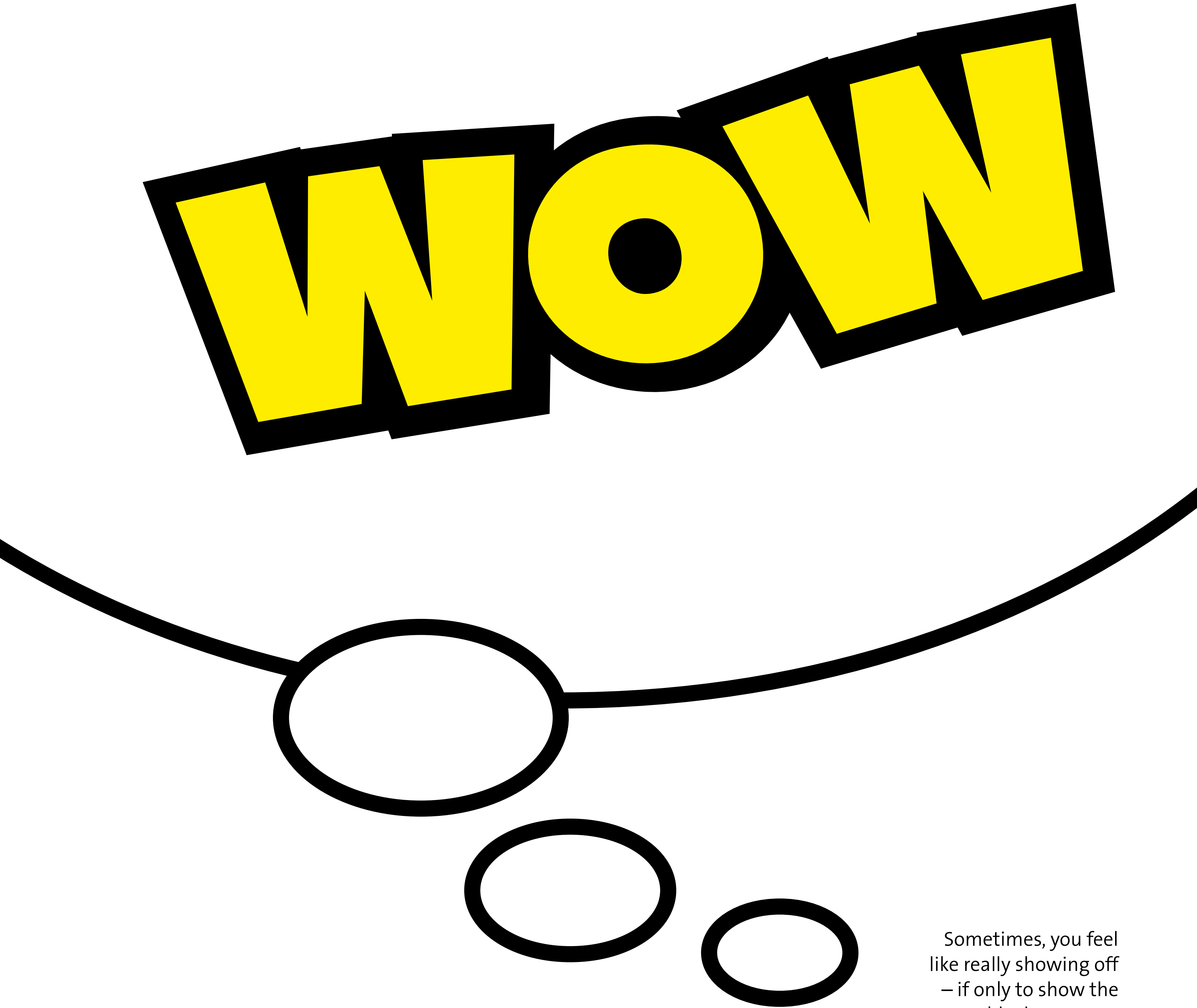
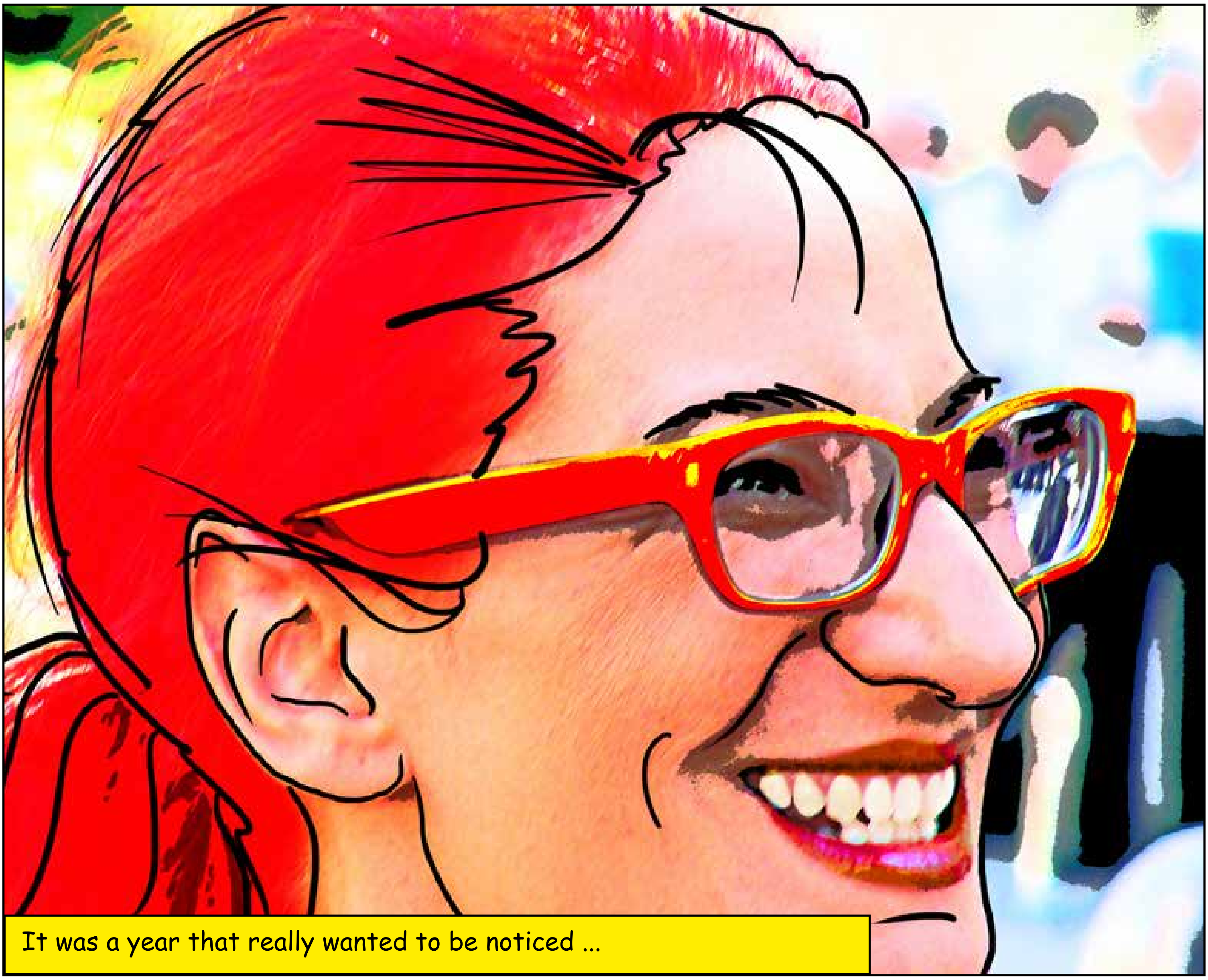
ANNUAL REPORT 2014
USU SOFTWARE AG



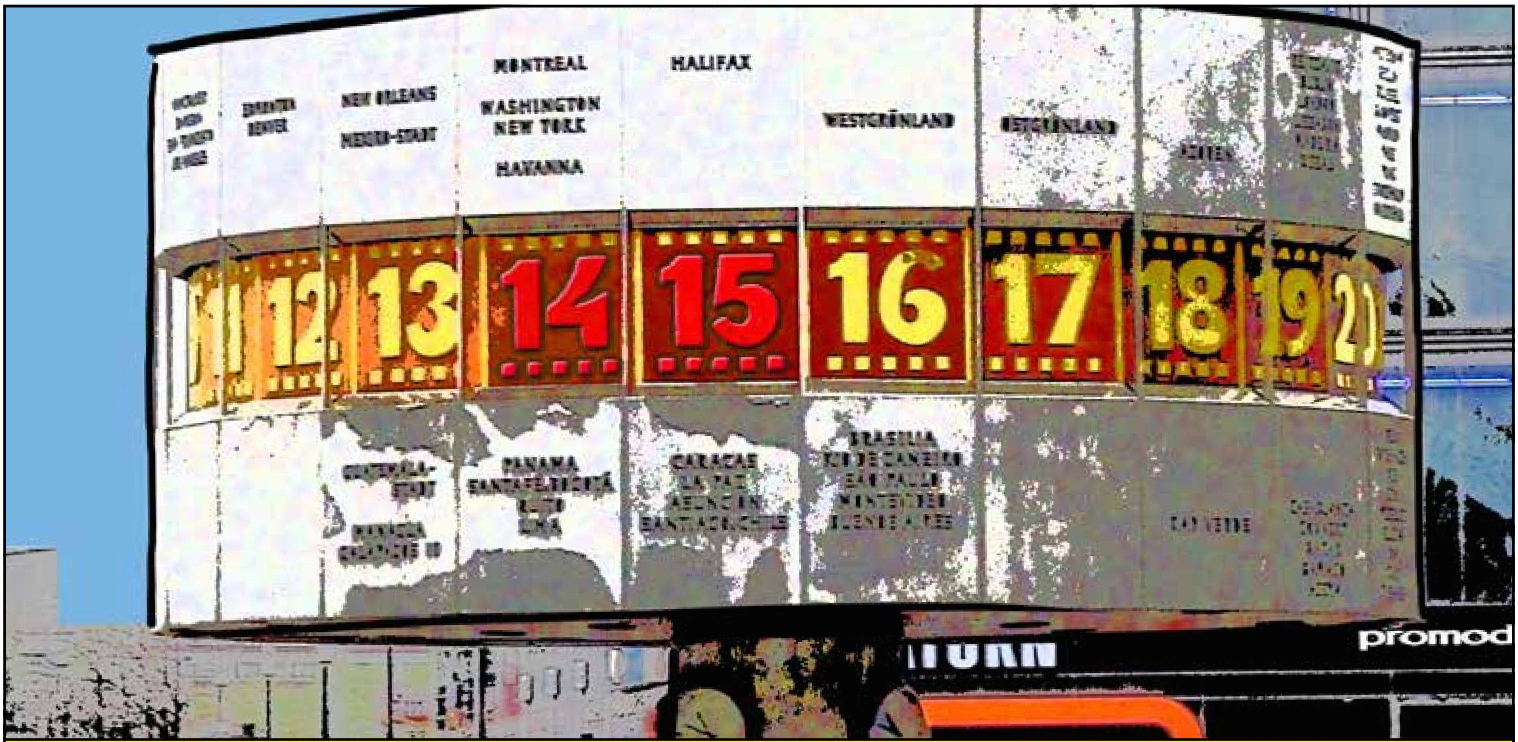
Sometimes, you feel like really showing off – if only to show the world who you are.

Software is our super power.
It's the stuff that makes it possible
to re-imagine everything that exists.
And we – USU Software AG – are at
the forefront of this business.
We are passionate about it.
Like comic-strip heroes, we are endowed with
super powers.

That doesn't alter the fact that we need
to work pretty hard.
With success. As 2014 shows.

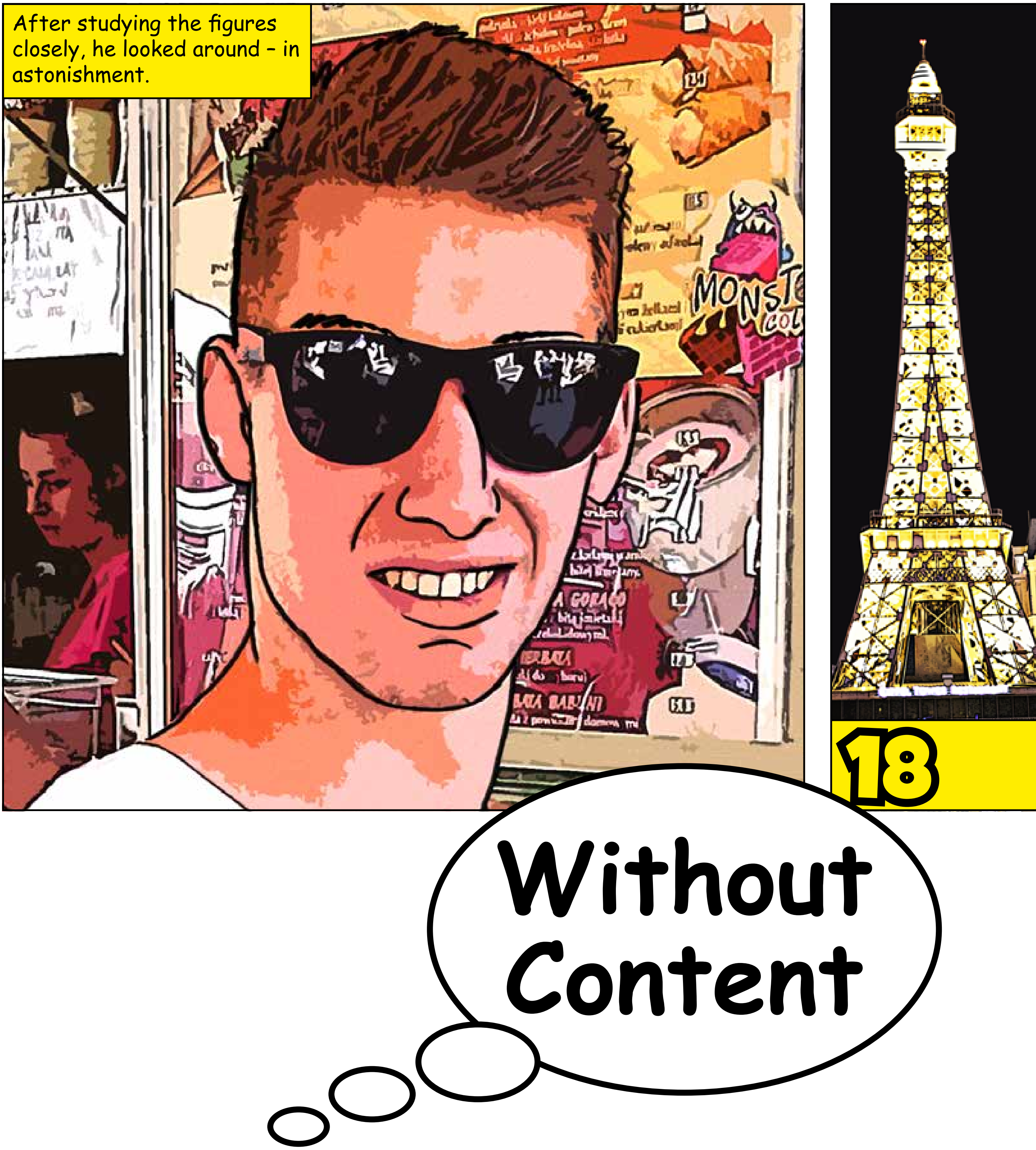


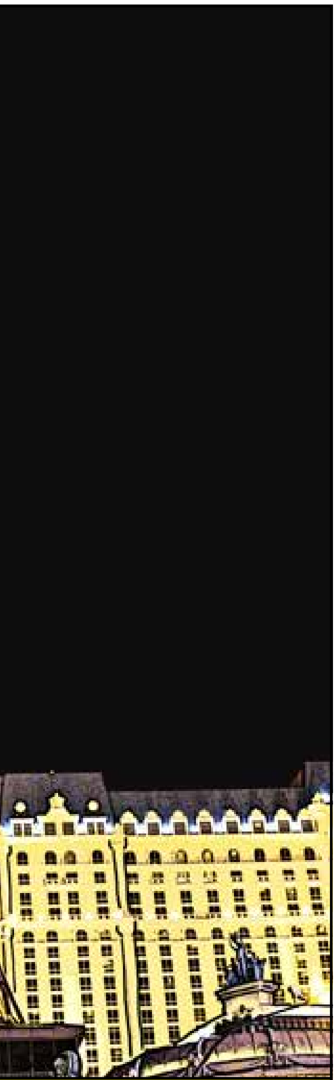
Without Make-Up

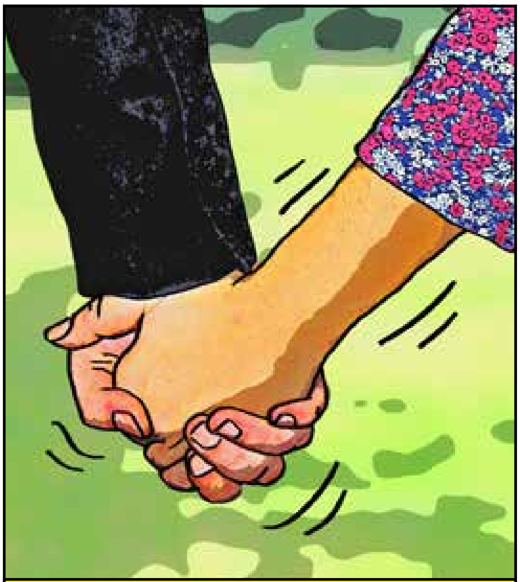


... in the never-ending chain of business data, of calendars and other records.
It wanted to be a smash hit, a sell-out performance. But in the end – as in every other year – there were just the bare numbers. For the quick spin. Into the New Year.

The Fiscal Year at a Glance according to IFRS in EUR thousand	**2014**	2013
Sales Revenues	**58,933**	55,713
Adjusted EBIT	**7,276**	5,083
Adjusted Consolidated Earnings	**5,963**	5,169
Adjusted Earnings per Share	**0.57**	0.49
EBITDA	**8,886**	5,490
EBIT	**6,673**	3,408
Net Profit	**5,512**	3,646
Earnings per Share	**0.52**	0.35
Total Shareholders' Equity	**55,608**	53,232
Total Liabilities and Shareholders' Equity	**85,174**	81,414
Equity Ratio	**65.3%**	65.4%
Cash and Cash Equivalents	**18,920**	14,231
Net Cash from Operating Activities	**7,740**	9,855
Average Total Workforce for the Year	**452**	452


After studying the figures closely, he looked around – in astonishment.
18
Without Content



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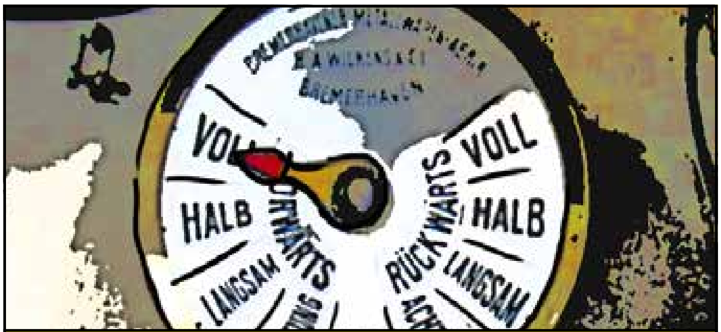
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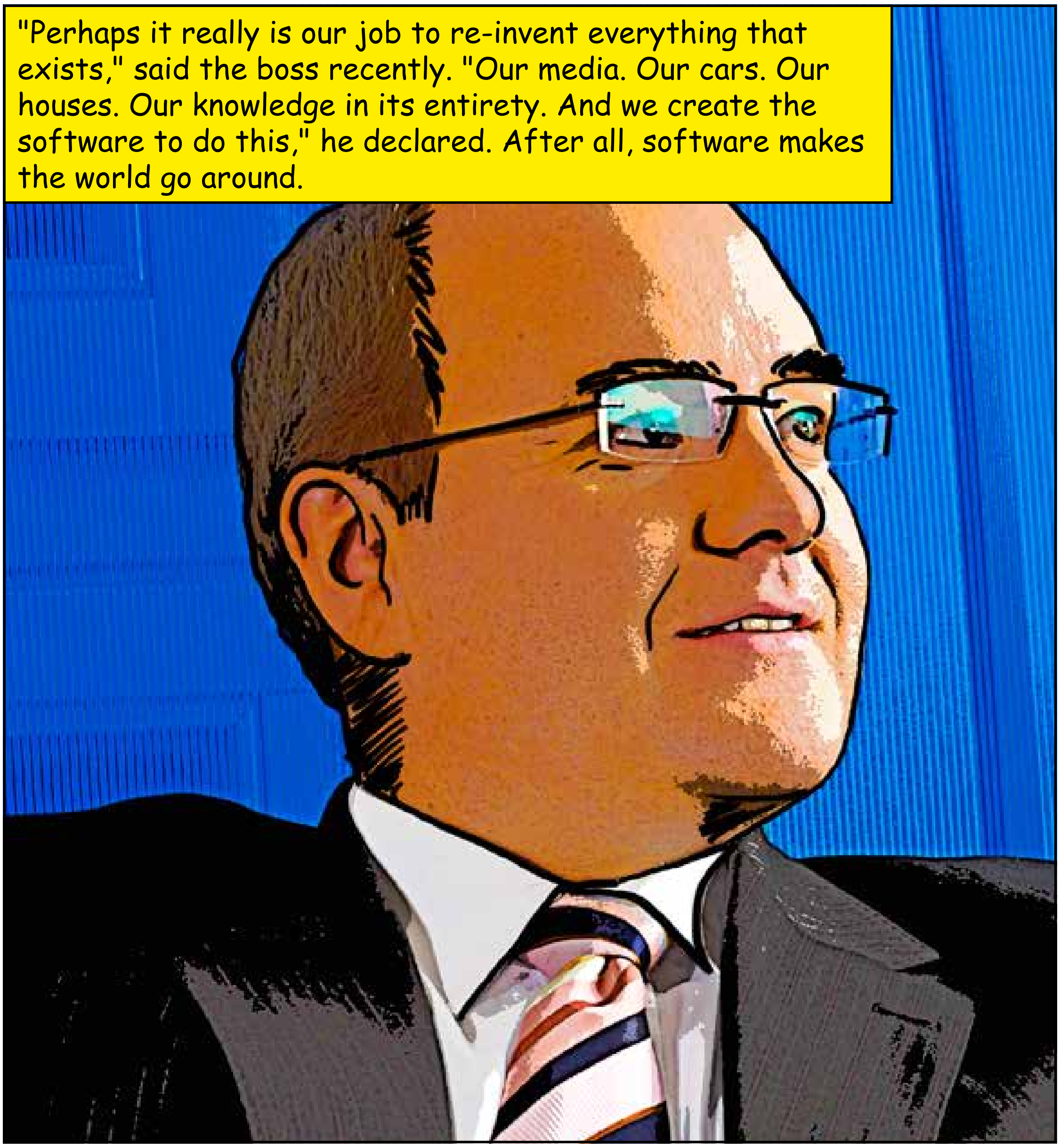
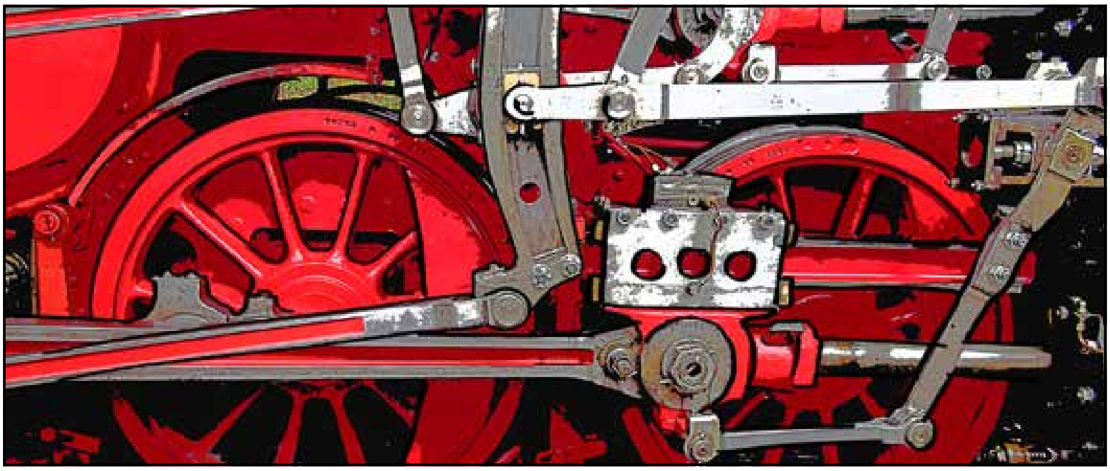


Without Precedent



How did people build so many wonderful things in the past without computers? Obviously because they were motivated by the same spirit that builds software. Without us, everything grinds to a halt.

Software is a super power of the kind normally confined to comics. These are magical forces that combine a wealth of imagery with speech bubbles to draw us into another world. Comics are full of allusions to what we call reality, in other words, what we see, hear, and feel. We find that the world of software is similar. This is a world permeated by unseen sequences of commands, by programs that are exerting increasing control over what we see, hear, and feel.

Without software, our economy, our society, our lives would scarcely function. Without software, there would be no USU Software AG.
It would be a world without us.

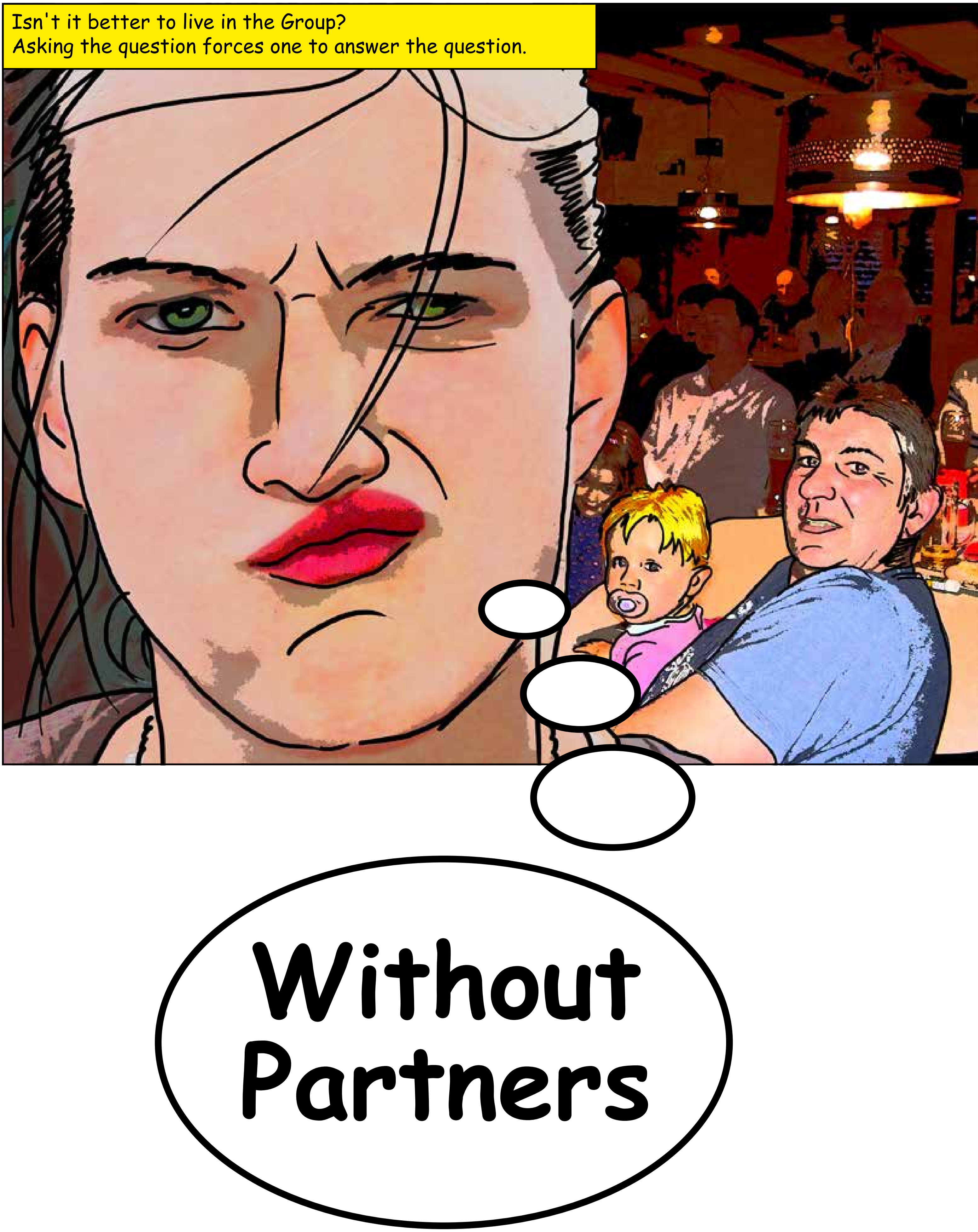
Software consists of snapshots. Just like comics. And programs are likewise arranged in sequential lines. One image follows the other. Program commands are arranged in exactly the same way.

In some cases, they make the same types of dramatic leaps as the image sequences in a comic. A complete change of scene in the midst of the action.

Let us leap into the year 2014. Despite the excellent figures that it brought us in the end , it was a very challenging year. It was a year full of surprises.
But is it still possible for surprises to occur in a programmed world?

Of course it is. A world without surprises would be a world without us, the people. Surprises are a feature of creativity and originality. Both of these things inspired us to introduce this annual report in a comic-strip format. One full of leaps. Full of surprises. Full of creativity. That's the way the world is now. With us. With our employees and partners. With our customers and shareholders. With all of us.

In short:
***Without us**, the world would miss a little creativity.*


Isn't it better to live in the Group?
Asking the question forces one to answer the question.
Without Partners

Software is created character by character. Line by line. Thousands, hundreds of thousands, even millions of parts are combined in this way to create a complete work. Every part is important. In itself and for the entity as a whole.

USU Software AG is structured in the same way as the software. What began in 1977 as a one-man show is now a Group with more than 450 employees. They develop, maintain, and sell software for the most diverse topics and sectors, across a wide range of countries, and at a wide variety of locations – yet they all belong together.

> Someone who needs software for very specific requirements will approach, for example, the consultants at USU AG in Möglingen. Our software manages knowledge, our customers' greatest asset. With our software, they manage their entire IT operation. Day after day. Commercially and technically.

> SMEs looking for solutions that will give them peace of mind in managing investments in IT or in fields such as solar technology can turn to our subsidiary Omega Software in Obersulm.

> For companies wishing to monitor IT and software systems throughout their organizations, our subsidiary LeuTek in Leinfelden can supply the necessary software and systems.

> Those seeking to use software to save money on software should visit Aspera, our software company in Aachen. Its license management software is legendary.

> Those who feel challenged by the sheer force of opinion communicated via the Internet and who wish to formulate a professional and proactive response to it should make contact with Berlin. With our company BIG. The good reputation of our customers is important to us.

In short:
***Without us**, the world would be a little poorer.*

Without Borders

Software has its own languages. They are called JavaScript or C++, PHP, Python or Perl – at any rate, they are all international. Software knows no boundaries.

For a Group such as USU Software AG, this means that it can, in principle, operate worldwide. This means that we can compete with everyone. We make a commercial decision as to whether or not we participate in a market.

People have their own languages – and language boundaries. The passport for crossing these boundaries is English as spoken in the USA. There is a good reason for this: The United States has always been a leader in the area of software. It was here that the first programming languages were developed and standardized. It was here that software was first transformed into a mass-produced product.

This is the market that never sleeps. This is why it is so important for a European software company like us to earn respect.

If you name the world's leading software companies, you will discover that we are now on their radar. That's because one of the oldest and best-known software companies in the USA, CA Technologies, is our partner. Since this market exerts a powerful influence worldwide, we are not only represented there by third parties, but also maintain a direct presence ourselves. With Aspera. There are no limits to our growth, and this also applies in the USA.

In short:
***Without us**, the world would be just a little smaller.*


The experts consulted with each other in the corridor. The software had to be adapted to the needs of the company. How much service was needed? How would the workload be split between the customer and the software company? After all, this famous fashion brand had very special requirements.
Without Stress

Software grows. Across the globe, 40 million people develop software day by day. However, most of their time is spent maintaining, improving, expanding, updating, and replacing their programs. That is their business.

It is a business that thrives on the fact that everything is not only different, but also different than what one expects. Every customer has unique expectations of his or her software – even if the software is supplied by us, for example, and was developed not at all with this customer in mind but simply in response to a problem that he or she happens to share with many other customers.

All customers would like to know what their IT system does, where the computers are located, and which equipment and software licenses are used. But when they want to know this precisely, they come to us. And since they want our software to understand their companies in terms of IT better than they do themselves, our programs must be equipped to reach deep into the corporate structures.

No software can do this by itself. This where our consultants come in. To ensure that customers ultimately receive exactly what they want. Without fuss or quibble.

For in most cases, the next task is already waiting in the wings. And of course, we want to solve this, too. With our expertise and our software.

In short:
***Without us**, the world would have a little less service.*

Without Interruption

Software consists of intellectual material, a clever individual once said. It is a product of the mind, created by our thoughts. Only inside a computer does it come to life. From there, it can be copied and distributed as required. There are no limits to growth. This frequently results in uncontrolled proliferation.

Naturally, even software has its price, which in turn regulates the extent to which it is distributed. However, the level of demand is immense. Each year, software valued at 400 billion dollars is added worldwide. This upward trend is set to continue.

Here at USU Software AG, we help our customers to manage this growth. With our dedicated software products:

> We help achieve savings – for example, by identifying software that nobody needs any longer, but for which the customer is still paying maintenance fees.

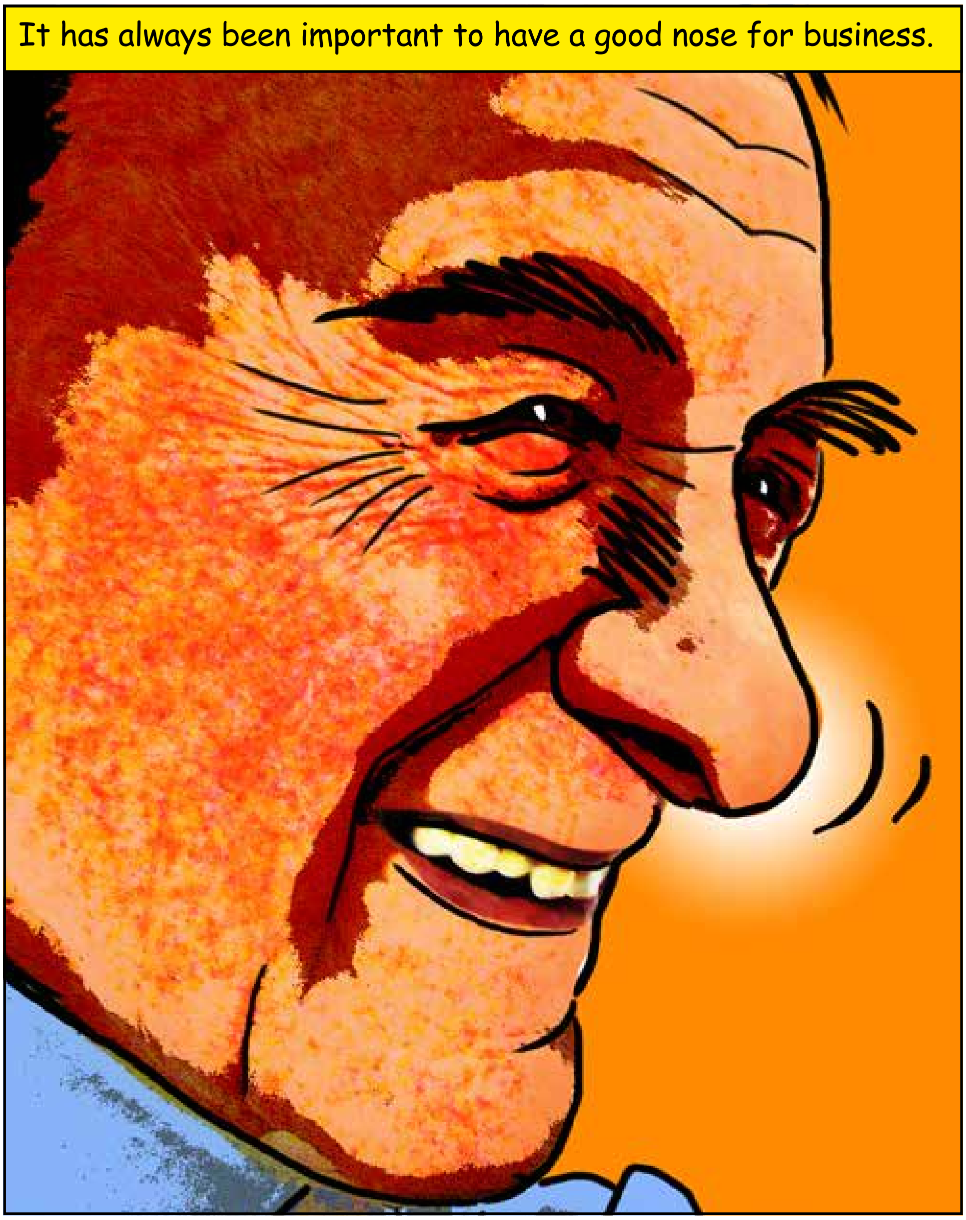
> We help our customers to identify critical waves of opinion on the Internet and address them in an elegant way.

