



**9-Month Financial Report and
Report on the Third Quarter of 2019**

USU Software AG

Group key figures <i>in Thsd. EUR, except the earnings per share and number of employees</i>	2019	2018
	Jan.1 -Sept. 30	Jan.1 -Sept 30
REVENUES	68,713	64,278
ADJUSTED EBIT	2,884	1,821
ADJUSTED NET RESULT	2,367	908
ADJUSTED EARNINGS PER SHARE (EUR)	0.22	0.09
EBITDA	5,603	2,868
EBIT	1,848	749
NET RESULT	1,403	268
EARNINGS PER SHARE (EUR)	0.13	0.03
CASH-FLOW FROM ORDINARY OPERATIONS	7.691	1,996
NUMBER OF EMPLOYEES	702	703
	Sept. 30, 2019	Dec. 31, 2018
CASH AND CASH EQUIVALENTS	10,102	9,450
SHAREHOLDERS EQUITY	56,711	59,665
BALANCE SHEET	97,046	95,144
EQUITY RATIO	58.4%	62.7%

USU Software AG
Spitalhof
D-71696 Möglingen
Tel. +49.7141.4867-0
Fax +49.7141.4867-200
www.usu-software.de

Investor Relations
Falk Sorge & Dr. Thomas Gerick
Tel. +49.7141.4867-351
Fax +49.7141.4867-108
investor@usu-software.de

Dear Shareholders and Readers,

The USU Group continued its positive development in the third quarter of 2019 and, in particular, significantly improved its profitability compared with the same quarter of the previous year. The main growth driver was increased license revenue, which rose by almost 44% in the third quarter of 2019. All signs are set for growth over the first nine months. The Group benefited from a recovery in international business, above all in the United States. By contrast, service business performed only modestly on account of underutilization in some consulting areas.

One of the highlights of the last few weeks was being awarded a key strategic project for artificial intelligence. This is a large-scale, flagship research project for the German government that will be carried out with a number of other expert partners. The aim is to develop an AI-based service platform for German SMEs within the next 36 months. USU will contribute its extensive expertise, for instance in the areas of chatbots or machine data analysis. A second key event was USU's classification as a global leader in enterprise service management – following a comprehensive market study by the leading US research house Forrester. Thus, USU is the only manufacturer from continental Europe in a central future market with clear double-digit growth rates. This is because the trend towards harmonizing all a company's service areas and automating processes with a holistic solution is ongoing.

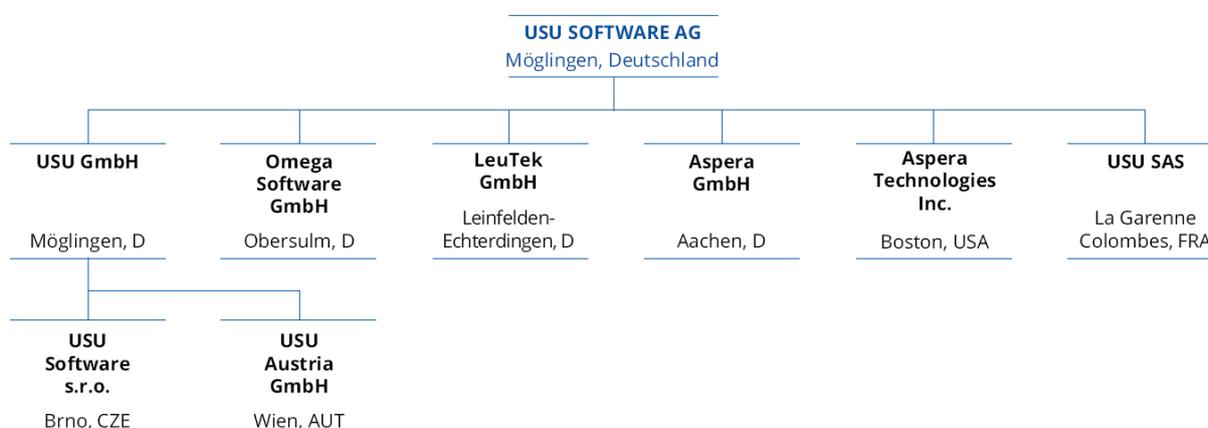
Despite the positive business performance in the third quarter and the first nine months, the Management Board has revised its guidance for 2019 as a whole on the basis of its latest projections for Q4 2019. Several potential major customers in Germany and abroad are expected to choose a software-as-a-service contract, which will mean that the originally planned software license revenue will no longer be generated in Q4 2019, and will instead be distributed over the term of the SaaS contract. Other factors include the modest performance of the French market and weaker capacity utilization in non-product service business. Details can be found in the outlook of this quarterly report. All in all, USU will significantly increase its consolidated sales and consolidated earnings in the current year as against the previous year.

Yours,

Bernhard Oberschmidt, CEO of USU Software AG

Basic information on USU Software AG and the Group

As the parent company of the Group, USU Software AG, Möglingen, Germany, directly or indirectly participates in the following operational companies: Aspera GmbH, Aachen, Germany; Aspera Technologies Inc., Boston, USA; LeuTek GmbH, Leinfelden-Echterdingen, Germany; Omega Software GmbH, Obersulm, Germany; USU GmbH, Möglingen, Germany; USU Austria GmbH, Vienna, Austria; USU SAS, La Garenne Colombes, France; USU Software s.r.o., Brno, Czech Republic. USU Software AG also has shareholdings in Openshop Internet Software GmbH, Möglingen, Germany, USU (Schweiz) AG i.L., Zug, Switzerland, and USU Consulting GmbH i.L., Sursee, Switzerland, which are no longer operational.



The USU Software AG and its subsidiaries

Business model, objectives, strategies and controlling system

USU Software AG and its subsidiaries (hereinafter also referred to as the “USU Group or “USU”) develop and market software solutions for knowledge-based service management. USU is the largest European provider of IT and knowledge management software.

In the area of IT management, USU supports companies with comprehensive ITIL®-compliant solutions for strategic and operational IT and enterprise service management. USU solutions give customers an overall view of their IT processes and IT infrastructure and enable them to transparently plan, allocate, monitor and actively manage services. USU is one of the world’s leading manufacturers in the area of software license management.

USU is driving the digitization of business processes with its intelligent solutions and expertise in the area of digital interaction. As a one-stop shop, USU advises on, designs, develops, and delivers solutions along the entire customer journey (“customer-first solutions”), serving all of the communications channels and points of customer contact in sales, marketing and customer service. The portfolio in this area is rounded off by system integration, individual applications and software for industrial big data.

