WE LIVE SERVICE!

Interim Financial Report 2018/2019

SERVICEWARE SE, Bad Camberg

Serviceware
WE LIVE SERVICE!

LETTER TO SHAREHOLDERS

Dear Shareholders of Serviceware SE,

We are pleased to report that the success story of our company has continued during the first half-year of fiscal 2018/ 2019. In terms of numbers, this means growth in sales revenues by 21 percent to EUR 32.7 million and a disproportionate increase in the adjusted EBITDA by 27 percent to EUR 4.1 million.

The strategic progress achieved by Serviceware during the reporting period is even more significant in a long-term perspective. The goal is to further develop and expand the position of our company as a leading European provider for the digitalisation of service processes. This still young market has a dynamic development, and for a company it is now necessary to gain market shares and position itself. For our accelerated growth strategy we use additional funds from our IPO.

During the first half-year we have pushed the internationalisation of our activities (recognised as an expense) for both the development of resources and the enhancement of our visibility at the customer level. Our team, which we are newly building up in Great Britain – Europe's most important software market, has reached its qualitative and quantitative target number. Our sales advisors are already approaching first possible customers, and Serviceware has also participated in large events in the UK which are important for potential customers, such as the "Future of Finance and CFO Summit". We anticipate an economically measurable success with a clear acceleration curve during the coming quarters.

A significant competitive edge is secured for Serviceware in the Enterprise Service Management (ESM) market by our unique modular platform. With this platform we can offer our customers a wide range of solutions in the management of service processes like none of our competitors can. Serviceware covers the service areas "Processes", "Resources", "Financials" and, after the takeover of SABIO, also "Knowledge" or through cubus AG, "Performance". This outstanding one-stop shop positioning is underlined even more strongly by our new uniform brand presence, which we have developed with renowned consultant partners during the first half-year and which we have conceptionally completed at the end of the reporting period.

In the meantime we have started with the final implementation and roll-out of our brand presence. The first feedback which we have received from selected customers make us extremely optimistic that our brand presence and brand strategy will be a very effective support in sales and competitive differentiation.

Serviceware as the platform for the digitalisation of service processes has become even more effective since we have consistently upgraded the platform and increased the integration level. Our subsidiary SABIO, which we took over in August 2018, was almost completely integrated during the first half-year of the current fiscal year into the service offering of Serviceware and our sales processes. A double digit number of new customers at SABIO, including a large European universal bank, testify to this successful development. This is, however, documented even more convincingly by the fact that several existing Serviceware customers decided during the reporting period to use the knowledge module of SABIO on top – our cross selling approach works as planned. The fact that several months after the takeover – following two deficit years before that – SABIO has been back to profitability during the first half-year 2018/2019 should be mentioned in this context.

The technological enlargement of our platform through the addition of SABIO and the accompanying sales impulsions are part of our growth strategy, which is also driven inorganically. With the takeover of cubus AG immediately after the end of the half-year, we have achieved another significant implementation step, preceded by a structured process and a comprehensive market screening to identify appropriate target companies. With cubus, Serviceware now has an additional Corporate Performance Management / Business

Intelligence module with which we make our service offering even more attractive: we are the only provider on the market to offer corporate performance management and financial management on one platform. This means that Serviceware targets large mid-sized companies and large groups, which operate their shared services as a profit centre or in subsidiaries, even more strongly.

Immediately after the takeover of cubus we have started in a proven manner to synchronise the sales activities, launch the technological integration and leverage synergies. First joint customer appointments have already taken place; the first system integration has already been successfully completed and potential cost savings will probably already be possible during the second half-year 2018/2019.

The aforementioned developments are to illustrate by way of highlights the fact that Serviceware has again significantly enlarged and consolidated the basis for a positive mid- and long-term corporate development during the first half-year. During the second half-year we anticipate an unchanged positive development. We assume that during the current fiscal year we will be able to grow by at least 15 to 30% in the field of sales revenues. A significant contribution is planned as a result of our growth investments abroad. The adjusted profit of Serviceware is to continue to significantly rise and even with the inclusion of significant expenditure for our accelerated growth, we intend to moderately increase our profit.

We are looking forward together with you to further positive developments and market success of our company and thank our Serviceware team of by now more than 400 people for their tireless commitment.

Best regards

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

1 Interim Group Management Report for the 1st Half-Year 2018/2019

1.1 General Economic Development

During the first half of the Serviceware fiscal year 2018/19 the global economy continued to grow, albeit with a decreasing intensity. The International Monetary Fund (IMF) forecasts in its publication of April 2019[1] – after a plus of 3.6% in 2018 – a world economic growth of 3.3% for 2019. For the Euro area the IMF predicts a growth of 1.6% after a plus of 1.8% during the previous year.

The German economy continued to grow at the beginning of the year. According to the Federal Statistical Office (Destatis), the gross domestic product (GDP) was 0.4% higher during the first quarter 2019 than during the fourth quarter 2018 – adjusted for prices, season and calendar. Positive impulsions were triggered in the prior quarter comparison by the domestic level. Investments increased significantly at the beginning of the year. Investments in equipment were 1.2% higher than during the fourth quarter of 2018.[2]

Germany's leading economic research institutes lowered their forecast for 2019 in their spring expert report. For Germany they expect a rise in the gross domestic product by 0.8%. This is more than a percentage point less versus autumn 2018 when they still anticipated 1.9%. By contrast, the institutes confirm their previous forecast for 2020: the gross domestic product is likely to then increase by 1.8%.[3]

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[1] According to the internet publication of IMF of 2 April 2019, published under:
https://www.imf.org/en/Publications/WEO/Issues/2019/03/28/world-economic-outlook-april-2019

