



**3 – MONTH REPORT 2017**

**USU Software AG**

<b>3-Month Report 2017</b>	<b>2017</b>	<b>2016</b>
<i>in Thsd. EUR, except the earnings per share and number of employees</i>	<b>Jan.1 -March 31</b>	<b>Jan.1 -March 31</b>
<b>REVENUES</b>	<b>18,887</b>	<b>16,957</b>
<b>ADJUSTED EBIT</b>	<b>689</b>	<b>1,368</b>
<b>ADJUSTED NET RESULT</b>	<b>403</b>	<b>1,230</b>
<b>ADJUSTED EARNINGS PER SHARE (EUR)</b>	<b>0.04</b>	<b>0.12</b>
<b>EBITDA</b>	<b>796</b>	<b>1,654</b>
<b>EBIT</b>	<b>139</b>	<b>1,009</b>
<b>NET RESULT</b>	<b>-115</b>	<b>882</b>
<b>EARNINGS PER SHARE (EUR)</b>	<b>-0.01</b>	<b>0.08</b>
<b>CASH-FLOW FROM ORDINARY OPERATIONS</b>	<b>6,310</b>	<b>3,929</b>
<b>NUMBER OF EMPLOYEES</b>	<b>604</b>	<b>510</b>
	<b>March 31, 2017</b>	<b>Dec. 31, 2016</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>27,297</b>	<b>23.180</b>
<b>SHAREHOLDERS EQUITY</b>	<b>63,536</b>	<b>63,623</b>
<b>BALANCE SHEET</b>	<b>95,947</b>	<b>91,905</b>
<b>EQUITY RATIO</b>	<b>65.9%</b>	<b>69.2%</b>

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Dear shareholders,  
Dear readers,

The USU Group remains on a dynamic growth path. In addition to organic growth, unitB technology GmbH, which was acquired in January 2017, contributed to the Group's growth for the first time in the first quarter of 2017. Domestic business enjoyed especially strong performance, whereas USU recorded only moderate growth outside Germany. With this in mind, last year the Management Board resolved to significantly intensify its marketing and sales activities in the USA, the United Kingdom and France, resulting in increased investment outside Germany in the first quarter of 2017. We expect these measures to start bearing fruit from the second half of 2017, and we intend to continue making targeted investments in this area in the year under review. Although this additional investment is having a tangible impact on the USU Group's consolidated net profit at present, it will lead to substantial sales and earnings growth in the medium term. As a result, the Management Board is confirming its medium-term forecast to 2020 of consolidated sales of EUR 140 million and adjusted EBIT in excess of EUR 20 million.

Following the acquisition of EASYTRUST SAS in France, the Management Board of USU Software AG is also raising its forecast for the current 2017 fiscal year and is now anticipating consolidated sales of EUR 86-91 million for the year as a whole. EASYTRUST is not expected to make a contribution to consolidated earnings in the current year. Additional investments in EASYTRUST will further accelerate the growth of USU's newest subsidiary.

This 3-Month Report 2017 contains details of USU's business development in the first quarter of 2017 and further planning.

USU was formed almost 40 years ago, and we would like to celebrate this anniversary with you at our Annual General Meeting in Ludwigsburg on July 4, 2017. One of the agenda items is the payment of a dividend of EUR 0.40 per share for 2016. The agenda for the Annual General Meeting, to which you are cordially invited, also includes the approval of the actions of the Management Board and the Supervisory Board for the 2016 fiscal year, the election of the auditor for the current 2017 fiscal year, and the creation of new Authorized Capital.

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; B.I.G. Social Media GmbH, Berlin, Germany; LeuTek GmbH, Leinfelden-Echterdingen, Germany; Omega Software GmbH, Obersulm, Germany; USU AG, Möglingen, Germany; USU Austria GmbH, Vienna, Austria; USU (Schweiz) AG, Zug, Switzerland; USU Software s.r.o., Brno, Czech Republic. USU Software AG also has shareholdings in Openshop Internet Software GmbH, Möglingen, Germany, and USU Consulting GmbH, Sursee, Switzerland, which are no longer operational.



*The USU Software AG and its subsidiaries*

On January 5, 2017, USU Software AG acquired 100% of the shares in unitB technology GmbH, Berlin ("unitB technology"), an internationally oriented full-service agency for digital communications and IT.

Further information on the acquisition of unitB technology can be found in the *Change in Group organization* section of the notes to the consolidated financial statements in this 3-Month Report 2017.

On May 4, 2017, the Company acquired all of the shares in EASYTRUST SAS, La Garenne Colombes, France ("EASYTRUST"). With the acquisition of EASYTRUST, the USU Group is expanding its vertical integration within the field of IT management and its international presence on the important French market.

EASYTRUST is a highly specialized software provider for the automatic detection and analysis of hardware and software in complex infrastructures and the software license management of Oracle products. Further information on the acquisition of EASYTRUST can be found in the *Events after the reporting date* section of the Notes to the consolidated financial statements in this 3-Month Report 2017.

### 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<sup>®</sup>-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 digitalization of business processes with its intelligent solutions and expertise in the area of digital interaction. Standard software and consulting services are used to automate service workflows and actively provide knowledge for all communications channels and points of customer contact in sales, marketing and customer service. The portfolio in this area is rounded off by software for industrial big data and the service segment with system integration and individual applications.

More than 800 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 sales 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.

Taking into account the acquisitions of unitB technology and EASYTRUST, the Management Board is forecasting an increase in consolidated sales to between EUR 86 million and EUR 91 million in the current fiscal year, accompanied by an increase in adjusted earnings before interest and taxes (EBIT) to EUR 10-11.5 million. The current medium-term forecast to 2020 involves sales growth to EUR 140 million accompanied by an increase in adjusted EBIT to over EUR 20 million.

As the USU Group's IFRS consolidated earnings have been and continue to be influenced by various extraordinary items which 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.