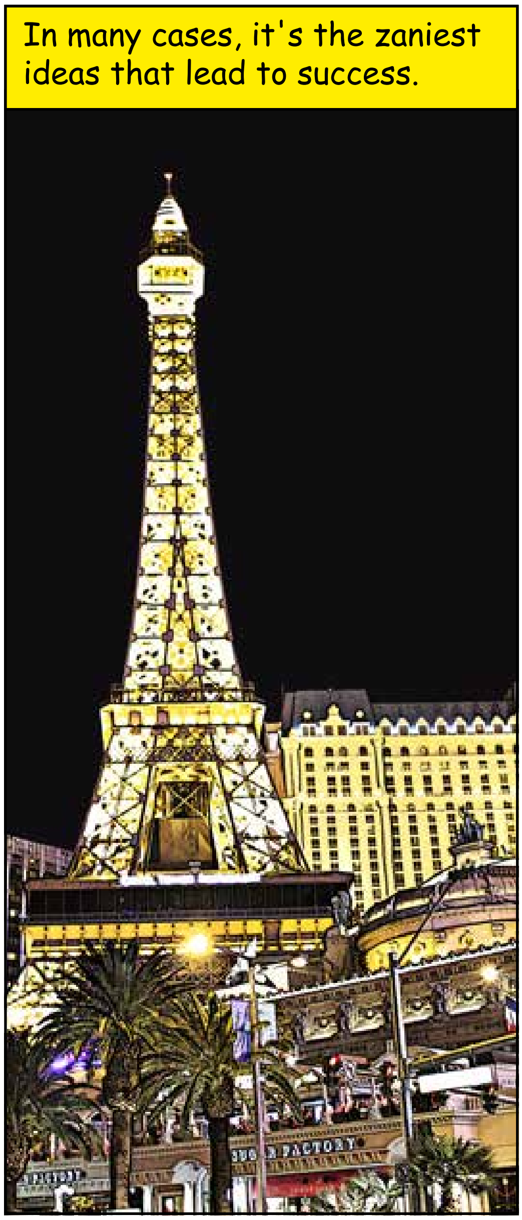
> We help them "help" others. Call and service centers use our software to assist others in using software. We even provide help for self-help solutions.

> We help our customers recognize weaknesses before they become weaknesses. By constantly monitoring the IT activities in a company.

However, the unwavering attention of our software not only concentrates on the use of programs. We are happy to take all IT systems under the wings of our software. Around the clock.

In short:
***Without us**, the world of IT would scarcely be manageable.*





Without Fear

Software – is it an art or a science? It's a question that has been argued in the industry for half a century. There is no clear answer. Software certainly has a great deal to do with creativity, it is always open to new ideas and, despite all its scientifically developed methodologies, it is not always completely predictable in terms of its creation process and its result. This is when all of the art, but also the science, must be brought to bear.

Companies generally prefer standard software. You know what you're getting. Nevertheless, there are ideas, especially entrepreneurial ideas, that are not so easily covered by standards. These are often the ideas that make the difference in terms of competition – the ideas that are unique. In this case, the software that you want to use to make the idea a reality must also be highly customized. This calls for an experienced team that knows what innovation is, where the challenges lie, and how to combine creativity and professionalism.

USU Software AG will soon be celebrating 40 years of involvement in this specialized project business. Our people master this mixture of science and art, of hard work and a quantum of ingenuity.

In short:
Without us *– just between ourselves – software would be pretty dull.*

Without Limit

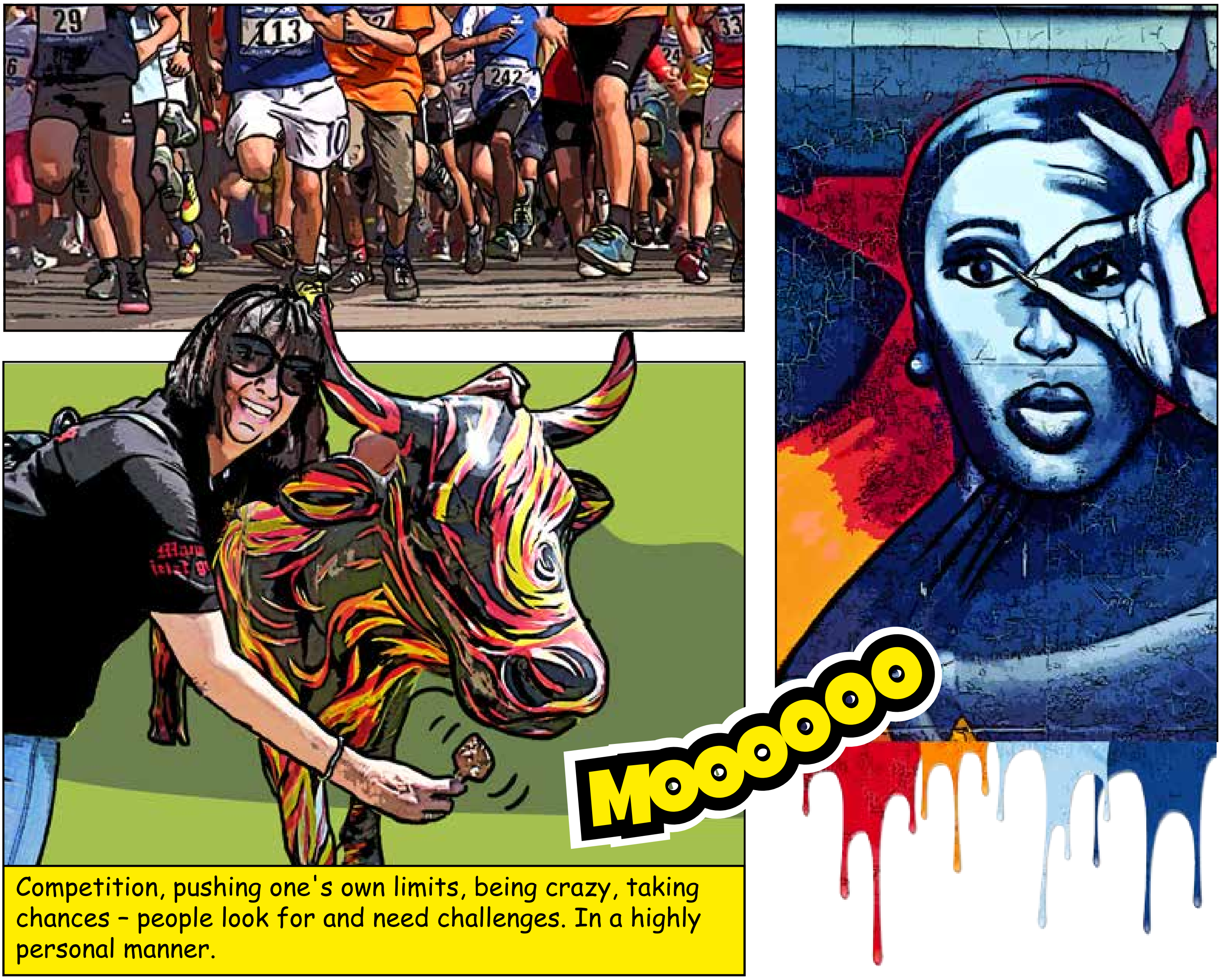
Software needs many talents. Some are highly skilled at arranging one line of code after another. Others specialize in defining very precisely what software is required to do. Then there are those who are good at assembling and maintaining an army of software professionals. Others are highly proficient at tracking down the tiniest of errors. Of course, you also need consultants who can present everything in a manner that customers can digest.

And it goes without saying that the sales department can be expected to play a significant role, and that legal experts must sew everything up in watertight contracts. Behind the scenes there are marketing experts and PR people, while the HR department will also have a great deal to do. IT experts ensure that all computers are running. And then there are the accountants who also want to know everything in great detail.

There is no doubt that software is a highly labor-intensive business. Without this diversity, it cannot be done. Those who treat their employees well and deal with them fairly have every opportunity of being richly rewarded by them. With satisfied customers, solid business performance, and a good working atmosphere. The way they have done at USU Software AG, which can already look back on four decades in the market and currently employs more than 450 people.

In short:
***Without us**, it would all be nothing.*

Without Words



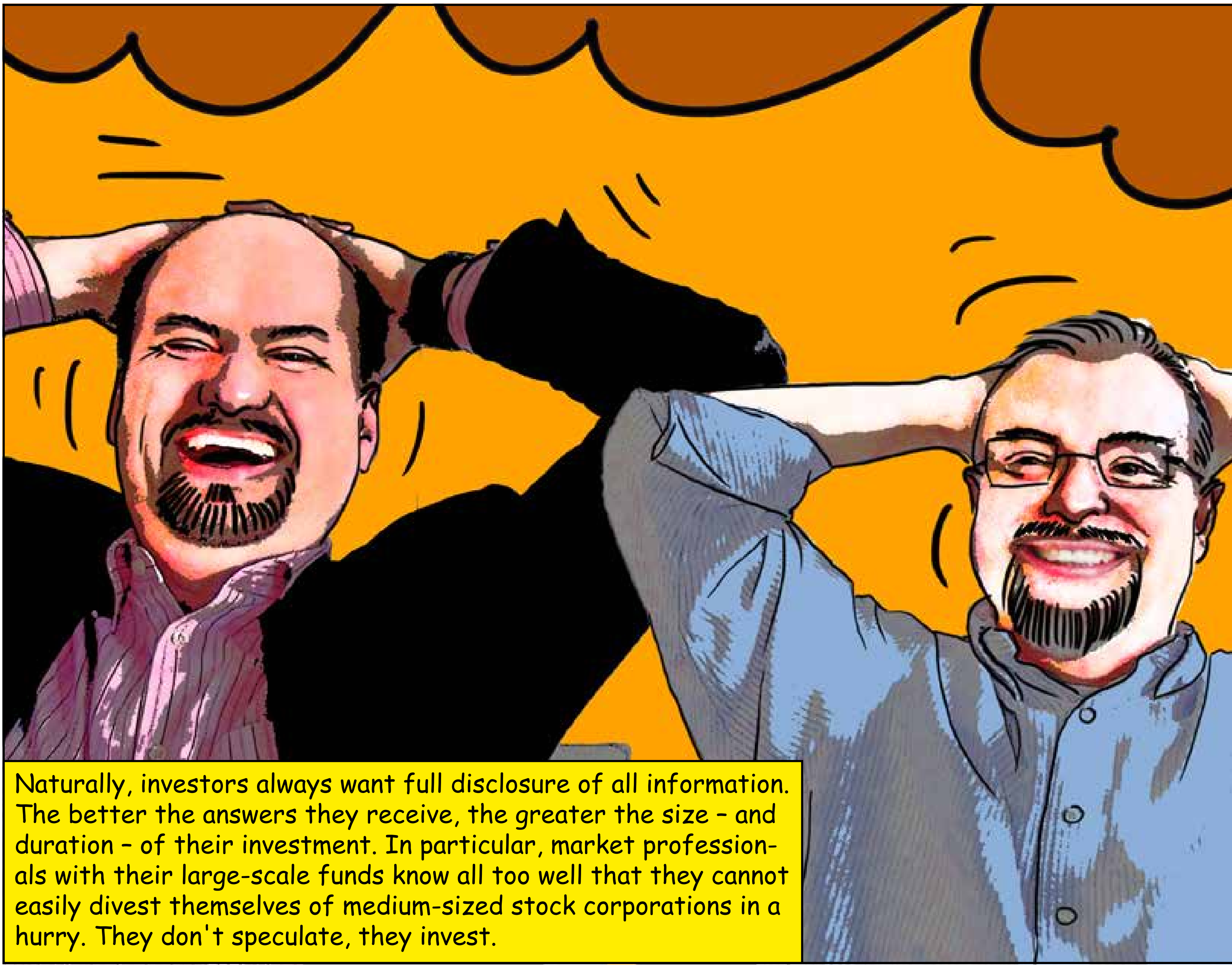
Software gets under the skin, it measures pulse, temperature, and blood pressure. Everything. Software looks through the skin to scan bones, muscles, organs. Everything. Software becomes our second skin. During work, exercise and recreation.

It helps athletes achieve peak performances – without drugs. It helps patients recover – without extensive side-effects. It helps wherever it can in our social and cultural environment. And in the areas in which it cannot and should not help, that's where we at USU Software AG step in. With our corporate donations, but also as a collaborator. We provide help personally, selflessly. Without ulterior motives. We're not trying to sell anything.

Artists use our premises as galleries.
We support athletes in their battle of will.
We assist parents in the field of medicine.
We keep schools up to date with cultural techniques.
And have done so for at least 30 years.

We understand that a society needs role models. Software alone is no substitute for the personal touch. That comes from people. That is what we work on.

In short:
***Without us**, there would be a little less of a personal touch in the world.*



Without Worry

According to The Economist magazine, the biggest shareholder in many places these days is software. In making this assertion, the highly respected business periodical wanted to highlight the fact that decisions regarding the equity investments of large passive index funds are no longer made by humans, but by computer programs. This was a shame, it added, because it would eventually result in anemic corporations that merely try to keep pace with developments.

It is true: Everything at USU revolves around software. With one exception. Our biggest shareholders are not the software, but the company founders, funds and family offices, that is, investors who take a long-term view. We consider ourselves a family, in which enterprising individuals determine events, down to the smallest detail of day-to-day business, in concert with our customers, partners and, of course, our employees.

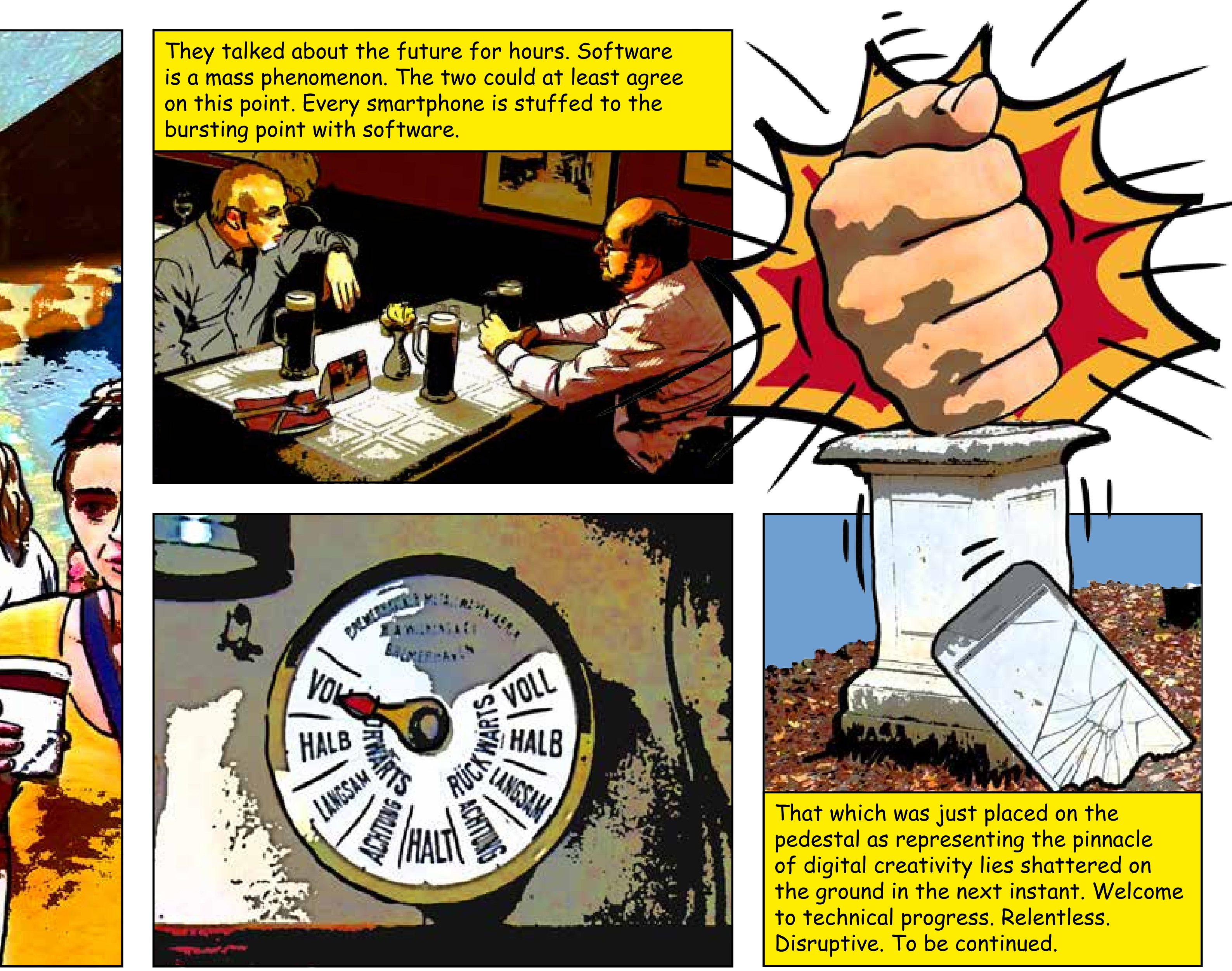
The result? Every level of the Group is packed with entrepreneurs, with creators who closely monitor developments within the Group all the way up to the Supervisory Board level – from an entrepreneurial perspective.

Perhaps this is why the share price of USU Software AG performed particularly well in 2014, also providing significant momentum to coincide with the start of the 2015 financial year.

In short:
***Without us**, the stock market would certainly be missing out.*


Wherever she went, she was accompanied by the endless stream of melodies. What was impossible yesterday is literally music to her ears today.

Without End



Software – a substitute for reality? It would be like an Annual General Meeting without shareholders. It might even happen one day soon. Physical presence is replaced by a virtual presence, all controlled by software. The speakers, the votes, the report by the Management Board. A shame, somehow. Because all of the incidental discussions, the meetings, the authenticity are missing.

So let's enjoy the Annual General Meeting in its current format – with its first-hand news and information. USU Software AG – we have learned – is set to continue its growth trend in 2015. This growth will be driven primarily by international business, which will boost total sales to between EUR 64 and 68 million. In the end, adjusted EBIT will be in line with expectations at EUR 8 to 9.5 million. For 2017, we aim to achieve sales of EUR 100 million – and an adjusted EBIT margin in excess of 15%.

These are ambitious targets that we want to achieve with the help of the miracle that is software. Software is our elixir of life, our very existence. However, it is also an existence that must continuously reinvent itself. We have been doing just that for four decades. And we will continue to do so.

In short:
Without us? *Inconceivable.*

Bundesamt für Justiz

Requesting certificates of good conduct online

"The SOA architecture already jointly implemented for some time by the BfJ and USU also demonstrated its strengths during the development of this e-government service offering. The architecture provides powerful individual components whose clever combination allows new functions to be swiftly implemented."

Christoph Rüther, *Head of Unit IT Requirement Management and Software Development, Federal Office of Justice*

The Federal Office of Justice (BfJ) is a higher federal authority within the scope of business of the Federal Ministry of Justice and Consumer Protection. As a central service authority of the German federal judiciary and a contact partner for international legal transactions, the Federal Office of Justice performs a wide range of functions. These are implemented by around 900 employees at three locations in the central office in Bonn.

The new e-government service offering, available since September 2014, enables private citizens and companies to order certificates of good conduct or extracts from the commercial central register on-line from the Federal Office of Justice. The on-line application form available at www.fuehrungszeugnis.bund.de saves a trip to the local authority, facilitates direct payment and the submission of completed applications via the Internet. Identification is verified using the new personal ID card (nPA).

As part of the overall project, USU was responsible for retrieving data in the on-line portal and for transferring and processing it in the Federal Central Criminal Register (BZR)/Commercial Central Register (GZR) procedure. Persons who require a certificate of good conduct or information from the commercial central register can authenticate themselves in the specially created web portal using the new personal ID card (nPA). The data recorded in this way is checked and processed by the central BZR/GZR procedure in the portal, and the required information is issued.

Components of a service-oriented architecture are used for this purpose, which USU had created in earlier sub-projects. The SOA-based architecture combines the BZR/GZR core system functionally and technically with the various surrounding systems and external communication partners. In this way, it was also possible to connect the web portal flexibly and quickly.

Deutsche Post DHL

Social media – more than customer service

Transforming a frustrated customer into a satisfied customer – this is a key objective of customer communication, irrespective of the channel used.

It is therefore absolutely essential for companies to adapt to new opportunities for dialog and to develop appropriate strategies. Deutsche Post DHL Group is among the pioneers, particularly in terms of engaging with customers via social media. For many years now, the world-leading postal and logistics group has used the technologies and expertise of USU subsidiary BIG Social Media for this purpose. For its discussions with customers and other stakeholders, the Group successfully uses networks such as Facebook, Twitter and YouTube. To enable this, new structures, strategies, resources, and processes were developed, implemented, and continuously optimized across the entire company in recent years.

Compared with traditional customer channels such as e-mail or call centers, social media are much more difficult to monitor due to the large number of sources and communication possibilities. They are also much more dynamic. The challenge facing the customer service department is therefore to identify and evaluate the relevant posts (such as queries, complaints) quickly and reliably from the flood of content and, where necessary, to respond appropriately to these.

The "E-Postbrief" service from Deutsche Post, for example, is a good illustration of how monitoring insights can be successfully embedded in existing business processes. A dynamic link was created between a monitoring tool and a customer service process. In this way, it was possible to respond promptly to queries or customer complaints. Many customers made use of the opportunity for professional, straightforward, and swift interaction with Deutsche Post DHL and were extremely satisfied with the enhanced service.

An additional social media solution that the Group developed with BIG is the Social Media Logistics Newsroom. This newsroom filters and bundles news reports, trends and opinions and supplies the company with all social media posts on the most diverse topics covering all aspects of logistics. With this innovative editorial system, Deutsche Post DHL won the important German online communication award in 2014.

"We have cooperated successfully with BIG Social Media in the area of social media management for many years."

***Christian Maybaum,** Global Social Media Coordinator, Deutsche Post DHL Group*

awinta
SICHER GEWINNT

Technical self service for drugstores

With some 7,000 customers to support, awinta GmbH is the market leader for pharmacy software in the German health care market. The customer service network consists of sales, technology, system consulting, and the hotline service. In this context, the service team handles approximately 1,700 calls or e-mails daily concerning the most diverse application queries or problems. To further improve the service for its customers, awinta is integrating USU self-service technology into its inventory management system. The new self-service module is called aHelp. The tool offers a central integrated service channel for the various user issues and can be supplemented if necessary with additional communication channels such as chat services.

With the help of an intelligent knowledge database, pharmacy customers can quickly and independently find a solution to their current IT problem or issue. Check lists or references to on-line seminars, for example, round out the supply of information. In addition, important context-related messages are automatically displayed by the system, for example, if the e-mail server is temporarily unavailable due to maintenance. As a result, calls to the IT service are drastically reduced or completely eliminated. If the user does not find a solution in aHelp, he or she can also create a ticket for the hotline directly at the press of a button.

The knowledge database currently contains around 2,000 solutions, which are continuously expanded and updated by a knowledge management team. Six months since it was rolled out, aHelp has already registered 150,000 hits. Usage has been continuously increased with the help of targeted references and advertising. Feedback from awinta customers is consistently positive. The number of requests directed at the IT service has fallen significantly, as have processing times thanks to references to existing solutions in aHelp.

"Awards such as "Best IT Partner 2014" confirm the high standards of innovation, quality, and customer service that we set ourselves. We are therefore delighted to use aHelp to offer our customers a practical system help function that is integrated into the workflows and is gaining broad acceptance."

***Norbert Hübsch,** Managing Director, awinta GmbH*

Deutsche Leasing

Intelligent real estate management and control

Deutsche Leasing AG generates over half of new business in the machinery and processing facilities segment. This includes complex machinery for industry, the construction industry or agriculture – all the way to complete production plants.

The specialist department was looking for an integrated system solution that could provide a transparent overview and further process the various types of information required for individual processes from procurement through to the utilization of properties. The management decided to use the existing and established IT asset management system from USU and to develop it into a global overall solution for machinery leasing.

In addition to the conventional asset management functions of the basic Valuemation software, a utilization module for property sales as well as a utilization module for system-based calculations and costings were gradually added.

"In the past, a customer's credit rating was the decisive factor. Today, the value of plant and machinery and its forecast depreciation relative to the recoverable value is much more heavily weighted in a leasing offering," says Thomas Schreiner from the solution management team at Deutsche Leasing. This not only requires knowledge of the property, but also expertise in international property markets. The application is currently in service with 400 users in 23 countries worldwide.

Overall, the empirical knowledge of Deutsche Leasing that is documented and integrated into the process now represents a competitive advantage compared to conventional bank financing. The necessary data communication between the evaluation and utilization is now ensured by an inventory management module, which creates transparency surrounding each property and its life cycle within the financing. Valuemation therefore supports all leasing processes and asset monitoring functions as a business-critical system.

"Knowledge of the value of properties, the ability to control leasing processes and to monitor property are decisive criteria for the success of our business. In this respect, we enjoy support from USU as a consulting and technology partner and from USU Valuemation as a core tool."

Ralf Ley, *Solution Manager IT, Deutsche Leasing AG*

TNS Infratest

Transparent control of IT services

TNS Infratest is one of Germany's leading market, opinion, and social research institutes. TNS Infratest offers "consulting through research" with a breadth and depth of specialist knowledge that is virtually unmatched by any other market research institute.

For its service desk, which was to be upgraded to IT control desk status, TNS Infratest was looking for an efficient solution that would provide a centralized technical view of IT resources (configuration items). In addition, a proactive and automated system for monitoring IT services was to be established in conjunction with the existing database (CMDB).

The project pursued the following objectives:

- A centralized and comprehensive solution for notifications, dashboards and monitoring IT services
- Transparency
- Improved transparency surrounding interactions and dependencies (root-cause and business-impact analyses)
- Active response to malfunctions and failures (minimizing fault impacts)
- Alignment according to the ITIL process "Event Management."

In spring 2014, TNS Infratest chose to meet the requirements outlined by adopting the ZIS system from LeuTek GmbH. The project was implemented within a very short period. The project focused on integrating the existing varied monitoring landscape, the CMDB and the ticket system. The result is a central view of IT services – both from a technical and a service-based perspective – as well as automated and proactive monitoring.

Integrated analyses ensure efficient and swift troubleshooting. Ergonomic dashboards give the various users access to a clear and informative representation of the issues relevant to them. The overall monitoring process is rounded out by a central warning system, including escalation management.

"The transparency achieved by this project in combination with the monitoring solution from LeuTek GmbH now allows us to respond proactively and ensure high-quality services. Over time, the ZIS system will form the basis for the upgrading of the service desk to the IT control desk at TNS Infratest."

Florian Pausch, *Director Service Desk, TNS Infratest GmbH*

The school of license management

Gwinnett County Public Schools (GCPS) one of the leading operators of schools in the USA. The organization employs almost 20,000 people, including over 1,700 teachers, making it one of the largest employers in Georgia. A total of 134 schools and over 170,000 pupils profit from the wide range of GCPS services, such as the catering services that provides more than 21 million meals annually.

Numerous national and international awards reflect the high standards of the organization. GCPS also attaches great importance to providing the best possible equipment for schools from a technological perspective. Ensuring continuous improvements in this area is considered by management to be a key criterion for teaching and learning at the highest international standards. This also applies to the cross-divisional function of software license management, for which GCPS took the pioneering step of integrating it into its IT processes many years ago.

For this purpose, GCPS relies on the expertise of Aspera and its SmartTrack tool. Along with the functional scope and the vendor's experience rolling out license management in complex, varied environments, the primary factor influencing the decision in favor of the Aspera solution was above all the included comprehensive "SKU catalog."

This contains detailed data about 170 manufacturers and enables swift access to the necessary information and formatted data to ensure compliance with licensing conditions. This in turn creates transparency and significantly reduces the time spent carrying out research, for example, for manufacturer audits.

The next expansion planned by GCPS is in the area of server license management. The data management module by Aspera is also designed to ensure high data quality of additional sources such as the asset management systems. Additional information is provided by the customer video testimonial at: www.aspera.com/gwinnett.

"Together with our partner Aspera, we have implemented a license management system that is both efficient and legally compliant. What's valuable in this case is not just the technology and the master catalog, which minimize the work involved in audits, but also the individual services provided by the experts."

David Hayes, *R&D Manager, Gwinnett County Public Schools*

Smart energy

For its product entitled "Solar Power for Everyone – Renting instead of Buying," Munich-based solar energy specialist MEP Werke uses the browser-based "myCMDB" cloud solution developed by Omega Software.

From customer applications to internal processing and all the way to commissioning and monitoring the installation: The system with its flexible technical architecture allows for end-to-end order processing for the installation of a new solar power system. The highly automated, customized and workflow-based application is used across all departments at MEP and supports all the process steps involved in processing customer orders. In this case, the complex, coordinated, and integrated workflows are based on the centerpiece of the SAAS application, the Configuration Management Database (CMDB). This is where all information about configuration items (CIs) is stored.

External service providers receive all relevant data directly from myCMDB in order to ensure on-time installation. CMDB provides all users with an instant, comprehensive overview of customer data such as the status of an order. It also provides all relevant commercial and technical documents for an order, ensures seamless documentation of all activities and offers an overview of all communication between the parties involved. The security of sensitive customer data was also a top priority for MEP Werke: All information about customers is stored on the servers using encrypted security protocols. To further optimize the order process, the company is currently developing an app that will allow sales staff to enter and save all data directly into the system while they are on site with the customer.

"With the help of myCMDB, we were able to cut lead times for our orders significantly. This means that we can now install the PV system just two weeks after receipt of a valid rental contract, which in turn allows our customers to start using their self-generated electricity sooner."

Stefan Keller, *Managing Director, MEP Ökostrom GmbH*

Focusing on service

MARKANT AG is the largest trading and service cooperation in Europe's food industry. Rising customer requirements and increasingly stringent legal conditions in recent years led the company to consider which standards and processes it should align with in order to secure its continued strong growth. The company management decided to centralize its IT operation at the German location in Offenburg and to develop a uniform overall process model based on ITIL®, the de facto standard for IT service management.

The objective was to provide internal customers from the European national companies with efficient, traceable, and high-quality services. To establish a continuous process landscape, it was necessary to replace the existing standalone solutions, such as an internally developed access application, with a central integrated tool set with uniform data maintenance. The USU Group was chosen to provide expertise and technology.

With the implementation of IT processes such as Incident and IT Asset Management, MARKANT has now created the procedural and technical foundation for comprehensive IT service management. The service desk team currently handles around 3,000 tickets per month, which include approximately 800 incidents and over 2,000 service request orders. To continuously improve the data and processes, USU Service Intelligence provides a sophisticated analysis and reporting system. Valuemation transparently controls the life cycle of 1,100 clients and 500 servers as well as additional components such as printers, network components, projectors, but also the telephone system and smartphones. The pending implementation of license management together with USU subsidiary Aspera will mark a further milestone.

"As a service provider to many leading retail companies, we have an urgent need for transparent and automated IT processes. With the support of USU as a technology and expertise partner, we were able to achieve these targets."

Gerald Hauser, *Division Manager IT Service Management, Markant Handels und Service GmbH*

Advisory Board

The sustainable business success and future potential of growth companies like USU Software AG and its subsidiaries is based to a significant extent on positive, trust-based cooperation with its customers and other interested parties. This means offering customers a high level of service and demonstrable added value in the interests of a long-term business partnership.

To this end, with its product- and service-oriented product portfolio, USU Software AG pursues the Group-wide objective of achieving not only a marked improvement in service but also enormous potential for savings for its customers, meaning that investments in the USU Group's software solutions pay off in a very short space of time and therefore result in a win-win situation for both USU and its customers. Accordingly, the USU Group's international customer base now comprises more than 700 companies from all sectors of the economy.

All our efforts are therefore founded on the strict customer focus that the USU Group has practiced as the fundamental principle for its business strategy for over 37 years. The Advisory Board provides extensive support to USU Software AG. The members of the Advisory Board deploy their excellent technical skills and many years of management experience to provide assistance to the entire USU Group. The members of the Advisory Board are businessmen with a wealth of experience and expertise in the field of information technology. Most of the members of the Advisory Board are direct customers of USU Software AG and its subsidiaries.

At the regular meetings of the Advisory Board with the Management Board and the management team of USU, discussions cover current topics and strategic developments on the market and within the USU Group as well as future trends. The primary aim of such discussions is, and remains, to meet customer needs sustainably and thereby strengthen and develop customer relationships on the basis of a trusting partnership. To ensure continuity with regard to the Advisory Board, the USU Group Advisory Board members are appointed for a period of two years and may be reappointed on expiry of a period in office.

The list of members of the USU Group Advisory Board when the 2014 Management Report went to press was as follows:

Carsten Pfläging,
Member of the Management Board of Fiducia IT AG

Stephan Bühring,
Management spokesperson, gkvi informatik

Andreas Dümmler,
IS Manager, Arburg GmbH & Co. KG

Frank Karsten,
Chairman of the Management Board
of Stuttgarter Versicherungsgruppe

Joachim Langmack,
Management consultant

Stefan Leser,
Former CEO of Kuoni Reisen AG

Heike Niederau-Buck,
Head of IT Strategy (CIO) at Salzgitter AG

Werner Schmidt,
Member of the Management Board of LVM-Versicherung

Ralf Stankat,
Former Chairman of the Management
of W&W Informatik GmbH

Werner Strohmayr,
Management consultant

The Management Board would like to thank all members of the USU Advisory Board for their dedicated support, their advice and their well-founded suggestions for the successful further development of the USU Group, and looks forward to continuing this trust-based partnership in the current fiscal year.

Report of the Supervisory Board of USU Software AG

Dear shareholders,

USU Software AG closed the 2014 fiscal year successfully in the Group as a whole, with new record figures for sales and adjusted EBIT. And as an individual company, USU Software AG also substantially increased its profits. The Company's shareholders are to participate significantly in this positive business development again in line with USU Software AG's dividend policy. The Supervisory Board therefore supports the Management Board's proposal on the appropriation of net profit for the 2014 fiscal year, which provides for a 20% increase in the profit distribution as against the previous year. The Management Board and Supervisory Board of USU Software AG will propose a dividend distribution of EUR 0.30 per dividend-bearing share at the Annual General Meeting of USU Software AG on June 18, 2015.

Performance of Supervisory Board Duties

In the 2014 fiscal year, the Supervisory Board performed all of the tasks and duties prescribed by the law, the Articles of Association, the rules of procedure and the German Corporate Governance Code and continuously monitored and advised the Management Board in its activities. The Management Board regularly, promptly and comprehensively informed the Supervisory Board of the development and position of USU Software AG and the Group, any deviations of business performance from original planning, risk management and compliance, key business transactions, and further corporate planning. The Supervisory Board intensively oversaw the business development of USU Software AG and the Group and was in close contact with the Management Board during the year, even outside of Supervisory Board meetings. The Supervisory Board was directly involved at an early stage in decisions of major importance to the Company. Furthermore, the Supervisory Board was extensively informed in advance of, and carefully examined and unanimously approved, all legal transactions requiring approval as well as transactions of significant importance to the profitability and liquidity of the Company.

Composition of the Management Board and Supervisory Board

The Supervisory Board newly appointed Bernhard Böhler and Dr. Benjamin Strehl to the Management Board of USU Software AG effective October 1, 2014. Bernhard Böhler is a founding member of the USU subsidiary Aspera GmbH and has successfully advanced sales, marketing and internationalization at this company since 2000. At USU Software AG, he has been in charge of sales and internationalization for the USU Group since October 1, 2014. After working for the management consultancy Roland Berger, Dr. Benjamin Strehl took on the areas of product management and M&A at USU Software AG in 2010. As a member of the Management Board, his duties will focus on growth through acquisitions and the areas of research & development and consulting. As the CEO of the Company, the previous sole member of the Management Board, Bernhard Oberschmidt, is still in charge of corporate strategy and the areas of finance, investor relations and central administration.

There were no changes in the composition of the Supervisory Board of USU Software AG in the 2014 fiscal year. Since the Supervisory Board comprises three members, no committees were set up in the 2014 fiscal year, as in the previous year. Independently of this, the Supervisory Board of the Company jointly assumes the tasks of these committees.

Meetings of the Supervisory Board and Main Points of Discussion

Six ordinary Supervisory Board meetings were held in the reporting year. All members of the Supervisory Board attended these meetings in person, meaning that the average meeting attendance rate of the Supervisory Board members was 100%.

The reports and discussions at the meetings of the Supervisory Board, which were regularly attended by the Management Board of USU Software AG and by the Management Board members and Directors of the subsidiaries as necessary, focused on the business development, the net assets, financial position, results of operations and the strategic planning of USU Software AG and the Group. In this context, the Supervisory Board was regularly informed about the development of the sales, earnings, profitability and liquidity of the Company and the Group and about further financial, investment and human resources planning. The Management Board of the Company also reported on an ongoing basis on the progress of major projects and product innovations of the Group and on potential acquisition candidates, and coordinated the final conclusion of the acquisition of B.I.G. Social Media GmbH with the Supervisory Board. The Supervisory Board, together with the Management Board, also discussed risk management for USU Software AG and the Group as a whole, and defined in detail the prevailing risks and planned strategies and measures to control and manage risk. Another regular topic at the Supervisory Board meetings was the development of the Company's share price and the Management Board's investor relations activities.

The auditors reported on the key findings of their audit at the Supervisory Board's accounts meeting on March 14, 2014. Following in-depth discussion with the Management Board and the auditor, the Supervisory Board approved the separate financial statements, the consolidated financial statements and the combined management report and adopted the separate financial statements. The Supervisory Board approved the recommendation of the Management Board to propose to the Company's Annual General Meeting a dividend of EUR 0.25 per dividend-bearing share. In addition to the Management Board's status reports, other issues discussed at this Supervisory Board meeting included a change agreement with regard to the final acquisition of the Group subsidiary B.I.G. Social Media GmbH and reporting on further M&A activities.

At the Supervisory Board meeting on April 28, 2014, the status reports on USU Software AG and its subsidiaries were presented by the responsible Management Board members and managing directors and discussed with the Supervisory Board. In this context, the Supervisory Board was informed in detail about major customer projects, the status of product innovations, and the current forecast. In addition, the agenda items for the Company's 2014 Annual General Meeting were discussed and set at this meeting.

At the Supervisory Board meeting on June 24, 2014, which took place after the Company's Annual General Meeting, the Management Board reported on the performance of USU Software AG and the Group as a whole, and gave its outlook for anticipated business development in subsequent quarters.

The expansion of the Management Board was discussed and the associated resolution adopted at the Supervisory Board meeting on June 27, 2014. The first meeting of the Supervisory Board to be attended by the expanded Management Board was held on October 1, 2014. In line with the new allocation of departmental responsibilities, the Management Board members reported on the current status of USU Software AG and the Group as a whole and on further planning. The Management Board team also presented a new corporate design including a reinvented logo and its plan for the customer event USU World 2015.