[2] According to the internet publication of the Federal Statistical Office of 15 May 2019, published under:
https://www.destatis.de/DE/Presse/Pressemitteilungen/2019/05/PD19_184_811.html

[3] According to the press release of the German Institute for Economic Research (DIW Berlin) of 4 April 2019, published under:
https://www.diw.de/de/diw_01.c.618415.de/themen_nachrichten/gemeinschaftsdiagnose_fruehjahr_2019_konjunktur_deutlich_abgekuehlt_politische_risiken_hoch.html

1.2 Industry Development

In the fields of information technology, telecommunications and consumer electronics (ITC market) sales revenues of EUR 168.5 billion (+ 1.5%) are anticipated for 2019 according to information provided by the BITKOM Association in January 2019. Information technology continues to appear as the growth driver of the ITC industry with probable sales revenues of EUR 92.2 billion and growth of 2.5%. With a volume of EUR 26.0 billion the software segment is to continue to enjoy strong growth in 2019 and record the by far most significant increases (+ 6.3%). IT services will likewise record proper growth of + 2.3% to reach a market volume of EUR 40.8 billion.[4]

BITKOM President Achim Berg continues to see the business situation in the digital industry as positive: "At present discussions focus on general economic risks like the trade conflict between the USA and China, Brexit and the transformations in the automotive industry and banks. Nonetheless, the business situation in the digital industry continues to be very good."[5]

[4] According to the internet publication of the BITKOM Association of January 2019, published under: https://www.bitkom.org/sites/default/files/2019-01/Bitkom%20ITK-Marktzahlen%20Januar_2019_Kurzfassung_1.pdf

[5] According to the internet publication of the BITKOM Associatin of 4 June 2019, published under: https://www.bitkom.org/Presse/Presseinformation/Neuer-Bitkom-ifo-Digitalindex-zeigt-sehr-gutes-Geschaeftsklima-der-Branche

1.3 Business Development

Serviceware Ratios of the Financial Statements for the 1st Half-year from 1 December 2018 to 31 May 2019

	01 December to 31 May			
in kEUR	**2018/2019**	**2017/2018**	**Variation**	**%**
Sales revenues	32,778	27,020	5,758	+ 21 %
- thereof Service/SaaS	12,548	7,403	5,145	+ 70 %
EBITDA	1,364	2,349	-985	- 42 %
- adjusted EBITDA	4,095 *	3224 **	871	+ 27 %
EBIT	929	2,222	-1,293	- 58 %
- adjusted EBIT	3,908 *	3,097 **	811	+ 26 %
Financial result	-82	-99	17	- 17 %
Results for the period before taxes	847	2,123	-1,276	- 60 %
- adjusted result before taxes	3,826 *	2,998 **	828	+ 28 %
Income tax	207	599	392	- 65 %
Results for the period after taxes	640	1,524	-884	- 58 %
- adjusted results after taxes	2,751 *	2,399 **	+352	+ 15 %
	31.05.2019	**30.11.2018**		
Cash and cash equivalents	52,642	53,695	-1,053	- 2 %

* For the EBITDA, EBIT, the result for the period before and after taxes, the expenses recognised during the first half-year 2018/2019 with a negative effect on earnings from the programme for accelerated growth in the amount of kEUR 2,731 which were caused by investments in internationalisation, the integration and the orientation towards the strategic key account business as well as kEUR 248 which were caused by acquisition-based costs and amortisations were added, to render the operating business comparable. The tax impact referred to adjustments amounts to kEUR 868.

** For the EBITDA, EBIT, the result for the period before and after taxes, the amount of kEUR 875 caused by the IPO, which was expensed during the 1st half-year 2017/2018, was added, to render the operating business comparable.

The sales revenues of Serviceware were clearly increased during the first half-year 2018/2019 to EUR 32.8 million (+21% versus the comparative prior year period). A significant growth in sales revenues of 70% to EUR 12.5 million was mainly achieved in the field of Service/SaaS. At present Service/SaaS revenues account for around 38% of the total revenues of Serviceware. The adjusted EBITDA and the adjusted EBIT on a Group level rose with 27% and 26% slightly disproportionately compared to sales revenues. The subsidiary SABIO, taken over during the previous year under strategic aspects, has for the first time made a slightly positive contribution to the Group result during the reporting period after two deficit years. Consequently, Serviceware looks back on a successful first half-year in all respects.

To further expedite the growth of the company, Serviceware carried out within the framework of its IPO on 20 April 2018 a capital increase by a net amount of approximately EUR 55 million. These funds will be used as planned during the coming three to five years for three growth areas:

- European expansion (around 15% to 25% of the funds)
- Strengthening of key account sales including supporting marketing (around 10% to 20% of the funds)
- Inorganic growth and extension of the ESM platform (around 65% to 75% of the funds)

In all the mentioned areas Serviceware has made significant progress during the past quarters and has consistently implemented its programme for accelerated growth. The additional personnel expenses and cost of materials involved in the European expansion, the increased approaching of large customers as well as inorganic growth, will immediately be charged to expense during the reporting period. In the field of inorganic growth, the amortisations carried out within the framework of company acquisitions since the IPO in respect of capitalised intangible assets[6] were likewise recognised as expense during the reporting period. The sum of these expenses under our programme for accelerated growth reduce the success for the period on a short-term basis but constitute the long-term basis for incremental future sales revenues and increases in results and the strengthening of the international market position of Serviceware.

To provide a transparent and comparable picture of the use of the expensed funds during the individual periods and show at the same time the accompanying effects on the result, we report, in addition to the existing reporting, adjusted values. The adjusted values do not represent IFRS-based ratios and are to exclusively increase transparency.