## Research and development

In order to offer its customers innovative, tried and tested products and solutions based on state-of-the-art technology, the USU Group invested a total of EUR 3,031 thousand (Q1 2016: EUR 2,857 thousand) or 16.0% (Q1 2016: 16.8%) of consolidated sales in research and development (R&D) in the first three months of 2017.

With 168 employees working in research and development as of March 31, 2017 (March 31, 2016: 156), the USU Group systematically researches the use of new technologies, implements the latest customer-related developments and designs its own innovations in its ongoing drive to improve and expand the Group-wide product portfolio.

Activities in USU's Business Service Management segment focused on the completion of the new release version, Valuation 5.0, which is scheduled for mid-2017. In particular, it now has a significantly improved, user-centered interface for ergonomic, process-oriented work, as well as views with flexible configuration options for all IT data. The self-service functions have been integrated into Valuation in response to requests from numerous customers. In future, a dedicated module will bundle end-user requests across all platforms in a single channel. The field support application has also been expanded to include the end-user function for the mobile environment. In addition, the analytics tool Service Intelligence is now being marketed under the name Valuation Analytics in order to highlight its stronger links with the Valuation service management suite. Reflecting these changes, USU's Business Service Management segment has been rebranded as the Valuation segment.

In the Business Service Monitoring and Alarm Management segment, ZIS version 5.8.15 was released. Functional improvements to the monitoring software include the self-service cockpit module, individual role-specific and object-specific data queries, and new encryption options.

Version 4.2.1. of the Aspera software SmartTrack is now available in license management. New features include Microsoft license metrics, shareable table views and connectors, which allow device and software data to be imported from the Microsoft Active Directory. New versions for the Aspera solutions SAM Intelligence and License Control for SAP® Software have also been released.

In USU's KCenter segment, marketing for the new version of the knowledge database KnowledgeCenter 6.7 began in the period under review. One fundamental improvement relates to the provision of graphically modeled decision trees, which offer considerable benefits in the technical environment in particular. The Knowledge First application was also launched on the segment's foreign markets. Knowledge First is an intelligent, web-based self-service that supports customer requirements on a needs-oriented, mobile basis, 24 hours a day. Development work began on KnowledgeBot, USU's first step into the world of intelligent bots.

The activities of BIG Social Media focused on the publication of the BIG Bot Library, which allows the automation of dialogs in social media and messenger channels like Facebook Messenger and WhatsApp. The library contains ready-made, configurable programs, known as bots, for day-to-day dialogs such as customer satisfaction surveys. The system architecture was also enhanced with a view to introducing flexible microservices to the social media management solution BIG CONNECT.

USU has been conducting extensive research into new, innovative products and the development of complementary applications for existing solutions for a number of years. The prototype for an automatic ticket dispatcher was created in the period under review. This system, which is based on natural speech processing and self-learning algorithms, classifies incoming tickets automatically and allocates them to the right processing channels. The first version of a self-learning user activity monitoring system for Valuation was also developed. This application uses a user's input to determine their intention and generate suitable next activities or program functions.

USU has established a new segment, KATANA, in response to the steady growth in the portfolio for industrial big data, successful research and customer projects, and the substantial market potential throughout large parts of the industry. KATANA will support companies in their digital transformation by using intelligent procedures to analyze the huge volumes of data generated by sensors, machine logs, etc. in order to obtain valuable smart data. In the period under review, the first version of the graphical programming of data pipelines was completed and the test phase began. In future, this will allow customers to drag-and-drop to create complex evaluations that were previously restricted to data scientists. Last but not least, the segment is working on the efficient detection of outliers in data flows and is currently examining the filing of an application for a utility model.

## Economic report

### Overall economic development

According to information from the German Federal Statistical Office (Destatis)<sup>1</sup> published in mid-May 2017, the German economy remains on a growth path. Adjusted for inflation, seasonal and calendar effects, gross domestic product (GDP) for the first quarter of 2017 was 0.6% higher than in the previous quarter. Positive impetus was provided by investments in particular, but private and public consumer spending also increased slightly. External economic development picked up pace and proved to be a pillar of growth; according to Destatis, preliminary figures show that exports increased to a greater extent than imports. Economic growth in Germany also increased compared with the previous year. Adjusted for inflation, GDP rose by 2.9% (or 1.7% after adjustment for calendar effects).

According to a preliminary flash estimate by the Statistical Office of the European Union (Eurostat)<sup>2</sup>, the euro zone also enjoyed moderate quarter-on-quarter GDP growth of 0.5% in the first quarter of 2017. Compared with the same quarter of the previous year (Q1 2016), seasonally adjusted euro zone GDP increased by 1.7% in the first quarter of 2017.

### Sector development

According to surveys conducted by the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM)<sup>3</sup>, the German high-tech industry also enjoyed extremely positive development. Eight out of every ten companies (80 percent) expected to record higher sales in the first half of 2017 than in the same period of the previous year. Only nine percent expected business to be worse than one year previously. As a result, the BITKOM index amounted to 71 points compared with 66 points one year previously. "Within the digital industry, the signs are continuing to point towards growth. Above all else, rising sales also mean new jobs," commented BITKOM CEO Dr. Bernhard Rohleder. However, there are variations within the industry when it comes to the degree of confidence. A good eight out of every ten companies in the software and IT services sectors are forecasting sales growth (85 percent and 83 percent respectively), with only five percent and nine percent respectively forecasting a downturn in sales. Two-thirds of all IT hardware manufacturers are anticipating sales growth (65 percent), while one in every six companies in this IT segment (17 percent) expects sales to fall.

<sup>1</sup> cf. Destatis press release dated May 12, 2017 – 155/17, published at <https://www.destatis.de>

<sup>2</sup> cf. Eurostat press release dated May 3, 2017 – 76/2017, published at <http://ec.europa.eu/eurostat>

<sup>3</sup> cf. BITKOM press release dated January 25, 2017, published at <http://www.bitkom.de>

According to the information published by BITKOM, the digital transformation in particular is expected to have a positive impact on the business performance of IT companies. "The digital transformation represents both an opportunity and a challenge for the German economy. However, not all companies are on the same page yet: Around half still have no digital strategy," Rohleder warned.

