Half-Yearly Financial Report and Report on the Second Quarter of 2019

USU Software AG

Group key figures *in Thsd. EUR, except the earnings per share and number of employees*	**2019** **Jan.1 –June 30**	**2018** **Jan.1 –June 30**
REVENUES	**44,877**	**41,774**
ADJUSTED EBIT	**690**	**255**
ADJUSTED NET RESULT	**-314**	**-360**
ADJUSTED EARNINGS PER SHARE (EUR)	**-0.03**	**-0.03**
EBITDA	**2,420**	**947**
EBIT	**-1**	**-472**
NET RESULT	**-957**	**-678**
EARNINGS PER SHARE (EUR)	**-0.09**	**-0.06**
CASH-FLOW FROM ORDINARY OPERATIONS	**4,563**	**277**
NUMBER OF EMPLOYEES	**708**	**697**
	June 30, 2019	**Dec. 31, 2018**
CASH AND CASH EQUIVALENTS	**12,217**	**9,450**
SHAREHOLDERS EQUITY	**58,736**	**59,665**
BALANCE SHEET	**98,496**	**95,144**
EQUITY RATIO	**59.6%**	**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. +49.7141.4867-440
Fax +49.7141.4867-108
investor@usu-software.de

Dear Shareholders and Readers,

In the second quarter of 2019, USU successfully acquired and completed some of the orders in the USA that were postponed in the previous year. Following a prolonged phase of muted license sales, USU recorded substantial growth in both software license revenue and cloud revenue from SaaS business in the period under review. USU once again benefited from its growth pillar of *internationalization*. However, the *innovation* growth pillar also played a notable role as USU successfully marketed innovative new developments like LicenseControl for SAP, LicenseControl for Salesforce and LicenseControl for Oracle alongside its established portfolio. Extensive information on our research and development activities for the enhancement and development of our product portfolio can be found in the “Research and development” section of this quarterly report. Only USU’s third growth pillar, *acquisitions*, is currently unable to contribute to the Group’s growth as the asking prices for potential acquisition candidates are exorbitantly high in some cases, which is why we have not yet made any acquisitions in the year to date. However, we remain in discussions and negotiations, and are continuing to observe the market extremely closely. Despite the shortage of qualified staff in the IT sector, USU expanded its workforce once again in the second quarter of 2019. It now has more than 700 employees across the Group as a whole, thereby providing important foundations for its continued organic growth. The trade and customer event USU World also generated extremely positive momentum. Held from May 14-15, 2019, the number of specialists and managers in attendance exceeded 600 for the first time.

In light of the positive first half of the year and the record level of orders on hand, the Management Board is optimistic that the targets for the current fiscal year and 2021 will be achieved. This should also benefit USU’s shareholders in the form of a dividend distribution. This year’s Annual General Meeting resolved a dividend for 2018 at the prior-year level of EUR 0.40 per share. For the thirteenth year in succession, this meant that, in line with its dividend strategy, USU distributed a dividend that was not lower than in the previous year while also equating to around half of the profit generated. In addition to the dividend payment, the shareholders at the Annual General Meeting resolved the election of Gabriele Walker-Rudolf to the Supervisory Board of USU Software AG. The shareholders also voted to approve the actions of the Management Board and Supervisory Board for fiscal 2018 and to elect Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, as the auditor for fiscal 2019. Furthermore, the Annual General Meeting approved the profit and loss transfer agreement between USU Software AG and its Group subsidiary USU GmbH, which will mean that USU Software AG’s tax expense remains low. This agreement will come into effect when the resolution by the Annual General Meeting is entered in the commercial register. Accordingly, the tax expense disclosed in this report on the first six months of 2019 does not yet take into account the effects of the agreement, and a relatively low tax expense is anticipated for the year as a whole.

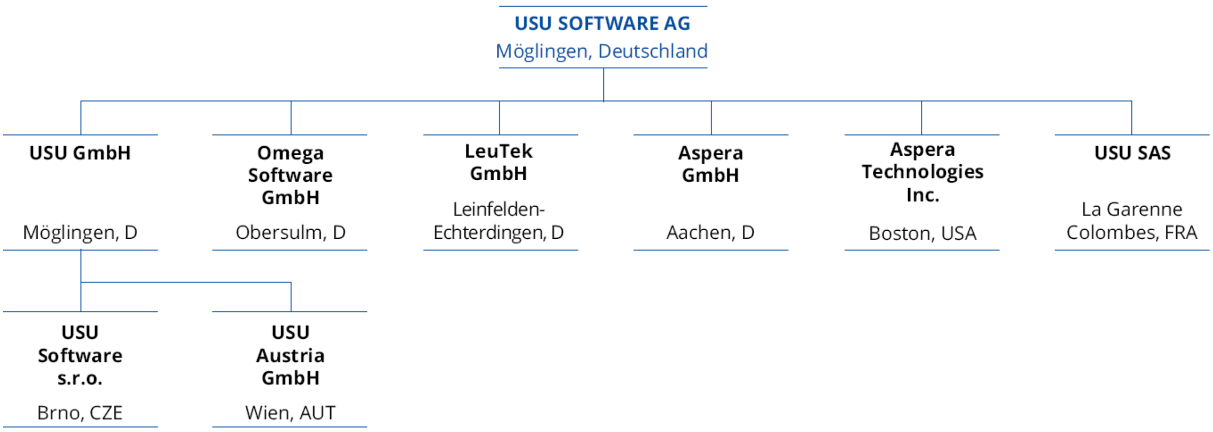
I would also like to highlight the fact that USU has won another award for its annual report. The League of American Communications Professionals (LACP) again recognized the USU Annual Report with the highest award, Platinum, in the “Software” category. Around 1,000 reports from 25 countries were submitted to LACP and judged according to various criteria. USU’s publication achieved 17th place among the top 100 reports in the world and seventh place among the top 50 reports from EMEA. LACP also recognized the creativity of the USU Annual Report with the Gold award for the “most creative report worldwide”. Another award was presented for the best letter to shareholders, which I am also taking as an incentive for our future reporting.

