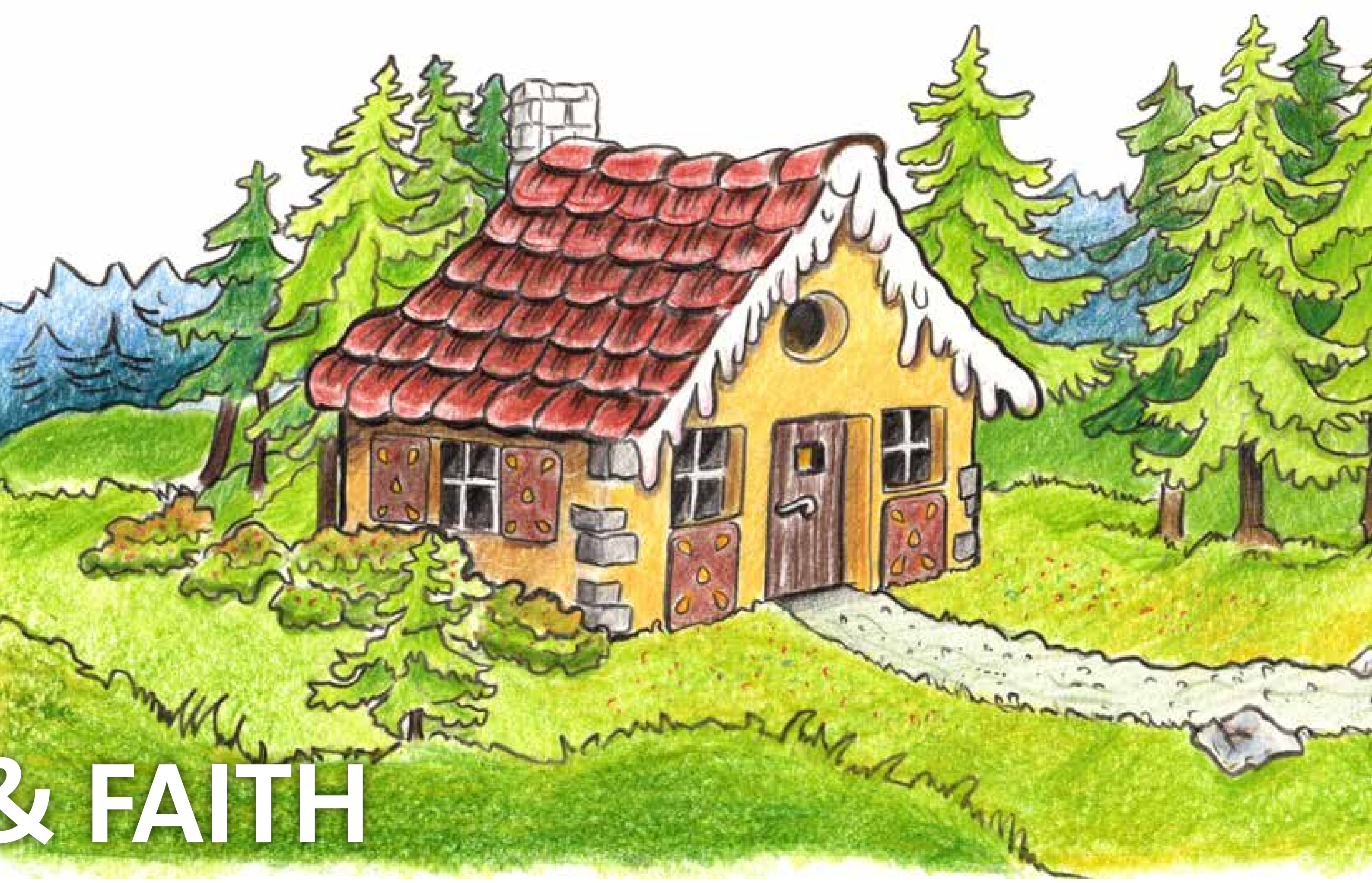
GOOD &

ANNUAL REPORT 2015 OF USU SOFTWARE AG

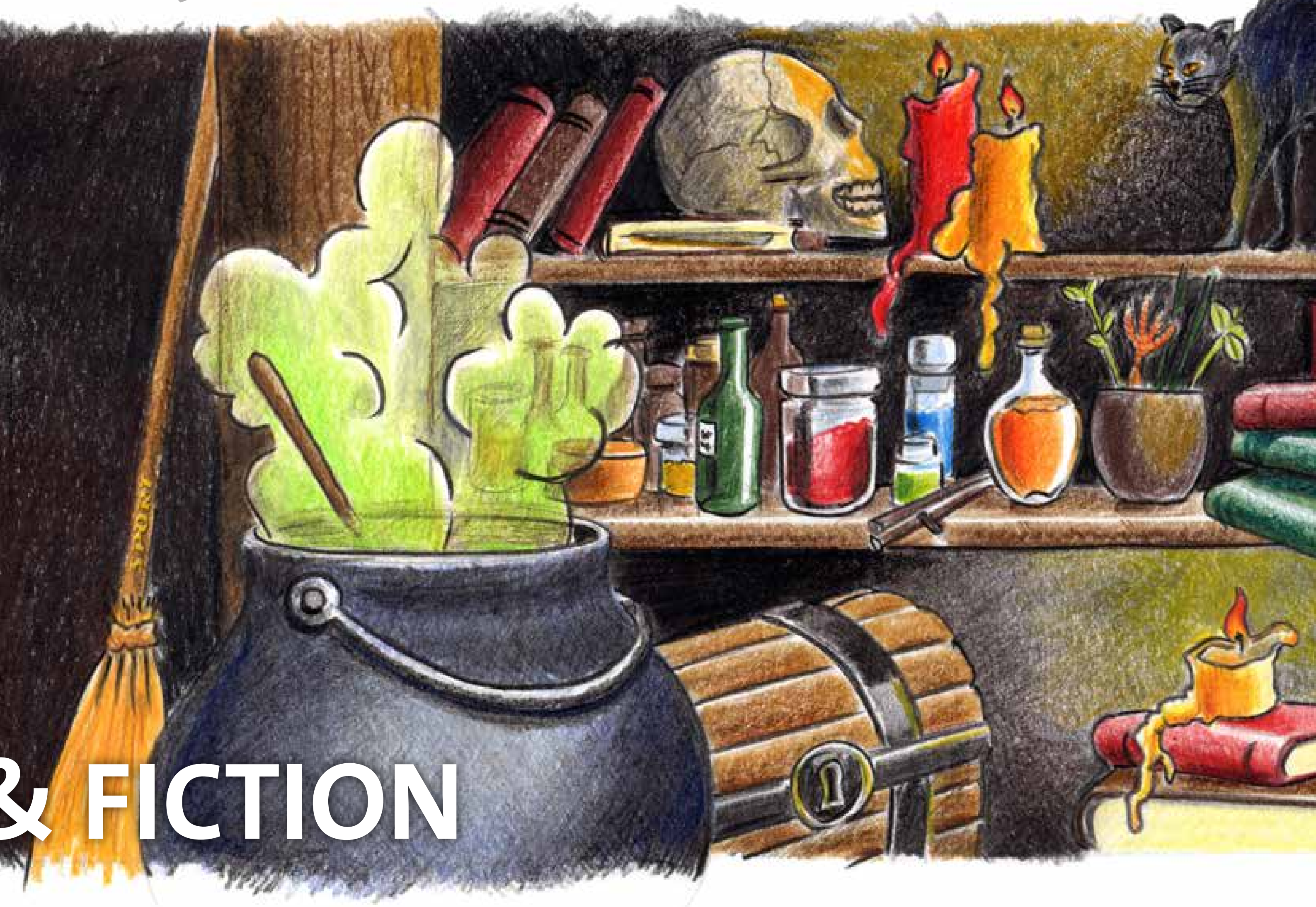
Once upon a time, there was a fairy tale called



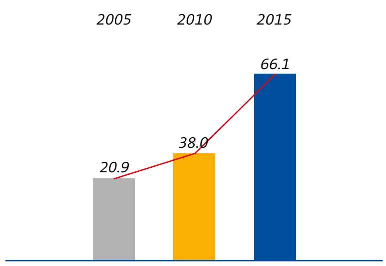
Hansel and Gretel.

Isn't our life like a fairy tale?
Forces that we do not see are acting everywhere.
Everywhere, we see things that do not even exist.
Magic is everywhere. Wonderland is everywhere.
Yet we call this everyday life, a profane world.
Rational. Intelligent. Thought-out. Reasonable.
A result of software. More than just a dream.
This is reality.

Everyone knows it.



& FICTION

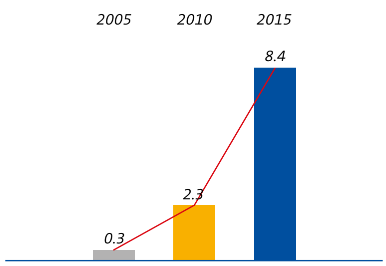


Sales of the USU Group in Mio. EURO

But does everyone know the end?

The fiscal year at a glance in accordance with IFRS in EUR thousand	**2015**	2014
Revenue	66,091	58,933
Adjusted EBIT	8,789	7,276
Adjusted consolidated earnings	8,789	5,963
Adjusted earnings per share	0.84	0.57
EBITDA	9,878	8,886
EBIT	7,590	6,673
Net profit for the year	8,382	5,512
Earnings per share	0.80	0.52
Equity	60,791	55,608
Total liabilities and equity	89,186	85,174
Equity ratio	68.2%	65.3%
Cash and cash equivalents	23,109	18,920
Net cash from operating activities	12,150	7,740
Number of employees at year-end	498	452

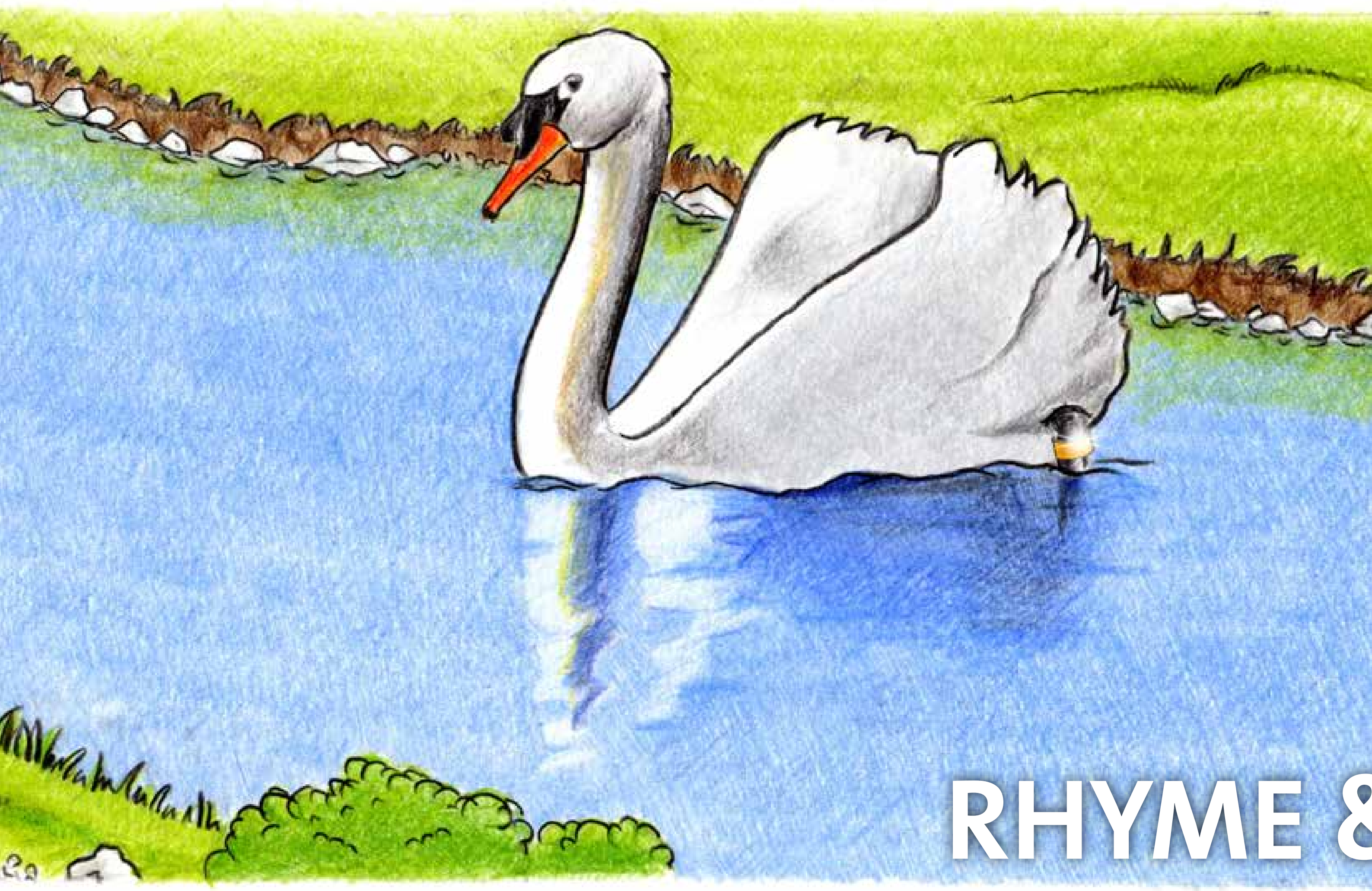
They discovered a treasure and took it home.



Consolidated net profit of the USU Group in Mio. Euro

USU Software AG: Fiscal Year 2015	**8–27**
Case Studies	**28–35**
Advisory Board of the USU Group	**36**
Report of the Supervisory Board of USU Software AG	**37–39**
Management Report on the Company and the Group for Fiscal Year 2015	**41–66**

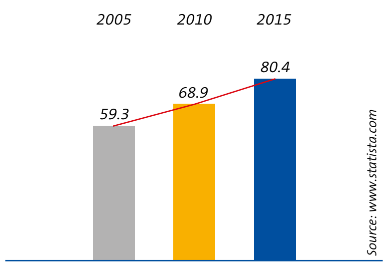
What did they do with it?



Consolidated Financial Statements	**67–109**
Consolidated Statement of Financial Position	68–69
Consolidated Statement of Profit or Loss	70
Consolidated Statement of Comprehensive Income	70
Consolidated Statement of Cash Flows	71
Consolidated Statement of Changes in Equity	72–73
Notes to the Consolidated Financial Statements	74–109
Group Auditors' Report	**110**
Annual Financial Statements	**111–121**
Statement of Financial Position	112–113
Statement of Profit or Loss	114
Notes	115–121
Single-Entity Auditors' Report	**122**
Responsibility Statement	**123**
Management Board and Supervisory Board of USU Software AG	**124**
Financial Calendar	**125**
Glossary	**126–133**
Legal Notice	**134**

Hansel thought of a castle but Gretel thought

& REASON



IT sales in Germany in billion Euro

of something else.

IN GRAND

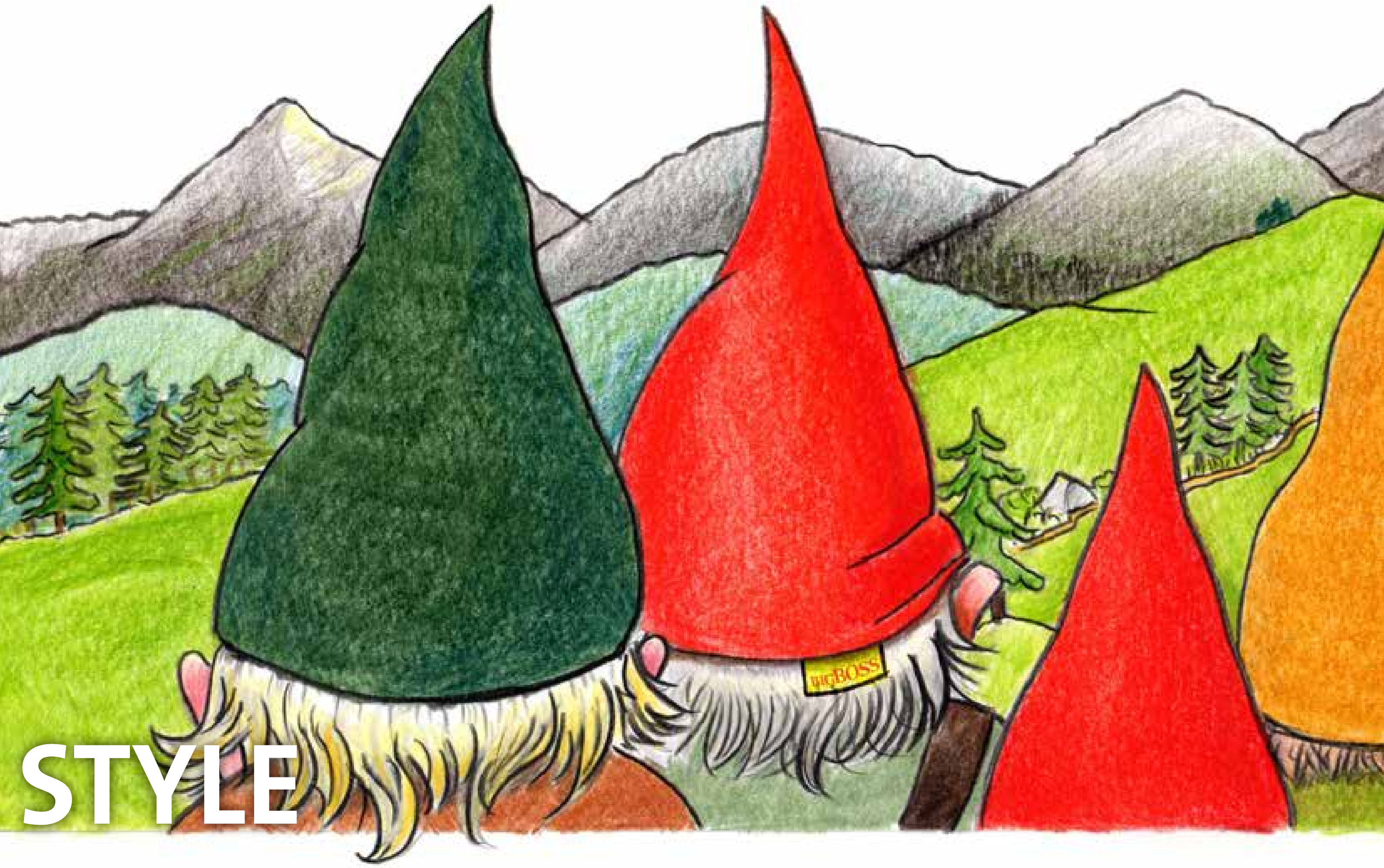
Software is the connection between wishes and reality – like in the world of fairy tales. Here, we face a cruel reality – there, wonders, magic and mental strength can do anything.

Software is a tough business in which thousands of companies with millions of employees deal with billions of people. With ideas that result in apps. With concepts that result in projects. With solutions that inspire us in turn with new ideas. Software is a never-ending story.

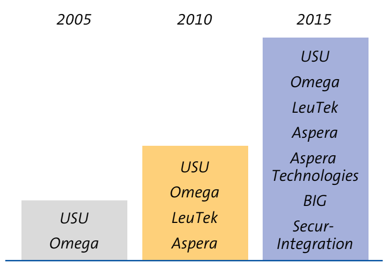
At USU Software AG, we are right in the middle of this never-ending story, which we can hardly escape from, just like Hansel and Gretel, Snow White or Sleeping Beauty from the Brothers Grimm book of fairy tales.

USU Software AG is surely only a dwarf in this business – but it is a huge business that paid off for us all in 2015. We do not know if Hansel and Gretel invested this treasure, which they found in the witch's house (earning no interest there), in USU shares. But if they all lived happily ever after, they certainly did.

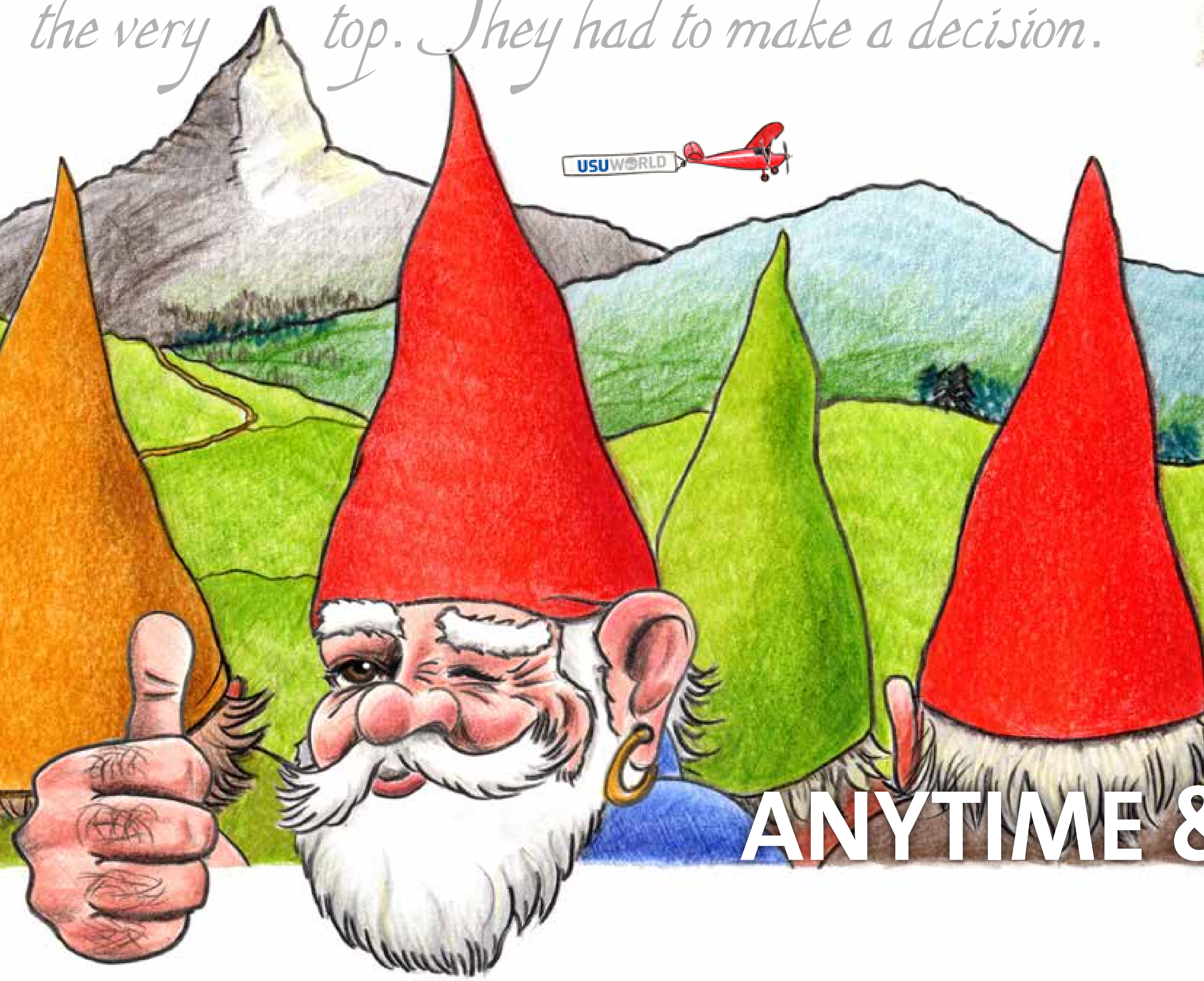
Instead of arguing, they invited their friends to



STYLE



Currently active subsidiaries of USU Software AG *the very top. They had to make a decision.*



ANYTIME &

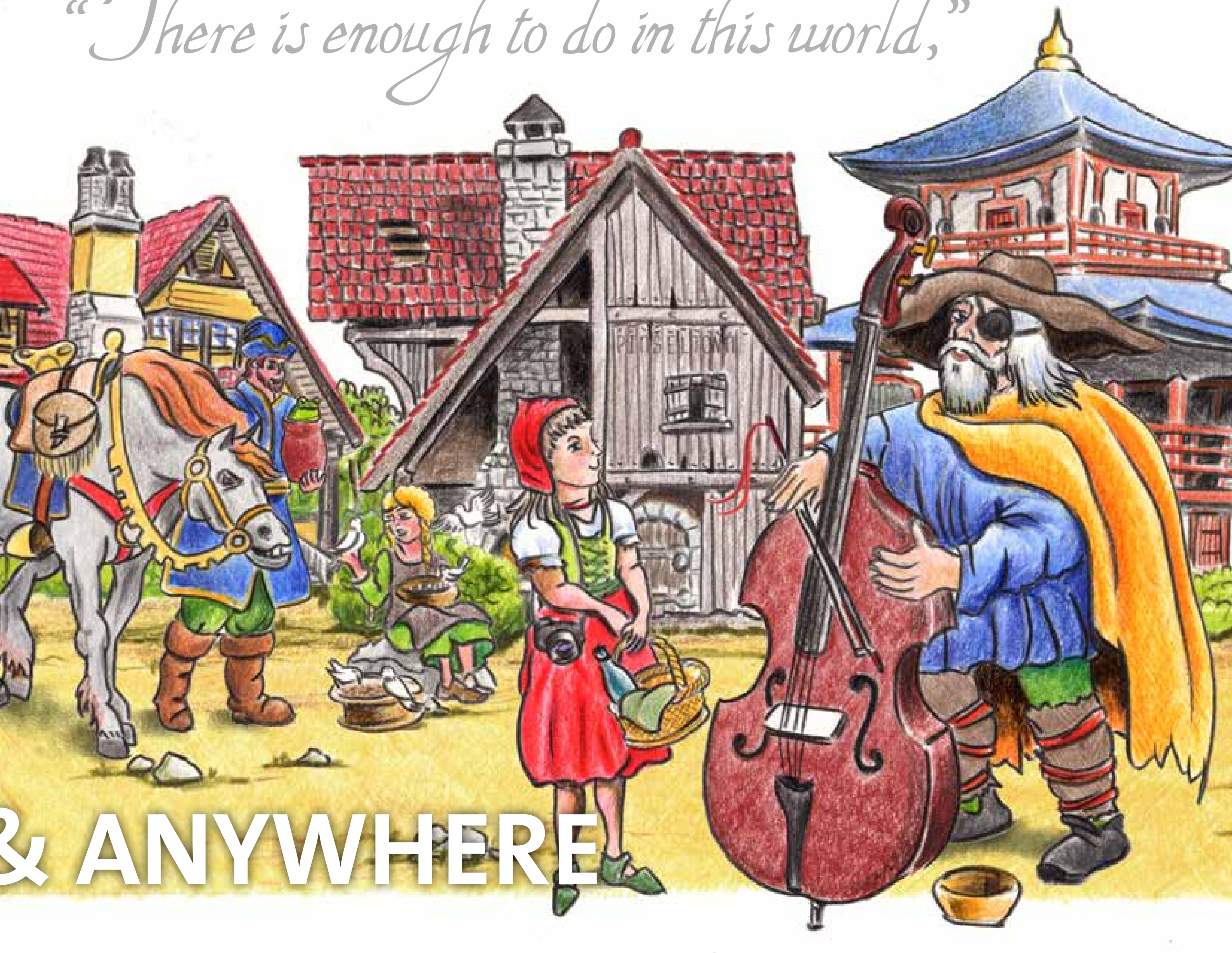
Nobody knows where they came from. Nobody knows what brought them together. In a way, they were already always side by side and will stay this way until kingdom come – the Seven Dwarfs by the Brothers Grimm.

This somehow reminds us of USU Software AG. The company was indeed created in 1977 originally as a single entity: Udo Strehl Unternehmensberatung. However, it is now a group of companies that certainly did not anticipate at the time they were established that they would be part of the same group one day. Regardless of whether they are now known as Omega, LeuTek, Aspera, BIG, USU AG or SecurIntegration – they came from all over and are now part of a family with a joint focus on the manufacture, maintenance and marketing of software. Around the world.

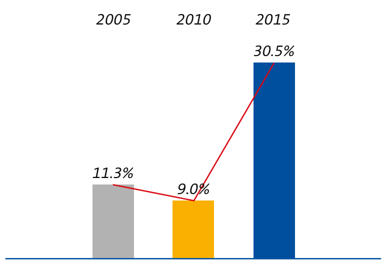
Even if they are not giants and only small living creatures, the seven dwarfs are still world famous. This also applies to the companies of USU Software AG. They are among the champions of their area of expertise.

Incidentally: Once a year, these dwarfs invite their customers around the world to their own summit: USU World. In 2016, this meeting will take place in the vicinity of the seven mountains, the Siebengebirge hills in Bonn, in the old Bundestag.