The Supervisory Board meeting on December 11, 2014, focused on the current business development of USU Software AG and the Group as a whole, projections for the full 2014 fiscal year, prospects for the following year, and the medium-term planning up to 2017. The Management Board of USU Software AG reported on the status of the year coming to a close (2014), presented the corporate planning for 2015, and demonstrated the potential to implement the medium-term target. The Supervisory Board discussed these plans in detail with the Management Board and unanimously approved the planning for the 2015 fiscal year. Other topics covered at this Supervisory Board meeting included the implementation of the provisions of the German Corporate Governance Code and the adoption of the corresponding declaration of conformity. During this meeting, the Supervisory Board performed an efficiency audit in accordance with clause 5.6 of the German Corporate Governance Code, which was concluded with a positive outcome.

Corporate Governance and Declaration of Conformity

Responsible management and control of USU Software AG and the Group with the aim of sustained value creation are, and will remain in the future, the focus of the activities of the Management Board and Supervisory Board of the Company. The Supervisory Board is committed to these principles of corporate governance and acts accordingly. On December 11, 2014, the Supervisory Board discussed in detail with the Management Board the points contained in the German Corporate Governance Code. The Management Board and Supervisory Board of USU Software AG issued the relevant declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) on the same day and subsequently made it permanently available on the Company's website. This declaration of conformity is included in the combined management report in this annual report, as part of the Statement on Corporate Management of USU Software AG in accordance with Section 289a of the German Commercial Code (HGB).

Audit of the Separate and Consolidated Financial Statements

In accordance with the resolution adopted by the Annual General Meeting on June 24, 2014, Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, was appointed as the auditor for the 2014 fiscal year. The objects of the audit were the accounting, the 2014 financial statements, prepared in accordance with the HGB, the 2014 consolidated financial statements, prepared under Section 315a HGB in accordance with the provisions of the International Financial Reporting Standards (IFRS), as applicable within the European Union, and the additional requirements of German law under Section 315a (1) HGB as well as the accompanying combined management report for the 2014 fiscal year. The financial statements of USU Software AG, the consolidated financial statements and the combined management report for the 2014 fiscal year were each issued with an unqualified audit opinion. The Supervisory Board was presented with the aforementioned year-end closing documents, including the Management Board's proposal on the appropriation of net profit and the auditor's reports, for examination in a timely manner. The auditors reported on the key findings of their audit at the accounts meeting on March 11, 2015. Following its own examination and an extensive discussion with the Management Board and the auditors, the Supervisory Board concurred with the findings of the audit and raised no objections. The Supervisory Board approved the financial statements and consolidated financial statements presented to it by the Management Board as well as the combined management report for the 2014 fiscal year. The annual financial statements have therefore been adopted.

At the same time, the Supervisory Board approved the Management Board's proposal for the appropriation of net profit, under which the unappropriated surplus of USU Software AG as of December 31, 2014, ascertained in accordance with HGB at EUR 6,582 thousand, will be appropriated as follows:

- to pay a dividend of EUR 0.30 per share for 10,523,770 shares, amounting to a total of EUR 3,157 thousand; and
- to carry forward the remaining unappropriated surplus of EUR 3,425 thousand to new account

The Supervisory Board also addressed the mandatory disclosures in accordance with Sections 289 (4) and 315 (4) HGB and the corresponding report. Further information can be found in the disclosures and explanations in the combined management report for the 2014 fiscal year. The Supervisory Board has examined the report and the disclosures and explanations contained therein and is satisfied that these are complete. Accordingly, the Supervisory Board has adopted the report.

In addition, the Management Board of USU Software AG, as the parent company of the USU Group, compiled its report on related parties in accordance with Section 312 AktG for the fiscal year from January 1, 2014, to December 31, 2014 (hereinafter referred to as the report on related parties), in which it made the following closing statement:

"We hereby declare that USU Software AG received appropriate compensation for all transactions in accordance with the circumstances known to us when the transactions were conducted. No measures detrimental to the Company were undertaken."

Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft examined the report on related parties and issued the following audit opinion:

"On completion of our audit in accordance with professional standards, we confirm that

1. the factual statements made in the report are correct,
2. and that the Company's compensation with respect to the transactions listed in the report was not inappropriately high."

The Management Board's report on related parties and the audit report prepared by the auditors were both made available to the Supervisory Board. The examination by the Supervisory Board in accordance with Section 314 AktG did not give rise to any objections to the closing statement by the Management Board.

Concluding Remarks and Thanks

The successful achievement of new sales and earnings records is largely attributable to the entire workforce of USU Software AG and its subsidiaries. On behalf of the entire Supervisory Board, I would therefore like to thank all employees of the USU Group for their great commitment and their loyalty. I also wish to thank the management teams of the subsidiaries for their strong personal commitment and their extraordinary achievements. My special thanks also go to the Management Board team for its passion and entrepreneurial spirit in implementing the positive development of USU Software AG and the USU Group as a whole. The Supervisory Board is optimistic that the Management Board will continue the Company's successful growth trend on a sustainable basis, and looks forward to continuing the trust-based and professional cooperation.

Möglingen, March 11, 2015

For the Supervisory Board

Udo Strehl

Chairman of the Supervisory Board of USU Software AG

Management Report on the Company and the Group (Combined Management Report for Fiscal 2014)

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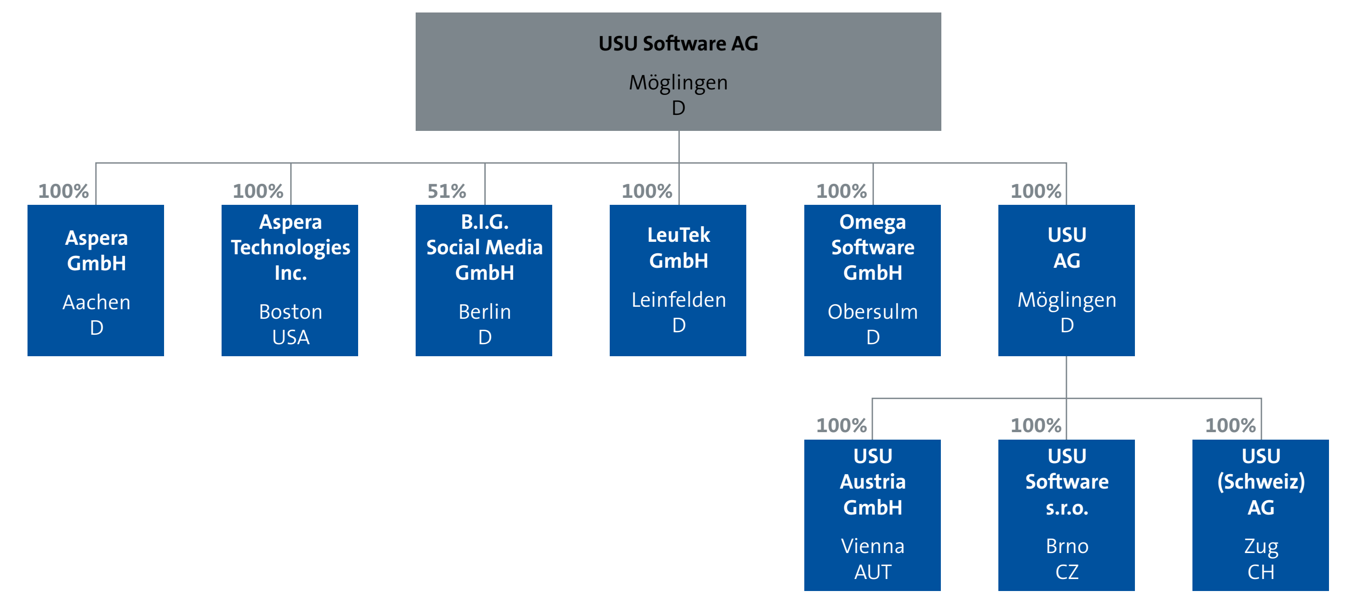
BASIC INFORMATION ON USU SOFTWARE AG AND THE GROUP

USU Software AG and its subsidiaries



Source: USU Software AG

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

In the 2014 fiscal year, USU Software AG acquired the remaining 49% of the shares in B.I.G. Social Media GmbH ("BIG") subject to a condition precedent regarding the full payment of the purchase price.

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 end-to-end software solutions for knowledge-based service management. The range in the product segment includes solutions in the "Business Service Management" segment for efficient and cost-effective application of the IT infrastructure within companies and in the "Knowledge Solutions" segment for the optimization of knowledge-intensive business processes. The Group also provides consulting services for IT projects and individual application development in its service segment.

In addition to a marked improvement in service, USU customers also gain significant potential for savings, meaning that investments in the USU Group's software solutions pay off in a very short space of time and therefore result in a win-win situation for both USU and its customers. Accordingly, the USU Group's customer base now comprises more than 700 companies from all sectors of the economy, especially from IT-intensive sectors such as insurance and banking, including Allianz, BASF, BOSCH, BMW, DEVK, EDEKA, Generali, Hannover Rück, HDI Gerling, Jacobs Engineering, LVM, Texas Instruments, VW, W&W and ZDF.

USU Software AG has set itself the goal of achieving above-average growth in its consolidated sales in comparison to the IT market as a whole in the coming years while also further increasing profitability. The focus here will be on organic growth through innovations and by expanding the Group's international market presence, although inorganic growth in the form of acquisitions and equity investments also forms part of the corporate strategy. The medium-term plan forecasts sales growth to over EUR 100 million and a further increase in the operating earnings margin on the basis of adjusted earnings before interest and taxes (adjusted EBIT) by 2017.

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

Research and Development

In order to offer its customers practice-driven products and solutions based on state-of-the-art technology, the USU Group invested a total of EUR 9,642 thousand (2013: EUR 9,426 thousand), or 16.4% (2013: 16.9%) of consolidated sales in research and development (R&D) in the 2014 fiscal year. With 127 employees working in research and development throughout the Group as of December 31, 2014 (2013: 151), the USU Group systematically researches the use of new technologies, implements the latest customer-related developments and designs its own innovations in its ongoing drive to improve and expand the Group-wide product portfolio.

In the Business Service Management segment, Valuemation, the USU Group's end-to-end IT management product suite for large corporations and the upper midmarket, was developed further in a targeted manner in the year under review. In addition to the functional enhancement of Valuemation, USU also implemented the development of two new modules. The Supplier Manager helps companies to administer and assess the business performance of suppliers and business partners, while the Resource Manager is used for planning efficient use of IT assets. Following the finalization of Valuemation Mobile Manager, users can now use relevant Valuemation services while on the move on mobile devices such as smartphones and tablets. Another key milestone was the integration of USU Service Intelligence into the Valuemation product suite. Thus, USU now offers comprehensive reporting for the performance of thorough IT analyses and downstream investigation of causes for possible deviations as a basis for the intelligent IT management of a company. At the same time, USU Service Manager, the holistically designed solution for the specification, administration and steering of the IT service portfolio, was integrated into Valuemation.

Further development of myCMDB, an IT management solution geared towards small and medium-sized companies, was also carried out as planned in the 2014 fiscal year. This involved implementing additional layout functions, interface enhancements and optimized accessibility.

The USU development team also implemented extensive functional, metric and compliance enhancements in the license management software SmartTrack, which has been certified as highly innovative by the Canadian market research company Info-Tech Research Group. In addition to SmartTrack, USU offers a number of extension modules that were also newly developed or advanced in 2014. For example, the new optimization and simulation module determines a company's software license optimization potential and shows ways of saving costs.

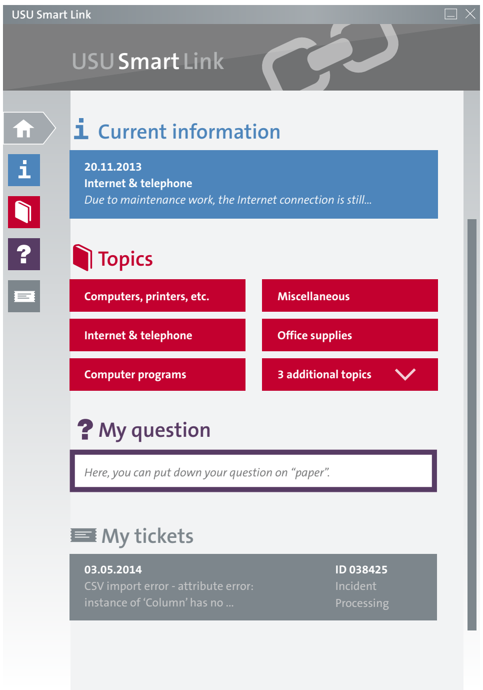
Countless licensing options are simulated and analyzed, with possible changes in the IT in-frastructure automatically being incorporated in the examination. In this way, companies can lower their license costs and plan purchases of IT infrastructure and software strategically. The other extension modules in license management are the cost- and resource-efficient Audit Defense module, the Flow Control module for simple and transparent system integration, and the Finance module for extensive cost transparency and optimal cost and budget planning.

The R&D department continued the development of the new version of the monitoring software ZIS system, which includes a "self-service cockpit" – a new user interface in the style of a dashboard with a simple configuration and quickly created ad hoc views. Further development threads in the monitoring field concerned the areas of reporting and alarms.

In Knowledge Solutions, the focus was on the further development and development-related integration of the knowledge management products USU KnowledgeCenter, USU Knowl-edgeScout and USU Lifebelt. With its many assistance systems and the new e-learning, cor-respondence management and reporting functions that were implemented in 2014, the active knowledge database USU KnowledgeCenter offers a central work and process platform for the day-to-day tasks of call center and service center employees. There is also an interactive advice system for internal and external technical service in the form of USU KnowledgeScout. In the year under review, this system was enhanced with aspects including an agent function that can be used to perform automated (error) diagnosis. The self-service application USU Lifebelt, with which users can find a quality-assured solution to their current IT problem or issue independently, was transformed into a modern web variant in the year under review. This new web variant is very easy to integrate in existing IT management environments. With this comprehensive software solution, USU combines all services and information of an internal or external IT service provider and makes these available to the end user via a central interface. As part of this strategic enhancement, the USU Group's self-service software was renamed USU SmartLink. In the future, it will also serve as the end-user interface of Valuemation and will be offered as an app for mobile devices. In addition, the development team worked on the strategic linking of the knowledge management solutions with the Group's own social media products. This now enables USU to offer all service-oriented areas of a company a unique portfolio covering customer and user interaction on all relevant service channels.

In the Social Media area, R&D activities also focused on continuing the innovative social CRM project. Unlike conventional CRM systems that only aim to manage the relationship between companies and customers, social CRM is used for analyzing customers' relationships with other target groups, and their attitudes towards the company, so as to be able to respond to them quickly and gear the company's communications processes towards their requirements.

Development of new products: USU SmartLink



Source: USU Software AG

In addition to this development work, USU is also pursuing selective research to move forward, develop and ultimately successfully launch future product innovations. A main area of focus here is in the field of big data, the knowledge-driven management of – mostly industrial – mass data. In the context of this research work, USU was awarded two of the 13 projects funded under the technology contest tendered by the German Federal Ministry for Economic Affairs and Energy (BMWi), "SmartData– Innovations from Data", in the reporting year. The platform to be developed by USU for industrial big data will establish a foundation for innovative concepts for service automation in the industry sector. At the end of September 2014, USU received multiple awards for this from the BMWi at the annual Gesellschaft für Informatik conference. The USU Group's research team also successfully concluded a pilot phase with a major mechanical engineering company for the introduction of an industrial big data platform. The results of this will now be analyzed in the main development phase for the processing of mass data to allow triple-digit terabyte data volumes to be quickly reviewed for complex error patterns. Progress was made in the development of a semantic search process in two further research projects. The solution is being developed with Forschungszentrum Informatik in Karlsruhe and is intended to achieve better results when searching for relevant documents by using a user's voice and terms.

ECONOMIC REPORT

Summary

In the 2014 fiscal year, USU Software AG and its subsidiaries increased consolidated sales under IFRS by 5.8% to EUR 58,933 thousand (2013: EUR 55,713 thousand). This increase is largely attributable to the product segment's international business, whereas domestic business in the year under review was influenced by investment restraint among companies in the financial sector and the associated postponement of projects. Accordingly, sales from consulting-related service business were lower than in the previous year.

In conjunction with an only minor rise in costs, the sales growth achieved by the USU Group resulted in a significant increase in earnings. For example, USU increased earnings before interest, taxes, depreciation and amortization (EBITDA) by 61.9% year-on-year to EUR 8,886 thousand (2013: EUR 5,490 thousand). This also includes income from the adjustment of the earn-out-related purchase price liability for the complete acquisition of B.I.G. Social Media GmbH in the amount of EUR 970 thousand. USU's EBITDA climbed by 95.8% to EUR 6,673 thousand in the reporting period (2013: EUR 3,408 thousand). Overall, the USU Group increased its consolidated net profit by 51.2% to EUR 5,512 thousand (2013: EUR 3,646 thousand). Earnings per share therefore improved from EUR 0.35 in the previous year to currently EUR 0.52.

After adjustment for acquisition-related non-recurring effects, the USU Group generated adjusted EBIT of EUR 7,276 thousand (2013: EUR 5,083 thousand), corresponding to a rise of 43.1%. USU increased its adjusted consolidated earnings by 15.4% to EUR 5,963 thousand (2013: EUR 5,169 thousand). Adjusted earnings per share therefore increased from EUR 0.49 in the previous year to EUR 0.57 in the reporting period.

Owing to the positive business performance of the USU subsidiaries, the net profit of USU Software AG calculated in accordance with HGB was also up significantly year-on-year at EUR 4,479 thousand (2013: EUR 3,024 thousand). As a result of higher income from investment holdings, the Company generated a rise in profits of 48.1%. In line with the dividend policy communicated by the Company and in the interests of continuity, the shareholders of USU Software AG are to participate significantly in the Company's success, as in the previous years. The Management Board therefore proposes, subject to the approval of the Supervisory Board, that a dividend of EUR 0.30 per share be distributed for the 2014 fiscal year, corresponding to a 20% year-on-year increase in the profit distribution.

The Management Board is optimistic that the Group as a whole will achieve further significant growth in sales and earnings in the current fiscal year. The guidance for 2015 forecasts consolidated sales in the range of EUR 64 – 68 million with adjusted EBIT of EUR 8 – 9.5 million. With international business flourishing, potential on the core German market remaining high and the growth-oriented acquisition policy of the USU Group, the Management Board is also assuming the successful implementation of its medium-term planning of sales of more than EUR 100 million with an adjusted EBIT margin in excess of 15% by 2017.

Overall Economic Development

According to calculations by the German Federal Statistical Office[1] (Destatis), the German economy developed positively overall with a year-on-year rise in inflation-adjusted gross domestic product (GDP) of 1.6% on average in 2014 (2013: 0.1%), although the growth rates in the individual quarters varied considerably. After a dynamic start to the year that was followed by a weak phase, the economic situation in Germany improved again towards the end of 2014. Destatis reports that the positive stimulus in the reporting year mainly came from private households, which increased their consumer spending substantially. At the same time, capital expenditure by companies grew substantially again. In addition, higher government spending and a trade surplus supported the German economy. Global economic growth was curbed considerably by the slowdown in economic momentum over the course of the year, which studies by the Leibniz Institute for Economic Research[2] (ifo) attributed primarily to a weaker economic performance in the euro zone and Japan. After a rise in global GDP of 3.3% in the previous year, the global economy grew by only 2.7% in the year under review.

Sector Development

According to information from the German Federal Association for Information Technology, Telecommunications and New Media[3] (BITKOM), the market volume of the German high-tech sector posted further growth in 2014. The BITKOM forecast indicates that sales from products and services relating to IT, telecommunications and entertainment technology (ICT) in Germany rose by 1.6%, after a decline of 0.4% in 2013. The most important pillar of growth was still information technology, which posted an increase of 4.3% in 2014 (2013: 2.3%). Revenues in the software sector grew at an above-average rate of 5.6% (2013: 5.0%). By contrast, sales growth in the IT services market segment was considerably lower at 2.7% (2013: 1.7%).

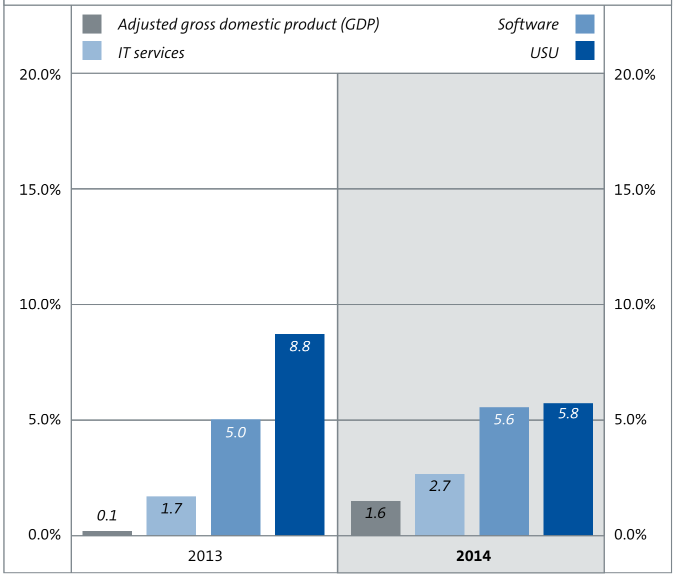
According to BITKOM, the temporary general economic downturn increasingly impacted project business in particular. A forecast by the US market research company Gartner[4] indicates that the global ICT market posted an increase in market volume of 1.9% in 2014, after a growth rate of 0.2% in 2013. With growth of 5.8% (2013: 5.1%), software revenues also posted stronger growth than the market as a whole on a worldwide basis, while global sales in the IT services sector increased by 2.7% in 2014 after having stagnated in the previous year.

Business Development

USU Software AG and its subsidiaries closed the year under review with a new record figure for consolidated sales. While German software and IT service companies grew by an average of 5.6% and 2.7% respectively, the USU Group once again posted stronger growth than the sector average in line with planning, with an increase in sales of 5.8%.

[1] Pressemitteilung des Statistischen Bundesamtes vom 13. Februar 2015
[2] ifo Konjunkturprognose 2014/2015 des Leibniz-Instituts für Wirtschaftsforschung an der Universität München e.V. vom 11. Dezember 2014
[3] Pressemitteilung des Bundesverbandes Informationswirtschaft, Telekommunikation und neue Medien e.V. vom 28. Oktober 2014
[4] Gartner-Pressemitteilung zum Worldwide IT Spending Forecast vom 12. Januar 2015

Comparison of German economic and market growth against sales growth of the USU Group in %



Source: USU Software AG, Destatis, BITKOM

The purely organic sales growth primarily resulted from high-margin international business, whereas USU could not expand its domestic business further in the year under review due to the postponement of investments by companies, particularly those in the home loan bank and insurance sector. As a result, the original sales and earnings targets for 2014 were not achieved in full. Nonetheless, the business growth combined with a stable cost base led to a strong increase in profitability in the 2014 fiscal year and to the highest consolidated profit in the history of USU Software AG.

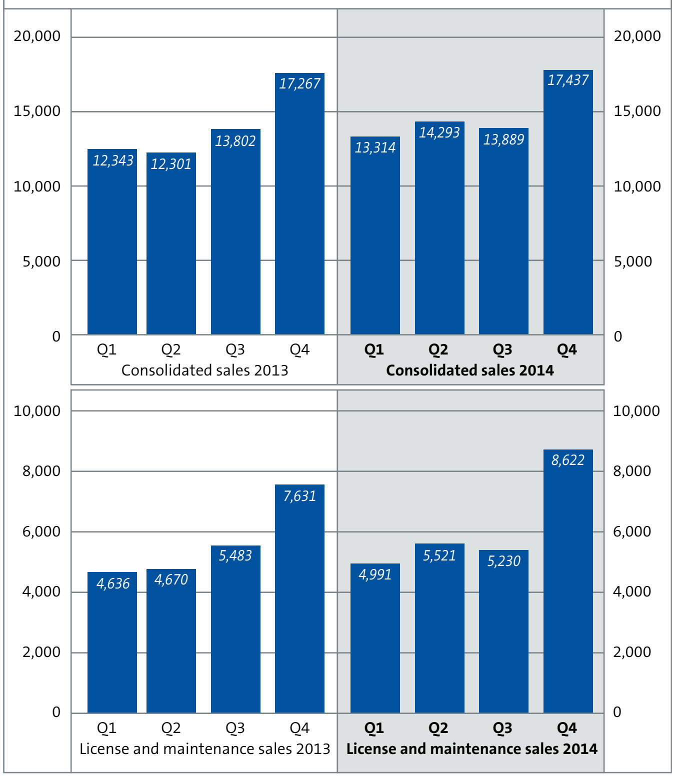
Development of Sales and Costs

Consolidated Sales

In the 2014 fiscal year, USU Software AG generated Group-wide sales growth as against the previous year of 5.8% to EUR 58,933 thousand (2013: EUR 55,713 thousand). This increase resulted from a continuing expansion of the USU Group's international business, particularly in the United States. Here, USU benefited from several major orders from leading Fortune 100 companies in the oil, telecommunications and insurance sectors that were obtained by the US subsidiary Aspera Technologies Inc. ("Aspera Technologies"). Accordingly, the USU Group increased its international sales by 78.5% year-on-year in the reporting year to EUR 15,595 thousand (2013: EUR 8,737 thousand), thereby expanding the share of sales generated outside Germany in consolidated sales to 26.5% (2013: 15.7%).

Broken down by types of sales, USU generated a 0.7% rise in license income to EUR 10,122 thousand in 2014 (2013: EUR 10,056 thousand). This modest growth resulted firstly from the postponement of investments within Germany and secondly from increased software-as-a-service (SaaS) projects at the USU Group, the sales from which are allocated to maintenance revenues. The share of license sales in total sales was thus 17.2% (2013: 18.0%). By contrast, maintenance business grew substantially by 15.2% to EUR 14,242 thousand (2013: EUR 12,364 thousand). In addition to the increase in SaaS revenues, USU also benefited from the previous year's strong license business and the associated rise in maintenance income. Maintenance income as a proportion of consolidated sales accordingly climbed from 22.2% in the previous year to currently 24.2%. USU increased its consulting income by 4.1% to EUR 32,982 thousand (2013: EUR 31,668 thousand) thanks to the positive development of product business. Sales in this area were reduced by the targeted reduction of consulting activities in Switzerland, which was implemented in the year under review on account of the consistently unprofitable Swiss consulting unit USU Consulting GmbH. The share of consulting sales in Group sales was 56.0% in the year under review (2013: 56.8%). Other income, which primarily relates to merchandise sales of third-party hardware and software, totaled EUR 1,587 thousand in the 2014 fiscal year (2013: EUR 1,625 thousand) corresponding to 2.7% (2013: 2.9%) of total sales.

Sales development of the USU Group by quarter in EUR thousand



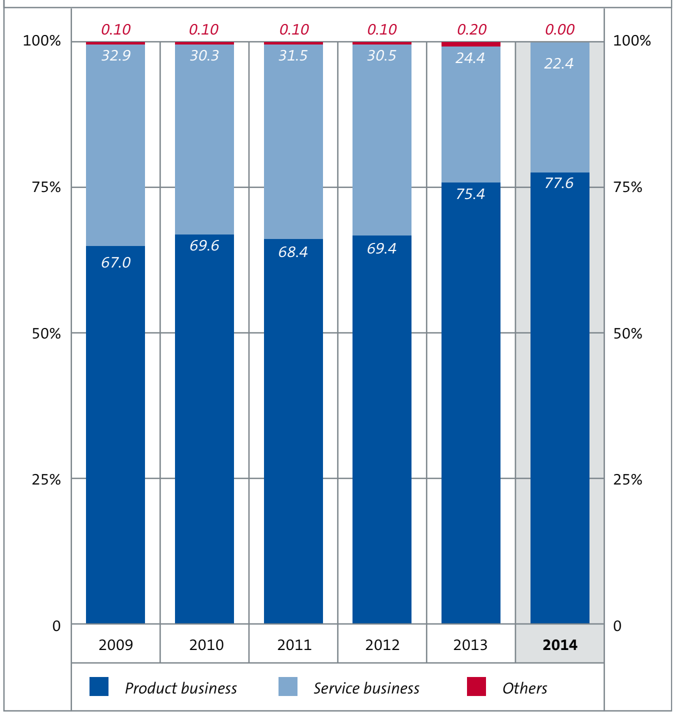
Source: USU Software AG

Sales by Segment

The product range of the Product Business segment includes all activities relating to USU's product portfolio in the market for knowledge-based service management and in the social media and knowledge management market. The Service Business segment comprises consulting services for IT projects and individual application development.

The Product Business segment contributed a total of EUR 45,737 thousand (2013: EUR 41,995 thousand) to consolidated sales in the 2014 fiscal year. This corresponds to an organic sales increase of 8.9% as against the previous year. By contrast, consulting sales in the Service Business segment were down by 3.1% year-on-year at EUR 13,196 thousand (2013: EUR 13,616 thousand). Whereas in the service segment with in-house consultants USU generated an increase in revenues overall due to further improvement of utilization, sales with freelancers declined again in the year under review. USU accordingly increased the share of its consolidated sales attributable to the product segment to 77.6% (2013: 75.4%). In the 2014 fiscal year, sales not allocated to the segments totaled EUR 0 thousand (2013: EUR 102 thousand)

Sales development of the USU Group by segment in %



Source: USU Software AG

Operating Costs

In the 2014 fiscal year, the USU Group's operating cost base increased by 1.9% year-on-year – a lower rate than the Group-wide sales increase – to EUR 52,320 thousand (2013: EUR 51,335 thousand).

The cost of sales increased by 2.7% year-on-year to EUR 27,654 thousand in the reporting period (2013: EUR 26,932 thousand). The relatively moderate rise resulted in part from the partial use of developer resources in consulting projects and the associated reduction of freelance staff in addition to the targeted reduction of non-staff operating costs. In line with this, the ratio of cost of sales to consolidated sales declined from 48.3% in the previous year to currently 46.9%. Gross income rose to EUR 31,279 thousand (2013: EUR 28,781 thousand), corresponding to a gross margin of 53.1% (2013: 51.7%).

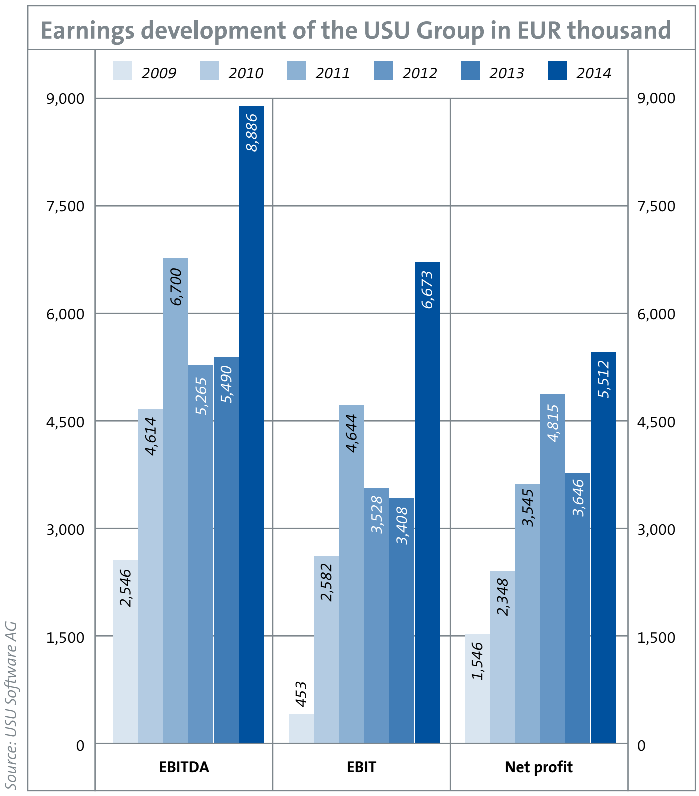
The USU Group's marketing and sales expenses were 5.9% below the figure for the same period of the previous year at EUR 8,573 thousand in the reporting period (2013: EUR 9,106 thousand). While staff costs rose slightly as a result of the increase in the sales team, USU made targeted cuts to its operating expenses in this area. Sales and marketing expenses as a proportion of consolidated sales thus fell from 16.3% in the previous year to 14.5% in the year under review.

In 2014, general administrative expenses increased to EUR 6,451 thousand (2013: EUR 5,871 thousand), corresponding to year-on-year growth of 9.9%. This was partly due to the expansion of the Management Board of USU Software AG and the Group's workforce in administration, as well as to higher operating expenses. Relative to consolidated sales, the administrative cost ratio was only slightly higher than in the previous year at 10.9% (2013: 10.5%).

Research and development expenses increased by 2.3% year-on-year in absolute terms in the 2014 fiscal year to EUR 9,642 thousand (2013: EUR 9,426 thousand). The ratio of research and development expenses to consolidated sales declined from 16.9% in the same period of the previous year to currently 16.4%. USU is constantly investing in the development of its product portfolio and always working on innovative, market-driven software solutions. For further information, please refer to the separate research and development report in this Group management report.

Other operating income totaled EUR 1,511 thousand in the 2014 fiscal year (2013: EUR 614 thousand). The reported increase reflects income from the adjustment of the earn-out-related purchase price liability for the complete acquisition of B.I.G. Social Media GmbH. Other operating expenses amounted to EUR 194 thousand in 2014 (2013: EUR 222 thousand).

Earnings Situation



In conjunction with an only minor rise in costs, the sales growth achieved by the USU Group resulted in a significant increase in earnings in the 2014 fiscal year. Thus, USU's EBITDA was up by 61.9% as against the previous year to EUR 8,886 thousand (2013: EUR 5,490 thousand). Taking into account depreciation and amortization of EUR 2,213 thousand (2013: EUR 2,082 thousand), USU almost doubled its EBIT in comparison to the previous year to EUR 6,673 thousand (2013: EUR 3,408 thousand). Financial income was up year-on-year at EUR 495 thousand in 2014 (2013: EUR 112 thousand), primarily due to positive exchange rate effects. Financial expenses of EUR 572 thousand (2013: EUR 649 thousand) mainly include expenses from the scheduled accrual of interest on the purchase price liability for the final acquisition of BIG. Taking into account the cumulative net finance costs of EUR -77 thousand (2013: EUR -537 thousand), EBT climbed from EUR 2,871 thousand in the previous year to EUR 6,596 thousand in the reporting period, corresponding to an increase of 129.7%. Income taxes amounted to EUR -1,084 thousand in 2014 (2013: EUR 775 thousand) and included both income taxes for the reporting period and deferred taxes. After taxes, the USU Group generated an increase in its consolidated net profit of 42.9% to EUR 5,512 thousand in the 2014 fiscal year (2013: EUR 3,646 thousand). USU's earnings per share therefore improved from EUR 0.35 in the previous year to currently EUR 0.52.

Adjusted consolidated earnings

Based on EBIT, the table below shows the reconciliation to the non-IFRS key earnings figures of adjusted EBIT, adjusted consolidated earnings 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 central key earnings figure for the USU Group.

Adjusted consolidated earnings in EUR thousand	Jan. 1, 2014 - Dec. 31, 2014	Jan. 1, 2013 - Dec. 31, 2013
Result of ordinary operations (EBIT)	**6,673**	**3,408**
Amortization of intangible assets recognized in the course of company acquisitions	1,257	1,362
Amortization of goodwill	0	0
Nonrecurring effects relating to acquisitions	-654	313
- stay bonus	186	302
- purchase price adjustments	-970	2
- incidental acquisition costs	130	9
Adjusted EBIT	**7,276**	**5,083**
Financial income (as per consolidated income statement)	495	112
Financial expenses (as per consolidated income statement)	-572	-649
Income taxes (as per consolidated income statement)	-1,084	775
Tax effects relating to adjustments	-152	-185
Minority interests (as per consolidated income statement)	0	33
Adjusted consolidated earnings	**5,963**	**5,169**
Adjusted earnings per share (in EUR):	**0,57**	**0,49**
Weighted average shares outstanding (basic and diluted):	10,523,770	10,523,770

USU's adjusted EBIT was up by 43.1% as against the previous year at EUR 7,276 thousand in the 2014 fiscal year (2013: EUR 5,083 thousand). USU increased its adjusted consolidated earnings to EUR 5,963 thousand (2013: EUR 5,169 thousand), a year-on-year rise of 15.4%. Adjusted earnings per share increased from EUR 0.49 in the previous year to EUR 0.57 in the reporting period.

Net Assets and Financial Position

On the assets side of the statement of financial position, the USU Group's non-current assets amounted to EUR 48,298 thousand as of December 31, 2014 (December 31, 2013: EUR 49,579 thousand). The reported decline in this item primarily results from the amortization of intangible assets. By contrast, current assets rose significantly to EUR 36,876 thousand as of the end of the 2014 fiscal year (December 31, 2013: EUR 31,835 thousand), primarily due to the increase in Group liquidity. Despite this year's dividend distribution of EUR 2,631 thousand, USU increased its cash and cash equivalents to a total of EUR 18,920 thousand (December 31, 2013: EUR 14,231 thousand) as a result of the positive development of income.

On the equity and liabilities side, the profits generated by the USU Group led to an increase in equity as of the end of the period under review to EUR 55,608 thousand (December 31, 2013: EUR 53,232 thousand). At the same time, current and non-current liabilities increased to EUR 29,566 thousand as of December 31, 2014 (December 31, 2013: EUR 28,182 thousand). With total assets of EUR 85,174 thousand (December 31, 2013: EUR 81,414 thousand), the equity ratio was 65.3% as of December 31, 2014 (December 31, 2013: 65.4%).