During the first half-year 2018/2019 additional expenses were incurred under the programme for accelerated growth in the amount of kEUR 2,731 on an EBITDA level and kEUR 2,979 on an EBIT level. They include investments into internationalisation (kEUR 1,786), temporary integration costs within the framework of inorganic growth (kEUR 751) and the orientation towards the strategic key account business (kEUR 194) as well as kEUR 248 caused by acquisition-related costs and amortisations. In this way we see ourselves on a very good path to the use of the funds from the IPO in conformity with our strategy.

The EBITDA adjusted for these expenses increased versus the prior year period by 27% to kEUR 4,095. When including the expenses from the programme for accelerated growth, the EBITDA amounted to kEUR 1,364 (PY: kEUR 2,349). The adjusted earnings before interest and taxes (EBIT) increased likewise versus the prior year period by 26% to kEUR 3,908. After expenses for acquisition costs, internationalisation and orientation towards the strategic key account business, it amounted to kEUR 929 (PY: kEUR 2,222). The financial result rose by 17% with kEUR -82 (PY: kEUR -99). The adjusted result for the period before taxes rose by 28% to kEUR 3,826. After non-recurring expenses it amounted to kEUR 847 (PY: kEUR 2,123). The adjusted result for the period after taxes increased by 15% to kEUR 2,751. After expenses for the programme for accelerated growth it amounted to kEUR 640 (PY: kEUR 1,524). Cash and cash equivalents decreased by 2% to kEUR 52,642 due to investments.

	01 December to 31 May	
in kEUR	**2018/2019**	**2017/2018**
EBITDA (IFRS)	1,364	2,349
Costs in connection with the internationalisation outside DACH	1,786	0
Integration costs in connection with inorganic growth	751	0
Costs in connection with key account targeting and the related marketing	194	0
Adjusted EBITDA	4,095	3,224[7]

[6] Above all purchase price allocation to customer base and brand which are amortised on a schedules basis over a period of up to 20 years.
[7] During prior year kEUR 875 non-recurring costs were adjusted during the first half-year for the IPO of 20 April 2018.

01 December to
31 May

in kEUR	2018/2019	2017/2018
EBIT (IFRS)	929	2,222
Amortisations of intangible assets capitalised within the framework of company acquisitions	248	0
Costs in connection with the internationalisation outside DACH	1,786	0
Temporary integration costs in connection with inorganic growth	751	0
Costs in connection with key account sales and corresponding marketing	194	0
Adjusted EBIT	3,908	3,097[7]
Financial result	-82	-99
Adjusted result for the period before taxes	3,826	2,998
Income tax	-207	-599
Tax effects referred to adjustments	-868	0
Adjusted result for the period after taxes	2,751	2,399

1.4 Material events in the Serviceware Group

The first half-year of fiscal 2018/2019 of Serviceware was marked by the consistent continuation on our organic and inorganic growth path. The anticipated positive effects of the growth strategy are increasingly showing; they are likely to be fully realised in the medium and long term.

Further new customer acquisition and SABIO integration: At the acquisition of new customers Serviceware continued to be successful during the first half-year of the fiscal year. Apart from the market success of the already established platform modules, SABIO, acquired in 2018, also made a significant contribution to the market success. SABIO succeeded, amongst other things, in gaining another large European universal bank as a new customer for Serviceware. Existing SABIO customers used the first half-year to implement further platform solutions from Serviceware.
Between 01 December 2018 and 31 May 2019 altogether 49 new customers were gained for our Enterprise Service Management (ESM) platform. Altogether we convinced 82 new customers during the first half-year of our services. These new customers originated primarily from Germany and 16 came from European countries outside Germany.

Further headcount development in Germany and abroad: In the growth strategy of Serviceware the expansion of the headcount constitutes an essential success driver. Despite a further increase in competition intensity for IT specialists, we have been able to implement our personnel increase during the first half-year in conformity with our strategy. During the reporting period we continued to develop our headcount from 378 people at the end of the fiscal year to 408 people on 31 May 2019. During the past 12 months we have increased our headcount by around 39%, by adding 115 employees. This has resulted in a significant rise in personnel expenses, whereby part of the expenses have a partly anticipatory character with a view to increases in sales revenues expected in future. We developed in a growth-oriented manner essentially in Sales and Services. In this connection we succeeded in recruiting, amongst others, experienced and perfectly networked strategic account managers from US competitors – as a result of the extension of sales, Serviceware anticipates significant incremental impulsions for sales revenues in the medium term.

The increasing transformation of sales revenues in Service/SaaS has resulted in higher personnel expenses during the reporting period. In the same way personnel expenses grew temporarily in a disproportionate manner as a result of the inorganic growth. The higher headcount covers the countries Germany, Great Britain, Bulgaria, Austria, the Netherlands, Switzerland and Spain.

International activities: During the first half-year we continued to expand our structures in Great Britain, Sweden, the Netherlands and Spain. The UK team was, for instance, increased during the reporting period to the current target headcount. Apart from the further development of personnel, we have intensively worked on the development of partnerships with consulting companies in the financial area. Furthermore, Serviceware has a stronger presence at international top events with large globally operating companies as a target group. These include, for instance, the "Future of Finance and CFO Summit" in London or the "19th Shared Services and Outsourcing Week" in Lisbon. As a result of the presence and intensive market development Serviceware is also invited to large international tenders outside Germany. We continue to assume that after this ramp-up phase, we will see new business, as a rule with a time lag of approximately 9-12 months.
To position our brand Serviceware more particularly in the international environment with an even stronger presence and visibility, we have used the feedback from these markets to optimise the revamping of our brand presence.

