



**Half-Yearly Financial Report  
and Report on the Second  
Quarter of 2022**

**USU Software AG**

## USU AT A GLANCE

<b>6-Month Report 2022</b>	<b>2022</b>	<b>2021</b>
<i>in EUR thousand, except earnings per share and number of employees</i>	<b>JAN. 1-JUNE 30, 2022</b>	<b>JAN. 1-JUNE 30, 2021</b>
<b>SALES</b>	<b>60,295</b>	<b>53,925</b>
<b>EBITDA</b>	<b>7,263</b>	<b>6,659</b>
<b>EBIT</b>	<b>4,938</b>	<b>4,320</b>
<b>NET RESULT</b>	<b>3,534</b>	<b>3,794</b>
<b>EARNINGS PER SHARE (EUR)</b>	<b>0.34</b>	<b>0.36</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>3,545</b>	<b>4,998</b>
<b>NUMBER OF EMPLOYEES AS AT JUNE 30</b>	<b>744</b>	<b>739</b>
	<b>JUNE 30, 2022</b>	<b>Dec. 31, 2021</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>26,265</b>	<b>24,286</b>
<b>SHAREHOLDERS EQUITY</b>	<b>67,901</b>	<b>64,443</b>
<b>BALANCE SHEET</b>	<b>121,870</b>	<b>116,016</b>
<b>EQUITY RATIO</b>	<b>55.7%</b>	<b>55.5%</b>

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## LETTER TO SHAREHOLDERS

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Dear Shareholders and Readers,

USU is enjoying consistent growth even in times of crisis – this is my positive summary of the first half of the current fiscal year. This makes it all the more astonishing to me that our encouraging performance is not reflected in our share price.

Even as the overall economy weakened, we increased our sales by 15% to over EUR 30 million in the second quarter of 2022, thereby further accelerating our growth. We benefited in particular from a number of new and follow-up orders from customers including the insurance company Verti, the Swiss food company Emmi, and BMW. The figures for the first half of the year underline this robust performance: Group sales saw double-digit growth to over EUR 60 million as forecast, while EBITDA improved by a good 9% to EUR 7.3 million.

All in all, the trend away from one-time licenses (on premises) in favor of rental models (software-as-a-service/SaaS) became more pronounced. Accordingly, recurring revenue (maintenance sales including SaaS revenue) increased by 13.7% year-on-year to almost EUR 19 million in the first six months of 2022. Orders on hand reached a new record level of over EUR 78 million, which will provide the foundations for us to achieve our ambitious growth targets.

We are particularly proud of the results of Gartner's latest "Voice of the Customer" report, which saw USU customers giving USU IT Service Management the best score of all solutions for the EMEA region. Customer satisfaction is the most important benchmark for our success – because it reflects not only the performance and quality of our products and services, but also the practical benefit they deliver and the innovative strength they display.

In the area of research, we have cooperated intensively with partners, universities and institutions for a number of years. As part of a project funded by the German Federal Ministry for Economic Affairs and Climate Action, for example, we are currently using quantum computing to create CPU-intensive and highly complex AI models to serve as the basis for the use of artificial intelligence by industrial SMEs for business.

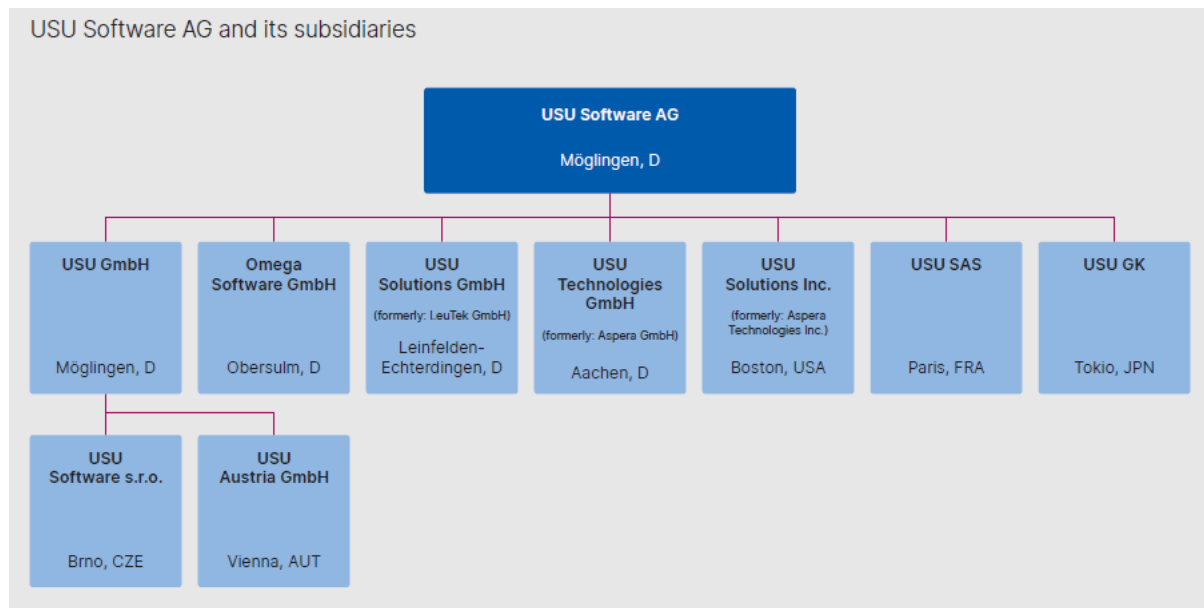
Among other things, this year's virtual Annual General Meeting on July 1 approved the proposal of the Management Board and Supervisory Board to distribute a dividend of EUR 0.50 per share for 2021 to the company's shareholders, an increase of 25% on the previous year. This meant we ensured that all shareholders participated significantly in the company's operating success – and we will continue to do so in future.