Cash Flow and Capital Expenditure

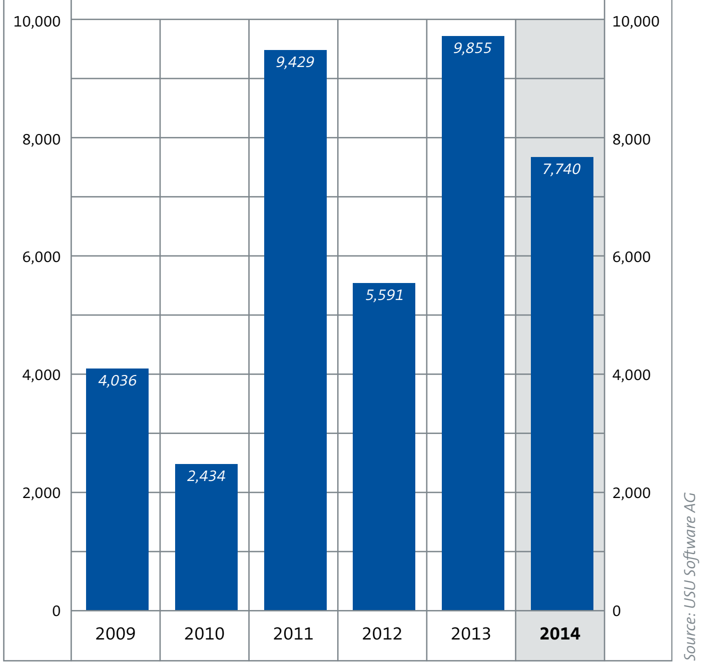
As of the end of the 2014 fiscal year, the USU Group had cash and cash equivalents of EUR 18,920 thousand (2013: EUR 14,231 thousand). This represents a year-on-year increase in Group liquidity of EUR 4,689 thousand or 32.9%.

The cash flow from the operating activities of the USU Group was clearly positive in 2014 at EUR 7,740 thousand, but at the same time was lower than the high figure for the previous year of EUR 9,855 thousand, which included income from advance payments by the partner CA Technologies Inc. ("CA Technologies").

The cash flow from investing activities of EUR -1,102 thousand (2013: EUR -4,299 thousand) included investments in property, plant and equipment and intangible assets totaling EUR -1,117 thousand (2013: EUR -1,547 thousand), offset by income from the disposal of non-current assets of EUR 15 thousand (2013: EUR 1 thousand). The figure for the previous year was also characterized by the majority acquisition of BIG and the associated outflow of liquidity totaling EUR 2,786 thousand.

As in the previous year, cash flow from financing activities amounted to EUR -2,631 thousand in total in the reporting period (2013: EUR -2,631 thousand) on account of the dividend distribution to the shareholders of USU Software AG of EUR 0.25 per share.

Development of the USU Group's net cash from operating activities in EUR thousand



Current Situation of the Group

After achieving new sales and earnings records in 2014, the USU Group is currently in a good economic situation. With the addition of new developments in the field of big data/analytics and social business to the Group's portfolio, the Management Board of USU Software AG believes that the Group as a whole is well positioned overall to successfully implement the targets for the years ahead, particularly in terms of the medium-term planning. One important indicator in this context is the level of orders on hand, which the USU Group significantly increased as of the end of the reporting year. The Management Board still sees the highest growth potential in international business, particularly in the USA. However, it also anticipates new growth impetus from domestic business. USU also has a high level of readily available Group liquidity, allowing it to invest in further acquisition-based growth in line with the corporate strategy.

Development and Situation of USU Software AG

All of the following figures relate to the separate financial statements of USU Software AG in accordance with the German Commercial Code (HGB).

USU Software AG focuses primarily on acquiring and holding participations in other companies. As a consequence, it did not generate any external sales in the reporting period, as in the previous year. USU Software AG's main earnings derive from its operating subsidiaries.

These include Aspera GmbH ("Aspera"), LeuTek GmbH ("LeuTek") and Omega Software GmbH ("Omega"), with which the Company has concluded profit transfer agreements, as well as Aspera Technologies, BIG and USU AG.

In the 2014 fiscal year, USU Software AG generated an increase in net income from the profit transfer agreements to EUR 8,177 thousand (2013: EUR 5,002 thousand). The Company's other operating income of EUR 723 thousand (2013: EUR 593 thousand) derives mainly from the settlement of intragroup services. Other operating expenses totaling EUR 1,181 thousand (2013: EUR 1,064 thousand) primarily include costs for services provided by Group subsidiaries, stock exchange and investor relations costs, legal and consulting costs, and Supervisory Board compensation.

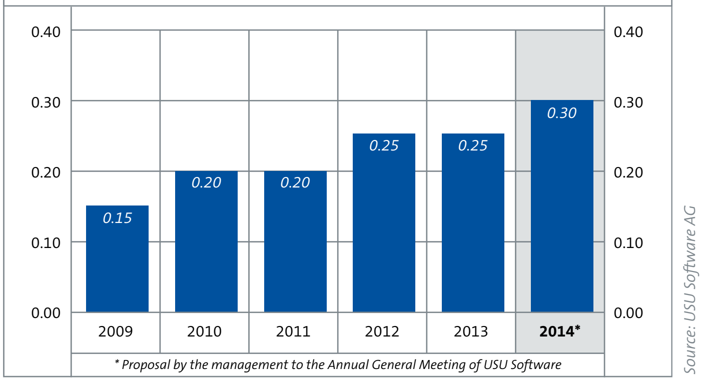
In connection with the expansion of the Management Board and the increase in the Company's workforce to an average of seven employees (2013: five), staff costs at USU Software AG rose to EUR 1,050 thousand (2013: EUR 866 thousand).

Amortization of intangible assets and depreciation of tangible assets totaled EUR 140 thousand in 2014 (2013: EUR 69 thousand). At the same time, write-downs on financial assets in the amount of EUR 848 thousand (2013: EUR 0 thousand) were recognized as a result of the discontinuation of USU Consulting GmbH's business operations due to the consistent unprofitability of this subsidiary.

Net interest amounted to EUR -439 thousand (2013: EUR -350 thousand) and mainly consisted of interest payments to subsidiaries.

Thanks to the positive business performance of the subsidiaries, USU Software AG generated an increase in earnings from ordinary operations to a total of EUR 5,242 thousand in 2014 (2013: EUR 3,246 thousand). In the same period, the net profit increased to EUR 4,479 thousand (2013: EUR 3,024 thousand). Including the profit carryforwards from the previous year of EUR 2,103 thousand (2013: EUR 1,710 thousand), the Company increased its unappropriated surplus to EUR 6,582 thousand (2013: EUR 4,734 thousand). As in previous years, part of this is to be used to pay a dividend to all shareholders of USU Software AG who are entitled to receive a dividend. In line with the dividend policy communicated by the Company and in the interests of continuity, the Management Board is proposing, subject to the approval of the Supervisory Board, that a dividend of EUR 0.30 per share be distributed for the 2014 fiscal year. This decision for a targeted increase in the profit distribution of 20% as against the previous year was taken in view of the successful development of the USU Group as a whole and the continued positive business prospects for the Company.

Development of the dividend distribution per share of USU Software AG in EUR



* Proposal by the management to the Annual General Meeting of USU Software

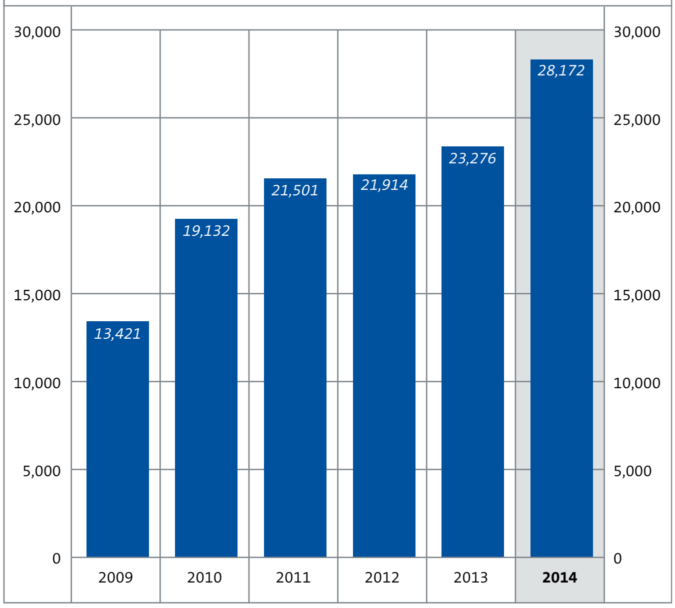
USU Software AG's total assets rose year-on-year to EUR 46,040 thousand as of December 31, 2014 (2013: EUR 44,345 thousand). On the assets side, fixed assets declined to EUR 36,981 thousand (2013: EUR 37,848 thousand) as of the end of the fiscal year, chiefly due to the write-down on the carrying amount of the participation in USU Consulting GmbH. At the same time, current assets rose to EUR 9,007 thousand (2013: EUR 6,473 thousand). This was attributable to an increase in receivables from affiliated companies as at the balance sheet date as a result of a year-on-year rise in income from profit transfers from subsidiaries. On the equity and liabilities side, equity rose to EUR 30,751 thousand (2013: EUR 28,903 thousand) as a result of the profits generated, while borrowings were down slightly at EUR 15,289 thousand (2013: EUR 15,442 thousand). The equity ratio of USU Software AG accordingly rose to 66.8% as of the end of the 2014 fiscal year (2013: 65.2%).

USU Software AG's focus on participation transactions means that the Company will remain highly dependent in subsequent years on the performance of its subsidiaries, particularly Aspera, LeuTek and USU AG. Information on the resulting risks and opportunities can be found in the Group risk report.

Orders on Hand

As of December 31, 2014, the USU Group's orders on hand increased by 21.0% as against the previous year to EUR 28,172 thousand (December 31, 2013: EUR 23,276 thousand). The year-end order book at the reporting date shows the USU Group's fixed future sales for the following year based on binding contracts. These consist primarily of project-related orders and maintenance and SaaS agreements.

Development of the USU Group's orders on hand in EUR thousand



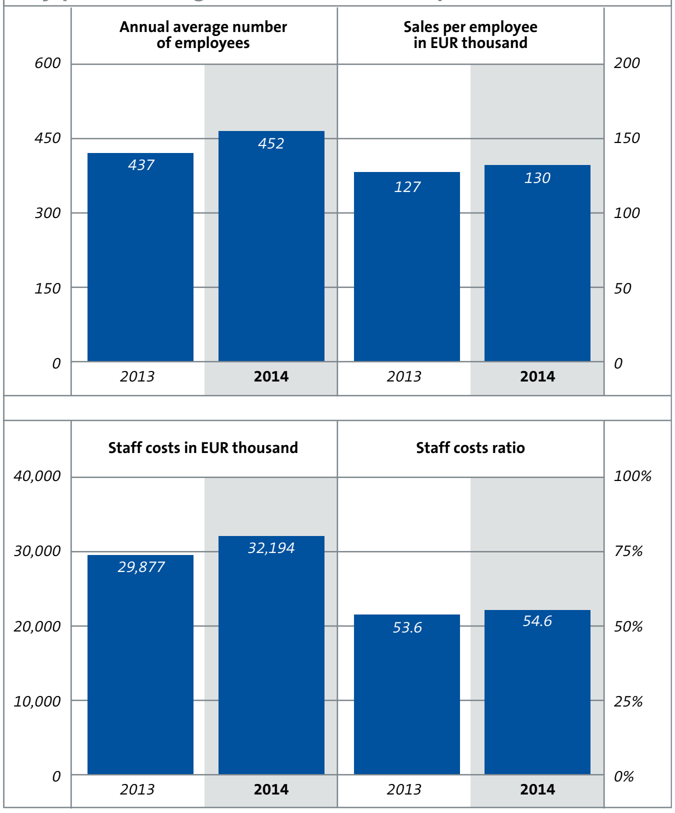
Source: USU Software AG

Employees

After the USU Group significantly expanded its workforce in the 2013 fiscal year, the focus in 2014 was on increasing employee capacity utilization. The number of employees in the Group as a whole as of December 31, 2014, was therefore exactly at the previous year's level at 452 (December 31, 2013: 452). Group employee figures do not include the three members of the Management Board of USU Software AG and the other members of the Management Board of subsidiary USU AG, around 100 freelance staff who are employed for project work as required, 15 temporary workers, and six trainees.

Broken down by segment, USU had 339 (2013: 336) employees in the Product Business segment, 64 (2013: 69) in the Service Business segment, and 49 (2013: 47) in central ad-ministration. Broken down by functional unit, 208 (2013: 190) people were employed in con-sulting and services at the end of the reporting period, 127 (2013: 151) in research and de-velopment, 64 (2013: 60) in sales and marketing, and 53 (2013: 51) in administration.

Key personnel figures of the USU Group



Source: USU Software AG

The average total workforce of the USU Group increased to 452 employees in the reporting year (2013: 437). With consolidated sales of EUR 58,933 thousand (2013: EUR 55,713 thousand), the average sales contribution per employee rose to EUR 130 thousand in 2014 (2013: EUR 127 thousand). Staff costs for the same period amounted to EUR 32,194 thousand (2013: EUR 29,877 thousand). The staff costs ratio in relation to consolidated sales thus amounted to 54.6% (2013: 53.6%).

After the Group's workforce was deliberately consolidated and efficiency and employee capacity utilization were increased in the year under review, the Management Board plans to expand the workforce further in 2015 and the following years in order to implement the medium-term growth targets. In addition to the acquisition of highly qualified technical and management employees, personnel-related measures will also focus on the motivation and retention of existing staff. A variable component in the salaries of a substantial number of USU employees should also be seen in this context. Variable components act as an additional performance incentive that separately rewards both the attainment of individual targets and the success of the respective unit, the Company, and the Group as a whole. In addition, the Group also offers an extensive and flexible employee company car scheme. The USU Group also constantly invests in the development and further training of its workforce as part of the "USU – U Step Up" career model. Through this program, USU offers its employees and managers personal development opportunities in the form of ongoing refresher and consolidation courses as well as specialist training courses and the further development of soft skills. A common system of values, rapid information exchange, a family-like working environment and numerous staff events round off the diverse range of measures aimed at developing and motivating the USU Group's workforce over the long term..

SUPPLEMENTARY REPORT

There were no transactions of particular significance with a material effect on the development of business in USU Software AG and the Group after the balance sheet date of December 31, 2014. In this respect, there were no major changes to the net assets, financial position or results of operations of the Company or Group

FORECAST, OPPORTUNITY AND RISK REPORT

Forecast Report

General Economy

According to the ifo 2014/15 Economic Forecast[5] published by the ifo Institute, the generally favorable conditions for the economy in Germany will also lead to an increase in total economic output over the course of 2015. For example, ifo anticipates that interest rates will remain at a historically low level in 2015, resulting in continued extremely advantageous financing conditions for new corporate investments. In addition to investments, ifo also forecasts that consumer spending will increase as a result of private households' rising real income and higher government spending. Based on the assumption of general economic expansion, the ifo Institute anticipates a rise in German GDP of 1.5% on average in 2015 (2014e: 1.5%). For the global economy, ifo forecasts a recovery overall, driven by the continued expansive monetary policy of many national economies and lower energy and commodity prices. It expects commodity-exporting countries in Latin America and Russia to experience a weak economic phase due to falling prices, while the euro zone will continue to be impacted by a lack of reforms in some member states. However, the ifo Institute also anticipates growth – with high growth rates in some cases – in the USA, the UK and several Asian countries, with the effect that overall a rise in global GDP of 3.0% is forecast for 2015 (2014e: 2.7%).

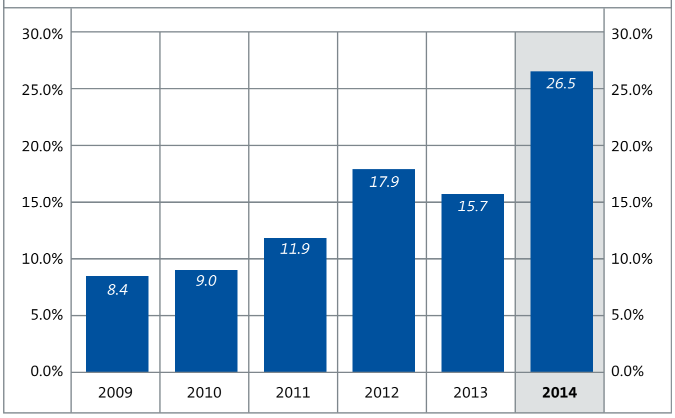
Sector

According to information from BITKOM[6], information technology will continue to be the main driver of growth for the ICT market in 2015. BITKOM forecasts that the volume of the IT mar-ket will grow by 2.4% in 2015 (2014e: 4.3%). As in the previous years, the software segment is expected to see the strongest growth, with an anticipated increase of 5.5% (2014e: 5.6%) in comparison to 2014. In particular, big data and cloud computing will be key growth drivers. The IT services market segment is also expected to perform better than average, with a sales increase of 3.0% (2014e: 2.7%). By contrast, BITKOM anticipates a 1.2% decline in sales in the IT hardware segment, after forecast growth of 5.8% in 2014. For the global IT market, the market research company Gartner[7] likewise anticipates a rise in sales of 2.4% in 2015 (2014e: 1.9%). According to the Gartner forecast, business software providers will post considerably above-average growth globally, too, with a rise in income of 5.5% (2014e: 5.8%), while income generated by IT service providers is set to grow by 2.5% (2014e: 2.7%) and that of IT hardware providers by 5.1% (2014e: 3.8%).

Outlook

The Management Board expects to continue the growth trend for USU Software AG and its subsidiaries successfully in the 2015 fiscal year. International business, which was the main driver of the USU Group's growth in 2014, is also expected to increase significantly in 2015. This increase will be generated partly by further penetration of the US market by the subsidiary Aspera Technologies and the partner CA Technologies, as well as by an expansion of activities in Central Europe with partner activities in England, Italy and the Benelux states, and tapping of the French market by the Group itself.

Development of the international share of consolidated sales at the USU Group in %



Source: USU Software AG

[5] *ifo Konjunkturprognose 2014/2015 des Leibniz-Instituts für Wirtschaftsforschung an der Universität München e. V. vom 11. Dezember 2014*
[6] *Pressemitteilung des Bundesverbandes Informationswirtschaft, Telekommunikation und neue Medien e. V. vom 10. Dezember 2014*
[7] *Gartner-Pressemitteilung zum Worldwide IT Spending Forecast vom 12. Januar 2015*

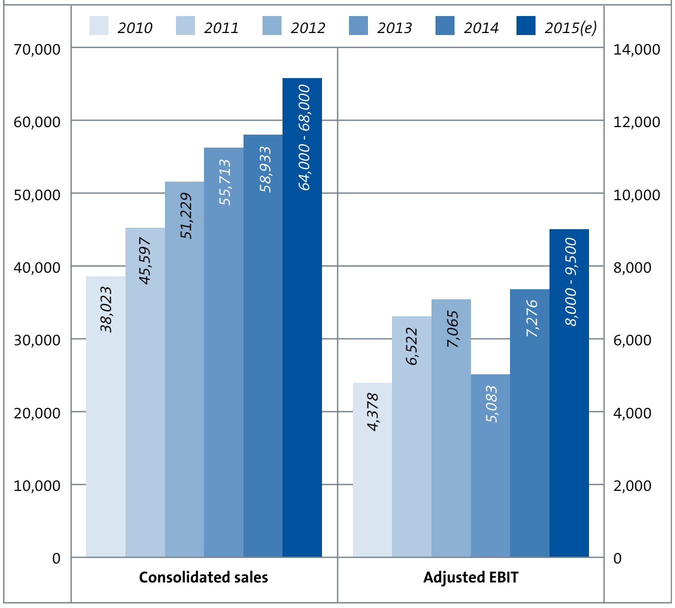
However, domestic business is also expected to post growth again in 2015. Particularly in the big-data-related areas of license, IT and knowledge management and social business, the Management Board anticipates a significant increase in high-margin product business, from which the USU Group generates license, maintenance and product-related consulting income. However, consulting-intensive service business, in which USU generates consulting sales from individual projects that are not dependent on specific products, will also grow slightly again in 2015 according to the current planning. As a result of the above-average growth of the product segment, its share of consolidated sales is expected to rise from 77.0% in 2014 to almost 80% in the 2015 fiscal year, in line with the strategy. The Management Board is thus consistently continuing to pursue USU's strategic orientation as a highly profitable international software group.

The Group subsidiary USU AG will be the main sales driver in the 2015 fiscal year. At the same time, the subsidiaries acquired or established in recent years will contribute positive sales and earnings effects to the Group as a whole.

As an individual company, the Group parent company USU Software AG will continue to focus on acquiring and holding participations in IT companies and will thereby participate in the business performance of its subsidiaries.

Based on the assumptions above, the Management Board anticipates an increase in consolidated sales to EUR 64 – 68 million in the 2015 fiscal year, together with a higher-than-proportionate rise in adjusted EBIT to EUR 8 – 9.5 million. On the basis of this forecast, the Management Board plans to allow the shareholders of USU Software AG to participate in the Company's operating success again in 2015, as in the previous years, and thus to continue the shareholder-friendly dividend policy in the interests of sustainable continuity. With international business flourishing, potential on the core German market remaining high and the growth-oriented acquisition policy of the USU Group, the Management Board is also still assuming the successful implementation of its medium-term planning of sales of more than EUR 100 million with an adjusted EBIT margin in excess of 15% by 2017.

Development of the USU Group's consolidated sales and adjusted EBIT in EUR thousand



Source: USU Software AG

Risk Report

During the course of their operations, USU Software AG and its subsidiaries are exposed to a range of opportunities and risks that are intrinsically linked to their business activities. These business activities include accessing and leveraging opportunities that serve to safeguard and expand the USU Group's competitive ability. Business opportunities are considered as part of both the annual planning process and corporate strategy, which is subject to ongoing development.

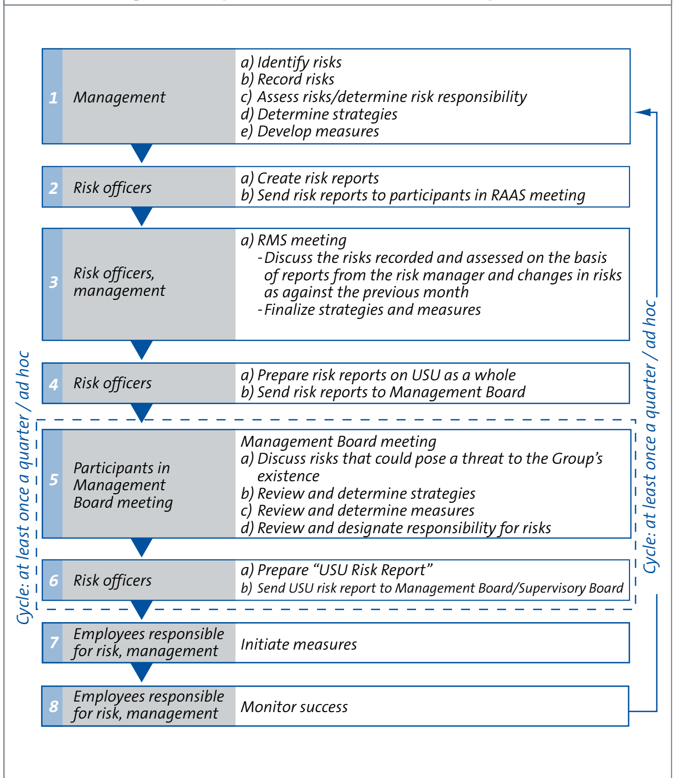
The opportunities are explained in more detail in the section of this risk report entitled Overview of Risks and Opportunities as well as in the forecast report under Outlook.

Risk Management System
Dealing with risks in a responsible manner forms the basis of sustainable business success. The management of USU Software AG and its subsidiaries therefore operates a central risk management system for the early identification, analysis, evaluation, control and management of risks to the USU Group. The aim of this system is to ensure a Group-wide awareness of risk within USU's organizational structure and workflows. The Group uses the internally developed Valuemation Risk Manager software to map its risks on an individual basis.

Risk Management Process

The established risk management process of the USU Group, which has been tried and tested over many years, is based on the concept of a control loop. The individual steps take account of the key elements of risk identification, evaluation and control through appropriate measures. The following diagram depicts the risk management process of the USU Group:

Risk management process of the USU Group



Source: USU Software AG

The process of risk management begins with the identification and recording of relevant risks by the Management Board, the top management and the relevant departmental managers of the respective Group subsidiaries. Risks are analyzed, documented and assessed in terms of the potential loss they may cause and the likelihood of their occurrence.

A risk matrix is used to visualize and classify the results. Depending on the resulting risk classification, specific strategies and measures are then implemented in order to control and manage the risk.

All activities are summarized in a risk report by the Risk Management Officer of the Company and the Group. On the basis of this report, the Management Board of USU Software AG and the management of the subsidiaries monitor risks on an ongoing basis and advise the Supervisory Board regularly on major risks and changes to the risk situation.

Overview of Risks

It is clear from the current risk report of USU Software AG and its subsidiaries that no risks have been identified that could pose a threat to the Company's continued existence, either currently or in the foreseeable future, and whose probability of occurrence has been rated very likely. Nevertheless, the Management Board of USU Software AG cannot rule out the possibility that multiple risks whose cumulative impact could pose a threat to the Company's existence might have an adverse effect on the net assets, financial position and results of operations of the Company. The risks classified during the course of risk management as serious or which could have a material effect on the Company's net assets, financial position and results of operations are listed below:

Market Risk and Competitive Risk

In view of the unstable global economic development recorded over the past years, analysis of the market and competitive situation remains an essential component of risk management at USU Software AG and its subsidiaries, particularly with regard to the forecast and planning security of the Company and its subsidiaries. One key focus here is market diversification in order to make the Group's business performance less dependent on the core German market while also tapping new growth markets. Further penetration of the US market through the partnership with the US group CA Technologies and the growth in business at the Group subsidiary Aspera Technologies, together with the expansion of European partner business in 2014, thus led to an increase in the international share of consolidated sales to over 20%. At the same time, the Management Board sees a major opportunity in the further expansion of international business with regard to the future operating performance of the Company and of the Group as a whole. However, it cannot rule out the possibility that diminishing economic momentum in the regions where USU operates could have a negative impact on the IT sector and thus restrict the development of USU Software AG and its subsidiaries.

As a software and IT company, USU Software AG operates in a very competitive high-tech market that is subject to continuous changes. Both large and medium-sized software companies expand their own product ranges through diversification and acquisition, thereby opening up new sales potential. In this context, the possibility that in future there may be considerable price erosion and cut-throat competition in individual market segments in which USU operates cannot be ruled out. For its part, USU Software AG has expanded the product portfolio in the recent past through the acquisition of B.I.G. Social Media GmbH. In addition, the product range has been enhanced with several innovative new developments.

With its expanded product range, USU has strategically positioned itself in the growth market for knowledge-based service management solutions and is also focusing on promising future areas in the field of information technology. In the context of this expansion of high-margin product business, which now accounts for more than three-quarters of consolidated sales, USU also reduced the share of lower-margin service business that is not dependent on specific products. USU also selectively involves employees of the Czech subsidiary USU Software s.r.o. in consultancy projects and can deploy around 100 external consultants if required to counteract a downturn in yields from the projects

Product, Project and Legal Risk

As with virtually any software, the software developed and marketed by USU Software AG and its subsidiaries may contain programming errors, which can occur despite thorough checks and careful testing. The resulting operational defects could lead to liability and warranty claims to the detriment of the USU Group. The Company's internally developed software is primarily used within the context of larger projects, where the Company makes fixed, contractual commitments with regard to functionalities, completion schedules and project costs. Accordingly, there is a risk that the planned schedules and cost estimates may not be met due to product defects or faults in performance, which may in turn lead to claims for damages by the client or losses being made on the project in question.

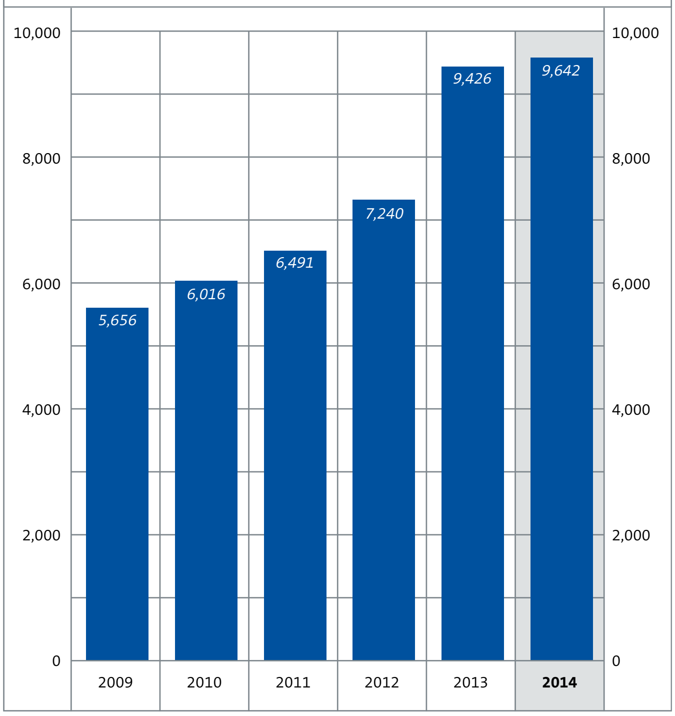
To minimize such product and project risks, the USU Group applies extensive quality management in its development activities. In addition, USU has an effective project monitoring system for identifying errors at an early stage and taking suitable countermeasures. The Group is also covered by a third-party liability insurance policy aimed at minimizing risk, which provides cover in particular against damage to data, data media and implementations as well as losses arising from material defects caused by the lack of agreed functionalities from EUR 40 thousand up to a maximum of EUR 5 million per claim.

Research and Development Risk

Intense competition and specific customer attitudes require extremely short development cycles for new product versions and releases. At the same time, demands are constantly increasing as a result of rapid technological change.

In order to take account of this development, the USU Group maintains its research and development activities at a consistently high level, using the resources of its own development company USU Software s.r.o. in the Czech Republic in particular. Around 130 employees work on continuously refining the Group's internally developed software products to reflect market developments and the demands of product management. The development process is rounded off with tests and quality management measures. Close contact with leading market analysts ensures that any technical changes can be addressed rapidly. As a technology pioneer, the USU Group also devises its own innovations with the aim of permanently improving and extending its product portfolio.

Development of research and development expenses of the USU Group in EUR thousand

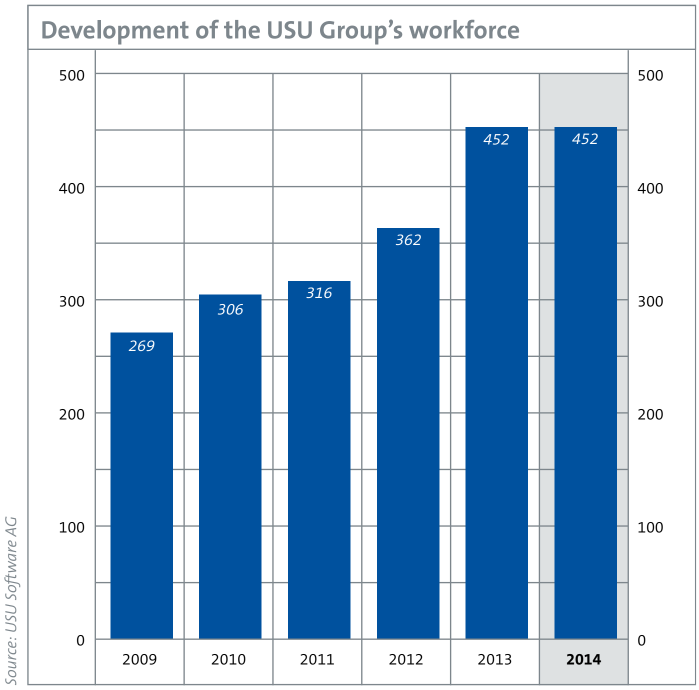


Source: USU Software AG

Personnel and Management Risk

The successful implementation of the corporate strategy and the economic success of USU Software AG and its subsidiaries depend to a significant extent on the performance of its professional staff and managers. The Company is therefore particularly reliant on highly qualified personnel in order to satisfy future market demands and customer requirements. The loss of management staff or employees in key positions can be just as detrimental to the Company as the failure to attract new knowledge carriers. Consequently, USU has imple-mented a wide range of measures in order to recruit additional highly qualified employees despite competition on the employment market and retain existing staff at the USU Group.

The professional development of employees in accordance with their various needs is equally important within the Group as a whole. Specific training and development opportunities, a comprehensive career and progression model and numerous employee events help to improve the retention of professional staff and managers. A positive corporate culture also helps us to improve our success rate in attracting and retaining qualified employees.



IT Risk

As software and IT companies, USU Software AG and its subsidiaries are dependent on the long-term functionality and security of their Group-wide data centers, networks and IT systems. Due to the growing share of in-house SaaS products, dependency on IT infrastructure is also increasing. A complete or partial failure of the IT systems, as well as unauthorized access to the source code of internally developed software products, customer and project documentation or other critical data, could therefore have an adverse effect on the Group's business development.

To avoid risks of this kind, a specific risk prevention concept for the area of IT has been in place for a number of years and is integrated into the Group's risk management system.

Participation Risk

USU Software AG is indirectly exposed to the risk environment of its various subsidiaries. The Company's relationships with its subsidiaries mean that risks may arise from its legal and contractual liabilities. Another potential risk in this respect relates to the write-down of the carrying amount of the participations in USU AG, Omega, LeuTek, Aspera and BIG in the separate financial statements of USU Software AG.

However, the risk relating to these subsidiaries only exists in the event of a permanent deterioration in their net assets, financial position and results of operations. The Company operates an effective reporting and controlling system throughout the entire Group in order to minimize risks of this type

Goodwill Risk

Instead of scheduled amortization, the goodwill reported in the consolidated balance sheet is now subject to impairment testing at least once a year in accordance with IFRS 3. Impairment testing can result in either the confirmation of the reported goodwill or in a write-down that serves to reduce net profit for the period, which could have a negative impact on the net assets, financial position and results of operations of USU Software AG.

As in the previous years, the impairment tests conducted in the 2014 fiscal year did not identify any evidence of impairment of the assets assigned to this balance sheet item. Owing to its positive operating business development, USU Software AG does not expect to have to recognize any impairment losses with an adverse effect on net profit within the Group as a whole in the following year.

Default Risk

Potential default risks relating to trade receivables are minimized by means of active receivables management. The Company also recognizes adequate provisions for such losses. Overall, therefore, the default risk remains limited to date. In the light of recent history, with regard to the potential negative effects of the economic and financial market crisis on companies considered fundamentally solvent to date, it cannot be ruled out that the level of insolvency-driven default risk could increase in future, even allowing for the fact that the typical customer structure of USU Software AG is characterized by companies with strong market positions.

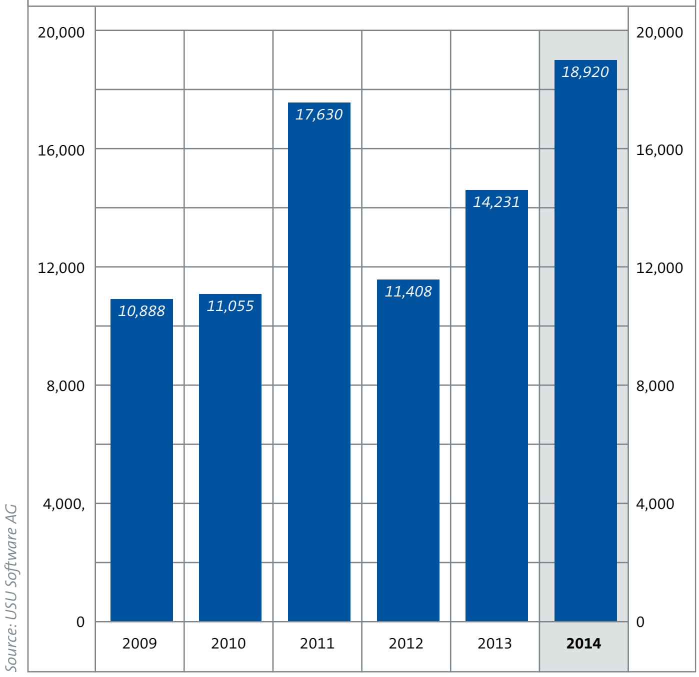
Exchange Rate Risks

The volume of foreign-currency transactions conducted by the Company is negligible, meaning that it is exposed to exchange rate fluctuations with an impact on its EUR-denominated assets and income to a limited extent only. Transaction risks also exist for financial assets denominated in foreign currencies, although these can also have a positive impact on the development of income.

Financial and Liquidity Risk
With funds of around EUR 19 million as of December 31, 2014, USU Software AG has extensive Group-wide financial resources for future investments, for potential acquisitions and to secure its operating business. These funds are primarily deposited in short-term investments in order to generate interest income. The Group is therefore exposed to the risk of a partial or complete loss of one or more such investments.

To limit the risk of financial loss, the Company therefore invests only in low-risk investments with short terms to maturity. It does not invest in speculative securities or shares.

Development of the USU Group's liquidity in EUR thousand



Report on Opportunities

Among the extensive opportunities available to USU Software AG and the Group, and over and above the points already mentioned, the Management Board regards the following potential as particularly important:

With its innovative product portfolio geared towards high-growth segments of the IT market, the USU Group has ideal conditions for expanding its business with both new and existing customers in the coming years. Business with existing customers offers the potential to achieve a sustained high level of utilization of the consultant team with follow-up projects, both for product business and in particular for consulting-related service business. USU's customer base thus now comprises more than 700 companies from all sectors of the economy. The acquisition of additional technical and management employees and the associated expansion of the Group's workforce also represents a major opportunity to fully exploit the existing growth options in product and service business. In addition to the core domestic market, excellent growth potential is offered in particular by further expansion of the USU Group's international presence in the coming years. This is based firstly on targeted growth in the Group's own business activities in the USA and secondly on the global partnership agreement with the US software group CA Technologies and further expansion of the global USU partner network. Another key component of the USU Group's growth strategy relates to rounding out the product portfolio and tapping new sales markets by means of acquisitions or participations in companies. USU has extensive Group liquidity available for this purpose, allowing it to take advantage flexibly of acquisition opportunities that arise.

ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

At USU Software AG, the accounting-related internal control system ("RIKS") and the accounting-related internal risk management system ("RIRMS") have been implemented throughout the Group as a comprehensive system aimed at ensuring that the separate and consolidated financial statements comply with the relevant provisions.

RIKS encompasses the principles, procedures and measures for ensuring the effectiveness, cost-effectiveness and correctness of the accounting system and compliance with the relevant provisions of law and the Articles of Association, while RIRMS contains all organizational provisions and measures aimed at the identification, control and management of risks relating to the accounting process.