More than 1,000 USU customers from all sectors of the global economy use USU solutions to create transparency, cut costs and reduce their risk. They include Allianz, Baloise Group,

BOSCH, BMW, Daimler, Deutsche Telekom, Evonik, Heidelberger Druckmaschinen, Jacobs Engineering, Jungheinrich, Poste Italiane, Texas Instruments, VW, W&W and ZDF.

USU Software AG has made it its goal to achieve growth in consolidated revenue above the average level for the IT market as a whole in the years ahead while also further increasing its profitability. It will focus on organic growth through innovation and by expanding the Group's international market presence, though growth through acquisitions and equity investments is also a part of the corporate strategy.

The key performance indicators for USU Software AG and the Group are revenue and adjusted EBIT.

As the USU Group's IFRS consolidated earnings have been and continue to be influenced by various extraordinary items that make it difficult to compare USU's earnings power from fiscal year to fiscal year, the company has also calculated its adjusted consolidated earnings for information purposes. This shows consolidated earnings adjusted for the amortization of intangible assets capitalized as a result of business combinations and additional non-recurring effects due to acquisitions plus the corresponding tax effects. Furthermore, on the basis of these adjusted consolidated earnings, USU Software AG reports consolidated earnings per share using the average number of shares outstanding. Adjusted EBIT is also reported and serves as an important planning and control parameter. Adjusted consolidated earnings, adjusted EBIT and adjusted earnings per share are not key indicators under IFRS.

Taking the latest operational developments into account, the Management Board is forecasting an increase in consolidated revenue to between EUR 93 million and EUR 95 million in fiscal 2019 accompanied by an increase in adjusted EBIT to between EUR 5 million and EUR 8 million. The current medium-term forecast anticipates an average organic growth in consolidated revenue of 10%. Based on adjusted EBIT, the operating margin should increase to 13-15% over the next 4 years in view of the further growth in the SaaS business. As USU's business is subject to seasonal fluctuations, with the second half of the year typically seeing significantly higher software sales, the interim results do not necessarily allow conclusions to be drawn with regard to the results for the year as a whole.

Research and development

The USU Group invested EUR 11,390 thousand in total (Q1-Q3 2018: EUR 10,853 thousand) or 16.6% (Q1-Q3 2018: 16.9%) of consolidated revenue in research and development (R&D) in the first nine months of 2019. Thus, as in recent years, expenses are significantly higher than the industry average – because innovative technologies and products are a central growth pillar of the USU Group. The total number of employees in this segment was 200 as of September 30, 2019 (September 30, 2018: 194). The USU Group's R&D expenses do not typically meet the criteria for recognition and are therefore not capitalized.

R&D activities in the Valuation division focused on advanced development work on version 5.2 of the software of the same name. Significant improvements included the expansion of the shop and new functions for the chargeback manager. Furthermore, Valuation Analytics version 5 was completed for the comprehensive analysis, monitoring and controlling of all IT processes. Given its sophisticated functionalities and the comprehensive support provided by Valuation for efficient enterprise services, the US research house Forrester has declared USU a “global leader” on this growth market.

LeuTek’s monitoring experts continued work on the new reporting and map display modules presented at USU World. There was also a focus on the comprehensive monitoring of cloud services: the ZIS cloud connector enables the effective monitoring of the respective provider’s private, public and hybrid clouds. Moreover, the last Flash-based module, ZIS Service Level Monitor, was converted to HTML5.

R&D activities at the subsidiary Aspera also centered around cloud issues: New cross-platform cloud cost reporting is a central feature of the new version of the license management software SmartTrack. A common dashboard was established for the application LicenseControl for SAP (LC4SAP) that offers a new, uniform point of entry for access to all licensed products.

Development work at unymira focused in particular on chatbot innovations (KnowledgeBot). Moreover, the active properties of documents and the comprehensive artificial intelligence-based search function have been significantly extended for the new version of KnowledgeCenter. The latter is based on the company’s own comprehensive AI platform, which is also used for the social media management product Connect to better classify the tone of incoming queries.

Development work in Katana relates in particular to the KatanaFlow application, which was prepared, for example, for multi-user scenarios that enable collaboration across multiple departments. This allows users to do things such as share the results of mathematical calculations and program code with just a few clicks. The integration of auto-scaling in KatanaFlow now also allows the dynamic adaption of the cloud resources used.

The USU research team was awarded the contract to implement the biggest service project in the history of the Federal Republic of Germany in the third quarter. USU and other network partners won the Federal Ministry of Economics and Energy’s AI Innovation Competition with its “Service Master” concept. An AI-based ecosystem for the technical service is to be created within 36 months. This service platform, which will serve multiple systems, departments and companies, is above all intended to assist German SMEs in performing high-quality and complex services cost-efficiently, quickly and precisely.

Economic report

Overall economic development

According to information published by the Federal Statistical Office (destatis)¹ on November 14, 2019, German gross domestic product (GDP) was 0.1 % higher in the third quarter of 2019 than in the second quarter of 2019 (adjusted for inflation, seasonal and calendar effects). According to the latest destatis calculations based on newly available statistical information, GDP declined by 0.2% in the second quarter of 2019, 0.1 percentage point more than previously reported. Positive stimulus was generated mainly by consumer spending in the third quarter of 2019 compared to the previous quarter, according to preliminary calculations (adjusted for inflation, seasonal effects and calendar effects): Both private consumer spending and government spending were higher than in the second quarter of 2019. Exports were up while imports remained at roughly the same level as the previous quarter. Also, more was invested in buildings than in the previous quarter. By contrast, equipment investment was down quarter-on-quarter.

GDP rose by 1.0% year-on-year adjusted for inflation. Adjusted for calendar effects, GDP increased by 0.5% as the third quarter of 2019 had one more working day than the same period of the previous year.

According to a flash estimate by the Statistical Office of the European Union (eurostat),² the euro area also enjoyed positive quarter-on-quarter GDP growth of 0.2% in the third quarter of 2019. Seasonally adjusted euro area GDP increased by 1.1% as against Q3 2018 in the third quarter of 2019.

Sector development

According to studies by the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM)³, the business climate in the digital industry is currently somewhat weaker, but is still at a good level. The Bitkom-ifo Digital Index reached 19.2 points in October, 2.8 points lower than in the previous month. The assessment of the current business situation is less favorable (38.3 points, down 5.2) and has thus distanced itself from the record level of October 2018 (52.9 points) by some margin. Overall, business expectations fell for the third time in a row to 1.6 points (down 0.8), which is still in positive territory but approaching zero for the first time in 10 years.