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, has direct or indirect holdings in the following operational companies: USU GmbH, Möglingen, Germany; USU Software s.r.o., Brno, Czech Republic; USU Austria GmbH, Vienna, Austria; Omega Software GmbH, Obersulm, Germany; USU Solutions GmbH, Leinfelden-Echterdingen, Germany; USU Technologies GmbH, Aachen, Germany; USU Solutions Inc., Boston, USA; USU SAS, Paris, France and USU GK, Tokio, Japan. In addition, USU Software AG has a shareholding in Openshop Internet Software GmbH, Möglingen, Germany, which is no longer operational.



## Business model, objectives, strategies and controlling system

As a leading provider of software and service solutions for IT and customer service management, USU Software AG and its subsidiaries (hereinafter also referred to as the “USU Group” or “USU”) sets standards for better service quality. With USU, companies are responding to the changed customer and employee needs in a digital world. Well-known companies use USU solutions to create transparency, become more agile, cut costs, and reduce their risk – by means of smarter services, simpler workflows, and better collaboration. In addition to software asset management, IT service management, and IT service monitoring, the USU service portfolio also covers the areas of knowledge management, self-service management, digital service solutions, and AI services.

More than 1,200 USU customers from all sectors of the global economy benefit from USU solutions. They include Allianz, Atruvia, Bechtle, BITBW, BMW, Deutsche Bahn, Deutsche Telekom, Swiss Post, Jungheinrich, LinkedIn, Novartis, Otto, VW, and W&W.

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.

The key performance indicators for USU Software AG and the Group are sales and EBITDA. EBITDA has served as an important planning and control parameter since 2022.

For fiscal 2022, the Management Board is forecasting sales growth to EUR 120-125 million with recurring revenue accounting for 45% of new product business, resulting in an increase in EBITDA to EUR 14.5-16 million.

The Management Board is also confirming the current medium-term planning, which includes average organic sales growth of 10% in the next few years and, in view of the continued growth in SaaS business, an increase in the EBITDA margin to between 16% and 18% by 2024.

### **Research and development**

Independent studies have repeatedly shown that USU is one of the most innovative companies in the German ICT industry. For example, the latest DEUTSCHLAND TEST study by Focus and Focus Money finds the company to have the very highest degree of innovation. USU's culture of innovation also encompasses intensive cooperation with customers, partners, universities and institutions. Every year, the company invests heavily in the development of new products and the enhancement of existing products, which also helps to safeguard its locations.

In the first six months of 2022, USU invested a total of EUR 8,817 thousand (H1 2021: EUR 8,484 thousand) or 14.6% (H1 2021: 15.7%) of consolidated sales in research and development. An average of 221 people were employed in this area as at June 30, 2022 (June 30, 2021: 214). The USU Group's R&D expenses do not meet the criteria for recognition and hence are not capitalized.

In USU Service Management, the realization of the central shop module, the new service platform and the service apps require extensive development work that continued in the period under review. Functional enhancements for the coming release were also made to the existing platform.

A new version for the USU IT Monitoring segment was released in late June. The highlight is "Smart Baselining", in which a special AI-based algorithm analyzes the behavioral patterns of the measured monitoring data and automatically determines thresholds and anomalies. In addition, the alarm app has been improved so that alarm notifications can be configured in line with the requirements of internal work instructions.

The R&D team in Software Asset Management (SAM) also made a new version available in late May with a focus on a new central repository for data transformation, data enrichment and

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data flow. The open data architecture allows data from a wide range of sources to be managed more quickly and comprehensively. A user-friendly interface for all SAM modules also ensures intuitive and seamless workflows.

USU Knowledge Management also saw the release of a new version offering “industry solutions” for the first time. The USU Bot Universe chatbot network is increasingly proving to be a unique selling proposition. It already allows a network of 500 individual chatbots to be created. Developers are currently working on performance optimizations, among other things. The new version of the Help Center product expands the options for administering self services on websites.

The R&D team in AI Services developed two new AI-based technology components for Service Management in the period under review: “Major Incident Identification” automatically suggests new major incidents based on current incident data, making it easier to identify and rectify faults, while the “Identify Similar Tickets” function automatically creates references to existing tickets in order to ensure uniform resolution. In Knowledge Management, a showcase was developed to show how chatbots can interpret images in order to differentiate between coffee machines, for example.

The USU Hybrid Cloud Management solution helps companies to efficiently manage their cloud environment and realize savings potential. For the new version, developers continued to work on procedures allowing customers to automate and manage their allocation control of cloud resources and the validation of their content.

In the area of research, the R&D team again worked on the “Service-Meister” flagship project. A prototype of an AI-based service management ecosystem has now been successfully realized in conjunction with the industrial partner KEB. The first version of an intelligent service chatbot has also been developed. It uses a graph database from KEB with structured service and product knowledge. The AutoQML project is currently in the specification phase. The USU development aims to automate labor-intensive steps in the modeling and optimization of AI procedures. Use cases include data preprocessing and algorithm selection.

## **Economic report**

### **Overall economic development**

According to a new release from the German Federal Statistical Office (“destatis”)<sup>1</sup> on August 25, 2022, gross domestic product (GDP) – adjusted for inflation, seasonal and calendar effects – increased by 0.1% in the second quarter of 2022 - and thus reached the pre-crisis level of Q4 2019. Based on destatis information, the economy was primarily driven by public and private consumer spending, whereas the trade balance served to curb economic growth.