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 98 million and EUR 101 million in fiscal 2019 accompanied by an increase in adjusted EBIT to between EUR 7.5 million and EUR 10 million. The current medium-term forecast to 2021 anticipates growth in consolidated revenue to EUR 140 million (including around EUR 15 million from acquisitions) accompanied by an increase in adjusted EBIT to EUR 20 million. 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

In June 2019, Focus and Focus Money awarded USU Software AG the Deutschlandtest seal of quality as one of "Germany's most innovative companies". This reflects the importance of innovative products for the USU Group, which it considers to be a key driver of its long-term, sustainable success in the face of the challenges of digitization. Accordingly, the USU Group invested a total of EUR 7,691 thousand (Q1-Q2 2018: EUR 7,307 thousand) or 17.1% (Q1-Q2 2018: 17.5%) of consolidated revenue in research and development

(R&D) in the first six months of 2019. The total number of employees in this area was 206 as of June 30, 2019 (June 30, 2018: 196). The USU Group's R&D expenses do not typically meet the criteria for recognition and hence are not capitalized.

In the Valuemation division, development work continued on version 5.2 of the software suite of the same name. Significant improvements included the expansion of the shop function, the architecture, the integration of the Keycloak user management solution, and new functions for the chargeback manager. Docker containers were also realized. At the same time, the mobile version of Valuemation was developed further.

The experts from LeuTek provided a live demonstration of new developments in the areas of reporting and map display at the USU World customer event and subsequently continued to enhance these features. The new version of ZIS for business service monitoring includes the improved presentation of ZIS key indicators, an expansion of the ZIS agent, and a GUI designer filter. Work on the 64-bit conversion of the ZIS client was also completed.

Aspera's R&D team completed the new versions of the license management software SmartTrack and LicenseControl for SAP in the period under review. New features for SmartTrack include deep links, which can also be created for compliance results, and dashboard import and export. In addition, a new algorithm improves the search function for the most suitable license for updates. New features for the license optimization application for SAP include functional enhancements as well as performance improvements in the area of simulation.

Development activity in the unymira division focused on the final tests for version 7 of the knowledge database Knowledge Center, which was subsequently released in late July 2019. The interface and task structure were comprehensively revised in this version in order to support real contact center workflows. The knowledge database adapts flexibly to different scenarios and tasks. The application also has new reporting functions and a Salesforce interface. In addition, the self-service solution KnowledgeFirst was revised in terms of its technical parameters (page speed, reports).

In the Katana division, the R&D team developed a scheduler for the time-controlled execution of machine learning jobs for the big data analytics solution KatanaGo. Log files from previously executed jobs can now also be downloaded using the interface. Improvements to the KatanaFlow application relate to the search function in the Explorer tree and keyboard shortcuts for easier operation.

In the area of research, the design phase for the "Service Master" project has now begun. The project involves a consortium of 13 partners headed by USU, including six application partners from industry. The aim is to develop an AI-based service platform for German SMEs. Applications have also been submitted for a further four research projects in the field of AI.

Economic report

Overall economic development

According to information from the German Federal Statistical Office (Destatis)[1] from August 14, 2019, German economic output weakened slightly in the second quarter of 2019. Adjusted for inflation, seasonal and calendar effects, German real gross domestic product (GDP) for the second quarter of 2019 was 0.1% lower than in the previous quarter. According to Destatis, domestic demand provided positive momentum compared with the previous quarter. Private consumer spending was higher than in the first quarter, while the government also increased its spending. Investment increased compared with the first quarter, although construction investment declined. Economic growth was curbed by external developments, with exports decreasing more sharply than imports compared with the previous quarter. According to Destatis, GDP stagnated compared with the same period of the previous year. Adjusted for calendar effects, GDP increased by 0.4% as the second quarter of 2019 had one fewer 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 enjoyed moderately positive quarter-on-quarter GDP growth of 0.2% in the second quarter of 2019. Seasonally adjusted euro area GDP increased by 1.1% as against Q2 2018 in the second quarter of 2019.

Sector development

According to surveys conducted by the German Federal Association for Information Technology, Telecommunications and New Media (BITKOM)[3] and the ifo Institute, sentiment among companies in the German high-tech industry remained positive in the second quarter of 2019. However, sentiment is coming under pressure as a result of the general economic slowdown. Accordingly, the Bitkom-ifo Digital Index, which reflects the business climate in the digital industry, fell by 3.1 points to 24.2 points in June 2019. The indicator for the business situation declined slightly by 1.6 points to 45.7 points. Expectations for the coming months saw a more pronounced downturn, with the indicator halving to 4.5 points. In a multi-year comparison, this represents the lowest figure since the financial crisis of 2009. All in all, the BITKOM figures therefore show the ITC industry moving in line with the economy as a whole, albeit at a higher level.