Preparation for the acquisition of cubus AG: During the first half-year the acquisition of cubus AG was intensely prepared. Based on the experience of Serviceware from previous acquisitions, an established process was used as a basis which ensures a high speed of transaction and is at the same time efficient and thorough. Through the direct involvement of the Administrative Board in all process steps we ensure that decisions can be taken rapidly whilst considering all strategic parameters. With the acquisition of cubus on 5 June 2019 Serviceware has implemented already the second acquisition since the IPO in April 2018. Already last year Serviceware extended its integrated ESM platform through the acquisition of the knowledge management specialist SABIO.

Revamping of the brand presence: In the wake of our internationalisation strategy and for an even more intensified approaching of large customers, we started a comprehensive revamping of our brand presence during the first half-year and focus on our unique, integrated ESM platform.
The brand architecture of the umbrella brand Serviceware will in future be: "Serviceware Processes" (originally helpLine), "Serviceware Resources" (originally Careware), "Serviceware Knowledge" (originally SABIO), "Serviceware Financial" (originally anafee) as well as "Serviceware Performance" (originally cubus).
The conceptional preparatory work for the new brand presence of Serviceware in co-operation with an international brand and advertising agency has been successfully completed.
Apart from the revision of communication for an even more transparent presentation of the benefits of the Serviceware platform, a new corporate design will be launched as well. At present the preparation of the roll-out is under way, ie the application of the brand strategy to communication and the redesign of the corporate website and all other communication means and channels. The new brand presence integrates already the solutions of the recently acquired cubus AG.

1.5 Position

The position of the company can be considered as very good based on the developments explained below. At present we see no indications suggesting that the position of the company will materially deteriorate during the second half of fiscal 2018/2019.

1.5.1 Sales revenue development

The sales revenues of Serviceware were significantly improved during the first half-year of fiscal 2018/2019 and continue to range on a record level. During the first half-year of 2018/2019 sales revenues rose by 21.3% versus the comparative prior year period to EUR 32.8 million. The strongest growth was recorded by Service/SaaS with an increase of 69.5% versus the comparable prior year period. The trend towards Service/SaaS transactions is hence evolving more rapidly than expected by us. Nonetheless, revenues from licences were almost on the level of prior year during the first half-year 2018/2019. Revenues from maintenance rose by 7.0% versus the prior year period. Sales revenues break down as follows:

	01 December to 31 May		
	2018/2019	**2017/2018**	**Variation**
Revenues Service/SaaS	12,548	7,403	+70%
Revenues licences	10,330	10,364	+/-0%
Revenues maintenance	9,900	9,253	+7%
	32,778	27,020	+21 %

1.5.2 Orders in hand

The orders in hand on the reporting date at the end of the first half-year of fiscal 2018/2019 are mainly reflected by the advance payments received for maintenance and SaaS contracts. This concerns services already invoiced and deferred services for a period of up to 60 months. Given the binding nature of the contracts, the advance payments constitute already definite future revenues of Serviceware. A large part of the revenues from the maintenance area is obtained from maintenance subscription contracts (running over several years). Compared to advance payments received for maintenance and SaaS contracts by 30 November 2018, payments grew as at 31 May 2019 by approximately 9% to EUR 17.4 million.

1.5.3 Operating result (EBIT)

The positive sales revenue development during the first half-year of fiscal 2018/2019 is also reflected by the result adjusted for expenses from the programme for accelerated growth. The adjusted EBITDA rose versus the prior year period by 27% to kEUR 4,095. When including the expenses for accelerated growth, the EBITDA amounted to kEUR 1,364 (PY: kEUR 2,349). The adjusted earnings before interest and taxes (EBIT) likewise rose versus the prior year period by 26% to kEUR 3,908. After expenses for accelerated growth, they amounted to kEUR 929 (PY: kEUR 2,222).

As a result of the headcount increase on schedule and in conformity with the strategy as a basis for the further corporate growth, personnel expenses rose by kEUR 5,668 to kEUR 15,145. The increase in headcount was, more particularly, driven by the dynamic development in the field of Service/SaaS. Moreover, the higher personnel expenses originated primarily from the extension of the international sales resources. Other operating expenses increased, too, by kEUR 949 to kEUR 4,673. Recruiting, integration and costs of premises because of new office spaces needed for more employees have been the main reasons for the rise in this expense item in connection with our international headcount growth during the first half-year. The increase in other operating expenses was, however, disproportionately low compared to the increase in personnel expenses.

1.5.4 Earnings before taxes (EBT)

The financial result for the first half-year of fiscal 2018/2019 amounted to kEUR -82 and improved versus the prior year period (+17%). The positive development was essentially based on scheduled repayments which reduced interest expenses. The adjusted EBT rose versus the prior year period by kEUR 828 to kEUR 3,826. Taking into account the expenses under the programme for accelerated growth, it amounted to kEUR 847 after kEUR 2,123 during the prior year period. The comments made on the EBIT apply accordingly to the change in EBT and the Group result.

1.5.5 Group result

During the first half-year 2019 tax expenses amounted to a total of kEUR 207 versus kEUR 599 during the previous year. For some individual Group companies of Serviceware there are tax credits from losses so that income taxes in the amount of kEUR 172 were deferred by being credited to the profit and loss account. Altogether deferred tax assets in the amount of kEUR 1,735 were reported effective 31 May 2019. The taxation ratio amounted during the reporting period to a total of 24.4% (PY: 28.8%). After deduction of taxes, there was a consolidated net income for the first half-year 2019 in the amount of kEUR 640 (PY: kEUR 1,524). After adjustment for the expenses from the programme for accelerated growth, the consolidated net income during the first half-year 2019 of kEUR 2,751 was 15% above the value of the prior year period.