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<sup>1</sup> cf. destatis press release no. 357 dated August 25, 2022, published at <https://www.destatis.de>

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"Despite the difficult global economic environment, the German economy held its ground in the first two quarters of 2022," says Dr. Georg Thiel, President of the Federal Statistical Office. The German economy had grown in the first quarter by 0.8%.

After adjustment for inflation, destatis found that GDP in the second quarter of 2022 was 1.8% higher than in the second quarter of 2021, when the German economy was hard hit by the consequences of the third wave of the coronavirus pandemic. Adjusted for inflation and calendar effects, year-on-year GDP growth amounted to 1.7% in the second quarter of 2022.

The euro area saw quarter-on-quarter GDP growth of 0.6% in the second quarter of 2022 according to a flash estimate by the Statistical Office of the European Union (Eurostat)<sup>2</sup>. According to Eurostat information, seasonally adjusted euro area GDP increased by 3.9% year-on-year in the second quarter of 2022.

### Sector development

The digital industry association Bitkom<sup>3</sup> found that the business climate in the digital sector developed positively in June. Surveys by Bitkom and the ifo Institute show that ICT companies generally considered their current business situation to be very good in June 2022. The digital index, which reflects the business climate in the digital sector on the basis of a monthly ifo business survey and is calculated as the geometric mean of the current business situation and business expectations, climbed by 2.3 points to 22.8 points in June compared with the previous month. According to Bitkom, this is the same level as before the coronavirus pandemic.

## Business development in the second quarter of 2022

Following a positive first quarter, USU Software and its subsidiaries (hereinafter also referred to as the "USU Group" or "USU") recorded even stronger growth in the second quarter of 2022. USU increased its consolidated sales by 14.9% year-on-year to EUR 30,722 thousand in the second quarter of 2022 (Q2 2021: EUR 26,745 thousand). USU again benefited in particular from strong domestic business in the quarter under review, while international business picked up again for the first time following the downturn as a result of the coronavirus pandemic. Accordingly, sales in USU's home market of Germany increased by 17.7% to EUR 23,563 thousand in the second quarter of 2022 (Q2 2021: EUR 20,013 thousand), while sales generated abroad rose by 6.3% to EUR 7,159 thousand (Q2 2021: EUR 6,732 thousand).

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<sup>2</sup> cf. Eurostat press release 93/2022, August 17, 2022, published at <http://ec.europa.eu/eurostat>

<sup>3</sup> cf. Bitkom-ifo digital index: June 2022 and Bitkom press release dated July 5, 2022, published at [www.bitkom.org](http://www.bitkom.org)

Irrespective of the shift from one-time license business toward software-as-a-service (SaaS) business, the USU Group again recorded a sharp rise in license revenue in the quarter under review thanks to a large number of new and follow-up orders. License revenue saw above-average growth of 22.9% to EUR 3,226 thousand in the second quarter of 2022 (Q2 2021: EUR 2,625 thousand). At the same time, SaaS sales enjoyed even stronger growth of 26.6% year-on-year to EUR 3,367 thousand in the second quarter of 2022 (Q2 2021: EUR 2,660 thousand). Maintenance sales also increased by 8.3% year-on-year to EUR 6,215 thousand in the second quarter of 2022 (Q2 2021: EUR 5,738 thousand), meaning that total recurring revenue (maintenance sales including SaaS revenue) rose by 14.1% to EUR 9,582 thousand (Q2 2021: EUR 8,398 thousand). In the same period, USU's consulting sales increased by 12.2% year-on-year to EUR 17,320 thousand (Q2 2021: EUR 15,437 thousand). Other income, which essentially comprises sales of third-party hardware and software, amounted to EUR 594 thousand (Q2 2021: EUR 285 thousand).

The USU Group's cost base increased by 13.0% year-on-year to EUR 28,152 thousand as a result of the business expansion and the necessary use of additional freelancers and partners, as well as higher staff and non-staff operating costs (Q2 2021: EUR 24,910 thousand). As costs rose to a lesser extent than sales, the USU Group again improved its operating earnings performance, with EBITDA increasing by 9.4% to EUR 3,796 thousand in the second quarter of 2022 (Q2 2021: EUR 3,471 thousand). Taking into account depreciation and amortization expense of EUR 1,172 thousand (Q2 2021: EUR 1,190 thousand), earnings before interest and taxes (EBIT) amounted to EUR 2,624 thousand (Q2 2021: EUR 2,281 thousand). This corresponds to a year-on-year increase in EBIT of 15.0%.

Net finance costs amounted to EUR 86 thousand in the second quarter of 2022 (Q2 2021: EUR -135 thousand). Due to negative effects from deferred taxes, income taxes amounted to EUR 828 thousand in the second quarter of 2022 after EUR 384 thousand in the second quarter of 2021 as a result of the rise in profits. All in all, USU's consolidated earnings increased by a notional 6.9% year-on-year to EUR 1,883 thousand in the second quarter of 2022 (Q2 2021: EUR 1,761 thousand). With an average of 10,523,770 shares outstanding, this corresponds to earnings per share of EUR 0.18 (Q2 2021: EUR 0.17).