[1] cf. Destatis press release 299 dated August 14, 2019, published at https://www.destatis.de

[2] cf. eurostat press release 123/2019 dated July 31, 2019, published at http://ec.europa.eu/eurostat

[3] cf. BITKOM article “Bitkom-ifo Digital Index”, July 2019, published at http://www.bitkom.de

Business development in the second quarter of 2019

In the second quarter of 2019, USU Software AG increased its consolidated revenue (IFRS) by 10.3% year-on-year to EUR 22,902 thousand (Q2 2018: EUR 20,769 thousand). This was largely due to international business picking up again. Among other things, USU benefited from major orders in the USA that were originally planned for the previous year but that were only finally placed in the quarter under review. Accordingly, international revenue generated outside Germany increased by 39.8% year-on-year to EUR 7,395 thousand in the second quarter of 2019 (Q2 2018: EUR 5,290 thousand). This meant that the share of consolidated revenue attributable to international business amounted to 32.2% in the second quarter of 2019 (Q2 2018: 25.5%), thereby returning to above the target of 30%.

The revenue growth in the quarter under review was primarily attributable to the sale of software licenses and software-as-a-service (“SaaS”) solutions. License revenue enjoyed above-average growth of 49.9% year-on-year to EUR 3,233 thousand in the second quarter of 2019 (Q2 2018: EUR 2,157 thousand), while maintenance revenue including revenue from SaaS business rose by 24.4% to EUR 7,245 thousand (Q2 2018: EUR 5,825 thousand). By contrast, consulting income declined by 4.1% year-on-year to EUR 11,967 thousand (Q2 2018: EUR 12,485 thousand). Among other things, this was due to the muted license business in the previous quarters, which resulted in a lower level of consulting orders and weaker service business.

As forecast, the cost base of the USU Group increased to a lower extent than revenue, rising by just 5.9% year-on-year to EUR 22,771 thousand (Q2 2018: EUR 21,501 thousand). This meant that earnings improved considerably compared with the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased from EUR -145 thousand in the second quarter of 2018 to EUR 1,398 thousand in the quarter under review, while earnings before interest and taxes (EBIT) improved to EUR 182 thousand (Q2 2018: EUR -855 thousand). The USU Group’s net result (IFRS) rose from EUR -1,151 thousand in the same quarter of the previous year to EUR -321 thousand in the quarter under review. This corresponds to earnings per share of EUR -0.03 (Q2 2018: EUR -0.11). EBIT adjusted for the extraordinary effects of acquisitions (adjusted EBIT) also improved significantly year-on-year to EUR 528 thousand in the second quarter of 2019 (Q2 2018: EUR -497 thousand), while the adjusted net result increased from EUR -822 thousand in the previous year to EUR 1 thousand in the quarter under review. This corresponds to a break-even in terms of earnings per share at EUR 0.00 (Q2 2018: EUR -0.08).

Business development in the first six months of fiscal 2019

Development of revenue and costs

Consolidated revenue

In the first six months of fiscal 2019, USU Software AG increased its consolidated revenue (IFRS) by 7.4% year-on-year to EUR 44,877 thousand (Q1-Q2 2018: EUR 41,774 thousand). USU benefited from business in Germany, which rose by 8.5% to EUR 32,081 thousand (Q1-Q2 2018: EUR 29,570 thousand), as well as the recovery in international business, which grew by 4.9% to EUR 12,796 thousand (Q1-Q2 2018: EUR 12,204 thousand). Accordingly, international business accounted for 28.5% of consolidated revenue in the first half of 2019 (Q1-Q2 2018: 29.2%). While business in the USA grew substantially again, business in France failed to meet expectations.

Thanks to the successful conclusion of projects postponed from the previous year to the current fiscal year and additional customer orders in Germany and abroad, software license business increased by 25.7% year-on-year to EUR 6,235 thousand (Q1-Q2 2018: EUR 4,961 thousand). At the same time, maintenance and SaaS business increased to EUR 13,981 thousand (Q1-Q2 2018: EUR 11,698 thousand) as a result of higher SaaS revenue. This represents growth of 19.5% compared with the first half of 2018. By contrast, consulting business declined by 2.3% year-on-year to EUR 24,092 thousand in total in the first half of the year (Q1-Q2 2018: EUR 24,652 thousand); this was due to muted license business in the previous quarters and the resulting lower level of consulting projects, as well as slightly weaker service business. Other income, which essentially comprises sales of third-party hardware and software, amounted to EUR 569 thousand (Q1-Q2 2018: EUR 463 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, following the acquisition of unitB technology, digital strategy consulting, service and UX design and web portals, apps and intranets.

The Product Business segment contributed revenue of EUR 34,624 thousand in the first half of 2018 (Q1 2018: EUR 30,871 thousand), up 12.3% on the previous year. This was primarily due to the upturn in license and SaaS business. However, consulting revenue in the Service Business segment decreased by 6.5% to EUR 10,131 thousand in the same period (Q1-Q2 2018: EUR 10,837 thousand) due to lower utilization in some areas of consulting business, among other things.

Revenue not allocated to the segments amounted to EUR 122 thousand in the first six months of fiscal 2018 (Q1-Q2 2018: EUR 117 thousand).

Operating costs

The USU Group's operating cost base increased by 8.0% year-on-year to EUR 45,091 thousand (Q1-Q2 2018: EUR 41,750 thousand) in connection with the investments in workforce expansion for the successful realization of medium-term planning and the increased use of freelance employees with specialist expertise. At the same time, expenses increased due to the fact that the amortization of intangible assets recognized in connection with company acquisitions of EUR 691 thousand was allocated in accordance with International Financial Reporting Standards (IFRS) to the associated functional expenses (of which cost of sales: EUR 36 thousand, marketing and sales expenses: EUR 455 thousand, research and development expenses: EUR 195 thousand, general administrative expenses: EUR 5 thousand), resulting in a corresponding increase in these expenses compared with the previous year.