## Business performance in the first three months of fiscal 2017

### Development of sales and costs

#### Consolidated sales

In the first quarter of 2017, USU Software AG increased its consolidated sales (IFRS) by 11.4% year-on-year to EUR 18,887 thousand (Q1 2016: EUR 16,957 thousand).

The main growth driver in the period under review was consulting sales, which rose by 19.5% year-on-year to EUR 10,877 thousand (Q1 2016: EUR 9,103 thousand). While sales from maintenance business also increased to EUR 5,120 thousand as a result of the higher level of SaaS income (Q1 2016: EUR 4,666 thousand), license sales declined by 14.3% year-on-year to EUR 2,634 thousand (Q1 2016: EUR 3,074 thousand). Other income, which primarily comprises sales of third-party hardware and software, totaled EUR 256 thousand (Q1 2016: EUR 114 thousand).

In regional terms, the sales growth resulted from domestic business in particular, which increased by 13.2% to EUR 13,861 thousand. At the same time, sales generated outside Germany rose by 6.6% year-on-year to EUR 5,026 thousand (Q1 2016: EUR 4,713 thousand).

#### Sales 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 and the knowledge management market. The Service Business segment comprises consulting services for IT projects, individual application development and, following the acquisition of unitB technology, digital strategy consulting, service and UX design and web portals, apps and intranets.

The Product Business segment contributed sales of EUR 13,879 thousand in the first quarter of 2017 (Q1 2016: EUR 13,448 thousand), up 3.2% on the previous year. In the same period, the USU Group increased consulting-related sales in the Service Business segment by 43.4% to EUR 4,983 thousand

(Q1 2016: EUR 3,474 thousand). In addition to organic growth, the acquisition of unitB technology GmbH in January 2017 contributed to this development in particular. Sales not allocated to the segments totaled EUR 25 thousand in the period under review (Q1 2016: EUR 35 thousand).

### Operating costs

The operating cost base of the USU Group increased by 19.0% year-on-year to EUR 18,535 thousand in the first quarter of 2017 (Q1 2016: EUR 15,576 thousand). This reflects the higher level of targeted investment in marketing and sales outside Germany with a view to achieving a sustainable expansion in USU's foreign business, as well as the first-time recognition of the costs of unitB technology, which was acquired in early 2017, in the USU Group's cost base. The higher level of cost was also attributable to increased staff costs as a result of the strategic expansion in the Group's workforce in order to successfully achieve the medium-term growth target to 2020.

The cost of sales was up by 21.0% as against the previous year at EUR 9,261 thousand in the period under review (Q1 2016: EUR 7,651 thousand). Among other things, this reflects the expansion of the consultant team by 20.8% year-on-year to 279 employees as of March 31, 2017 (March 31, 2016: 231). The cost of sales as a proportion of consolidated sales also increased from 45.1% in the first quarter of 2016 to 49.0%. Gross income increased to EUR 9,626 thousand in the same period (Q1 2016: EUR 9,306 thousand). Accordingly, USU's gross margin rose from 48.8% in the first quarter of 2016 to 51.0% in the period under review.

In the first quarter of 2017, USU increased its marketing and sales expenses by 20.0% year-on-year to EUR 3,746 thousand in connection with the targeted intensification of its activities outside Germany (Q1 2016: EUR 3,122 thousand). Marketing and sales expenses as a proportion of consolidated sales therefore increased from 18.4% in the previous year to 19.8% in the period under review.

Among other things, the legal advisory and due diligence costs of EUR 163 thousand incurred in connection with the acquisition of unitB technology resulted in an increase in general administrative expenses of 28.3% year-on-year to EUR 2,497 thousand in the first quarter of 2017 (Q1 2016: EUR 1,946 thousand).

The ratio of administrative expenses to consolidated sales increased to 13.2% (Q1 2016: 11.5%).

Research and development expenses increased by 6.1% year-on-year to EUR 3,031 thousand in the period under review (Q1 2016: EUR 2,857 thousand); this was attributable to the expansion of the research and development team to 168 employees (Q1 2016: 156). By contrast, the substantial sales growth meant that the ratio of research and development expenses to consolidated sales decreased from 16.8% in the first quarter of 2016 to 16.0% in the first quarter of 2017. 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.

Net other operating income and expenses totaled EUR 99 thousand in the first three months of 2017 (Q1 2016: EUR -38 thousand).

### Results of operations

The USU Group's targeted investment in further growth outside Germany had an impact on earnings development in the first quarter of 2017 compared with the same period of the previous year. Accordingly, earnings before interest, taxes, depreciation and amortization (EBITDA) halved year-on-year to EUR 796 thousand (Q1 2016: EUR 1,654 thousand). Adjusted for depreciation and amortization of EUR 657 thousand (Q1 2016: EUR 645 thousand), USU generated earnings before interest and taxes (EBIT) of EUR 139 thousand in the same period (Q1 2016: EUR 1,009 thousand). Net financial income amounted to EUR -38 thousand in the first quarter of 2017 (Q1 2016: EUR -67 thousand). Taking into account the income tax expense of EUR -216 thousand (Q1 2016: EUR -60 thousand), consolidated net profit declined from EUR 882 thousand in the first quarter of 2016 to EUR -115 thousand in Q1 2017. Accordingly, earnings per share amounted to EUR -0.01 (Q1 2016: EUR 0.08).