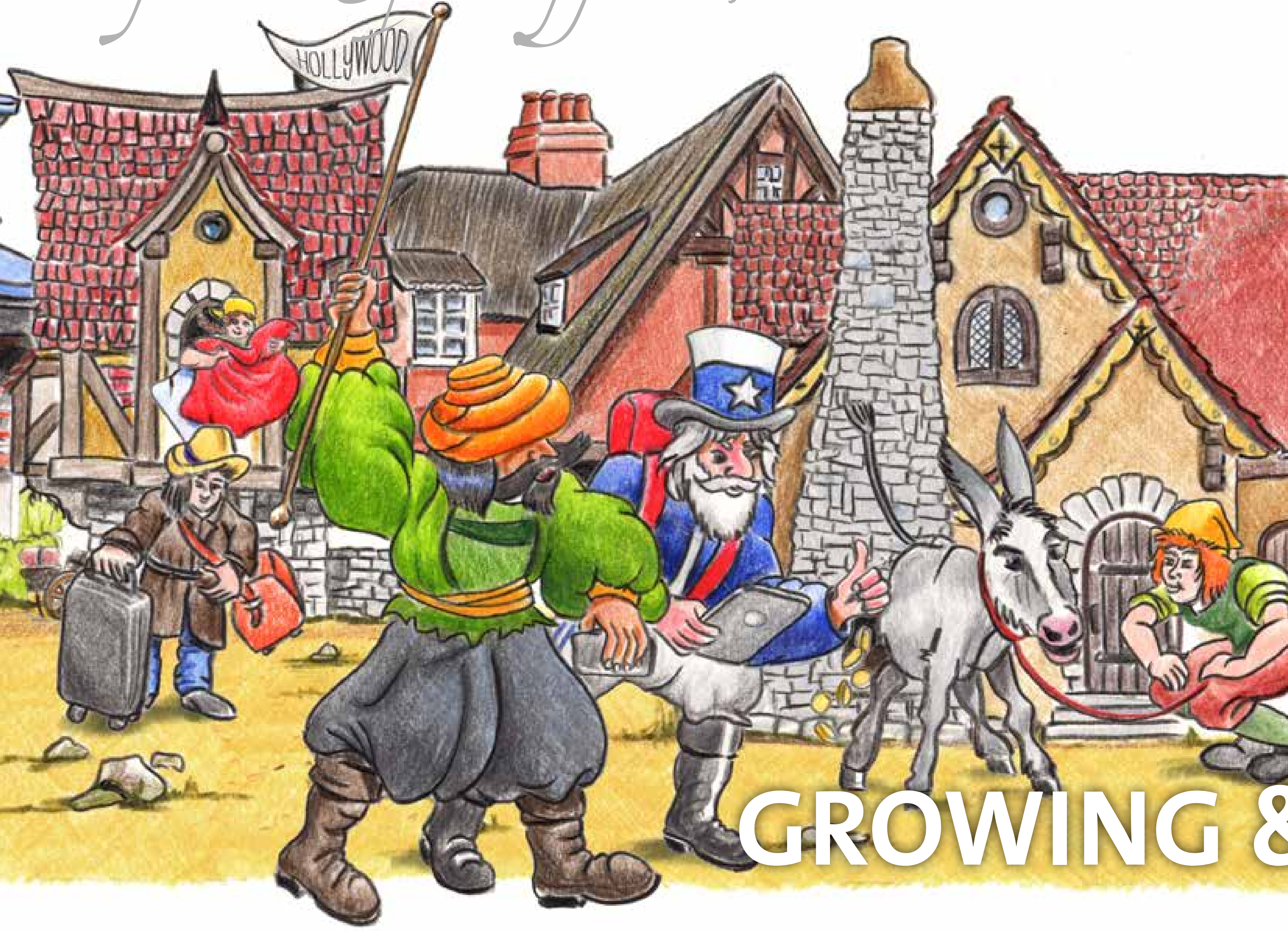
"There is enough to do in this world,"



& ANYWHERE



Share of international business in the consolidated sales of USU Software AG *they said. "Especially for us, the small ones."*



GROWING &

Some people still cannot believe it – but it is true. Snow White, Little Red Riding Hood, Sleeping Beauty and of course Hansel and Gretel are not Hollywood inventions. In fact, they are originally German – which we consider to be far from grim news. Global successes on the big screen.

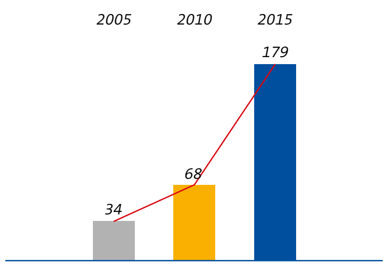
Many will continue to be unaware of this – but it is true. For instance, some software have names that sound so sophisticated and American although they were not created in the USA. In fact – and we are proud to say this – they are originally German. Global market leaders in their field.

This also includes the services of USU Software AG. For example, in the field of license management, we are a leader among various types of companies of different origins that dynamically manage their global software assets worth millions. A legendary rise to the top preceded this.

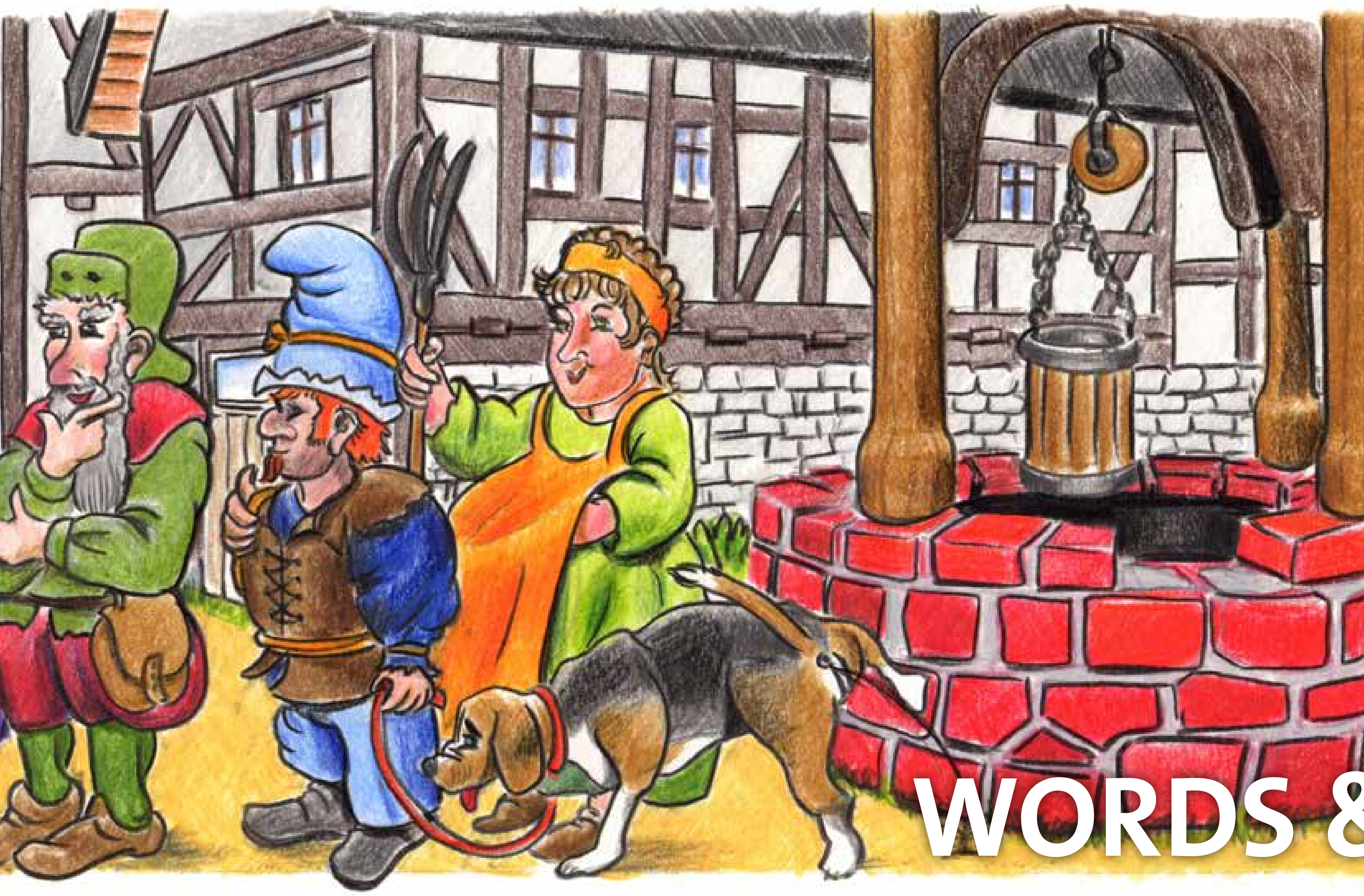
Sometimes. we cannot even believe it ourselves.

"The big ones always have everything - apart

& THRIVING



Number of product consultants in the USU Group *from what they are lacking."*



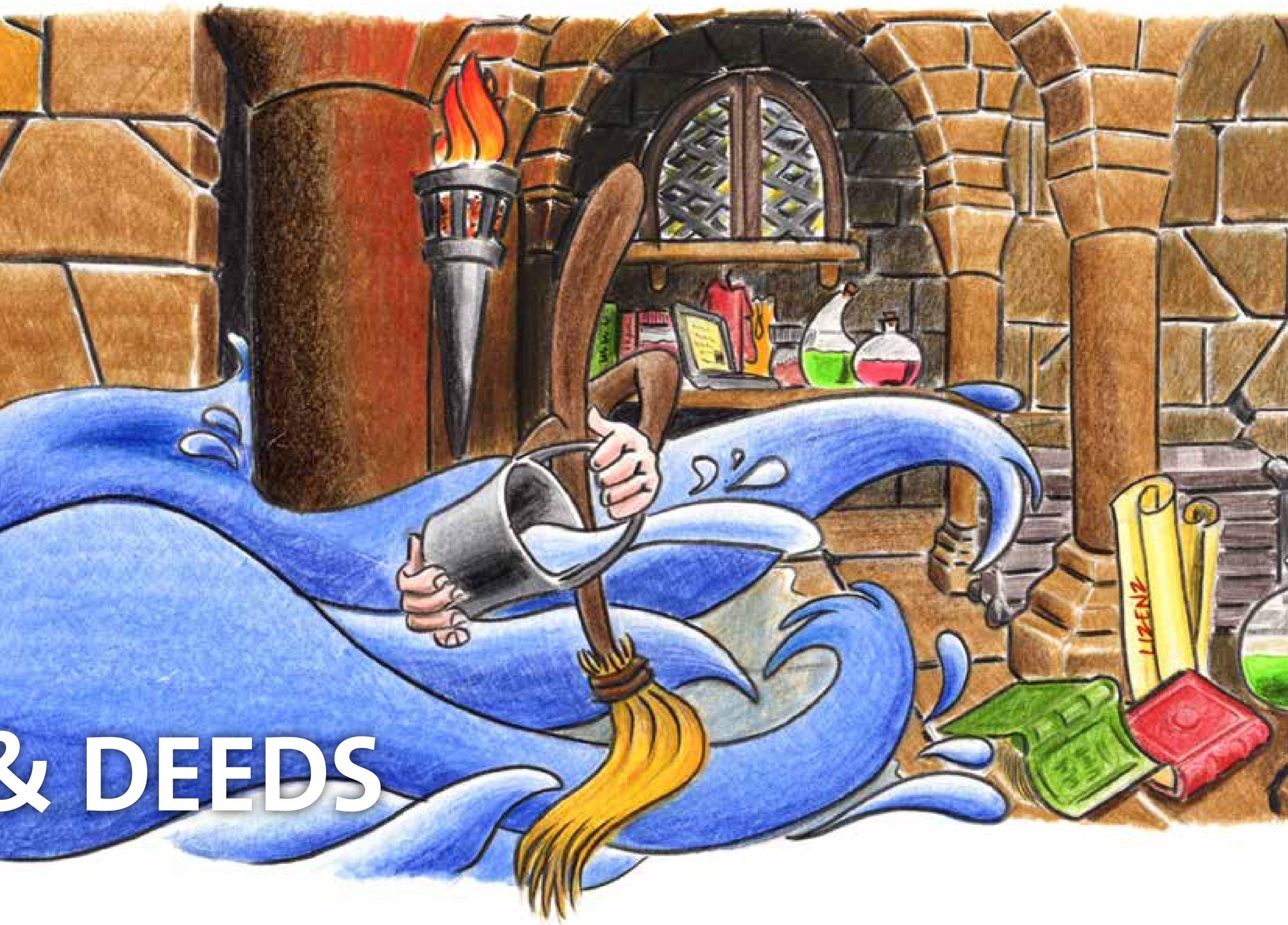
Good advice is sometimes worth more than all the gold in the world. This is not only true in fairy tales when a wise lady gives a bit of advice or a dwarf points someone in the right direction and works wonders. This is a daily challenge in our large and highly complex business world. Therefore, the demand for good consultants is unprecedented.

If they are really good, they are also in the right place at the right time – like in a fairy tale. Modest. Without making a show. Because they know that the worth of their accomplishments depends solely on whether the other person, the customer, also recognizes this. This is frequently the real test in fairy tales.

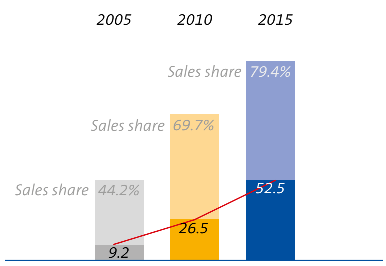
People have to identify those who are well intentioned. This determines whether a project will be successful or not. USU Software AG believes that this is a question of honor and honesty. Our words always match our deeds. This is the secret of our success – our joint success.

You can trust us on this one.

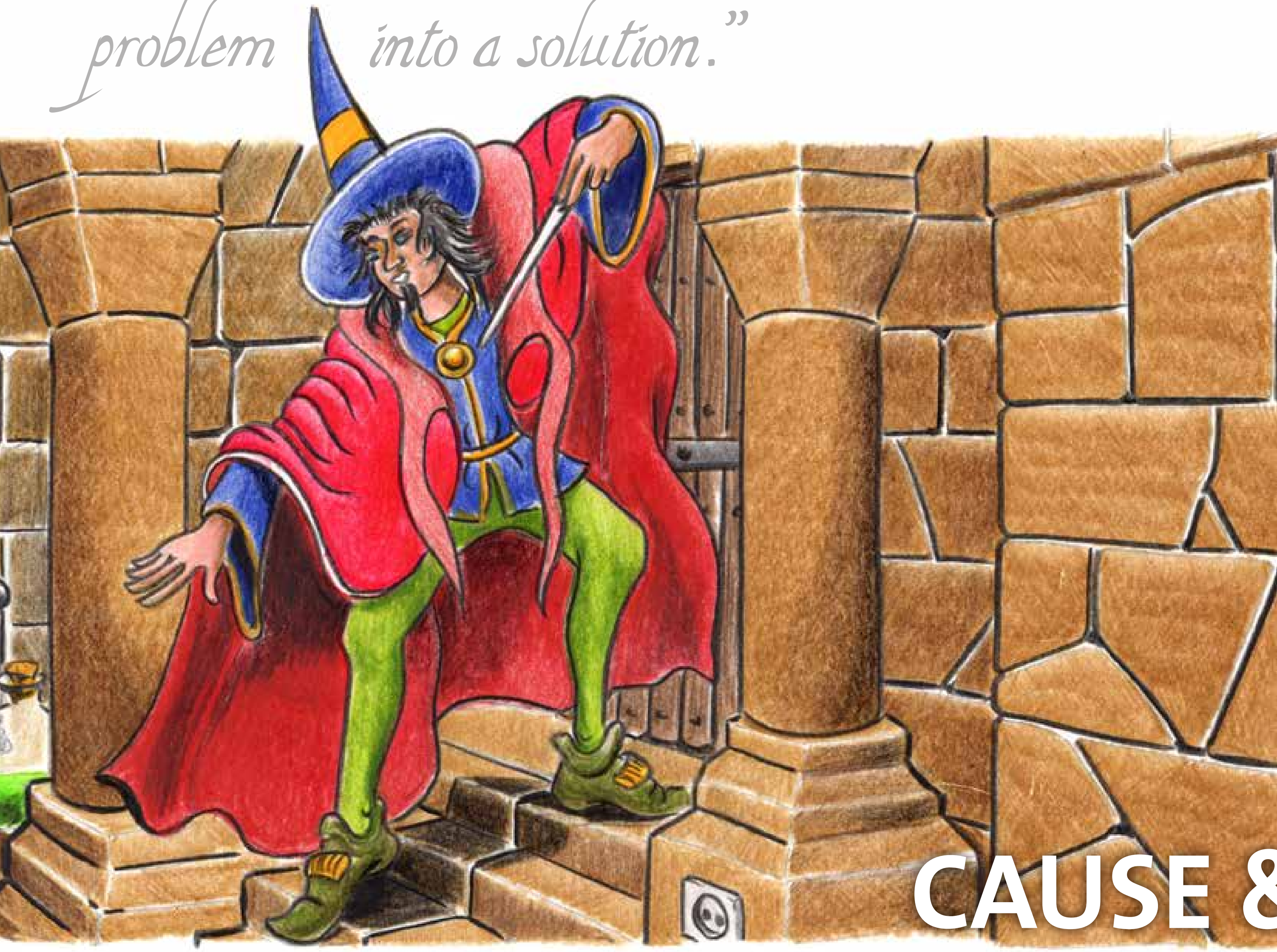
“Software is magical power that turns every



& DEEDS



Sales from the product business in the USU Group in Mio. Euro *problem into a solution.”*



CAUSE &

Goethe’s sorcerer’s apprentice once said: “The spirits that I have summoned, my command ignore.” No matter what he did, his broom would always scoop more water out of the well. Everything was flooded. Everything got out of control. It was far too much of a good thing. This also applied to us when we opened our doors to software ghosts one day. Like the water in Goethe’s poem, they were flowing everywhere. Nobody knew why. Everyone had lost track.

Where was the master who had the magic software to end this chaos?

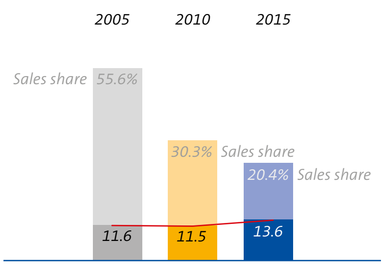
Is it even possible to have too much software, hardware and IT? Every company needs such a master, at the latest when everything has to be paid, in the form of licenses and contracts, servicing and maintenance or human and technical resources.

Over 700 companies have now found their sorcerer in USU Software AG products worldwide. It reliably and masterfully monitors thousands, hundreds of thousands or even millions of IT inventories.

A lot of money is saved in this way. With IT. In IT. Using IT. You won’t believe it – but it is true.

“This is our advice,” said the dwarfs

& EFFECT



Sales from the service business in the USU Group in Mio. Euro *as they dived into their work.*

CHERISH &

It may be true that we want to shift everything relating to IT into the sky, preferably far away in the Cloud. Because it allows us to save a great deal on service. Because blessings come from above. Always the newest software. Always the latest data. Everything is always there. Cherished and maintained.

Everything seems to be really easy. Otherwise it could not be up there.

But our lives are happening on Earth. We work here. Everything comes into existence here – like the things that the Cloud needs and brings. Sometimes, we have to go in depth. Prospect and create. Work hard and sweat. Everything is difficult. Otherwise anyone could do it.

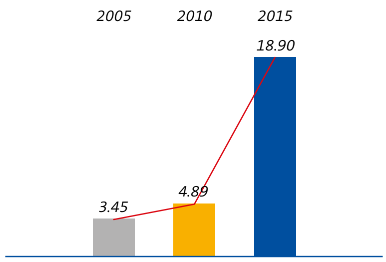
Indeed, the more personalized a service is, the more challenging it is. Particularly in the world of IT. Here, customers want extremely important projects to take place directly on-site. In person. On the spot. On the ball.

In this case, it is impossible to take off quickly.

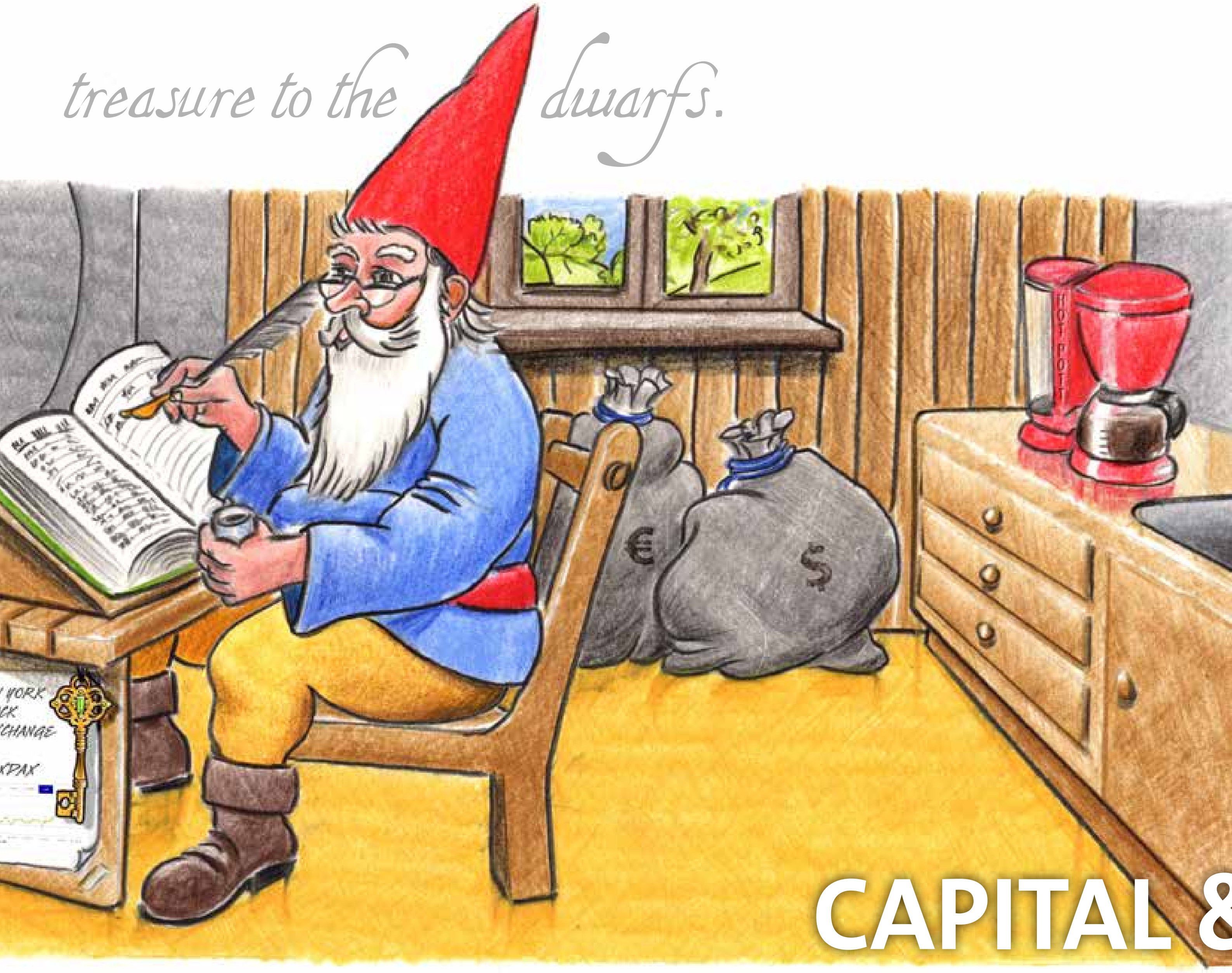
Every beginning is difficult. This may be the reason why USU Software AG started with services almost 40 years ago. In a very earthly manner. As a heavyweight. We truly believe that these efforts are worthwhile for our customers and for us.

Hansel and Gretel decided to give their

& MAINTAIN



Status of the share of USU Software AG on December 31 of each year in EUR *treasure to the dwarfs.*



CAPITAL &

A German tabloid opened the 2016 stock market year by claiming that it must be jinxed. Everything was still fine. A solid DAX. A good price. A strong course. The increase in USU Software AG's share was almost magical. It rose by more than 38.7%. 2015 was a successful year.

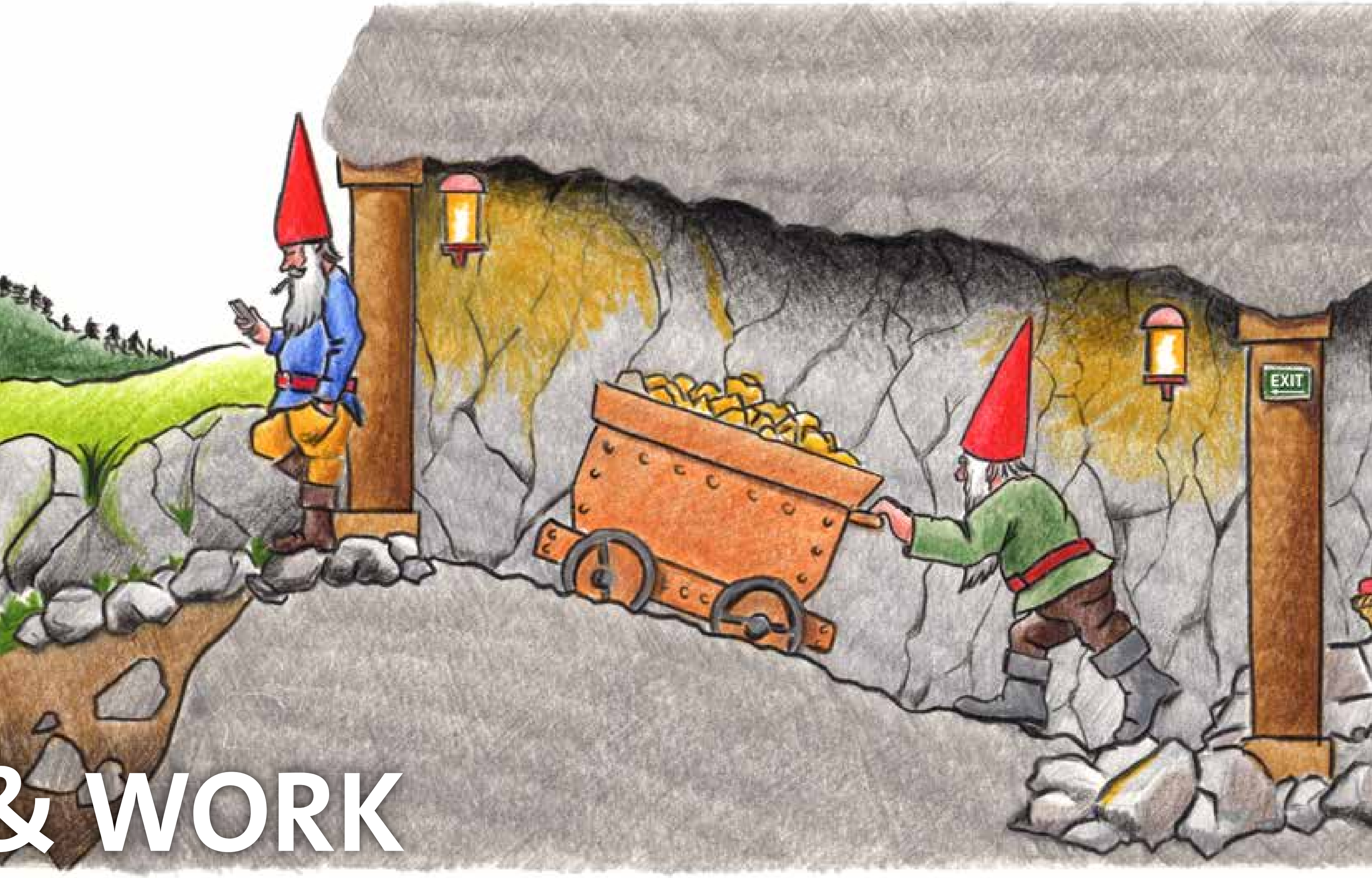
And all of a sudden, there was turmoil.

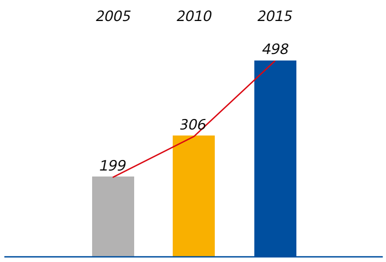
But Hansel and Gretel were hardly concerned. Nothing could worry them again. They had survived the new market, September 11, 2001, the great financial crisis and all of the many scandals and warlike riots in the world. They knew what a good investment was. Like USU Software AG.

A company with a solid base. A company with stable management and confident employees. A company with character, fire, spirit and likability. Not slathered and hidden behind PR clouds. Simply different. Simply good. Simply honest.