The cost of sales rose by 7.0% year-on-year to EUR 22,127 thousand in the period under review (Q1-Q2 2018: EUR 20,670 thousand). In addition to the amortization included in this figure, this was due in particular to the demand-driven increase in the use of freelance employees and partners in customer projects and the associated increase in fees. The cost of sales as a percentage of consolidated revenue decreased slightly, from 49.5% in the first six months of 2018 to 49.3% at the reporting date. Accordingly, gross income increased from EUR 21,104 thousand in the first six months of 2018 to EUR 22,750 thousand in the first half of 2019, while the gross margin rose to 50.7% (Q1-Q2 2018: 50.5%).

In the period under review, marketing and sales expenses increased by 7.5% year-on-year to EUR 9,520 thousand (Q1-Q2 2018: EUR 8,856 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. At the same time, marketing and sales expenses as a share of consolidated revenue remained unchanged at 21.2% (Q1-Q2 2018: 21.2%).

General administrative expenses increased by 17.0% compared with the first half of 2018 to EUR 5,753 thousand in the period under review (Q1-Q2 2018: EUR 4,917 thousand), particularly as a result of the necessary workforce expansion. The ratio of administrative expenses to consolidated revenue rose to 12.8% in the first six months of 2019 (Q1-Q2 2018: 11.8%).

Research and development expenses also increased by 5.3% year-on-year to EUR 7,691 thousand in the period under review (Q1-Q2 2018: EUR 7,307 thousand) as a result of the inclusion of amortization of intangible assets recognized in connection with company acquisitions in this item, as well as 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 17.1% (Q1-Q2 2018: 17.5%). USU is always investing in the development of its product portfolio and working continually 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, too, USU plans 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 its planned revenue growth.

Net other operating income and expenses totaled EUR 213 thousand in the first six months of 2019 (Q1-Q2 2018: EUR 235 thousand).

Results of operations

The expansion of high-margin software business meant that the USU Group achieved a significant improvement in earnings in the first half of fiscal 2019. Accordingly, EBITDA increased by 155.8% year-on-year to EUR 2,420 thousand (Q1-Q2 2018: EUR 946 thousand). However, EUR 1,068 thousand of this figure is due to the recognition of leases and rental agreements in accordance with the new IFRS 16. Adjusted for depreciation and amortization of EUR 2,421 thousand (Q1-Q2 2018: EUR 1,418 thousand), USU generated EBIT of EUR -1 thousand in the same period (Q1-Q2 2018: EUR -472 thousand).

Net finance costs amounted to EUR -48 thousand in the first half of 2019 (Q1-Q2 2018: EUR 58 thousand). Income taxes amounted to EUR -909 thousand in the first half of the year (Q1-Q2 2018: EUR -264 thousand). The significant increase in tax expense as against the previous year was primarily due to higher advance payments. However, the profit and loss transfer agreement between the company and its subsidiary USU GmbH, which was resolved at this year's Annual General Meeting on July 2, 2019 and hence only comes into force subsequently, is expected to lead to a relative reduction in tax expense for 2019 as a whole.

The high level of tax expense meant that the net result for the first half of the year was EUR -957 thousand (Q1-Q2 2018: EUR -678 thousand), corresponding to earnings per share of EUR -0.09 (Q1-Q2 2018: EUR -0.06).

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 *EUR thousand*	**Jan. 1, 2019 - June. 30, 2019**	**Jan. 1, 2018 - June. 30, 2018**
Profit from ordinary activities (EBIT)	**-1**	**-472**
Amortization of intangible assets recognized in with company acquisitions	691	717
Amortization of goodwill	0	0
Non-recurring effects relating to acquisitions	0	10
- from stay bonus for BIG GmbH / unitB technology GmbH	0	0
- from Consulting fees for acquisition of unitB technology	0	10
- from purchase price adjustments	0	0
- from incidental acquisition costs	0	0
Adjusted EBIT	**690**	**255**
Finance income (as per consolidated income statement)	0	121
Finance costs (as per consolidated income statement)	-47	-63
Income taxes (as per consolidated income statement)	-909	-264
Tax effects relating to adjustments	-48	-409
- from amortization	-48	-57
- from deferred taxes on tax loss carryforwards	0	-352
Adjusted consolidated net profit	**-314**	**-360**
Adjusted earnings per share (in EUR):	**-0.03**	**-0.03**
Weighted average shares outstanding:		
Basic and diluted	10,523,770	10,523,770

Adjusted earnings before interest and taxes (adjusted EBIT) increased by 170.6% year-on-year to EUR 690 thousand in the first half of 2019 as a result of the expansion of high-margin software business (Q1-Q2 2018: EUR 255 thousand). At the same time, USU improved its adjusted net result from EUR -360 thousand in the previous year to EUR -314 thousand in the first six months of fiscal 2019, with the relatively small improvement in earnings being attributable in particular to the higher level of tax expense. Adjusted earnings per share remained constant at EUR -0.03 (Q1-Q2 2018: EUR -0.03).

Net assets and financial position

On the asset side of the statement of financial position, the USU Group's non-current assets rose to EUR 60,859 thousand as of March 31, 2019 (December 31, 2018: EUR 57,246 thousand), as a result of the initial application of IFRS 16 and the associated recognition of right-of-use assets.