¹ cf. Destatis press release 436 dated November 14, 2019, published at <https://www.destatis.de>

² cf. Eurostat press release 168/2019 dated October 31, 2019, published at <http://ec.europa.eu/eurostat>

³ cf. BITKOM article "Bitkom-ifo Digital Index", October 2019, published at <http://www.bitkom.de>

The ITC sector is still at a much higher level than the economy as a whole. The Ifo Business Climate Index for Germany was virtually unchanged at 6.8 points in October (down 0.1). The assessment of the current business situation was weaker (22.8 points, down 1.8), though the assessment of business forecasts was slightly less negative (-8.1 points, up 1.3).

Business development in the third quarter of 2019

Thanks to strong software license business, USU Software AG's consolidated revenue (IFRS) grew by 5.9% year-on-year to EUR 23,836 thousand in the third quarter of 2019 (Q3 2018: EUR 22,504 thousand), largely on account of successful international business. As in the previous quarter, USU again benefited from major orders in the US and new orders in Europe. Accordingly, international revenue generated outside Germany climbed strongly by 12.6% year-on-year to EUR 6,338 thousand in the third quarter of 2019 (Q3 2018: EUR 5,629 thousand). In line with this, the international share of consolidated revenue climbed from 25.0% in the third quarter of 2018 to 26.6% in the reporting quarter.

Revenue growth in the period under review essentially resulted from the sale of software licenses. License revenue surged by 43.9% year-on-year to EUR 4,126 thousand in the third quarter of 2019 (Q3 2018: EUR 2,868 thousand).

The USU Group's cost base expanded by 6.3% year-on-year to EUR 22,304 thousand (Q3 2018: EUR 20,985 thousand). The year-on-year increase in expenses was basically due to the fact that the amortization of intangible assets recognized in connection with company acquisitions of EUR 345 thousand in accordance with International Financial Reporting Standards (IFRS) was allocated to the associated functional expenses in the reporting period, resulting in a corresponding increase in these expenses as against the previous year.

The USU Group's profitability increased significantly as a result of the strong surge in high-margin software license business. As a result, EBITDA rose from EUR 1,922 thousand in the third quarter of 2018 to EUR 3,183 thousand in Q3 2019, an increase of 65.6%. However, EUR 628 thousand of this figure relates to the recognition of leases and rental agreements in accordance with the new IFRS 16. Furthermore, USU's EBIT improved by 51.4% to EUR 1,849 thousand (Q3 2018: EUR 1,221 thousand). The USU Group's consolidated net profit (IFRS) expanded by 149.5% year-on-year to EUR 2,360 thousand in the third quarter of 2019 (Q3 2018: EUR 946 thousand). This corresponds to earnings per share of EUR 0.22 (Q3 2018: EUR 0.09).

EBIT adjusted for the extraordinary effects of acquisitions (adjusted EBIT) also improved significantly by 40.1% year-on-year to EUR 2,194 thousand in the third quarter of 2019 (Q3 2018: EUR 1,566 thousand), while USU's adjusted consolidated net profit more than doubled from EUR 1,268 thousand in the previous year to currently EUR 2,681 thousand, corresponding to earnings per share of EUR 0.25 (Q3 2018: EUR 0.12).

Business development in the first nine months of fiscal 2019

Development of revenue and costs

Consolidated revenue

Over the first nine months of fiscal 2019, USU Software AG's consolidated revenue increased by 6.9% as against the previous year to EUR 68,713 thousand (Q1-Q3 2018: EUR 64,278 thousand). USU benefited in particular from the continuing growth in international business, which rose strongly by 7.3% to EUR 19,134 thousand in the first nine months (Q1-Q3 2018: EUR 17,833 thousand). Accordingly, the share of consolidated revenue accounted for by international business rose slightly to 27.8% in the first nine months of 2019 (Q1-Q3 2018: 27.7%).

In particular, the main driver of this revenue growth was software license business thanks to contracts for projects postponed from the previous year to the current fiscal year and additional customer orders in Germany and abroad. Thus, in the first nine months of fiscal 2019, USU increased its income from software licenses by 32.3% as against the previous year to EUR 10,361 thousand (Q1-Q3 2018: EUR 7,829 thousand). At the same time, maintenance and SaaS business increased to EUR 21,048 thousand (Q1-Q3 2018: EUR 18,999 thousand) on the back of strong SaaS business in the first half of 2019. This represents an increase of 10.8% compared to the previous year. By contrast, consulting business was 1.1% lower year-on-year at EUR 36,518 thousand for the first nine months of the year (Q1-Q3 2018: EUR 36,932 thousand) owing to slightly weaker service business.

Other income, which essentially comprises sales of third-party hardware and software, amounted to EUR 786 thousand (Q1-Q3 2018: EUR 518 thousand).

Revenue by segment

The product range of the Product Business segment includes all activities relating to USU's product portfolio in the market for IT management solutions, the knowledge management market and "Katana", the division for big data analytics that emerged from the research department. The Service Business segment comprises consulting services for IT projects, individual application development and digital strategy consulting, service and UX design and web portals, apps and intranets.

The Product Business segment contributed revenue of EUR 53,143 thousand in the first nine months of 2019 (Q1-Q3 2018: EUR 47,562 thousand), up 11.7% on the previous year. This was essentially as a result of the growth in license and SaaS business. However, consulting revenue in the Service Business segment decreased by 6.9% to EUR 15,408 thousand in the

same period (Q1-Q3 2018: EUR 10,837 thousand), partly on account of modest capacity utilization in some areas of consulting business in this segment.

Revenue not allocated to the segments amounted to EUR 162 thousand in the first nine months of fiscal 2019 (Q1-Q3 2018: EUR 160 thousand).

Operating costs

The USU Group's operating cost base expanded by 7.4% year-on-year to EUR 67,395 thousand in the first three quarters (Q1-Q3 2018: EUR 62,735 thousand). In addition to higher staff and non-staff operating costs, expenses increased due to the fact that the amortization of intangible assets recognized in connection with company acquisitions of EUR 1,036 thousand in accordance with International Financial Reporting Standards (IFRS) was allocated to the associated functional expenses (of which cost of sales: EUR 55 thousand; marketing and selling expenses: EUR 682 thousand; research and development expenses: EUR 292 thousand; general and administrative expenses: EUR 7 thousand) in the reporting period, resulting in a corresponding increase in these expenses as against the previous year.

The cost of sales was up by 6.6% as against the previous year at EUR 33,339 thousand in the period under review (Q1-Q3 2018: EUR 31,288 thousand). In addition to the amortization included in this figure, this was essentially due to the demand-driven increase in the use of freelance employees and partners in customer projects for product business and the associated increase in fees.