Simply a company you can trust.

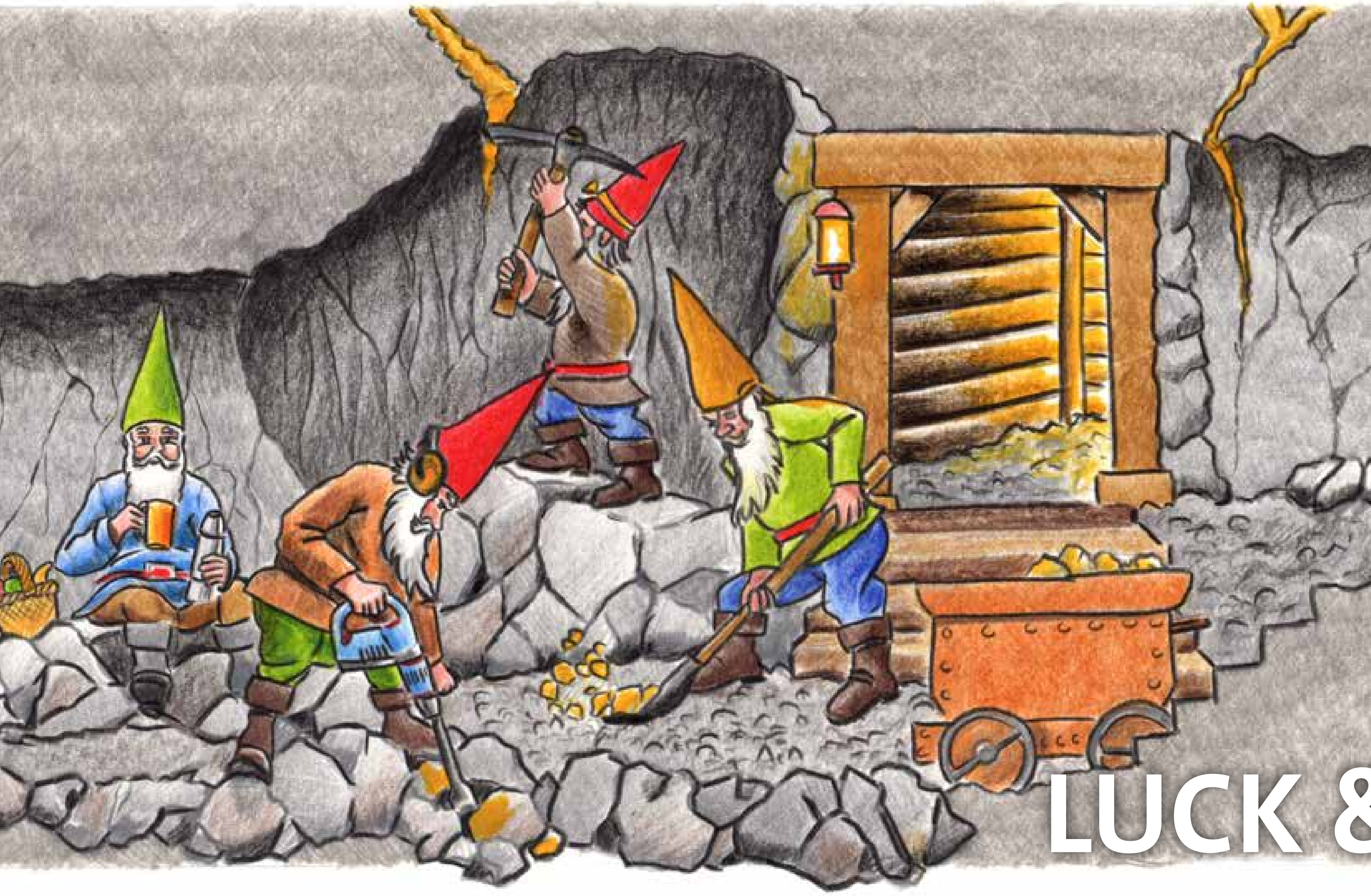
They slogged away incessantly and created an





Number of employees in the USU Group

enormous treasure of software.



Fairy tales are full of wonders and wishes. Fairy tales are like software. Everything is very easy. At the touch of a button, so to speak.

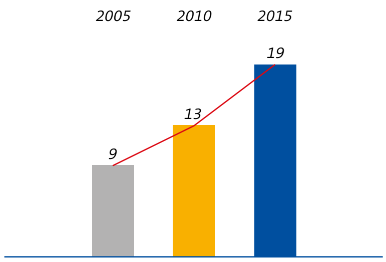
Even if we know that a lot of work is involved. In-depth brainwork. Resulting in a treasure of invisible orders worth millions that we, the people, obey.

This is software. And we, the people of USU software AG, are working on this.

We build software - something that nobody sees but runs through everything we use. This is our belief. This is our life.

Hansel and Gretel were therefore very

& BLESSINGS



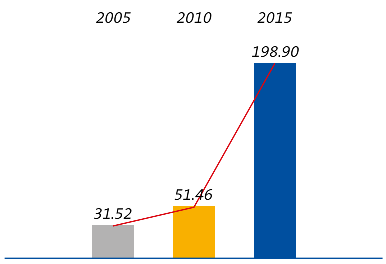
Number of artists and projects supported by USU Software AG *pleased because everything had been done well.*

HEAVEN &

Do good – and let it be! In fairy tales, heroes do not wonder what they will receive in return for doing something good. They simply do it and take delight in doing so.

Of course, they are still rewarded – at least in fairy tales. We, the people of USU Software AG, are pleased when our silent help achieves something good. For people in need. For people in sports. For people in the arts.

This is what we have been doing year after year. In good faith.



Stock market value of USU Software AG
on December 31 of each year in Mio. Euro

and shall also benefit from this next year.

WISHES &

In fairy tales, prophecies always seem to come true. In real life, our destiny is in our hands, even if many forces other than kings, dwarfs, fairies and witches have an impact.

We have to take the global economy, technical progress, customer requests, employee abilities, high-level politics – and our own objectives and values – into account. These may even play a crucial role. We look after ourselves. Therefore, we, the people of USU software AG, are heading towards the future with great confidence.

This takes us back to fairy tales and believing in something good.

Fairy tales do not tell any myths.

Seamlessly monitored thanks to IT service monitoring

As a public law institution of the Hanover region, Hannoversche Informationstechnologien (HannIT) provides diverse IT solutions for municipalities, utility and transport companies. This includes Internet services, GIS technologies, municipal applications or mobility and planning procedures. As an eGovernment service provider, HannIT attaches a lot of importance to the holistic description of processes and optimal support using a set of needs-based IT tools. The aim is to offer government customers these standardized

& REALITY

service packages and thus allow them to be closer to citizens as well using efficient process automation.

This requires smooth technical processes, rapid fault corrections and the minimization of failures in key systems. As a result, those responsible opted for professional systems management and LeuTek as an expert technology partner.

Subsequently, the ZIS-System high-availability solution implements and connects different supplier systems as data sources. As a result, central monitoring of the entire IT infrastructure was established very quickly, including servers, databases, networks and applications.

Based on the monitoring data acquired, the project team generated instructions and recovery plans in the event of an incident. Furthermore, service level agreements (SLAs) were transparently documented and supervised.

As a result, proactive incident management and a decrease in default risks were achieved within a couple of months. In connection with this, customer satisfaction increased thanks to constantly updated information and better quality service.

"The ZIS-System gives us the possibility to display the availability of servers and services. It has convinced us completely. After using LeuTek's system for six months, we can already say that we have made the right decision."

Rainer Schnese,
Deputy Chairman,
HannIT

gkv informatik Reorganizes IT Service Management

gkv informatik bundles IT services for renowned German health insurance providers. It operates one of the largest data centers in this field in Europe. It was established by its partners, including different AOKs (German public health insurers) in addition to what is now known as BARMER GEK, with the aim of providing comprehensive and client-oriented services. Consolidating various IT areas was designed primarily to harmonize various procedures and processes in addition to IT infrastructures, tools and maturity levels, which was a great organizational and technical challenge. As a result, two simultaneous projects were initiated – a so-called "process development project" oriented towards the guidelines of the de-facto ITIL® standard and – with the support of USU's expertise and technology – a project to integrate a software solution to provide support in service processes.

The software implementation project was successfully completed as a fixed-price project in only eleven months. This included the concept and implementation phase.

gkv informatik now manages 150,000 IT assets with over 500,000 configuration items using USU Valuemation as an integrated platform. Its constantly updated and central database is the basis for high transparency in addition to efficient, standardized and automated service processes. Over 300,000 tickets are processed each year with the support of the integrated knowledge database USU KnowledgeCenter. Therefore, scalable IT manufacturing processes can be established in a very short period of time, which make it possible to react to the specific needs of customers in an agile and flexible manner. As a result, the largest IT service provider of statutory health insurers transferred successful industrialization concepts such as automation or standardization to all key IT processes.

"With the implementation of ITIL®-compliant service processes, we have created the organizational and technical basis for an increase in value creation among our customers in recent years. The collaboration with USU ran smoothly. USU Valuemation is now one of our key tools in IT service management."

André Mosinski,
Business Coordinator Architecture,
gkv informatik GbR

Software is the magic of modern times.

Innovative Range of Services Based on a Big Data Analysis Platform

With over 3,000 service employees worldwide and representatives in 170 countries, Heidelberger Druckmaschinen AG (HDM) has the largest service network in the print media industry. Customers increasingly expect service concepts with intensive support to boost efficiency and have guaranteed machine availability and support in operating processes.

For over 10 years, Heidelberg has been operating a platform for the Internet of Things (IoT) with over 10,000 connected devices and 2,000 sessions for remote maintenance and controlling each month.

Heidelberg is steadily continuing this development with the help of USU Industrial Smart Service. Heidelberg uses the sensor technology of machinery and the expertise of HDM specialists with regard to countless other parameters such as temperatures, streams and processes in addition to the permanent transfer of these values in order to develop a highly modern big-data analysis system.

Based on this system, service processes were improved and new services were developed at the same time. This essentially involves the early detection of anomalies using online machine data. The objective is to eliminate looming malfunctions – thanks to planned service measures – before they disturb the production process. In other words, the aim is to achieve the highest availability of machinery thanks to intelligent planned, proactive service assignments.

The first pilot phase resulted in scalable service agreements from the continuous monitoring of machinery with early fault detections and corresponding measures to a service key account contact with weekly teleconferences and defined availability key figures.

The project was the result of a prototype that Heidelberg developed independently. Based on these findings, a new, efficient and scalable platform was developed as part of a key collaboration with USU Software AG.

"Thanks to Smart Services, new service products have been created for maximal performance and minimal risk for the customer. For instance, Smart Monitoring allows our customers to achieve uninterrupted production with a considerably higher availability of machinery."

Kerstin Rabbel,
Smart Services Product Manager,
Heidelberger Druckmaschinen AG

Architecture for Agile and Efficient IT

Founded in 1926, SDK Versicherungsgruppe is now made up of three companies: Süddeutsche Krankenversicherung, Süddeutsche Lebensversicherung and Süddeutsche Allgemeinen Versicherung. With over 600,000 people insured, SDK is now one of the 15 largest private health insurers in Germany.

Rising demands for optimal support in the business processes of SDK using agile and flexible IT led to considerations about the type of technologies and standards that SDK Versicherungsgruppe should align with in the future. Those responsible chose to modernize information technology and develop a consistent development platform. The target scenario was designed to replace the application landscape of SDK, which is primarily made up of COBOL-based solutions. In particular, the reduction of development, maintenance and operation efforts was expected to create more room for more projects. Based on its proven experience in the introduction of new company technologies and its IT architecture expertise, USU AG was given the task of accompanying the planning and implementation of the "SDK IT Architecture 2020" project as an expert partner following an extensive market evaluation.

After the successful implementation of the first key project phase, SDK now has a modern, flexible and sustainable development platform that is easy to use and with which the SDK development team is now able to produce customized high-quality applications in the future. As a result, the basis for the modernization process was created as old technologies were supplemented by new widely established standards. The basic framework offers maximum flexibility and allows for the integration of monolithic applications and the use of service-oriented solutions or the inclusion of third-party systems. Other project milestones also include the integration of process management.

"In addition to IT architecture expertise, we consider USU's experience in the introduction of new technologies at companies to be of the highest value."

Reinhard Fischer,
Head of IT,
SDK Versicherungsgruppe

SIG Supports IT Users in Self-Service

SIG Schweizerische Industrie-Gesellschaft, which was founded in 1853, is now one of the leading systems manufacturers of carton packaging and filling machines for food and beverages worldwide. The service desk is the single point of contact for SIG Group users if they have any questions about IT. It is therefore a key interface with IT service management processes. The number of IT tickets has more than doubled from 20,000 to 50,000 tickets in seven years. In order to further secure the quality and efficiency of services based on this dynamic growth, those in charge planned a supplementary communication channel with users via self-service. The objective was a practical tool that is easy to use and with which users can find a solution for their relevant IT problem as quickly as possible and – provided that this is not already successful – report their problem to the IT service directly. User acceptance meant that a higher level of customer satisfaction was guaranteed and a decrease in tickets and calls was seen.

Based on the positive experience with USU's technology and expertise in the field of business service management, SIG chose USU as its solutions partner and its intelligent self-service application, USU Smart Link. A five-month pilot phase with approximately 350 users ran successfully, which allowed the international rollout of the solution to take place.

More than 50% of global inquiries can be independently resolved using the USU Smart Link via self-service. A knowledge database with currently more than 170 solution documents gives relevant answers to the most important questions. In other cases, users can quickly create a ticket directly while searching, which is automatically created and shown as an incident in the IT service. The diagnosis information that is automatically delivered significantly accelerates subsequent ticket processing

"With self-service, we have another service that has been established within our IT organization, creating more value for users and for us as an operator."

Achim Dilsen,
Incident Manager,
SIG Combibloc Group

TELEKOM HILFT – Successful Service is the Best Kind of Marketing

With the “Telekom hilft” (Telekom helps) initiative, the introduction of a new magenta-colored service era was planned a few years ago. This was the result of a survey and analysis phase on the potential of the social web. The new service concept was designed to provide further help for Telekom customers – especially in the case of minor nuisances and problems – rapidly and personally, without any red tape. One year later, “Telekom hilft” was successfully launched on the popular networks of Twitter and Facebook.

However, those responsible soon faced the challenge of finding ways to secure a high-quality and consistent service in the future based on strong growth and substantial fluctuations. Usefully bundling various areas such as Twitter, Facebook and their own communities and making service knowledge available more efficiently was necessary. A central, intelligent platform to manage all service activities via numerous channels was sought. Deutsche Telekom chose BIG Social Media as its technology partner.

Over 200 agents at six locations are promptly answering all requests on the social media channels of Telekom hilft and its own Telekom hilft community. Every day, over 1,000 answers are given on social networks in addition to associated communication via e-mail or telephone providing solutions for customer inquiries. Each month, 60,000 conversations are handled in the process, with more than 1.5 million calls each month. Service in this dimension imposes the highest demands on the business, also in public in the eyes of many customers and the specialized press.

The BIG CONNECT application offers a technological basis for a smooth process and the systematic expansion of the social media service concept of Deutsche Telekom.

“Service on all channels is a key differentiation factor and a criterion that is crucial for business success. With “Telekom hilft” we have developed and implemented a modern multi-channel concept for this purpose in recent years. In this respect, we enjoy support from BIG Social Media as a consulting and technology partner and from BIG CONNECT as a core tool.”

Dominik Bauersch,
Manager,
Deutsche Telekom Customer Service

The greatest form of magic is reality - because

Unitymedia Awarded for Professional Customer Service

Unitymedia, Cologne, is one of the largest cable network operators and one of the leading providers of media and communications services via broadband cables in North Rhine-Westphalia, Hesse and Baden-Württemberg. With one of the most modern and largest connected cable networks in Europe, Unitymedia reaches 12.7 million households and provides customers with digital and analog television and radio in addition to telephone and Internet services.

As a regional provider, Unitymedia is close to its customers and quickly and flexibly reacts to individual wishes and requests. In order to master growing challenges and offer customers rapid and quality-assured services, those in charge at Unitymedia opted for the support provided by the professional knowledge database USU KnowledgeCenter.

Within a couple of months following implementation, clearly tangible increases in efficiency were achieved particularly thanks to the intensive use of so-called "active technologies". This technology eliminates redundant content thanks to the intelligent management of knowledge objects and by offering needs-based "knowledge advice" in the right situation. As a result, Unitymedia drastically reduced the number of documents and search results and therefore decreased editing and maintenance efforts as well. Today, over 3,000 employees in customer service – and particularly customers – are benefiting from this.

At the 2015 USU World symposium in Darmstadt, Unitymedia received the Knowledge Award, which was given for the first time to award the best customer project performed with the USU KnowledgeCenter knowledge database. The innovative way of processing and using knowledge in addition to measurable positive effects were particularly appreciated here.

"In the past, our service employees worked with over 8,000 documents, which were very long and unclear in some cases. With USU's technology, this number was reduced by nearly 80% to only 1,200 active documents today. With access to needs-based questionnaires, employee processing has become quick and easy."

Sandra Pütz,
Project Manager,
Unitymedia

TUI InfoTec GmbH – We do SAM with a Smile

TUI InfoTec GmbH has been providing IT services for the TUI Group since 1997. The leading tourist group worldwide generated sales of EUR 20.0 billion in the 2014/15 fiscal year with around 76,000 employees.* Until then, software licenses were managed only on a product- and department-specific basis. The responsibilities for this were also allocated accordingly. This and the partial incompleteness of data resulted in TUI InfoTec's challenge to efficiently manage its software licenses. Last but not least, a software audit was on the agenda.

The most important objective of the license management project was to develop extensive and consistent license management within half a year. As a result, all license and maintenance invoices and license agreements had to be recorded and the ability to provide information about the license inventory and its use, using audits as a criterion, had to be improved. Both the creation of transparency and the guarantee of compliance with the respective license inventory for the three largest software manufacturers IBM, Microsoft and Oracle were set as a milestone. Following a thorough market analysis, Aspera won the tender after a proof of concept.

At Aspera, the project team was formed, an action plan was created and the project began.

Today, license management in the organization is clearly structured and takes into account the multifaceted infrastructure. Different license models are recorded and contracts are archived using a broadly positioned scanner technology.

"In the license management team, we were all convinced that SmartTrack was the right tool for us following the proof of concept. We were able to implement everything with Aspera during the project. The flexibility of the tool and the pragmatic approach is resolved very well in SmartTrack."

Uwe Lehmann,
License Manager, Governance & Product Support,
TUI InfoTec GmbH

ADVISORY BOARD

The trustful cooperation with customers, partners and interested parties is significantly important for the future potential and long-term business success of growth companies such as USU Software AG and its subsidiaries. This means offering customers high-quality services and demonstrable added value in the interests of a long-term and lively business partnership.

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 significant potential for savings for its customers, meaning that investments in the USU Group's software solutions pay off in a 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 39 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 2015 Management Report went to press was as follows:

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

Oliver Hoffmann,
Management spokesperson, gkv informatik

Frank Karsten,
Chairman of the Management Board, Stuttgarter Versicherungsgruppe

Joachim Langmack,
Management consultant

Stefan Leser,
CEO, Jumeirah Group, Dubai

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

Carsten Pfläging,
Member of the Management Board, FIDUCIA & GAD IT AG

Dr. Hans-Joachim Popp,
CIO, German Aerospace Center (DLR)

Dr. Dieter Pütz,
Senior Vice President, Deutsche Post IT Services GmbH

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

Ralf Stankat,
Member of the Management Board IT/Operations at Basler Versicherungen

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,

Following record figures in the 2014 fiscal year, USU Software AG also successfully closed the 2015 fiscal year with new record figures in sales and adjusted EBIT in the Group as a whole. And as an individual company, USU Software AG also substantially increased its profits in 2015. 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 2015 fiscal year, which provides for a 16.7% 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 0.35 per dividend-bearing share at the Annual General Meeting of USU Software AG on June 17, 2016.

Performance of Supervisory Board Duties

In the 2015 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

Since the appointment of Bernhard Böhler and Dr. Benjamin Strehl to the Management Board of USU Software AG as of October 1, 2014, there have been no changes in the composition of the Management Board.

At USU Software AG, Bernhard Böhler is in charge of sales, central marketing and internationalization for the USU Group. Dr. Benjamin Strehl is in charge of the areas of product management and M&A at USU Software AG. As a member of the Management Board, his duties particularly focus on growth through acquisitions and the areas of research and development and consulting in addition to internal IT. As the CEO of the Company, Bernhard Oberschmidt is 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 2015 fiscal year. Since the Supervisory Board comprises three members, no committees were set up in the 2015 fiscal year, as in the previous year. Independently of this, the Supervisory Board of the Company jointly assumes the tasks of these committees.

The mandates of all Supervisory Board members terminate at the end of the next Annual General Meeting. Therefore, these members must be re-elected at the next Annual General Meeting. All Supervisory Board members want to continue their successful work on the Supervisory Board and must be proposed for re-election accordingly at the next Annual General Meeting of the Supervisory Board.

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 acquisition of SecurIntegration 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 11, 2015. 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 for the 2014 fiscal year. The Supervisory Board approved the recommendation of the Management Board to propose to the Company's Annual General Meeting a dividend of EUR 0.30 per dividend-bearing share. Other issues covered by the Supervisory Board meeting were, in addition to the status reports of the Management Board on individual areas and Group-wide committees, the amount of the outstanding purchase price payment for the final takeover of the Group subsidiary B.I.G. Social Media GmbH.

At the two-day Supervisory Board meeting on April 15/16, 2015, 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 obtained detailed information about significant customer projects, the status of product innovations and the current forecast, the status of the project for a new Group-wide marketing structure and public image in addition to M&A activities. During this meeting, items on the agenda of the Company's 2015 Annual General Meeting were also discussed and set, proposals for the appointment of an auditor were selected and decided on and a new version of the rules of procedure for the Company's Management Board was discussed.

At the Supervisory Board meeting on June 18, 2015, 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 and for the status of M&A activities.

At the meeting on September 22, 2015, the Supervisory Board and Management Board discussed the women quota at listed stock corporations and provisions in accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector and resolved target figures and stipulations accordingly. The latter are displayed in the Management Report under the "Employees" section.

The Supervisory Board meeting on December 8, 2015, focused on the current business development of USU Software AG and the Group as a whole, projections for the full 2015 fiscal year, prospects for the following year, and the medium-term planning up to 2018. The Management Board of USU Software AG reported on the status of the year coming to a close (2015), presented the corporate planning for 2016, 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 2016 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 8, 2015, 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) and 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 of the Annual General Meeting of June 18, 2015, Prof. Dr. Binder, Dr. Dr. Hillebrecht & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, was appointed as the auditor for the 2015 fiscal year. The objects of the audit were the accounting, the 2015 financial statements, prepared in accordance with the HGB, the 2015 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 2015 fiscal year. The financial statements of USU Software AG, the consolidated financial statements and the combined management report for the 2015 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 17, 2016. 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 2015 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, 2015, ascertained in accordance with HGB at EUR 8,314 thousand, will be appropriated as follows:

- to pay a dividend of EUR 0.35 per share for 10,523,770 shares, amounting to a total of EUR 3,683 thousand; and

- to carry forward the remaining unappropriated surplus of EUR 4,631 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 2015 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, 2015 to December 31, 2015 (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 17, 2016

For the Supervisory Board

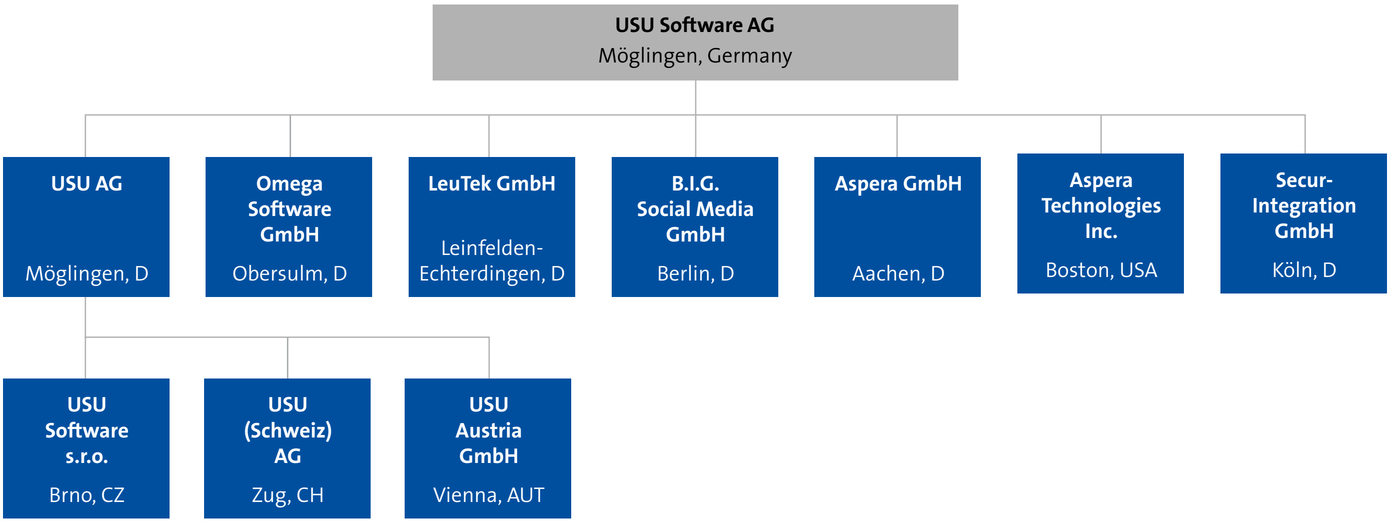
Udo Strehl
Chairman of the Supervisory Board of USU Software AG

MANAGEMENT REPORT ON THE COMPANY AND THE GROUP (COMBINED MANAGEMENT REPORT FOR FISCAL 2015)

TABLE OF CONTENTS	PAGES
Basic Information on USU Software AG and the Group	**42–45**
Business Model, Objectives, Strategies And Controlling System	42–43
Research and Development	43–45
Economic Report	**45–53**
Summary	45
Overall Economic Development	45–46
Sector Development	46
Business Development	46
Development of Sales and Costs	47–48
Result of Operations	48
Adjusted Consolidated Earnings	49
Net Assets and Financial Position	49
Cash Flow and Capital Expenditure	50
Current Situation of the Group	50
Development and Situation of USU Software AG	50–51
Orders on Hand	51
Employees	52–53
Supplementary Report	**53**
Forecast, Opportunity and Risk Report	**53–58**
Forecast Report	53–54
Risk Report	54–58
Report on Opportunities	58
Accounting-related Internal Control and Risk Management System	**58–59**
Information Relevant to Acquisitions	**59–60**
The USU Share (ISIN DE000A0BVU28)	**60–61**
Statement on Corporate Management	**61–64**
Compensation Report	**64–65**
Report on Related Parties	**66**
Responsibility Statement	**66**

BASIC INFORMATION ON USU SOFTWARE AG AND THE GROUP

Corporate structure of 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, SecurIntegration GmbH, Cologne, 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.

On July 1, 2015, USU Software AG acquired all shares in SecurIntegration GmbH, Cologne ("SecurIntegration") in order to expand its portfolio in the area of software license management and fully consolidated them in these consolidated financial statements at the acquisition date. SecurIntegration is a software company specializing in SAP license optimization that has established the de-facto standard for SAP license administration with its internally developed Software-License-Compliance (SLC). The new USU subsidiary thus ideally complements the USU Group's existing software license management portfolio.

Business Model, Objectives, Strategies And Controlling System

The digital revolution now covers all stages in industrial value creation. One of the key drivers is the transformation of the service business. Here, the intelligent incorporation of technologies is critical for success. This particularly applies to knowledge-intensive services relating to the management of IT services, call and service center services or activities in technical customer service. USU Software AG and its subsidiaries (hereinafter also referred to as the "USU Group or "USU") develop and market integrated software solutions for knowledge-based service management. The range in the product segment includes solutions in the Business Service Management segment. As a result, customers gain an overall view of their IT processes and IT infrastructure and are able to transparently plan, allocate and actively manage IT services. The Group's services are supplemented with two other key areas: Software license management and systems management. Thanks to consulting services and software solutions in the Knowledge Solutions segment, customers are able to capitalize all of their organization's knowledge. Here, the emphasis is placed on intelligent knowledge databases for a wide range of service areas. The dialog is supported on all communication channels, including social media. The Group also provides consulting services for IT projects and individual application development with its Business Solutions segment.