In the same period, current assets declined slightly from EUR 37,898 thousand as of December 31, 2018 to EUR 37,637 thousand, largely as a result of the reduction in trade receivables to EUR 12,568 thousand (December 31, 2018: EUR 19,443 thousand), while unbilled work in progress increased to EUR 9,013 thousand as of June 30, 2019 (December 31, 2018: EUR 4,526 thousand) and Group liquidity (cash on hand and bank balances including securities) rose to EUR 12,217 thousand (December 31, 2018: EUR 9,450 thousand).

On the equity and liabilities side of the statement of financial position, the equity of the USU Group fell from EUR 59,665 thousand as of December 31, 2018, to EUR 58,736 thousand as of June 30, 2019, as a result of the negative overall net result. At the same time, debt in the form of the USU Group's current and non-current liabilities rose to EUR 39,760 thousand as of June 30, 2019 (December 31, 2018: EUR 35,479 thousand). This increase resulted from higher deferred income from maintenance agreements invoiced at the start of the year for which the service will be rendered and the revenue recognized later in the year, as well as from the initial application of IFRS 16 and the associated first-time recognition of lease liabilities.

Based on total assets of EUR 98,496 thousand (December 31, 2018: EUR 95,144 thousand), the equity ratio amounted to 59.6% as of June 30, 2019 (December 31, 2018: 62.7%). This means the USU Group continues to enjoy extremely solid financing with extensive free liquidity and no liabilities to banks.

Cash flows and capital expenditure

The USU Group had cash and cash equivalents of EUR 12,217 thousand as of June 30, 2019 (June 30, 2018: EUR 12,601 thousand). This corresponds to a slight year-on-year reduction of EUR 384 thousand or 3.0%, partly as a result of the dividend distribution to USU's shareholders in the amount of EUR 4,209 thousand in the meantime. Accordingly, USU increased its Group liquidity by EUR 2,767 thousand or 29.3% compared with the figure of EUR 9,450 thousand as of December 31, 2018.

USU's net cash from operating activities climbed significantly from EUR 277 thousand in the first six months of 2018 to EUR 4,563 thousand in the period under review, mainly as a result of isolated changes in working capital.

Net cash used in investing activities of EUR -736 thousand (Q1-Q2 2018: EUR -436 thousand) primarily includes investments in property, plant and equipment and intangible assets.

Net cash used in financing activities of EUR -1,071 thousand (Q1-Q2 2018: EUR 0 thousand) resulted from the initial application of IFRS 16 and includes repayments of lease liabilities.

Orders on hand

As of the end of the second quarter of 2019, the USU Group's total orders on hand increased by 18.2% year-on-year to EUR 54,189 thousand (June 30, 2018: EUR 45,845 thousand), thereby reaching a new high in USU's history.

Orders on hand also increased by 10.2% 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 expanded its workforce by 11 employees or 1.6% year-on-year to 708 employees as of June 30, 2019 (June 30, 2018: 697). Broken down by functional unit, USU employed a total of 316 people in consulting and services as of the end of the second quarter of 2019 (June 30, 2018: 314), 206 in research and development (June 30, 2018: 196), 90 in sales and marketing (June 30, 2018: 98) and 96 in administration (June 30, 2018: 89). Broken down by segment, USU employed 503 (June 30, 2018: 497) people in the Product Business segment, 109 (June 30, 2018: 111) in the Service Business segment and 96 (June 30, 2018: 89) in USU Group central functions. USU therefore again expanded its Group workforce slightly in line with its medium-term planning despite the current shortage of qualified staff in the IT sector.

Supplementary report

The supplementary report can be found in the Condensed Notes to the consolidated financial statements for the First Six Months of 2019.

Forecast, opportunity and risk report

Forecast

General economy

According to the latest survey by the Joint Economic Forecast Project Group[4] dated April 4, 2019, and conducted with the participation of the leading German economic research institutes, the German economy has cooled markedly since mid-2018. The long-standing upturn has therefore apparently come to an end. According to the Joint Economic Forecast, this weaker momentum was triggered by the international environment as well as industry-specific events. Global economic conditions have deteriorated – partly as a result of political risks – and the manufacturing industry is struggling with production constraints. The Germany economy is now experiencing a slowdown in which the macroeconomic overutilization of capacity is declining.

The institutes are now anticipating economic growth of just 0.8% in 2019, more than one percentage point less than in fall 2018. However, the institutes currently consider the risk of a pronounced recession with negative rates of change in gross domestic product over several quarters to be low, providing that political risks do not escalate further. The institutes are confirming last fall's forecast for 2020, with gross domestic product set to grow by 1.8% in 2020.

According to the Joint Economic Forecast, the world economy will remain on an upward path, but the outlook is again less positive than in fall 2018. Based on the latest forecast, the institutes expect growth in macroeconomic production of just 2.7% this year instead of the 3.0% expected previously. According to the Joint Economic Forecast, the economy is being negatively affected in particular by the simmering trade conflicts between the USA 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. The United Kingdom's withdrawal from the European Union is also causing uncertainty. The institutes' global GDP growth forecast for 2020 is also 2.7%.

[4] cf. Joint Economic Forecast #1-2019 Spring 2019, April 4, 2019, published at www.gemeinschaftsdiagnose.de

Sector

The digital industry is bucking the general trend and will again record significant sales growth in 2019, although 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 Bitkom[5].

According to Bitkom's calculations, sales in the industry are set to increase by 2.0% to EUR 170.3 billion in 2019.

Growth in the Bitkom industry is being driven by the increasing 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. He also addressed a call 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. Deferring the necessary investments 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 and buts."