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## **Business performance in the first six months of fiscal 2022**

### **Development of sales and costs**

#### Consolidated sales

The USU Group also enjoyed extremely positive operating performance in the first six months of the year. USU increased its consolidated sales by 11.8% year-on-year to EUR 60,295 thousand in the first half of 2022 (H1 2021: EUR 53,925 thousand). As international business was still on a downward trend in the first quarter of 2022 and only returned to growth in the second quarter, consolidated sales generated abroad remained below the prior-year level at EUR 13,412 thousand in the first half of the year (H1 2021: EUR 13,544 thousand). Accordingly, the USU Group increased its sales in Germany by 16.1% to EUR 46,883 thousand (H1 2021: EUR 40,381 thousand). As a result, international business accounted for 22.2% of USU's consolidated sales in the first six months of 2022 after 25.1% in the same period of the previous year.

Broken down by sales type, USU recorded a particularly high year-on-year increase in SaaS sales of 30.5% to EUR 6,661 thousand thanks to the new orders acquired and the existing orders on hand (H1 2021: EUR 5,104 thousand). At the same time, it benefited from the renewed growth in license and maintenance business. With the number of licenses agreed increasing, maintenance sales rose by 6.2% year-on-year to EUR 12,207 thousand (H1 2021: EUR 11,496 thousand). USU thus increased its recurring revenue by 13.7% year-on-year to EUR 18,868 thousand in the first six months of the year (H1 2021: EUR 16,600 thousand), meaning that the share of total sales attributable to recurring revenue rose to 31.3% (H1 2021: 30.8%). At the same time, USU increased its license revenue by 21.3% to EUR 5,823 thousand in the first half of fiscal 2022 thanks to numerous on-premises orders (H1 2021: EUR 4,802 thousand). Irrespective of the general trend toward SaaS projects, several customers opted to purchase one-time licenses in early 2022. USU's consulting sales also increased by 8.9% year-on-year to EUR 34,833 thousand in the first half of 2022 thanks to the sustained digitization trend (H1 2021: EUR 31,992 thousand). Other income, which essentially comprises sales of third-party hardware and software, amounted to EUR 771 thousand (H1 2021: EUR 531 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, the knowledge management market and USU AI Services, the division for big data analytics that emerged from the research department. The Service Business segment comprises consulting services for IT projects,

individual application development and digital strategy consulting, service and UX design and web portals, apps and intranets.

The Product Business segment contributed sales of EUR 42,782 thousand in the first six months of 2022 (H1 2021: EUR 38,632 thousand), up 10.7% on the previous year. In the same period, USU increased its consulting sales in the Service Business segment by 14.5% year-on-year to EUR 17,447 thousand (H1 2021: EUR 15,234 thousand). The sales not assigned to the segments amounted to EUR 66 thousand in the first six months of fiscal 2022 (H1 2021: EUR 59 thousand).

### Operating costs

The USU Group's operating cost base increased by 10.6% year-on-year to EUR 55,632 thousand in the first six months of fiscal 2022 (H1 2021: EUR 50,309 thousand). In particular, this reflects the higher costs resulting from the increased use of employed consultants, freelancers and partners in connection with the business growth.

Accordingly, the cost of sales rose by 14.4% as against the previous year to EUR 30,788 thousand in the period under review (H1 2021: EUR 26,901 thousand). The cost of sales as a percentage of consolidated sales thus increased as against the previous year to 51.1% (H1 2021: 49.9%). At the same time, gross income rose from EUR 27,024 thousand in the first half of 2021 to EUR 29,507 thousand. However, the gross margin declined to 48.9% (H1 2021: 50.1%).

Marketing and selling expenses increased by 5.0% year-on-year to EUR 10,388 thousand in the period under review (Q2 2021: EUR 9,889 thousand). Among other things, this reflects USU's return to event activities to attract new customers following the interruption due to the coronavirus crisis, as well as increased sales commission due to the higher number of orders generated. The above-average sales growth meant that marketing and selling expenses as a share of sales declined from 18.3% in the first half of 2021 to 17.2% in the period under review.

Following the sharp downturn in the previous year, general and administrative expenses rose by 12.0% year-on-year to EUR 5,639 thousand (H1 2021: EUR 5,035 thousand) due to the higher level of non-staff operating costs. The ratio of administrative expenses to consolidated sales was essentially unchanged year-on-year at 9.4% (H1 2021: 9.3%).

Due to higher non-staff operating costs, research and development expenses also rose by 3.9% year-on-year to EUR 8,817 thousand (H1 2021: EUR 8,484 thousand). As forecast, the ratio of research and development expenses to consolidated sales also decreased in line with the above-average growth in sales, from 15.7% in the previous year to 14.6% in the period under review. USU is constantly investing in the development of its product portfolio and always working on innovative, market-driven software solutions. In the medium term, USU is

planning to increase its R&D expenditure in absolute terms while reducing the ratio of research and development expenses to consolidated sales on account of strong sales growth.

Net other operating income and expenses totaled EUR 276 thousand in the first half of 2022 (H1 2021: EUR 704 thousand).

## **Results of operations**

As a result of the business growth and the above-average increase in high-margin SaaS and license revenue, the USU Group also improved its operating profitability in the first half of 2022 as forecast. USU's EBITDA increased by 9.1% year-on-year to EUR 7,263 thousand in the first six months of the year (H1 2021: EUR 6,659 thousand). The EBITDA margin was largely unchanged at 12.0% (H1 2021: 12.3%). Including depreciation and amortization totaling EUR 2,325 thousand (H1 2021: EUR 2,339 thousand), USU generated EBIT of EUR 4,938 thousand in the first half of 2022 (H1 2021: EUR 4,320 thousand). This corresponds to a year-on-year increase in EBIT of 14.3%.