### 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.

<b>Adjusted consolidated net profit</b> <i>EUR thousand</i>	<b>Jan. 1, 2017 - March. 31, 2017</b>	<b>Jan. 1, 2016 - March. 31, 2016</b>
<b>Profit from ordinary activities (EBIT)</b>	<b>139</b>	<b>1,009</b>
Amortization of intangible assets recognized in with company acquisitions	312	334
Amortization of goodwill	0	0
Non-recurring effects relating to acquisitions	238	25
- from stay bonus for BIG GmbH / unitB technology GmbH	75	25
- from Consulting fees for acquisition of unitB technology	140	0
- from purchase price adjustments	0	0
- from incidental acquisition costs	23	0
<b>Adjusted EBIT</b>	<b>689</b>	<b>1,368</b>
Finance income (as per consolidated income statement)	7	45
Finance costs (as per consolidated income statement)	-45	-112
Income taxes (as per consolidated income statement)	-216	-60
Tax effects relating to adjustments	-32	-11
- from amortization	-32	-11
<b>Adjusted consolidated net profit</b>	<b>403</b>	<b>1,230</b>
<b>Adjusted earnings per share (in EUR):</b>	<b>0.04</b>	<b>0.12</b>
Weighted average shares outstanding:		
Basic and diluted	10,523,770	10,523,770

The increased level of investment outside Germany meant that adjusted EBIT declined by 49.6% year-on-year to EUR 689 thousand in the first quarter of 2017 (Q1 2016: EUR 1,368 thousand). At the same time, adjusted consolidated net profit fell by 67.2% compared with the first three months of 2016 to EUR 403 thousand (Q1 2016: EUR 1,230 thousand). Adjusted earnings per share declined from EUR 0.12 in the previous year to EUR 0.04 in the period under review.

## Net assets and financial position

On the asset side of the statement of financial position, the USU Group's non-current assets increased to EUR 50,525 thousand as of March 31, 2017 following the acquisition of unitB technology GmbH (December 31, 2016: EUR 47,608 thousand). Based on the preliminary purchase price allocation for unitB technology GmbH, intangible assets increased from EUR 5,428 thousand as of December 31, 2016 to EUR 6,783 thousand as of March 31, 2017, while goodwill increased to EUR 37,122 thousand as of the reporting date (December 31, 2016: EUR 35,575 thousand). In the same period, current assets rose from EUR 44,297 thousand as of December 31, 2016 to EUR 45,823 thousand, largely as a result of the increase in Group liquidity, while trade receivables declined

significantly. Cash and cash equivalents (cash on hand and bank balances plus securities) rose to EUR 27,297 thousand as of March 31, 2017 (December 31, 2016: EUR 23,180 thousand), while trade receivables decreased from EUR 14,190 thousand as of December 31, 2016 to EUR 10,811 thousand as of March 31, 2017.

On the equity and liabilities side of the statement of financial position, debt in the form of the USU Group's current and non-current liabilities increased to EUR 32,812 thousand as of March 31, 2017 (December 31, 2016: EUR 28,282 thousand), mainly as a result of higher deferred income for maintenance agreements invoiced at the start of the year for which the services will be rendered and the sales recognized later in the year. Purchase price liabilities for the acquisition of unitB technology GmbH in the amount of EUR 1,463 thousand as of March 31, 2017 (December 31, 2016: EUR 0) also contributed to this increase. At the same time, the USU Group's equity remained essentially unchanged at EUR 63,536 thousand as of March 31, 2017 (December 31, 2016: EUR 63,623 thousand). With total assets of EUR 96,348 thousand (December 31, 2016: EUR 91,905 thousand), the equity ratio was 65.9% as at March 31, 2017 (December 31, 2016: 69.2%).

### Cash flows and capital expenditure

The USU Group had total cash and cash equivalents of EUR 24,283 thousand as of March 31, 2017 (Q1 2016: EUR 23,439 thousand). This represents a year-on-year increase of EUR 844 thousand or 3.6%.

In the first quarter of 2017, the USU Group's net cash from operating activities increased by 60.6% year-on-year to EUR 6,310 thousand (2016: EUR 3,929 thousand). This was primarily due to isolated changes in working capital, such as the reduction in trade receivables.

Net cash used in investing activities of EUR -2,167 thousand (2016: EUR -467 thousand) primarily reflects the acquisition of unitB technology and therefore contains the item "Acquisition of subsidiaries less cash and cash equivalents acquired" in the amount of EUR -1,874 thousand (Q1 2016: EUR 0). Investments in property, plant and equipment and intangible assets totaled EUR -293 thousand (Q1 2016: EUR -491 thousand).

As in the previous year, there were no changes in cash flow from financing activities in the first quarter of 2017.

### Orders on hand

At the end of the first quarter of 2017, the USU Group's orders on hand were essentially unchanged year-on-year at EUR 42,775 thousand (March 31, 2016: EUR 42,973 thousand).

Orders on hand increased by 8.2% as against the end of the previous year (December 31, 2016: EUR 39,534 thousand).

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

## Employees

The USU Group expanded its workforce by 18.4% year-on-year to 604 employees as of March 31, 2017 (March 31, 2016: 510 employees). In addition to organic growth, this development was driven by the acquisition of unitB technology, which had a total of 40 employees as of March 31, 2017. Broken down by functional unit, USU employed a total of 279 people in consulting and services as of the end of the first quarter of 2017 (March 31, 2016: 231), 168 in research and development (March 31, 2016: 156), 85 in sales and marketing (March 31, 2016: 65) and 72 in administration (March 31, 2016: 58). Broken down by segment, USU had 435 (March 31, 2016: 391) employees in the Product Business segment, 97 (March 31, 2016: 63) in the Service Business segment, and 72 (March 31, 2016: 58) in USU Group central functions.

## Events after the reporting date

With regard to significant events after the reporting date March 31, 2017, please refer to the information on the acquisition of the shares of EASYTRUST SAS, La Garenne Colombes, France, in the notes to the consolidated financial statements in this 3-Month Report 2017.