Growth in the Bitkom industry continues to be largely shaped by information technology. According to Bitkom's forecast, sales in the largest of the sub-markets are 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 in 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 2Q19" published by the market research company Gartner[6] on July 10, 2019, forecasts a year-on-year increase in IT expenditure of 0.6% to USD 3,740 billion in 2019. Although this is down slightly on its previous estimate, Gartner emphasizes the fact that IT expenditure will remain unchanged in 2019 in spite of the uncertainty resulting from rumors of a recession, Brexit, trade wars and tariffs. According to Gartner, the key global growth areas are also expected to be corporate software and IT services, with forecast growth of 9.0% to USD 457 billion and 3.8% to USD 1,031 billion respectively, largely as a result of the growing penetration and expansion of cloud solutions.

[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

For 2019 as a whole, the Management Board is again forecasting stronger growth in USU Software AG's revenue and, in particular, its operating earnings, thereby continuing the long-term growth trend in adjusted EBIT and consolidated revenue, with the trend towards SaaS business slowing growth somewhat in the current fiscal year. While the Management Board anticipates that some of the US projects postponed from the previous year will lead to additional orders in the final two quarters of the current year and hence contribute to positive business performance, it is not yet known whether the companies in question will opt for a one-time license or an SaaS project. Regardless of this, the Management Board is expecting positive effects from its capital expenditure outside Germany in previous years, which was mainly aimed at intensifying sales and marketing activities. In addition, the deeper market penetration of the Knowledge Management portfolio, which was launched on international markets in 2018, is set to have a positive effect on international business. Domestic business is also expected to continue to develop successfully, leading to a further expansion in the product business from which the USU Group generates license, maintenance and product consulting income. However, the Service Business, which was integrated into the newly formed unymira division in the previous year and which already has a high level of consultant capacity utilization, is also expected to see slight growth in terms of both full-time employees and freelancers/partners. Overall, the Management Board expects to significantly outperform the market in terms of growth once again in fiscal 2019. One key indicator supporting this forecast is Group-wide orders on hand, which increased by 18.2% year-on-year to EUR 54,189 thousand as of June 30, 2019 (June 30, 2018: EUR 45,845 thousand). Accordingly, the forecast for 2019 anticipates an increase in consolidated revenue to between EUR 98 million and EUR 101 million accompanied by strong growth in adjusted EBIT to between EUR 7.5 million and EUR 10 million. At the same time, the Management Board is reiterating its medium-term planning for 2021 of consolidated revenue of EUR 140 million and adjusted EBIT of EUR 20 million. These figures include growth due to acquisitions of approximately EUR 15 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 growth through acquisitions. However, all assumptions are based on the absence of a fully-fledged recession in Germany or worldwide.

Based on the above assumptions, the Management Board is in turn planning to enable the shareholders of USU Software AG to participate significantly in the company's operating success in fiscal 2019, as in previous years, and to continue the shareholder-friendly dividend policy with the distribution of a dividend that is never lower than in the previous year and that amounts to around half of the profit generated.

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 German Securities Code Number (WKN) A0BVU2 and International Securities Identification Number (ISIN) DE000A0BVU28, and are admitted to trading on the regulated market of this stock exchange.

In the quarter under review, the stock markets maintained the same friendly mood as in the first quarter of 2019 and largely enjoyed positive performance. The DAX gained 7.6% compared with the previous quarter, closing at 12,398.80 points on the XETRA electronic trading platform on June 30, 2019 (March 31, 2019: 11,526.04 points). The Technology All Share index also gained 4.9% on XETRA compared with the end of the previous quarter to close at 3,370.08 points (March 31, 2019: 3,213.11 points). Following comparatively weaker performance in the first quarter, USU's shares outperformed relative to the benchmark indices in the quarter under review with price growth of 9.6% to EUR 16.00 (March 31, 2019: EUR 14.60).

Compared with December 31, 2018, the DAX increased by 17.4% on XETRA (December 31, 2018: 10,558.96 points) while the Technology All Share-Index rose by 20.3% (December 31, 2018: 2,802.48 points). By contrast, USU's share price increased by just 1.6% in the first six months of the current year due to the weaker performance in the first quarter of 2019 (December 31, 2018: EUR 15.75).

Möglingen, August 29, 2019

USU Software AG

Bernhard Oberschmidt	Bernhard Böhler	Dr. Benjamin Strehl
Chairman of the Management Board	Management Board	Management Board

ASSETS in TEUR	6-month report June 30, 2019	Annual report Dec. 31, 2018
Non-current assets		
Intangible assets	6,153	6,903
Goodwill	41,183	41,183
Property, plant and equipment	2,307	2,157
Right-of-use assets IFRS 16	4,132	0
Financial assets	803	773
Prepaid expenses	341	290
Deferred taxes	5,940	5,940
Non-current assets	60,859	57,246
Current assets		
Inventories	498	466
Unbilled work in progress	9,013	4,526
Trade receivables	12,568	19,443
Income tax receivables	995	943
Financial assets	494	1,033
Other assets	582	881
Prepaid expenses	1,270	1,156
Cash on hand and bank balances	12,217	9,450
Current assets	37.637	37.898
Total assets	**98,496**	**95,144**

