494 employees, 417 employees work in Germany, 28 in the Netherlands, 24 in Spain, 9 in Austria, 7 in the United Kingdom, 5 in Bulgaria, 3 in Switzerland and one person in Sweden.

In functional terms, the 494 employees break down as follows: 96 employees in sales and marketing (PY: -7.7 %), 201 employees in service and support (PY: -3.8 %), 139 employees in software development (PY: 29.9 %) and 58 employees in administration (PY: -14.7 %).

## Auditor's Fees

in kEUR	2019/2020	2018/2019
Annual audit	110	105
Tax consultancy services	0	0
Other audit-related services	5	0
<b>Total</b>	<b>115</b>	<b>105</b>

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

## Waiver of Disclosure according to § 264b HGB

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

## Ban on distribution

For amounts totalling kEUR 201 there is a ban on distribution according to § 268 Para 8 HGB on the level of SABIO GmbH.

## Corporate Governance

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

#### Events after the Balance Sheet Date

At the time of drafting of this Annual Report many countries in Europe are still in a lockdown due to the dynamic spreading of the corona virus (SAR-CoV-2) and its variants. This has negative consequences for the economic development in the individual countries. For that reason, it can at present not be excluded that a rapid spreading of the virus and its variants could mean that the financial, earnings and asset position of Serveware SE can be adversely affected.

#### Declaration by the legal representatives

"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."

Bad Camberg, 24 March 2021



Dirk K. Martin  
CEO



Harald Popp  
CFO



Dr. Alexander Becker  
COO

## Independent Auditor's Report

To Serveware SE, Bad Camberg

### 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 Serveware SE and its subsidiaries (the Group) – including the consolidated balance sheet as at 30 November 2020, 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 2019 to 30 November 2020 as well as the consolidated notes, including a summary of significant accounting methods. Furthermore, we have audited the consolidated management report of Serveware SE which is combined with the management report of the Company for the fiscal year from 1 December 2019 to 30 November 2020. The explanatory notes by the management have not been audited in terms of content in conformity with the German statutory provisions.

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

- the enclosed consolidated financial statements correspond in all material respects to the IFRS, as they have to be applied in the EU and the German statutory provisions to be applied in addition in accordance with § 315e Para 1 HGB (German Commercial Code) and taking into account these provisions gives a true and fair view of the assets and financial position of the Group as at 30 November 2020 as well as its income situation for the fiscal year from 1 December 2019 to 30 November 2020 and
- the enclosed consolidated management report gives altogether an appropriate view of the situation of the Group. This consolidated management report is in all material respects in conformity with the consolidated financial statements, corresponds to the German statutory provisions and constitutes an adequate representation of the opportunities and risks concerning the future development. Our audit opinion on the consolidated management report does not cover the content of the above-mentioned declaration by the management.

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

#### Basis for the audit opinion

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

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

Particularly significant audit items are items with which in accordance with our reasonable discretion were most essential in our audit of the consolidated financial statements for the fiscal year from 1 December 2019 to 30 November 2020. 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:

### Goodwill

1. In the consolidated financial statements of Serveware SE the balance sheet item "Goodwill" shows goodwill in the amount of kEUR 14,048 (25% of the consolidated equity). The Company allocates the goodwill to the relevant groups of cash generating units. The goodwill is on an annual basis on the balance sheet date or on specific occasions subject to an impairment test by the company. In this connection the determined value in use is compared to the carrying amounts of the corresponding group of cash generating units. The basis for these measurements is regularly the cash value of future cash flows of the cash generating unit to which the respective goodwill is allocable. The measurements are based on the budgetary accounting of the individual cash generating units which are based on financial plans approved by the management. Discounting is based on the weighted average cost of capital of the respective cash generating unit. The result of this measurement is to a large extent dependent on the assessment of the future cash inflows by the statutory representatives of the company as well as the discount rate used and hence involves a considerable uncertainty so that these circumstances are particularly relevant within the framework of our audit.
2. In order to address this risk we have critically challenged the assumptions and estimates by the management and carried out, more particularly, the following audit activities:
  - We have reproduced the methodological approach concerning the conduct of the impairment test and assessed the determination of the weighted average cost of capital.
  - We have convinced ourselves that the future cash inflows and the discount rates used underlying the measurements constitute altogether an appropriate basis for the impairment tests of the individual cash generating units.
  - In our assessment we have based ourselves, amongst other things, on a comparison with general and industry specific market expectations as well as comprehensive explanatory notes by the management on the essential value drivers of the planning.
  - Being aware that already comparatively small changes of the discount rate can have a material impact on the value in use determined in this way, we have dealt with the parameters used for the determination of the discount rate used including the weighted average cost of capital and obtained an understanding of the calculation scheme of the company.
  - Moreover, we have carried out in addition own sensitivity analyses in order to be able to assess a possible impairment risk for a change in respect of a material assumption of the measurement considered as possible. The selection based on qualitative aspects and the amount of surplus cover of the respective carrying amount by the value in use.