The USU Group is the largest European provider of IT and knowledge management software. Thanks to USU applications, customers create transparency, are more agile, save costs and reduce risks. More than 700 companies from all sectors of the global economy, especially from IT-intensive sectors such as insurance and banking, are part of the USU Group's customer base. It includes Allianz, BASF, BOSCH, BMW, Daimler, Deutsche Bundesbank, Deutsche Telekom, DEVK, DHL, EDEKA, Generali, Heidelberger Druckmaschinen, Jacobs Engineering, Jungheinrich, Texas Instruments, TUI, Viessmann, Voith, VW, W&W and ZDF.

USU Software AG has made it its goal to achieve growth in consolidated sales above the average level for the IT market as a whole in the years ahead while also further increasing its profitability. It will focus on organic growth through innovation and by expanding the Group's international market presence, though growth through acquisitions and equity investments is also a part of the corporate strategy. Medium-term planning is projecting sales growth to more than EUR 100 million, of which approximately EUR 15 million is generated from acquisitions, and a further increase in the operating earnings margin on the basis of adjusted EBIT by 2017.

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

Research and Development

In order to offer its customers practice-driven products and solutions based on state-of-the-art technology, the USU Group invested a total of EUR 10,530 thousand (2014: EUR 9,642 thousand), or 16.0% (2014: 16.4%) of consolidated sales in research and development (R&D) in the 2015 fiscal year. With 134 employees working in research and development throughout the Group as of December 31, 2015 (2014: 127), 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 Business Service Management, the IT management product suite Valuemation (version 4.5) was certified by Pink Elephant in 15 ITIL® processes in 2015. In addition, the software products USU KnowledgeCenter 6.4 and ZIS System 5.8 were also certified. ITIL® is the internationally recognized de facto standard for IT service management. The USU Group's strong position in this segment is also reflected by the fact that worldwide there are only eight manufacturers whose tool is certified according to 15 ITIL® processes. ITIL® certification led to a range of innovative or extended functions for the new Valuemation version (4.6) and a new specialist module in the IT Service Continuity Manager. This risk minimization solution immediately shows which measures must be taken in the event of a disruption to restore the services affected.

Other key additions to the new release, which has been available since February 1, 2016, include improved search functions, new reporting and dashboarding options or new ergonomic user guiding in the service shop for users. Furthermore, scheduling functionalities were developed for the Resource Manager module that will allow the planning of various resources moving ahead and the integration of geographic locations and maps. A further priority was the improvement of the IT analytics solution USU Service Intelligence. A new authorization concept now allows the automatic import of authorization structures from Valuemation into the USU Service Intelligence data display. Moreover, adapters will connect the USU analytics tool with IT service management software from third-party providers in the future, thereby enabling smooth data transfers. At the same time, the development team also worked on designing the new version of Valuemation 5, which is scheduled for the end of 2016. Work on Valuemation Mobile Manager, Valuemation's mobile solution, included the addition of an offline mode and enhancements to the configurator and the app store. Another focus was the development of the self-service solution USU SmartLink, during which its various features – such as an alert system – were implemented. As a result, affected users are informed in good time in the event of a failure, for example.

Further development of myCMDB, an IT management solution geared towards small and medium-sized companies, was also carried out as planned in the 2015 fiscal year. Moreover, other functionalities and our own service have developed in the area of home technology, which also contains maintenance planning, for example, for fire extinguishers and floor space management. Furthermore, myCMDB is also available as a Software-as-a-Service ("SaaS") model. The new operating model is already being successfully used by customers.

In the License Management segment, the new version of SmartTrack 4 was the focus of development. In addition to function enhancements, the new release of the entirely web-based and fully scalable solution also offers far-reaching improvements to the user interface and operating concept. For instance, these are dialog fields and input masks that are easy to understand, individual setting options based on different roles, rapid access to the most important tables, a new customizable dashboard or new search functions. Further optimization work related to the calculation of effective license requirements for the updated Red Hat licensing conditions and extended cost accounting, which now also allows cost distribution according to the use of all selected products. The product portfolio of the software license management product segment, which has seen the strongest growth, also expanded thanks to SAP license optimization as a result of the takeover of the new subsidiary SecurIntegration GmbH.

In the Business Service Monitoring and Alarm Management sub-segment, version 5.8 of the monitoring software ZIS was developed further with enhancements for the self-service cockpit, the mobile service dashboard, and for new ITIL® features. Process integration in Valuemation in Incident Management was also improved. Furthermore, a prototype was developed for the new ZIS module “Capacity Monitoring & Reporting.”

In the Knowledge Management and Social Media segment, the new release 6.5 of the knowledge management software USU KnowledgeCenter was developed with various function enhancements. For example, a revision of the authorization model now allows for administration of very large volumes of data without restrictions for the user. It has also been made easier to handle documents, in that users can now also search open documents and highlight terms. Among other features, this version boasts an action calendar that shows documents with limited validity, e.g. for campaigns, on a time axis. Parallel to this, work began on version 6.6. At the heart of this new release lies the intelligent active search tool that not only helps to identify typing mistakes and synonyms but also takes into account the user’s current situation when performing searches and automatically generates an overview of the most important information. Other new functions, such as an integrated inter-agent chat and dialogs that can be modeled graphically, are expanding the product range of field-tested technology. This version has been available since the end of February 2016.

Within the social media application BIG CONNECT, far-reaching ergonomic improvements were made to the user interface and navigation to enable more efficient working. Overall, the BIG CONNECT user experience is set to reach a whole new level as a result. Further communities and forums were integrated as well alongside a series of functional improvements. With regard to BIG SCREEN, product rating analysis was extended with a range of new rating platforms in over 15 countries in order to offer companies even more extensive and reliable options for analyzing their product ratings as an empirical basis for product and business decisions. Development also continued on the social CRM solution, which is already being successfully used in several customer projects.

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 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 big data, the knowledge-driven management of – mostly industrial – mass data. In the industrial big data area, the platform developed by USU has reached a level for productive use. This essentially concerns the real-time analysis and processing of industrial mass data to be able to search them for complex error patterns, for example. In the reporting period USU was awarded two further research projects funded by the German Federal Ministry for Economic Affairs and Energy (BMWi) with its innovative concept. As part of the new STEP project for smart technician deployment planning, USU is working with the Karlsruhe Institute of Technology (KIT), FLS GmbH, the TRUMPF Group and Heidelberger Druckmaschinen

Transparent overview of critical processes with the IT Service Continuity Manager

USU KnowledgeCenter – new chat function for convenient troubleshooting

USU KnowledgeCenter: Neue ergonomische Benutzeroberfläche

AG on innovative concepts and intelligent solutions to assist service technicians. The goal is to automate processes as much as possible in technical customer service within the analysis/planning/troubleshooting process chain. Examples of this are integrated spare parts ordering in the ERP system or the selective provision of information for service trips. The aim of the GEISER project (from sensor data to Internet-based geo-services) is to create intelligent geo-services for different application areas. Of particular interest here is the dynamic deployment planning of service technicians taking into account current road maps and traffic information. A further application is intelligent parking space searching in major cities.

ECONOMIC REPORT

Summary

In the 2015 fiscal year, USU Software AG and its subsidiaries increased consolidated sales under IFRS by 12.1% to EUR 66,091 thousand (2014: EUR 58,933 thousand). This increase is largely attributable to the product segment's international business, supported by stable growth in domestic business. Sales from the consulting-related service business also reported moderate growth.

In conjunction with a below-average 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 11.1% year-on-year to EUR 9,878 thousand (2014: EUR 8,886 thousand). This also includes income from the adjustment of the final purchase price payment for the complete acquisition of B.I.G. Social Media GmbH in the amount of EUR 223 thousand. USU's EBITDA climbed by 13.7% to EUR 7,590 thousand in the reporting period (2014: EUR 6,673 thousand). Overall, the USU Group increased its consolidated net profit by 52.1% to EUR 8,382 thousand (2014: EUR 5,512 thousand). Earnings per share therefore improved from EUR 0.52 in the previous year to currently EUR 0.80.

After adjustment for acquisition-related non-recurring effects, the USU Group generated adjusted EBIT of EUR 8,789 thousand (2014: EUR 7,276 thousand), corresponding to a rise of 20.8%. USU increased its adjusted consolidated earnings by 47.4% to EUR 8,789 thousand (2014: EUR 5,963 thousand). Adjusted earnings per share therefore increased from EUR 0.57 in the previous year to EUR 0.84 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 year-on-year at EUR 4,890 thousand (2014: EUR 4,479 thousand). As a result of higher income from investment holdings, the Company generated a rise in profits of 9.2%. 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 0.35 per share be distributed for the 2015 fiscal year, corresponding to a 17% 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 2016 forecasts consolidated sales in the range of EUR 71 - 75 million with adjusted EBIT of EUR 9 - 10.5 million. The Management Board also continues to anticipate clearly visible growth in the international business and expects potential to remain high on the core German market, complemented by the growth-oriented acquisitions policy of the USU Group. In the medium term, this will lead to sales exceeding EUR 100 million, including growth through acquisitions of approximately EUR 15 million, with a margin increased by 15% on the basis of adjusted EBIT by 2017.

Overall Economic Development

According to calculations by the German Federal Statistical Office[1] (Destatis), the German economy developed positively overall with a rise in inflation-adjusted gross domestic product (GDP) of 1.7% on average in 2015 (2014: 1.6%). Here, the economic situation was shaped by solid and sustained economic growth. While growth of +0.4% was reported in the first two quarters of 2015, Q3 and Q4 remained only marginally behind development in the first half of 2015 at +0.3%.

[1] *Press release of the German Federal Statistical Office dated February 12, 2016*

Consumption was the most significant growth driver of the German economy: Price-adjusted private consumption expenditure was 1.9% above the previous-year figure and government spending was 2.8% above the previous year's figure. Capital expenditure also saw a positive development, particularly in the area of equipment and construction. However, economic development abroad has shown signs of a slowdown according to preliminary calculations by Destatis as fewer goods were imported in the last quarter compared to the previous quarter. The simultaneous decline in imports was not affected as strongly. Ifo Institute researchers anticipate an increase in economic performance of 1.9% for 2016. As a result, they expect the moderate upswing of the German economy to continue. [2]

Globally GDP is falling, decreasing by 3.7% from USD 77.3 trillion in 2014 to USD 74.55 trillion in 2015 according to Statista forecasts. [3] The Ifo index for the global economy also shows that the global economic climate will continue to cloud over in 2016. In the first quarter of 2016, it dropped from 89.6 to 87.8 points and thus continued to drift further from its long-term average (96.1 points). Researchers believe that the sharp fall in oil prices did not have a positive economic effect on average. With the exception of Europe, the indicator was below its long-term average in all regions. However, experts are not as positive as in October 2015, even with regard to the eurozone. [4]

Sector Development

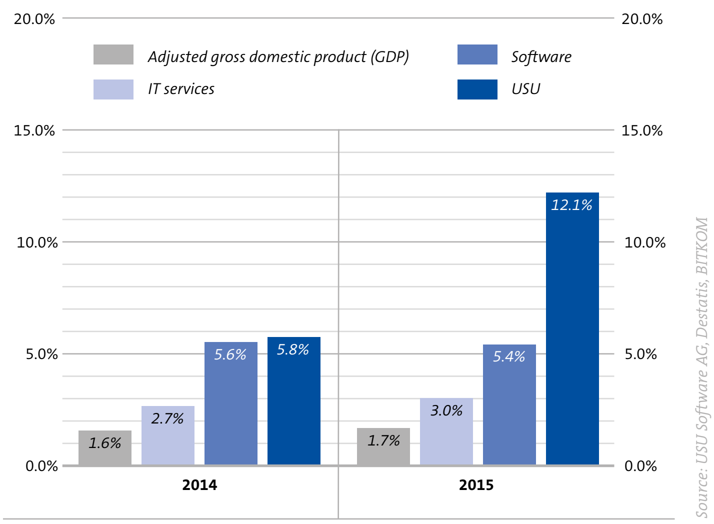
In the high-tech sector, digital transformation is leading to rising investment in products and services in all areas, according to a recent study by the European IT Observatory (EITO). Above all, cloud computing, big data and mobility are defining the use of new technologies. According to forecasts by BITKOM (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien), IT grew by 3.5% in 2015 to a total volume of EUR 80.4 billion. Software benefited most from this, rising by 5.4% to EUR 20.1 billion. IT service business, which includes IT consulting and project business among others, expanded by 3% to EUR 37.3 billion. [6]

A forecast by the US market research company Gartner 4indicates that the global ICT market posted a significant decline in market volume by 5.8% in 2015 to USD 3.52 trillion, after a growth rate of 0.9% in 2014. According to Gartner, the strong dollar is particularly responsible for this weak result. [7]

Business Development

USU Software AG and its subsidiaries closed the year under review with another new record figure for consolidated sales. A considerable increase in sales illustrates the significant competitive strength of the USU Group, therefore exceeding corresponding plans and significantly above the industry's average result.

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



The almost purely organic sales growth primarily resulted from high-margin international business and solid growth in USU's domestic business. Overall, sales and earnings targets for 2015 were exceeded. Thanks to above-average sales growth compared to costs, the operating margin was also increased, with the highest consolidated profit in the history of USU Software AG being achieved at the same time.

[2] Press release of the Ifo Institute dated December 9, 2015
[3] See: http://de.statista.com/statistik/daten/studie/159798/umfrage/entwicklung-des-bip-bruttoinlandsprodukt-weltweit/
[4] CESifo press released dated February 11, 2016
[5] Key Technology Trends in Europe 2015/16, EITO, October 2015
[6] BITKOM press release dated October 22, 2015, published at www.bitkom.org
[7] Gartner press release, Worldwide IT Spending dated January 18, 2016

DEVELOPMENT OF SALES AND COSTS

Consolidated Sales

In the 2015 fiscal year, USU Software AG generated Group-wide sales growth as against the previous year of 12.1% to EUR 66,091 thousand (2014: EUR 58,933 thousand). This increase resulted from a continuing expansion of the USU Group's international business, particularly in the United States and abroad in Europe. Here, USU received several major orders from leading companies and organizations of the IT and financial sectors in addition to the public sector. Accordingly, the USU Group increased its international sales by 29.0% year-on-year in the reporting year to EUR 20,122 thousand (2014: EUR 15,595 thousand), thereby expanding the share of sales generated outside Germany in consolidated sales to 30.5% (2014: 26.5%).

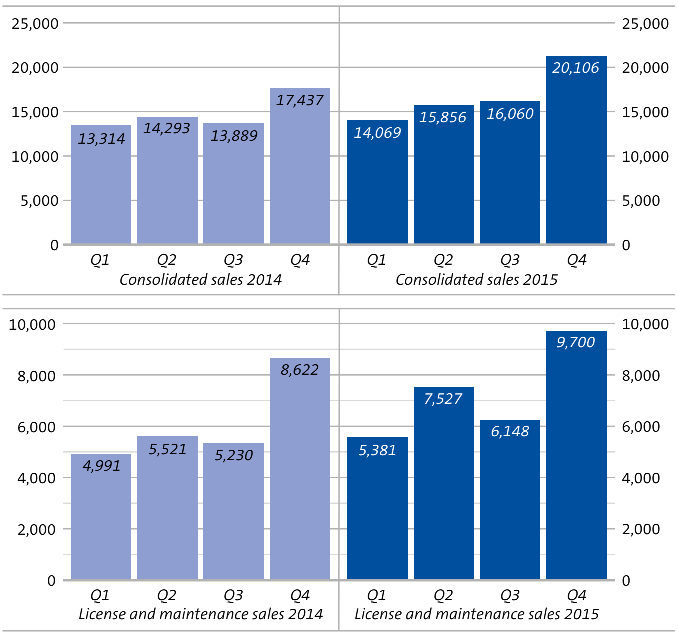
Broken down by types of sales, USU generated a 22.8% rise in license income to EUR 12,433 thousand in 2015 (2014: EUR 10,122 thousand). The share of license sales in total sales was thus 18.8% (2014: 17.2%). Maintenance business also grew substantially by 14.6% to EUR 16,323 thousand (2014: EUR 14,242 thousand). In addition to the increase in Software-as-a-Service (SaaS) revenues, USU also benefited from the previous year's extensive license business and the associated rise in maintenance income. Maintenance income as a proportion of consolidated sales accordingly climbed from 24.2% in the previous year to currently 24.7%. USU increased consulting income by 9.6% to EUR 36,150 thousand (2014: EUR 32,982 thousand). In this area, the recovery to solid growth in the service area had a positive impact. The share of consulting sales in Group sales slightly fell to 54.7% in the year under review (2014: 56.0%). Other income, which primarily relates to merchandise sales of third-party hardware and software, totaled EUR 1,185 thousand in the 2015 fiscal year (2014: EUR 1,587 thousand) corresponding to 1.8% (2014: 2.7%) of total sales.

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.

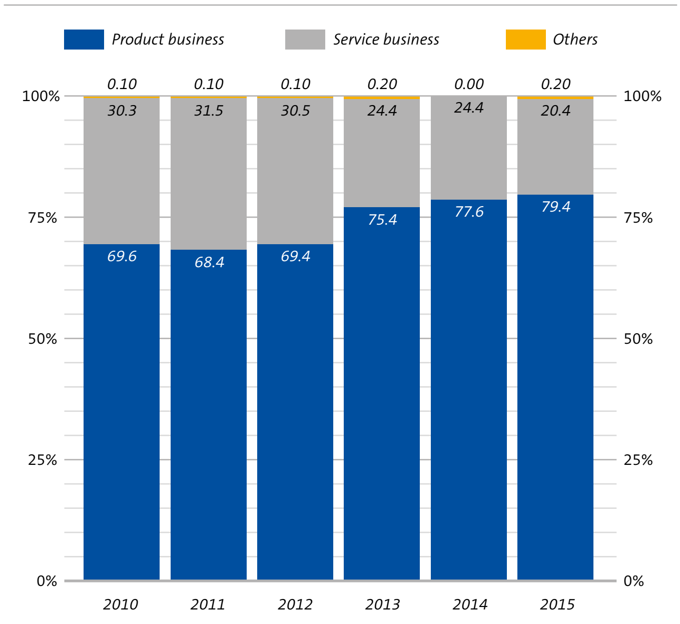
The Product Business segment contributed a total of EUR 52,508 thousand (2014: EUR 45,737 thousand) to consolidated sales in the 2015 fiscal year. This corresponds to a virtually organic sales increase of 14.8% as against the previous year. Consulting sales in the Service Business segment saw a slight increase by 2.9% to EUR 13,583 thousand as against the previous year (2014: EUR 13,196 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 79.4% (2014: 77.6%).

Sales development of the USU Group by quarter in EUR thousand



Source: USU Software AG

Sales development of the USU Group by segment in %



Source: USU Software AG

Operating Costs

In the 2015 fiscal year, the USU Group's operating cost base increased by 10.7% year-on-year – a lower rate than the Group-wide sales increase – to EUR 57,922 thousand (2014: EUR 52,320 thousand).

The cost of sales increased by 12.1% year-on-year to EUR 31,003 thousand in the reporting period (2014: EUR 27,654 thousand). A key factor was the targeted expansion of the consulting team in order to implement the increase in growth in the product business as well. The ratio of cost of sales to consolidated sales remained unchanged at 46.9%. Gross income rose to EUR 35,088 thousand (2014: EUR 31,279 thousand), corresponding to a gross margin of 53.0% (2014: 53.1%).

The USU Group's marketing and sales expenses increased by 8.2% as against the figure for the same period of the previous year to EUR 9,279 thousand in the reporting period (2014: EUR 8,573 thousand). The expansion of the sales team in particular resulted in higher staff costs. Overall, sales and marketing expenses as a proportion of consolidated sales fell from 14.5% in the previous year to 14.0% in the year under review.

In 2015, general administrative expenses increased to EUR 7,110 thousand (2014: EUR 6,451 thousand), corresponding to year-on-year growth of 10.2%. This was partly due to the expansion of the Management Board of USU Software AG and the Group's workforce in administration. Relative to consolidated sales, the administrative cost ratio was slightly lower than in the previous year at 10.8% (2014: 10.9%).

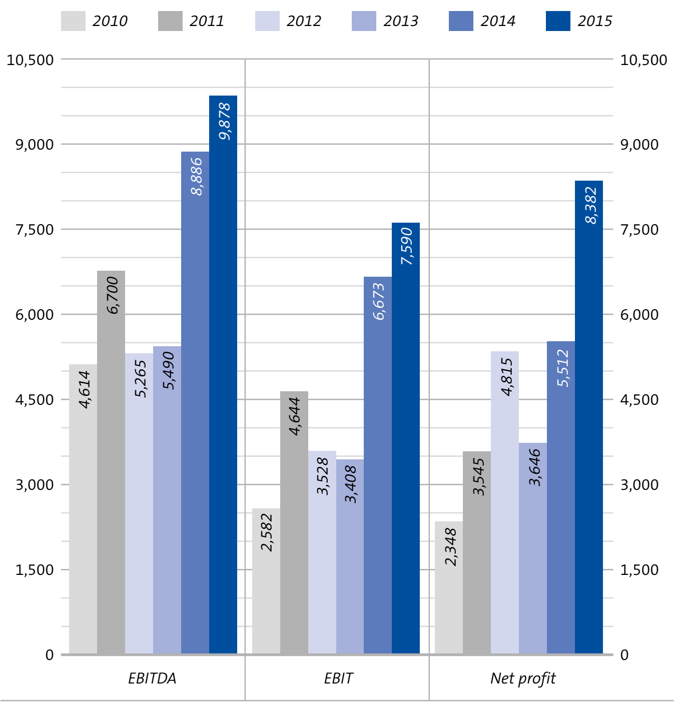
Research and development expenses increased by 9.2% year-on-year in absolute terms in the 2015 fiscal year to EUR 10,530 thousand (2014: EUR 9,642 thousand). The ratio of research and development expenses to consolidated sales declined from 16.4% in the same period of the previous year to currently 15.9%. USU is constantly investing in the development of its product portfolio and always working on innovative, market-driven software solutions. For further information, please see the separate research and development report in this Group management report.

Other operating income totaled EUR 954 thousand in the 2015 fiscal year (2014: EUR 1,511 thousand). This item also includes income from the adjustment of the final purchase price payment for the complete acquisition of B.I.G. Social Media GmbH in the amount of EUR 233 thousand. Other operating expenses amounted to EUR 244 thousand in 2015 (2014: EUR 194 thousand).

Result of Operations

The growth in sales achieved by the USU Group resulted in a visible increase in earnings in the 2015 fiscal year, in conjunction with the below-average expansion in costs. As a result, USU saw a year-on-year increase in EBITDA by 11.1% to EUR 9,878 thousand (2014: EUR 8,886 thousand). Taking into account depreciation and amortization of EUR 2,288 thousand (2014: EUR 2,213 thousand), EBIT moved up by 13.7% in comparison to the previous year to EUR 7,590 thousand (2014: EUR 6,673 thousand). Financial income was down year-on-year at EUR 346 thousand in 2015 (2014: EUR 495 thousand), primarily due to lower earnings owing to exchange rate effects. Financial expenses decreased significantly to EUR 55 thousand (2014: EUR 572 thousand) due to the loss of 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 291 thousand (2014: EUR -77 thousand), EBT climbed from EUR 6,596 thousand in the previous year to EUR 7,881 thousand in the reporting period, corresponding to an increase of 19.5%. Income taxes amounted to EUR 501 thousand in 2015 (2014: EUR -1,084 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 52.1% to EUR 8,382 thousand in the 2015 fiscal year (2014: EUR 5,512 thousand). USU's earnings per share therefore improved from EUR 0.52 in the previous year to currently EUR 0.80.

Earnings development of the USU Group in EUR thousand



Source: USU Software AG

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 (Thsd. EUR)	Jan. 1, 2015-Dec. 31, 2015	Jan. 1, 2014-Dec. 31, 2014
Result of ordinary operations (EBIT)	**7,590**	**6,673**
Amortization of intangible assets recognized in the course of company acquisitions	1,289	1,257
Amortization of goodwill	0	0
Nonrecurring effects relating to acquisitions	-90	-654
- stay bonus BIG GmbH/USU Consulting GmbH	100	186
- purchase price adjustments	-223	-970
- incidental acquisition costs	33	130
Adjusted EBIT	**8,789**	**7,276**
Interest income (as per consolidated statement of profit or loss)	346	495
Interest expenses (as per consolidated statement of profit or loss)	-55	-572
Income taxes (as per consolidated statement of profit or loss)	501	-1,084
Tax effects relating to adjustments	-792	-152
- amortization	-792	-152
Adjusted consolidated earnings	**8,789**	**5,963**
Adjusted earnings per share (in EUR):	**0.84**	**0.57**
Weighted average shares		
Basic and diluted	10,523,770	10,523,770

USU's adjusted EBIT was up by 20.8% as against the previous year at EUR 8,789 thousand in the 2015 fiscal year (2014: EUR 7,276 thousand). USU increased its adjusted consolidated earnings to EUR 8,789 thousand (2014: EUR 5,963 thousand), a year-on-year rise of 47.4%. Adjusted earnings per share increased from EUR 0.57 in the previous year to EUR 0.84 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 49,321 thousand as of December 31, 2015 (December 31, 2014: EUR 48,298 thousand) and thus only saw a slight increase. By contrast, current assets rose to EUR 39,865 thousand as of the end of the 2015 fiscal year (December 31, 2014: EUR 36,876 thousand), primarily due to the increase in Group liquidity. Despite the dividend distribution of EUR 3,157 thousand for 2015, USU increased its cash and cash equivalents to a total of EUR 23,109 thousand (December 31, 2014: EUR 18,920 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 60,791 thousand (December 31, 2014: EUR 55,608 thousand). At the same time, current and non-current liabilities declined to EUR 28,395 thousand as of December 31, 2015 (December 31, 2014: EUR 29,566 thousand). With total assets of EUR 89,186 thousand (December 31, 2014: EUR 85,174 thousand), the equity ratio was 68.2% as of December 31, 2015 (December 31, 2014: 65.3%).

Cash Flow and Capital Expenditure

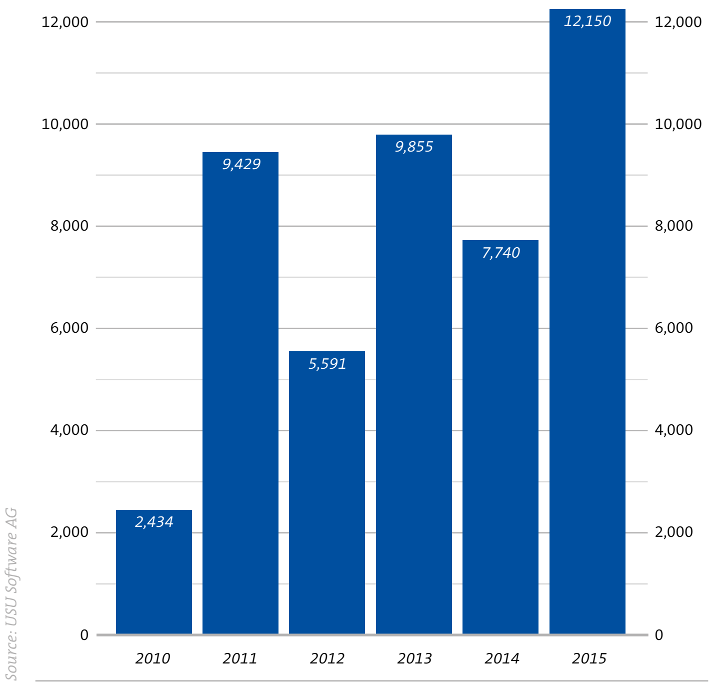
As of the end of the 2015 fiscal year, the USU Group had Group liquidity of EUR 23,109 thousand (2014: EUR 18,920 thousand). This represents a year-on-year increase of EUR 4,189 thousand or 22.1%. This includes cash and cash equivalents of EUR 20,095 thousand at the end of fiscal 2015 (2014: EUR 18,920 thousand) and securities of EUR 3,014 thousand that can be terminated at any time (2014: EUR 0 thousand).

At EUR 12,150 thousand (2014: EUR 7,740 thousand), the USU Group's cash flow from operating activities soared in the year under review as against the previous year. In addition to the rise in earnings, lower work in progress and a decline in staff-related provisions led to this effect.

The cash flow from investing activities of EUR -4,897 thousand (2014: EUR -1,102 thousand) included investments in property, plant and equipment and intangible assets totaling EUR -1,011 thousand (2014: EUR -1,117 thousand), offset by income from the disposal of non-current assets of EUR 17 thousand (2014: EUR 15 thousand) and EUR -3,014 thousand from the purchase of securities. Taking into account loan repayments, the takeover of SecurIntegration resulted in an outflow of liquidity totaling EUR 889 thousand.

In the period under review, cash flow from financing activities amounted to EUR -6,382 thousand (2014: EUR -2,631 thousand) as a result of the dividend distribution to USU Software AG shareholders of EUR 0.30 per share and the repayment of purchase price liabilities from the takeover of BIG and the repayment of SecurIntegration's bank debt of EUR 634 thousand.