The cost of sales as a percentage of consolidated revenue decreased slightly, from 48.7% in the first nine months of 2018 to currently 48.5%. Gross income increased accordingly from EUR 32,990 thousand in the first nine months of 2018 to currently EUR 35,374 thousand. At the same time, the gross margin rose slightly as against the previous year to 51.5% (Q1-Q3 2018: 51.3%).

In the period under review, marketing and selling expenses increased by 5.3% year-on-year to EUR 13,926 thousand (Q1-Q3 2018: EUR 13,224 thousand) as a result of the intensification of USU's activities outside Germany starting in the previous year and the inclusion of amortization for the first time. Accordingly, marketing and selling expenses as a share of revenue declined from 20.6% in the first nine months of 2018 to 20.3% in the first nine months of 2019.

General and administrative expenses climbed by 18.6% as against the first nine months of 2018 to EUR 8,740 thousand in the period under review (Q1-Q3 2018: EUR 7,370 thousand), mainly as a result of the necessary workforce expansion and higher depreciation and amortization. The ratio of administrative expenses to consolidated revenue rose to 12.7% in the reporting period (Q1-Q3 2018: 11.5%).

Research and development expenses also increased by 4.9% year-on-year to EUR 11,390 thousand in the period under review (Q1-Q3 2018: EUR 10,853 thousand) as a result of the inclusion of amortization of intangible assets recognized in connection with company acquisitions in this item, in addition to the workforce expansion in R&D. As forecast, the ratio of research and development expenses to consolidated revenue was lower than in the previous year at 16.6% (Q1-Q3 2018: 16.9%). USU is constantly investing in the development of its product portfolio and always working on innovative, market-driven software solutions. For further information, please see the separate research and development report in this Group management report. In the medium term as well, USU is planning to increase its R&D expenditure in absolute terms while slightly reducing the ratio of research and development expenses to consolidated revenue on account of strong revenue growth.

Net other operating income and expenses totaled EUR 530 thousand in the first nine months of 2019 (Q1-Q3 2018: EUR 268 thousand).

Results of operations

As part of the growth in high-margin software license business, the USU Group's profitability increased significantly in the first nine months of 2019 compared to the previous year. Thus, USU's EBITDA rose by 95.4% as against the previous year to EUR 5,603 thousand (Q1-Q3 2018: EUR 2,868 thousand). However, EUR 1,696 thousand of this figure for the first nine months relates to the recognition of leases and rental agreements as a result of the adoption of the new IFRS 16. Adjusted for depreciation and amortization of EUR 3,755 thousand (Q1-Q3 2018: EUR 2,119 thousand), USU generated EBIT of EUR 1,848 thousand in the same period (Q1-Q3 2018: EUR 749 thousand). This represents an increase in operating earnings of 146.7% as against the previous year.

Net finance income amounted to EUR 9 thousand in the first nine months of fiscal 2019 (Q1-Q3 2018: EUR 72 thousand). Income taxes amounted to EUR -454 thousand in the reporting period (Q1-Q3 2018: EUR -553 thousand). After the significant increase in tax expenses in the first half of 2019, which was essentially due to higher prepayments, the tax expenses for the first nine months were again in line with forecasts on account of the profit transfer agreement between the company and its subsidiary USU GmbH, which was resolved at this year's Annual General Meeting on July 2, 2019.

Consolidated net profit increased five-fold compared to the previous year to EUR 1,403 thousand in the first nine months of 2019 (Q1-Q3 2018: EUR 268 thousand), translating to earnings per share of EUR 0.13 (Q1-Q3 2018: EUR 0.03).

Adjusted consolidated net profit

Starting with EBIT, the table below shows the reconciliation to the non-IFRS key earnings ratios of adjusted EBIT, adjusted consolidated net profit and adjusted earnings per share. These are provided for information purposes and represent the USU Group's key figures adjusted for extraordinary effects relating to acquisitions. Adjusted EBIT is also the principal key performance indicator for the USU Group.

Adjusted consolidated net profit <i>EUR thousand</i>	Jan. 1, 2019 - Sept. 30, 2019	Jan. 1, 2018 - Sept. 30, 2018
Profit from ordinary activities (EBIT)	1,848	749
Amortization of intangible assets recognized in with company acquisitions	1,036	1,062
Amortization of goodwill	0	0
Non-recurring effects relating to acquisitions	0	10
- from Consulting fees for acquisition of unitB technology	0	10
Adjusted EBIT	2,884	1,821
Finance income (as per consolidated income statement)	89	146
Finance costs (as per consolidated income statement)	-80	-74
Income taxes (as per consolidated income statement)	-454	-553
Tax effects relating to adjustments	-72	-432
- from amortization	-72	-80
- from deferred taxes on tax loss carryforwards	0	-352
Adjusted consolidated net profit	2,367	908
Adjusted earnings per share (in EUR):	0.22	0.09
Weighted average shares outstanding:		
Basic and diluted	10,523,770	10,523,770

Adjusted EBIT increased by 58.4% year-on-year to EUR 2,884 thousand in the first nine months of 2019 as a result of the growth in high-margin software business (Q1-Q3 2018: EUR 1,821 thousand). At the same time, USU's consolidated net profit improved by 160.7% year-on-year to EUR 2,367 thousand (Q1-Q3 2018: EUR 908 thousand). Accordingly, USU's adjusted earnings per share improved to EUR 0.22 (Q1-Q3 2018: EUR 0.09).

Net assets and financial position

On the assets side of the statement of financial position, the USU Group's non-current assets rose to EUR 62,263 thousand as of September 30, 2019 (December 31, 2018: EUR 57,246 thousand) as a result of the adoption of IFRS 16 and the associated recognition of right-of-use assets. In the same period, current assets declined from EUR 37,898 thousand as of December 31, 2018 to EUR 34,783 thousand, largely as a result of the planned reduction in trade receivables to EUR 12,160 thousand (December 31, 2018: EUR 19,443 thousand), while unbilled work in progress increased to EUR 8,879 thousand as of September 30, 2019 (December 31, 2018: EUR 4,526 thousand) and Group liquidity (cash on hand and bank balances including securities) rose to EUR 10,102 thousand (December 31, 2018: EUR 9,450 thousand) in total despite the dividend distribution of EUR 4,209 thousand to USU's shareholders.

On the equity and liabilities side of the statement of financial position, the USU Group's equity decreased from EUR 59,665 thousand as of December 31, 2018, to EUR 56,711 thousand as of September 30, 2019 as a result of the dividend distribution. At the same time, debt in the form of the USU Group's current and non-current liabilities climbed to EUR 40,335 thousand as of September 30, 2019 (December 31, 2018: EUR 35,479 thousand). This increase is essentially as a result of the adoption of IFRS 16 and the associated first-time recognition of lease liabilities.