EQUITY AND LIABILITIES *EUR thousand*	**6-month report June 30, 2019**	**Annual report Dec. 31, 2018**
Equity		
Issued capital	10,524	10,524
Capital reserves	52,792	52,792
Other comprehensive income	-170	-198
Other Equity	-4,410	-3,453
Equity	58,736	59,665
Non-current liabilities		
Financial liabilities	250	250
Pension provisions	2,358	2,311
Lease liabilities IFRS 16	1,853	0
Deferred income	1,231	1,015
Deferred taxes	2,126	2,174
Non-current liabilities	7,818	5,750
Current liabilities		
Income tax liabilities	163	616
Financial liabilities	105	855
Lease liabilities IFRS 16	2,282	0
Personnel-related liabilities	5,277	7,589
Other provisions and liabilities	1,172	3,389
Liabilities from advance payments	7,144	6,563
Trade payables	3,302	3,689
Deferred income	12,497	7,028
Current liabilities	31,942	29,729
Total equity and liabilities	**98,496**	**95,144**

CONSOLIDATED INCOME *EUR thousand*	**Quarterly Report II / 2019 April 1, 2019 - June 30, 2019**	**Quaterly Report II / 2018 April 1, 2018 - June 30,2018**	**6-month report Jan 1, 2019 - June 30, 2019**	**6-month report Jan 1, 2018 - June 30,2018**
Sales	22.902	20,769	44,877	41,774
Cost of sales	-11,146	-10,571	-22,127	-20,670
Gross profit	11,756	10,198	22,750	21,104
Selling and marketing expenses	-4,846	-4,678	-9,520	-8,856
General and administrative exp.	-2,888	-2,457	-5,753	-4,917
Research and development exp.	-3,891	-3,795	-7,691	-7,307
Other operating income	281	378	536	625
Other operating expenses	-230	-143	-323	-404
Amortization of intangible assets recognized in connection with company acquisitions	0	-358	0	-717
Profit from ordinary activities (EBIT)	182	-855	-1	-472
Finance income	0	117	11	121
Finance expenses	-47	-3	-58	-63
Earnings before taxes (EBT)	135	-741	-48	-414
Income taxes	-456	-410	-909	-264
Net profit	--321	-1,151	-957	-678
Earnings per share (EUR):				
Basic and diluted	-0.03	-0.11	-0.09	-0.06
Number of underlying shares	10,523,770	10,523,770	10,523,770	10,523,770

STATEMENT OF COMPREHENSIVE INCOME	Quarterly report II / 2019 April 1, 2019 - June 30, 2019	Quarterly report II / 2018 April 1, 2018 - June 30,2018	6-month report Jan 1, 2019 - June 30, 2019	6-month report Jan 1, 2018 - June 30,2018
Consolidated net profit	**-321**	**-1,151**	**-957**	**-678**
Items that cannot be reclassified to profit or loss:				
Actuarial gains/losses from pension provisions	0	0	0	0
Deferred taxes on actuarial gains/losses	0	0	0	0
Items that can be reclassified to profit or loss in future periods:				
Currency translation difference	16	-104	28	-66
Other comprehensive income after taxes	**16**	**-104**	**28**	**-66**
Total comprehensive income	**-305**	**-1,255**	**-929**	**-744**

CONSOLIDATED STATEMENT OF CASH FLOW *(UNAUDITED)*

USU

Consolidated Statement of Cash Flows *EUR thousand*	6-month report 2019 Jan. 1, - June 30, 2019	6-month report 2018 Jan. 1, - June 30, 2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Consolidated net profit	-957	-678
+/- Depreciation, amortization and write-downs of non-current assets and reversals of write-downs of non-current assets	2,421	1,418
+/- Other non-cash expenses/income	6	73
+/- Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	2,947	3,188
+/- Increase/decrease in trade payables and other liabilities not related to investing or financing activities	647	-2,053
+/- Interest expenses/income	47	-58
+/- Income taxes paid/received	-1,455	-1,882
+/- interest paid/received	-2	5
+/- Income tax expenses/income	909	264
Net cash from operating activities	**4,563**	**277**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
- Acquisition of subsidiaries less cash and cash equivalents acquired	0	0
- Purchase of intangible assets	-12	-16
+ Proceeds from disposals of property, plant and equipment	20	2
- Purchase of property, plant and equipment	-744	-422
+Payments received from items not related to operating or financing activities	0	0
Net cash used in investing activities	**-736**	**-436**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
- Dividends paid to shareholders	0	0
- Repayment of purchase price liabilities in connection with the acquisition of subsidiaries	0	0
- Repayments of lease liabilities	-1,071	0
Net cash used in financing activities	**-1,071**	**0**
Change in cash and cash equivalents	**2,756**	**-159**
+/- Effect on cash and cash equivalents of exchange rate movements and remeasurement	11	45
Change in Cash and cash equivalents	**2,767**	**-114**
Cash and cash equivalents at the start of the period	**9,450**	**12,715**
Cash and cash equivalents at the end of the period	**12,217**	**12,601**

Changes in consolidated equity	Issued capital		Capital reserves	Retained earnings	Other comprehensive income		Equity
					Pension plans	Currency translation	
	Number	EUR thousand	EUR thousand	EUR thousand	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				-678			-678
Other comprehensive income after taxes						-66	-66
Total compre-hensive income	**0**	**0**	**0**	**-678**	**0**	**-66**	**-744**
Dividend payment							0
Consolidated equity as of June 30, 2018	10,523,770	10,524	52,792	-883	-228	57	62.262
Consolidated equity as of January 1, 2019	10,523,770	10,524	52,792	-3,453	-208	10	59,665
Consolidated net profit				-957			-957
Other comprehensive income after taxes						28	28
Total compre-hensive income	**0**	**0**	**0**	**--957**	**0**	**28**	**-929**
Dividend payment							0
Consolidated equity as of June 30, 2019	10,523,770	10,524	52,792	-4,410	-208	38	58,736

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 three-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 the accounting treatment of leases and supersedes the previous standard, IAS 17. Under IFRS 16, the lessee is obliged to recognize the rights and obligations arising from leases as a matter of principle. 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 (primarily for cars), rental agreements (for operating buildings) and software license agreements (primarily for cloud software). As of January 1, 2019, USU Software AG modified its accounting policies as a result of the new requirements of IFRS 16. According to the modified retrospective transition method chosen by USU, previous periods are not adjusted in accordance with IFRS 16. Accordingly, the changes in EBIT, assets and liabilities year-on-year are influenced by the new accounting policies in 2019.