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 2015, the USU Group remains in a good economic situation. With the expansion of the Group portfolio to include new developments in the field of big data/Industry 4.0 and social business in addition to the considerable potential of further internationalization, 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 again as of the end of the reporting year. The Management Board still sees the highest growth potential in international business, particularly in the USA and Europe outside Germany. In Germany, the Management Board anticipates growth rates slightly higher than the level of the market. 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. It is for this reason that the Group parent company did not generate any significant external sales in the reporting period, as in the previous year. USU Software AG's main earnings derive from its operating subsidiaries.

This includes Aspera GmbH ("Aspera"), LeuTek GmbH ("LeuTek"), Omega Software GmbH ("Omega") and B.I.G. Social Media GmbH ("BIG"), with which the Company has concluded profit transfer agreements, as well as Aspera Technologies, SecurIntegration and USU AG.

In the 2015 fiscal year, USU Softwtare AG generated net income from the profit transfer agreements of EUR 7,758 thousand (2014: EUR 8,177 thousand) with the corresponding expenses. The Company's other operating income of EUR 1,899 thousand (2014: EUR 723 thousand) derives mainly from the settlement of intragroup services. Other operating expenses totaling EUR 1,877 thousand (2014: EUR 1,181 thousand) primarily include costs for services provided by Group subsidiaries, stock exchange and investor relations costs, legal and consulting costs, and Supervisory Board compensation.

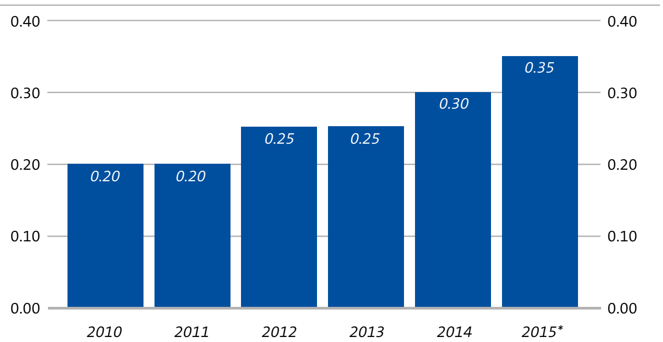
In connection with the expansion of the Management Board in 2014 and the increase in the Company's workforce to an average of ten employees (2014: seven), staff costs at USU Software AG rose to EUR 1,898 thousand (2014: EUR 1,050 thousand).

Amortization of intangible assets and depreciation of property, plant and equipment totaled EUR 84 thousand in 2015 (2014: EUR 140 thousand). At the same time, write-downs on financial assets decreased to EUR 0 thousand (2014: EUR 848 thousand), which in the previous year contained write-downs owing to the discontinuation of USU Consulting GmbH's business operations.

Net interest amounted to EUR -369 thousand (2014: EUR -439 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 5,429 thousand in 2015 (2014: EUR 5,242 thousand). In the same period, the net profit increased to EUR 4,890 thousand (2014: EUR 4,479 thousand). Including the profit carryforwards from the previous year of EUR 3,424 thousand (2014: EUR 2,103 thousand), the Company increased its unappropriated surplus to EUR 8,314 thousand (2014: EUR 6,582 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 0.35 per share be distributed for the 2015 fiscal year. This decision for a targeted increase in the profit distribution of 17% 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

Source: USU Software AG

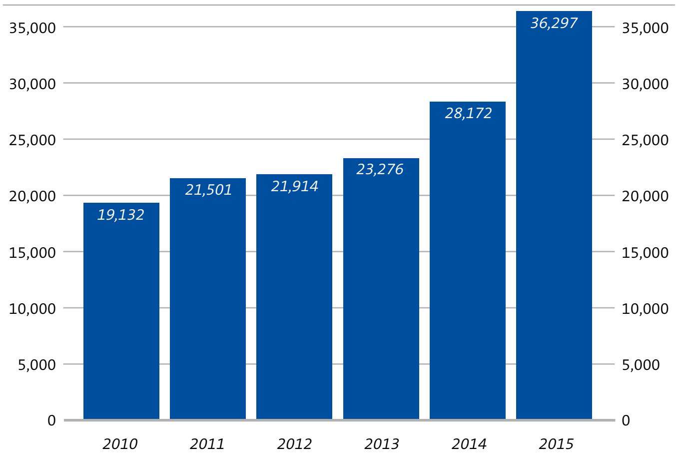
USU Software AG's total assets rose year-on-year to EUR 55,746 thousand as of December 31, 2015 (2014: EUR 46,040 thousand). On the assets side, fixed assets rose to EUR 41,186 thousand (2014: EUR 36,981 thousand) as of the end of the fiscal year, chiefly due to the acquisition of SecurIntegration and the remaining 49% in BIG. At the same time, current assets increased to EUR 14,504 thousand (2014: EUR 9,007 thousand), which was particularly attributable to a higher amount of liquidity. On the equity and liabilities side, equity rose to EUR 32,483 thousand as a result of earnings (2014: EUR 30,751 thousand), while borrowings jumped to EUR 23,263 thousand (2014: EUR 15,289 thousand) as a result of liabilities to affiliated companies. Thus the equity ratio of USU Software AG declined to 58.3% as of the end of the 2015 fiscal year (2014: 66.8%).

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, 2015, the USU Group's orders on hand increased by 28.8% as against the previous year to EUR 36,297 thousand (December 31, 2014: EUR 28,172 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 primarily consist 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's workforce in fiscal 2014 remained at the exact same level as in 2013 (452 employees as of December 31, 2013 and December 31, 2014), the number of employees within the Group as a whole significantly increased to 498 by December 31, 2015 (+10%).

Group employee figures do not include the three members of the Management Board of USU Software AG and the two other members of the Management Board of subsidiary USU AG, around 100 freelance staff who are employed for project work as required, 11 temporary workers, and nine trainees.

Broken down by segment, USU had 379 (2014: 339) employees in the Product Business segment, 64 (2014: 64) in the Service Business segment, and 55 (2014: 49) in central ad-ministration. Broken down by functional unit, 243 (2014: 208) people were employed in con-sulting and services at the end of the reporting period, 134 (2014: 127) in research and de-velopment, 66 (2014: 64) in sales and marketing, and 55 (2014: 53) in administration.

The average total workforce of the USU Group increased to 483 employees in the reporting year (2014: 452). With consolidated sales of EUR 66,091 thousand (2014: EUR 58,933 thou-sand), the average sales contribution per employee rose to EUR 137 thousand in 2015 (2014: EUR 130 thousand). Staff costs for the same period amounted to EUR 36,698 thousand (2014: EUR 32,194 thousand). The staff costs ratio in relation to consolidated sales thus amounted to 55.6% (2014: 54.6%).

The proportion of women in the USU Group's workforce saw a year-on-year increase from 23% (Dec. 31, 2014) to 25% (Dec. 31, 2015). This was achieved thanks to a 30% share of women in new employees. The proportion of women in the workforce is set to further increase as a result of a higher share of women among new employees in future as well.

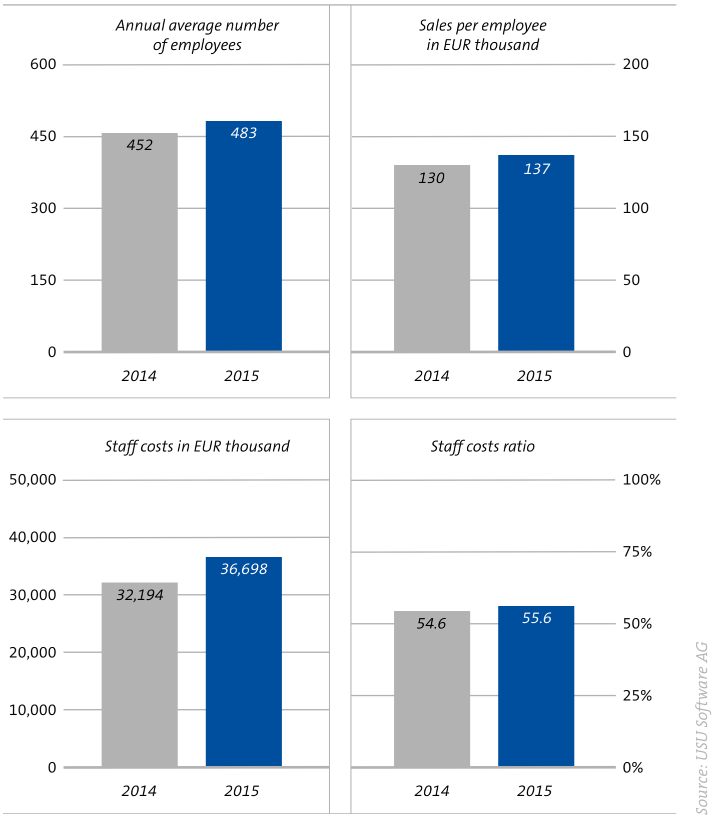
Stipulations in Accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector:

At its meeting on September 22, 2015, the Management Board of USU Software AG resolved that in the recruitment for management functions at all levels below the Management Board of USU Software AG and their affiliated companies, diversity must be respected and giving due consideration to women in particular must be targeted. In the USU Group, the proportion of women at the first management level below the Management Board amounts to zero. At the second level below the Management Board, this figure is 6%. At its meeting on September 22, 2015, the Management Board established a target figure of zero for the proportion of women at the first management level and 7% and at the second management level, with June 30, 2017 as a deadline to achieve these targets.

The Supervisory Board and Management Board of USU Software AG are currently made up of three male members respectively. The Management Board was expanded from one to three members as at October 1, 2014. At its meeting on September 22, 2015, the Supervisory Board therefore established a target figure of zero for the proportion of women by June 30, 2017.

The mandate of all members on the Supervisory Board terminates at the end of the next Annual General Meeting. Therefore, these members must be re-elected at the next Annual General Meeting. All Supervisory Board members want to continue their membership on the Supervisory Board and must be proposed for re-election accordingly at the next Annual General Meeting of the Supervisory Board. At its meeting on September 22, 2015, the Supervisory Board therefore established a target figure of zero for the proportion of women on the Supervisory Board by June 30, 2017.

Key personnel figures of the USU Group



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 2016 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. A voluntary bonus, which is distributed to all of the Group's employees based on the Group's success, is intended to serve as a special incentive.

In addition, the Group also offers an extensive and flexible employee company car scheme. The USU Group also consistently 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 end of the reporting period on December 31, 2015. 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

General Economy

In line with the economic forecast[8] published by the CESifo Group, the generally favorable framework conditions for the German economy will again lead to a rise in overall economic production over the course of 2016. According to researchers, private consumption remains the buttress of the upswing. In particular, income prospects for private households are good owing to further improvements in the situation on the job market. Furthermore, a temporary surge in demand will be trigged as a result of higher credit-funded government spending for refugees according to Hans Werner Sinn, Director of the Ifo Institute. A rise in German GDP by 1.9% is anticipated for 2016. This means that the modest upswing of the German economy will continue. However, the economy's sentiment – measured on the basis of the Ifo Business Climate Index – tangibly deteriorated at the start of 2016, falling to 107.3 points in January 2016 after 108.6 points in December 2015.

The International Monetary Fund (IMF) has reduced its forecasts for global economic growth. The global economy is expected to grow by 3.4% in 2016 and by 3.6% in 2017 according to a revised forecast by the IMF in January 2016. The IMF sees key growth risks in the growth slowdown in China, sanctions in the USA in relation to monetary policy in addition to a potential escalation of existing geopolitical tensions.[9]

Sector

According to information[10] from BITKOM, the ITC market will continue to be the main driver of growth for the Germany economy in 2016. 1.5% growth to EUR 158.4 billion is anticipated for the market as a whole. Here, the segment of information technology (IT) is set to remain the most significant growth driver on the German ITC market. Sales with software, IT services and IT hardware are expected to increase by 3.1% to EUR 82.9 billion in 2016. Transactions with software and IT services are reporting the strongest growth and the demand for big data and cloud computing in particular rose at a level higher than the market average. In general, providers benefit from the economy's growing digital transformation. This impacts not only the optimization of processes but also the core business. According to a current forecast of the IT research and consulting company Gartner[11], the global ITC market will have a volume of USD 3.54 trillion. This equates to slight growth of 0.6% as against the previous year – following a significant decline in 2015 compared with 2014 (-5.8%). In 2016 as well, growth drivers will be the software business (+5.3%) and revenue from IT services (+3.1%).

Outlook

The Management Board expects to continue the growth trend for USU Software AG and its subsidiaries successfully in the 2016 fiscal year. The product business is expected to be the central growth pillar of the USU Group, as was the case in 2015. Foreign markets in particular are set to underpin this

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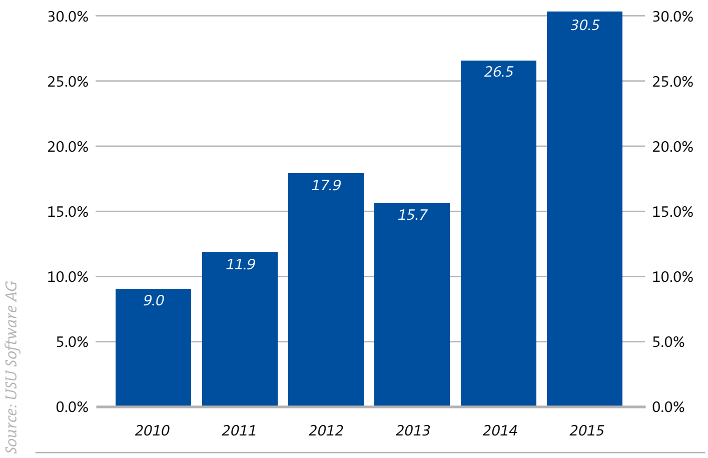
[8] *Vgl. CESifo-Gruppe, Ifo Geschäftsklima Deutschland, vom 25.01.2016*
[9] *Vgl. http://www.zeit.de/wirtschaft/2016-01/iwf-internationaler-waehrungsfonds-weltwirtschaftsbericht-deutschland*
[10] *BITKOM press release by 22.10.2015*
[11] *Gartner press release to Worldwide IT Spending by 18.01.2016*

development. With the Aspera Technologies subsidiary and partner CA Technologies, there is high growth potential on the US market. In addition, investments in expanding activities in Central Europe will be continued on the basis of partner activities in Italy and the Benelux countries and by tapping into the UK and French market.

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



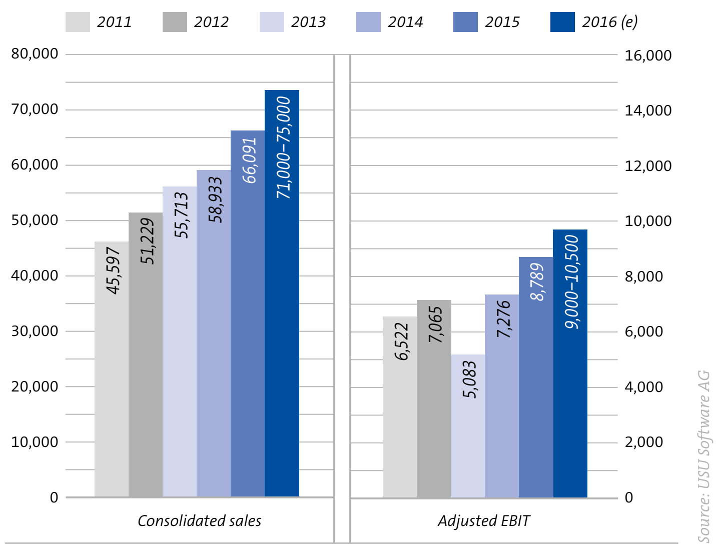
Domestic business is also expected to continue growing in 2016. In addition to the significant development of the high-margin product business, from which the USU Group generates license, maintenance and product-related consulting income, the consulting-intensive service business, with which USU generates product-independent consulting income, is also expected to further increase in line with current planning in 2016. With strong growth in the product business, this segment has increased its share in consolidated sales to over 79% in 2015, in line with the strategy. This share will further increase in 2016 as the Management Board has vigorously continued USU's strategic orientation towards becoming a highly profitable international software group.

The Group subsidiaries USU AG and Aspera GmbH will be the main sales drivers in the 2016 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 a separate company, the Group's parent company, USU Software AG, will continue to focus on research projects and the development of industrial big data products in the environment of Industry 4.0, in addition to the acquisition and holding of investments in IT companies, and thus participate in the business performance of the Company's subsidiaries.

Based on the above assumptions, the Management Board anticipates an increase in consolidated sales to between EUR 71 and EUR 75 million in fiscal 2016. At the same time, adjusted EBIT is set to rise at a faster pace to between EUR 9 and EUR 10.5 million. On the basis of this forecast, the Management Board is planning to enable the shareholders of USU Software AG to participate in the company's operating success again in 2016, as in previous years, and thus to continue the shareholder-friendly dividend policy in the interests of sustained continuity. With international business flourishing, potential on the core German market still high and the growth-oriented acquisition policy of the USU Group, the Management Board continues to expect sales and earnings to develop significantly, also on a medium-term basis. To the end of 2017, sales are expected to rise to over EUR 100 million, including approximately EUR 15 million in growth through acquisitions. Here, the operating margin on the basis of adjusted EBIT is expected to rise to 15%.

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



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.

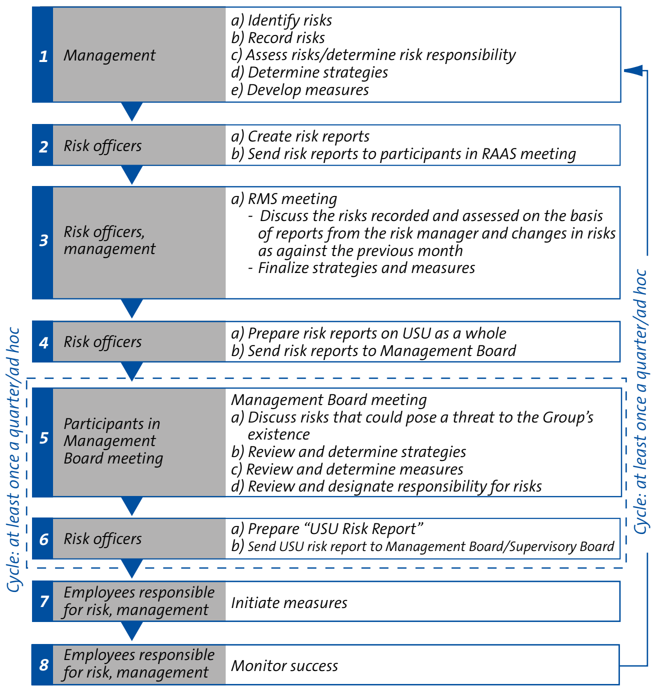
Risk Management System

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 as a going concern, either currently or in the foreseeable future, and whose 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 to be 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 2015, thus led to an increase in the international share of consolidated sales to over 30%. 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. In particular, highly dynamic markets such as social media could be affected by this.

For its part, USU Software AG expanded the product portfolio in 2015 through the acquisition of SecurIntegration 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, for instance, on industrial big data. 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.

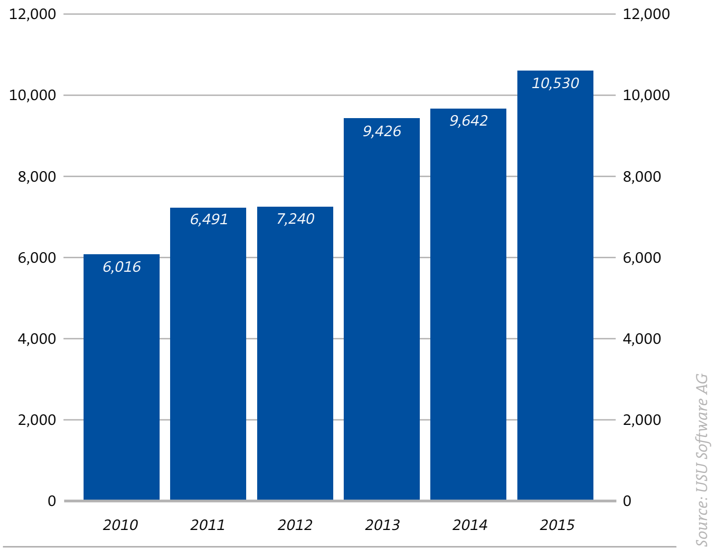
Product, Project and Legal Risk

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 project defects or faults in performance, which may in turn lead to claims for damages by the client or losses being may 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

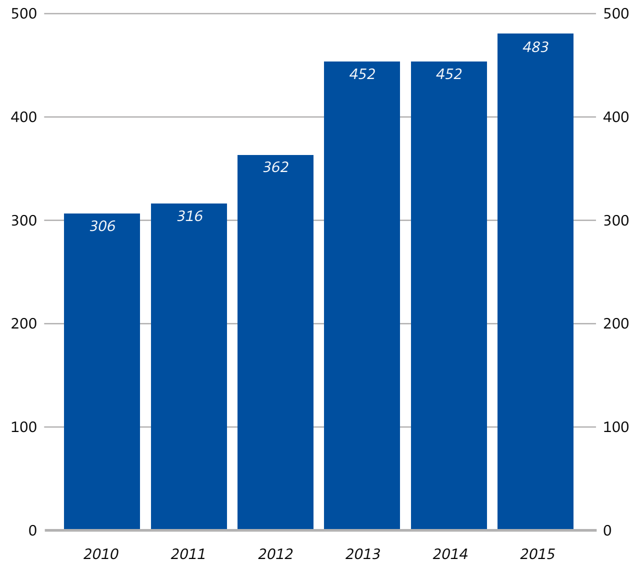


Personnel and Management Risk

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 implemented 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, an extensive talent development, 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.

Development of the USU Group's workforce



Source: USU Software AG

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, BIG and SecurIntegration 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 statement of financial position 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 2015 fiscal year did not identify any evidence of impairment of the assets assigned to this item of the statement of financial position. 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. 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

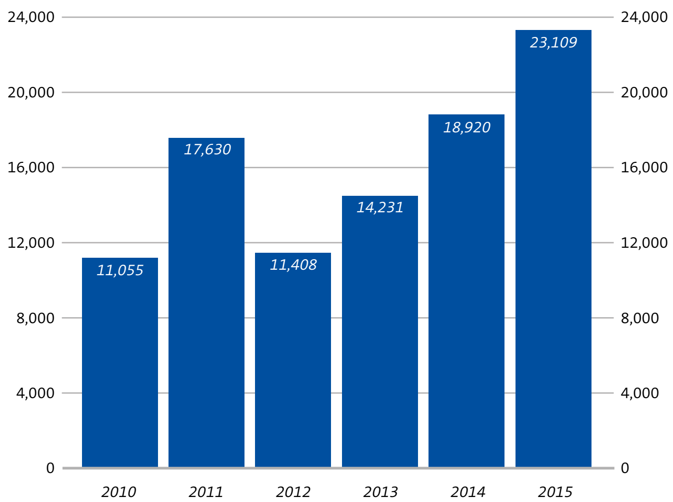
The volume of foreign-currency transactions conducted by the Company is negligible, meaning that it is exposed to exchange rate fluctuations with an impact on its EUR-denominated assets and income to a limited extent only. Transaction risks also exist for financial assets denominated in foreign currencies,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

Financial and Liquidity Risk

With funds of around EUR 23 million as of December 31, 2015, 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



Source: USU Software AG

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 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, by means of clearly defined access rights, 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.

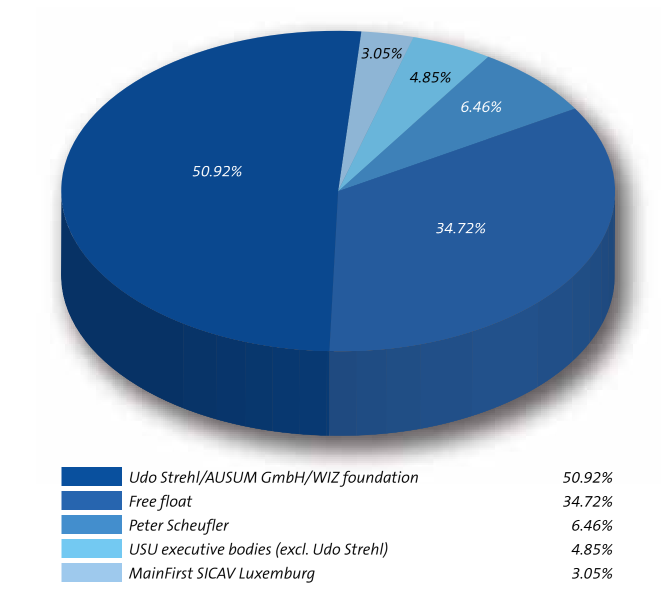
The regular upskilling of the employees involved in the accounting process and the timely investigation of new or amended accounting-related provisions serve to ensure that the preparation of the (consolidated) financial statements is up-to-date at all times.

INFORMATION RELEVANT TO ACQUISITIONS

Issued Capital, Shares, and Shareholder Structure

As of December 31, 2015, a total of 10,523,770 (2014: 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 (2014: 5,359,187) shares are held by the main shareholder and Chairman of the Supervisory Board of the Company, Udo Strehl, corresponding to 50.92% (2014: 50.92%) of the share capital. 1,989,319 (2014: 1,989,319) of these shares are held by him directly and a further 3,337,868 (2014: 3,337,868) shares are held by AUSUM GmbH, in which the majority shareholder is Udo Strehl. A further 32,000 (2014: 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 6.46% of the share capital of USU Software AG, or 680,016 shares, was attributable to Peter Scheufler, a former shareholder in LeuTek, as of December 31, 2015, according to his notification to the Company. On November 25, 2015, MainFirst SICAV informed us that its share of voting rights had exceeded the 3% threshold, at 3.05%.

Shareholder structure of USU Software AG as of December 31, 2015



Source: USU Software AG

Management Board Authorizations on the Issue of Shares and the 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, 2015.

By resolution of the Annual General Meeting on June 18, 2015, 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 June 17, 2020. 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)

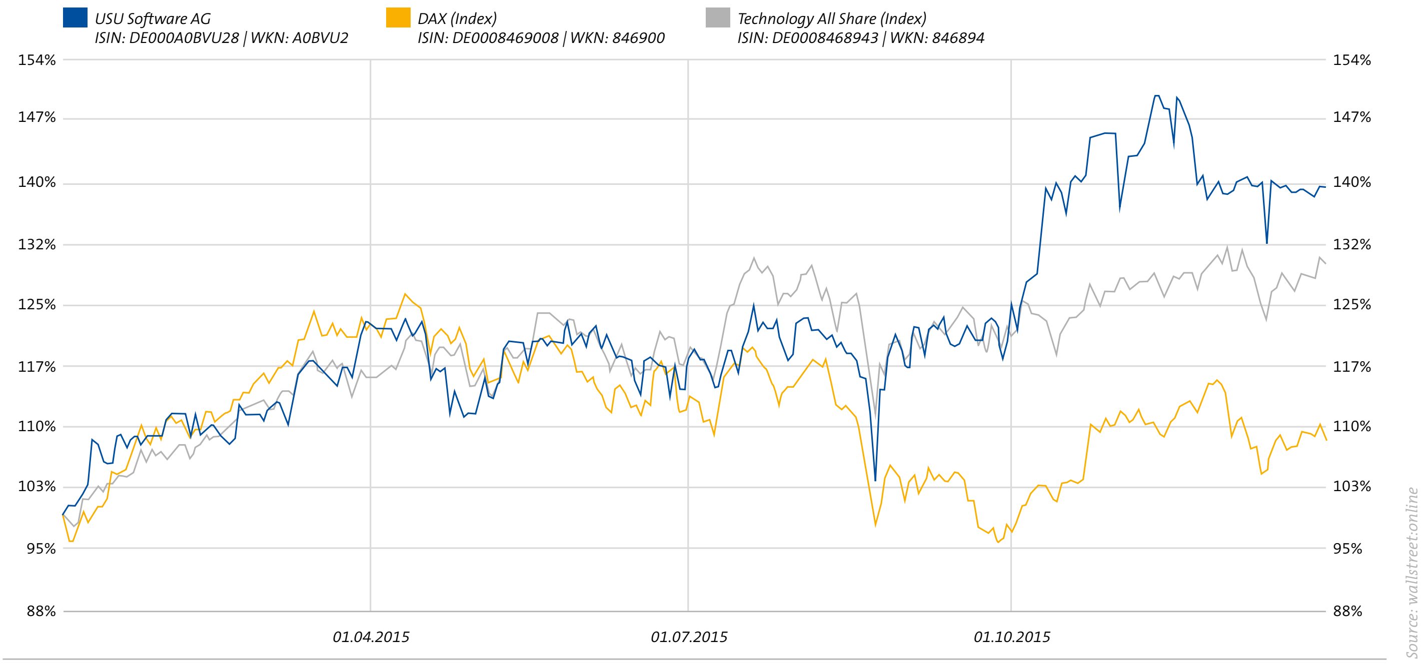
The shares of USU Software AG are listed in the Prime Standard of the Frankfurt stock exchange under the German Securities Code (WKN) A0BVU2 and International Securities Identification Number (ISIN) DE000A0BVU28, and are admitted to trading on the regulated market of this stock exchange.