1.5.6 Capital expenditure

During the first half-year of fiscal 2018/2019 investments in the amount of kEUR 205 (PY: kEUR 243) were made, which concerned essentially the enlargement and modernisation of operating and office equipment as well as the acquisition of software licences.

1.6 Financial position and capital structure

The financial position and capital structure of the Group has not significantly changed versus prior year. The consolidated balance sheet total decreased by kEUR 3,368 compared to 30 November 2018 from kEUR 95,818 to kEUR 92.450 on 31 May 2019. This is essentially due to the reduction of current accounts receivable by kEUR 2,947 (-20%) to kEUR 11,688. During the reporting period significant payments with an extended term of payment became due. Under other current receivables / assets advance payments made for maintenance contracts with a residual term of less than 12 months have essentially been recorded. The liquid funds recorded only a minor reduction by kEUR 1,053 (-2%) to kEUR 52,642 despite the investments made, amongst others, into the programme for accelerated growth.

Current liabilities decreased during the first half-year of the fiscal year versus 30 November 2018 by kEUR 1,614 (-6%) to kEUR 26,780. The reduction concerns both current tax liabilities (reduction by kEUR 810), accounts payable (reduction by kEUR 1,171) as well as current liabilities (reduction by kEUR 518). By contrast, current financial liabilities rose by kEUR 885. Non-current liabilities decreased by kEUR 2,135 to kEUR 5,794. Non-current financial liabilities were reduced as a result of the scheduled repayments by kEUR 1,295. In the same way other non-current liabilities decreased by kEUR 823 to kEUR 3,136. Non-current liabilities include essentially advance payments for maintenance contracts with a residual term of more than 12 months.

During the reporting period the equity increased by kEUR 382 to kEUR 59,876. The equity ratio amounted to 64.8% on 31 May 2019 and was hence above the value on 30 November 2018 of 62.1%.

1.7 Cashflow statement

The cash and cash equivalents of Serviceware decreased as at 31 May 2019 versus 30 November 2018 by kEUR 1,053 (-2%) to kEUR 52,642. Current business activities have resulted during the first half-year 2018/2019 in an outflow of cash and cash equivalents of kEUR 388 (PY: outflow of kEUR 2,197). Investing activities resulted in an outflow of kEUR 205 (PY: outflow of kEUR 243). Financing activities resulted in an outflow of kEUR 491 (PY: inflow of kEUR 54,119). Moreover, there is an increase in cash and cash equivalents of kEUR 32 (PY: outflow of kEUR 85) due to exchange rates and the group of consolidated companies.

1.8 Employees

Serviceware employs on the reporting date 31 May 2019 a total of 408 employees; on the same date during the previous year 293 people and on 30 November 2018 378 people were employed.

The staffing of IT projects is a major challenge for IT companies. Against the backdrop of the strong demand for qualified IT staff and the lack of skilled labour in Germany, IT specialists continue to be recruited at the Spanish company and also at the development site in Sofia / Bulgaria only established last year. Moreover, qualified employees were recruited at all the other locations to increase the clout in sales and service with a focus on the market penetration in view of key accounts.

1.9 Opportunities and risks

The opportunities and risks mentioned in the Annual Report 2017/2018 in Chapter 2, pages 36ff, continue to apply. These include global risks such as the forthcoming disordered exit of the UK from the EU and the foreign trade policy of the USA, China and other states driven by protectionism. The high leverage ratio of many states throughout the world does not contribute to financial market stability. We see a global opportunity in the possibility to offer our software as "Software as a Service" to customers worldwide over the internet. The strategic opportunities and risks include the potential of sales revenue and profit growth through organic and inorganic growth of Serviceware. As far as inorganic growth is concerned, we see the risks that we cannot acquire the companies matching our strategy, since they are either not for sale or do not exist. Furthermore, there is a risk that the already acquired companies do not develop as positively as expected. A higher than anticipated fluctuation amongst employees of the acquired companies or wrong assumptions concerning the revenue and earnings potential can have a negative impact on the business development of Serviceware. Furthermore, the strategic business orientation which consists in focusing on the SaaS business can mean that earnings and sales revenue potentials are subject to a shift into the future and that the current revenue expectations cannot be realised. Furthermore, there are opportunities and risks in terms of personnel management as well as opportunities and risks from software projects whose details being covered by the Annual Report.

As a stock corporation Serviceware SE is obliged to install a risk management system and to permanently monitor the risks of its future development. Against the backdrop of our financial stability, we believe that we are well prepared to cope with future risks. At present no risks can be identified which would jeopardise the continued existence of Serviceware SE on a short or long-term basis.

The opportunities of the second half-year of fiscal 2018/2019 are taken into account in the outlook below.

1.10 Supplementary report

After the balance sheet date Serviceware took over 100% of the shares in cubus AG, Herrenberg ("cubus") on 5 June 2019. cubus is a leading provider of software in the field of corporate performance management / business intelligence ("CPM"/ "BI"). The cubus software allows companies and individual profit centres to analyse their financial KPIs and to prepare on that basis, amongst others, viable planning, forecasts and simulations for the future development of the balance sheet, profit and loss account as well as the cashflow statement.

cubus currently generates profitable annual sales revenues in the medium single digit million euro area, including already more than 40% outside Germany. The company underwent a dynamic expansion during the past years. At present more than 160 companies all over the world use the cubus software – including renowned customers from North America. The BI market is the segment with the highest growth rates in the software field – studies anticipate by 2026 an average market growth of around 10% per year. In the renowned, independent BARC BI Survey 2018 cubus holds the top position in different peer groups in the EMEA region in 32 categories.
With the acquisition of cubus, Serviceware has implemented already the second acquisition since the IPO in April 2018. Last year Serviceware had extended its integrated ESM platform by acquiring the knowledge management specialist SABIO.