## Forecast, opportunity and risk report

### Forecast

#### *General economy*

According to a survey by the Joint Economic Forecast Project Group<sup>4</sup> conducted with the participation of the leading German economic research institutes, the German economy is enjoying a moderate upturn for the fifth successive year. However, economic momentum remains low compared with previous upswing

<sup>4</sup> cf. Joint Economic Forecast Spring 2017, dated April 12, 2017

phases as the main growth driver is consumer spending, which is less susceptible to fluctuation. According to the joint economic forecast prepared by the institutes, corporate investment activity remains muted. Gross domestic product (GDP) is expected to increase by 1.5% in the current fiscal year followed by 1.9% in 2016.

According to the joint economic forecast, the global economy will record growth in overall economic output of 3.0% this year after 2.6% in the previous year. The increase compared with the previous year is attributable to economic development in the developed nations and the emerging economies in roughly equal measure.

### *Sector*

According to forecasts by the industry association BITKOM<sup>5</sup>, growth in the German high-tech sector is expected to be boosted by the digitization of industry in the current year. Accordingly, BITKOM is forecasting growth in the German IT market of 2.7% to EUR 86.0 billion in 2017 (2016: EUR 83.7 billion). This development is set to benefit software providers in particular, with BITKOM forecasting growth of 6.3% to EUR 23 billion in this segment (2016: EUR 21.6 billion). According to BITKOM, the key technological trends include cloud computing, the Internet of Things, Industry 4.0, big data, digital platforms and mobile computing. In terms of the global IT market, the Worldwide IT Spending Forecast Update<sup>6</sup> published by the market research company Gartner on April 10, 2017, forecasts a year-on-year increase in global IT expenditure of 1.4% to USD 3.5 trillion in 2017. The key growth areas are expected to be corporate software and IT services, with forecast growth of 5.5% to EUR 351 billion (2016: EUR 332 billion) and 2.3% to EUR 917 billion (2016: EUR 897 billion) respectively.

### *Outlook*

The Management Board expects the growth trend recorded by USU Software AG in recent years to continue successfully in the 2017 fiscal year as a whole. Impetus from the core market of Germany will be accompanied by further growth in product business outside Germany. Outside Germany, the growth path will be shaped by the continued penetration of the US market and the expansion of activities in Central Europe, particularly in the Group's license business. The investments in marketing and sales outside Germany that were made in late 2016 and that are ongoing will start to have a positive impact from the second

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<sup>5</sup> cf. BITKOM press releases dated January 25, 2017, and February 16, 2017, published at [www.bitkom.de](http://www.bitkom.de)

<sup>6</sup> cf. Gartner press release dated April 10, 2017, published at [www.gartner.com](http://www.gartner.com)

half of 2017. In addition, the French company EASYTRUST, which was acquired at the start of May 2017, will make an inorganic growth contribution to consolidated sales. At the same time, the expansion in product business, from which the USU Group generates license, maintenance and product-related consulting income, is expected to have a positive impact on results thanks to increased license income in particular.. Service business, in which USU generates consulting sales from individual projects that are not dependent on specific products, is also expected to continue to grow. With a view to the current outlook and taking the EASYTRUST acquisition into account, the Management Board is raising its sales forecast for the USU Group for the 2017 fiscal year by EUR 3 million. Due to planned investments in EASYTRUST products, the Management Board does not expect EASYTRUST to make a contribution to earnings in 2017. Accordingly, the new forecast for the 2017 fiscal year involves an increase in consolidated sales to between EUR 86 million and EUR 91 million in fiscal 2017, accompanied by a rise in adjusted EBIT to EUR 10-11.5 million. At the same time, the Management Board is confirming its medium-term forecast for the USU Group to 2020, with forecast sales growth to EUR 140 million accompanied by an increase in adjusted EBIT to over EUR 20 million. Strategic planning focuses on the three established growth pillars of the USU Group: increased internationalization, the development and launch of new product innovations, and inorganic growth through acquisitions.

Based on the above assumptions, the Management Board is planning to enable the shareholders of USU Software AG to participate substantially in the Company's operating success again in 2017 as in the previous years, thereby continuing the shareholder-friendly dividend policy in the interests of sustained continuity.

## Report on risks and opportunities

There have been no changes in the risks and opportunities affecting USU Software AG or the Group as a whole since December 31, 2016. For more information please see the report on risks and opportunities in the 2016 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.

The stock markets enjoyed extremely positive development in the first quarter of the 2017 fiscal year, reaching new record highs in some cases. The Technology

All Share closed at 2,373.25 points on the XETRA electronic trading platform on March 31, 2017, up 12.9% on the end of the previous quarter (December 31, 2016: 2,102.78 points) and only marginally below the temporary all-time high of 2,373.33 points it has since achieved. In the same period, the DAX increased by 7.2% to 12,312.87 points in XETRA trading (December 31, 2016: 11,481.06 points), reaching a temporary all-time high of 12,313.29 points on the last trading day of the quarter on March 31, 2017. USU Software AG's share price also continued to rise during the first quarter of 2017, briefly reaching a new ten-year high of EUR 23.35 in XETRA trading (January 24, 2017) before ultimately closing the quarter at EUR 21.30 on March 31, 2017 (December 31, 2016: EUR 20.20); this corresponds to positive quarter-on-quarter price performance of 5.4%.

Compared with one year previously, USU's share price increased by 26.4% (March 31, 2016: EUR 16.85), while the DAX rose by 23.6% (March 31, 2016: EUR 9,965.51 points) and the Technology All Share gained 25.4% (March 31, 2016: 1,892.76 points).