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

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



## Revenue recognition from licence and maintenance sales

1. A material object of the companies of the Serviceware SE Group is the production, trade in and sale of software as well as the maintenance of these services. The accounting of licence sales in combination with maintenance services is in our view an area with a significant risk of essentially wrong presentations (including the possible risk that managers bypass controls) and therefore a particularly significant audit item, because in particular the maintenance services which are period-limited services must be delimited across the maintenance period. The presentation of the maintenance services and licence revenues is subject to discretion in mixed contracts which can result in a deferred revenue recognition and hence to a misstatement of the sales revenues.
2. In order to address this risk, we have critically challenged the assumptions and estimates of the management, and carried out, amongst others, the following audit activities:
  - Within the framework of our audit we have dealt with the internally defined methods, processes and control mechanisms of project management in the billing and settlement phase of sales structures as projects. Furthermore we have assessed the structuring and effectiveness of accounting-based internal controls by reproducing order-specific transactions from their initiation to their presentation in the consolidated financial statements as well as by testing controls.
  - On the basis of spot checks selected in a risk-oriented manner we have assessed the delimitations and assumptions made by the statutory representatives within the framework of single-case audits. Our audit activities included the review of the contractual basis as well as contractual terms and conditions including contractually agreed provisions concerning partial deliveries or services, termination rights, default and contractual penalties as well as damage claims. For the selected projects we dealt for the assessment of the determination of revenues on an accrual basis also with the sales revenues chargeable on the cut-off date and analysed the presentation of the relevant balance sheet positions in the balance sheet.
  - Furthermore, we have interviewed the statutory representatives on the representation of the projects and possible order risks.

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

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

## Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We discuss with those responsible for supervision, amongst others, the planned scope and time of the audit as well as material audit findings, including any defects concerning the internal control system which we detect during our audit.

We make a declaration vis a vis those responsible for supervision that we have complied with the relevant requirements as to independence and discuss with them all relationships and other facts of which it can be reasonably assumed that they have an impact on our independence and the corresponding protective measures taken.

We determine amongst the facts which we have discussed with those responsible for supervision the facts which were most relevant in the audit of the consolidated financial statements for the current reporting period and which are, therefore, particularly important audit findings. We describe these findings in the audit report, unless laws or other legal provisions exclude the public disclosure of the findings.

## OTHER STATUTORY AND LEGAL REQUIREMENTS

### Other information in accordance with Article 10 EU-AR

We were appointed by the General Meeting of 27 May 2020 as statutory Group auditor. We were instructed by the Administrative Board on 3 February 2021. We have been acting as Group auditor for Serveware 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).

## RESPONSIBLE AUDITOR

The auditor responsible for the audit is Daniel Schulz.

Düsseldorf, 24 March 2021

RSM GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Grote  
Auditor

Schulz  
Auditor

## Company Description

Serviceware is a leading provider of software solutions for the digitalisation and automation of service processes (Enterprise Service Management) with which companies can increase their service quality and manage their service costs efficiently.

The core of the portfolio is the Serviceware platform with the software solutions Serviceware Processes (helpLine), Serviceware Financial (anafee), Serviceware Resources (Careware), Serviceware Knowledge (SABIO) and Serviceware Performance (cubus outperform). All solutions can be used in an integrated manner, but also independently from one another.

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

Serviceware has more than 1,000 customers worldwide from various business sectors, including four of the seven largest German companies and 12 DAX 30 companies. The headquarters of Serviceware are in Bad Camberg, Germany. Serviceware employs more than 500 employees at 14 national and international sites. For more information visit [www.serviceware-se.com](http://www.serviceware-se.com).

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