Share Price Performance

The performance of the stock markets over the course of 2015 was very volatile. After a highly dynamic and encouraging start to the year with significant price increases in some cases, particularly in the second half of the year, this trend changed and led to falling prices. As a result of a price rally at the end of the year, indices were still higher than the previous year. As of the end of 2015, the Technology All Share was up 31.1% year-on-year at 2,133.18 points (December 31, 2014: 1,626.79 points). The German stock index (DAX) was also clearly above the previous-year level, ultimately closing the reporting year at 10,743.01 points as of December 31, 2015 (December 31, 2014: 9,805.55 points), which corresponds to a price increase of 9.6% 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 38.7% year-on-year at EUR 18.90 (December 31, 2014: EUR 13.63). The year high for the USU share price was EUR 20.95, which also marked a new ten-year high, while its lowest level at EUR 13.30 was the first price in 2015 and did not fall below this figure afterwards.

After December 31, 2015, stock markets continued to experience volatile development and declined overall until the separate and consolidated financial statements were finalized. The DAX fell to less than 10,000 points and the USU share saw a slight drop in price to EUR 18.06 on the XETRA.

Share price performance of USU Software AG in 2015



STATEMENT ON CORPORATE MANAGEMENT

Corporate Governance

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 2015.

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 2015 on December 8, 2015, making it 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 December 11, 2014, 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 5, 2015, whereby the following recommendations have not been or are not being applied:

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 addition, the Supervisory Board is required to establish target figures for the proportion of women on the Management Board in addition to deadlines by which these figures must be achieved.

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.

The Management Board grew from one to three members as at October 1, 2014 and has been made up of three male members ever since. No changes are envisaged here at least until June 30, 2017. At its meeting on September 22, 2015, the Supervisory Board therefore established a target figure of zero for the proportion of women by June 30, 2017.

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 age limit for Supervisory Board members and a regulatory limit to be established for the length of membership on the Supervisory Board in addition to diversity. For the proportion of women, the Supervisory Board has established target figures and corresponding deadlines to achieve these targets.

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 and a restriction on the length of membership for the 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. The Supervisory Board consists of three male members. The mandates of all Supervisory Board members terminate at the end of the next Annual General Meeting. Therefore, these members must be re-elected at the next Annual General Meeting. All Supervisory Board members want to continue their successful work on the Supervisory Board and must be proposed for re-election accordingly at the next Annual General Meeting of the Supervisory Board. At its meeting on September 22, 2015, the Supervisory Board therefore established a target figure of zero for the proportion of women on the Supervisory Board by June 30, 2017.

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 8, 2015."

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

Corporate Management Practices and Sustainability

The principles of sustainable action form the basis for our business activities. We design value creation and exchange processes based on the market, the environment and society. Our company operates in a socially and ethically responsible manner. Corporate social responsibility at USU Software AG has many facets and is strongly anchored in our business management and business strategy. Here, our sustainability management is an ongoing improvement process that can succeed only by maintaining a constant dialog with all stakeholders. All of our 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 market specialized software for key business areas. As a result, business customers and their customers create transparency, are more agile, save costs and reduce risks. However, success is impossible without collaborations that are based on trust. Trust has to be earned again on a daily basis. We adopt an open, fair and respectful approach with each other – not only in-house but also with our customers, shareholders and business partners. We – the workforce of the USU Group – have therefore developed basic values and targets in team meetings with colleagues across all areas and locations. We have summarized what we consider to be important in core statements. You can find this information on the USU Group's website. We see these guidelines as a way to define our position and goals – not as something set in stone. They are rather in perpetual motion, constantly moving, and we use them to reposition ourselves time and time again.

We work with people, for people. In addition to conventional key financial figures, non-financial key figures in particular, such as employee satisfaction, play a key role as a result. 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. Successfully integrating new employees – particularly from the newly acquired USU subsidiaries – reflects the sustainability of the USU corporate culture. Further evidence can be found in the results of the employer evaluation platform kununu. For instance, the platform has awarded USU AG with the "Top Company" and "Open Company" seals of approval. From a positive company climate with a feel-good factor to the variety of tasks to management behavior – USU AG's workforce states they are satisfied or very satisfied with their company based on practically all assessment criteria. As a result, USU is part of the exclusive group of top employers as only 1% of currently more than 240,000 companies assessed on kununu have qualified for both seals of approval. Over 70,000 hits on USU's profile reflect the relevance of the portal for numerous interested parties and potential applicants. A survey conducted by the industry association BITKOM concluded that one in four applicants obtained information on how employees ranked their potential new employer.

In addition to numerous HR development measures, health management is an important issue for the Company. Creating a safe ergonomic work environment is also important. This includes insurance benefits in the event of an accident, the possibility to take a sabbatical, individual work models such as flexible working hours or telework, company physician activities and site-specific preventive health programs. Other company services, such as personal company car regulations for all employees, are part of the overall compensation concept and also a symbol of responsibility and appreciation for employees.

Traditionally, the workforce and management of the USU Group support different charitable, community and cultural institutions, organizations and projects. This includes the Jugendhilfe aktiv foundation for youth welfare in Möglingen, Kinder- und Jugendhilfe der Karlshöhe in Ludwigsburg, a child and youth welfare organization, and the Sabine Dörges foundation that provides assistance to children who suffer from cancer. The latter assists young cancer patients and their parents in a very personal and involved manner and bears responsibility to help fund a range of key medical equipment for hospitals in the Greater Stuttgart area.

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.

For the first time, the USU Group was examined by Sustainability Intelligence Ltd. in the context of a comprehensive sustainability evaluation. At the end of 2015, it was given a C rating, which is a good result that also qualifies the company for inclusion in selected investment funds for sustainable investments. Sustainability Intelligence Ltd. works as an independent rating company in accordance with a holistic method approach: the so-called Ö²SE method, developed by Professor Volkmar Liebig. It takes four aspects into account - economic, ecologic, social and ethical aspects.

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 individual responsibility as members of the Management Board, 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

The 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 2015 fiscal year, the Group-wide compensation for the Management Board of the USU Group amounted to EUR 1,052.9 thousand (2014: EUR 464.2 thousand). This sum includes all compensation paid to the Management Board within the basis 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

Individual compensation of the Management Board for the 2015 fiscal year (Thsd. EUR)

	Bernhard Oberschmidt CEO since February 8, 2002		Bernhard Böhler Management Board Since October 1, 2014		Dr. Benjamin Strehl Management Board Since October 1, 2014	
	2015	2014	2015	2014	2015	2014
Fixed compensation	160.0	160.0	160.0	40.0	120.0	30.0
Fringe benefits	21.4	22.6	15.0	4.1	9.0	2.3
Total	**181.4**	**182.6**	**175.0**	**44.1**	**129.0**	**32.3**
One-year variable compensation	202.0	120.0	172.9	26.9	127.0	25.7
Multi-year variable compensation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**383.4**	**302.6**	**347.9**	**71.0**	**256.0**	**58.0**
Pension expenses	21.8	21.8	21.8	5.5	21.8	5.5
Total compensation	**405.2**	**324.4**	**369.7**	**76.5**	**278.0**	**63.5**

subsidiary USU (Schweiz) AG and Managing Director of the Group subsidiaries Openshop Internet Software GmbH, USU Austria GmbH and USU Consulting GmbH. The Management Board member Dr. Benjamin Strehl is also on the Management Board of USU AG.

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 2015 fiscal year, EBITDA represented 14.9% of consolidated sales. The variable compensation of the USU Software AG Supervisory Board thus corresponded to 60% 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.

Individual compensation of the Supervisory Board for the 2015 fiscal year (Thsd. EUR)

	Fixed compensation USU Software AG	Variable compensation USU Software AG	Fixed compensation USU AG
Udo Strehl	60.0	36.0	10.0
Günter Daiss	12.5	7.5	7.5
Erwin Staudt	12.5	7.5	5.0

During the 2015 fiscal year, the Group-wide compensation for the Supervisory Board of the USU Group amounted to EUR 158.5 thousand (2014: EUR 167.0 thousand).

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 4, 2016
USU Software AG

Bernhard Oberschmidt, Chairman of the Management Board

Bernhard Böhler, Member of the Management Board

Dr. Benjamin Strehl, Member of the Management Board

CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

TABLE OF CONTENTS	PAGES
Consolidated Balance Sheet	**68–69**
Consolidated Income Statement	**70**
Consolidated Statement of Comprehensive Income	**70**
Consolidated Statement of Cash Flow	**71**
Consolidated Statement of Changes in Equity	**72–73**
Notes to the Consolidated Financial Statements	**74–109**
A. The Company	74
B. Significant Accounting Policies	74–83
C. Change in Group Organization	83–84
D. Notes to the Consolidated Statement of Financial Position	85–96
E. Notes to the Consolidated Income Statement	96–98
F. Notes to the Statement of Cash Flows	98–99
G. Segment reporting	99–101
H. Other Disclosures	101–104
I. Holdings of members of corporate bodies	105
J. Dividend payment	105
K. Declaration of conformity	105

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015

USU SOFTWARE AG, MÖGLINGEN

ASSETS	Notes	31.12.2015 Thsd. EUR	31.12.2014 Thsd. EUR
Assets			
Non-current assets			
Intangible assets	(9)	6,702	6,885
Goodwill	(10)	35,575	34,559
Property, plant and equipment	(11)	2,141	2,075
Deferred tax assets	(30)	4,234	4,122
Other assets	(12)	669	657
		49,321	**48,298**
Current assets			
Inventories	(13)	646	643
Work in progress	(14)	2,456	4,158
Trade receivables	(15)	11,498	10,641
Income tax receivables	(16)	367	654
Other financial assets	(17)	316	233
Other assets		343	249
Prepaid expenses	(18)	1,130	1,378
Securities	(19)	3,014	0
Cash on hand and bank balances	(20)	20,095	18,920
		39,865	**36,876**
		89,186	**85,174**

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015

USU SOFTWARE AG, MÖGLINGEN

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31.12.2015 Thsd. EUR	31.12.2014 Thsd. EUR
Equity and liabilities			
Shareholders' Equity			(21)
Subscribed capital		10,524	10,524
Capital reserve		52,792	52,792
Legal reserve		574	502
Other comprehensive income		-74	-19
Accumulated losses		-3,025	-8,191
		60,791	**55,608**
Non-current liabilities			
Deferred tax liabilities	(30)	108	766
Pension provisions	(22)	1,908	1,865
		2,016	**2,631**
Current liabilities			
Provisions for income taxes		613	941
Purchase price liabilities	(23)	335	2,514
Personnel-related provisions and liabilities	(24)	6,362	4,580
Other provisions and liabilities	(25)	2,314	2,117
Liabilities from advance payments	(26)	9,868	10,999
Trade payables	(27)	1,590	1,392
Deferred income	(29)	5,297	4,392
		26,379	**26,935**
		89,186	**85,174**

CONSOLIDATED INCOME STATEMENT FOR THE FISCAL YEAR FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

USU SOFTWARE AG, MÖGLINGEN

	Notes	2015 Thsd. EUR	2014 Thsd. EUR
Revenue	(31)	66,091	58,933
Cost of sales	(32)	-31,003	-27,654
Gross profit		**35,088**	**31,279**
Sales and marketing expenses	(33)	-9,279	-8,573
General administrative expenses	(34)	-7,110	-6,451
Research and development expenses	(35)	-10,530	-9,642
Other operating income	(36)	954	1,511
Other operating expenses	(37)	-244	-194
Amortization of intangible assets recognized in the course of company acquisitions		-1,289	-1,257
Financial income	(38)	346	495
Financial expenses	(39)	-55	-572
Profit before taxes		**7,881**	**6,596**
Income taxes	(40)	501	-1,084
Consolidated net profit/loss		**8,382**	**5,512**
of which:			
Shareholders of USU Software AG		8,382	5,549
Minority interests		0	-37
Earnings per share (in EUR):			
Payable to the shareholders of USU Software AG: Basic and diluted		0.80	0.52
Weighted average shares:			
Basic and diluted		10,523,770	10,523,770

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2015 FISCAL YEAR

USU SOFTWARE AG, MÖGLINGEN

	Notes	2015 Thsd. EUR	2014 Thsd. EUR
Consolidated net profit/loss		**8,382**	**5,512**
Items never to be reclassified to profit or loss			
Actuarial gains/losses from pension provisions	(22)	19	-755
Deferred taxes from actuarial gains/losses		-6	225
Items that have been or can be reclassified to profit or loss			
Currency translation difference		-55	25
Other comprehensive income		**-42**	**-505**
Overall result		**8,340**	**5,007**
of which:			
Shareholders of USU Software AG		8,340	5,044
Minority interests		0	-37

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2015 FISCAL YEAR

USU SOFTWARE AG, MÖGLINGEN

	Notes	2015 Thsd. EUR	2014 Thsd. EUR
Net cash from operating activities:			
Profit before taxes		7,881	6,596
Adjustments for:			
Financial income/financial expenses		-291	77
Depreciation and amortization		2,286	2,214
Income taxes paid		-1,032	-570
Income taxes refunded		617	1
Interest paid		-8	-12
Interest received		41	18
Other non-cash income and expenses		-303	-994
Change in working capital:			
Inventories		-3	87
Work in progress		1,702	-985
Trade receivables		-657	949
Prepaid expenses and other assets		80	-361
Trade payables		183	-145
Personnel-related liabilities and pension provisions		1,784	109
Other provisions and liabilities		-130	756
	(42)	**12,150**	**7,740**
Net cash from/used in investing activities:			
Acquisition of subsidiaries less cash and cash equivalents acquired		-560	0
Capital expenditure in property, plant and equipment		-835	-965
Capital expenditure in other intangible assets		-176	-152
Sales of non-current assets		17	15
Repayment of loans		-329	0
Investments in securities		-3,014	0
	(43)	**-4,897**	**-1,102**
Net cash used in financing activities:			
Dividend payment		-3,157	-2,631
Repayment of purchase price liability in connection with the acquisition of subsidiaries		-2,591	0
Repayment of bank loans		-634	0
	(44)	**-6,382**	**-2,631**
Net effect of currency translation in cash and cash equivalents		**304**	**682**
Increase in cash and cash equivalents		**1,175**	**4,689**
Cash and cash equivalents – start of the fiscal year		**18,920**	**14,231**
Cash and cash equivalents – end of the fiscal year	**(45)**	**20,095**	**18,920**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2015 FISCAL YEAR

USU SOFTWARE AG, MÖGLINGEN

	Subscribed capital		Capital reserve
	Number	Thsd. EUR	Thsd. EUR
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**
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, 2015	**10,523,770**	**10,524**	**52,792**

Legal reserve Thsd. EUR	Accumulated losses Thsd. EUR	Other comprehensive income Currency translation Thsd. EUR	Shareholders' equity excluding minority interests Thsd. EUR	Minority interests Thsd. EUR	Total Thsd. EUR
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**
0	8,382	0	8,382	0	8,382
0	13	-55	-42	0	-42
0	**8,395**	**-55**	**8,340**	**0**	**8,340**
72	-72	0	0	0	0
0	-3,157	0	-3,157	0	-3,157
574	**-3,025**	**-74**	**60,791**	**0**	**60,791**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2015 FISCAL YEAR

USU SOFTWARE AG, MÖGLINGEN

A. THE COMPANY

The Group parent company, USU Software AG, is domiciled in 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 range 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 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 rounded to thousands of euro ("EUR thousand") except for figures pertaining to shares. The end of the reporting period 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 4, 2016, 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 17, 2016 and approve their publication.

The separate financial statements of USU Software AG in accordance with HGB for the year ended December 31, 2015 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:

No new or revised IFRS to be mandatorily applied entered into force in the past fiscal year.

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 measurement of financial instruments under IAS 39. IFRS 9 results in a uniform approach to the classification and measurement 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. 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, 2018. Earlier application is permitted. We are currently evaluating what effects first-time application of IFRS 15 will have on the consolidated financial statements.

- **IFRS 16 Leases** will comprise regulations on the recognition of leases and replace IAS 17 in addition to the associated interpretations IFRIC 4, SIC 15 and SIC 27. IFRS 16 provides a single recognition method for the lessee. As a result, the lessee will be required to report all assets for any rights of use obtained and liabilities arising from leases in the statement of financial position. An exception applies only to short-term leases with a term that does not exceed 12 months and to low-value assets. By contrast, the lessor will continue to differentiate between finance and operating leases. Furthermore, IFRS 16 contains new regulations on reporting, the explanatory notes and sale and leaseback transactions. The date of first-time application of IFRS 16 is January 1, 2019. Earlier application is permitted provided that the provisions on revenue recognized in accordance with IFRS 15 are taken into account at the same time. We are currently evaluating what effects first-time application of IFRS 16 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.

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 statement of profit or loss 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.

Non-controlling interests in the net assets of consolidated subsidiaries are determined and reported separately in the consolidated statement of financial position.

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

4. Consolidated Group

The Group comprises USU Software AG and twelve German and foreign subsidiaries that are all wholly owned.

The consolidated Group has expanded as a result of SecurIntegration GmbH, Cologne, which was acquired as of July 1, 2015.

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	Shareholders' equity Dec. 31, 2015 Thsd. EUR	Net profit/loss 2015 Thsd. EUR
USU AG, Möglingen	14,401	1,503
LeuTek GmbH, Leinfelden-Echterdingen [1]	1,380	2,112
Omega Software GmbH, Obersulm [1]	970	171
USU Software s. r. o., Brno, Czech Republic	870	138
USU (Schweiz) AG, Zug, Switzerland	-30	-3
USU Austria GmbH, Wien, Austria	-663	50
Openshop Internet Software GmbH, Möglingen [1]	-775	-1
Aspera GmbH, Aachen [1]	300	6,090
USU Consulting GmbH, Sursee, Switzerland	54	-11
Aspera Technologies Inc., Boston, USA	-1,445	-1,266
B.I.G. Social Media GmbH, Berlin [1][2]	1,706	-614
SecurIntegration GmbH, Cologne	-1,066	-1,155

[1] Net profit before/equity after profit transfer to USU Software AG due to existing profit transfer agreements.
[2] On May 5, 2015, USU Software AG paid the purchase price for the remaining 49% of shares in B.I.G. Social Media GmbH. The company therefore now wholly owns BIG Social Media GmbH. Immediately after paying the outstanding purchase price, USU Software AG concluded a profit transfer agreement with BIG that was subsequently approved at the Annual General Meeting of USU Software AG.

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 at the end of the reporting period; 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 under other operating income and expenses.

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 under other operating income or expenses.

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

Currency	Closing rate		Average rate	
(equivalent to EUR 1)	Dec. 31, 2015	Dec. 31, 2014	2015	2014
Swiss francs (CHF)	1.0835	1.2024	1.0679	1.2127
Czech koruna (CZK)	27.023	27.735	27.279	27.536
US dollar (USD)	1.0887	1.2141	1.1095	1.3211

Currency translation differences recognized in profit or loss in the past fiscal year amounted to EUR +415 thousand (2014: EUR +513 thousand).

6. Use of Significant Estimates and Assumptions

The preparation of the separate 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 end of the reporting period, 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 9), the decision not to capitalize software development costs (note 7.19), bad debt allowances (note 15), contingent liabilities, pension provisions (note 22), and other provisions (note 25), 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 30).

In addition, significant estimates and assumptions are required to determine the fair values of property, plant and equipment and intangible assets and of purchase price liabilities (earn-out), particularly as part of purchase price allocation in the event of business acquisitions and for goodwill impairment testing (notes 8, 9, 10 and 23).

The cash flows underlying the discounted cash flow calculation as part of goodwill impairment 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 thirteen 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 statement of profit or loss.

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 2014 and 2015 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 9 and 10.

In the case of impairment testing for goodwill acquired in the course of company acquisitions, 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, SecurIntegration GmbH and Aspera Technologies Inc.), 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 together with Aspera Technologies Inc. and SecurIntegration GmbH and B.I.G. Social Media GmbH, all 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 G 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 end of the reporting period. The fair value of financial instruments for which there is no active market is determined using measurement methods. These measurement 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 end of the reporting period.

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 the end of every reporting period, 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 end of the reporting period.

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 end of the reporting period.

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 end of the reporting period. 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 statement of financial position. 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 statement of financial position 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 as of December 31, 2014 and December 31, 2015.

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 end of the reporting period 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 in profit or loss 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 statement of profit or loss.

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 the end of each reporting period 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 statement of financial position.

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 Reporting Period

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 in the statement of financial position. The obligations disclosed in these notes reflect the potential liability as of the end of the reporting period.

Events after the end of the reporting period that provide evidence that certain conditions existed at the end of the reporting period are known as adjusting events and are taken into account in the consolidated financial statements. Events after the reporting period that provide evidence that certain conditions arose after the reporting period are known as non-adjusting events and are not taken into account in the consolidated statement of financial position, 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 Revenue

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 statement of financial position 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 Expenditure

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 end of the reporting period, as any such costs were immaterial. The Group expensed all of its research and development expenditure for the period under review (2015: EUR 10,530 thousand, 2014: EUR 9,642 thousand).

C. CHANGE IN GROUP ORGANIZATION

8. Acquisition of SecurIntegration GmbH, Cologne

On July 1, 2015, USU Software AG acquired 100% of shares in SecurIntegration GmbH, Cologne, and included it in consolidation from this date using the purchase method in accordance with IFRS 3. SecurIntegration is a software company specializing in SAP license optimization whose standard software rounds off the USU Group's existing software license management portfolio and in which the Product Business segment is categorized. Established in 2001, the company generated sales of around EUR 1.5 million and positive operating earnings in fiscal 2014. SecurIntegration's renowned customers include companies such as Continental, Dätwyler, and AMAG. The purchase price for the shares, which is to be paid in cash, includes a fixed component of EUR 560 thousand and an earn-out component that depends on the development of SecurIntegration in 2015 and 2016 (EBIT and sales) between EUR 0 thousand and EUR 2,340 thousand.

Based on the development of SecurIntegration in the past fiscal year, there is a realistic earn-out component between EUR 0 thousand and EUR 340 thousand.

Based on its planning for 2016, USU Software AG is anticipating a total purchase price of EUR 895 thousand (present value), around EUR 560 thousand of which will be payable from early July 2015.

Based on the estimated purchase price and the interim outstanding purchase price allocation, goodwill of EUR 1,016 thousand was recognized from the first-time consolidation of SecurIntegration as of July 1, 2015. The recognized purchase price liability amounts to EUR 335 thousand as at the date of first-time consolidation.

The following table shows an overview of the calculation of goodwill:

(Thsd. EUR)	Previous carrying amounts under IFRS	Fair values
Intangible Assets	2	1,125
Property, plant and equipment	32	32
Trade receivables	200	200
Other (financial) assets	22	22
Provisions	-48	-48
Bank liabilities	-634	-634
Trade payables	-16	-16
Other (financial) assets	-337	-337
Deferred income	-101	-101
Deferred tax liabilities	0	-364
	-880	**-121**
Goodwill		1,016
Purchase price		**895**

Goodwill is mainly the result of the skills and specialized abilities of SecurIntegration's workforce in addition to the anticipated synergies arising from the integration of the company in the Group's existing business. Recognized goodwill is not deductible for tax purposes.

Intangible assets that are not deductible for tax purposes in the amount of EUR 1,123 thousand, which were also identified as part of the purchase price allocation, are allocated as follows:

	Thsd. EUR	Estimated useful life Years
Customer relations	705	13
Order backlog	13	1
Technology	405	5
	1,123	

The measurement techniques used to establish the fair value of the intangible assets were as follows:

Relief-from-royalty approach: The relief-from-royalty approach takes into account estimated discounted royalty payments, which are expected to be saved since the technology is self-owned.

Multi-period excess earnings method: The multi-period excess earnings method takes into account the present value of the anticipated net cash flow generated by customer relations with the exception of all cash flows associated with the underlying assets.

Costs for legal fees of EUR 33 thousand that were related with the acquisition were incurred within the Group. These costs are recognized in administrative expenses.

The following pro forma key financial figures illustrate consolidated sales and the consolidated earnings of the Company as if SecurIntegration, whose sales and earnings contribution has been EUR 441 thousand and EUR -186 thousand respectively since the date of the acquisition, had already been acquired by USU Software AG at the beginning of fiscal 2015. The pro forma result contains notional write-downs on hidden reserves covered as part of the acquisition in addition to the corresponding deferred taxes. No potentially attainable synergies from the merger are included in the pro forma calculation:

	2015 Thsd. EUR
Pro forma revenue (Group)	66,494
Pro forma net profit	7,360

The calculated pro forma figures are not necessarily indicators of potential business development if the acquisition had been implemented at an earlier date. Here, it must be particularly noted that the actual short-term and mid-term effects of this acquisition on sales and earnings are not included in these results. In addition, these figures do not necessarily reflect future development.

D. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

9. 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		2015 Thsd. EUR	2014 Thsd. EUR
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 determined 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 10.

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

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

10. 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, BIG and SecurIntegration.

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. The same applies to SecurIntegration, which has been integrated into the scope of business of Aspera. As a result, there are the following 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:

		2016	2017	2018
USU AG/ Omega	(Product Business)	2.9%	7.5%	7.6%
USU AG	(Service Business)	3.4%	1.5%	2.0%
LeuTek	(Product Business)	6.0%	4.8%	5.6%
Aspera/SecurIntegration	(Product Business)	25.2%	12.8%	12.9%
BIG	(Product Business)	8.2%	13.4%	13.4%

Based on its medium-term planning, the Group's management has forecast a terminal value based on assumed annual growth of 1.0% (2014: 1.0%).

In calculating the present value, a post-tax capitalization rate of 7.64% to 8.96% (2014: 8.07% to 10.12%) or a pretax capitalization rate of 9.98% to 12.01% (2014: 11.08% to 14.16%) was taken as a basis in the Product Business segment.

For the Service Business sector, a post-tax capitalization rate of 7.64% (2014: 8.07%) or a pre-tax capitalization rate of 9.98% (2014: 11.08%) 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		2015 Thsd. EUR	2014 Thsd. EUR
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/SecurIntegration	(Product Business)	7,773	6,757
BIG	(Product Business)	2,164	2,164
		35,575	**34,559**

The changes in goodwill for each reporting unit in the 2014 and 2015 fiscal years are shown in the following table.

	Produkt Business	Service Business	Group
As of January 1, 2014	32,237	2,322	34,559
Change in 2014	0	0	0
As of December 31, 2014	32,237	2,322	34,559
Acquisition of SecurIntegration GmbH	1,016	0	1,016
As of December 31, 2015	**33,253**	**2,322**	**35,575**

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	Increase in capitalization rate by one percentage point	Increase in capitalization rate by two percentage points
USU AG/Omega (Product Business)	0	0
USU AG (Service Business)	0	0
LeuTek (Product Business)	0	0
Aspera/SecurIntegration (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.

11. Property, plant and equipment

Depreciation of property, plant and equipment amounted to EUR 805 thousand in the 2015 fiscal year (2014: EUR 778 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).

12. Other non-current assets

Under other non-current assets, the capitalized values of insurance policies under which the beneficiaries have no access to the insurance are reported, which totaled EUR 669 thousand (2014: EUR 657 thousand).

13. Inventories

Inventories mainly relate to software licenses from third-party providers and IT hardware. As there were no inventory risks at the end of the reporting period, no discounts were necessary.

The cost of materials for inventories amounted to EUR 1,627 thousand in the past fiscal year (2014: EUR 1,245 thousand).

14. Work in Progress

The following table provides an overview of total work in progress and the associated billings as of December 31, 2014 and December 31, 2015:

	2015 Thsd. EUR	2014 Thsd. EUR
Contract costs plus unbilled contract earnings	8,771	5,167
of which: from service agreements in accordance with IAS 18	4,177	2,333
of which: from construction contracts in accordance with IAS 11	4,594	2,834
less amounts received from progress billings	-7,686	-3,388
Net amount	**1,085**	**1,779**
of which: work in progress	2,456	4,158
of which: liabilities from advance payments	-1,371	-2,379

Sales of EUR 5,834 thousand were generated from construction contracts in accordance with IAS 11 in the 2015 fiscal year (2014: EUR 4,312 thousand).

15. Trade receivables

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

	2015 Thsd. EUR	2014 Thsd. EUR
Trade receivables	11,846	10,911
Valuation allowances as of January 1	-270	-275
Utilizations in the fiscal year	0	0
Additions recognized in profit or loss	-103	-27
Reversals	25	32
Valuation allowances as of December 31	-348	-270
	11,498	**10,641**

As of December 31, 2015, valuation allowances were recognized for trade receivables with a nominal value of EUR 740 thousand (2014: EUR 453 thousand).