USU's accounting-related internal control and risk management is set up in such a way as to ensure the level of security required for reliable financial reporting and the external publishing of separate and consolidated financial statements. This therefore requires a clearly defined management and corporate structure with clearly allocated roles. Key accounting-related roles are therefore managed centrally by USU Software AG and USU AG with the clear allocation of specific areas of responsibility.

A comprehensive, regularly updated set of guidelines, comprising rules of competence, reporting procedures, travel cost and time recording procedures and investment approvals, has been established. This also governs the dual control principle for accounting-related processes. Furthermore, the harmonization of accounting procedures within the USU Group is ensured by means of Group-wide rules of procedure governing accounting and evaluation.

The USU Group has a largely uniform, standardized financial system, which clearly defined access rights ensure is only accessible to those employees who are involved in the accounting process in keeping with their area of responsibility.

The Finance department of USU AG, in cooperation with the Project and Financial Controlling unit of this subsidiary of USU Software AG, is centrally responsible for the timely preparation of the monthly, quarterly, annual and consolidated financial statements on the basis of the reporting schedule prescribed by the Management Board. The Chairman of the Management Board of USU Software AG, who bears the overall responsibility for the accounting-related internal control and accounting system of the Company and the Group as a whole, controls and monitors the preparation of the financial statements and compares them with the projections that are continuously updated. From a risk management perspective, revenue recognition, the impairment of goodwill and the carrying amounts of participations and the measurement of receivables, work in progress and provisions are generally of central importance to USU as a software and IT consulting company.

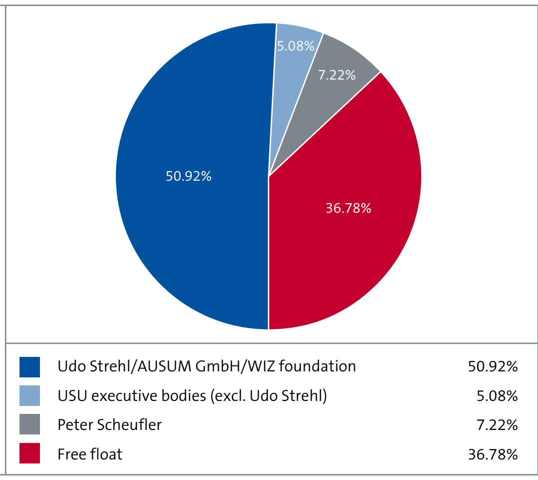
The regular upskilling of the employees involved in the accounting process and the timely investigation of new or amended accounting-related provisions serve to ensure that the preparation of the (consolidated) financial statements is up-to-date at all times.

INFORMATION RELEVANT TO ACQUISITIONS

Subscribed Capital, Shares, and Shareholder Structure

As of December 31, 2014, a total of 10,523,770 (2013: 10,523,770) no-par value bearer shares were issued in USU Software AG, with the same number of voting rights and a notional interest in the share capital of EUR 1.00 per share. Of these, 5,359,187 (2013: 5,509,187) shares are held by the main shareholder and Chairman of the Supervisory Board of the Company, Udo Strehl, corresponding to 50.92% (2013: 52.35%) of the share capital. 1,989,319 (2013: 1,989,319) of these shares are held by him directly and a further 3,337,868 (2013: 3,487,868) shares are held by AUSUM GmbH, in which the majority shareholder is Udo Strehl. A further 32,000 (2013: 32,000) shares in USU Software AG are allocable to Udo Strehl via the "Wissen ist Zukunft" foundation ("WIZ foundation"), of which he is the sole managing director. A total of 7.22% of the share capital of USU Software AG, or 760,000 shares, was allocable to Peter Scheufler, a former shareholder in LeuTek, as of December 31, 2014, according to his notification to the Company.

Shareholder structure of USU Software AG as of December 31, 2014



Source: USU Software AG

Management Board Authorizations on the Issue of Shares and Share Buyback

By resolution of the Annual General Meeting on July 18, 2012, the Management Board was authorized, subject to the approval of the Supervisory Board, to increase the Company's capital by up to EUR 5,261,885 by issuing new shares (authorized capital) in exchange for cash or non-cash contributions up to and including July 17, 2017.

By resolution of the Annual General Meeting on March 2, 2000, the subscribed capital of USU Software AG was further contingently increased by EUR 757 thousand through the issue of 756,911 no-par value bearer shares for the purpose of granting options to members of the Management Board and employees of the Company and affiliated companies (contingent capital). By resolution of the Annual General Meeting on July 15, 2004, contingent capital was reduced to EUR 378 thousand. The contingent capital increase may only be exercised to the extent that the bearers of the issued options exercise their rights. There were no outstanding options as of December 31, 2014.

By resolution of the Annual General Meeting on July 15, 2010, the Company's Management Board was also authorized to acquire treasury shares in one or more installments, subject to approval of the Supervisory Board, at any time up to and including July 14, 2015.

The acquired shares, together with any other shares that the Company may hold as a result of an earlier authorization to acquire treasury shares, may not exceed 10% of the Company's share capital at the time of this authorization.

Statutory Provisions and Articles of Association of USU Software AG

In accordance with Section 84 AktG and Article 8 (2) of the Articles of Association of USU Software AG, the Management Board is appointed or dismissed by the Supervisory Board. In urgent cases, a member may be appointed to the Management Board by court order in accordance with Section 85 AktG. However, the corresponding mandate expires as soon as the vacancy has been filled. In accordance with Article 18 of the Articles of Association, the Supervisory Board is also authorized to approve amendments to the Articles of Association that concern their wording alone. All other amendments to the Articles of Association require a resolution by the Annual General Meeting in accordance with Section 179 (1) AktG. This resolution requires a majority of at least three-quarters of the subscribed capital represented at the vote in accordance with Section 179 (2) AktG. Resolutions by the Annual General Meeting that do not relate to the Articles of Association require a simple majority of the votes cast in accordance with Section 133 AktG.

THE USU SHARE (ISIN DE000A0BVU28)

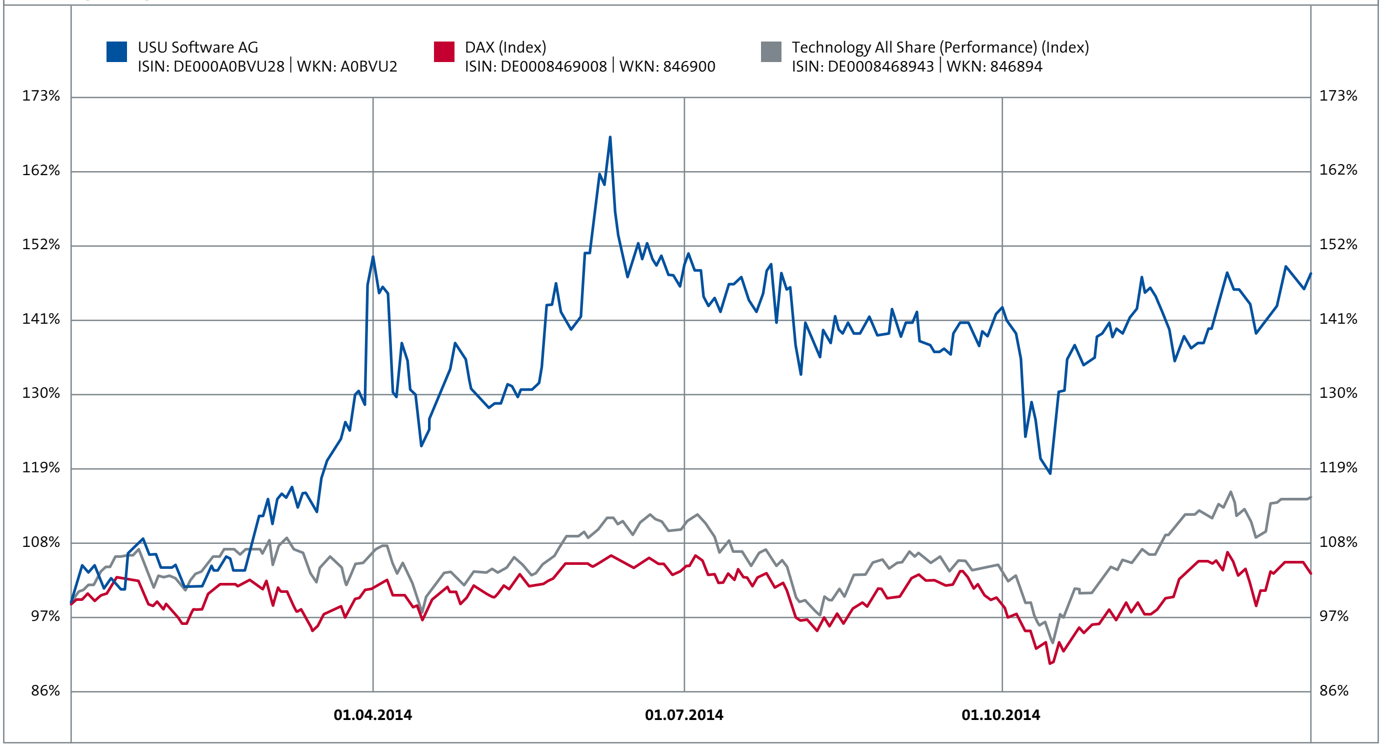
The shares of USU Software AG are listed in the Prime Standard of the Frankfurt stock exchange under the German Securities Code (WKN) A0BVU2 and International Securities Identification Number (ISIN) DE000A0BVU28, and are admitted to trading on the regulated market of this stock exchange.

Share Price Performance

The performance of the stock markets over the course of 2014 was very volatile. After an encouraging start to the year with significant price increases in some cases, which was then followed by declining prices again, a year-end rally ultimately led to a positive overall performance of the stock market indices. As of the end of 2014, the Technology All Share was up 15.2% year-on-year at 1,626.79 points (December 31, 2014: 1,412.31 points). During 2014, the German stock index (DAX) exceeded the 10,000 points mark for the first time, then fell below 8,400 points and ultimately closed the reporting year at 9,805.55 points as of December 31, 2014 (December 31, 2013: 9,552.16 points), corresponding to a price increase of 2.7% in comparison to the same date in the previous year. In the period under review, the price of USU Software AG's shares significantly exceeded the share price performance of the benchmark indices. At the end of the reporting year, their price on the electronic trading platform XETRA was up 48.1% year-on-year at EUR 13.625 (December 31, 2014: EUR 9.20). The interim high for the USU share price was EUR 16.109, which also marked a new ten-year high, while its lowest level was EUR 9.18.

The stock markets rose sharply after December 31, 2014, leading to new highs for the DAX above the 11,000 points mark and an increase in the USU share price to over EUR 15.00 on XETRA up to the finalization of the separate and consolidated financial statements.

Share price performance of USU Software AG in 2014



Source: wallstreet:online

STATEMENT ON CORPORATE MANAGEMENT

Corporate Governance

Corporate Governance umfasst die wesentlichen Standards Corporate governance encompasses the core standards for the transparent and value-oriented management and control of listed companies. These standards were developed by the Government Commission for the German Corporate Governance Code and compiled in the Corporate Governance Code ("the Code") in the form of recommendations for implementation. The core objective of the Code is to promote the trust of investors, customers, employees and the general public in the management and supervision of listed German companies. The Code came into force in 2002 and was last updated in 2014.

Declaration of Conformity with the German Corporate Governance Code in Accordance with Section 161 AktG

In accordance with Section 161 AktG, the Management Board and Supervisory Board of a listed company must make an annual declaration on the extent to which these recommendations have been, and will be, complied with, providing reasons for any cases of non-compliance. The Management Board and Supervisory Board of USU Software AG have made an express commitment to implementing the major recommendations of the Code and submitted the following declaration of conformity for 2014 on December 11, 2014, making it immediately available on the Company's website:

"The Management Board and Supervisory Board of USU Software AG declare that, since the last declaration of conformity on November 28, 2013, they have complied and will continue to comply with the recommendations of the Government Commission for the German Corporate Governance Code as amended on May 13, 2013, and since they came into effect, as amended on June 24, 2014, whereby the following recommendations have not been or are not being applied:

Clause 4.2.1 of the Code stipulates that the Management Board shall comprise several persons.

Until September 30, 2014, the Management Board of USU Software AG consisted of one person, who simultaneously acted as the spokesperson for the Management Board. On account of the substantial growth throughout the USU Group, in the 2014 fiscal year the Supervisory Board resolved to expand the Management Board of the Company to comprise three Management Board members effective October 1, 2014, and also elected the former Management Board spokesman as Chairman of the Management Board. The new composition and operational responsibilities of the Management Board reflect the USU Group's growth drivers – innovations, internationalization and acquisitions – and therefore represent a key success factor for the implementation of USU Software AG's medium-term strategy. At the same time, USU Software AG thus now fulfills the requirements of the Code.

Clause 4.2.3 of the Code recommends that variable compensation components for the Management Board members should have an assessment basis covering several years. Both positive and negative developments should be taken into account when determining the variable compensation components. When concluding Management Board agreements, it must be ensured that payments to a Management Board member in the event of premature termination of their Management Board role, including fringe benefits, do not exceed the value of their annual compensation for two years (severance cap) and do not compensate more than the remaining term of the employment agreement. If the employment agreement is terminated for a good reason for which the Management Board member is responsible, then no payments are made to the Management Board member in accordance with the provisions of the Code.

The Supervisory Board has not made any such contractual agreements in the context of appointing and expanding the Management Board, and does not plan to do so in the future either. The Supervisory Board is convinced that the current Management Board compensation thoroughly takes account of the interests of the Company's stakeholders, motivates the Management Board to a high degree, and thus contributes to a sustainable positive business development.

According to clause 5.1.2 of the Code, diversity should be observed in the composition of the Management Board and an age limit specified for its members.

In determining the composition of the Management Board, the Supervisory Board of USU Software AG based and will continue to base its decisions on the professional and personal suitability of the persons in question, irrespective of their gender or age, as the Company does not wish to deprive itself indiscriminately of the potential offered by older, experienced and renowned personalities in the composition of the Management Board. A specified age limit for Management Board members of USU Software AG therefore was and is not intended, as is also the case for a specified gender requirement.

In accordance with clauses 5.3.1, 5.3.2 and 5.3.3 of the Code, the Supervisory Board shall form committees such as an Audit Committee and a Nomination Committee.

As the Supervisory Board of USU Software AG comprises three members, there has been and remains no intention to set up committees. Independently of this, the Supervisory Board of the Company jointly assumes the tasks of these committees.

According to clause 5.4.1 of the Code, the Supervisory Board must be composed in such a way that its members collectively have the knowledge, skills and professional experience required to properly fulfill their duties. In this context, the Supervisory Board should name specific goals for its composition, which should include provisions such as an established age limit for Supervisory Board members and diversity.

With regard to its composition, the Supervisory Board of USU Software AG bases its decisions on the professional and personal suitability of the persons in question, taking account of their knowledge, skills and professional experience required to properly fulfill their duties. A specified age limit for Supervisory Board members of USU Software AG was and is not intended, as is also the case for a specified gender requirement, as the Company does not wish to deprive itself indiscriminately of the potential offered by older, experienced and renowned personalities in the composition of the Supervisory Board. In addition, a specification of this type would, from the Company's perspective, inappropriately limit the shareholders' right to vote at the Annual General Meeting.

In accordance with clause 5.4.6 of the Code, members of the Supervisory Board shall receive separate compensation for assumption of the office of Chairman or Deputy Chairman of the Supervisory Board or for membership of a Supervisory Board committee.

Compensation was and is not envisaged for assumption of the office of Deputy Chairman of the Supervisory Board or for membership or chairmanship of a committee of the Supervisory Board. The Company considers there to be no increased incentive based on assumption of the position of Deputy Chairman of the Supervisory Board because members of the Supervisory Board of USU Software AG work with great commitment for the good of the Company irrespective of this. Based on the composition of the Supervisory Board with three experienced members who jointly assume the envisaged functions, the formation of Supervisory Board committees and accordingly the associated compensation has been and will also in the future continue to be forgone.

According to clause 7.1.2 of the Code, the interim reports shall be made publicly accessible within 45 days after the end of the reporting period.

In the past, USU Software AG has published interim reports in accordance with the relevant stock exchange rules and regulations immediately after they have been completed and at the very latest within two months following the end of the reporting period. This policy will continue to apply. In observing statutorily stipulated deadlines, the interests of Company shareholders in being informed are, in the opinion of USU Software AG, accommodated to an adequate extent, especially since the statutory disclosure requirements are fully observed and complied with.

Signed
Management Board and Supervisory Board
of USU Software AG
Möglingen, December 11, 2014".

The current declaration of conformity and the declarations for previous years are permanently available at www.usu-software.de/investoren/corporate-governance.html.

Corporate Management Practices and Sustainability

Within the meaning of good and sustainable corporate management, the Management Board of USU Software AG undertakes to act in an ethically and socially responsible manner. The Management Board has therefore developed basic values and targets in close cooperation with the employees of its subsidiaries, which are summarized in corresponding guidelines. All of USU's activities are aimed at, and subject to the requirement of, sustainable economic success. This includes the success of our customers, business partners, shareholders and employees. We are committed to serving their interests. We work with people, for people. For this reason, the Management Board's targets include not only conventional financial key figures such as consolidated sales and adjusted EBIT, but also non-financial key figures such as customer and employee satisfaction. Surveys are therefore conducted at regular intervals to identify potential further improvements. In some cases, the USU Group calls on the support of independent, external service providers. Another key aspect of the USU Group's corporate culture relates to fulfilling social responsibility at the Company. For many years, we have supported a number of different charitable, community and cultural institutions, organizations and projects, including the Sabine Dörges foundation for helping children with cancer, the "Jugendhilfe aktiv" foundation for youth welfare in Möglingen, and "Kinder- und Jugendhilfe der Karlshöhe in Ludwigsburg", a child and youth welfare organization. We have also made our company premises available for exhibitions by local artists for many years. Last but not least, sports aid is also very important to the USU Group. It supports Deutsche Sporthilfe, the German Sports Aid Association, with donations to the board of trustees and direct financial support for a number of athletes.

Working Practices of the Management Board and the Supervisory Board

The Management Board of USU Software AG is responsible for managing the Company's business activities in accordance with the provisions of law, the German Corporate Governance Code, the Articles of Association and the rules of procedure for the Management Board. Irrespective of their internal individual responsibility for the Management Board departments allocated to each of them, the members of the Management Board have joint responsibility for overall management. The Management Board passes resolutions at meetings that are convened by the Chairman of the Management Board on a regular basis and at least once a month. The Management Board is quorate if the majority of the members, including the Chairman, are present. Resolutions are passed by a simple majority. In the event of a tie, the Chairman has the casting vote. The Chairman is also entitled to veto resolutions that have been passed by a majority. On the Chairman's proposal, resolutions can also be passed outside the meetings.

The Chairman of the Management Board of the Company reports to the Supervisory Board in a regular, timely and comprehensive manner on the development and position of USU Software AG and the Group, including their profitability, as well as corporate planning, risk management and significant business transactions and projects.

The Supervisory Board of the Company consists of three members and elects a Chairman and a Deputy Chairman from its members. Due to its size, the Supervisory Board has opted not to form committees. Instead, the duties of the Supervisory Board are performed jointly by its members. The activities of the Supervisory Board are determined by the provisions of law, the German Corporate Governance Code, the Articles of Association and the rules of procedure for the Supervisory Board of USU Software AG. Among other things, these provide for the Supervisory Board to appoint the members of the Management Board, determine the number of Management Board members and issue rules of procedure for both the Management Board and itself. In addition, the Supervisory Board continuously monitors and advises the Management Board in its activities.

The Supervisory Board also adopts the separate financial statements and approves the consolidated financial statements. Detailed information on the activities of the Supervisory Board is provided annually in the report by the Chairman of the Supervisory Board to the shareholders present at the Annual General Meeting.

The Supervisory Board is convened by the Chairman as required, and in any case at least four times a year in accordance with the Articles of Association. The Chairman of the Management Board of the Company regularly attends these meetings. The Supervisory Board is quorate when all of the members of the Supervisory Board attend the respective meeting. Resolutions are passed by a simple majority of the votes cast unless otherwise prescribed by law or the Articles of Association.

A D&O insurance policy has been concluded for the Management Board and the Supervisory Board, which, in accordance with the regulations of the German Corporate Governance Code, provides for an appropriate deductible.

COMPENSATION REPORT

Compensation of the Management Board

DThe compensation of the Management Board is specified at an appropriate level by the Supervisory Board, taking into account all compensation paid within the scope of consolidation on the basis of a performance assessment for each member of the Management Board. In accordance with the regulations of the German Corporate Governance Code ("the Code"), this includes monetary compensation components, pension commitments and other commitments. The monetary components of compensation for the Management Board are divided into a fixed and a variable component. The variable compensation, which consists entirely of a one-year component, is based on the achievement of targets set annually by the Supervisory Board. These are determined after the annual planning for the respective fiscal year is completed. The amount of the variable compensation actually paid depends on the extent to which the agreed quantitative and qualitative targets are met.

In the 2014 fiscal year, the Group-wide compensation for the Management Board of the USU Group amounted to EUR 464.4 thousand (2013: EUR 308.5 thousand). This sum includes all compensation paid to the Management Board, which was expanded as of October 1, 2014, within the scope of consolidation. The Chairman of the Management Board of USU Software AG, Bernhard Oberschmidt, is also the Chairman of the Management Board of the Group subsidiary USU AG, President of the Group subsidiary USU (Schweiz) AG and Managing Director of the Group subsidiaries Openshop Internet Software GmbH and USU Austria GmbH. The Management Board member Dr. Benjamin Strehl is also on the Management Board of USU AG.

Individual compensation of the Management Board for the 2014 fiscal year in EUR thousand						
	Bernhard Oberschmidt Chairman of the Management Board Since February 8, 2002		Bernhard Böhler Management Board Since October 1, 2014		Dr. Benjamin Strehl Management Board Since October 1, 2014	
	2014	2013	2014	2013	2014	2013
Fixed compensation	160.0	160.0	40.0	-	30.0	-
Fringe benefits	22.6	21.7	4.1	-	2.3	-
Total	**182.6**	**181.7**	**44.1**	**-**	**32.3**	**-**
One-year variable compensation	120.0[1)]	105.2[2)]	26.9	-	25.7	-
Multi-year variable compensation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**302.6**	**286.9**	**71.0**	**-**	**58.0**	**-**
Pension expenses	21.8	21.6	5.5	-	5.5	-
Total compensation	**324.4**	**308.5**	**76.5**	**-**	**63.5**	**-**

1) of which for the previous year: EUR 0 thousand; 2) of which for the previous year: EUR 4.4 thousand;

Compensation of the Supervisory Board

Compensation for the Supervisory Board of USU Software AG is governed by Article 17 of the Articles of Association of the Company and was last amended at the Company's Annual General Meeting on June 30, 2011. In accordance with the provisions of the Code, total compensation for the Supervisory Board comprises a fixed and a performance-related component.

Under these provisions, in addition to the reimbursement of expenses, each member of the Supervisory Board of USU Software AG receives fixed compensation of EUR 12.5 thousand for each full fiscal year of membership of the Supervisory Board. The Chairman of the Supervisory Board receives an amount of EUR 60.0 thousand. Members of the Supervisory Board also receive a variable amount each year. This depends on earnings before interest, taxes, depreciation and amortization (EBITDA), as reported in either the combined management report or the Group management report, as a proportion of the reported consolidated sales. When EBITDA exceeds 8% of consolidated sales, for each full percentage point by which EBITDA exceeds an 8% share of consolidated sales, a premium of 10% of the fixed annual compensation will be paid per year as a variable component. This is subject to an upper limit for total compensation of 200% of the fixed annual component. In the 2014 fiscal year, EBITDA represented 15.1% of consolidated sales. The variable compensation of the USU Software AG Supervisory Board thus corresponded to 70% of the basic fixed remuneration of the individual members of the Supervisory Board.

The members of the Supervisory Board of USU Software AG are also represented in the Supervisory Board of the Group subsidiary USU AG. The compensation of the Supervisory Board of USU AG was approved by the Annual General Meeting of the latter company on May 22, 2000, in accordance with Article 12 of the Articles of Association of USU AG and is valid until otherwise resolved by the Annual General Meeting. Accordingly, each member of the Supervisory Board of USU AG receives annual fixed compensation of EUR 5.0 thousand for each year of membership of the Supervisory Board in addition to the reimbursement of expenses; the Chairman of the Supervisory Board receives EUR 10.0 thousand and the Deputy Chairman EUR 7.5 thousand. Variable components in the compensation of the Supervisory Board of USU AG were and are not provided for.

During the 2014 fiscal year, the Group-wide compensation for the Supervisory Board of the USU Group amounted to EUR 167.0 thousand (2013: EUR 116.0 thousand).

Individual compensation of the Supervisory Board for the 2014 fiscal year in EUR thousand			
	Fixed compensation USU Software AG	Variable compensation USU Software AG	Fixed compensation USU AG
Udo Strehl	60,0	42,0	10,0
Günter Daiss	12,5	8,8	7,5
Erwin Staudt	12,5	8,8	5,0

REPORT ON RELATED PARTIES

The Management Board of USU Software AG has compiled a report on related parties in accordance with Section 312 AktG, in which it made the following closing statement: “We hereby declare that USU Software AG received appropriate compensation for all transactions in accordance with the circumstances known to us when the transactions were conducted. No measures detrimental to the Company were undertaken.”

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the separate and consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of USU Software AG and the Group, and the management report on the Company and the Group includes a fair review of the development and performance of the business and the position of USU Software AG and the Group, together with a description of the principal opportunities and risks associated with the expected development of USU Software AG and the Group.

Möglingen, March 2, 2015

Bernhard Oberschmidt,
Chairman of the Management Board

Bernhard Böhler
Member of the Management Board

Dr. Benjamin Strehl
Member of the Management Board

Consolidated Financial Statement

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Consolidated Balance Sheet as of December 31, 2014

USU Software AG, Möglingen

ASSETS	Note	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Assets			
Total non-current assets			
Intangible assets	(8)	6,885	8,176
Goodwill	(9)	34,559	34,559
Property, plant and equipment	(10)	2,075	2,099
Deferred tax assets	(28)	4,122	4,099
Other assets	(11)	657	646
		48,298	**49,579**
Total non-current assets			
Inventories	(12)	643	730
Work in progress	(13)	4,158	3,173
Trade receivables	(14)	10,641	11,590
Income tax receivables	(15)	654	601
Other financial assets	(16)	233	393
Other assets		249	54
Prepaid expenses	(17)	1,378	1,063
Cash on hand and bank balances	(18)	18,920	14,231
		36,876	**31,835**
Assets		**85,174**	**81,414**

Consolidated Balance Sheet as of December 31, 2014

USU Software AG, Möglingen

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.12.2014 TEUR	31.12.2013 TEUR
Equity and liabilities			
Total shareholders' equity	(19)		
Subscribed capital		10,524	10,524
Capital reserve		52,792	52,792
Legal reserve		502	470
Other comprehensive income		-19	-44
Accumulated losses		-8,191	-10,467
Shareholders' equity not including minority interests		**55,608**	**53,275**
Minority interests		0	-43
		55,608	**53,232**
Total non-current liabilities			
Deferred tax liabilities	(28)	766	918
Pension provisions	(20)	1,865	1,092
		2,631	**2,010**
Total current liabilities			
Provisions for income taxes		941	285
Purchase price liabilities	(21)	2,514	2,905
Personnel-related provisions and liabilities	(22)	4,580	4,489
Other provisions and liabilities	(23)	2,117	2,322
Liabilities from advance payments	(24)	10,999	11,213
Trade payables	(25)	1,392	1,741
Deferred income	(27)	4,392	3,217
		26,935	**26,172**
Liabilities and shareholders' equity		**85,174**	**81,414**

Consolidated Income Statement for the Fiscal Year from January 1 to December 31, 2014

USU Software AG, Möglingen

	Note	2014 EUR thousand	2013 EUR thousand
Sales revenues	(29)	58,933	55,713
Cost of sales	(30)	-27,654	-26,932
Gross profit		**31,279**	**28,781**
Sales and marketing expenses	(31)	-8,573	-9,106
General administrative expenses	(32)	-6,451	-5,871
Research and development expenses	(33)	-9,642	-9,426
Other operating income	(34)	1,511	614
Other operating expenses	(35)	-194	-222
Amortization of intangible assets recognized in the course of company acquisitions		-1,257	-1,362
Financial income	(36)	495	112
Financial expenses	(37)	-572	-649
Profit before taxes		**6,596**	**2,871**
Income taxes	(38)	-1,084	775
Consolidated net profit/loss		**5,512**	**3,646**
of which:			
shareholders of USU Software AG		5,549	3,678
minority interests		-37	-32
Earnings per share (in EUR):			
payable to the shareholders of USU Software AG (basic and diluted)		0,52	0,35
Weighted average shares: (basic and diluted)		10,523,770	10,523,770

Consolidated Statement of Comprehensive Income for the 2014 Fiscal Year

USU Software AG, Möglingen

	Note	2014 EUR thousand	2013 EUR thousand
Consolidated net profit/loss		**5,512**	**3,646**
Items never to be reclassified to profit or loss			
Actuarial gains/losses from pension provisions	(20)	-755	-57
Deferred taxes from actuarial gains/losses		225	23
Items that have been or can be reclassified to profit or loss			
Currency translation difference		25	-44
Other comprehensive income		**-505**	**-78**
Overall result		**5,007**	**3,568**
of which:			
shareholders of USU Software AG		5,044	3,600
minority interests		-37	-32

Consolidated Statement of Cash Flow for the 2014 Fiscal Year

USU Software AG, Möglingen

	Note	2014 EUR thousand	2013 EUR thousand
Net cash from operating activities:			
Profit before taxes		6,596	2,871
Adjustments for:			
Financial income/financial expenses		77	537
Depreciation and amortization		2,214	2,082
Income taxes paid		-570	-415
Income taxes refunded		1	96
Interest paid		-12	-9
Interest received		18	18
Other non-cash income and expenses		-994	-103
Change in working capital:			
Inventories		87	-37
Work in progress		-985	-725
Trade receivables		949	-2,761
Prepaid expenses and other assets		-361	-319
Trade payables		-145	-482
Personnel-related liabilities and pension provisions		109	-24
Other provisions and liabilities		756	9,126
	(40)	**7,740**	**9,855**
Net cash from/used in investing activities:			
Acquisition of subsidiaries less cash and cash equivalents acquired		0	-2,786
Capital expenditure in property, plant and equipment		-965	-1,178
Capital expenditure in other intangible assets		-152	-369
Sales of non-current assets		15	1
Repayment of short-term loans		0	33
	(41)	**-1,102**	**-4,299**
Net cash used in financing activities:			
Dividend payment		-2,631	-2,631
	(42)	**-2,631**	**-2,631**
Net effect of currency translation in cash and cash equivalents		**682**	**-102**
Increase in cash and cash equivalents		**4,689**	**2,823**
Cash and cash equivalents – start of the fiscal year		**14,231**	**11,408**
Cash and cash equivalents – end of the fiscal year	(43)	**18,920**	**14,231**

Consolidated Statement of Changes in Equity for the 2014 Fiscal Year

USU Software AG, Möglingen

	Subscribed capital		Capital reserve
	Number	EUR thousand	EUR thousand
Consolidated equity as of December 31, 2012	**10,523,770**	**10,524**	**52,792**
Consolidated net profit/loss	0	0	0
Other comprehensive income	0	0	0
Overall result	**0**	**0**	**0**
Transfer to legal reserve	0	0	0
Dividend payment	0	0	0
Consolidated equity as of December 31, 2013	**10,523,770**	**10,524**	**52,792**
Consolidated net profit/loss	0	0	0
Other comprehensive income	0	0	0
Overall result	**0**	**0**	**0**
Transfer to legal reserve	0	0	0
Purchase of minority interests	0	0	0
Dividend payment	0	0	0
Consolidated equity as of December 31, 2014	**10,523,770**	**10,524**	**52,792**

Legal reserve EUR thousand	Bilanzverlust EUR thousand	Other compre-hensive income Accumulated losses EUR thousand	Shareholders' equity excluding minority interests EUR thousand	Minority interests EUR thousand	Total EUR thousand
470	**-11,480**	**0**	**52,306**	**-11**	**52,295**
0	3,678	0	3,678	-32	3,646
0	-34	-44	-78	0	-78
0	**3,644**	**-44**	**3,600**	**-32**	**3,568**
0	0	0	0	0	0
0	-2,631	0	-2,631	0	-2,631
470	**-10,467**	**-44**	**53,275**	**-43**	**53,232**
0	5,549	0	5,549	-37	5,512
0	-530	25	-505	0	-505
0	**5,019**	**25**	**5,044**	**-37**	**5,007**
32	-32	0	0	0	0
0	-80	0	-80	80	0
0	-2,631	0	-2,631	0	-2,631
502	**-8,191**	**-19**	**55,608**	**0**	**55,608**

A. THE COMPANY

The Group parent company, USU Software AG, is domiciled at Spitalhof, 71696 Möglingen, Germany, and is entered in the commercial register of the Stuttgart District Court (HRB 206442). USU Software AG and its subsidiaries (hereinafter also referred to as the Group) develop and market end-to-end software solutions. The service range includes solutions in the Business Service Management segment for the efficient application of the IT infrastructure within companies and in the Knowledge Solutions segment for the optimization of knowledge-intensive business processes. The Group also provides consulting services for IT projects and individual application development in the Business Solutions segment.

The Group includes subsidiaries in Germany, Switzerland, the Czech Republic, Austria, and the USA. The Group's customers are based primarily in Germany and operate mainly in the fields of financial services, telecommunications, the automotive industry, consumer goods, services and trade, as well as the public sector.

The Company is listed in the Prime Standard of the Frankfurt Stock Exchange.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Policies

In accordance with Section 315 HGB, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, as applicable within the European Union. The consolidated financial statements also contain the additional information required by Section 315a (1) HGB.

The separate financial statements of the consolidated subsidiaries have all been uniformly prepared in accordance with IFRS.

The consolidated financial statements have been prepared in the functional currency of the parent company (euro). All figures in the consolidated financial statements are shown in thousands of euro („EUR thousand“) except for figures pertaining to shares. The balance sheet date is December 31.

The consolidated financial statements have been prepared on the basis of the historical cost convention with the exception of certain financial assets and liabilities, which are carried at fair value.

On March 2, 2015, the Management Board approved the consolidated financial statements for release to the Supervisory Board. It is anticipated that the Supervisory Board will adopt the consolidated financial statements prepared by the Management Board at its meeting on March 11, 2015 and approve their publication.

The separate financial statements of USU Software AG in accordance with HGB for the year ended December 31, 2014 and these consolidated financial statements are submitted to the electronic Bundesanzeiger (electronic German Federal Gazette).

2. Accounting Standards Applied for the First Time and Recently Announced Accounting Standards

The accounting standards applied are the same as those applied in the previous year with the following exceptions:

In 2014, we applied the following new or revised standards and interpretations for the first time:

- **IFRS 10: Consolidated Financial Statements** sets out which entities are included in the consolidated financial statements using a comprehensive model for control. The application of the new IFRS 10 had no effects on the consolidated financial statements of USU Software AG.

- **IFRS 11: Joint Arrangements** regulates the accounting of matters in which an entity exerts joint control of a joint venture or joint operation. IFRS 11 had no effect on the consolidated financial statements of USU Software AG, since the USU Software Group has no participations in joint arrangements.

- **IFRS 12: Disclosure of Interests in Other Entities** combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates, and structured entities into one standard. The new standards were applied retroactively. With the exception of additional disclosures in the notes, this had no effects on the consolidated financial statements.

There is no requirement to apply the following accounting standards published by the IASB and they will also not be applied early:

- **IFRS 9 Financial Instruments** will replace the accounting and valuation of financial instruments under IAS 39. IFRS 9 results in a uniform approach to classification and valuation of financial assets as well as a new impairment model based on expected loan defaults. IFRS 9 also contains new regulations on the application of hedge accounting. IFRS 9 is required to be applied to reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The European Financial Reporting Advisory Group (EFRAG) has delayed its recommendation on adopting IFRS 9. We are currently evaluating what effects first-time application of IFRS 9 will have on the consolidated financial statements.

- **IFRS 15 Revenue from Contracts with Customers** regulates the recognition of revenue and replaces IAS 11 Construction Contracts and IAS 18 Revenue. Under IFRS 15, revenue is recognized to depict the transfer of agreed goods or services in an amount corresponding to the consideration that the company is expected to receive for the goods delivered or the services performed. Revenues are recognized on a regular basis under IFRS 15 when the customer obtains control of the goods or services. IFRS 15 includes guidance on the presentation of contract balances, that is, assets and liabilities arising from the entity's performance and the customer's payment. IFRS 15 also requires additional disclosures in the notes on the nature, amount, timing, and uncertainty of revenue and cash flows. If it is accepted in its current form by the EU, IFRS 15 is required to be applied for the first time to reporting periods beginning on or after January 1, 2017. Earlier application is permitted. We are currently evaluating what effects first-time application of IFRS 15 will have on the consolidated financial statements.

The other amended and published standards that have not been adopted by the EU are not expected to have any major effects on the net assets, financial position or results of operations of the Group. If these standards that are not required to be applied until future reporting periods are recognized by the EU, no earlier application of these standards is envisaged.

3. Consolidation Principles

The consolidated financial statements incorporate the financial statements of USU Software AG and all entities controlled by it including structured entities (subsidiaries). USU Software AG obtains control when it:

- can exercise control over the investment company,
- is exposed to fluctuating returns due to its participation, and
- can influence returns due to the level of its participation.

Die USU Software AG nimmt eine Neubeurteilung vor, ob sie USU Software AG carries out a reevaluation of whether it controls an investment company or not if facts and conditions indicate that one or more of the three above-mentioned criteria of control have changed.

A subsidiary is included in the consolidated financial statements from the time the Company achieves control over the subsidiary until the time that control by the Company ends. The results of the subsidiaries acquired or sold during the year are recognized in the consolidated income statement or net result from the actual acquisition date to the actual disposal date.