With total assets of EUR 97,046 thousand (December 31, 2018: EUR 95,144 thousand), the equity ratio was 58.4% as of September 30, 2019 (December 31, 2018: 62.7%). This means that the USU Group still has extensive free liquidity and retains its extremely solid financial position with no liabilities to banks.

Cash flows and capital expenditure

The USU Group had cash funds of EUR 10,102 thousand as of September 30, 2019 (September 30, 2018: EUR 6,231 thousand). This corresponds to a year-on-year increase of EUR 3,871 thousand or 62.1%, essentially stemming from the operating cash flow and the sale of securities in the meantime. USU also increased its Group liquidity by EUR 652 thousand or 6.9% compared to the figure of EUR 9,450 thousand as of December 31, 2018.

USU's cash flow from operating activities climbed significantly from EUR 1,996 thousand in the first nine months of 2018 to currently EUR 7,691 thousand. In addition to the improvement in earnings, this was thanks in particular to isolated changes in working capital.

Net cash used in investing activities of EUR -1,245 thousand (Q1-Q3 2018: EUR -769 thousand) essentially includes investments in property, plant and equipment and intangible assets.

The cash flow from financing activities of EUR -5,846 thousand (Q1-Q3 2018: EUR -4,209 thousand) results from the dividend payment to USU's shareholders of EUR 4,209 thousand (Q1-Q3 2018: EUR 4,209 thousand) and the adoption of IFRS 16 and the associated payments for lease liabilities of EUR 1,637 thousand (Q1-Q3 2018: EUR 0 thousand).

Orders on hand

The USU Group's orders on hand totaled EUR 51,379 thousand as of the end of the third quarter of 2019, up 13.1% on the same period of the previous year (September 30, 2018: EUR 45,433 thousand).

Orders on hand also increased by 4.5% as against the end of the previous year (December 31, 2018: EUR 49,178 thousand).

Orders on hand as of the end of the quarter show the USU Group's fixed future revenue based on binding contracts for the next 12 months. These predominantly consist of project-related orders and maintenance and SaaS agreements.

Employees

The USU Group's headcount was virtually unchanged year-on-year at 702 as of September 30, 2019 (September 30, 2018: 703). Broken down by functional unit, USU employed a total of 311 people in consulting and services as of the end of the third quarter of 2019 (September 30, 2018: 322), 200 in research and development (September 30, 2018: 194), 94 in sales and marketing (September 30, 2018: 95) and 97 in administration (September 30, 2018: 92). Broken down by segment, USU employed 497 (September 30, 2018: 498) people in the Product Business segment, 108 (September 30, 2018: 113) in the Service Business segment and 97 (September 30, 2018: 92) in USU Group central functions.

Supplementary report

The supplementary report can be found in the notes to the consolidated financial statements for the first 9 months of 2019.

Forecast, report on risks and opportunities

Forecast

General economy

According to the latest survey by the Joint Economic Forecast Project Group⁴ dated October 2, 2019, which was carried out together with leading German economic research institutes, the German economy has continued to cool throughout 2019. Since the start of the downturn around the end of 2017 and the start of 2018, much of the considerable prior over-utilization of production capacity has now been reduced. The reasons for the economic cooldown are mainly due to industry. Production here had been in decline since the middle of 2018, as demand for capital goods in particular has been weakening on key sales markets. However, the industrial recession is gradually also affecting related service providers. In line with this, institutes now expect GDP to rise by just 0.5% for 2019 as a whole, and thus 0.3% less than in the last Joint Economic Forecast in spring 2019. Economic research institutes' growth predictions for 2020 are also weaker, now at 1.1% after 1.8% in the spring. However, despite a drop in economic performance over the summer of 2019, an economic crisis with the pronounced underutilization of German industry is not anticipated, even though the downside economic risks are currently at a high level.

According to the Joint Economic Forecast, the world economy will remain on an upward path, though with modest momentum. Based on the current forecast, institutes expect an increase in total economic output of just 2.7% this year after 3.2% in 2018. The economy is being negatively affected in particular by the ongoing trade conflicts between the US on one side and China and the European Union on the other, and by the high degree of economic policy uncertainty that these conflicts entail. On top of this there is also the doubt over Brexit. The institutes are forecasting global GDP growth of 2.6% for 2020.

⁴ cf. Joint Economic Forecast #2-2019 Fall 2019, October 2, 2019, published at www.gemeinschaftsdiagnose.de

Sector

The digital industry is bucking the general trend and will again achieve significant revenue growth in 2019, though the outlook for 2020 is a little more restrained. These are the key findings of the latest market data analysis and economic surveys by the digital industry association Bitkom⁵.

According to Bitkom's calculations, industry revenue is set to rise by 2.0% to EUR 170.3 billion in 2019.

Growth in the Bitkom industry is being driven by the advancing digitization of the economy, government and society. The crisis in export-oriented industrial sectors is not yet having an impact on IT and telecommunications companies," commented Bitkom President Achim Berg – at the same time appealing to companies and public administrations alike: "A deterioration in the economic situation is exactly the right time for companies to review their processes and business models. They must become efficient and more competitive, and focus on high-growth digital markets. Putting off the necessary investment in digitization would be a fatal error. Now is the time for less talk and more action. And for digitization across the board, with no ifs, ands, or buts."

Growth in the Bitkom industry is still defined largely by information technology. According to Bitkom's forecast, revenue in the largest of the sub-markets is set to rise by 3.2% to EUR 93.6 billion in 2019. Software will enjoy the strongest growth of 6.3% to EUR 26.0 billion. The market for IT services, including project business and IT consulting, will also see above-average growth of 2.4% to EUR 40.9 billion.

According to Bitkom's calculations, the positive development on the high-tech market as a whole will continue in 2020, albeit at a slightly slower growth rate of 1.6% to EUR 173.1 billion.

In terms of the global IT market, the "IT Spending Forecast" published by the market research company Gartner⁶ on October 23, 2019, forecasts a year-on-year increase in IT expenditure of 0.4% to USD 3,732 billion in 2019. While this means that Gartner has slightly lowered its previous estimate, it emphasizes the fact that IT expenditure will rise significantly again in 2020 despite the geopolitical uncertainty. Thus, Gartner is forecasting growth in global IT spending of 3.7% as against 2019, rising to USD 3.872 billion in 2020. The central growth driver in both 2019 and 2020 will be the enterprise software segment, with growth rates of 8.8% and 10.9% respectively.