Net finance costs amounted to EUR 71 thousand in the first six months of 2022 (H1 2021: EUR 38 thousand). Due to negative effects from deferred taxes, income taxes amounted to EUR 1,476 thousand in the first half of 2022 after EUR 564 thousand in the first half of 2021 as a result of the rise in profits. As a result, USU's consolidated earnings declined by a notional 6.9% year-on-year to EUR 3,534 thousand in the first half of 2022 (H1 2021: EUR 3,794 thousand). With an average of 10,523,770 shares outstanding, this corresponds to earnings per share of EUR 0.34 (H1 2021: EUR 0.36).

## **Net assets and financial position**

On the assets side of the statement of financial position, the USU Group's non-current assets declined to EUR 66,414 thousand as at June 30, 2022 (December 31, 2021: EUR 68,916 thousand). This was mainly due to depreciation and amortization of right-of-use assets in accordance with IFRS 16 and the lower level of deferred tax assets.

Current assets increased significantly in the same period, from EUR 47,100 thousand as at December 31, 2021 to EUR 55,456 thousand. This was primarily due to the increase in trade receivables to EUR 20,598 thousand at the end of the second quarter of 2022 as a result of the business expansion (December 31, 2021: EUR 14,820 thousand) and the higher level of Group liquidity, which amounted to EUR 26,265 thousand as at June 30, 2022 (December 31, 2021: EUR 24,286 thousand).

On the equity and liabilities side of the statement of financial position, the USU Group's equity increased from EUR 64,443 thousand as at December 31, 2021, to EUR 67,901 thousand as at June 30, 2022, as a result of the rise in profits. At the same time, debt in the form of the USU Group's current and non-current liabilities rose to EUR 53,969 thousand as at June 30,

2022 (December 31, 2021: EUR 51,573 thousand). This increase primarily resulted from higher deferred income from maintenance and SaaS agreements invoiced at the start of the year for which services will be rendered and sales recognized later in the year.

With total assets of EUR 121,870 thousand (December 31, 2021: EUR 116,016 thousand), the equity ratio was 55.7% as at June 30, 2022 (December 31, 2021: 55.5%). With this equity ratio, increased Group liquidity, and no liabilities to banks, the USU Group still has extremely sound and secure financing.

## **Cash flows and capital expenditure**

The USU Group had cash and cash equivalents of EUR 26,265 thousand as at June 30, 2022 (H1 2021: EUR 21,960 thousand). This represents an increase of EUR 4,305 thousand or 19.6% as compared to the previous year. Accordingly, USU increased its Group liquidity compared to December 31, 2021, when USU had liquidity of EUR 24,286 thousand, by 8.1%.

USU's cash flow from operating activities decreased by EUR 1,453 thousand or 29.1% year-on-year to EUR 3,545 thousand in the first half of 2022 (H1 2021: EUR 4,998 thousand). This was mainly due to the higher level of trade receivables in connection with the business expansion.

Net cash used in investing activities of EUR -329 thousand (H1 2021: EUR -337 thousand) primarily includes investments in property, plant and equipment.

As in the previous year, the net cash used in financing activities of EUR -1,455 thousand (H1 2021: EUR -1,388 thousand) resulted from repayments of lease liabilities.

## **Orders on hand**

Thanks to the sales generated in the first half of 2022, the USU Group expanded its Group-wide orders on hand by EUR 12,073 thousand to EUR 78,306 thousand as at June 30, 2022 (June 30, 2021: EUR 66,233 thousand). This corresponds to a year-on-year increase of 18.2% and meant that USU reached another all-time high in terms of orders on hand. The increase primarily resulted from the USU Group's higher SaaS, maintenance and consulting orders. USU increased its orders on hand by 18.8% as against the end of the previous year (December 31, 2021: EUR 65,903 thousand). Orders on hand also rose by 2.1% or EUR 1,614 thousand compared with the end of the first quarter of 2022 (March 31, 2022: EUR 76,692 thousand).

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

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## Employees

The USU Group expanded its workforce by 0.7% or 5 employees year-on-year to 744 employees as at June 30, 2022 (June 30, 2021: 739). Broken down by functional unit, USU employed a total of 303 people in consulting and services at the end of the second quarter of 2022 (June 30, 2021: 303), 221 in research and development (June 30, 2021: 214), 118 in sales and marketing (June 30, 2021: 118) and 104 in administration (June 30, 2021: 104). Broken down by segment, USU had 521 employees in the Product Business segment (June 30, 2021: 521), 114 in the Service Business segment (June 30, 2021: 114), and 104 in USU Group central functions (June 30, 2021: 104). USU therefore continued to expand the Group workforce as planned in the first half of 2022 in line with its medium-term planning.

## Forecast, report on risks and opportunities

### Forecast

#### *General economy*

According to the ifo Economic Forecast Summer 2022<sup>4</sup> published on June 15, 2022, the German economy has been recovering from earlier waves of the coronavirus pandemic since the beginning of the year. The associated normalization of spending in the consumer-related service sectors is giving the economy a strong boost. However, high inflation, the war in Ukraine, and continuing supply bottlenecks are slowing the economic recovery in almost all sectors of the economy. All in all, the ifo Institute expects gross domestic product (GDP) to grow by 2.5% in 2022.

According to studies by the leading economic research institutes<sup>5</sup>, the global economic outlook has been substantially impaired by the war in Ukraine and the extensive sanctions imposed on Russia. While high energy prices are reducing consumer purchasing power, geopolitical risks are making companies less likely to invest. Meanwhile, supply chain issues could lead to repeated disruption to industrial production. All in all, the institutes have lowered their growth forecast for global economic output this year to 3.5%.