Equity interests are consolidated using the purchase method, which involves offsetting the acquisition cost against the Group's interest in the remeasured equity of the subsidiary at the acquisition date. Any remaining goodwill from initial consolidation is reported separately. In accordance with IFRS 3, goodwill is not amortized over its useful life, but instead is subject to impairment testing at least once a year that may result in the recognition of an impairment loss (impairment-only approach).

All intragroup sales, intercompany profits, income and expenses, receivables and liabilities, provisions and contingencies are eliminated.

Minority interests in the net assets of consolidated subsidiaries are determined and reported separately in the consolidated balance sheet.

Profit or loss and every part of other comprehensive income are allocated to the shareholders of the parent company and not the minority interests. This applies even it results in a negative balance for the minority interests.

4. Consolidated Group

The Group consists of USU Software AG and eleven German and foreign subsidiaries, as in the previous year.

In addition to the parent, the following companies were included in consolidation. The information on equity and net profit represents the amounts determined in accordance with the respective national accounting standards.

Consolidated Group Name and domicile of the company	Shareholding in %	Subscribed capital EUR thousand	Shareholders' equity as of Dec. 31, 2014 EUR thousand	Net profit/loss 2014 EUR thousand
USU AG, Möglingen	100,00	5,738	12,898	631
LeuTek GmbH, Leinfelden-Echterdingen [1)]	100,00	22	1,380	1,823
Omega Software GmbH, Obersulm [1)]	100,00	77	970	126
USU Software s, r, o,, Brno, Czech Republic	100,00	73	714	163
USU (Schweiz) AG, Zug, Switzerland	100,00	82	-25	-4
USU Austria GmbH, Vienna, Austria	100,00	35	-713	53
Openshop Internet Software GmbH, Möglingen [1)]	100,00	40	-775	-2
Aspera GmbH, Aachen [1)]	100,00	300	300	6,231
USU Consulting GmbH, Sursee, Switzerland [2)]	100,00	100	57	209
Aspera Technologies Inc,, Boston, USA	100,00	41	-108	-11
B,I,G, Social Media GmbH, Berlin [3)]	51,00	25	1,706	738

[1)] Net profit before/equity after profit transfer to USU Software AG due to existing profit transfer agreements.
[2)] Operations of USU Consulting GmbH were discontinued after acquisition of the remaining shares (30 %) at a symbolic purchase price of CHF 3 in 2014.
[3)] We refer to our explanation under note 21 to the consolidated financial statements on the acquisition of minority shares in the subsidiary.

5. Currency and Currency Translation

All transactions are translated at the prevailing exchange rate on the transaction date. Monetary items in foreign currency are translated at their closing rates on every balance sheet date; non-monetary items reported at historical cost are translated at the rate on the transaction date, while non-monetary items reported at fair value are translated at the exchange rate on the date when their fair value was measured. Differences arising from currency translation at closing rates are recognized in profit or loss.

In accordance with IAS 21, the financial statements of the subsidiaries included in the consolidated financial statements that are prepared in foreign currency are translated on the basis of the functional currency concept using the modified reporting date method. Consolidated foreign subsidiaries are considered economically independent entities as they are financially, economically, and organizationally autonomous. In accordance with the functional currency concept, measurement is performed in local currency. Income and expenses are translated at the average exchange rate for the reporting year, assets and liabilities at the closing rate and the equity of the respective subsidiaries at historical rates. The difference arising from equity-related currency translation is taken directly to equity and presented in a separate column in the statement of changes in equity.

Currency differences arising from the elimination of intragroup balances are recognized in profit or loss.

The financial statements of foreign subsidiaries not belonging to the euro zone were translated to EUR using the following exchange rates:

Währung	Closing rate		Average rate	
(equivalent to EUR 1)	Dec. 31, 2014	Dec. 31, 2014	2014	2013
Swiss francs (CHF)	1.2024	1.2276	1.2127	1.2291
Czech koruna (CZK)	27.735	27.425	27.536	26.026
US dollar (USD)	1.2141	1.3791	1.3211	1.3286

Currency translation differences recognized in profit or loss in the past fiscal year amounted to EUR 513 thousand (2013: EUR -281 thousand).

6. Use of Significant Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires the Management Board to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the balance sheet date, the reported amounts of income and expenses during the period under review and the related disclosures in the notes to the financial statements. The actual amounts may differ from these estimates.

In particular, areas requiring significant estimates include the use of the percentage-of-completion method (see notes 7.6 and 7.17), determining the probable economic life of intangible assets (notes 7.1 and 8), the decision not to capitalize software development costs (note 7.19), bad debt allowances (note 14), contingent liabilities, pension provisions (note 20), and other provisions (note 23), as well as the estimation of the recoverability of future tax benefits in the form of the recognition of deferred taxes from tax loss carry forwards (note 28).

In addition, significant estimates and assumptions are required to determine the fair values of property, plant and equipment and intangible assets, particularly as part of purchase price allocation in the event of business acquisitions and for goodwill impairment testing (notes 8, 9, and 10).

The cash flows underlying the discounted cash flow calculation as part of goodwill im-pairment testing are based on current business plans, assuming a planning period of three years. Assumptions concerning the future development of sales and expenses are applied. In the event that the actual amounts differ from the significant assumptions made, this may lead to the recognition of goodwill impairment in profit or loss in future.

7. General Accounting Policies

The financial statements of USU Software AG and its German and foreign subsidiaries are prepared in accordance with uniform accounting policies as required by IAS 10.19.

7.1 Intangible Assets and Goodwill

Acquired intangible assets and goodwill are recognized at cost when acquired in accordance with IAS 38. Intangible assets relate primarily to software, maintenance agreements and customer bases, which are amortized on a straight-line basis over their expected economic life of between three and ten years. Intangible assets with an indefinite useful life – including goodwill, trademarks and brands – are not amortized but instead are tested for impairment at least once a year in accordance with IAS 36. Amortization of intangible assets capitalized as a result of business combinations is reported separately in the income statement.

7.2 Property, Plant and Equipment

Property, plant and equipment is carried at cost less accumulated depreciation in accordance with IAS 16. Repair costs are expensed as incurred. Depreciation is performed on a straight-line basis over the expected economic life of the respective assets. The following useful lives are applied:

- IT hardware — 3 years
- Leasehold improvements — 10 years
- Other equipment, operating and office equipment — 3 to 15 years

7.3 Impairment of Non-Financial Assets

All intangible assets with indefinite useful lives and goodwill are tested for impairment at least once every fiscal year. As a matter of principle, impairment testing is performed annually on September 30. For these and all other intangible assets with finite useful lives and property, plant and equipment, impairment testing is also performed when there is evidence that the carrying amount of the respective asset is no longer recoverable. This was not the case in the 2013 and 2014 fiscal years.

An impairment loss is recognized if the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction adjusted for costs to sell. Value in use is the present value of the projected future cash flows expected from the continued use of an asset and its disposal at the end of its useful life.

The recoverable amount is determined for each asset individually or, if this is not possible, for the cash-generating unit (CGU) to which the asset belongs. In accordance with IAS 36.6, a CGU is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Basic assumptions must be made in order to determine the projected cash flows for each CGU. These include assumptions on financial planning and the discount rates applied.

Impairment testing of intangible assets with unlimited useful lives is covered by the annual impairment test for goodwill, as these assets are included in the carrying amounts of the respective CGUs. Further information can be found in notes 8 and 9.

In the case of impairment testing for goodwill acquired in the course of company ac-quisitions, the goodwill is allocated to the corresponding CGU.

As cash flows in the USU Group are planned and deferred at the level of the subsidiaries USU AG, LeuTek GmbH, Aspera GmbH, and B.I.G. Social Media GmbH (with the exception of Omega Software GmbH), the CGUs are defined as USU AG together with Omega Software GmbH, where a distinction is also made between Product Business and Service Business, as well as the subsidiaries LeuTek GmbH, Aspera GmbH, and B.I.G. Social Media GmbH, all three of which are fully allocated to Product Business. Information on the distinction between the Product Business and Service Business segments can be found in the notes on segment reporting in section F below.

An impairment loss recognized in a prior period for an item of property, plant and equipment or an intangible asset is reversed when there is evidence that the impairment loss recognized for the asset no longer applies or has decreased. Any reversal is recognized in profit or loss. However, any reversal or reduction of an impairment loss may not exceed the carrying amount of the asset at amortized cost that would have resulted if no impairment losses had been recognized in prior periods.

Goodwill impairment losses may not be reversed.

7.4 Financial Instruments

In accordance with IAS 39, financial instruments are broken down into the following categories:

(a) financial assets at fair value through profit or loss,
(b) held-to-maturity investments,
(c) loans and receivables, and
(d) available-for-sale financial assets.

Financial assets with fixed or determinable payments and fixed maturities that the Company intends and has the ability to hold to maturity, with the exception of loans and receivables originated by the Company, are classified as held-to-maturity investments. Financial assets that are acquired with the primary aim of generating a profit from their short-term value development are classified as financial assets at fair value through profit or loss. All other financial assets other than loans and receivables originated by the Company are classified as available-for-sale financial assets. As in the previous year, the Company held financial assets in the loans and receivables categories only.

Purchases and sales of financial assets are recognized at the trade date.

Financial assets are initially recognized at cost, which corresponds to the fair value of the amount given or received in exchange for the financial asset. Transaction costs are included other than for financial assets at fair value through profit or loss; however, the Company did not hold any financial assets in this category in either of the past two fiscal years.

The fair value of financial instruments traded on organized markets is determined on the basis of the quoted market price at the balance sheet date. The fair value of financial instruments for which there is no active market is determined using valuation methods. These valuation methods include (i) the application of current business transactions between knowledgeable, willing parties to an agreement, (ii) comparison with the current fair value of another, essentially identical, financial instrument, and (iii) the analysis of discounted cash flows.

Loans and receivables originated by the Company are carried at the lower of amortized cost or fair value at the balance sheet date.

Available-for-sale financial assets are carried at fair value. Unrealized gains and losses are reported in other comprehensive income. Realized gains and losses from the disposal of securities are reported in net interest income. Gains on disposal are calculated on an individual basis.

Financial instruments whose carrying amount approximately corresponds to their fair value due to their short-term nature include cash and cash equivalents, securities, trade receivables, trade payables and current liabilities to banks.

Cash and cash equivalents include cash and demand deposits as well as current fixed-term deposits and overnight money.

With the exception of the capitalized values of non-qualifying insurance policies, long-term financial instruments are carried at amortized cost less any valuation allowances for specific default risks. The reported carrying amounts also approximately correspond to the respective fair values.

At every balance sheet date, the carrying amounts of financial assets not at fair value through profit or loss – and therefore all of the Company's financial assets – are examined in order to determine whether there are substantial objective indications of impairment (such as significant financial difficulties on the part of the debtor, the high probability of insolvency proceedings against the debtor, the loss of an active market for the financial asset, a significant change in the technological, economic or legal environment or the market environment of the issuer, or a sustained decline in the fair value of the financial asset below its amortized cost). Any impairment loss due to the fair value of a financial asset falling below its carrying amount is recognized in profit or loss. If changes in the fair value of available-for-sale financial assets were previously taken directly to equity, these must be eliminated from equity in the amount of the respective impairment loss and instead recognized in profit or loss. If, at a subsequent measurement date, there is objective evidence that the fair value of the respective asset has increased as a result of events occurring after the impairment loss was recognized, the impairment loss is reversed to income in the corresponding amount. Impairment losses on unlisted available-for-sale equity financial instruments carried at cost cannot be reversed. The Company did not hold any such equity financial instruments at the balance sheet date.

The fair value of loans and receivables carried at amortized cost that is determined as part of impairment testing regularly corresponds to the present value of the estimated future cash flows discounted using the original effective interest rate.

Impairment of trade receivables, which is recognized in the form of specific valuation allowances, adequately provides for the expected default risks; concrete cases of default result in the derecognition of the receivables concerned. With regard to specific valuation allowances, financial assets for which valuation allowances may be necessary are grouped on the basis of similar default risk characteristics (generally the duration of default) and examined for impairment jointly, with specific valuation allowances recognized as necessary. Depending on the duration of default, valuation allowances of between 25 % and 100 % based on historical data may be recognized on a step basis. The decision as to whether a default risk is recognized via a valuation allowance account or in the form of a direct reduction in the carrying amount of the receivable depends on how reliable the assessment of the risk situation is considered to be.

7.5 Inventories

Inventories are carried out at the lower of cost or net realizable value determined by reference to prices on the respective sales market. Inventories mainly relate to software licenses from third-party providers and IT hardware.

Inventory risks relating to obsolescence are recognized in the form of corresponding discounts. No inventories were written down due to a reduction in their net realizable value at the balance sheet date.

7.6 Work in Progress

Work in progress relating to service agreements and customer-specific construction contracts is accounted for using the percentage- of-completion method. Under that method, the degree of completion is determined by comparing the costs incurred to date with the estimated total contract costs at the balance sheet date. If, in any one period, it is determined that the fulfillment of a service agreement will result in a loss, the expected total loss must be expensed immediately and in full. The Company recognizes a receivable for all ongoing service agreements with a gross amount due from customers where the costs incurred plus the income recorded exceeds the sum of the progress billings.

The Company recognizes a liability for service agreements with a gross amount due to customers where the sum of the progress billings exceeds the costs incurred plus the income recorded (see note 7.13).

7.7 Deferred Taxes

Deferred taxes are calculated using the balance sheet liability method set out in IAS 12. This involves recognizing deferred tax items for all temporary differences between the tax base of an asset or liability and its carrying amount in the IFRS balance sheet. Deferred tax assets are also recognized for tax loss carry forwards that are reasonably certain to be utilized in future. Deferred taxes are calculated taking into account the respective national income tax rates that apply or are expected to apply in the individual countries at the realization date.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Valuation allowances on deferred tax assets are recognized if it is more likely than not that the tax benefit will be lost.

Deferred tax assets (liabilities) are not discounted and are reported in the consolidated balance sheet as non-current assets (liabilities).

7.8 Treasury Shares

Treasury shares are carried at their fair value on the acquisition date plus any incidental costs of acquisition and are deducted from equity. With the authorization of the Annual General Meeting, treasury shares may be used as acquisition currency and may be withdrawn. USU Software AG did not hold any treasury shares on the balance sheet dates of December 31, 2013 and December 31, 2014.

7.9 Other Comprehensive Income

This item is used to report changes in equity not recognized in profit or loss, to the extent that such changes do not relate to transactions with shareholders (e.g. capital increases or distributions). This includes currency translation differences, unrealized gains and losses from the fair value measurement of available-for-sale securities and the corresponding deferred taxes.

7.10 Pension Provisions

The actuarial valuation of the pension provisions recognized for a former member of the Management Board of USU AG and the majority of the employees of LeuTek GmbH is based on the projected unit credit method for pension commitments as prescribed by IAS 19. This procedure takes into account the pension commitment at the balance sheet date and expected future increases in pension commitments that do not take the form of lump-sum payments. The calculation is based on an actuarial report including biometric calculations. Actuarial gains and losses, for example from the adjustment of the discount rate, at the Group are taken directly to equity in line with IFRS 19.37d. Past service cost is recognized as an expense in the result from ordinary operations. Current interest cost and the expected return on plan assets are reported in net financial income in the consolidated income statement.

7.11 Other Provisions

Other provisions are recognized when the entity has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. In cases where the time value of money is material, long-term provisions are discounted accordingly.

7.12 Financial Liabilities

Financial liabilities are carried at fair value on initial recognition. The transaction costs directly attributable to the acquisition are also recognized for all financial liabilities not subsequently recognized at fair value through profit or loss.

Trade payables and other originated financial liabilities are measured at amortized cost using the effective interest rate method.

7.13 Liabilities from Advance Payments

Advance payments received from customers not relating to services already rendered are recognized as liabilities. Where such advance payments relate to services already rendered, they are deducted from the costs incurred plus the unbilled contract earnings recognized on the asset side of the balance sheet.

7.14 Government Grants

An unconditional government grant is recognized as other income in profit or loss as soon as a claim to the grant arises. Other government grants are initially recognized as deferred income at fair value if there is sufficient certainty that they will be granted and that the Group will meet the conditions associated with the grant. Subsequently, these other government grants are recognized as other income in profit or loss as scheduled over the period of the asset's useful life. Grants that compensate the Group for expenses incurred are recognized in profit or loss as scheduled in the periods in which the expenses were recognized.

7.15 Contingent Liabilities and Events after the Balance Sheet Date

Contingent liabilities are potential or existing obligations which relate to past events and which are not expected to result in an outflow of resources. They are not recognized on the face of the balance sheet. The obligations disclosed in these notes reflect the potential liability as of the balance sheet date.

Events after the balance sheet date that provide evidence that certain conditions existed at the balance sheet date are known as adjusting events and are taken into account in the consolidated financial statements. Events after the balance sheet date that provide evidence that certain conditions arose after the balance sheet date are known as non-adjusting events and are not taken into account in the consolidated balance sheet, but are disclosed in the notes to the consolidated financial statements if material.

7.16 Leasing

Lease payments under operating leases are expensed on a straight-line basis over the term of the lease. A lease is classified as an operating lease if the lease agreement does not transfer substantially all the risks and rewards incidental to ownership to the entity as the lessee.

The Group has only entered into operating leases.

7.17 Sales Revenues

The Group generates sales from issuing licenses for software products to end users, from professional services and from service agreements (post-contract customer support, PCS). Professional services relate to consulting services for software and training. PCS services include the right to receive any updates, as well as telephone support.

If these services are rendered individually, the sales from software licenses are recognized when delivery occurs, the sales price has been fixed or can be determined, collection is reasonably assured and there is evidence of an agreement. Sales attributable to professional services are recognized on performance of the respective services. Sales attributable to PCS are recognized on a pro-rata basis over the term of the agreement (normally one or two years).

The Group offers its customers combinations of its services in the form of single agreements (multiple-element agreement) or a number of separate agreements (bundle of agreements). Under multiple- element agreements or bundles of agreements, the customer acquires a combination of software, professional services and PCS. If a bundle of agreements or a multiple-element agreement does not constitute a customer-specific contract within the meaning of IAS 11, the Group recognizes the sales resulting from these arrangements at the fair value (standard price) of the individual services. The standard price is defined as the price which would be demanded if the service was sold separately.

For PCS, the standard price is determined on the basis of the renewal rates for PCS of an equivalent duration or, if this information is not available, the price list approved by the Management Board of the Group. In cases where the services or PCS forming part of the bundle of agreements fall short of the standard price, the difference between the license sales already realized and the standard price of the service or PCS is deferred and recognized over the term of the service or PCS agreement.

In cases where license fee payments are contingent on the performance of services which constitute a major modification or extension of the functionality of the software, the sales for the software license and the service elements are deferred within the meaning of IAS 11 and recognized using the percentage-of-completion (POC) method. The percentage of completion is principally measured by comparing the volume of services performed to date with the total estimated volume of services required to complete the contract.

Work in progress also includes amounts that the Company is seeking or will seek to collect from customers or other third parties due to errors or changes in the scope of the project for which the customer is responsible, subsequent contract change orders whose scope and price have yet to be agreed, or other unanticipated additional costs and adjustments caused by the customer. These amounts are recognized only to the extent that they are likely to be realized and can be reliably estimated. Pending change orders involve the use of estimates. Accordingly, it may be necessary to adjust the estimated recoverable amounts at a subsequent date for the reasons stated above.

Potential losses on uncompleted contracts are expensed immediately in the period in which they are identified.

The percentage-of-completion method is based on estimates. Due to the uncertainties inherent in the estimation process, it may be necessary to adjust the estimated completion costs, including costs for contract penalties and warranties, at a subsequent date. Any such adjustments of costs and income are recognized in the period in which the need for adjustment is identified.

There are also cases in which the Group has entered into an agreement on the licensing and sale of software products. These agreements include the provision of additional associated services. Unlimited licensing and sales rights are granted for a product as part of the agreement. The Group also undertakes to provide maintenance services for the product. In addition to the product and the right of sale as such, the Group provides ‚second-level support' and training. In view of the underlying situation in a software licensing agreement with several components and the fact that only rudimentary regulations are provided on this within IFRS, we use IAS 8.12 to recognize sales resulting from this agreement on the balance sheet in accordance with US GAAP regulations, particularly ASC 985-605 „Software Revenue Recognition". The consideration received is recognized on a pro rata basis over the term of the agreement after the relevant conditions have been fulfilled. Considerations that have been received and are not yet to be realized are deferred accordingly and reported as advance payments received.

7.18 Cost of Sales

The cost of sales includes all costs that can be directly or indirectly allocated to sales. In particular, this includes wages and salaries and any fees and royalties paid for third-party licenses.

7.19 Research and Development

Research and development expenses are incurred by the Group in connection with the (further) development of its software. In accordance with IAS 38, research expenses may not be capitalized, whereas development costs must be recognized if all of the specific criteria for recognition are met. The recognition of software development costs begins when the software becomes technically feasible and ends when the software version is launched on the market. The Group defines technical feasibility as the production of a corresponding working model. Due to the short time span between technical feasibility and the date on which the software is launched on the market, no development costs were capitalized as of the balance sheet date, as any such costs were immaterial. The Group expensed all of its research and development expenditure for the period under review (2014: EUR 9,642 thousand, 2013: EUR 9,426 thousand).

C. NOTES TO THE CONSOLIDATED BALANCE SHEET

8. Intangible Assets

Information on the development of intangible assets can be found in the consolidated statement of changes in non-current assets (see Annexes A and B).

Intangible assets include trademarks and brands in the amount of EUR 2,011 thousand that can be allocated to the CGUs as follows:

CGU	2014 EUR thousand	2013 EUR thousand
USU AG/Omega (Product Business)	445	445
USU AG (Service Business)	85	85
LeuTek (Product Business)	829	829
Aspera (Product Business)	652	652
	2,011	**2,011**

From a commercial perspective, the end of the useful life of these brands cannot be deter-mined at present.

As the trademarks and brands are included in the carrying amounts of the Group's CGUs, the required annual impairment test is covered as part of goodwill impairment testing. Further information can be found in note 9.

The trademarks and brands relate to both the Product Business and the Service Business segments (information on segment reporting can be found in section F of these notes to the consolidated financial statements).

Any impairment losses recognized as a result of impairment testing are reported separately in the income statement.

9. Goodwill

Goodwill exclusively contains amounts from capital consolidation. Goodwill is tested for impairment by comparing the carrying amounts of a given CGU, including the relevant goodwill, with its values in use.

The Group's goodwill results from the acquisitions of USU AG, OMEGA, LeuTek, Aspera and BIG.

As the operating business of USU AG and Omega dovetailed to a large extent, Omega has been integrated into the USU AG (Product Business) CGU since 2009. As a result, there are five CGUs in the Group: Aspera, LeuTek, USU AG – Product Business and USU AG – Service Business, and BIG.

The value in use of a CGU is determined on the basis of the present value of the future cash flows. That value is calculated using the discounted cash flow method, in which the expected payments from the CGU are discounted. These are based on the financial planning for the next fiscal year as approved by the Supervisory Board and the mid-term planning based on it. The financial planning and the midterm planning cover a total period of three years.

Detailed financial planning is derived on the basis of the sales forecast by the Group's management and the resulting cash inflows. Projected sales serve to define the number of consultants required and the associated cash outflows. These figures are based on past experience and external market data. Payments associated with fixed costs are extrapolated on the basis of past experience. The most significant value drivers in the planning are projected sales and the EBIT margin calculated on this basis. The EBIT margin is determined in particular by projected licensing sales for internally generated software products. The EBIT margin also takes future wage and salary increases and rising costs for freelance workers into account.

Planning is based on the following sales growth rates:

		2015	2016	2017
USU AG/ Omega	(Product Business)	11.9 %	10.8 %	8.5 %
USU AG	(Service Business)	4.4 %	2.4 %	4.8 %
LeuTek	(Product Business)	5.8 %	5.4 %	5.7 %
Aspera	(Product Business)	27.8 %	20.0 %	19.6 %
BIG	(Product Business)	27.4 %	16.0 %	16.0 %

Based on its medium-term planning, the Group's management has forecast a terminal value based on assumed annual growth of 1.0 % (2013: 1.0 %).

In calculating the present value, a post-tax capitalization rate of 8.07 % to 10.12 % (2013: 8.96 % to 12.25 %) or a pre-tax capitalization rate of 11.08 % to 14.16 % (2013: 11.99 to 16.47 %) was taken as a basis in the Product Business segment.

For the Service Business sector, a post-tax capitalization rate of 8.07 % (2013: 8.96 %) or a pre-tax capitalization rate of 11.08 % (2013: 11.54 %) was taken as a basis.

The respective discount rates are composed of a risk-free basic rate and a market risk premium weighted to reflect the risk structure of the Group and the respective CGU.

The following table provides a breakdown of goodwill across the individual CGUs:

CGU	2014 EUR thousand	2013 EUR thousand
USU AG/Omega (Product Business)	12,868	12,868
USU AG (Service Business)	2,322	2,322
LeuTek (Product Business)	10,448	10,448
Aspera (Product Business)	6,757	6,757
BIG (Product Business)	2,164	2,164
	34,559	**34,559**

The changes in goodwill for each reporting unit in the 2013 and 2014 fiscal years are shown in the following table.

	Product Business	Service Business	Group
As of January 1, 2013	30,073	2,322	32,395
Acquisition of B.I.G. Social Media GmbH	2,164	0	2,164
As of December 31, 2013	32,237	2,322	34,559
Change in 2014	0	0	0
As of December 31, 2014	**32,237**	**2,322**	**34,559**

As the carrying amounts of each individual CGU were lower than their recoverable amounts (values in use), no goodwill impairment losses were recognized.

The following table shows the sensitivity of goodwill impairment losses to certain underlying assumptions:

Additional goodwill impairment loss at	1 percentage point increase in the capitalization rate	2 percentage point increase in the capitalization rate
USU AG/Omega (Product Business)	0	0
USU AG (Service Business)	0	0
LeuTek (Product Business)	0	0
Aspera (Product Business)	0	0
BIG (Product Business)	0	0

Accordingly, with regard to the calculation of the recoverable amounts for the CGUs, a 2 percentage point increase in the capitalization rate would not result in the carrying amounts exceeding the recoverable amounts.

10. Property, Plant, and Equipment

Depreciation of property, plant and equipment amounted to EUR 778 thousand in the 2014 fiscal year (2013: EUR 608 thousand). There are no restrictions on the Group's rights of disposal over its property, plant and equipment, nor have any such items been assigned as collateral.

Information on the composition of property, plant and equipment can be found in the consolidated statement of changes in non-current assets (see Annexes A and B).

11. Other Non-Current Assets

Other non-current assets include the capitalized values of insurance policies under which the beneficiaries have no access to the insurance, which totaled EUR 657 thousand (2013: EUR 646 thousand).

12. Inventories

Inventories mainly relate to software licenses from third-party providers and IT hardware. As there were no inventory risks at the balance sheet date, no discounts were necessary.

The cost of materials for inventories amounted to EUR 1,245 thousand in the past fiscal year (2013: EUR 1,406 thousand).

13. Work in Progress

The following table provides an overview of total work in progress and the associated billings as of December 31, 2013 and December 31, 2014:

	2014 EUR thousand	2013 EUR thousand
Contract costs plus unbilled contract earnings	5,167	6,462
of which: from service agreements in accordance with IAS 18	2,333	2,554
of which: from construction contracts in accordance with IAS 11	2,834	3,908
less amounts received from progress billings	-3,388	-4,597
Net amount	**1,779**	**1,865**
of which: work in progress	4,158	3,173
of which: liabilities from advance payments	-2,379	-1,308

Sales of EUR 4,312 thousand were generated from construction contracts in accordance with IAS 11 in the 2014 fiscal year (2013: EUR 4,550 thousand).

14. Trade Receivables

Trade receivables are generally non-interest-bearing and are short term in nature. This item is broken down as follows:

	2014 EUR thousand	2013 EUR thousand
Trade receivables	10,911	11,865
Valuation allowances as of January	-275	-376
Utilizations in the fiscal year	0	103
Additions recognized in profit or loss	-27	-74
Reversals	32	72
Valuation allowances as of December 31	-270	-275
	10,641	**11,590**

As of December 31, 2014, valuation allowances were recognized for trade receivables with a nominal value of EUR 453 thousand (2013: EUR 487 thousand).

The following table contains an analysis of past due trade receivables for which valuation allowances have not been recognized:

Year	Summe EUR thousand	Neither past due nor subject to valuation allowances EUR thousand	Past due but not subject to valuation allowances				
			<30 days EUR thousand	30–90 days EUR thousand	91–180 days EUR thousand	181–360 days EUR thousand	>360 days EUR thousand
2014	10,457	8,415	2,042	0	0	0	0
2013	11,375	9,824	1,551	0	0	0	0

In the case of past due receivables for which no valuation allowances have been recognized, there are no indications that the respective debtors will fail to meet their payment obligations.

There were no receivables whose due date was renegotiated and for which valuation allowances would otherwise have been recognized either at the balance sheet date or in the previous year.

15. Income Tax Receivables

Income tax receivables relate to excess payments of corporate income tax/solidarity surcharge and trade tax.

16. Other Current Financial Assets

Other current financial assets are composed of the following items:

	2014 EUR thousand	2013 EUR thousand
Receivables from employees	16	16
Other receivables	217	377
	233	**393**

The following table contains an analysis of past due other current financial assets for which valuation allowances have not been recognized:

Year	Summe EUR thousand	Neither past due nor subject to valuation allowances EUR thousand	Past due but not subject to valuation allowances <30 days EUR thousand	30–90 days EUR thousand	91–180 days EUR thousand	181–360 days EUR thousand	>360 days EUR thousand
2014	233	233	0	0	0	0	0
2013	393	393	0	0	0	0	0

17. Prepaid Expenses

Prepaid expenses contain primarily deferred trade fair costs, expenses relating to service agreements and stay bonus payments.

18. Cash on Hand and Bank Balances

This item is broken down as follows:

	2014 EUR thousand	2013 EUR thousand
Fixed-term deposits and overnight money	7,154	10,083
Demand deposits	11,759	4,142
Cash on hand	7	6
	18,920	**14,231**

19. Total Shareholders' Equity

The development of equity is shown in the consolidated statement of changes in equity.

19.1 Share Capital and Shares

The subscribed capital of the Company stands at EUR 10,524 thousand as of December 31, 2014. This amount is divided into 10,523,770 no-par value bearer shares each with a notional interest in the share capital of EUR 1.00.

19.2 Authorized Capital

By resolution of the Annual General Meeting of July 18, 2012, the Management Board was authorized, subject to the approval of the Supervisory Board, to increase the Company's share capital by up to a total of EUR 5,261,885.00 by issuing new bearer shares, each with a pro rata interest in the Company's share capital of EUR 1.00, in exchange for cash and/or non-cash contributions on one or more occasions up to July 17, 2017 (authorized capital 2012). Shareholders must be granted subscription rights. The Management Board is authorized, subject to the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights for fractional amounts and/or, if and to the extent it is required, to grant bearers of convertible bonds with conversion obligations issued by the Company the right to subscribe for the new shares to which they are entitled after exercising their conversion or option rights or fulfilling the conversion obligation.

The Management Board is also authorized, subject to the approval of the Supervisory Board, to disapply shareholders' subscription rights if the capital increase is made against cash contributions and the amount of the share capital attributable to the new shares does not exceed 10 % – neither on the effective date nor on the date of exercise of this authorization – and the issue price of the new shares is not substantially lower than the quoted price for shares of the same category already traded on the stock exchange at the time of the final determination of the issue price. The upper limit of 10 % of the share capital is reduced by the pro rata amount of the share capital attributable to shares issued or sold during the term of the authorized capital 2012 excluding shareholders' subscription rights pursuant to Sections 71 (1) no. 8 sentence 5 and 186 (3) sentence 4 AktG and to the pro rata amount of the share capital that relates to option and/or conversion rights/obligations from bonds that were issued during the term of the authorized capital 2012 in analogous application of Section 186 (3) sentence 4 AktG.

The Management Board is further authorized, subject to the approval of the Supervisory Board, to disapply shareholders' subscription rights in the case of non-cash capital increases, particularly for the acquisition of participations, companies or assets – as well as for exchanging shares – and in the case of mergers.

The shares may also be acquired by one or more banks or a company operating in ac-accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act with the obligation to offer them to the shareholders for subscription.

The Management Board is also authorized, subject to the approval of the Supervisory Board, to stipulate further details of the implementation of capital increases from authorized capital 2012, including the content of share rights and the conditions for the issuing of shares.

19.3 Contingent Capital

By resolution of the Annual General Meetings in 2000 and 2004, the Company's share capital was contingently increased to EUR 378 thousand through the issue of no-par value bearer shares. The contingent capital increase may be used exclusively for granting options to the members of the Management Board and employees of the Company. There were no outstanding options as of December 31, 2014.

19.4 Capital Reserve

Capital reserves contain primarily the cash premium from the issue of shares by USU Software AG and amounted to EUR 52,792 thousand at the balance sheet date.

19.5 Legal Reserve

The legal reserve was created in accordance with Section 150 (1) AktG and relates solely to USU AG.

19.6 Earnings per Share

In accordance with IAS 33, basic earnings per share for the individual periods are calculated by dividing the Group's net profit for the period by the annual average number of shares outstanding.

	2014	2013
Consolidated earnings attributable to the shareholders of USU Software AG: in EUR thousand	5,549	3,678
Annual average number of shares: Shares	10,523,770	10,523,770
Basic earnings per share: in EUR	0.52	0.35

The number of shares outstanding at the balance sheet date is calculated as follows:

	2014 Shares	2013 Shares
Number of shares as of January 1	10,523,770	10,523,770
Number of shares as of December 31	**10,523,770**	**10,523,770**

19.7 Appropriation of Net Profit

The Management Board is proposing the distribution of a dividend of EUR 0.30 per share for a total of 10,523,770 no-par value shares (EUR 3,157 thousand) from the unappropriated surplus of USU Software AG as of December 31, 2014.

20. Pension Provisions

The Group has pension commitments to LeuTek employees which provide for a lump-sum payment for the beneficiaries at the age of 65. USU AG also maintains a pension plan for a former Management Board member and a current member of the Supervisory Board. This defined benefit plan guarantees the beneficiary a life-long monthly pension.

Pension provisions were calculated using the projected unit credit method prescribed by IAS 19. The future obligations were measured using actuarial calculations. The calculations were based on the 2005 G mortality tables, assuming a discount rate of 2.35 % (2013: 3.75 %). In the case of the pension plan, it is assumed, as in the previous year, that subsequent contributions will rise by 1 % during the service period and 2 % after pension payments

begin. As pension obligations to employees are lump-sum payments, a pension trend of 0 % is applied. In the case of pension commitments to employees, the same fluctuation probabilities as in the previous year were used for each individual based on their age. In the case of the pension plan, a fluctuation rate of 0 % was used (2013: 0 %). The expected average annual return on plan assets is expected to be 2.35 % (2013: 3.8 %). The management bases its calculations on historical income trends and market forecasts by analysts.

Actuarial gains and losses are taken directly to equity and offset against accumulated losses. The measurement date for the pension obligation was December 31, 2014.

As of December 31, 2014, the Company offset a (cumulative) total of EUR -1,295 thousand (before taxes) against accumulated losses, this being the balance of actuarial losses and actuarial gains.

The Company's business policy is to conclude insurance to cover the actuarial present value of its pension obligation. Insofar as they were pledged to the beneficiaries, insurance policies were classified as qualified plan assets.

The following tables show the development of the pension obligation and plan assets.

Development of the pension obligation:

	2014 EUR thousand	2013 EUR thousand	2012 EUR thousand
Present value of benefit obligation at the start of the fiscal year	2,713	2,563	1,924
Current service cost	41	31	30
Interest cost	102	98	101
Actuarial gains/losses taken directly to equity resulting from			
- Demographic assumptions	0	0	0
- Financial assumptions	688	21	508
- Experience adjustments	0	0	0
Present value of benefit obligation at the end of the fiscal year	**3,544**	**2,713**	**2,563**

Development of plan assets:

	2014 EUR thousand	2013 EUR thousand	2012 EUR thousand
Fair value of the plan assets at the start of the fiscal year	1,621	1,570	1,442
Income from plan assets (interest income)	91	62	58
Payments into the plan assets	33	24	48
Amortization of plan assets	0	0	0
Actuarial gains/losses taken directly to equity resulting from			
- Demographic assumptions	0	0	0
- Financial assumptions	-67	-35	22
- Experience adjustments	0	0	0
Fair value of the plan assets at the end of the fiscal year	**1,678**	**1,621**	**1,570**

Development of the obligation reported in the balance sheet:

	2014 EUR thousand	2013 EUR thousand	2012 EUR thousand	2011 EUR thousand	2010 EUR thousand
Present value of the pension obligation	3,544	2,713	2,563	1,924	1,812
Fair value of the plan assets	1,678	1,621	1,570	1,442	1,397
Obligation reported in the balance sheet	**1,865**	**1,092**	**993**	**482**	**415**

There were no significant adjustments to the pension obligation or the plan assets to reflect past experience. Employer contributions to the plan assets for the 2015 fiscal year are estimated at EUR 45 thousand.

The following amounts were reported in the income statement:

	2014 EUR thousand	2013 EUR thousand	2012 EUR thousand	2011 EUR thousand	2010 EUR thousand
Current service cost	-41	-31	-30	-22	-22
Interest cost	-102	-98	-101	-98	-90
Income from plan assets (interest income)	91	62	58	60	48
Amortization of plan assets	0	0	0	0	0
	-52	**-67**	**-73**	**-60**	**-64**

The interest cost arising from the discounting of the pension provision and the income from plan assets are reported in net financial income. Current service cost is reported in operating expenses.

Sensitivity analysis:
If other assumptions remained constant, changes in one of the major actuarial assumptions that were considered reasonably possible on the balance sheet date would have influenced the defined benefit obligation by the following amounts.

December 31, 2014 Effect in EUR thousand	Increase of the defined benefit obligation EUR thousand	Decrease of the defined benefit obligation EUR thousand
Discount rate (1 % change)	607	-491
Future pension trend (1 % change)	406	-334

Although the analysis does not consider the full distribution of the planned cash flows, it provides an approximation of the sensitivity of the assumptions presented.

The weighted average duration of the pension obligation was 15 years as of December 31, 2014.