⁵ cf. BITKOM press release dated July 21, 2019, published at www.bitkom.de

⁶ cf. Gartner press release dated July 10, 2019, published at www.gartner.com

Outlook

The Management Board is forecasting that multiple risk factors will influence business performance in the final quarter of the year. For instance, several potential major customers in Germany and abroad are expected to choose a software-as-a-service (SaaS) contract instead of a software license agreement. The originally planned software license revenue will therefore not be generated directly, and will instead be distributed over the term of the SaaS contract.

In addition, there are the restrained development of the French market and capacity gaps in the service segment. Therefore, the Management Board has adjusted the guidance for consolidated revenues for the full year 2019 to EUR 93 - 95 million (2018: EUR 90.5 million) and the guidance for adjusted EBIT to EUR 5 - 8 million (2018: EUR 4.1 million). All in all, USU will therefore continue to significantly increase consolidated sales and consolidated earnings in the current year compared to the previous year.

The USU Group's medium-term planning has also been revised. The Management Board is now assuming average organic revenue growth of 10%. As a result of ongoing growth in SaaS business, the operating margin on adjusted EBIT is set to increase to 13-15% in the next 4 years.

Report on risks and opportunities

There were no changes to the opportunities and risks of USU Software AG or of the Group as a whole as against the balance sheet date December 31, 2018. For more information please see the report on risks and opportunities in the 2018 annual report.

USU shares (ISIN DE000A0BVU28).

The shares of USU Software AG are listed in the Prime Standard of the Frankfurt stock exchange under the German Securities Code (WKN) A0BVU2 and International Securities Identification Number (ISIN) DE000A0BVU28, and are admitted to trading on the regulated market of this stock exchange.

After a generally positive first six months, developments on the stock markets were relatively volatile in the quarter under review. The DAX reported a marginal gain of 0.2% over the quarter, closing on XETRA at 12,428.08 points as of September 30, 2019 (June 30, 2019: 12,398.80 points), while the Technology All Share-Index closed 1.7% lower year-on-year on XETRA at 3,314.16 points (June 30, 2019: 3,370.08 points). By contrast, USU's shares significantly outperformed their benchmark in the reporting quarter, rising by 18.1% on XETRA to EUR 18.9 (June 30, 2019: EUR 16.00).

The DAX climbed by 17.7% on XETRA (December 31, 2018: 10,558.96 points) as against December 31, 2018, while the Technology All Share-Index rose by 18.3% (December 31, 2018: 2,802.48 points). USU's shares also put up a significant price increase of 20.0% in the first nine months of the current year as a result of their positive performance in Q3 2019 (December 31, 2018: EUR 15.75).

Möglingen, November 21, 2019

USU Software AG

Bernhard Oberschmidt
Chairman of the Management Board

Bernhard Böhler
Management Board

Dr. Benjamin Strehl
Management Board

ASSETS in TEUR	9-month report Sept. 30, 2019	Annual report Dec. 31, 2018
Non-current assets		
Intangible assets	5,986	6,903
Goodwill	41,183	41,183
Property, plant and equipment	2,288	2,157
Right-of-use assets IFRS 16	5,783	0
Financial assets	818	773
Prepaid expenses	265	290
Deferred taxes	5,940	5,940
Non-current assets	62,263	57,246
Current assets		
Inventories	628	466
Unbilled work in progress	8,879	4,526
Trade receivables	12,160	19,443
Income tax receivables	933	943
Financial assets	443	1,033
Other assets	433	881
Prepaid expenses	1,205	1,156
Cash on hand and bank balances	10,102	9,450
Current assets	34,783	37,898
Total assets	97,046	95,144
EQUITY AND LIABILITIES <i>EUR thousand</i>	9-month report Sept. 30, 2019	Annual report Dec. 31, 2018
Equity		
Issued capital	10,524	10,524
Capital reserves	52,792	52,792
Other comprehensive income	-346	-198
Other Equity	-6,259	-3,453
Equity	56,711	59,665
Non-current liabilities		
Financial liabilities	250	250
Pension provisions	2,976	2,311
Lease liabilities IFRS 16	3,137	0
Deferred income	1,098	1,015
Deferred taxes	2,102	2,174
Non-current liabilities	9,563	5,750
Current liabilities		
Income tax liabilities	269	616
Financial liabilities	116	855
Lease liabilities IFRS 16	2,705	0
Personnel-related liabilities	6,334	7,589
Other provisions and liabilities	1,468	3,389
Liabilities from advance payments	6,742	6,563
Trade payables	3,438	3,689
Deferred income	9,700	7,028
Current liabilities	30,772	29,729
Total equity and liabilities	97,046	95,144

CONSOLIDATED INCOME <i>EUR thousand</i>	Quarterly Report III / 2019 July 1, 2019 - Sept. 30, 2019	Quarterly Report III / 2018 July 1, 2018 - Sept. 30, 2018	9-month report Jan 1, 2019 - Sept. 30, 2019	9-month report Jan 1, 2018 - Sept. 30, 2018
Sales	23.836	22.504	68.713	64.278
Cost of sales	-11,212	-10,618	-33,339	-31.288
Gross profit	12,624	11,886	35,374	32,990
Selling and marketing expenses	-4,406	-4,368	-13,926	-13,224
General and administrative exp.	-2,987	-2,453	-5,753	-4,917
Research and development exp.	-3,699	-3,546	-11,390	-10,853
Other operating income	282	191	818	816
Other operating expenses	35	-144	-288	-548
Amortization of intangible assets recognized in connection with company acquisitions	0	-345	0	-1,062
Profit from ordinary activities (EBIT)	1,849	1,221	1,848	749
Finance income	86	25	89	146
Finance expenses	-30	-11	-80	-74
Earnings before taxes (EBT)	1,905	-1,235	1,857	821
Income taxes	455	-289	-454	-553
Net profit	2,360	946	1,403	268
Earnings per share (EUR):				
Basic and diluted	0.22	0.09	0.13	0.03
Number of underlying shares	10,523,770	10,523,770	10,523,770	10,523,770

STATEMENT OF COMPREHENSIVE INCOME	Quarterly report III / 2019 July 1, 2019 - Sept 30, 2019	Quarterly report III / 2018 July 1, 2018 - Sept. 30,2018	9-month report Jan 1, 2019 - Sept. 30, 2019	9-month report Jan 1, 2018 - Sept. 30,2018
Consolidated net profit	2,360	946	1,403	268
<i>Items that cannot be reclassified to profit or loss:</i>				
Actuarial gains/losses from pension provisions	0	0	0	0
Deferred taxes on actuarial gains/losses	0	0	0	0
<i>Items that can be reclassified to profit or loss in future periods:</i>				
Currency translation difference	-176	-21	-148	-88
Other comprehensive income after taxes	-176	-21	-148	-88
Total comprehensive income	2,184	925	1,255	180