Möglingen, May 24, 2017

USU Software AG

Bernhard Oberschmidt  
Chairman of the Management  
Board

Bernhard Böhler  
Management Board

Dr. Benjamin Strehl  
Management Board

<b>ASSETS</b> <i>in TEUR</i>	<b>3-month report</b> <b>March 31, 2017</b>	<b>Annual report</b> <b>Dec. 31, 2016</b>
<b>Non-current assets</b>		
Intangible assets	6,783	5,428
Goodwill	37,122	35,575
Property, plant and equipment	2,149	2,134
Deferred tax assets	3,790	3,790
Other assets	681	681
<b>Non-current assets</b>	<b>50,525</b>	<b>47,608</b>
<b>Current assets</b>		
Inventories	642	529
Unbilled work in progress	2,477	3,862
Trade receivables	10,811	14,190
Income tax receivables	405	561
Other financial assets	2,249	260
Other assets	501	698
Prepaid expenses	1,441	1,017
Securities	3,014	3,014
Cash on hand and bank balances	24,283	20,166
<b>Current assets</b>	<b>45,823</b>	<b>44,297</b>
<b>Total assets</b>	<b>96,348</b>	<b>91,905</b>

<b>EQUITY AND LIABILITIES</b> <i>EUR thousand</i>	<b>3-month report</b> <b>March 31, 2017</b>	<b>Annual report</b> <b>Dec. 31, 2016</b>
<b>Equity</b>		
Issued capital	10,524	10,524
Capital reserves	52,792	52,792
Legal reserve	574	574
Other comprehensive income	-116	-144
Net accumulated losses	-238	-123
<b>Equity</b>	<b>63,536</b>	<b>63,623</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	475	0
Pension provisions	2,286	2,266
<b>Non-current liabilities</b>	<b>2,761</b>	<b>2,266</b>
<b>Current liabilities</b>		
Income tax liabilities	518	529
Purchase price liabilities	1,463	0
Personnel-related provisions and liabilities	4,954	6,208
Other provisions and liabilities	1,473	2,155
Liabilities from advance payments	6,601	9,287
Trade payables	2,039	1,850
Deferred income	13,003	5,987
<b>Current liabilities</b>	<b>30,051</b>	<b>26,016</b>
<b>Total equity and liabilities</b>	<b>96,348</b>	<b>89,186</b>

<b>CONSOLIDATED INCOME</b> <i>EUR thousand</i>	<b>Quarterly Report</b> <b>I / 2017</b> Jan 1, 2017 - March 31, 2017	<b>Quarterly Report</b> <b>I / 2016</b> Jan 1, 2016 - March 31, 2016	<b>3-month</b> <b>report</b> Jan 1, 2017 - March 31, 2017	<b>3-month</b> <b>report</b> Jan 1, 2016 - March 31, 2016
Revenue	18,887	16,957	18,887	16,957
Cost of sales	-9,261	-7,651	-9,261	-7,651
Gross profit	9,626	9,306	9,626	9,306
Selling and marketing expenses	-3,746	-3,122	-3,746	-3,122
General and administrative	-2,497	-1,946	-2,497	-1,946
Research and development	-3,031	-2,857	-3,031	-2,857
Other operating income	229	139	229	139
Other operating expenses	-130	-177	-130	-177
Amortization of intangible assets	-312	-334	-312	-334
Profit from ordinary activities (EBIT)	139	1,009	139	1,009
Finance income	7	45	7	45
Finance costs	-45	-112	-45	-112
Earnings before taxes (EBT)	101	942	101	942
Income taxes	-216	-60	-216	-60
Net profit	-115	882	-115	882
Earnings per share (EUR) on the basis of the share of earnings of shareholders of USU Software AG:				
Basic and diluted	-0.01	0.08	-0.01	0.08
Weighted average shares outstanding: Basic and diluted	10,523,770	10,523,770	10,523,770	10,523,770

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Quarterly report 1 / 2017 Jan 1, 2017 - March 31, 2017</b>	<b>Quarterly report 1 / 2016 Jan 1, 2016 - March 31,2016</b>	<b>3-month report Jan 1, 2017 - March 31, 2017</b>	<b>3-month report Jan 1, 2016 - March 31,2016</b>
<b>Consolidated net profit</b>	<b>-115</b>	<b>882</b>	<b>-115</b>	<b>882</b>
Available-for-sale financial assets (securities)				
- Changes in fair value recognized in equity	0	0	0	0
- Reclassified to profit or loss	0	0	0	0
Deferred taxes on available-for-sale financial assets (securities)	0	0	0	0
Currency translation difference	28	71	28	71
<b>Other comprehensive income after taxes</b>	<b>28</b>	<b>71</b>	<b>28</b>	<b>71</b>
<b>Total comprehensive income</b>	<b>-87</b>	<b>953</b>	<b>-87</b>	<b>953</b>

Consolidated Statement of Cash Flows	3-month report 2017	3-month report 2016
	Jan. 1, - March 31, 2017	Jan. 1, - March 31, 2016
<i>EUR thousand</i>		
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>		
Earnings before taxes (EBT)	101	942
<b>Adjustments for:</b>		
Finance income/finance costs	38	67
Depreciation and amortization	657	644
Income taxes paid	-248	-249
Income taxes refunded	238	98
Interest paid	-2	-1
Interest received	7	44
Other non-cash income and expenses	-25	111
<b>Change in working capital:</b>		
Inventories	-113	-64
Unbilled work in progress	1,478	-953
Trade receivables	4,642	1,228
Prepaid expenses and other assets	-2,130	654
Trade payables	-12	-137
Personnel-related provisions and liabilities and pension provisions	-1,492	-2,519
Other provisions and liabilities	3,171	4,064
<b>Net cash flows from operating activities</b>	<b>6,310</b>	<b>3,929</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Acquisition of subsidiaries less cash and cash equivalents acquired	-1,874	0
Purchase of property, plant and equipment	-251	-434
Purchase of other intangible assets	-42	-57
Repayment of short-term loans	0	0
Proceeds from sales of non-current assets	0	24
Investments in securities	0	0
<b>Net cash flows used in investing activities</b>	<b>-2,167</b>	<b>-467</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>		
Dividend payment	0	0
Repayment of purchase price liabilities in connection with the acquisition of subsidiaries	0	0
<b>Net cash flows used in financing activities</b>	<b>0</b>	<b>0</b>
<b>Net effect of currency translation on cash and cash equivalents</b>	<b>-26</b>	<b>-118</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,117</b>	<b>3,344</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>20,166</b>	<b>20,095</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>24,283</b>	<b>23,439</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)