On the basis of coverage from insurance policies, the following net pension payments are forecast for the next 10 years for the defined pension commitments existing as of the balance sheet date:

Fiscal year as of December 31	Expected payments EUR thousand
2015–2019	0
2020–2024	175

A pension commitment has been entered into for the Management Board members of the Group subsidiary USU AG. This pension commitment is covered by an insurance policy. This defined contribution plan does not result in any liability for the Group above and beyond the premiums payable to the insurer. Pension expenses under defined contribution plans totaled EUR 44 thousand in the year under review (2013: EUR 44 thousand).

In addition, the German statutory pension scheme is considered to represent a defined contribution plan. The expenses recognized for the statutory pension scheme amounted to EUR 1,903 thousand (2013: EUR 1,775 thousand), of which EUR 35 thousand was attributable to Management Board members (2013: EUR 30 thousand).

21. Purchase Price Liabilities

In the purchase and transfer agreement concluded on December 20, 2012 for the acquisition of 51 % of the shares in BIG by the Company, reciprocal options (call and put options) were agreed for the remaining 49 % of the BIG shares, which were exercisable until December 31, 2015. Due to a change agreement between the Company and BIG in 2014, the options have been rescinded. At the same time, USU Software AG acquired the remaining 49 % of the BIG shares subject to a condition precedent regarding the full payment of the purchase price. The purchase price depends in particular on the earnings generated by BIG in the 2013, 2014 and 2015 fiscal years. Based on current knowledge of the relevant key figures in past fiscal years and estimates for fiscal year 2015, the expected remaining purchase price is EUR 2,314 thousand plus a stay bonus of EUR 500 thousand, which will be recognized as an expense over the term of the agreement entered into, that is until December 31, 2017. The obligation from the stay bonus is EUR 200 thousand as of the balance sheet date of December 31, 2014. Accordingly, the total liability from the remaining purchase price is EUR 2,514 thousand as of December 31, 2014.

Other provisions developed as follows in the 2014 fiscal year:

	EUR thousand
Present value as of January 1, 2014	2,905
Interest cost	479
Stay bonus	100
Reversals due to reappraisal of the purchase price liability	-970
Present value as of December 31, 2014	**2,514**

22. Personnel-related Provisions and Liabilities

Personnel-related liabilities all have a term of less than one year and are composed of the following items:

	2014 EUR thousand	2013 EUR thousand
Vacation and variable compensation	3,668	3,726
Other personnel-related liabilities	912	763
	4,580	**4,489**

23. Other Provisions and Liabilities

Other provisions and liabilities include the following items:

	2014 EUR thousand	2013 EUR thousand
Outstanding invoices	409	602
Other liabilities	892	989
Other Provisions	816	731
	2,117	**2,322**

Other provisions comprise mainly provisions for obligations under company law and other identifiable individual risks. Other provisions developed as follows in the 2014 fiscal year:

in EUR thousand	As of January 1, 2014	Additions	Utilizations	Reversals	Currency differences	As of December 31, 2014
Operating obligations	308	291	259	8	0	332
Other obligations	423	226	116	50	1	484
	731	**517**	**375**	**58**	**1**	**816**

24. Liabilities from Advance Payments

The item relates to advance payments that exceed the services rendered for the individual contracts in question. Further information in this regard can be found in the disclosures on work in progress (note 13). Advance payments received for licenses ordered are also included in this item.

25. Trade payables

All trade payables are due within one year.

26. Additional Disclosures on Financial Instruments

Based on the relevant balance sheet items, the following tables show the relationships between the categories of financial instruments prescribed by IAS 32/39, the classification of financial instruments in accordance with IFRS 7 and the carrying amounts of the financial instruments. At the Company, classification in accordance with IFRS 7 corresponds to the categories of financial instruments prescribed by IAS 32/39. The fair values are also presented; at the Company, these were the same as the corresponding carrying amounts in both the year under review and the previous year.

in EUR thousand as of December 31, 2014	IAS 39-category/ IFRS 7 class	Carrying amount	Measurement in accordance with IAS 39			Fair value
			Amortized cost	Fair value taken directly to equity	Fair Value recognized in profit or loss	
Work in progress	IAS 11	4,158	4,158	0	0	4,158
Trade receivables	L+R [1]	10,641	10,641	0	0	10,641
Other current financial assets	L+R	233	233	0	0	233
Cash on hand and bank balances	L+R	18,920	18,920	0	0	18,920
Aggregated by class/category						
Loans and receivables	L+R	29,794	29,794	0	0	29,794
Work in progress	IAS 11	4,158	4,158	0	0	4,158
[1] L+R: Loans and Receivables						

in EUR thousand as of December 31, 2014	IAS 39-category/ IFRS 7 class	Carrying amount	Measurement in accordance with IAS 39			Fair value
			Amortized cost	Fair value taken directly to equity	Fair Value recognized in profit or loss	
Financial liabilities						
Trade payables	Amortized cost	1,392	1,392	0	0	1,392
Liabilities from advance payments	Amortized cost/ IAS 11	10,999	10,999	0	0	10,999
Purchase price liabilities for the BIG shares	At fair value through profit or loss	2,514	0	0	2,514	2,514
Aggregated by class/category						
Measured at amortized cost	Amortized cost/ IAS 11	12,391	12,391	0	0	12,391
Measured at fair value through profit or loss	At fair value through profit or loss	2,514	0	0	2,514	2,514

in EUR thousand as of December 31, 2013	IAS 39-category/ IFRS 7 class	Carrying amount	Measurement in accordance with IAS 39			Fair value
			Amortized cost	Fair value taken directly to equity	Fair Value recognized in profit or loss	
Work in progress	IAS 11	3,173	3,173	0	0	3,173
Trade receivables	L+R [1]	11,590	11,590	0	0	11,590
Other current financial assets	L+R	393	393	0	0	393
Cash on hand and bank balances	L+R	14,231	14,231	0	0	14,231
Aggregated by class/category						
Loans and receivables	L+R	26,214	26,214		0	26,214
Work in progress	IAS 11	3,173	3,173	0	0	3,173
[1] L+R: Loans and Receivables						

in EUR thousand as of December 31, 2013	IAS 39-category/ IFRS 7 class	Carrying amount	Measurement in accordance with IAS 39			Fair value
			Amortized cost	Fair value taken directly to equity	Fair Value recognized in profit or loss	
Financial liabilities						
Trade payables	Amortized cost	1.741	1.741	0	0	1.741
Liabilities from advance payments	Amortized cost/ IAS 11	11.213	11.213	0	0	11.213
Purchase price liabilities for the BIG shares	At fair value through profit or loss	2,905	0	0	2,905	2,905
Aggregated by class/category						
Measured at amortized cost	Amortized cost/ IAS 11	12,954	12,954	0	0	12,954
Measured at fair value through profit or loss	At fair value through profit or loss	2,905	0	0	2,905	2,905

Cash on hand and bank balances, work in progress, trade receivables, other receivables and short-term loans generally have short terms to maturity. For this reason, their carrying amounts approximately correspond to their fair values at the balance sheet date. The same applies for trade payables and other liabilities.

Information on the purchase price liabilities for the BIG shares can be found in note 21.

The following table shows the net income from financial instruments broken down by IAS 39 category:

in EUR thousand	From interest	From subsequent valuation					From disposals	Net profit/loss	
		Fair value	Valuation allowances	Appre-ciation	Accumu-lation	Currency translation		2014	2013
Net gains/losses from financial instruments classified as									
Loans and receivables	21	0	-27	0	0	428	-86	336	113
Available-for-sale	0	0	0	0	0	0	0	0	0
Financial liabilities at amortized cost	0	0	0	0	0	-15	0	-15	-266
Financial liabilities at fair value through profit or loss	0	970	0	0	-479	0	0	491	-243
Total	**21**	**970**	**-27**	**0**	**-479**	**413**	**-86**	**812**	**-396**

The interest from financial instruments classified as loans and receivables and the other components of the net profit are reported in the net financial income (see notes 36 and 37). This does not include valuation allowances on trade receivables, which are reported in selling expenses.

In taking changes in the value of available-for-sale financial assets directly to equity, net remeasurement gains and losses of EUR 0 thousand were recognized in equity in the 2014 fiscal year (2013: EUR 0 thousand). Of the amounts recognized in equity, losses totaling EUR 0 thousand (2013: losses of EUR 0 thousand) were transferred to the income statement in the 2014 fiscal year.

As in the previous fiscal year, income and expenditure from fees and commissions in the year under review were negligible.

The following table provides an overview of the valuation allowances and write-downs for each class of financial asset:

	2014 EUR thousand	2013 EUR thousand
Valuation allowances and write-downs in the category Loans and receivables	-27	-74
	-27	**-74**

27. Deferred Income

Deferred income relates to income from maintenance and service agreements for software invoiced in the period under review. These agreements generally have a term of one year.

28. Deferred Taxes

Due to the positive earnings development in recent years and the growth in earnings that is forecast for 2015 and 2016, deferred tax assets from tax loss carry forwards in the amount of the deferred tax liabilities of the two companies and of the respective fiscal scope of consolidation were recognized for future income at both USU AG and USU Software AG. The amount recognized was determined on the basis of the forecast results of USU AG and USU Software AG approved by the Supervisory Board for a two-year planning period and not beyond this date.

Deferred tax assets and liabilities result from the following balance sheet items:

	2014 EUR thousand	2013 EUR thousand	Change recognized in profit or loss 2014 EUR thousand	Change not recognized in profit or loss 2014 EUR thousand
Deferred tax assets:				
Provisions	455	300	-69	224
Intangible assets	408	456	-48	
Property, plant and equipment	10	10	0	
Deferred income	105	0	105	
From tax loss carryforwards	5,680	6,260	-580	
Deferred tax assets (gross)	**6,658**	**7,026**	**-592**	**224**
Deferred tax liabilities:				
Undistributed profits	116	85	-31	
Provisions	0	1	1	
Intangible assets	1,938	2,315	377	
Work in progress	1,060	1,127	67	
Other liabilities	90	264	174	
Other	98	53	-45	
Deferred tax liabilities (gross)	**3,302**	**3,845**	**543**	**0**
Deferred tax assets (net)	**3,356**	**3,181**	**-49**	**224**
After netting:				
Deferred tax assets	4,122	4,099		
Deferred tax liabilities	766	918		

As of December 31, 2014, deferred tax assets from tax loss carry forwards in Germany were not recognized in the amount of approximately EUR 16,506 thousand (2013: EUR 19,245 thousand) as corresponding taxable income is not expected to be generated in the near future. For the same reason, deferred tax assets were not recognized for foreign tax loss carry forwards totaling approximately EUR 1,178 thousand (2013: EUR 1,227 thousand).

Tax loss carry forwards of EUR 5,142 thousand (2013: EUR 5,142 thousand) have not yet been recognized by the tax authorities and are therefore not included in the above figures for tax loss carry forwards. Tax loss carry forwards for German income tax can be carried forward indefinitely, although there are restrictions on the amount which can be used to offset taxable income in a given year.

D. NOTES TO THE CONSOLIDATED INCOME STATEMENT

29. Sales Revenues

A breakdown of sales by segment can be found in the segment reporting (section F of the notes to the consolidated financial statements).

Revenues from the sales of goods and services break down as follows:

	2014 EUR thousand	2013 EUR thousand
Consulting	32,982	31,668
Licenses	10,122	10,056
Service and maintenance	14,242	12,364
Other	1,587	1,625
	58,933	**55,713**

30. Cost of Sales

The cost of sales includes the following items:

	2014 EUR thousand	2013 EUR thousand
Personnel expenses	15,748	14,021
Fees for freelance staff and temporary workers	6,920	8,169
Depreciation and amortization	306	262
Other expenses	4,680	4,480
	27,654	**26,932**

31. Sales and Marketing Expenses

Sales and marketing expenses include the following items:

	2014 EUR thousand	2013 EUR thousand
Personnel expenses	5,290	5,197
Depreciation and amortization	85	95
Other expenses	3,198	3,814
	8,573	**9,106**

32. General Administrative Expenses

General administrative expenses include the following items:

	2014 EUR thousand	2013 EUR thousand
Personnel expenses	3,727	3,506
Depreciation and amortization	238	138
Other expenses	2,486	2,227
	6,451	**5,871**

33. Research and Development Expenses

Research and development expenses include the following items:

	2014 EUR thousand	2013 EUR thousand
Personnel expenses	7,428	7,153
Depreciation and amortization	328	225
Other expenses	1,886	2,048
	9,642	**9,426**

34. Other Operating Income

This item includes research funds in the amount of EUR 242 thousand, income from the reversal of provisions in the amount of EUR 98 thousand, and other income of EUR 970 thousand from prior periods due to the adjustment of the purchase price liability for BIG. The Group was granted government grants of EUR 51 thousand (2013: EUR 192 thousand) in connection with various research projects. These were grants for income received in line with subsidized expenses. The grants were recognized under other operating income. Receivables from grants for income were reported under current financial assets. According to the Management Board, there are no unfulfilled conditions or other contingencies.

35. Other Operating Expenses

This item includes the sales tax from non-cash benefits amounting to EUR 124 thousand. The item also includes expenses resulting from exchange rate differences in the amount of EUR 38 thousand.

36. Financial Income

Financial income includes the following items:

	2014 EUR thousand	2013 EUR thousand
Interest income	2	25
Income from currency differences	428	0
Other	65	87
Financial income	**495**	**112**

37. Financial Expenses

Financial expenses include the following items:

	2014 EUR thousand	2013 EUR thousand
Discounting of purchase price obligation for BIG	479	243
Expenses from currency differences	15	265
Other	78	141
Financial expenses	**572**	**649**

38. Income Taxes

Income taxes are composed as follows:

	2014 EUR thousand	2013 EUR thousand
Income taxes for the fiscal year	-1,002	-373
Income taxes for previous years	-33	81
Deferred taxes	-49	1,067
Tax expenditure (-) / tax income (+)	**-1,084**	**775**

In the 2014 fiscal year, the Company's income was again subject to a corporate income tax rate of 15 % plus a solidarity surcharge of 5.5 % on corporate income tax and an effective trade tax rate of 12.8 %. The total tax rate including solidarity surcharge and effective trade tax was 28.6 %. The tax rate for the consolidated group was 30.0 %.

Deferred taxes on intercompany profits are calculated on the basis of the applicable current or future tax rate.

The following table shows a reconciliation of tax income/expense based on the theoretical tax rate of the parent company:

	2014 EUR thousand	2013 EUR thousand
Profit before income taxes	6,596	2,871
Theoretical tax expense (28,6 %) (2013: 28,6 %)	-1,886	-821
Changes in the theoretical tax expense due to:		
Offsetting of the valuation allowances on deferred taxes on loss carryforwards/ use of loss carryforwards that were not previously capitalized	996	1,641
Tax refunds/back payments for prior periods	-33	81
Non-deductible expenses	-22	-110
Deviation of tax rates from the Group's tax rate	-139	-16
Tax expenditure (-) / tax income (+)	**-1,084**	**775**

39. Other Disclosures on the Income Statement

The average number of employees (quarterly average) in the fiscal year was:

	2014	2013
Consulting and Services	203	192
Research and Development	140	143
Administration and Finance	60	48
Sales and Marketing	49	54
	452	**437**

Personnel expenses can be broken down as follows:

	2014 EUR thousand	2013 EUR thousand
Salaries	27,693	25,627
Social security, pensions and other benefit costs	4,501	4,250
	32,194	**29,877**

Depreciation and amortization expense can be broken down as follows:

	2014 EUR thousand	2013 EUR thousand
Amortization of intangible assets	1,435	1,474
Depreciation of property, plant and equipment	778	608
	2,213	**2,082**

E. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement shows how the cash and cash equivalents of the Group changed during the year under review as a result of cash inflows and outflows. The effects of acquisitions and other changes in the consolidated group are eliminated. When purchased subsidiaries are consolidated for the first time, only the actual cash flows are shown in the cash flow statement. In accordance with IAS 7, a distinction is made between cash flows from operating, investing and financing activities. The cash and cash equivalents shown in the cash flow statement correspond to the balance sheet item Cash on hand and bank balances with the exception of fixed deposits with a term of less than three months (see note 43). Investments in securities are made more with a view to generating a profit than for liquidity purposes, and are therefore not included in cash and cash equivalents.

Cash flows from investing and financing activities are calculated on the basis of the actual cash payments, whereas cash flows from operating activities are derived indirectly from the net profit for the period. This indirect calculation eliminates the effects contained in balance sheet items due to currency translation and changes in the consolidated group. As a result, changes in the balance sheet items concerned cannot always be derived from the consolidated balance sheet.

40. Net Cash from Operating Activities

The USU Group generated net cash from operating activities of EUR 7,740 thousand in the 2014 fiscal year (2013: EUR 9,855 thousand).

41. Net Cash from Investing Activities

Net cash used in investing activities totaled EUR 1,102 thousand in the 2014 reporting year, compared with EUR 4,299 thousand in the 2013 fiscal year, in particular due to the acquisition of shares in BIG.

Investments in property, plant and equipment and intangible assets totaled EUR 1,117 thousand (2013: EUR 1,547 thousand) and related primarily to cash outflows for new and replacement investments in hardware and software.

42. Net Cash Used in Financing Activities

Net cash used in financing activities in the period under review relates to the dividend distribution to the shareholders of USU Software AG in fiscal 2014 in the amount of EUR 2,631 thousand (EUR 0.25 per share for a total of 10,523,770 no-par value shares).

43. Cash and Cash Equivalents

The following table shows the components of cash and cash equivalents. Fixed deposits with a term of more than three months are not included in cash and cash equivalents.

	2014 EUR thousand	2013 EUR thousand
Fixed-term deposits and overnight money with a term of less than 3 months	7,154	10,083
Demand deposits	11,759	4,142
Cash on hand	7	6
	18,920	**14,231**

F. SEGMENT REPORTING

IFRS 8 requires the disclosure of information on the Group's business segments in accordance with the management approach. It also states that the reporting segments must be the same as those used for internal reporting.

USU operates in two business segments: Product Business and Service Business.

The product range of the **Product Business** segment includes those activities relating to USU's product portfolio in the markets for business service management and knowledge solutions. This includes products and services for areas such as:

- Infrastructure management (efficient administration of IT assets, contracts, and software licenses),
- Service/change management (compliance with and formalization of IT service processes including procurement, support, and maintenance),
- Finance management (transparency, planning, and budgeting as well as charging of IT costs and services based on their origin),
- Process management (monitoring, visualization, and controlling of all systems and processes required for IT operation), and
- Knowledge management for the optimization of knowledge-intensive business processes.

The **Service Business** segment encompasses consulting services for IT projects and individual application development. The service portfolio covers a wide range of technical topics which are implemented using dedicated methods and tried and tested process models. These include selected specialist areas, the in-house implementation of IT projects and providing project support with qualified IT staff.

Unallocated activities relate primarily to the administrative expenses incurred by the parent company (Management Board, Finance, Legal etc.), as well as sales of goods to employees, the on charging of liability insurance premiums to freelance staff, current financial instruments and bank balances.

Internal management and reporting are based on the IFRS accounting standards described in note 7. The Group measures the success of its segments based on the key performance indicator described in our internal management and reporting as 'EBIT'.

Segment EBIT is composed of the gross income from sales, selling and marketing expenses, general administrative expenses, research and development expenses, amortization of intangible assets capitalized as a result of business combinations, goodwill impairment, and other operating income and expenses.

As with the segment profit/loss, segment assets and segment liabilities are determined in accordance with the accounting standards used by the Group in the consolidated financial statements.

The assets of the segments cover all assets. They do not include assets from income taxes or certain financial instruments (including liquidity).

The segment liabilities cover all liabilities. They do not include the liabilities from income taxes, pension liabilities and similar obligations or certain financial instruments (including financial liabilities).

The information on segment investments, depreciation and amortization in the following table includes intangible assets (including goodwill) and property, plant and equipment.

The following table provides a reconciliation of segment sales and earnings to Group sales and earnings.

in EUR thousand	Product Business		Service Business		Total segments		Unallocated		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Sales revenues	**45.737**	**41.995**	**13.196**	**13.616**	**58.933**	**55.611**	**0**	**102**	**58.933**	**55.713**
Earnings before net financial income and income tax (EBIT)	8.239	5.768	1.553	1.047	9.792	6.815	-3.119	-3.407	6.673	3.408
Financial income	409	87	0	0	409	87	86	25	495	112
Financial expenses	-12	-312	-9	-5	-21	-317	-551	-332	-572	-649
Income taxes	-364	122	0	0	-364	122	-720	653	-1.084	775
Consolidated net profit/loss	**8.272**	**5.665**	**1.544**	**1.042**	**9.816**	**6.707**	**-4.304**	**-3.061**	**5.512**	**3.646**
Segment assets/Group assets	69.367	65.515	5.934	7.228	75.301	72.743	9.873	8.671	85.174	81.414
of which goodwill	32.237	32.237	2.322	2.322	34.559	34.559	0	0	34.559	34.559
Segment liabilities/ Group liabilities	21.566	18.739	1.346	2.924	22.912	21.663	6.653	6.519	29.565	28.182
Segment investments	625	836	13	156	638	992	275	288	913	1.280
Depreciation and amortization	1.885	1.865	129	113	2.014	1.978	199	104	2.213	2.082
Amortization of goodwill	0	0	0	0	0	0	0	0	0	0
Employees at the reporting date (Dec. 31)	339	336	64	69	403	405	49	47	452	452

There were no intersegment sales in the 2014 or 2013 fiscal years.

In the 2014 fiscal year, EUR 15,595 thousand (2013: EUR 8,737 thousand) or 26.5 % (2013: 15.7 %) of consolidated sales were generated outside Germany and EUR 43,338 thousand (2013: EUR 46,976 thousand) or 73.5 % (2013: 84.3 %) within Germany. The geographic allocation of sales is based on the country in which the respective customer is domiciled.

The Group has no transactions with external individual customers accounting for more than 10 % of its sales.

The assets held and investments made outside Germany account for less than 10 % of the respective total amounts. Accordingly, no further disclosures on geographical data are provided for reasons of materiality.

The following table shows the reconciliation of segment assets and liabilities to Group assets and liabilities:

	2014 EUR thousand	2013 EUR thousand
Segment assets	**75,301**	**72,743**
Unallocated assets		
Cash on hand and bank balances	4,030	2,940
Deferred tax assets	4,122	4,099
Income tax receivables	522	435
Other assets	1,199	1,197
	9,873	**8,671**
Group assets	**85,174**	**81,414**

	2014 EUR thousand	2013 EUR thousand
Segment liabilities	**22,912**	**21,663**
Unallocated liabilities		
Deferred tax liabilities	766	918
Pension provisions	1,237	1,092
Other income tax liabilities	512	34
Other liabilities	4,138	4,475
	6,653	**6,519**
Group liabilities	**29,565**	**28,182**

G. OTHER DISCLOSURES

44. Related Party Disclosures

In accordance with IAS 24, related parties are defined as persons or entities that control the Group or that can exercise a significant influence over it, including members of the Management and Supervisory Boards, and any persons or entities over which the Group can exercise a significant influence. Companies that are already fully consolidated are not related parties.

The senior management and the members of the Supervisory Board are considered as related parties within the meaning of IAS 24.9. In the 2014 fiscal year, the business relationships described below existed between members of the Management Board and the Supervisory Board and the entities included in the consolidated financial statements.

The Management Board confirms that all of the related party transactions described below were conducted under arm's length conditions.

44.1 Udo Strehl/AUSUM GmbH (AUSUM)

USU AG was charged a total of EUR 1 thousand (2013: EUR 5 thousand) for cost reimbursements for sales activities performed by AUSUM in the 2014 fiscal year. On the other hand, in 2014 USU AG invoiced AUSUM for pro rata vehicle costs in the amount of EUR 4 thousand (2013: EUR 5 thousand).

44.2 Karin Weiler-Strehl

USU AG engages the consulting services of Ms. Karin Weiler-Strehl, the wife of Mr. Udo Strehl, via AUSUM on a contract-by-contract basis. The expenses for these consulting contracts with Ms. Weiler-Strehl amounted to EUR 36 thousand in the 2014 fiscal year (2013: EUR 36 thousand).

USU AG leased the Spitalhof administrative building in Möglingen from Ms. Karin Weiler-Strehl. On July 20, 2007, these two parties concluded a new rental agreement with a term to December 31, 2017. In line with this agreement, the total monthly rent amounts to EUR 23.5 thousand (2013: EUR 20 thousand) plus ancillary costs. In the past fiscal year, USU AG was invoiced EUR 293 thousand (2013: EUR 251 thousand) for the rental of the administrative building and parking spaces.

USU Software AG also leased an office in Münchinger Strasse, Möglingen from Ms. Weiler-Strehl. In the past fiscal year, rent of EUR 10 thousand (2013: EUR 10 thousand) was paid for this office.

44.3 Loans to Shareholders

There were no claims under loan agreements as of December 31, 2014.

44.4 Compensation of Senior Management and the Supervisory Board

The management of the Group's business is the responsibility of the members of the Management Boards of USU Software AG and USU AG:

Bernhard Oberschmidt	(Chief Executive Officer)
Klaus Bader	(Executive Vice President)
Gerald Lamatsch	(Executive Vice President)
Sven Wilms	(Executive Vice President) until September 30, 2014
Dr. Benjamin Strehl	(Executive Vice President) since October 1, 2014
Bernhard Böhler	(Executive Vice President) since October 1, 2014

The compensation paid to the members of the Management Board totaled EUR 1,204 thousand in the 2014 fiscal year (2013: EUR 902 thousand).

Fixed compensation:
EUR 678 thousand (2013: EUR 604 thousand)

Variable compensation:
EUR 401 thousand (2013: EUR 186 thousand)

Non-cash benefit from private use of company cars:
EUR 73 thousand (2013: EUR 68 thousand)

Defined contribution pension costs:
EUR 52 thousand (2013: EUR 44 thousand)

The total compensation paid to the Supervisory Board in the 2014 fiscal year was EUR 167 thousand (2013: EUR 116 thousand). The provisions on the compensation paid to the Supervisory Board are described in the Management Report on the Company and the Group in the chapter entitled 'Compensation Report'.

Information on the pension provision recognized for a member of the Supervisory Board and a former member of the Management Board in the amount of EUR 2,619 thousand before setting off against the coverage assets in the amount of EUR 1,382 thousand can be found in note 20.

45. Auditor's Fees

a) Audits of financial statements
(separate and consolidated financial statements):
EUR 120 thousand (2013: EUR 117 thousand)
b) Other services
EUR 4 thousand (2013: EUR 12 thousand

46. Other Disclosures

46.1 Contingent Liabilities

There were no contingent liabilities to report as of December 31, 2013 and December 31, 2014.

46.2 Other Financial Commitments

The Company has leased some of its office and operating equipment as well as vehicles (operating leases) and office buildings. The interest rates stipulated in the lease agreements are standard market rates. There are no advantageous purchase or extension options at the end of the leases for either the office buildings or the operating and other equipment and vehicles. There were no sale and leaseback transactions in either of the fiscal years. The annual expected minimum payments under leases and rental agreements and other financial obligations can be broken down as follows:

	2014 EUR thousand	2013 EUR thousand
Operating lease obligations		
In the next 12 months	662	630
In the next 13 to 60 months	514	552
In more than 60 months	0	0
	1,176	**1,182**
Other financial obligations from building rental		
In the next 12 months	1,429	1,283
In the next 13 to 60 months	3,984	1,686
In more than 60 months	782	190
	6,195	**3,159**
	7,371	**4,341**

Expenses for operating leases and rental agreements totaled EUR 2,022 thousand in the 2014 fiscal year (2013: EUR 1,834 thousand).

47. Litigation, Other Contingent Liabilities, and Events After the Balance Sheet Date

In the course of its ordinary operations, the Company can become involved in legal disputes, claims for damages, criminal investigations and court cases including product liability disputes and disputes under commercial law. The outcome of currently pending and/or future litigation cannot be predicted with sufficient certainty, meaning that future court decisions may result in expenses that are not fully covered by the insurance concluded and that could have a material adverse effect on the Company's business, financial position and operating results. According to the estimates of the Company and its legal counsel as of December 31, 2014 and December 31, 2013, no decisions that could have a material adverse effect on the net assets and results of operations of the Group are expected from the litigation that is currently pending.

There were no further significant events requiring disclosure prior to the approval of the consolidated financial statements by the Management Board.

48. Executive Bodies

48.1 Management Board

In the 2014 fiscal year, the Management Board of the parent company consisted of:

Bernhard Oberschmidt, Chairman of the Management Board, Economics graduate

Bernhard Böhler, entrepreneur,
since October 1, 2014

Dr. Benjamin Strehl, Business graduate,
since October 1, 2014

The total compensation paid to the active members of the Management Board in the past fiscal year was EUR 464 thousand. Details can be found in the chapter entitled ‚Compensation Report' in the Management Report on the Company and the Group.

48.2 Supervisory Board

In the 2014 fiscal year, the Supervisory Board consisted of:

Udo Strehl, Chairman
Managing Director of AUSUM GmbH, Möglingen
Chairman of the Supervisory Board of USU AG, Möglingen

Günter Daiss, Vice Chairman
Managing Director of Uhlsport GmbH, Balingen,
Chairman of the Supervisory Board of USU AG, Möglingen

Erwin Staudt,
Management Consultant, Leonberg
Member of the Supervisory Board of Grenke Leasing AG, Baden-Baden
Member of the Supervisory Board of Hahn Verwaltungs-GmbH, Fellbach
Member of the Supervisory Board of PROFI Engineering Systems AG, Darmstadt
Member of the Supervisory Board of USU AG, Möglingen

49. Financial Risk Management

In its financial activities, the Group is subject to various risks that are assessed, managed, and monitored by way of systematic risk management. The following section discusses the management of credit risk, liquidity risk, and market risk (exchange rate, interest rate, and securities price risk).

49.1 Credit Risk

The Group is exposed to credit risks in conjunction with its cash and cash equivalents, trade receivables, and marketable securities.

Cash and cash equivalents and marketable securities are deposited with banks of good standing and companies with good credit ratings. The Group constantly monitors the creditworthiness of these companies and does not expect any cases of default. As no collateral has been pledged, the risk of default is limited to the amount reported in the balance sheet.

The default risk for trade receivables is minimized by constantly monitoring the creditworthiness of the respective counterparties. As no general netting agreements are concluded with customers, the sum of the amounts reported as assets also represents the maximum default risk. In the event that the Group becomes aware of any evidence that the ability of a particular customer to meet its financial obligations is impaired, it recognizes a specific valuation allowance on the amounts due in order to reduce the net receivable to the most likely recoverable amount. The Group also performs portfolio-based measurement to reflect the risk of uncollectability.

As in the previous year, there are no indications that the Group's debtors whose financial assets are neither overdue nor subject to valuation allowances will fail to meet their payment obligations.

49.2 Liquidity Risks

The cash and cash equivalents required by the Group in order to meet its financial obligations are largely covered by its ongoing operations. The Group also has credit facilities to cover any liquidity bottlenecks.

The Company's financial liabilities are all current, i.e. due within one year.

49.3 Interest Rate-Related Cash Flow Risk

At USU Software AG, changes in market interest rates affect primarily cash flows from financial investments. If the market interest rate as of December 31, 2014 had been 1 % higher (lower), net profit and equity would each have been EUR 149 thousand (December 31, 2013: EUR 132 thousand) higher (lower).

49.4 Exchange Rate Risks

The volume of foreign-currency transactions conducted by the Company is negligible, meaning that it is exposed to exchange rate fluctuations with an impact on its EUR-denominated assets and income to a limited extent only. Transaction risks also exist for financial assets denominated in foreign currencies.

50. Additional Disclosures on Capital

USU Software AG is not subject to any minimum capital requirements, either externally or in accordance with its Articles of Association. The Company pursues the goal of ensuring a high level of equity financing, using this financial flexibility to achieve its growth targets. Customers also demand a high equity ratio and extensive liquidity in order to guarantee their investments.

As of December 31, 2014 and December 31, 2013, equity and total assets were as follows:

	2014 EUR thousand	2013 EUR thousand	Change %
Total non-current liabilities	2,631	2,010	30.9%
Total current liabilities	26,935	26,172	2.9%
Total liabilities	**29,566**	**28,182**	**4.9%**
Total shareholders' equity	**55,608**	**53,232**	**4.5%**
Total liabilities and shareholders' equity	**85,174**	**81,414**	**4.6%**
Equity ratio	65.3%	65.4%	

As in the previous year, the Company has no net financial liabilities, as its cash and cash equivalents exceed its interest-bearing liabilities. The current capital structure can be maintained by expanding the unappropriated surplus by generating future net profit or issuing new shares, for example.

51. Exemption According to Section 264 (3) HGB

The following domestic subsidiaries included in the consolidated financial statements of USU Software AG made use of the exemption provisions of Section 264 (3) HGB for fiscal 2014:

- Aspera GmbH, Aachen
- LeuTek GmbH, Leinfelden-Echterdingen
- Omega Software GmbH, Obersulm
- Openshop Internet Software GmbH, Möglingen

52. Events After the Balance Sheet Date

There were no significant events after the balance sheet date.

H. HOLDINGS OF MEMBERS OF CORPORATE BODIES

The following table should be read in conjunction with the disclosures published in the interim financial statements of USU Software AG on the securities held by members of the Company's executive bodies. As of December 31, 2014, members of the Company's executive bodies held shares in USU Software AG, Möglingen, as follows:

Shareholdings subject to mandatory disclosure	2014 Shares	2013 Shares
Management Board		
Bernhard Oberschmidt	181,518	18,696
Bernhard Böhler	167,572	–
Dr. Benjamin Strehl	0	–
Supervisory Board		
Udo Strehl *)	1,989,319	1,989,319
Erwin Staudt	100,000	100,000
Günter Daiss	85,500	85,500

**) An additional 3,337,868 voting rights in USU Software AG (2013: 3,487,868) are allocated to Mr. Udo Strehl via AUSUM GmbH as the majority shareholder of that company pursuant to Sec. 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).*

A further 32,000 voting rights (2013: 32,000) in USU Software AG are allocated to Udo Strehl via the 'Wissen ist Zukunft' foundation in his capacity as Managing Director of that foundation pursuant to Sec. 22 (1) Sentence 1 No. 1 WpHG.

On May 23, 2014, the Chairman of the Management Board of USU Software AG, Bernhard Oberschmidt, acquired 162,822 shares of the Company on the over-the-counter market and subsequently notified USU Software AG of this securities transaction.

On July 4, 2014 AUSUM GmbH (AUSUM) – whose majority shareholder is the Chairman of the Supervisory Board of USU Software AG, Udo Strehl – sold 150,000 shares in USU Software AG to an institutional investor off-market and then notified USU Software AG of this transaction.

In turn, the company promptly published notification of these transactions on its homepage

No stock options or convertible bonds issued by USU Software AG are held by any members of its executive bodies.

I. DIVIDEND PAYMENT

The Management Board and the Supervisory Board are proposing the payment of a dividend of EUR 3,157 thousand (EUR 0.30 per share).

J. DECLARATION OF CONFORMITY

On December 11, 2014, the Management Board and the Supervisory Board of USU Software AG issued the declaration of conformity with the German Corporate Governance Code in accordance with Section 161 AktG and made it permanently available to shareholders on USU Software AG's website at http://www.usu-software.de. Further information on the declaration of conformity can be found in the Management Report on the Company and the Group in these consolidated financial statements.