Consolidated Statement of Cash Flows	9-month report 2019	9-month report 2018
	Jan. 1, - Sept. 30, 2019	Jan. 1, - Sept. 30, 2018
<i>EUR thousand</i>		
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Consolidated net profit	1,403	268
+/- Depreciation, amortization and write-downs of non-current assets and reversals of write-downs of non-current assets	3,755	2,119
+/- Other non-cash expenses/income	-198	-81
+/- Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	2,997	1,918
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	183	-4,238
+/- Interest expenses/income	-9	-72
+/- Income taxes paid/received	-873	-2,052
+/- interest paid/received	-21	15
+/- Income tax expenses/income	454	553
Net cash from operating activities	7,691	-1,570
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
- Acquisition of subsidiaries less cash and cash equivalents acquired	0	0
- Purchase of intangible assets	-227	-46
+ Proceeds from disposals of property, plant and equipment	35	2
- Purchase of property, plant and equipment	-1,053	-726
+Payments received from items not related to operating or financing activities	0	0
Net cash used in investing activities	-1,245	-769
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
- Dividends paid to shareholders	-4,209	-4,209
- Repayment of purchase price liabilities in connection with the acquisition of subsidiaries	0	0
- Repayments of lease liabilities	-1,637	0
Net cash used in financing activities	-5,846	-4,209
Change in cash and cash equivalents	600	-6,548
+/- Effect on cash and cash equivalents of exchange rate movements and remeasurement	52	64
Change in Cash and cash equivalents	652	-6,484
Cash and cash equivalents at the start of the period	9,450	12,715
Cash and cash equivalents at the end of the period	10,102	6,231

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)



Changes in consolidated equity	Issued capital		Capital reserves	Retained earnings	Other comprehensive income		Equity
	Number	EUR thousand			EUR thousand	EUR thousand	
Consolidated equity as of January 1, 2018	10,523,770	10,524	52,792	-205	-228	123	63,006
Consolidated net profit				268			268
Other comprehensive income after taxes						-88	-88
Total comprehensive income	0	0	0	268	0	-88	180
Dividend payment				-4,209			-4,209
Consolidated equity as of Sept. 30, 2018	10,523,770	10,524	52,792	-4,146	-228	35	58,977
Consolidated equity as of January 1, 2019	10,523,770	10,524	52,792	-3,453	-208	10	59,665
Consolidated net profit				1,403			1,403
Other comprehensive income after taxes						-148	-148
Total comprehensive income	0	0	0	1,403	0	-148	1,255
Dividend payment				-4,209			-4,209
Consolidated equity as of Sept. 30, 2019	10,523,770	10,524	52,792	-6,259	-208	-138	56,711

Accounting principles

USU Software AG is a stock corporation under the law of the Federal Republic of Germany. The company is domiciled at Spitalhof, 71696 Möglingen, Germany, and is entered in the commercial register of the Stuttgart Local Court, Dept. B., under No. 206442.

These interim financial statements of USU Software AG are consistent with the International Financial Reporting Standards (IFRS) as applicable in the European Union. The interim financial statements were prepared in accordance with IAS 34 (Interim Financial Reporting).

The same accounting policies were applied as in the preparation of the consolidated financial statements for the fiscal year ended December 31, 2018. This unaudited nine-month report for 2019 should therefore be read in conjunction with the audited consolidated financial statements for 2018.

This consolidated interim report contains all the necessary deferrals and, in the opinion of the management, provides a true and fair view of the financial position and financial performance. All deferrals performed are in line with the standard accrual concept.

In preparing interim financial statements in line with IFRS, estimates and opinions relating to the assets and liabilities recognized at the reporting date and the income and expenses for the reporting period are required to a certain extent. Actual results may differ from those estimates.

Income taxes are recognized in the interim period based on the best estimate of the weighted average annual income tax rate expected for the year as a whole. This tax rate is applied to the pre-tax profit of the consolidated companies.

It is not necessarily possible to deduce the annual net profit from the profit of the interim periods.

Financial reporting standards applied for the first time

IFRS 16 “Leases” regulates accounting for leases and supersedes the previous standard IAS 17. Under IFRS 16, the lessee is obliged to recognize the rights and obligations arising from leases. This means that, in the future, lessees must recognize a right-of-use asset and a corresponding lease liability for each leased asset. The USU Group’s leases relate to lease agreements (essentially for cars), rental agreements (for buildings) and software license agreements (primarily for cloud software).

USU Software AG amended its accounting policies in line with the new requirements of IFRS 16 as of January 1, 2019. Under the modified retrospective transition method chosen by USU, previous periods are not restated in accordance with IFRS 16. Accordingly, the year-on-year changes in EBIT, assets and liabilities are influenced by the new accounting policies in 2019.

The adoption of IFRS 16 has resulted in the following transitional effects from the change in accounting policies in the first nine months of 2019:

Non-current assets increased by EUR 5,783 thousand as a result of the recognition of right-of-use assets. At the same time, liabilities rose by EUR 5,842 thousand (of which non-current: EUR 3,137 thousand; of which current: EUR 2,705 thousand) on account of the recognition of lease liabilities.

Trade payables and other liabilities are EUR 0 thousand lower as a result of the derecognition of accrued rent.

Depreciation expenses for right-of-use assets of EUR 1,696 thousand and interest expenses for lease liabilities of EUR 17 thousand were recognized in USU’s consolidated income statement.

In USU’s consolidated statement of cash flows, the cash flow from operating activities increased by EUR 1,637 thousand, while the cash flow from financing activities was down by EUR 1,637 thousand.

In the year under review, the Management Board entered into a rental agreement with AUSUM GmbH for a “USU Campus” to expand the rental space at USU’s headquarters in Möglingen. This newly constructed property is expected to be completed at the start of the third quarter of 2020 and will be let to USU Software AG from this date. The lease was agreed for an initial term of 15 years with monthly rent of EUR 29 thousand. The rental agreement must be recognized in accordance with IFRS 16 from the date on which it becomes effective through the use of the rental space.

Financial instruments

The following table shows the carrying amounts and fair values of the Group's financial instruments.