Changes in consolidated equity	Subscribed capital		Capital re-serves EUR thousand	Legal reserve EUR thousand	Net accu-mu-EUR thousand	Other comprehensive		Total EUR thousand
	Shares Number	EUR thousand				Currency translation EUR thousand	Fair value of securities EUR thousand	
Consolidated equity as of January 1, 2016	10,523,770	10,524	52,792	574	-3,025	-74	0	60,791
Consolidated net profit					882			882
Other comprehensive income								
after taxes						71		71
<b>Total comprehensive</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>882</b>	<b>71</b>	<b>0</b>	<b>953</b>
Dividend payment					0			0
Consolidated equity as of March 31, 2016	10,523,770	10,524	52,792	574	-2,143	-3	0	61,744
Consolidated equity as of January 1, 2017	10,523,770	10,524	52,792	574	-123	-144	0	63,623
Consolidated net profit					-41			-41
Other comprehensive income								
after taxes						27		27
<b>Total comprehensive</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-41</b>	<b>27</b>	<b>0</b>	<b>-14</b>
Dividend payment					0			0
Consolidated equity as of March 31, 2017	10,523,770	10,524	52,792	574	-164	-117	0	63,609

## **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, 2016. This unaudited three-month report for 2017 should therefore be read in conjunction with the audited consolidated financial statements for 2016.

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.

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## **Change in Group organization**

On January 5, 2017, USU Software AG acquired 100% of the shares in unitB technology GmbH, Berlin ("unitB technology"), an internationally oriented full-service agency for digital communications and IT, and included this company in consolidation for the first time.

With its 35 employees, unitB technology generated sales of EUR 4.0 million and an operating earnings margin of 10% in 2016. unitB technology's portfolio ranges from digital strategic consulting and service and UX design through to the realization of complex web portals, apps and intranets. Its particular strength lies in the systematic combination of strategy, creativity and IT technology. By establishing state-of-the-art digital solutions, unitB technology is laying the foundations for effective, customer-centered online communications and the optimization of its customers' digital transformation processes. Major companies from the banking, insurance and healthcare sectors in particular, including the Volksbanken and Raiffeisenbanken, direct line, FIDUCIA & GAD IT and Bayer, are already employing unitB technology's solutions with success. Thanks to unitB technology's digital consulting and UX expertise and state-of-the-art technical solutions, the acquisition adds important key components to USU's product and service range. unitB technology is allocated to USU's Service Business segment.

The cash purchase price includes a fixed and a variable component and will amount to between EUR 4,203 thousand (basic purchase price) and EUR 4,703 thousand depending on future performance. The variable component of up to EUR 500 thousand is based on the EBIT of unitB technology GmbH for the 2016, 2017 and 2018 fiscal years (earn-out). Incentives for the management of unitB technology GmbH not forming part of the purchase price in accordance with IFRS 3 have also been agreed and could result in cash outflows of up to EUR 400 thousand.

Based on its forecasts, USU Software AG expects to pay the full purchase price of EUR 4,703 thousand EUR 4,703 thousand, of which EUR 3,254 thousand was already due for payment at the start of January 2017. The outstanding purchase price liabilities are due for payment by the end of March 2019 depending, among other things, on the EBIT generated in the 2016, 2017 and 2018 fiscal years.

For time reasons, it was not possible to perform final purchase price allocation for this acquisition; this will be completed in the course of 2017. The preliminary difference between the purchase price and the preliminary fair values of the assets and liabilities identified to date amounts to EUR 1,547 thousand and is recognized as goodwill. The following table provides an overview of the preliminary goodwill as calculated:

<i>in EUR thousand</i>	<b>Previous IFRS carrying amounts</b>	<b>Fair Values</b>
Intangible assets	2	1,680
Property, plant and equipment	55	55
Work in progress	92	92
Trade receivables	1,263	1,263
Other assets	65	65
Cash and cash equivalents	1,380	1,380
Prepaid expenses	21	21
Provisions	-354	-354
Liabilities from advance payments on account of orders	-189	-189
Trade payables	-201	-201
Other liabilities	-98	-98
Deferred income	-92	-92
Deferred tax liabilities	0	-506
	<b>1,943</b>	<b>3,115</b>
Goodwill		1,547
<b>Purchase price (present value)</b>		<b>4,662</b>

The present value of the purchase price liability recognized at the acquisition date is EUR 1,408 thousand. EUR 1,850 thousand was transferred to the notary trust account at the acquisition date. This included management incentives in the amount of EUR 400 thousand.

Goodwill primarily relates to the skills and technical ability of unitB technology's workforce and the expected synergies from the integration of the company into the Group's existing business. The goodwill recognized is not tax-deductible.

The additional preliminarily identified, non-tax-deductible intangible assets in the amount of EUR 1,678 thousand identified in the course of preliminary purchase price allocation are broken down as follows:

EUR thousand    Estimated

		economic life (years)
Customer relationships	1,265	6
Advantageous contract	351	4
Orders on hand	62	0.5
	1,678	

The valuation method used to determine the fair value of the intangible asset "Customer relationships" was the

multi-period excess earnings method. This takes into account the present value of the expected net cash flows generated by the customer relationships with the exception of all cash flows relating to contributory assets.

Legal advisory and due diligence costs of EUR 248 thousand were incurred in connection with the acquisition of unitB technology, of which EUR 85 thousand were expensed and paid in the previous year. The costs are reported in administrative expenses.