In the first half of 2019, the initial application of IFRS 16 results in the following transitional effects from the change in accounting policies:

As a result of the recognition of right-of-use assets, non-current assets increased by EUR 4,132 thousand. At the same time, liabilities increased by EUR 4,135 thousand (of which non-current: EUR 1,853 thousand; of which current: EUR 2,282 thousand) on account of the recognition of lease liabilities.

Trade payables and other liabilities are EUR 0 thousand lower due to the derecognition of accrued rents.

Depreciation expenses for right-of-use assets of EUR 1,068 thousand and interest expenses for lease liabilities of EUR 6 thousand were recognized in USU's consolidated statement of profit or loss.

In USU's consolidated statement of cash flows, the cash flow from operating activities increased by EUR 1,071 thousand, while the cash flow from financing activities declined by EUR 1,071 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 early in the third quarter of 2020 and will be let to USU Software AG from this date. The rental agreement was concluded for an initial term of 15 years and a 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.

EUR thousand	IFRS 9 Category / IFRS 7 class	June 30, 2019 Carrying amount	June 30, 2019 Fair value	Dec. 31, 2018 Carrying amount	Dec. 31, 2018 Fair value
Work in progress	IFRS 15	9,013	9,013	4,526	4,526
Trade receivables	Amort. cost[1)]	12,568	12,568	19,443	19,443
financial assets	Amort. cost	494	494	1,033	1,033
Cash on hand and bank	Amort. cost	12,217	12,217	9,450	9,450
		34,292	**34,292**	**34,452**	**34,452**

EUR thousand	IFRS 9 Category / IFRS 7 class	June 30, 2019 Carrying amount	June 30, 2019 Fair value	Dec. 31, 2018 Carrying amount	Dec. 31, 2018 Fair value
Financial liabilities	Amort. cost	355	355	1,105	1,105
Lease liabilities IFRS 16	Amort. cost	4,135	4,135	0	0
Trade payables	Amort. cost	3,302	3,302	3,689	3,689
Liabilities from advance	Amort. cost	7,144	7,144	6,563	6,563
		14,936	**14,936**	**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 – June 30, 2019 EUR thousand	**Jan. 1 – June 30, 2018** EUR thousand
Consulting	24,092	24,652
Licenses/products	6,235	4,961
Maintenance/SaaS	13,981	11,698
Other	569	463
	44,877	41,774

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 – June 30, 2019	Jan. 1 – June 30, 2018	Jan. 1 – June 30, 2019	Jan. 1 – June 30, 2018	Jan. 1 – June 30, 2019	Jan. 1 – June 30, 2018	Jan. 1 – June 30, 2019	Jan. 1 – June 30, 2018	Jan. 1 – June 30, 2019	Jan. 1 – June 30, 2018
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Revenue	**34,624**	**30,820**	**10,131**	**10,837**	**44,755**	**41,657**	**122**	**117**	**44,877**	**41,774**
EBITDA	**3,720**	**2,672**	**1,017**	**1,566**	**4,737**	**4,238**	**-2,317**	**-3,291**	**2,420**	**947**
EBIT	**2,180**	**1,649**	**386**	**1,248**	**2,566**	**2,897**	**-2,567**	**-3,369**	**-1**	**-472**
Net finance	**-**	**-**	**-**	**-**	**-**	**-**	**-47**	**58**	**-47**	**58**
Taxes	**-445**	**-**	**-464**	**-**	**-909**	**-**	**-**	**-264**	**-909**	**-264**
Consolidated net	**1,735**	**1,649**	**-78**	**1,248**	**1,657**	**2,897**	**-2,614**	**-3,575**	**-957**	**-678**
No. of employees	**503**	**497**	**109**	**111**	**612**	**608**	**96**	**89**	**708**	**697**

The USU Group generated a total of 28.5% (Q1-Q2 2018: 29.2%) or EUR 12,796 thousand (Q1-Q2 2018: EUR 12,204 thousand) of its consolidated revenue outside Germany in the first six 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 June 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 June 30, 2019:

Stock declarations by members of executive bodies	Shares June 30, 2019	Shares June 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	-

** 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).*

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.

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.

Responsibility statement

To the best of our knowledge and in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Möglingen, August 29, 2019

USU Software AG

Bernhard Oberschmidt	Bernhard Böhler	Dr. Benjamin Strehl
Chairman of the Management Board	Management Board	Management Board

September 2, 2019	**Analyst and investor conference at** ***German Fall Conference 2019, Frankfurt / Main***

September 13 - 15, 2019	**15th IR-Tour 2019 of Rüttnauer Research** ***Vienna (Austria)***

November 21, 2019	**Publication of nine months' statement 2019**

November 25 - 27, 2019	**Analyst and investor conference at** ***German Equity Forum 2019, Frankfurt / Main***