### Sector

According to the latest information from the digital industry association Bitkom<sup>6</sup>, the current challenges facing the world markets – including the war in Ukraine, skyrocketing energy prices and disrupted supply chains – are leading to uncertainty in the German digital sector. Although business is still performing well, industry expectations for the second half of the year are muted.

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<sup>4</sup> cf. ifo Economic Forecast Summer 2022 dated June 15, 2022, published at [www.ifo.de](http://www.ifo.de)

<sup>5</sup> cf. Joint Economic Forecast #1-2022, April 12, 2022, published at [www.gemeinschaftsdiagnose.de](http://www.gemeinschaftsdiagnose.de)

<sup>6</sup> cf. Bitkom ICT market data (as at July 2022) and Bitkom press release dated July 5, 2022, published at [www.bitkom.org](http://www.bitkom.org)

In 2022, companies in the IT, telecommunications and consumer electronics industry are expected to record sales growth of 4.3% (2021: 4.0%) to EUR 189.4 billion (2021: EUR 181.5 billion) according to the latest calculations by the digital industry association Bitkom. “The world is currently stumbling from one crisis to the next, and the resulting uncertainty is having a mutually reinforcing effect. The coronavirus lockdowns in China are leading to repeated supply chain disruption, the Russian war of aggression in Ukraine has driven energy prices sky-high, and inflation is putting pressure on companies and households in equal measure,” says Bitkom President Achim Berg. “Despite this growing uncertainty, businesses and public administrations continue to face the challenge of quickly and comprehensively digitalizing their activities. Many companies have understood the huge importance of resilient IT in times like these. Whereas growth in the industry was supported by customer spending in the first years of the pandemic, corporate investments are now proving to be the main pillar of growth,” Berg continues. Accordingly, Bitkom is forecasting growth in the German IT market of 6.7% to EUR 113.0 billion in 2022 (2021: 6.6% to EUR 105.9 billion). Bitkom expects the software market segment to enjoy above-average growth of 8.8% to EUR 32.4 billion (2021: 8.0% to EUR 29.8 billion), while expenditure for IT services will increase by 3.7% to EUR 43.6 billion (2021: decline of -2.4% to EUR 41.4 billion).

In its latest IT Spending Forecast published on July 14, 2022, the market research company Gartner<sup>7</sup> forecasts a year-on-year increase in global IT expenditure of 3.0% to USD 4,535 million in 2022 (2021: 10.2% to USD 4,402 million). Gartner expects the critical IT skills shortage being felt across the globe to abate by the end of 2023 when the corporate drive to complete digital transformations slows and there has been time for upskilling and reskilling existing staff. However, Gartner says that CIOs will be forced to take action to balance increased IT demand and dwindling IT staffing levels in the near future.

“CIOs are using more IT services to assist in the lack of skilled IT staff. Tasks that require lower skill sets tend to be outsourced to managed service firms to alleviate staff time, while critical strategy work, which requires high-end skills unobtainable by many enterprises, will increasingly be fulfilled by external consultants,” says John-David Lovelock, Vice President at Gartner. Accordingly, Gartner expects the software and IT services market segments to again enjoy above-average growth of 9.6% to USD 807 million (2021: 14.7% to USD 736 million) and 6.2% to USD 1,283 million (2021: 12.8% to USD 1,208 million) respectively in 2022.

## **Outlook**

Following the positive start to fiscal 2022 and in light of the new all-time high in terms of orders on hand, the Management Board is confirming the full-year forecast for 2022. This provides

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<sup>7</sup> cf. Gartner press release, July 14, 2021, published at [www.gartner.com](http://www.gartner.com)

for sales growth to EUR 120-125 million with recurring revenue accounting for 45% of new product business, resulting in an increase in EBITDA to EUR 14.5-16.0 million. This will be driven in particular by the strong growth in high-margin SaaS business. Following the anticipated emergence from the coronavirus pandemic, which will allow the company to attend trade fairs, conferences and other events again, foreign business in particular is expected to return to high growth rates in the coming quarters. The Management Board also anticipates positive effects and a further increase in efficiency in connection with the implementation of the “One USU” strategy. The Management Board is also confirming the current medium-term planning, which includes average organic sales growth of 10% in the next few years and, in view of the continued growth in SaaS business, an increase in the EBITDA margin to between 16% and 18% by 2024.

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.

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 2022, 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 reporting date December 31, 2021. For more information please see the report on risks and opportunities in the 2021 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.

Following the largely negative performance in the first quarter, the stock markets again saw extremely weak development in the second quarter as a result of the war in Ukraine, rising inflation and supply chain disruption. On June 30, 2022, the German share index (DAX) closed down -11.3% on the previous quarter on the XETRA electronic trading platform at 12,783.77 points (March 31, 2022: 14,414.75 points). The Technology All Share index saw an even more pronounced downturn of -15.7% to 3,868.60 points on XETRA compared with the end of the previous quarter (March 31, 2022: 4,590.61 points). Irrespective of the company’s positive

business development and the announcement of numerous orders, USU's share price also saw a disproportionate decline of -21.0% in the same period to EUR 17.85 (March 31, 2022: EUR 22.60).

The DAX declined by -19.5% compared with the end of the previous year (December 31, 2021: 15,884.86 points), while the Technology All Share index fell by -27.5% over the same period (December 31, 2021: 5,334.67 points). USU's share price also declined by -26.2% in the first six months of the year (December 31, 2021: EUR 24.20).