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

Year	Total Thsd. EUR	Neither past due nor subject to valuation allowances Thsd. EUR	Past due but not subject to valuation allowances: <30 days Thsd. EUR	30–90 days Thsd. EUR	91–180 days Thsd. EUR	181–360 days Thsd. EUR	>360 days Thsd. EUR
2015	11,106	9,373	1,733	0	0	0	0
2014	10,457	8,415	2,042	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 end of the reporting period or in the previous year.

16. Income Tax Receivables

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

17. Other Current Financial Assets

Other current financial assets are composed of the following items:

	2015 Thsd. EUR	2014 Thsd. EUR
Receivables from employees	0	16
Other receivables	316	217
	316	**233**

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

Year	Total Thsd. EUR	Neither past due nor subject to valuation allowances Thsd. EUR	Past due but not subject to valuation allowances <30 days Thsd. EUR	30–90 days Thsd. EUR	91–180 days Thsd. EUR	181–360 days Thsd. EUR	>360 days Thsd. EUR
2015	316	316	0	0	0	0	0
2014	233	233	0	0	0	0	0

18. Prepaid Expenses

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

19. Securities

The securities reported under current assets relate to available-for-sale listed corporate bonds with a high credit rating and are presented as follows:

Year	Acquisition costs Thsd. EUR	Unrealized gains Thsd. EUR	Unrealized losses Thsd. EUR	Market value Thsd. EUR
2014	0	0	0	0
2015	3,014	0	0	3,014

20. Cash on Hand and Bank Balances

This item is broken down as follows:

	2015 Thsd. EUR	2014 Thsd. EUR
Fixed-term deposits and overnight money	13,985	7,154
Demand deposits	6,104	11,759
Cash on hand	6	7
	20,095	**18,920**

21. Shareholders' Equity

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

21.1 Share Capital and Shares

The fully paid subscribed capital of the Company stands at EUR 10,524 thousand as of December 31, 2015. 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.

21.2 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 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 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.

21.3 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, 2015.

21.4 Capital Reserves

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 end of the reporting period.

21.5 Legal Reserve

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

21.6 Earnings per Share

In accordance with IAS 33, basic and diluted (due to the lack of dilutive effect) 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.

	2015	2014
Consolidated earnings attributable to the shareholders of USU Software AG in EUR thousand	8,382	5,549
Annual average number of shares: Shares	10,523,770	10,523,770
Basic and diluted earnings per share: in EUR	0.80	0.52

The number of shares outstanding at the end of the reporting period is calculated as follows:

	2015	2014
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**

21.7 Appropriation of Net Profit

The resolution on the use of USU Software AG's unappropriated surplus in fiscal year 2014 took place at the Annual General Meeting on June 18, 2015. The Annual General Meeting approved the proposal of the Management Board and Supervisory Board, distributing a dividend of EUR 0.30 for the 10,523,770 dividend-bearing shares (EUR 3,157 thousand) on the day following the Annual General Meeting.

For the past fiscal year, the Management Board is proposing the distribution of a dividend of EUR 0.35 per share for a total of 10,523,770 no-par value shares (EUR 3,683 thousand) from the unappropriated surplus of USU Software AG as of December 31, 2015.

22. 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 2.40% (2014: 2.35%). 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 2% 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 (2014: 0%). The expected average annual return on plan assets is expected to be 2.40% (2014: 2.35%). 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, 2015.

As of December 31, 2015, the Company offset a (cumulative) total of EUR -1,276 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:

	2015 Thsd. EUR	2014 Thsd. EUR
Present value of benefit obligation at the start of the fiscal year	3,544	2,713
Current service cost	41	41
Interest cost	84	102
Actuarial gains/losses taken directly to equity resulting from		
- demographic assumptions	0	0
- financial assumptions	-21	688
- experience adjustments	0	0
Present value of benefit obligation at the end of the fiscal year	**3,648**	**3,544**

Development of plan assets:

	2015 Thsd. EUR	2014 Thsd. EUR
Fair value of the plan assets at the start of the year under review	1,678	1,621
Income from plan assets (interest income)	40	91
Payments into the plan assets	24	33
Amortization of plan assets	0	0
Actuarial gains/losses taken directly to equity resulting from		
- demographic assumptions	0	0
- financial assumptions	-2	-67
- experience adjustments	0	0
Fair value of the plan assets at the end of the fiscal year	**1,740**	**1,678**

Development of the obligation reported in the balance sheet:

	2015 Thsd. EUR	2014 Thsd. EUR
Present value of the pension obligation	3,648	3,544
Fair value of the plan assets	1,740	1,678
Obligation reported in the balance sheet	**1,908**	**1,865**

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 2016 fiscal year are estimated at EUR 46 thousand.

The following amounts were reported in the income statement:

	2015 Thsd. EUR	2014 Thsd. EUR
Current service cost	-41	-41
Interest cost	-84	-102
Income from plan assets (interest income)	40	91
Amortization of plan assets	0	0
	-85	**-52**

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 at the end of the reporting period would have influenced the defined benefit obligation by the following amounts.

December 31, 2015 Effect in EUR thousand	Increase in the defined benefit obligation Thsd. EUR	Decrease in the defined benefit obligation Thsd. EUR
discount rate (1% change)	582	-473
Future pension trend (1% change)	412	-339

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 16 years as of December 31, 2015.

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 end of the reporting period:

Fiscal year as of December 31	Expected payments Thsd. EUR
2016–2020	0
2021–2025	184

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 62 thousand in the year under review (2014: 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 1,942 thousand (2014: EUR 1,903 thousand), of which EUR 39 thousand was attributable to Management Board members (2014: EUR 35 thousand).

23. Purchase price liabilities

	Thsd. EUR
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**

	Thsd. EUR
Present value as of January 1, 2015	2,514
Stay bonus BIG first half-year	50
Prepaid expense stay bonus BIG second half of 2015 and 2016	250
Repayment of purchase price minority interests BIG	-2,591
Reversals due to final amendment agreement BIG	-223
Subtotal	**0**
Purchase price liability SecurIntegration	335
Present value as of December 31, 2015	**335**

23.1 Purchase Price Liability (BIG)

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 are exercisable until December 31, 2015. Due to an amendment agreement reached in 2015 between the Company and BIG, the option agreements were terminated. 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. On May 5, 2015, the outstanding purchase price of EUR 2,591 thousand was paid.

23.2 Purchase Price Liability (SecurIntegration)

For the purchase price liability (earn-out component) arising from the acquisition of SecurIntegration as of July 1, 2015, we refer to the disclosure under note 8 Acquisition of SecurIntegration GmbH, Cologne.

24. Personnel-Related Provisions and Liabilities

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

	2015 Thsd. EUR	2014 Thsd. EUR
Vacation and variable compensation	5,449	3,668
Other personnel-related liabilities	913	912
	6,362	**4,580**

25. Other Provisions and Liabilities

Other provisions and liabilities include the following items:

	2015 Thsd. EUR	2014 Thsd. EUR
Outstanding invoices	267	409
Other liabilities	1,301	892
Other Provisions	746	816
	2,314	**2,117**

Other provisions comprise mainly provisions for obligations under company law and other identifiable individual risks with a term no longer than a year. Other provisions developed as follows in the 2015 fiscal year:

(Thsd. EUR)	As of January 1, 2015	Additions	Utilizations	Reversals	Currency differences	As of December 31, 2015
Operating obligations	332	281	274	24	0	315
Other obligations	484	174	220	7	0	431
	816	**455**	**494**	**31**	**0**	**746**

26. 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 14). Advance payments received for licenses ordered are also included in this item.

27. Trade Payables

All trade payables are due within one year.

28. Additional Disclosures on Financial Instruments

Based on the relevant items of the statement of financial position, 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, 2015	IAS 39-category/ IFRS 7 class	Carrying amount	Measurement in accordance with IAS 39: Amortized cost	Fair value taken directly to equity	Fair Value recognized in profit or loss	Fair Value
Work in progress	IAS 11	2,456	2,456	0	0	2,456
Trade receivables	L+R [1]	11,498	11,498	0	0	11,498
Other current financial assets	L+R	316	316	0	0	316
Securities held as current assets	A-f-s [4]	3,014	0	3,014	0	3,014
Cash on hand and bank balances	L+R	20,095	20,095	0	0	20,095
Aggregated by class/category						
Loans and receivables	L+R	31,909	31,909	0	0	34,923
Work in progress	IAS 11	2,456	2,456	0	0	2,456
available for sale	A-f-s [4]	3,014	0	3,014	0	3,014

[1] L+R: Loans and Receivables [4] Afs: Available-for-sale

in EUR thousand as of December 31, 2015	IAS 39-category/ IFRS 7 class	Carrying amount	Measurement in accordance with IAS 39: Amortized cost	Fair value taken directly to equity	Fair Value recognized in profit or loss	Fair Value
Financial liabilities						
Trade payables	Amort. cost [2]	1,590	1,590	0	0	1,590
Liabilities from advance payments	Amortized cost/IAS 11	9,868	9,868	0	0	9,868
Purchase price liabilities for the SI shares	MAFVTPOL [3]	335	0	0	335	335
Aggregated by class/category						
Measured at amortized cost	Amortized cost/IAS 11	11,458	11,458	0	0	11,458
Measured at fair value through profit or loss	MAFVTPOL	335	0	0	335	335

[2] Amort. cost: Amortized cost [3] MAFVTPOL: Measured at fair value through profit or loss (hierarchy: Level 3)

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
Securities held as current assets	A-f-s[4]	0	0	0	0	0
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 [4] Afs: Available-for-sale

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	Amort. cost [2]	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	MAFVTPOL [3]	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	MAFVTPOL	2,514	0	0	2,514	2,514

[2] Amort. cost: Amortized cost [3] MAFVTPOL: Measured at fair value through profit or loss (hierarchy: Level 3)

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 end of the reporting period. The same applies for trade payables and other liabilities.

Information on the purchase price liabilities for the BIG shares can be found in note 23.

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	
		At fair value	Valuation allow-ances	Appre-ciation	Accu-mulation	From currency translation		2015	2014
Net gains/losses from financial instruments classified as									
Loans and receivables	38	0	-103	0	0	422	215	572	336
Available-for-sale	0	0	0	0	0	0	0	0	0
Financial liabilities at amortized cost	0	0	0	0	0	-7	0	-7	-15
Financial liabilities at fair value through profit or loss	0	0	0	0	-2	0	223	221	491
Total	**38**	**0**	**-103**	**0**	**-2**	**415**	**438**	**786**	**812**

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 38 and 39). 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 other comprehensive income in the 2015 fiscal year (2014: EUR 0 thousand). Of the amounts recognized in other comprehensive income, losses totaling EUR 0 thousand (2014: losses of EUR 0 thousand) were transferred to the statement of profit or loss in the 2015 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:

	2015 Thsd. EUR	2014 Thsd. EUR
Valuation allowances and write-downs in the category Loans and receivables	-103	-27
	-103	**-27**

29. 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.

30. Deferred Taxes

Due to the positive earnings development in recent years and the growth in earnings that is forecast for 2016 and 2017, 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 items of the statement of financial position:

	2015 EUR thousand	2014 EUR thousand	Change recognized in profit or loss 2015 EUR thousand	Change not recognized in profit or loss 2015 EUR thousand
Deferred tax assets:				
Provisions	436	455	-13	-6
Deferred income	153	105	48	
Intangible assets	360	408	-48	
Property, plant and equipment	9	10	-1	
Other liabilities	101	0	101	
From loss carryforwards	7,153	5,680	1,473	
Deferred tax assets (gross)	**8,212**	**6,658**	**1,560**	**-6**
Deferred tax liabilities:				
Undistributed profits	147	116	-31	
Intangible assets	1,914	1,938	388	-364
Work in progress	1,903	1,060	-843	
Other liabilities	0	90	90	
Other	122	98	-24	
Deferred tax liabilities (gross)	**4,086**	**3,302**	**-420**	**-364**
Deferred tax assets (net)	**4,126**	**3,356**	**1,140**	**-370**
After netting:				
Deferred tax assets	4,234	4,122		
Deferred tax liabilities	108	766		

As of December 31, 2015, deferred tax assets from tax loss carry forwards in Germany were not recognized in the amount of approximately EUR 28,168 thousand (2014: EUR 16,506 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 2,408 thousand (2014: EUR 1,178 thousand).

Tax loss carry forwards of EUR 0 thousand (2014: 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.

E. NOTES TO THE CONSOLIDATED INCOME STATEMENT

31. Revenue

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

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

	2015 Thsd, EUR	2014 Thsd, EUR
Consulting	36,150	32,982
Licenses	12,433	10,122
Service and maintenance	16,323	14,242
Other	1,185	1,587
	66,091	**58,933**

32. Cost of Sales

The cost of sales includes the following items:

	2015 Thsd, EUR	2014 Thsd, EUR
Personnel expenses	17,922	15,748
Fees for freelance staff and temporary workers	7,386	6,920
Depreciation and amortization	346	306
Other expenses	5,349	4,680
	31,003	**27,654**

33. Sales and Marketing Expenses

Sales and marketing expenses include the following items:

	2015 Thsd, EUR	2014 Thsd, EUR
Personnel expenses	6,384	5,290
Depreciation and amortization	79	85
Other expenses	2,816	3,198
	9,279	**8,573**

34. General Administrative Expenses

General administrative expenses include the following items:

	2015 Thsd, EUR	2014 Thsd, EUR
Personnel expenses	4,178	3,727
Depreciation and amortization	233	238
Other expenses	2,699	2,486
	7,110	**6,451**

35. Research and Development Expenses

Research and development expenses include the following items:

	2015 Thsd, EUR	2014 Thsd, EUR
Personnel expenses	8,215	7,428
Depreciation and amortization	339	328
Other expenses	1,976	1,886
	10,530	**9,642**

36. Other Operating Income

This item includes research funds in the amount of EUR 275 thousand, income from the reversal of provisions in the amount of EUR 30 thousand, other income of EUR 223 thousand from previous periods due to the reversal of purchase price liabilities for BIG and income from currency differences of EUR 217 thousand. The Group was granted government grants of EUR 20 thousand (2014: EUR 51 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.

37. Other Operating Expenses

This item includes the sales tax from non-cash benefits amounting to EUR 120 thousand. The item also includes expenses resulting from exchange rate differences in the amount of EUR 67 thousand.

38. Financial Income

Financial income includes the following items:

	2015 Thsd, EUR	2014 Thsd, EUR
Interest income	14	2
Income from currency differences in bank balances	272	428
Other	60	65
Financial income	**346**	**495**

39. Financial Expenses

Financial expenses include the following items:

	2015 Thsd, EUR	2014 Thsd, EUR
Discounting of purchase price liability for BIG	0	479
Expenses from currency differences in bank balances	7	15
Other	48	78
Financial expenses	**55**	**572**

40. Income Taxes

Income taxes are composed as follows:

	2015 Thsd. EUR	2014 Thsd. EUR
Income taxes for the fiscal year	-698	-1,002
Income taxes for previous years	59	-33
Deferred taxes	1,140	-49
Tax expenditure (-) / tax income (+)	**+501**	**-1,084**

In the 2015 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:

	2015 Thsd. EUR	2014 Thsd. EUR
Profit before income taxes	7,881	6,596
Theoretical tax expense (28.6%) (2014: 28.6%)	-2,254	-1,886
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	3,171	996
Tax refunds/back payments for prior periods	59	-33
Non-deductible expenses	-371	-22
Deviation of tax rates from the Group's tax rate	-104	-139
Tax expenditure (-) / tax income (+)	**+501**	**-1,084**

41. Other Disclosures on the Income Statement

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

	2015	2014
Consulting and services	227	203
Research and development	137	140
Administration and finance	54	60
Sales and marketing	65	49
	483	**452**

Personnel expenses can be broken down as follows:

	2015 Thsd. EUR	2014 Thsd. EUR
Salaries	31,787	27,693
Social security, pensions and other benefit costs	4,911	4,501
	36,698	**32,194**

Depreciation and amortization expense can be broken down as follows:

	2015 Thsd. EUR	2014 Thsd. EUR
Amortization of intangible assets	1,483	1,435
Depreciation of property, plant and equipment	805	778
	2,288	**2,213**

F. NOTES TO THE STATEMENT OF CASH FLOWS

The statement of cash flows 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 statement of cash flows. 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 statement of cash flows correspond to the item "Cash on hand and bank balances" in the statement of financial position with the exception of fixed deposits with a term of less than three months (see note 45). 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 items of the statement of financial position due to currency translation and changes in the consolidated group. As a result, changes in the items concerned of the statement of financial position cannot always be derived from the consolidated statement of financial position.

42. Net Cash from Operating Activities

The USU Group generated net cash from operating activities of EUR 12,150 thousand in the 2015 fiscal year (2014: EUR 7,740 thousand).

43. Net Cash from Investing Activities

Net cash from investing activities totaled EUR -4,897 thousand in the 2015 reporting year, compared with EUR -1,102 thousand in the 2014 fiscal year.

Investments in property, plant and equipment and intangible assets totaled EUR 1,011 thousand (2014: EUR 1,117 thousand) and related primarily to cash outflows for new and replacement investments in hardware and software. In addition, EUR 3,014 thousand was invested in securities available for sale at all times.

44. Net Cash Used in Financing Activities

In the period under review, negative cash flow from financing activities relates to the dividend distribution to USU Software AG shareholders, which was performed in fiscal 2015, in the amount of EUR 3,157 thousand (EUR 0.30 per share for a total of 10,523,770 no-par value shares) and the repayment of purchase price liabilities in connection with the acquisition of B.I.G. Social Media GmbH in the amount of EUR 2,591 thousand. EUR 634 thousand is attributable to the repayment of SecurIntegration's loans.

45. 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.

	2015 Thsd. EUR	2014 Thsd. EUR
Fixed-term deposits and overnight money with a term of less than 3 months	13,985	7,154
Demand deposits	6,104	11,759
Cash on hand	6	7
	20,095	**18,920**

G. 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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	**52,508**	**45,737**	**13,583**	**13,196**	**66,091**	**58,933**	**0**	**0**	**66,091**	**58,933**
Earnings before net financial income and income tax (EBIT)	10,545	8,239	1,907	1,553	12,452	9,792	-4,862	-3,119	7,590	6,673
Financial income	31	409	0	0	31	409	315	86	346	495
Financial expenses	-15	-12	-4	-9	-19	-21	-36	-551	-55	-572
Income taxes	-45	-364	0	0	-45	-364	546	-720	501	-1,084
Consolidated net profit/loss	**10,516**	**8,272**	**1,903**	**1,544**	**12,419**	**9,816**	**-4,037**	**-4,304**	**8,382**	**5,512**
Segment assets/ Group assets	64,849	69,367	6,617	5,934	71,466	75,301	14,706	9,873	86,172	85,174
of which goodwill	33,254	32,237	2,322	2,322	35,576	34,559	0	0	35,575	34,559
Segment liabilities/ Group liabilities	23,613	21,566	1,861	1,346	25,474	22,912	2,921	6,653	28,395	29,565
Segment investments	773	625	128	13	901	638	110	275	1,011	913
Depreciation and amortization	1,988	1,885	153	129	2,141	2,014	145	199	2,286	2,213
Amortization of goodwill	0	0	0	0	0	0	0	0	0	0
Employees at the reporting date (Dec. 31)	379	339	64	64	443	403	55	49	498	452

There were no intersegment sales in the 2015 or 2014 fiscal years.

In the 2015 fiscal year, EUR 20,122 thousand (2014: EUR 15,595 thousand) or 30.45% (2014: 26.5%) of consolidated sales were generated outside Germany and EUR 45,969 thousand (2014: EUR 43,338 thousand) or 69.55% (2014: 73.5 %) 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:

	2015 EUR thousand	2014 EUR thousand
Segment assets	**71,466**	**75,301**
Unallocated assets		
Cash on hand and bank balances	9,794	4,030
Deferred tax assets	4,234	4,122
Income tax receivables	354	522
Other assets	324	1,199
	14,706	**9,873**
Group assets	**86,172**	**85,174**

	2015 TEUR	2014 TEUR
Segment liabilities	**25,474**	**22,912**
Unallocated liabilities		
Deferred tax liabilities	0	766
Pension provisions	1,239	1,237
Other income tax liabilities	566	512
Other liabilities	1,116	4,138
	2,921	**6,653**
Group liabilities	**28,395**	**29,565**

H. OTHER DISCLOSURES

46. Related Party Disclosures

In accordance with IAS 24, the related parties of USU Software AG 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 2015 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.

46.1 Udo Strehl/AUSUM GmbH (AUSUM)

In the 2015 fiscal year, there were no cost reimbursements on behalf of USU AG to AUSUM (2014: EUR 1 thousand). On the other hand, in 2015 USU AG invoiced AUSUM for pro rata vehicle costs in the amount of EUR 5 thousand (2014: EUR 4 thousand).

46.2 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 30 thousand in the 2015 fiscal year (2014: 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 (2014: EUR 23.5 thousand) plus ancillary costs. In the past fiscal year, USU AG was invoiced EUR 293 thousand (2014: EUR 293 thousand) for the rental of the administrative building and parking spaces.

USU Software AG also leased an office in Münchinger Strasse, Möglingen from Ms. Karin Weiler-Strehl. In the past fiscal year, rent of EUR 10 thousand (2014: EUR 10 thousand) was paid for this office.

46.3 Loans to Shareholders

There were no claims under loan agreements as of December 31, 2015.

46.4 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)
Dr. Benjamin Strehl	(Executive Vice President)
Bernhard Böhler	(Executive Vice President)

The compensation paid to the members of the Management Board totaled EUR 1,597 thousand in the 2015 fiscal year (2014: EUR 1,204 thousand).

Fixed compensation:
EUR 743 thousand (2014: EUR 678 thousand)

Variable compensation:
EUR 713 thousand (2014: EUR 401 thousand)

Non-cash benefit from the private use of company cars:
EUR 79 thousand (2014: EUR 73 thousand)

Defined contribution pension costs:
EUR 62 thousand (2014: EUR 52 thousand)

The total compensation paid to the Supervisory Board in the 2015 fiscal year was EUR 159 thousand (2014: EUR 167 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 2,665 thousand before setting off against the coverage assets in the amount of EUR 1,426 thousand can be found in note 22.

47. Auditor's Fees

a) Audits of financial statements (separate and consolidated financial statements)
EUR 119 thousand (2014: EUR 120 thousand)

b) Other services
EUR 5 thousand (2014: EUR 4 thousand)

48. Other Disclosures

48.1 Contingent Liabilities

There were no contingent liabilities to report as of December 31, 2014 and December 31, 2015.

48.2 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:

	2015 Thsd. EUR	2014 Thsd. EUR
Operating lease obligations		
In the next 12 months	584	662
In the next 13 to 60 months	431	514
In more than 60 months	0	0
	1,015	**1,176**
Other financial commitments from building rental		
In the next 12 months	1,154	1,429
In the next 13 to 60 months	2,080	3,984
In more than 60 months	389	782
	3,623	**6,195**
	4,638	**7,371**

Expenses for operating leases and rental agreements totaled EUR 2,069 thousand in the 2015 fiscal year (2014: EUR 2,022 thousand).

49. Litigation, Other Contingent Liabilities, and Events After the Reporting Period

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, 2015 and December 31, 2014, 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.

50. Executive Bodies

50.1 Management Board

In the 2015 fiscal year, the Management Board of the parent company consisted of:

Bernhard Oberschmidt, Chairman of the Management Board, Economics graduate

Bernhard Böhler, deputy Chairman of the Management Board

Dr. Benjamin Strehl, business graduate

The total compensation paid to the active members of the Management Board in the past fiscal year was EUR 1,053 thousand. Details can be found in the chapter entitled "Compensation Report" in the Management Report on the Company and the Group.

50.2 Supervisory Board

In the 2015 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
Deputy 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 Administrative Council 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

51. 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).

51.1 Credit Risks

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 statement of financial position.

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.

51.2 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.

51.3 Interest Rate-Related Cash Flow Risks

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, 2015 had been 1% higher (lower), net profit and equity would each have been EUR 180 thousand (December 31, 2014: EUR 149 thousand) higher (lower).

51.4 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.

52. 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, 2015 and December 31, 2014, equity and total assets were as follows:

	2015 Thsd. EUR	2014 Thsd. EUR	Change %
Non-current liabilities	2,016	2,631	-23.4%
Current liabilities	26,379	26,935	-2.1%
Total liabilities	**28,395**	**29,566**	**-4.0%**
Equity	**60,791**	**55,608**	**9.3%**
Total liabilities and equity	**89,186**	**85,174**	**4.7%**
Equity ratio	68.2%	65.3%	

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.

53. Exemption in Accordance with 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 2015:

- Aspera GmbH, Aachen
- LeuTek GmbH, Leinfelden-Echterdingen
- Omega Software GmbH, Obersulm
- Openshop Internet Software GmbH, Möglingen
- B.I.G. Social Media GmbH, Berlin

54. Events After the Balance Sheet Date

There were no significant events after the balance sheet date.

I. 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, 2015, members of the Company's executive bodies held shares in USU Software AG, Möglingen, as follows:

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

Shareholdings subject to mandatory disclosure	2015 Shares	2014 Shares
Management Board		
Bernhard Oberschmidt	156,518	181,518
Bernhard Böhler	167,572	167,572
Dr, Benjamin Strehl	0	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 (2014: 3,337,868) are allocated to Mr. Udo Strehl via AUSUM GmbH as the majority shareholder of that company pursuant to Section 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).*

A further 32,000 voting rights (2014: 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 Section 22 (1) Sentence 1 No. 1 WpHG.

J. DIVIDEND PAYMENT

The Management Board and the Supervisory Board are proposing the payment of a dividend of EUR 3,683 thousand (EUR 0.35 per share).