<i>EUR thousand</i>	IFRS 9 Category / IFRS 7 class	Sept 30, 2019		Dec. 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
Work in progress	IFRS 15	8,879	8,879	4,526	4,526
Trade receivables	Amort. cost ¹⁾	12,160	12,160	19,443	19,443
financial assets	Amort. cost	443	443	1,033	1,033
Cash on hand and bank	Amort. cost	10,102	10,102	9,450	9,450
		31,584	31,584	34,452	34,452

<i>EUR thousand</i>	IFRS 9 Category / IFRS 7 class	June 30, 2019		Dec. 31, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities	Amort. cost	366	366	1,105	1,105
Lease liabilities IFRS 16	Amort. cost	5,842	5,842	0	0
Trade payables	Amort. cost	3,438	3,438	3,689	3,689
Liabilities from advance	Amort. cost	6,742	6,742	6,563	6,563
		16,388	16,388	11,357	11,357

¹⁾ Amort. Cost: Amortized cost

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy with three measurement levels depending on whether the fair value of financial instruments was determined on the basis of published market prices (level 1), on the basis of data derived from published market prices (level 2) or using non-observable parameters (level 3). USU Software AG currently has no level 2 or 3 financial instruments.

Revenue

Revenue from the sale of goods and services breaks down as follows:

	Jan. 1 – Sept. 30, 2019 EUR thousand	Jan. 1 – Sept. 30, 2018 EUR thousand
Consulting	36,518	36,932
Licenses/products	10,361	7,829
Maintenance/SaaS	21,048	18,999
Other	786	518
	68.713	64,278

Segment reporting

For the purpose of segment reporting in accordance with IFRS 8, USU operates in the “Product Business” and “Service Business” segments, both of which significantly influence the Group’s risks and return on equity. The breakdown of various key performance indicators by segment in line with IFRS 8 is shown in the table below:

	Product Business		Service Business		Total Segments		Unallocated		Group	
	Jan. 1 – Sept. 30, 2019	Jan. 1 – Sept. 30, 2018	Jan. 1 – Sept. 30, 2019	Jan. 1 – Sept. 30, 2018	Jan. 1 – Sept. 30, 2019	Jan. 1 – Sept. 30, 2018	Jan. 1 – Sept. 30, 2019	Jan. 1 – Sept. 30, 2018	Jan. 1 – Sept. 30, 2019	Jan. 1 – Sept. 30, 2018
	EUR thousand									
Revenue	53,143	47,562	15,408	16,556	68,551	64,118	162	160	68,713	64,278
EBITDA	8,606	4,967	1,772	2,473	10,378	7,440	-4,775	-4,572	5,603	2,868
EBIT	6,195	3,436	800	1,996	6,995	5,432	-5,147	-4,683	1,848	749
Net finance	-	-	-	-	-	-	-9	72	9	72
Taxes	-1,013	-	-140	-	-1,153	-	699	-553	-454	-553
Consolidated net	5,182	3,436	660	1,996	5,842	5,432	-4,239	-5,164	1,603	268
No. of employees	497	498	108	113	605	611	97	92	702	703

The USU Group generated a total of 27.8% (Q1-Q3 2018: 27.7%) or EUR 19,134 thousand (Q1-Q3 2018: EUR 17,833 thousand) of its consolidated revenue outside Germany in the first nine months of the 2019 fiscal year. These figures are based on customers’ registered offices. By contrast, less than 10% of consolidated assets were held outside Germany. At the same time, investments outside Germany amounted to less than 10% of the Group’s total investments. For reasons of materiality, further details of the geographical data have therefore not been provided.

Events after the reporting date

No significant events with a material effect on the business performance of the USU Group occurred after September 30, 2019, meaning that there were no significant changes to the Group’s net assets, financial position or results of operations.

Shares held by members of executive bodies at USU Software AG

The following shares in USU Software AG were held by members of the company's executive bodies as of September 30, 2019:

Stock declarations by members of executive bodies	Shares	Shares
	September 30, 2019	September 30, 2018
Management Board		
Bernhard Oberschmidt	162,518	156,518
Bernhard Böhler	167,572	167,572
Dr. Benjamin Strehl	0	0
Supervisory Board		
Udo Strehl*	5,000	5,000
Erwin Staudt	100,000	100,000
Gabriele Walker-Rudolf	0	-
<p>* An additional 5,347,013 (2018: 5,338,044) voting rights in USU Software AG are allocated to Udo Strehl, the majority shareholder of this company, through AUSUM GmbH in accordance with section 34(1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).</p> <p>A further 32,000 (2018: 32,000) voting rights in USU Software AG are allocated to Udo Strehl through the "Knowledge is the Future" Foundation, of which he is the director, in accordance with section 34(1) sentence 1 no. 1 WpHG.</p>		

On January 3, 2019, AUSUM GmbH, whose majority shareholder is the Chairman of the Supervisory Board of USU Software AG, Udo Strehl, purchased 1,999 shares in USU Software AG in total on the Stuttgart Stock Exchange and subsequently notified USU Software AG of these securities transactions. AUSUM GmbH also purchased 1,035 shares in USU Software AG in total on the Stuttgart Stock Exchange on March 29, 2019 and a further 1,465 USU shares on the Stuttgart Stock Exchange on April 1, subsequently notifying USU Software AG of all of these securities transactions. AUSUM GmbH also purchased 2,500 shares in USU Software AG on the Stuttgart Stock Exchange on May 23, 2019, while Bernhard Oberschmidt, the Chairman of the Management Board, purchased 6,000 USU shares on the Stuttgart Stock Exchange on the same date. USU Software AG was subsequently notified of both transactions. In turn, the company immediately published the aforementioned notifications of securities transactions as required.

The members of the executive bodies do not hold any stock options or convertible bonds issued by USU Software AG.

Related party disclosures

In accordance with IAS 24, all related parties are persons or companies with the ability to control the Group or exercise significant influence over it, or on whom/which the Group can exert significant influence, including the management and the Supervisory Board. Companies that are already included in consolidation in the interim consolidated financial statements are not considered related parties.

There were no significant changes to business relations between USU Software AG and the Chairman of the Supervisory Board and majority shareholder Udo Strehl and his wife as compared to the information in the notes to the consolidated financial statements for fiscal 2018. For more information, please see the consolidated financial statements of USU Software AG for the fiscal year ended December 31, 2018.

Möglingen, November 21, 2019

USU Software AG

Bernhard Oberschmidt

Chairman of the Management Board

Bernhard Böhler

Management Board

Dr. Benjamin Strehl

Management Board

November 25 - 27, 2019	Analyst and investor conference at the <i>German Equity Forum 2019, Frankfurt / Main</i>
-------------------------------	---

December 3, 2019	Investor Roadshow with Hauck & Aufhäuser, London
-------------------------	---

December 9, 2019	Investor Roadshow with Hauck & Aufhäuser, Paris
-------------------------	--

December 10, 2019	Analyst and investor conference at the <i>28th MKK (Munich Capital Market Conference), Munich</i>
--------------------------	---