The acquisition of cubus AG does not result in any changes concerning the financial position of Serviceware ("Asset Swap"). Following the payment of the purchase price, cash and cash equivalents decrease by a low double digit million amount. It has not yet been finally decided whether possibly part of the purchase price will be financed with outside capital.

1.11 Outlook

The first half-year of fiscal 2018/2019 of Serviceware shows a positive development in terms of sales revenues. If there are no major changes in the general economic situation in Germany and Europe, we uphold the forecast in the Annual Report 2017/2018. We expect that our sales revenues will increase during the current fiscal year by at least 15% to 30%. This forecast presupposes that the investments made abroad will materialise as planned during the second half-year.
As far as the unadjusted result is concerned, we intend to achieve a moderate increase despite the current expansion phase involving high expenditure on a full year basis, whereby we expect the decisive impulsions for this during the second half-year.

As a major long-term opportunity we continue to see the growing need within companies for digitalisation. The market evolves in such a way that digitalisation is considered and pushed as a decisive productivity driver and competitive edge.

In the competition on the market we will continue to convince with our experience, innovations, reliability and a high degree of quality. Our high demands on quality are implemented through internal operations and quality control.

Bad Camberg, 26 July 2019

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

2 Investor Relations

The shares of Serviceware SE have been listed in the Regulated Market (Prime Standard segment) of the Frankfurt Stock Exchange since 20 April 2018. The number of outstanding shares is 10,500,000; the free float accounts for 37.20%.

Development of the share: The price of the Serviceware share amounted to EUR 18.45 on at the end of fiscal 2017/20 18. The share reached its highest price during the first half-year 2019 on 10 January with EUR 21.60 (Xetra). The lowest price for the reporting period was reached on 11 April with EUR 13.95. On 31 May 2019 the share price amounted to EUR 16.50. Consequently the share price changed during the reporting period by -10.6%. The German share index, DAX, increased during the same period by around 4.2%.

Research and Designated Sponsoring: The Serviceware share is covered by several analysts. They include Commerzbank, Hauck & Aufhäuser and – new during the first half-year – NIBC Bank from the Netherlands. The current vote of all analysts is "Buy".

Hauck & Aufhäuser acts as designated sponsor for the Serviceware share. The average trading volume at all German stock exchanges was 5,832 shares per day during the reporting period, with little less than 97% being accounted for by Xetra.

Roadshow and Investor Meetings: In March and April 2019 Serviceware – CFO Harald Popp – met many investors on a European roadshow to inform about the business development and the current strategy as well as its implementation so far and to answer questions on the company.
In May 2019 the CFO of Serviceware participated in the international investor meeting of Bank Hauck & Aufhäuser. During the investor meetings Serviceware met with a high interest of the investors and was able to enlarge the group of potential investors in the share by adding new contacts. Furthermore, we observed a higher interest of US-based investors during the first half-year 2019. In this field, more particularly, web based investor talks and product demos were carried out to explain the business model and the corporate strategy.

Shareholders: The anchor investors continue to be the Serviceware founders, Dirk K. Martin (CEO) and Harald Popp (CFO), whose stake remains unchanged with around 31.4% each. The free float continues to amount to around 37.2% of the shares.

General Meeting: On 15 May 2019 Serviceware invited to its first ordinary general meeting since the IPO at its HQ in Bad Camberg. During and within the framework of the annual meeting the Administrative Board around Chairman Christoph Debus and the managing directors of Serviceware were able to have a direct exchange with our shareholders.
Apart from the presentation of the business figures and the formal resolutions (cf. https://serviceware.se/de/investor-relations/hauptversammlung/), the attending shareholders were already given a preview of the revamping of our brand presence.

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

Stock Exchange information

ISIN	DE000A2G8X31
WKN (German Securities ID)	A2G8X3
Ticker symbol	SJJ
Number of shares	10,500,000
Main shareholders	Dirk K. Martin(1) 3,296,545 (1) held via aventura Management GmbH, Bad Camberg, Germany Harald Popp(2) 3,296,545 (2) held via dreifff Management GmbH, Bad Camberg, Germany
Free float	ca. 37.20 %
Class of shares	Ordinary bearer shares with no par value (no par value shares)
Stock exchanges	Xetra
Stock exchange segment	Regulated Market (Prime Standard) of the Frankfurt Stock Exchange
High/Low 1st HY 2018/2019	EUR 21.600 / EUR 13.950
Half-year end price	EUR 16.500
Market capitalisation as at 08.07.2019	EUR 201.1 million

Accounting standards	IFRS
End of the fiscal year	30 November
First listing	20.04.2018
Designated Sponsor	Hauck & Aufhäuser Privatbankiers Aktiengesellschaft