The negative trend on the stock market is also reflected in the year-on-year development since June 30, 2021, with the DAX falling by -17.7% (June 30, 2021: 15,531.04 points) and the Technology All Share index seeing a disproportionate downturn of -23.0% (June 30, 2021: 4,037.09 points). Irrespective of USU Software AG's positive business performance, the company's share price also saw a more pronounced year-on-year decline than the benchmark indices at -28.6% (June 30, 2021: EUR 20.20). The Management Board considers this substantial downturn in USU's share price to be entirely unjustified, not least since the USU Group is set to enjoy another record year in 2022 following its success in the previous year.

Möglingen, August 31, 2022

USU Software AG

Bernhard Oberschmidt  
Chairman of the Management

Dr. Benjamin Strehl  
Management Board



<b>ASSETS</b> <i>EUR thousand</i>	<b>6-month report</b> <b>JUNE 30, 2022</b>	<b>Annual report</b> <b>DEC. 31, 2021</b>
<b>Non-current assets</b>		
Intangible assets	2,723	3,031
Goodwill	40,392	40,392
Property, plant and equipment	2,877	3,103
Right-of-use assets	15,523	16,584
Financial assets	749	746
Prepaid expenses	290	200
Deferred taxes	3,860	4,860
<b>Non-current assets</b>	<b>66,414</b>	<b>68,916</b>
<b>Current assets</b>		
Inventories	421	374
Contract assets	5,110	4,962
Trade receivables	20,598	14,820
Income tax receivables	33	65
Financial assets	811	599
Other assets	265	381
Prepaid expenses	1,953	1,613
Cash on hand and bank	26,265	24,286
<b>Current assets</b>	<b>55,456</b>	<b>47,100</b>
<b>Total assets</b>	<b>121,870</b>	<b>116,016</b>
<b>EQUITY AND LIABILITIES</b> <i>EUR thousand</i>	<b>6-month report</b> <b>JUNE 30, 2022</b>	<b>Annual report</b> <b>DEC. 31, 2021</b>
<b>Equity</b>		
Issued capital	10,524	10,524
Capital reserves	52,792	52,792
Other retained earnings	4,363	829
Other comprehensive income	222	298
<b>Equity</b>	<b>67,901</b>	<b>64,443</b>
<b>Non-current liabilities</b>		
Pension provisions	1,239	1,340
Lease liabilities	13,215	14,141
Deferred income	1,900	1,600
Deferred taxes	876	924
<b>Non-current liabilities</b>	<b>17,230</b>	<b>18,005</b>
<b>Current liabilities</b>		
Income tax liabilities	431	635
Lease liabilities	2,554	2,680
Personnel-related liabilities	7,533	10,038
Other provisions and liabilities	1,737	2,902
Liabilities from advance	1,856	3,178
Trade payables	5,405	4,455
Deferred income	17,223	9,680
<b>Current liabilities</b>	<b>36,739</b>	<b>33,568</b>
<b>Total equity and liabilities</b>	<b>121,870</b>	<b>116,016</b>

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Quarterly report</b>	<b>Quarterly report</b>	<b>6-month report</b>	<b>6-month report</b>
<i>EUR thousand</i>	<b>Q2 2022</b>	<b>Q2 2021</b>		
	<b>April 1, 2022</b>	<b>April 1, 2021</b>	<b>Jan. 1, 2022</b>	<b>Jan. 1, 2021</b>
	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Sales	30,722	26,745	60,295	53,925
Cost of sales	-15,554	-13,295	-30,788	-26,901
Gross profit	15,168	13,450	29,507	27,024
Selling and marketing expenses	-5,400	-5,025	-10,388	-9,889
General and administrative exp.	-2,757	-2,348	-5,639	-5,035
Research and development exp.	-4,440	-4,242	-48,817	-8,484
Other operating income	269	453	657	1,017
Other operating expenses	-215	-8	-381	-313
Profit from ordinary activities (EBIT)	2,625	2,280	4,939	4,320
Finance income	128	0	159	204
Finance expenses	-42	-135	-88	-166
Earnings before taxes (EBT)	2,711	2,145	5,010	4,358
Income taxes	-828	-384	-1,476	-564
<b>Consolidated net earnings</b>	<b>1,883</b>	<b>1,761</b>	<b>3,534</b>	<b>3,794</b>
<i>Items that can be reclassified to profit or loss in future periods:</i>				
Currency translation difference	-73	83	-76	-98
<b>Other comprehensive income</b>	<b>-73</b>	<b>83</b>	<b>-76</b>	<b>-98</b>
<b>Total comprehensive income</b>	<b>1,810</b>	<b>1,844</b>	<b>3,458</b>	<b>3,696</b>
Earnings per share (in EUR) Basic and diluted	0,17	0,17	0,33	0,35
Number of underlying shares	10,523,770	10,523,770	10,523,770	10,523,770

<b>Consolidated statement of cash flows</b> <i>EUR thousand</i>	<b>6-month report</b> <b>Jan. 1, 2022 -</b> <b>June 30, 2022</b>	<b>6-month report</b> <b>Jan. 1, 2021 -</b> <b>June 30, 2021</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		
Consolidated net profit	3,534	3,794
+/- depreciation, amortization and write-downs of non-current assets and reversals of	867	912
+/- depreciation, amortization and write-downs of right-of-use assets under IFRS 16 Leases and reversals of write-downs of right-of-use assets under IFRS 16 Leases	1,458	1,428
+/- other non-cash expenses/income	-149	-149
-/+ increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	-6,502	-611
+/- increase/decrease in trade payables and other liabilities not related to investing or financing activities	3,700	-410
-/+ interest expenses/income	-71	-38
+/- income taxes received/paid	-696	-441
-/+ interest paid/received	-72	-51
-/+ income tax expenses/income	1,476	564
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,545</b>	<b>4,998</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
- purchase of intangible assets	-3	-7
+ proceeds from disposals of property, plant and equipment	0	18
- purchase of property, plant and equipment	-326	-349
<b>NET CASH USED IN INVESTING ACTIVITIES:</b>	<b>-329</b>	<b>-337</b>
<b>NET CASH USED IN FINANCING ACTIVITIES:</b>		
- dividends paid to shareholders of the parent company	0	0
- repayments of lease liabilities	-1,455	-1,388
<b>NET CASH USED IN FINANCING ACTIVITIES:</b>	<b>-1,388</b>	<b>-1,388</b>
<b>Change in cash and cash equivalents</b>	<b>1,762</b>	<b>3,273</b>
+/- effect on cash and cash equivalents of exchange rate movements and remeasurement	217	153
<b>+ cash and cash equivalents at the start of the period</b>	<b>24,286</b>	<b>18,534</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>26,265</b>	<b>21,960</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	26,265	21,960
	<b>26,265</b>	<b>21,960</b>