## Financial instruments

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

<i>EUR thousand</i>	March 31, 2017		Dec. 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Work in progress	2,477	2,477	3,862	3,862
Trade receivables	10,811	10,811	14,190	14,190
Other current financial assets	2,249	2,249	260	260
Securities held as current assets	3,014	3,014	3,014	3,014
Cash on hand and bank balances	24,283	24,283	20,166	20,166
	<b>42,834</b>	<b>42,834</b>	<b>41,492</b>	<b>41,492</b>

<i>EUR thousand</i>	March 31, 2017		Dec. 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade payables	2,039	2,039	1,850	1,850
Liabilities from advance payments	6,601	6,601	9,287	9,287
Purchase price liabilities	1,463	1,463	0	0
	<b>10,103</b>	<b>10,103</b>	<b>11,137</b>	<b>11,137</b>

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 with the exception of the purchase price liabilities (level 3).

## Revenue

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

	Jan. 1 – March 31, 2017 EUR thousand	Jan. 1 – March 31, 2016 EUR thousand
<b>Consulting</b>	10,877	9,103
<b>Licenses/products</b>	2,634	3,074
<b>Maintenance/SaaS</b>	5,120	4,666
<b>Other</b>	256	114
	<b>18,887</b>	<b>16,957</b>

## 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 - March 31, 2017	Jan. 1 - March 31, 2016	Jan. 1 - March 31, 2017	Jan. 1 - March 31, 2016	Jan. 1 - March 31, 2017	Jan. 1 - March 31, 2016	Jan. 1 - March 31, 2017	Jan. 1 - March 31, 2016	Jan. 1 - March 31, 2017	Jan. 1 - March 31, 2016
	EUR thousand									
<b>Revenue</b>	<b>13,879</b>	<b>13,448</b>	<b>4,983</b>	<b>3,474</b>	<b>18,862</b>	<b>16,922</b>	<b>25</b>	<b>35</b>	<b>18,887</b>	<b>16,957</b>
<b>EBITDA</b>	<b>1,517</b>	<b>2,116</b>	<b>833</b>	<b>414</b>	<b>2,350</b>	<b>2,530</b>	<b>-1,554</b>	<b>-876</b>	<b>796</b>	<b>1,654</b>
<b>EBIT</b>	<b>1,057</b>	<b>1,566</b>	<b>667</b>	<b>364</b>	<b>1,724</b>	<b>1,930</b>	<b>-1,585</b>	<b>-921</b>	<b>139</b>	<b>1,009</b>
<b>Net finance</b>	-	-	-	-	-	-	<b>-38</b>	<b>-67</b>	<b>-38</b>	<b>-67</b>
<b>Taxes</b>	-	-	-	-	-	-	<b>-216</b>	<b>-60</b>	<b>-216</b>	<b>-60</b>
<b>Consolidated net</b>	<b>1,057</b>	<b>1,566</b>	<b>667</b>	<b>364</b>	<b>1,724</b>	<b>1,930</b>	<b>-1,839</b>	<b>-1,048</b>	<b>-115</b>	<b>882</b>
<b>No. of employees</b>	<b>435</b>	<b>391</b>	<b>97</b>	<b>61</b>	<b>532</b>	<b>452</b>	<b>72</b>	<b>58</b>	<b>604</b>	<b>510</b>

The USU Group generated a total of 26.6% (Q1/2016: 27.8%) or EUR 5,026 thousand (Q1/2016: EUR 4,713 thousand) of its consolidated revenue outside Germany in the first three months of the 2017 fiscal year. This data is 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

On May 4, 2017, the Company acquired all of the shares in EASYTRUST SAS, La Garenne Colombes, France ("EASYTRUST"). With the acquisition of EASYTRUST, the USU Group is expanding its vertical integration within the field of IT management and its international presence on the important French market. The purchase price is payable in cash and amounts to EUR 4.75 million.

EASYTRUST is a highly specialized software provider for the automatic detection and analysis of hardware and software in complex infrastructures. EASYTRUST's solutions ensure that current, complete and traceable information about an IT landscape is available at all times. It focuses on the detection of software and hardware in the environment of large-scale data centers. In addition, EASYTRUST FOR ORACLE offers automatic, manufacturer-verified measurement and optimization of Oracle products. This means that EASYTRUST delivers important license management data for the USU subsidiary Aspera, allowing it to reinforce its market position as the world's only one-stop, full-service provider for license management.

EASYTRUST was formed in 2010 and currently has 29 employees. Its high-profile customers include companies like YVES ROCHER, SAFRAN and CANAL+. In the 2016 fiscal year, EASYTRUST increased its sales by around 30% year-on-year to over EUR 4.0 million.

### 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 March 31, 2017:

Stock declarations by members of executive bodies	Shares	Shares
	March 31, 2017	March 31, 2016
<b>Management Board</b>		
Bernhard Oberschmidt	156,518	156,518
Bernhard Böhler	167,572	167,572
Dr. Benjamin Strehl	0	0
<b>Supervisory Board</b>		
Udo Strehl*	2,000,176	2,000,176
Erwin Staudt	100,000	100,000
Günter Daiss	85,500	85,500

\* An additional 3,337,868 (2016: 3,337,868) voting rights in USU Software AG are allocated to Udo Strehl, the majority shareholder of this company, through AUSUM GmbH in accordance with section 22(1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

A further 32,000 (2016: 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 22(1) sentence 1 no. 1 WpHG.

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 2016. For more information, please see the consolidated financial statements of USU Software AG for the fiscal year ended December 31, 2016.

Möglingen, May 24, 2017

USU Software AG

Bernhard Oberschmidt  
Chairman of the Management Board

Bernhard Böhler  
Management Board

Dr. Benjamin Strehl  
Management Board

July 4, 2017

Annual General Meeting, Ludwigsburg

August 30, 2017

Publication of six months' statement 2017

September 06, 2017

Analyst and investor  
conference at  
*7<sup>th</sup> ZKK (Zurich Capital Market Conference),  
Zurich, Switzerland*

September 08, - 10, 2017

13. IR-Fahrt 2017, Rüttbauer Research

November 23, 2017

Publication of nine months' statement 2017

November 27, - 29, 2017

Analyst and investor  
conference at  
*German Equity Forum 2017,  
Frankfurt / Main*