Financial Calendar

25 October 2019	Quarterly Release Q3 2018/2019
25 to 27 November 2019	German Equity Forum Frankfurt a.M.

3 Interim consolidated balance sheet as at 31 May 2019

in EUR	31 May 2019	30. Nov 2018
Assets		
Goodwill	7,753,055	7,736,316
Other intangible assets	5,243,241	5,476,994
Property, plant and equipment	756,608	801,885
Other non-current assets	3,230,719	2,960,347
Deferred income tax assets	1,735,266	1,341,959
Non-current assets	**18,718,889**	**18,317,502**
Inventories	0	0
Trade receivables	11,688,297	14,635,698
Other current receivables/assets	9,400,576	9,169,800
Cash and cash equivalents	52,642,077	53,694,629
Deferred income tax expenses	0	0
Current assets	**73,730,950**	**77,500,126**
Balance sheet total	**92,449,839**	**95,817,628**
Liabilities		
Subscribed capital	10,500,000	10,500,000
Reserves	49,827,627	49,827,627
Profits and losses brought forward	-20,457	-635,316
Accumulated other equity	-368,312	-167,477
Equity without non-controlling shares	59,938,858	59,524,834
Non-controlling shares	-62,561	-30,629
Equity	**59,876,297**	**59,494,205**
Other non-current provisions	0	0
Deferred income tax liabilities	1,361,227	1,378,754
Non-current financial liabilities	1,296,491	2,591,626
Other non-current liabilities	3,136,138	3,958,944
Non-current liabilities	**5,793,856**	**7,929,324**
Current income tax liabilities	3,505,204	4,315,193
Current financial liabilities	1,967,401	1,082,433
Trade payables	2,587,248	3,758,529
Other current liabilities	18,719,832	19,237,944
Current liabilities	**26,779,686**	**28,394,099**
Balance sheet total	**92,449,839**	**95,817,628**

4 Consolidated statement of comprehensive income for the period from 01 December 2018 to 31 May 2019

in EUR	**Dec. 2018 - May. 2019**	**Dec. 2017 - May. 2018**
Sales revenues	32,778,497	27,019,710
Other operating income	863,318	451,790
Cost of materials	-12,459,482	-11,920,626
Personnel expenses	-15,145,170	-9,477,228
Depreciation & amortisation	-434,980	-127,547
Other operating expenses	-4,673,240	-3,724,287
Operating result (EBIT)	**918,943**	**2,221,812**
Interest income	344	350
Interest expenses	-82,490	-99,619
Financial result	**-82,146**	**-99,269**
Earnings before taxes	**846,797**	**2,122,543**
Income taxes	-206,514	-599,014
Period profit/loss	**640,282**	**1,523,529**
Posts which may in future be reclassified in the P&L:		
Balancing item from the currency translation of foreign subsidiaries	-57,355	-36,952
Other result	**-57,355**	**-36,952**
Comprehensive income	**582,927**	**1,486,577**
Period profit/loss		
thereof, shareholders of the PMCS Group	672,214	1,552,687
thereof, non-controlling shares	-31,932	-29,158
Comprehensive		
thereof, shareholders of the PMCS Group	614,859	1,515,735
thereof, non-controlling shares	-31,932	-29,158

5 Consolidated Cash Flow Statement for the period from 01 December 2018 to 31 May 2019

in EUR	Dec. 2018 - May 2019	Dec. 2017 - May 2018
Period loss/profit	640,282	1,523,529
Depreciation & amortisation of non-current assets	434,980	127,547
Tax expenses	206,514	599,014
Change in provisions	0	0
Change in non-current liabilities	-822,806	0
Change in deferred taxes	-345,321	-759,142
Financial result	82,146	99,269
Change in non-current assets	-270,372	0
Change in items of current assets and current liabilities		
- Change in inventory	0	8,986
- Change in receivables/other assets	2,716,625	-9,252,660
- Change in liabilities	-2,477,343	6,109,584
Income taxes paid	-553,158	-652,883
Cash inflow/outflow from current business activity	**-388,454**	**-2,196,706**
Capital expenditure on intangible assets and on property, plant and equipment	-205,364	-242,975
Interest received	0	350
Cash inflow/outflow from investing activity	**-205,364**	**-242,625**
Payment of dividends/profits to shareholders	0	-1,926,678
Cash receipts from equity contributions	0	58,450,319
Interest paid	-80,793	99,619
Repayment of non-current liabilities	-1,295,136	-415,453
Raising of current liabilities	884,968	110,427
Cash inflow/outflow from financing activity	**-490,961**	**54,118,995**
Change in cash and cash equivalents related to the exchange rate and group of consolidated companies	**32,227**	**-85,415**
Change in cash and cash equivalents	**-1,052,551**	**53,594,249**
Cash and cash equivalents at the beginning of the period	**53,694,629**	**9,015,053**
Cash and cash equivalents at the end of the period	**52,642,077**	**62,609,302**

6 Consolidated statement of changes in equity for the period from 01 December 2018 to 31 May 2019

in EUR	Subscribed capital	Reserves	Profits and losses brought forward	Currency translation reserve	Non-controlling shares	Total
1 December 2018	10,500,000	49,827,627	-635,316	-167,477	30,629	59,494,205
Period result			614,859			614,859
Dividends to shareholders						0
Currency translation				-200,835		-200,835
Result allocation – Minority in helpLine BV					-31,932	-31,932
31 May 2019	10,500,000	49,827,627	-20,458	-368,312	-62,561	59,876,297

7 Consolidated Notes

1. General Information

Serviceware SE, Bad Camberg, has prepared for the first half-year 2018/2019 as at 31 May 2019 interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they are to be applied within the European Union.

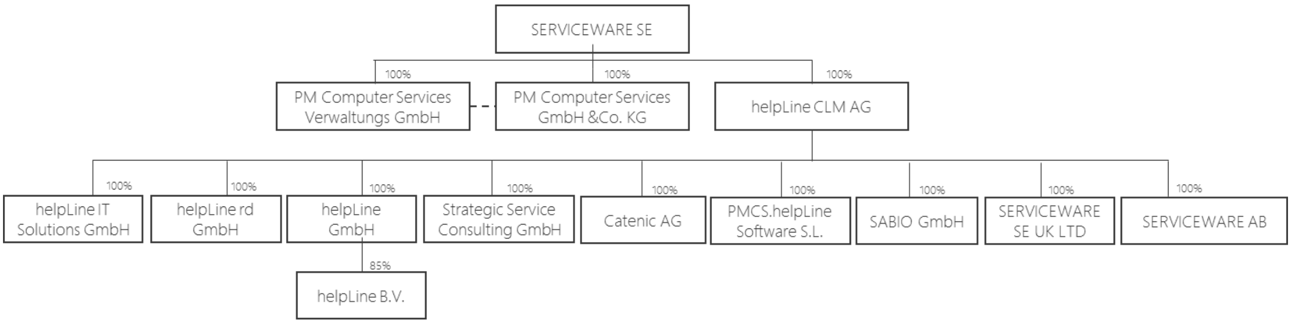
The interim consolidated financial statements have been prepared in euro. The profit and loss account is prepared on the basis of the nature of expense method.