Möglingen, March 2, 2015

Bernhard Oberschmidt,
Chairman of the Management Board

Bernhard Böhler
Member of the Management Board

Dr. Benjamin Strehl
Member of the Management Board

Development of the Consolidated Fixed Assets in 2014

USU Software AG, Möglingen

	Acquisition/production cost				
	1.1.2014 EUR thousand	Additions EUR thousand	Transfers EUR thousand	Disposals EUR thousand	Dec. 31, 2014 EUR thousand
Intangible assets					
Purchased software/orders on hand	6.392	152	0	10	6.534
Trademarks and brands	2,532	0	0	0	2,532
Maintenance contracts	3,113	0	0	0	3,113
Customer base	7,646	0	0	0	7,646
	19,683	**152**	**0**	**10**	**19,825**
Goodwill	**56,677**	**0**	**0**	**0**	**56,677**
Property, plant and equipment					
Land and buildings	211	13	0	6	218
Other equipment, operating and office equipment	3,335	748	471	956	3,598
Advance payments and assets under construction	471	0	-471	0	0
	4,017	**761**	**0**	**962**	**3,816**

	Cumulative depreciation and amortization					Carrying amounts	
	1.1.2014 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Currency EUR thousand	31.12.2014 EUR thousand	31.12.2014 EUR thousand	1.1.2014 EUR thousand
	5.272	352	2	0	5.622	912	1.120
	521	0	0	0	521	2,011	2,011
	2,666	179	0	0	2,845	268	447
	3,048	904	0	0	3,952	3,694	4,598
	11,507	**1,435**	**2**	**0**	**12,940**	**6,885**	**8,176**
	22,118	**0**	**0**	**0**	**22,118**	**34,559**	**34,559**
	124	13	6	0	131	87	87
	1,794	765	948	-1	1,610	1,988	1,541
	0	0	0	0	0	0	471
	1,918	**778**	**954**	**-1**	**1,741**	**2,075**	**2,099**

Development of the Consolidated Fixed Assets in 2013

USU Software AG, Möglingen

	Acquisition/production cost				
	Jan. 1, 2013 EUR thousand	Company acquisition EUR thousand	Additions EUR thousand	Disposals EUR thousand	Dec. 31, 2013 EUR thousand
Intangible assets					
Purchased software/orders on hand	5,698	325	369	0	6,392
Trademarks and brands	2,532	0	0	0	2,532
Maintenance contracts	3,008	105	0	0	3,113
Customer base	4,421	3,225	0	0	7,646
	15,659	**3,655**	**369**	**0**	**19,683**
Goodwill	**54,513**	**2,164**	**0**	**0**	**56,677**
Property, plant and equipment					
Land and buildings	206	0	27	22	211
Other equipment, operating and office equipment	3,075	160	884	784	3,335
Advance payments and assets under construction	0	0	471	0	471
	3,281	**160**	**1,382**	**806**	**4,017**

Cumulative depreciation and amortization					Carrying amounts	
Jan. 1, 2013 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Currency EUR thousand	Dec. 31,.2013 EUR thousand	Dec. 31,.2013 EUR thousand	Jan. 1,.2013 EUR thousand
4,988	284	0	0	5,272	1,120	710
521	0	0	0	521	2,011	2,011
2,379	287	0	0	2,666	447	629
2,145	903	0	0	3,048	4,598	2,276
10,033	**1,474**	**0**	**0**	**11,507**	**8,176**	**5,626**
22,118	**0**	**0**	**0**	**22,118**	**34,559**	**32,395**
124	14	14	0	124	87	82
1,963	594	779	16	1,794	1,541	1,112
0	0	0	0	0	471	0
2,087	**608**	**793**	**16**	**1,918**	**2,099**	**1,194**

Auditor's Report

We audited the consolidated financial statements prepared by **USU Software AG, Möglingen,** comprising the balance sheet, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the combined management report in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315a (1) HGB are the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We have conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the consolidated financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not lead to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and, as a whole, provides an accurate view of the Group's position and suitably presents the opportunities and risks of future development

Stuttgart, March 2, 2015

Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Schupeck	Barth
German Public Auditor	German Public Auditor

Annual Financial Statements

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Balance Sheet as of December 31, 2014

USU Software AG, Möglingen

ASSETS	Note	Dec. 31, 2014 EUR thousand	Dec. 31, 2013 EUR thousand
A. FIXED ASSETS	(1)		
I. Intangible assets			
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets		176	221
II. Tangible assets			
Other equipment, operating and office equipment		72	71
III. Financial assets			
1. Shareholdings in associated companies		36,733	37,246
2. Loans to associated companies		0	310
		36,733	**37,556**
		36,981	**37,848**
B. CURRENT ASSETS			
I. Receivables and other assets	(2)		
1. Receivables from associated companies		8,473	5,991
2. Other assets		415	402
		8,888	**6,393**
II. Cash-in-hand and bank balances		**119**	**80**
		9,007	**6,473**
C. PREPAID EXPENSES		**52**	**24**
		46,040	**44,345**

Balance Sheet as of December 31, 2014

USU Software AG, Möglingen

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Dec. 31, 2014 EUR thousand	Dec. 31, 2013 EUR thousand
A. SHAREHOLDERS' EQUITY			
I. Subscribed capital	(3)	**10,524**	**10,524**
II. Capital reserve		**13,645**	**13,645**
III. Unappropriated surplus		**6,582**	**4,734**
		30,751	**28,903**
B. PROVISIONS			
1. Tax provisions		474	13
2. Other provisions	(6)	688	508
		1,162	**521**
C. LIABILITIES	(7)		
1. Trade payables		20	53
2. Liabilities to affiliated companies		14,033	14,200
3. Other liabilities		74	668
		14,127	**14,921**
		46,040	**44,345**

Income Statement for the Fiscal Year from January 1 to December 31, 2014

USU Software AG, Möglingen

	Note	2014		2013	
		EUR thousand	EUR thousand	EUR thousand	EUR thousand
1. Other operating income			723		593
2. Personnel expenses					
a) Wages and salaries		-960		-792	
b) Social security, pensions and other benefit costs (of which for pensions: EUR 21 thousand; previous year: EUR 14 thousand)		-90	-1,050	-74	-866
3. Amortization of intangible assets and depreciation of tangible assets			-140		-69
4. Other operating expenses			-1,181		-1,064
5. Expenses assumed on behalf of a subsidiary	(10)	-2		-80	
6. Income from profit transfer agreements	(10)	8,179		5,082	
7. Other interest and similar incomee (of which from associated companies: EUR 2 thousand; previous year: EUR 9 thousand)		4		11	
8. Write-downs of long-term financial assets	(11)	-848		0	
9. Interest expenses and similar expenses (of which to associated companies: EUR 412 thousand; previous year: EUR 361 thousand)		-443	6,890	-361	4,652
10. Result from ordinary operations			**5,242**		**3,246**
11. Income taxes	(12)		-671		-222
12. Other taxes	(12)		-92		0
13. Net profit			**4,479**		**3,024**
14. Profit carryforwards from the previous year			2,103		1,710
15. Unappropriated surplus			**6,582**		**4,734**

A. GENERAL INFORMATION

The separate financial statements of USU Software AG have been prepared in accordance with Sections 242 ff. and 264 ff. of the German Commercial Code (HGB) and the relevant provisions of the German Stock Corporation Act (AktG). As a listed company, USU Software AG is considered a large corporation within the meaning of Section 267 (3) sentence 2 HGB.

The income statement has been prepared using the nature of expense method set out in Section 275 (2) HGB.

All figures are shown in thousands of euro (EUR thousand) unless otherwise stated.

B. GENERAL ACCOUNTING POLICIES

As in the previous year, the separate financial statements were prepared in accordance with the following accounting policies.

Fixed assets are measured at acquisition cost (plus incidental costs), less scheduled depreciation, amortization, and write-downs.

No use is made of the option to capitalize development expenses.

For intangible assets and tangible fixed assets with limited useful lives, depreciation is generally determined in accordance with rates permitted for tax purposes. The depreciation is calculated on a straight-line basis.

With regard to financial assets, shares in associated companies, loans to associated companies and participations are carried at the lower of cost or market. Write-downs are recognized for permanent impairment.

Receivables and other assets are carried at their nominal value. Existing default risks are taken into account by recognizing appropriate valuation allowances.

Other provisions take into account all uncertain liabilities and expected losses from onerous contracts. They are recognized in the amount dictated by prudent business judgment. Provisions with remaining terms of more than a year are measured at present value and discounted at an interest rate in line with the terms of the provisions.

Cost increases which are expected to have a future impact until the obligation has been fulfilled are taken into account.

Provisions for variable components of remuneration for employees, including the USU Software AG Management Board, are based on the Management Board's individual opinion regarding the respective level of target achievement, taking into account the contractually agreed targets.

Liabilities are carried at their settlement amount.

Receivables and liabilities in foreign currencies are translated at the rate in effect on the transaction date. Gains/losses from exchange rate fluctuations are included in short-term receivables and liabilities in accordance with Section 256a HGB by revaluation at the middle spot exchange rate on the balance sheet date. For long-term receivables and liabilities in foreign currencies, the prudence and imparity principles are observed on the reporting date.

Deferred taxes are calculated using the balance sheet temporary concept in accordance with Section 274 HGB. Deferred tax assets are offset against deferred tax liabilities. USU Software AG has a remaining surplus of deferred tax assets after offsetting and taking into account the existing tax loss carryforwards. The Company has not exercised the option of utilizing deferred tax assets (Section 274 (1) sentence 2 HGB). Deferred tax assets are measured using the Company's own tax rate (as at December 31, 2014: approximately 28.6%).

As at the balance sheet date, the Company has corporate tax loss carryforwards in the amount of EUR 21,426 thousand and business tax loss carryforwards amounting to EUR 21,293 thousand.

Deferred taxation, taking into account deferred taxes from taxable entities with subsidiaries, relates to the balance sheet items listed below:

Balance sheet items	Dec. 31, 2014	
	Deferred tax assets	Deferred tax liabilities
Financial assets	x	
Tax loss carryforwards	x	

C. NOTES TO THE BALANCE SHEET

1. Fixed Assets

The development of the individual items of fixed assets and depreciation and amortization for the fiscal year are shown in the statement of changes in fixed assets (annex to the separate financial statements).

Disclosures on Participations

USU Software AG has participations in the following companies: The information on equity and net profit represents the amounts recognized in accordance with the respective national accounting standards:

	Equity interest Dec. 31, 2014 in %	Shareholders' equity Dec. 31, 2014 in EUR thousand	Net profit/loss 2014 in EUR thousand
USU AG, Möglingen	100	12,899	631
LeuTek GmbH, Leinfelden-Echterdingen [1]	100	1,380	1,823
Omega Software GmbH, Obersulm [1]	100	970	126
Openshop Internet Software GmbH, Möglingen [1]	100	-775	-2
Aspera GmbH, Aachen [1]	100	300	6,231
USU Consulting GmbH, Sursee, Switzerland	100	57	209
Aspera Technologies Inc,, Boston, USA	100	-108	-11
B,I,G, Social Media GmbH, Berlin [2]	51	1,706	738

[1] Net profit before/equity after profit transfer to USU Software AG. [2] Please see the comments under 9. Other Financial Commitments.

The following participations are held indirectly via USU AG, Möglingen.

	Equity interest Dec. 31, 2014 in %	Shareholders' equity Dec. 31, 2014 in EUR thousand	Net profit/loss 2014 in EUR thousand
USU Software s. r. o., Brno, Czech Republic	100	714	163
USU (Schweiz) AG, Zug, Switzerland	100	-25	-4
USU Austria GmbH, Vienna, Austria	100	-713	53

2. Receivables and Other Assets

As in the previous year, all receivables and other assets have a remaining term of less than one year. The receivables from associated companies relate exclusively to other receivables.

3. Subscribed Capital

The subscribed capital of the Company is divided into 10,523,770 no-par value bearer shares each with a notional interest in the share capital of EUR 1.00.

4. Authorized Capital

By resolution of the Annual General Meeting of July 18, 2012, the Management Board was authorized, subject to the approval of the Supervisory Board, to increase the Company's share capital by up to EUR 5,261,885.00 on one or more occasions by issuing new no-par value bearer shares with a pro rata share in the Company's share capital of EUR 1.00 per share in exchange for cash or non-cash contributions until July 17, 2017 (Authorized Capital 2012). Shareholders must be granted subscription rights. The Management Board is authorized, subject to the approval of the Supervisory Board, to disapply shareholders' statutory subscription rights for fractional amounts and/or, if and to the extent it is required, to grant bearers of convertible bonds with conversion obligations issued by the Company the right to subscribe for the new shares to which they are entitled after exercising their conversion or option rights or fulfilling the conversion obligation.

The Management Board is also authorized, subject to the approval of the Supervisory Board, to disapply shareholders' subscription rights if the capital increase is made against cash contributions and the amount of the share capital attributable to the new shares does not exceed 10% – neither on the effective date nor on the date of exercise of this authorization – and the issue price of the new shares is not substantially lower than the quoted price for shares of the same category already traded on the stock exchange at the time of the final determination of the issue price. The upper limit of 10% of the share capital is reduced by the pro rata amount of the share capital attributable to shares issued or sold during the term of the Authorized Capital 2012 excluding shareholders' subscription rights pursuant to Sections 71 (1) no. 8 sentence 5 and 186 (3) sentence 4 AktG and to the pro rata amount of the share capital that relates to option and/or conversion rights/obligations from bonds that were issued during the term of the Authorized Capital 2012 in analogous application of Section 186 (3) sentence 4 AktG.

The Management Board is further authorized, subject to the approval of the Supervisory Board, to disapply shareholders' subscription rights in the case of non-cash capital increases, particularly for the acquisition of participations, companies, or assets – as well as for exchanging shares – and in the case of mergers.

The shares may also be acquired by one or more banks or a company operating in ac-cordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act with the obligation to offer them to the shareholders for subscription.

The Management Board is also authorized, subject to the approval of the Supervisory Board, to stipulate the further details of the implementation of capital increases from Authorized Capital 2012, including the content of the share rights and the terms of issue.

5. Contingent Capital

By resolution of the Annual General Meetings in 2000 and 2004, the Company's share capital was contingently increased to EUR 378 thousand through the issue of no-par value bearer shares. The contingent capital increase may be used only for granting options to members of the Management Board and employees of the Company as well as members of the management and employees of associated companies. There were no outstanding options as of December 31, 2014.

6. Other Provisions

Other provisions primarily include the cost of obligations under company law in the amount of EUR 393 thousand and bonus payment obligations totaling EUR 269 thousand.

7. Liabilities

All of the liabilities reported in the balance sheet are due within one year. The liabilities to affiliated companies relate exclusively to loan liabilities and are secured in the amount of EUR 9,925 thousand by a global assignment of receivables. Other liabilities include tax liabilities of EUR 74 thousand (2013: EUR 667 thousand).

8. Contingent Liabilities

USU Software AG is jointly and severally liable for fulfilling the obligations arising from USU AG's rental agreement for the Spitalhof business premises.

Based on USU AG's current liquidity situation and sustained earnings power, the Man-agement Board has reason to believe that there is no risk of the above contingent liabilities being utilized.

Furthermore, USU Software AG has provided letters of comfort for Openshop Internet Software GmbH, Möglingen (an associated company). Under the terms of those letters of comfort, USU Software AG, Möglingen, undertook to manage this subsidiary in the 2014 and 2015 fiscal years and to provide it with the necessary financial resources to fulfill its obligations. USU Software AG also subordinated all of its receivables from Openshop Internet Software GmbH, Möglingen, in the amount of EUR 781 thousand.

The Management Board assumes that there is no concrete risk of the contingent liabilities being utilized. The Company does not actively take part in business operations. It has sufficient cash and cash equivalents to fulfill its existing payment commitments to third parties. USU Software AG's existing receivables were recognized fully as at the balance sheet date.

9. Other Financial Commitments

As part of the purchase and transfer agreement signed on December 20, 2012 for the acquisition of 51% of the shares of B.I.G. Social Media GmbH, Berlin („BIG") by the Company, call and put options for the remaining 49% of the shares of BIG were agreed, which in principle are exercisable until December 31, 2015. Due to an amendment agreement reached in 2014 between the Company and BIG, the option agreements were terminated. At the same time, USU Software AG purchased the remaining 49% of BIG shares subject to certain conditions precedent, taking into account the complete purchase price payment. The purchase price depends in particular on BIG's results achieved in the 2013, 2014, and 2015 fiscal years. Due to present knowledge of the relevant key figures in the past fiscal years and the estimates for fiscal year 2015, the remaining purchase price is expected to be EUR 2.8 million.

D. NOTES TO THE INCOME STATEMENT

10. Income from Profit Transfer Agreements/ Expense from Loss Absorption

The Company entered into profit transfer agreements with Openshop Internet Software GmbH on March 2, 2000, Omega Software GmbH on May 19, 2005, LeuTek GmbH on December 29, 2006 and Aspera GmbH on May 31, 2012, which were amended slightly in 2014 in view of tax requirements. Under these agreements, the participating companies are required to transfer all of their profits to USU Software AG during the contractual term. Transfers to distributable reserves are permitted only with the approval of USU Software AG. In exchange, USU Software AG undertakes to offset every net loss incurred during the contractual term that cannot be offset by way of withdrawals from distributable reserves recognized during the same period.

Accordingly, the profit generated by LeuTek GmbH, Aspera GmbH, and Omega Software GmbH in the 2014 fiscal year was transferred to USU Software AG in line with the profit transfer agreement concluded. The loss reported by Openshop Internet Software GmbH in the separate financial statements was paid by USU Software AG.

11. Write-downs of Long-term Financial Assets

Active business operations of USU Consulting GmbH were discontinued after the acquisition of the remaining 30% of the shares in 2014. The carrying amount of the equity investment (EUR 551 thousand) and the loan issued (EUR 297 thousand) were written down in full in 2014.

12. Tax Expense

The Income taxes and Other taxes items include prior-period expenses totaling EUR 127 thousand.

E. OTHER DISCLOSURES

13. Supervisory Board

In the 2014 fiscal year, the Supervisory Board consisted of:

Udo Strehl, Chairman
Managing Director of AUSUM GmbH, Möglingen
Chairman of the Supervisory Board of USU AG, Möglingen

Günter Daiss, Vice Chairman
Managing Director of Uhlsport GmbH, Balingen,
Chairman of the Supervisory Board of USU AG, Möglingen

Erwin Staudt,
Management Consultant, Leonberg
Member of the Supervisory Board of Grenke Leasing AG, Baden-Baden
Member of the Supervisory Board of Hahn Verwaltungs-GmbH, Fellbach
Member of the Supervisory Board of PROFI Engineering Systems AG, Darmstadt
Member of the Supervisory Board of USU AG, Möglingen

Total Compensation of the Supervisory Board

The compensation paid to the Supervisory Board contains a fixed and a variable component. In the 2014 fiscal year, the fixed component amounted to EUR 85 thousand, and the variable component to EUR 60 thousand.

14. Management Board

Bernhard Oberschmidt
(Chairman of the Management Board)

Bernhard Böhler
(since October 1, 2014)

Dr. Benjamin Strehl
(since October 1, 2014)

Total Compensation of the Management Board
The total compensation paid to the Management Board in the 2014 fiscal year was EUR 493 thousand. Details can be found in the compensation report contained in the Management Report on the Company and the Group for the 2014 fiscal year.

15. Auditor's Fees

Audit of the financial statements
(separate and consolidated financial statements):
EUR 61 thousand

Other services:
EUR 4 thousand

16. Employees

During the 2014 fiscal year, an average of 7 (2013: 5) people were employed by the Company.

17. Group Affiliations

USU Software AG is the parent of the companies contained in the list of participations. These are defined as the affiliated companies of USU Software AG. In accordance with Section 315a (1) HGB, USU Software AG prepares the consolidated financial statements in accordance with IFRS for the smallest and the largest consolidated group. The consolidated financial statements and the group management report are published in the electronic Bundesanzeiger (German electronic Federal Gazette). They can also be obtained on request from USU Software AG, Möglingen. They are also made available on USU Software AG's website at http://www.usu-software.de.

18. Declaration on the German Corporate Governance Code in accordance with Section 161 AktG

On December 11, 2014, the Management Board and Supervisory Board of USU Software AG issued the declaration of conformity with the German Corporate Governance Code in accordance with Section 161 AktG and made it permanently available to shareholders on USU Software AG's website at http://www.usu-software.de. Further information on the declaration of conformity can be found in the Combined Management Report on the Company and the Group, which is part of these separate financial statements.

19. Appropriation of Net Profit

The Management Board proposes using the unappropriated surplus as of December 31, 2014 in the amount of EUR 6,582 thousand as follows:

- to pay a dividend of EUR 0.30 per share for 10,523,770 shares, amounting to a total of EUR 3,157 thousand; and

- to carry forward the remaining unappropriated surplus of EUR 3,425 thousand to new account.

Möglingen, March 2, 2015

Bernhard Oberschmidt,
Chairman of the Management Board

Bernhard Böhler
Member of the Management Board

Dr. Benjamin Strehl
Member of the Management Board

Development of the Fixed Assets in 2014

USU Software AG, Möglingen

	Acquisition/production costd			
	Jan. 1, 2014 EUR thousand	Additions EUR thousand	Disposals EUR thousand	Dec. 31, 2014 EUR thousand
I. Intangible assets				
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	224	0	0	224
II. Tangible assets				
Other equipment, operating and office equipment	197	96	0	293
III. Financial assets				
1. Shareholdings in associated companies	38,406	38	0	38,444
2. Loans to associated companies	310	79	92	297
3. Participations	200	0	200	0
	38,916	**117**	**292**	**38,741**
	39,337	**213**	**292**	**39,258**

Cumulative depreciation and amortization				Carrying amounts	
Jan. 1, 2014 EUR thousand	Zugänge EUR thousand	Abgänge EUR thousand	Dec. 31, 2014 EUR thousand	Dec. 31, 2014 EUR thousand	Dec. 31, 2013 EUR thousand
3	45	0	48	176	221
126	95	0	221	72	71
1,160	551	0	1,711	36,733	37,246
0	297	0	297	0	310
200	0	200	0	0	0
1,360	**848**	**200**	**2,008**	**36,733**	**37,556**
1,489	**988**	**200**	**2,277**	**36,981**	**37,848**

Auditor's Report

We audited the separate financial statements prepared by USU Software AG, Möglingen, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system and the combined management report for the fiscal year from January 1 to December 31, 2014. The maintenance of the books and records and the preparation of the separate financial statements and the combined management report in accordance with the German Commercial Code (HGB) and the supplementary requirements of the Articles of Association are the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the separate financial statements, together with the bookkeeping system, and the combined management report based on our audit.

We conducted our audit of the separate financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the separate financial statements in accordance with German principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the bookkeeping system, the separate financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the separate financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not lead to any reservations.

In our opinion, based on the findings of our audit, the separate financial statements are consistent with the statutory provisions and the supplementary requirements of the Articles of Association and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The combined management report is consistent with the separate financial statements and, as a whole, provides an accurate view of the position of the Company and the Group and suitably presents the opportunities and risks of future development.

Stuttgart, March 2, 2015

Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Schupeck	Barth
German Public Auditor	German Public Auditor

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the separate and consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of USU Software AG and the Group, and the management report on the Company and the Group includes a fair review of the development and performance of the business and the position of USU Software AG and the Group, together with a description of the principal opportunities and risks associated with the expected development of USU Software AG and the Group.

Möglingen, March 2, 2015

Bernhard Oberschmidt,
Chairman of the Management Board

Bernhard Böhler
Member of the Management Board

Dr. Benjamin Strehl
Member of the Management Board

Management Board and Supervisory Board

Dr. Benjamin Strehl
Member of the Management Board

Bernhard Oberschmidt,
Chairman of the Management Board

Bernhard Böhler
Member of the Management Board

Udo Strehl,
Chairman of the Supervisory Board

Günter Daiss,
Vice Chairman of the Supervisory Board

Erwin Staudt,
Member of the Supervisory Board

Financial Calendar

Financial calendar of 2015	
March 26	Publication of Financial Figures 2014
May 4	Investors and analyst conference: 6. DVFA Spring Conference 2015 (formerly: Small Cap Forum)
May 21	Publication of three month report 2015
June 18	Annual General Meeting, Ludwigsburg
August 20	Publication of six month report 2015
September 18–20	IR Event 2015: Ruettnauer Research IR-Fahrt 2015
November 19	Publication of nine month report 2015
November 23–25	Investors and analyst conference: German Equity Forum 2015

* *These are preliminary dates for the 2015 fiscal year. Any changes will be published on the Company's website at www.usu-software.de*

Glossary

Adjusted EBIT
Shows USU Software AG's non- ➧ *IFRS* earnings before interest and taxes, adjusted for extraordinary items due to acquisitions.

AktG
Abbreviation for Stock Corporation Act (Aktiengesetz).

App
Abbreviation for application. In principle, the term refers to any kind of application software but it is usually used to refer to applications for smartphones and tablet computers.

Aspera
Abbreviation for Aspera GmbH. Aspera is a subsidiary of USU Software AG. As a highly specialized solution provider for software license management, Aspera operates in a strongly growing market segment. Aspera's product range includes the product ➧ *SmartTrack,* oriented toward the premium market.

Aspera Technologies
Abbreviation for Aspera Technologies Inc. Aspera Technologies is a subsidiary of USU Software AG set up in Boston, USA, in 2012. The aim of the company is the sale, maintenance and implementation of USU solutions such as ➧ *SmartTrack* in the USA.

Asset monitoring
See: Monitoring.

BIG
Abbreviation for B.I.G. Social Media GmbH. BIG, an international provider of ➧ *SaaS* solutions in ➧ *social media* management, is a subsidiary of USU Software AG. BIG has been assisting its customers in identifying, managing and successfully exploiting developments in social media for over ten years using its innovative products ➧ *BIG SCREEN,* ➧ *BIG CONNECT* and ➧ *BIG INSIGHTS.* A new social CRM solution was developed in 2014.

Big data
Refers to the use of large quantities of data from a range of sources with a high processing speed to create economic benefits. Big data is characterized by four properties: the volume of data, the large number of data sources, the speed of data production, and the growing number of users who want to exploit the potential of big data with analyses.

BIG SCREEN, BIG CONNECT, BIG INSIGHTS
Software products produced by Group subsidiary ➧ *BIG* for comprehensive ➧ *social media* analysis, for company-related, social media customer dialog, steering marketing activities and producing reports tailored to the company's needs.

BMWi
Abbreviation for the German Federal Ministry for Economic Affairs and Energy.

BZR
Abbreviation for Bundeszentralregister (German Federal Central Criminal Register).

C++
A programming language.

Call center
An automated switchboard with trained staff providing optimally efficient and customer-friendly call handling. Whether in mail-order, insurance or banking, as a customer-service hotline or in telephone sales – more and more companies, across all industries, are using a call center for communications with their customers.

Call option
An option to purchase, which grants the holder the right to purchase a specific item at a specified time or within a specified period under conditions agreed in advance.

CI
Abbreviation for ➧ *configuration item.*

CIO
Abbreviation for Chief Information Officer. The CIO generally performs the tasks of strategic and operational management of ➧ *IT* at a company. At smaller companies, the terms “Head of Information Technology” or “IT Manager” may be used instead of CIO. Stock corporations may alternatively use the term “Management Board member responsible for IT”.

Client
An individual workstation computer or workstation in a network that requests services, data or access to peripheral devices from the server. The client generally has considerably fewer access rights than the server.

Cloud
Abbreviation for ➧ *cloud computing.*

Cloud computing
Term for accessing ➧ *IT services* via the Internet. This means that users no longer need to purchase the necessary hardware or software and install and maintain it on site but can purchase the required IT services with full flexibility and then access and use them via the Internet when needed.

CMDB
Abbreviation for Configuration Management Database. Information on all ➧ *IT* equipment and operating resources, e.g. PCs with their hardware and software components, contracts, etc., is managed in this database. Unlike the traditional ➧ *IT asset management* database, the interdependency of the items managed is also mapped here.

Compliance
The personal commitment on the part of a company or its managers to adhere to the rules established by legislation, the shareholders or the supervisory board that contain many ethical aspects of the corporate philosophy. The aim hereby is to avoid creating any negative image and to prevent liability claims or actions for damages.

Configuration item
ITIL term for a hardware and/or software component used at the company that is usually recorded in a ➧ *CMDB.*

Configuration Management
Provides the IT infrastructure and services data required for ➧ *IT service management.* Both the latest and historical information on the ➧ *configuration items* is available in the Configuration Management Database (➧ *CMDB*).

Corporate Governance
The term for the responsible management and control of a company with the aim of sustained value creation. The key standards were developed by the Government Commission for the German Corporate Governance Code and compiled in the German Corporate Governance Code.

CRM
Abbreviation for ➧ *customer relationship management.*

Customer relationship management
Encompasses all measures that result in a long-term and improved customer relationship. According to the definition of CRM, a targeted focus on customers and their needs should have a sustained positive effect on the company’s performance. The integration of social media information in conventional CRM systems is referred to as ➧ *social CRM.*

D&O insurance
Abbreviation for Directors and Officers insurance. D&O insurance is fiduciary liability insurance for executive bodies such as the management boards or supervisory boards and for the executive staff of a company.

Dashboard
Term for an instrument panel that provides a quick overview of all necessary information. In terms of software, a dashboard is used to display a range of information in a condensed form, chiefly using relevant key figures.

DAX
Abbreviation for the German share index. The DAX is the leading share index in Germany and shows the performance of the 30 largest and highest-earning companies listed on the Frankfurt stock exchange.

Deferred taxes
See: Deferred tax assets/liabilities.

Deferred tax assets/liabilities
Amounts of taxes on income recoverable or payable in future periods arising from differences between the carrying amounts in the tax base and in the financial statements.

Destatis
Abbreviation for the German Federal Statistical Office.

Directors' dealings
Shareholdings held by managers of an issuer and subject to mandatory disclosure pursuant to Section 15 a ➧ *WpHG* (German Securities Trading Act).

Earn-out
Agreement, for example, in the acquisition of a company, relating to the payment to the seller of a performance-related price component if the company subsequently performs successfully.

EBIT
Abbreviation for Earnings Before Interest and Taxes.

EBITDA
Abbreviation for Earnings Before Interest, Taxes, Depreciation and Amortization.

EBT
Abbreviation for Earnings Before Taxes.

Equity ratio
The ratio of equity to total assets. The higher a company's equity ratio is, the lower the company's leverage.

Escalation management
Sequence of processes in the system in order to comply with the time frames committed to in ➧ *service level agreements*. This firstly involves deadline monitoring by the system and secondly notification of the employees concerned.

Gartner
Abbreviation for Gartner Inc., a US market research company.

GDP
Abbreviation for gross domestic product. GDP is a measure of the economic output of an economy over a specific period. It measures the monetary value of all domestically produced goods and services. GDP adjusted for the movement in prices is referred to as real GDP. The rate of change recorded for real GDP serves as a measurement of an economy's economic growth.

Goodwill
Inherent value of an asset resulting from the takeover of operations or from capital consolidation.

Gross income
Sales less cost of sales.

HelpDesk
See: User HelpDesk.

HGB
Abbreviation for German Commercial Code (Handelsgesetzbuch).

ifo
ifo Institut – Leibniz-Institut für Wirtschaftsforschung an der Universität München e.V. One of the leading German economic research institutes.

IFRS
International Financial Reporting Standards, which assure a globally comparable framework for the preparation of financial statements and reporting to strengthen confidence in the financial markets and improve investor protection.

Impact analysis
A method for collecting and identifying processes and functions within an organization. The aim is to determine the resources on which the processes are based. In addition, an impact analysis can identify interdependencies between processes and/or segments and determine the effects if processes fail, how critical each process is for the Group as a whole, and the necessary recovery time. Together with a risk analysis, the impact analysis forms the basis for a security strategy that can support the company in emergencies and crises.

Impairment test
A test of impairment for the valuation of non-current assets and a check for any necessary reduction in value. Thus, the ◆ *goodwill* reported in the consolidated balance sheet is subject to impairment testing at least once a year in accordance with ◆ *IFRS* 3, instead of to scheduled amortization. Impairment testing can result either in confirmation of the reported goodwill or in a write-down that reduces net profit for the period.

Incident
A disturbance in the field of ◆ *IT*. The range of possible incidents varies from technical problems and weak spots to actual attacks on the IT infrastructure.

ISIN
Abbreviation for International Securities Identification Number. The ISIN is a twelve-character international identification number for securities and enables unique identification of securities traded on the stock exchange.

IT
Abbreviation for information technology.

IT asset management
Covers the automated management of all IT components and their relationships throughout their entire life cycle including all financial, procurement-related and contractual information.

Item monitoring
See: Monitoring.

ITIL
IT Infrastructure Library – a collection of technical and methodological principles for optimizing ➧ *IT service* processes. ITIL was developed in the late 1980s by the CCTA (Central Computer and Telecommunications Agency) based on practical experience. It constitutes a manufacturer-independent framework that describes a systematic procedure for introducing, operating and managing ➧ *IT* and its services. ITIL defines processes, functions, roles, responsibilities and design elements that form the basis and prerequisite for efficient and effective IT operations.

IT service
Provision of one or more technical or non-technical systems (hardware, software, employees) required for the performance of business processes.

IT service management
All established measures and methods necessary to ensure that the IT organization provides optimum support for all business processes. IT service management describes the transformation of IT towards customer and service orientation while retaining due regard for the economic goals. Through the value-adding integration of company-wide knowledge into the core processes of the company, USU passes on to its customers the potential to optimize their business processes further and to operate more cost-efficiently using a uniform information base. This so-called knowledge-based service management represents an attractive unique selling point for the USU Group.

ITSM
Abbreviation for ➧ *IT service management.*

Knowledge-based service management
Value-adding addition of knowledge management solutions to ➧ *IT service management* for optimum support of a company's or group's business processes. Following the integration of the ➧ *ZIS* products from ➧ *LeuTek,* ➧ *SmartTrack* from ➧ *Aspera* and the ➧ *USU KnowledgeCenter* from USU AG with ➧ *Valuemation,* USU has become the only European supplier to have its own comprehensive product suite for knowledge-based service management.

Knowledge database
Knowledge databases are special databases for knowledge management. They provide the basis for the collection of information. Organizations make their ideas, problem solutions, articles, processes, user manuals and other content available for all authorized users. A knowledge database requires a carefully structured classification system, formatting of its content, and user-friendly search functions.

LeuTek
Abbreviation for LeuTek GmbH. LeuTek is a subsidiary of ➧ *USU Software AG.* LeuTek is a software company that develops and markets the standard software for systems management, such as the software products ➧ *ZIS System, ZIS GUI and ZIS SLM* developed in-house.

Loss carryforward
Carryforward of tax losses to future fiscal years in order to offset against future profits.

Monitoring
Term for the controlling of individual computers, servers or entire computer centers.

myCMDB
Current product suite from the subsidiary ➧ *OMEGA.* With myCMDB, the ➧ *USU Group* offers a standard ➧ *IT service management* software solution for small and medium-sized companies and public administrations. The ➧ *SaaS* solution from OMEGA operates under the name myCMDB Business.

OMEGA
Abbreviation for Omega Software GmbH. OMEGA is a subsidiary of USU Software AG. OMEGA's key business segment is service provision and marketing products such as the product suite ➧ *myCMDB.*

Perl
A ➧ *programming language.*

PHP
A ➧ *programming language.*

Prime Standard
The market segment at the Frankfurt stock exchange for companies aiming to position themselves for international investors. Prime Standard companies are required to fulfill stringent transparency requirements that extend far beyond the minimum statutory requirements of the regulated market.

Programming language
Artificially created language in the field of ➧ *IT* for developing software products.

Put option
An option to sell, which grants the holder the right to sell a specific item at a specified time or within a specified period under conditions agreed in advance.

PV
Abbreviation for photovoltaic.

Python
A ➧ *programming language.*

Release
Refers to the finished, published version of a piece of software. The designation of the version then changes; usually the version number is incremented.

Root cause analysis
Also referred to as a cause of error analysis – one of the key tools of business management. It involves recording errors and their causes and statistical analysis of these data, followed by an evaluation based on which measures for avoiding errors are derived.

SaaS
Abbreviation for ➧ *software-as-a-service.*

Self-service
Provides users with simple, intuitive access to solutions for questions and problems. Procedures and processes are simplified and accelerated and user satisfaction enhanced.

Service level agreement
Refers to the measurable description of an ➧ *IT* service to be performed, including the quality to be achieved and the measurements to be applied.

Service-oriented architecture
An information technology architectural style for structuring and using the services of ➧ *IT* systems. A focus on business processes plays an important role in this context.

Service request
Request by users in relation to an ➧ *IT service,* for example the provision of new hardware or software.

SmartLink
A newly developed, knowledge-based ➧ *self-service* application of the Group subsidiary ➧ *USU AG* that combines all services and information for end users in a single channel. Intelligent assistance systems automate the processes for acquiring and distributing information, while new forms of communication such as chat and messages optimize communication.

SmartTrack
Software license management solution from the Group subsidiary ➧ *Aspera* to ensure adherence to ➧ *compliance* guidelines that meet audit requirements with respect to the use of software licenses and also achieving extensive cost savings through license optimization. Depending on the size of company and investment volume, customers using SmartTrack save an average of 20% of their original outlay for software licenses and are able to prove compliance at any time. As part of the USU Group's approach to the growth market of ➧ *knowledge-based service management,* SmartTrack was integrated with the product suite ➧ *Valuemation.*

SOA
Abbreviation for ➧ *service-oriented architecture.*

Social CRM
Social CRM is used to analyze relationships between customers and target groups and their attitudes towards the company. Internet users are included in the company's communications processes so that these processes can be geared towards customers' requirements even more effectively. In this context, it is no longer just data relating to customer acquisition, purchases, repeat purchases and complaints that are saved, but also opinions and communication activities by customers and target groups of the company.

Social media
Term for media such as Facebook, Twitter and various specialist forums. Social media enable their users to exchange and create media content individually or with others. In this respect, they constitute a day-to-day medium for communication and information and are becoming more and more important to companies across areas such as marketing, sales and recruitment.

Software-as-a-service
Term for the flexible and scalable provision of software as a service via the Internet. Customers can use the necessary software as needed via the Internet and are no longer required to install it locally. SaaS is therefore a subarea of ➧ *cloud computing.*

Stay bonus
Part of the purchase price in the case of acquisitions such as ➧ *BIG,* ➧ *Aspera* and ➧ *USU Consulting GmbH,* for the continuation in the role of managing director of the seller for a specified period of time in order to ensure that specific expertise is retained within the Group.

Systems management
Centralized management, monitoring, visualization, automation and controlling of all a company's or a group's systems and processes required for IT operation.

User HelpDesk
System for recording, tracking and resolving external or internal requests for support. Software solutions such as ➧ *Valuemation* or ➧ *USU KnowledgeCenter* are used in the User HelpDesk to improve service quality through short response times and efficient problem solving as well as rapid transfer of knowledge.

USU
Abbreviation for the whole USU Group comprising the Group parent company, USU Software AG, and the Group subsidiaries including USU AG, ➧ *Aspera,* ➧ *Aspera Technologies,* ➧ *BIG,* ➧ *LeuTek,* ➧ *OMEGA* and ➧ *USU Consulting GmbH.* The USU Group has strategically positioned itself in the market for ➧ *knowledge-based service management.*

USU KnowledgeCenter
Modular, web-based product suite from USU AG for information provision in knowledge-intensive business processes. The patented technology from USU KnowledgeCenter has won many awards.

USU KnowledgeScout
A software product from USU AG that operates as an interactive advice system for technical customer service.

USU Lifebelt
A software product from USU AG that operates as a ➧ *self-service* solution for ➧ *IT* support.

USU Service Intelligence
A software product from USU AG that enables information from various source systems to be thoroughly analyzed, combined to provide reliable indicators, and presented in role-based ➧ *dashboards.*

USU – U Step Up
Career model from USU for ongoing development and further training of the workforce.

Valuemation
A holistic product suite for comprehensive and cost-saving ➧ *knowledge-based service management* for a company or a group. Valuemation combines all technical and financial information relating to *IT* on one platform. This means that Valuemation offers all central products and modules for the presentation, administration, monitoring and originator-based billing of all IT components – from the largest servers to the network and mobile end-devices such as smartphones and tablets.

WKN
Abbreviation for the German securities code number. The WKN was used to provide unique identification of a security in Germany. As part of the global standardization of security identification, the WKN was replaced by the International Securities Identification Number, ➧ *ISIN.*

WpHG
Abbreviation for the Securities Trading Act (Wertpapierhandelsgesetz).

XETRA
Abbreviation for the Exchange Electronic Trading system at the Frankfurt stock exchange.

ZIS System, ZIS GUI, ZIS SLM, ZIS Agent
Software products from the Group subsidiary ➧ *LeuTek* for the monitoring, visualization, automation and controlling of all systems and processes required for IT operation. ZIS was integrated as part of the USU Group's approach to the growth market of ➧ *knowledge-based service management.*

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