K. DECLARATION OF CONFORMITY

On December 8, 2015, 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 4, 2016
USU Software AG

Bernhard Oberschmidt, Chairman of the Management Board

Bernhard Böhler, Member of the Management Board

Dr. Benjamin Strehl, Member of the Management Board

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS IN FISCAL YEAR 2015

USU SOFTWARE AG, MÖGLINGEN

	Acquisition/production cost					
	Jan. 1, 2015 Thsd. EUR	Company acquisition Thsd. EUR	Additions Thsd. EUR	Disposals Thsd. EUR	Currency Thsd. EUR	Dec. 31, 2015 Thsd. EUR
Intangible assets						
Purchased software/orders on hand	6,534	407	176	6	0	7,111
Trademarks and brands	2,532	0	0	0	0	2,532
Maintenance contracts	3,113	13	0	0	0	3,126
Customer base	7,646	706	0	0	0	8,352
	19,825	**1,126**	**176**	**6**	**0**	**21,121**
Goodwill	**56,677**	**1,016**	**0**	**0**	**0**	**57,693**
Property, plant and equipment						
Land and buildings	218	0	8	0	0	226
Other equipment, operating and office equipment	3,598	30	827	226	7	4,236
	3,816	**30**	**835**	**226**	**7**	**4,462**

Cumulative depreciation and amortization					Carrying amounts	
Jan. 1, 2015 Thsd. EUR	Additions Thsd. EUR	Disposals Thsd. EUR	Currency Thsd. EUR	31.12.2015 Thsd. EUR	31.12.2015 Thsd. EUR	Jan. 1, 2015 Thsd. EUR
5,622	408	4	0	6,026	1,085	912
521	0	0	0	521	2,011	2,011
2,845	192	0	0	3,037	89	268
3,952	883	0	0	4,835	3,517	3,694
12,940	**1,483**	**4**	**0**	**14,419**	**6,702**	**6,885**
22,118	**0**	**0**	**0**	**22,118**	**35,575**	**34,559**
131	15	0	0	146	80	87
1,610	790	223	-2	2,175	2,061	1,988
1,741	**805**	**223**	**-2**	**2,321**	**2,141**	**2,075**

DEVELOPMENT OF CONSOLIDATED FIXED ASSETS IN FISCAL YEAR 2014

USU SOFTWARE AG, MÖGLINGEN

	Acquisition/production cost				
	Jan. 1, 2014 Thsd. EUR	Additions Thsd. EUR	Transfers Thsd. EUR	Disposals Thsd. EUR	31.12.2014 Thsd. EUR
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 Thsd. EUR	Additions Thsd. EUR	Disposals Thsd. EUR	Currency Thsd. EUR	31.12.2014 Thsd. EUR	31.12.2014 Thsd. EUR	1.1.2014 Thsd. EUR
	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**

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 statement of cash flows, 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, 2015. 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 4, 2016

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

Schupeck
German Public Auditor

Barth
German Public Auditor

ANNUAL FINANCIAL STATEMENTS

TABLE OF CONTENTS	PAGES
Balance Sheet	**112–113**
Income Statement	**114**
Notes to the Financial Statements	**115–121**
A. General Information	115
B. Accounting Policies	115
C. Notes to the Balance Sheet	115–118
D. Notes to the Income Statement	118
E. Other Disclosures	119

BALANCE SHEET AS OF DECEMBER 31, 2015

USU SOFTWARE AG, MÖGLINGEN

ASSETS	Notes	31.12.2015 Thsd. EUR	31.12.2014 Thsd. EUR
A. FIXED ASSETS	(1)		
I. Intangible assets			
Purchased concessions, industrial rights and assets and licenses in such rights and assets		133	176
II. Property, plant and equipment			
Other equipment, operating and office equipment		37	72
III. Financial assets			
1. Shares in affiliated companies		39,916	36,733
2. Loans to affiliated companies		1,100	0
		41,016	**36,733**
		41,186	**36,981**
B. CURRENT ASSETS			
I. Receivables and other assets	(2)		
1. Receivables from affiliated companies		8,412	8,473
2. Other assets		154	415
		8,566	**8,888**
II. Securities			
Other securities		3,014	0
III. Cash on hand and bank balances		**2,924**	**119**
		14,504	**9,007**
C. PREPAID EXPENSES		**56**	**52**
		55,746	**46,040**

BALANCE SHEET AS OF DECEMBER 31, 2015

USU SOFTWARE AG, MÖGLINGEN

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31.12.2015 Thsd. EUR	31.12.2014 Thsd. EUR
A. SHAREHOLDERS' EQUITY			
I. Subscribed capital	(3)	**10,524**	**10,524**
II. Capital reserve		**13,645**	**13,645**
III. Unappropriated surplus		**8,314**	**6,582**
		32,483	**30,751**
B. PROVISIONS			
1. Tax provisions		552	474
2. Other provisions	(6)	1,176	688
		1,728	**1,162**
C. LIABILITIES	(7)		
1. Trade payables		82	20
2. Liabilities to affiliated companies		21,072	14,033
3. Other liabilities		381	74
		21,535	**14,127**
		55,746	**46,040**

INCOME STATEMENT FOR THE FISCAL YEAR FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

USU SOFTWARE AG, MÖGLINGEN

	Notes	2015 Thsd. EUR	2015 Thsd. EUR	2014 Thsd. EUR	2014 Thsd. EUR
1. Other operating income	(10)		1,899		723
2. Personnel expenses					
a) Wages and salaries		-1,748		-960	
b) Social security, pensions and other benefit costs (of which for pensions: EUR 42 thousand; previous year: EUR 21 thousand)		-150	-1,898	-90	-1,050
3. Amortization of intangible assets and depreciation of property, plant and equipment			-84		-140
4. Other operating expenses	(10)		-1,877		-1,181
5. Cost of loss absorption	(11)	-615		-2	
6. Income from profit transfer agreements	(11)	8,373		8,179	
7. Other interest and similar income (of which from affiliated companies: EUR 8 thousand; previous year: EUR 2 thousand)		32		4	
8. Write-downs of long term financial assets		0		-848	
9. Interest and similar expenses (of which to affiliated companies: EUR 399 thousand; previous year: EUR 412 thousand)		-401	7,389	-443	6,890
10. Result from ordinary operations			**5,429**		**5,242**
11. Income taxes	(12)		-538		-671
12. Other taxes			-1		-92
13. Net profit for the year			**4,890**		**4,479**
14. Profit carryforwards from the previous year			3,424		2,103
15. Unappropriated surplus			**8,314**		**6,582**

A. GENERAL INFORMATION

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

The statement of profit or loss 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. 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.

For intangible assets and property, plant and equipment with limited useful lives, amortization and depreciation is generally determined in accordance with rates permitted for tax purposes. Amortization/depreciation is calculated on a straight-line basis.

With regard to financial assets, shares in affiliated companies, loans to affiliated 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.

Securities were recognized at acquisition cost in accordance with Section 253 (4) HGB, using the principle of the lower of cost or market.

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 at the end of the reporting period. 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, 2015: approximately 28.6%).

As at the end of the reporting period, the Company has corporate tax loss carryforwards in the amount of EUR 37,800 thousand and business tax loss carryforwards amounting to EUR 37,225 thousand.

Deferred taxation, taking into account deferred taxes from taxable entities with subsidiaries, relates exclusively to tax loss carryforwards.

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, 2015 in %	Shareholders' equity Dec. 31, 2015 in EUR thousand	Net profit/los 2015 in EUR thousand
USU AG, Möglingen	100	14,401	1,503
LeuTek GmbH, Leinfelden-Echterdingen [1]	100	1,380	2,112
Omega Software GmbH, Obersulm [1]	100	970	171
Openshop Internet Software GmbH, Möglingen [1]	100	-775	-1
Aspera GmbH, Aachen [1]	100	300	6,090
USU Consulting GmbH, Sursee, Switzerland	100	54	-11
Aspera Technologies Inc., Boston, USA	100	-1,445	-1,266
B.I.G. Social Media GmbH, Berlin [1] [2]	100	1.706	-614
SecurIntegration GmbH, Cologne	100	-1,066	-1,155

[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, 2015 in %	Shareholders' equity Dec. 31, 2015 in EUR thousand	Net profit/loss 2015 in EUR thousand
USU Software s. r. o., Brno, Czech Republic	100	870	138
USU (Schweiz) AG, Zug, Switzerland	100	-30	-3
USU Austria GmbH, Wien, Austria	100	-663	50

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 affiliated companies relate exclusively to other receivables.

3. Subscribed Capital

The issued 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 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 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 affiliated companies. There were no outstanding options as of December 31, 2015.

6. Other Provisions

Other provisions primarily include the cost of obligations under company law in the amount of EUR 206 thousand and bonus payment obligations totaling EUR 786 thousand.

7. Liabilities

The liabilities to affiliated companies that are reported in the balance sheet, in the amount of EUR 7,662 thousand (2014: EUR 14,033 thousand), are due within a year. The liabilities to affiliated companies relate exclusively to loan liabilities and are secured in the amount of EUR 13,410 thousand by a global assignment of receivables. Other liabilities include tax liabilities of EUR 161 thousand (2014: EUR 74 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 Management Board has reason to believe that there is no risk of the above contingent liabilities being utilized.

Furthermore, USU Software AG has provided a letter of comfort for Openshop Internet Software GmbH, Möglingen as well as for USU Consulting GmbH, Sursee, Switzerland (an affiliated companies). Under the terms of those letters of comfort, USU Software AG, Möglingen, undertook to manage this subsidiaries in the 2015 and 2016 fiscal years and to provide it with the necessary financial resources to fulfill their obligations. USU Software AG also subordinated all of its receivables from Openshop Internet Software GmbH, Möglingen, in the amount of EUR 780 thousand.

The Management Board assumes that there is no concrete risk of the contingent liabilities being utilized. The Companies does not actively take part in business operations. They have sufficient cash and cash equivalents to fulfill their existing payment commitments to third parties. USU Software AG's existing receivables were recognized fully as at the end of the reporting period.

9. Other Financial Commitments

As at the end of the reporting period, other financial commitments amounted to EUR 269 thousand. Other financial commitments are presented in detail as follows:

	due 2016 Thsd. EUR	due 2017 Thsd. EUR	due from 2018 Thsd. EUR	Dec. 31, 2015 Total Thsd. EUR	Dec. 31, 2014 Total Thsd. EUR
Operating leases					
Buildings	68	60	62	190	29
Office equipment	3	3	2	8	0
Cars	47	22	2	71	107
Total (nominal amount)	**118**	**85**	**66**	**269**	**136**

Transactions not reflected in the statement of financial position in the field of operating leases primarily relate to building rentals, vehicle leases and rental agreements for office equipment including IT hardware. These contracts constitute a financing alternative with which a liquidity and equity commitment and the transfer of significant economic risks can be avoided. Furthermore, planning and calculation security exists with regard to lease conditions that have been agreed for the term. A risk lies in the possibility that the objects assumed may not be freely available in the case of a lack of utilization.

In connection with the acquisition of SecurIntegration GmbH as of July 1, 2015, USU Software AG anticipates another earn-out payment of EUR 335 thousand, depending on the development of sales at SecurIntegration GmbH in fiscal 2016.

D. NOTES TO THE INCOME STATEMENT

10. Other Operating Income/Expenses

The following includes previous-period income (EUR 194 thousand) and previous-period expenses of EUR 120 thousand.

11. 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. USU Software AG concluded a profit transfer agreement with B.I.G. Social Media GmbH on May 6, 2015. 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 2015 fiscal year was transferred to USU Software AG in line with the profit transfer agreement concluded. The loss reported by Openshop Internet Software GmbH and B.I.G. Social Media GmbH in the separate financial statements was absorbed by USU Software AG.

12. Tax Income

The Income Taxes and Other Taxes items include previous-period income totaling EUR 26 thousand.

E. OTHER DISCLOSURES

13. Supervisory Board

In the 2015 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
Deputy 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 Administrative Council 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 2015 fiscal year, the fixed component amounted to EUR 85 thousand, and the variable component to EUR 51 thousand.

14. Management Board

Members of the Management Board in Fiscal Year 2015

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

Total Compensation of the Management Board
The total compensation paid to the Management Board in the 2015 fiscal year was EUR 1,053 thousand. Details can be found in the compensation report contained in the Management Report on the Company and the Group for the 2015 fiscal year.

15. Auditor's Fees

Auditing (separate and consolidated financial statements):	EUR 60 thousand
Other services:	EUR 5 thousand

16. Employees

During the 2015 fiscal year, an average of 10 (2014: 7) 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 8, 2015, 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 Management Report on the Company and the Group in these separate financial statements.

19. Appropriation of Net Profit

The Management Board proposes using the unappropriated surplus as of December 31, 2015 in the amount of EUR 8,314 thousand as follows:

- to pay a dividend of EUR 0.35 per share for 10,523,770 shares, amounting to a total of EUR 3,683 thousand; and

- to carry forward the remaining unappropriated surplus of EUR 4,631 thousand to new account.

Möglingen, March 4, 2016
USU Software AG

Bernhard Oberschmidt, Chairman of the Management Board

Bernhard Böhler, Member of the Management Board

Dr. Benjamin Strehl, Member of the Management Board

DEVELOPMENT OF FIXED ASSETS IN FISCAL YEAR 2015

USU SOFTWARE AG, MÖGLINGEN

	Acquisition/production cost			
	1.1.2015 Thsd. EUR	Additions Thsd. EUR	Disposals Thsd. EUR	Dec. 31, 2015 Thsd. EUR
I. Intangible assets				
Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets	224	2	0	226
II. Property, plant and equipment				
Other equipment, operating and advance payments in addition to assets under construction office equipment	293	4	1	296
III. Financial assets				
1. Shares in affiliated companies	38,444	3,183	0	41,627
2. Loans to affiliated companies	297	1,100	297	1,100
	38,741	**4,283**	**297**	**42,727**
	39,258	**4,289**	**298**	**43,249**

	Cumulative depreciation and amortization				Carrying amounts	
	1.1.2015 Thsd. EUR	Additions Thsd. EUR	Transfers Thsd. EUR	31.12.2015 Thsd. EUR	31.12.2015 Thsd. EUR	31.12.2014 Thsd. EUR
	48	45	0	93	133	176
	221	39	1	259	37	72
	1,711	0	0	1,711	39,916	36,733
	297	0	297	0	1,100	0
	2,008	**0**	**297**	**1,711**	**41,016**	**36,733**
	2,277	**84**	**298**	**2,063**	**41,186**	**36,981**

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, 2015. 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 4, 2016

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

Schupeck
German Public Auditor

Barth
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 4, 2016
USU Software AG

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,
Vice Cahirman of the Management Board

(from the left)

Udo Strehl,
Chairman of the Supervisory Board

Günter Daiss,
Vice Chairman of the Supervisory Board

Erwin Staudt,
Member of the Supervisory Board

(from the left)

FINANCIAL CALENDAR

FINANCIAL CALENDAR OF 2016*	
February 24	Publication Preliminary Financial Figures 2015
March 31	Publication Financial Figures 2015
May 11	Investors and analyst conference: 7. DVFA Spring Conference 2016 (formerly: Small Cap Forum), Frankfurt am Main
May 24	Publication three months' statement 2016
June 17	Annual General Meeting, Ludwigsburg
August 30	Publication six months' statement 2016
November 17	Publication nine months' statement 2016

** These are preliminary dates for the 2016 fiscal year. Any changes will be published on the Company's website at www.usu-software.de*

Agent
A service employee working at a ➧ *call center* who receives and processes customer inquiries.

Adjusted EBIT
are the earnings before interest and taxes of USU Software AG that are not related to IFRS and adjusted for extraordinary factors relating to acquisitions.

AktG
Abbreviation for *Aktiengesetz* (German Stock Corporation Act).

App
Abbreviation for application. This term refers to any type of application software. However, applications for smartphones and tablet computers are usually meant here.

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

Aspera Technologies
Abbreviation for Aspera Technologies Inc. Aspera Technologies is a subsidiary of USU Software AG and was founded 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

Audit
In the area of software license management, an audit refers to the inspection of the use of software on the customer's premises. Usage and purchased software licenses are checked in particular.

BIG
Abbreviation for B.I.G. Social Media GmbH. BIG is a global provider of *SaaS* solutions in the area of *social media* management and a subsidiary of USU Software AG. With its innovative products ➧ *BIG SCREEN, BIG CONNECT* and *BIG INSIGHTS,* BIG has been supporting its customers for more than 10 years in the recognition, management and successful use of developments in social media. In 2014, a ➧ *social CRM* solution was newly developed.

Big data
refers to the use of large amounts of data from various sources with high processing speed in order to generate economic benefits. Big data is defined on the basis of four characteristics – data volume, the variety of data sources, the speed of data production and the rising number of users that want to exploit the potential of big data using analyses.

BIG SCREEN, BIG CONNECT, BIG INSIGHTS
Software products of the Group subsidiary ➧ *BIG* used for a holistic ➧ *social media* analysis for a business-related social media customer dialog in order to adjust marketing activities and establish reporting methods that are suited to the company's needs.

BMWi
Abbreviation for Bundesministerium für Wirtschaft und Energie (German Federal Ministry for Economic Affairs and Energy).

Call center
An automatic telephone center with trained staff. Its purpose is to process incoming calls in the most efficient and customer-friendly way possible. Whether it's the mail order business, insurance or banking, in the form of a customer service hotline or telephone sales, an increasing number of companies across all sectors are using call centers to communicate with their customers.

Call option
Purchase option that gives the owner the right to buy a defined business instrument at a specific time or within a specific time period at predetermined conditions.

CI
Abbreviation for ➧ *configuration item.*

CIO
Abbreviation for Chief Information Officer. A CIO generally performs tasks relating to the strategic and operating management of ➧ *IT* at a company. At smaller companies, the terms "Head of Information Technology," "Head of IT" or "Information Technology Director" are used instead of CIO. The term "IT Manager" is alternatively used at stock corporations.

Client
An individual workplace computer or work station in a network that requests services, data or access to peripheral devices from a server. Clients usually have far fewer access rights than the server.

Cloud
Short for ➧ *cloud computing*.

Cloud computing
refers to ➧ *IT services* that can be obtained on the Internet "Cloud." In this case, users no longer need to buy the required hardware or software or install and maintain them on-site. Instead, they can flexibly obtain the desired IT services on the Internet and use them as a service when needed.

CMDB
Abbreviation for configuration management database. Information about all IT equipment and resources is managed in this database such as PCs and their software and hardware components or contracts. As opposed to conventional ➧ *IT asset management* databases, the mutual dependencies of the managed objects is also depicted here.

COBOL
is a ➧ *programming language*.

Compliance
A company's and its managers' commitment to observe rules set by legislation, shareholders or the Supervisory Board, which include numerous ethical aspects of the company's philosophy. The aim is to avoid a negative image and be exempt from any liability cases or actions for damages.

Configuration item
➧ *ITIL* term for hardware and/or software components used at a company, which are typically recorded in a ➧ *CMDB*.

Configuration management
provides the necessary information about the IT infrastructure and services for ➧ *IT service management*. Constantly updated and historical information about ➧ *configuration items* is available in the configuration management database (➧ *CMDB*).

Corporate governance
refers to the responsible management and monitoring of a company oriented towards creating value in the long term. Key standards are compiled by the Government Commission for the German Corporate Governance Code and consolidated in the Corporate Governance Code.

CRM
Abbreviation for ➧ *customer relationship management*.

Customer relationship management
comprises all measures that lead to long-term and improved customer retention. The targeted orientation towards customers and their needs must – according to the definition of CRM – have a positive effect on the company's success in the long run. The integration of social media information into conventional CRM systems is referred to as ➧ *social CRM*.

D&O liability insurance
Abbreviation for directors and officers liability insurance. D&O liability insurance is a property damage liability insurance for bodies like the Management Board, Supervisory Board or managers of a company.

Dashboard
refers to a tool that gives a quick overview of all necessary information. In the field of software, a variety of information can be visualized in condensed form using the dashboard, predominately on the basis of relevant key figures.

DAX
Abbreviation for the *Deutscher Aktienindex* (German Stock Index). As the most important stock index in Germany, the DAX reflects the development of the 30 largest companies with the strongest growth that are listed on the Frankfurt Stock Exchange.

Deferred tax assets/liabilities
Income tax to be received/paid in the future, resulting from differences between the amounts stated in the tax balance sheet and the commercial balance sheet.

Deferred taxes
See: Deferred tax assets/liabilities

Destatis
Abbreviation for the Federal Statistical Office.

Directors' Dealings
Reportable securities transactions performed by the managers of a listed company in accordance with section 15a ➧ *WpHG.*

Earn-out
Agreement, e.g. in the case of a company acquisition, regarding the payment of a performance-related purchase price share to the seller in the event of a successful outcome.

EBIT
Abbreviation for earnings before interest and taxes.

EBITDA
Abbreviation for earnings before interest, taxes, depreciation and amortization.

EBT
Abbreviation for earnings before taxes.

eGovernment
refers to the simplification and implementation of processes using digital information and communication technology within and between government institutions and citizens and companies.

Equity ratio
is calculated based on the ratio of equity in the statement of financial position to total assets. The higher the equity ratio of a company is, the lower its debt-to-equity ratio is.

Facebook
A social network operated by the US company of the same name, Facebook Inc.

Framework
is not a finished program but a software framework in which a programmer creates an application.

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

GDP
Abbreviation for gross domestic product. GDP is used to measure the economic performance of an economy within a specific period. It measures the monetary value of all goods and services produced domestically. Real GDP refers to GDP that is adjusted for price developments. The rate of change of this real GDP serves to measure the economic growth of economies.

GIS technologies
Abbreviation for geographic information systems. A well-known example is Google Maps.

Goodwill
is an intangible asset resulting from the takeover of business and capital consolidation.

Gross income
Sales less cost of sales.

HelpDesk
See: User HelpDesk.

HGB
Abbreviation for *Handelsgesetzbuch* (German Commercial Code).

Ifo
Abbreviation for the *Ifo Institute – Leibniz* Institute for Economic Research at the University of Munich e. V., one of the leading economic research institutes in Germany.

IFRS
International financial reporting standards are particularly designed to ensure that accounting methods and the disclosure of financial statements are internationally comparable, to boost trust on the financial markets and improve protection for investors.

Impairment test
An impairment test is used to measure fixed assets and check if there are any necessary impairments. An impairment test is performed at least once a year for ➧ *goodwill* that is reported in the consolidated statement of financial position instead of a planned write-down 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.

Incident
Fault in ➧ *IT.* The spectrum of possible incidents covers technical problems and weaknesses to concrete attacks on the IT infrastructure.

Industrial Smart Service
Software product of ➧ *US*U that can be used to process information in order to monitor and diagnose machinery.

Internet of Things (IoT)
refers to the increasing disappearance of (personal) computers as devices that are being replaced with “intelligent objects.”

ISIN
Abbreviation for International Securities Identification Number. The ISIN is a twelve-digit international identification number for securities that allows a security traded on the stock market to be clearly identified.

IT
Abbreviation for information technology.

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

IT service
Provision of one or several technical or non-technical systems (hardware, software, employees) that are needed to conduct business processes.

IT service management
The sum of tested measures and methods that are required to achieve the best possible support for business processes by means of the IT organization. IT service management describes the transition of ➧ *IT* towards customer and service orientation while taking into account the economic objective. With the value-creating integration of knowledge across the organization in the company’s core processes, ➧ *USU* also offers its customers the potential to additionally optimize and operate its business processes in a cost-efficient manner using a consistent information basis. This so-called ➧ *knowledge-based service management* is an attractive unique selling proposition of the USU Group.

ITIL
IT infrastructure library – a collection of expert methodical principles to optimize ➧ *IT service* processes. At the end of the 80s, ITIL was developed by the CCTA (Central Computer and Telecommunications Agency) based on practical experience. It is a manufacturer-independent set of rules that describe a systematic procedure for the introduction, operation and management of IT and its services. ITIL defines processes, functions, roles, responsibilities and design elements that form the basis and requirements for the efficient and effective operation of IT.

ITSM
Abbreviation for ➧ *IT service management.*

Knowledge database
Knowledge databases are special data bases for knowledge management. They provide a basis for gathering information. Organizations make their ideas, solutions, articles, processes, user guides and other content available to all authorized parties. Knowledge databases require carefully structured classifications, formatted content and user-friendly search functionalities.

Knowledge-based service management
Value-creating expansion of ➧ *IT service management* with knowledge management solutions to provide optimal support in the business processes of a company or group. Since Leutek's ➧ *ZIS* products, ➧ *Aspera's SmartTrack and USU AG's USU KnowledgeCenter* were integrated into ➧ *Valuemation* as the only European provider, USU has had its own end-to-end product suite for knowledge-based service management.

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

Loss carryforward
Transfer of arising tax losses to future fiscal years in order to offset tax with future profits.

Monitoring
refers to the monitoring of operations on individual computers, servers or entire data centers.

Multi-channel
refers to the strategic approach to reach consumers using several different communication and sales channels.

myCMDB
is the current product suite of the ➧ *Omega* subsidiary. With myCMDB, the ➧ *USU* Group offers a standard software solution in the field of ➧ *IT service management* for SMEs and public administrations. The ➧ *SaaS* solution by Omega runs under the myCMDB Business name.

Object monitoring
See: Monitoring.

Omega
Abbreviation for Omega Software GmbH. Omega is a subsidiary of USU Software AG. A key segment at Omega is the rendering of services and the sale of products, such as the ➧ *myCMDB* product suite.

Prime Standard
Admission and market segment of the Frankfurt Stock Exchange for companies that want to position themselves internationally. Prime Standard companies are required to meet strict international transparency requirements that go far beyond minimum statutory requirements for the regulated market.

Programming language
An artificially created language from the field of IT for the development of software products.

Proof of concept
refers to evidence of a software manufacturer's viability in the context of a market evaluation. The development of a prototype, which features the required core functionality, is usually associated with this.

Put option
Sale option that gives the owner the right to sell a defined business instrument at a specific time or within a specific time period at predetermined conditions.

Release
refers to the finished and released version of a software. This involves a change in the version's name – in most cases, this is an increment in the version number.

Root cause analysis
is one of the key tools of business management. It includes the identification of errors, their causes and the statistical evaluation of this data, which is associated with an assessment and derived measures to avoid errors.

SaaS
Abbreviation for ➧ *software as a service.*

SAM
Abbreviation for ➧ *software asset management.*

SecurIntegration
Abbreviation for SecurIntegration GmbH. SecurIntegration is a subsidiary of ➧ *USU* that specializes in the optimization of SAP license management. As a result, it supplements the software portfolio of ➧ *Aspera*.

Self service
allows the user to have easy, intuitive access to a solution for inquiries or problems. As a result, processes are simplified and accelerated and user satisfaction increases.

Service level agreement
refers to the measurable description of an ➧ *IT* service to be rendered, including the level of quality to be achieved and the measures to be used.

Service request
Inquiries sent by users with regard to an ➧ *IT service,* such as the provision of new hardware or software.

Service-oriented architecture
is an architectural pattern in information technology to structure and use services of ➧ *IT* systems. The orientation towards business processes plays a key role here.

SmartTrack
Software license management solution of the Group subsidiary ➧ *Aspera* for audit-compatible observance of ➧ *compliance* guidelines with regard to the use of software licenses and the implementation of extensive cost savings thanks to license optimizations. Depending on the size of the company and investment volumes, customers who use SmartTrack save an average of 20% of their original expenditure for software licenses and are able to give proof of their compliance at all times. In the context of the USU Group's orientation towards the growth market of ➧ *knowledge-based service management,* SmartTrack was integrated into the ➧ *Valuemation* product suite.

SOA
Abbreviation for ➧ *service-oriented architecture.*

Social CRM
serves to analyze the relations between customers and target groups and their attitude towards the company. Here, Internet users are included in the company's communication processes in order to adjust them even more to customer requirements. In this context, not only data relating to acquisitions, purchases, further purchases or complaints are saved. This also includes the opinions and communicative actions of the company's customers and target groups.

Social media
refers to various media such as Facebook, Twitter and diverse specialized forums. Social media allow their users to exchange views and create media content individually or as a community. In this respect, social media are an everyday communication and information medium and are increasingly gaining significance for companies – from marketing to sales to the acquisition of staff.

Social web
Social web is the umbrella term for all social media, social networks and social software that exist on the World Wide Web.

Software as a service
refers to the flexible and scalable provision of software as a service on the Internet. Customers can use the required software on the Internet as needed and no longer have to install software locally. In this respect, SaaS constitutes a sub-area of ➧ *cloud computing.*

Software asset management
refers to the transparent and efficient administration and management of software licenses.

Stay bonus
Part of the purchase price in company takeovers such as ➧ *BIG* or ➧ *Aspera* for the continuation of the seller's management activities over a defined period in order to secure specific expertise within the Group.

Systems management
Centralized administration, monitoring, visualization, automation and management of all systems and processes of a company or group that are required for IT operations.

Ticket
refers to the electronic form of an inquiry. This can be a fault or another service request. Tickets are designed to ensure that no information is lost and that a complete overview of the processes to be handled can be obtained at any time.

Twitter
is a listed US company. Users can spread short text messages on the Internet using Twitter.

User HelpDesk
System used to gather, track and resolve support inquiries sent by external or internal customers. To improve service quality with shorter reaction times, efficient problem solutions and the rapid transfer of knowledge, software solutions such as ➧ *Valuemation* or ➧ *USU KnowledgeCenter* are used in the User HelpDesk.

USU
Abbreviation for the entire USU Group, i.e. the parent company of the USU Software AG Group and its subsidiaries, including ➧ *USU AG,* ➧ *Aspera,* ➧ *Aspera Technologies* ➧ *BIG* ➧ *LeuTek* and ➧ *Omega.* The USU Group has strategically positioned itself on the market for ➧ *knowledge-based service management.*

USU – U Step Up
USU's career model to continuously develop and further train the workforce.

USU KnowledgeCenter
USU AG's modular web-based product suite for the provision of information in knowledge-intensive business processes. USU KnowledgeCenter's patented technology has received many awards.

USU KnowledgeScout
USU AG's software product that acts as an interactive advisory system for technical customer service.

USU Service Intelligence
USU AG's software product that can be used to extensively analyze information from various source systems, link it to conclusive key figures and display it in role-based ➧ *dashboards.*

USU Smart Link
A newly developed, knowledge-based ➧ *self-service* application of the Group subsidiary ➧ *USU AG,* which bundles all services and information for users in a single channel. Here, intelligent assistance systems automate processes for the provision and distribution of information; new forms of communication such as chat and messages optimize communication.

USU Valuemation
An end-to-end product suite for the comprehensive and cost-saving ➧ *knowledge-based service management* of a company or group. Valuemation combines all technical and economic information relating to ➧ *IT* on a platform. Here, Valuemation offers all key products and modules for the presentation, management, control, monitoring and use-based accounting of all IT components – from the largest servers and the network to mobile devices such as smartphones or tablets.

WKN
German abbreviation for *Wertpapierkennnummer* (securities identification number). The WKN serves to clearly identify securities in Germany. As part of the global standardization of securities identification, WKN was replaced with the international securities identification number ➧ *ISIN.*

WpHG
Abbreviation for *Wertpapierhandelsgesetz* (German Securities Trading Act).

XETRA
Abbreviation for the exchange electronic trading system of the Frankfurt stock exchange.

ZIS System, ZIS-GUI, ZIS-SLM, ZISAgent
Software products of the Group subsidiary ➧ *LeuTek* to monitor, visualize, automate and manage all systems and processes required for IT operations. In the USU Group's orientation towards the growth market of ➧ *knowledge-based service management,* LeuTek's ZIS products were integrated into the ➧ *Valuemation product suite.*

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