These interim consolidated financial statements are published in a condensed form in accordance with IAS 34. The condensed interim consolidated financial statements as at 31 May 2019 and the interim management report have neither been audited nor been subject to an audit review by an external auditor.

Group of Consolidated Companies

On 31 May 2019 the following shareholdings exist:

Name	Founded/ Acquired on	Registered office	Share capital	Status
PM Computer Services Verwaltungs GmbH (PMCS Verwaltungs GmbH)	03.06.2005	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 25,600	Founded
PM Computer Services GmbH & Co. KG (PMCS GmbH & Co. KG)	29.06.2004	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 250,000	Founded
helpLine CLM AG	01.12.2003	Haldenstrasse 5, 6340 Baar, Switzerland	CHF 610,000	Founded
helpLine IT solutions GmbH	06.07.2004	Landstraßer Hauptstraße 71, 1030 Wien, Austria	EUR 35,000	Founded
helpLine GmbH	02.12.2003	Carl-Zeiss-Str. 16, 65520 Bad Camberg, Germany	EUR 25,000	Founded
helpline rd GmbH	06.11.2009	Kalscheurener Straße 2A, 50354 Hürth, Germany	EUR 25,000	Founded
Strategic Service Consulting GmbH	22.11.2011	Potsdamer Platz 9, 10117 Berlin, Germany	EUR 25,000	Founded
helpLine BV	05.06.2002	Dellaertweg 9, 2316 WZ Leiden, The Netherlands	EUR 28,409	Acquired
CATENIC AG	14.11.2014	Hauptstraße 1, 82008 Unterhaching, Germany	EUR 328,778	Acquired
PMCS. HelpLine Software S.L.	07.06.2017	Carrer Gremi Ferrers 35, 07009 Palma, Illes Balears, Spain	EUR 3,000	Founded
SABIO GmbH	30.07.2018	Schützenstr. 5 22761 Hamburg, Germany	EUR 43,576	Acquired
Serviceware SE UK Ltd.	22.08.2018	282 Farnborough Road, Abbey House, Farnborough, Hampshire, GU14 7NA, UK	GBP 100	Founded
Serviceware AB	29.08.2018	Vasagatan 7, 11120 Stockholm, Sweden	SK 50,000	



Accounting Policies

The standards and / or interpretations as well as amendments to standards and / or interpretations which had to be applied for the first time during the first six months of fiscal 2018/2019 have not resulted in any material adjustments of the accounting policies nor did they have a major impact on the presentation of the assets, financial and earnings position of the Group during the first six months of fiscal 2018/2019.

At the preparation of the interim financial statements as at 31 May 2019 the accounting policies applied for the consolidated financial statements as at 30 November 2018 were maintained and the notes to the consolidated financial statements 2017/2018 apply accordingly to them.

The report on the interim financial statements of Serviceware SE is available on the internet under www.serviceware.se for inspection and download.

Uncertainties and estimates

The preparation of the interim consolidated financial statements has to a certain extent been based on assumptions and estimates. The assumptions and estimates are based on premises which are derived from the available knowledge in each case. The actual values can deviate from these.

2. Related Parties

The combined consolidated financial statements as at 30 November 2018 included a detailed report about related parties. There have not been any major changes concerning the compensations of the Managing Directors and the Administrative Board.

3. Events after the Balance Sheet Date

After the balance sheet date Serviceware took over 100% of the shares in cubus AG ("cubus") on 5 June 2019. cubus is a leading provider of software in the field of corporate performance management / business intelligence ("CPM"/ "BI"). The cubus software allows companies and individual profit centres to analyse their financial KPIs and to prepare on that basis, amongst others, viable planning, forecasts and simulations for the future development of the balance sheet, profit and loss account as well as the cashflow statement.

The acquisition of cubus AG does not result in any changes concerning the financial position of Serviceware ("Asset Swap"). Following the payment of the purchase price, cash and cash equivalents decrease by a low double digit million amount. It has not yet been finally decided whether possibly part of the purchase price will be financed with outside capital.

Declaration by the Legal Representatives

"We declare that to the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements provide a true and fair view of the net assets, financial and earnings position of the Group and in the interim 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, 26 July 2019

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

8 Company Description

Serviceware is a leading supplier of software solutions for the digitalisation and automation of service processes with which companies can increase their service quality and manage their service costs efficiently. The unique integrated and modular ESM platform consists of the proprietary software solutions helpLine (Service Management), anafee (Financial Management), Careware (Field and Customer Service Management), SABIO (Knowledge Management) and cubus (Corporate Performance Management / Business Intelligence). Serviceware has more than 800 customers from many different industries, including nine DAX companies as well as four of the seven largest German companies. The headquarters of the company are located in Bad Camberg, Germany. Serviceware employs more than 450 people.
Further information is available on www.serviceware.se.

9 Contact

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www.serviceware.se

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

Administrative Board
Christoph Debus (Chairman)
Harald Popp
Ingo Bollhöfer

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