Changes in consolidated equity	Issued capital		Capital reserves	Retained earnings	Other comprehensive income		Equity
	Number	EUR thousand			EUR thousand	EUR thousand	
			EUR thousand	EUR thousand			
Consolidated equity as of January 1, 2021	10,523,770	10,524	52,792	-1,719	-150	322	61,769
Consolidated net earnings				3,794			3,794
Other comprehensive income after taxes						-98	-98
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,794</b>	<b>0</b>	<b>-98</b>	<b>3,696</b>
Dividend payment							0
Consolidated equity as of June 30, 2021	10,523,770	10,524	52,792	2,075	-150	224	65,465
Consolidated equity as of January 1, 2022	10,523,770	10,524	52,792	829	-116	414	64,443
Consolidated net earnings				3,534			3,535
Other comprehensive income after taxes						-76	-76
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,534</b>	<b>0</b>	<b>-76</b>	<b>3,458</b>
Dividend payment							0
Consolidated equity as of June 30, 2022	10,523,770	10,524	52,792	4,363	-116	338	67,901

## **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, 2021. This unaudited six-month report for 2022 should therefore be read in conjunction with the audited consolidated financial statements for 2021.

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.

## Sales

Sales break down as follows:

	Jan. 1 - June 30, 2022 EUR thousand	Jan. 1 - June 30, 2021 EUR thousand
Consulting	34,833	31,992
Licenses/products	5,823	4,802
Maintenance	12,207	11,496
Software-as-a-Service / SaaS	6.661	5.104
Other	771	531
	60,295	53,925

## 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, 2022	Jan. 1-June 30, 2021	Jan. 1-June 30, 2022	Jan. 1-June 30, 2021	Jan. 1-June 30, 2022	Jan. 1-June 30, 2021	Jan. 1-June 30, 2022	Jan. 1-June 30, 2021	Jan. 1-June 30, 2022	Jan. 1-June 30, 2021
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Sales	42,782	38,632	17,447	15,234	60,229	53,866	66	59	60,295	53,925
EBITDA	5,566	4,949	2,888	2,936	8,454	7,885	-1,191	-1,226	7,263	6,659
EBIT	3,909	3,362	2,308	2,251	6,217	5,613	-1,279	-1,293	4,938	4,320
Net finance	-	-	-	-	-	-	72	38	72	38
Taxes	-1,358	-432	-118	-132	-1,476	-564	-	-	-1,476	-564
Consolidated net	2,551	2,930	2,190	2,119	4,741	5,049	-1,207	-1,255	3,534	3,794
No. of employees	526	521	115	114	641	635	103	104	744	739

The USU Group generated a total of 22.2% (Q1-Q2 2021: 25.1%) or EUR 13,412 thousand (Q1-Q2 2021: EUR 13,544 thousand) of its consolidated sales outside Germany in the first six months of the 2022 fiscal year. These figures are based on customers' registered offices. For reasons of materiality, further details of the geographical data have not been provided.

## 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, 2022:

Stock declarations by members of	Shares June 30, 2022	Shares June 30, 2021
<b>Management Board</b>		
Bernhard Oberschmidt	162,518	162,518
Dr. Benjamin Strehl	0	0
<b>Supervisory Board</b>		
Udo Strehl*	5,000	5,000
Erwin Staudt	100,000	100,000
Gabriele Walker-Rudolf	1,000	0

\* An additional 5,359,888 (2021: 5,349,578) 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 (2021: 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 May 24, 2022, AUSUM GmbH, whose majority shareholder is the Chairman of the Supervisory Board of USU Software AG, Udo Strehl, purchased a total of 1,810 shares in USU Software AG via the Tradegate Exchange stock exchange ("Tradegate"). On June 20, 2022, AUSUM GmbH purchased a further 1,000 shares in USU Software AG via Tradegate. AUSUM GmbH also purchased a further 1,500 shares in USU Software AG via Tradegate on June 23, 2022. AUSUM GmbH immediately notified USU Software AG of the corresponding securities transactions in each case. In turn, the company published the listed notifications regarding securities transactions as required.

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

## 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 31, 2022

USU Software AG

Bernhard Oberschmidt

Chairman of the Management Board

Dr. Benjamin Strehl

Management Board

**September 08**

Hauck & Aufhäuser Roadshow, Paris/France

**September 09-10**

IR Tour 2022, Rüttnauer Research, Karlsruhe/Germany

**September 15**

LBBW Roadshow, Stuttgart/Germany

**November 24**

Publication of nine-month report 2022

**November 28-30**

Analyst and investor conference at the  
German Equity Forum, Frankfurt am Main/Germany