



30 YEARS | ATOSS 2017

WORKFORCE MANAGEMENT ROCKS

That's our firm conviction. And it was a good reason to celebrate 30 years of ATOSS with a cool indie rock event. With five bands and music from reggae and blues to rock. We captured a bit of the unique **Absolute30Festival** mood in Haus der Kunst in Munich for you. Be sure to check the photos in our annual report.

ATOSS

ANNUAL REPORT



A TOSS FESTIVAL

ATOSS.COM

SHAPING TOMORROW'S WORKING ENVIRONMENTS

Flexibility, productivity and innovative strengths are the ultimate benchmarks in times of volatile markets and Industry 4.0. An agile personnel infrastructure and fluid processes build the necessary foundation to achieve rapid response organizations. The key factor is to unleash the full potential of the existing workforce and maximize its flexibility. And precisely this is our competence. Every day, ATOSS Workforce Management solutions make significant contributions towards higher value creation and a sharper competitive edge for about 5,500 customers. At the same time, we enable the implementation of employee-oriented working time concepts, thereby ensuring greater job satisfaction. In more than 40 countries all over the world.

CONSOLIDATED OVERVIEW AS PER IFRS

YEAR ON YEAR COMPARISON IN KEUR

	1/1/2017 - 12/31/2017	PROPORTION OF TOTAL SALES	1/1/2016 - 12/31/2016	PROPORTION OF TOTAL SALES	CHANGE 2017 TO 2016
TOTAL SALES	54,607	100%	49,544	100%	10%
SOFTWARE	34,590	63%	30,195	61%	15%
LICENSES	12,682	23%	11,206	23%	13%
MAINTENANCE	19,888	36%	18,101	37%	10%
CLOUD	2,020	4%	888	2%	127%
CONSULTING	14,712	27%	13,379	27%	10%
HARDWARE	3,718	7%	4,444	9%	-16%
OTHERS	1,587	3%	1,526	3%	4%
EBITDA	14,879	27%	14,277	29%	4%
EBIT	14,126	26%	13,569	27%	4%
EBT	14,060	26%	13,677	28%	3%
NET PROFIT	9,330	17%	9,278	19%	1%
CASH FLOW	8,857	16%	12,240	25%	-28%
LIQUIDITY ^(1/2)	27,122		24,785		9%
EPS IN EURO	2.35		2.33		1%
EMPLOYEES ⁽³⁾	417		367		14%

QUARTERLY COMPARISON IN KEUR

	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16
TOTAL SALES	14,585	13,510	13,521	12,991	13,003
SOFTWARE	10,622	8,213	8,083	7,672	7,790
LICENSES	3,455	3,177	3,174	2,876	3,134
MAINTENANCE	5,147	5,036	4,909	4,796	4,656
CLOUD	650	520	449	401	310
CONSULTING	3,922	3,686	3,469	3,635	3,528
HARDWARE	1,024	756	995	943	969
OTHERS	387	335	525	340	406
EBITDA	4,114	3,756	3,518	3,491	3,974
EBIT	3,920	3,563	3,329	3,314	3,778
EBIT-MARGIN	27%	26%	25%	26%	29%
EBT	3,950	3,530	3,210	3,370	3,670
NET PROFIT	2,691	2,263	2,120	2,256	2,409
CASH FLOW	-797	5,612	-873	4,915	83
LIQUIDITY ^(1/2)	27,122	28,715	23,735	29,619	24,785
EPS IN EURO	0.68	0.57	0.53	0.57	0.60
EMPLOYEES ⁽³⁾	417	408	388	373	367

(1) Cash and cash equivalents, other current and non-current financial assets (sight deposits, gold) as of the qualifying date, adjusted to exclude borrowings (loans)

(2) Dividend of EUR 1.16 per share on 04.05.2017 (kEUR 4,613) and dividend of EUR 2.80 per share on 27.04.2016 (kEUR 11,134)

(3) At the end of the quarter/year

DEVELOPMENT OVER 12 RECORD YEARS

2006 to 2017

+ 167%

TOTAL SALES

+ 217%

SOFTWARE LICENSES SALES

+ 196%

CONSULTING SALES

+ 153%

INVESTMENTS IN R&D

+ 2,410%

EBIT

+ 1,858%

EARNINGS PER SHARE

+ 2,893

NEW CUSTOMERS



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DIGITIZE or DIE!

Prof. Dr. Max Otte in conversation with Andreas F.J. Obereder,
CEO and founder of ATOSS Software AG

Mr. Obereder, ATOSS has been on the market for 30 years. You can be proud of a long success story with 12 record years in succession. But aren't you looking to the future with some concern?

What are you thinking of?

When you started out, you were the pioneer of workforce management in Germany. Today, the topics are well-established. Many companies have jumped on board, and everyone wants to digitize.

Ok, so you think the cake is getting smaller. No, we're certainly not running out of challenges or growth areas. The digital transformation of our companies and living environment has only just begun. The large American and Asian Internet corporations are growing at rates that we otherwise only see from small start-ups. At Amazon, for example, sales were up by 38 percent in the final quarter of 2017. Google and Bill Gates are building entire digital model towns. There are radical upheavals up the road that will also impact our subject of working environments. We want to help shape this transformation.

Where do you see such changes?

Entire sectors of industry have been undergoing rapid change since the 90s. Megatrends such as Industry 4.0, the increasing transformation to a service society, rapidly spreading digitization and the trend to "on-demand" solutions – these are all acting as catalysts. The closer intermeshing of work and leisure – keyword work life integration – is making itself felt. On the one hand, the number of employment contracts is rising, and on the other, the employment rates in different sectors and the types of employment are changing.

Can you cite some examples?

Part-time work has more than doubled in Germany since 1987 and now stands around 35 percent. It is obvious that workforce

management can make a significant contribution to the creation of value and employee motivation as employment relationships are becoming substantially more complex, multifaceted and individual than before. But the 17 percent of the working population who work according to a fixed shift pattern, have also seen a marked increase in the degree of flexibility associated with their work.

Let's wind the clock forwards: Industry 4.0, automation and robotics are gaining ground. Does this not pose a risk to your business model? After all, workforce management is about people and not robots.

Don't worry, we're not going to run out of jobs. There have already been other massive upheavals in Europe in the last 30 years. In Germany alone, there are 3 million fewer people working in production today than at the start of the 90s. Partly as a result of automation and now accelerated by the intelligent networking of production and logistical processes – Industry 4.0 as it is referred to. Interestingly, however, over 9 million new jobs were created in the services sector in the same period. Automation and robotics do not automatically result in fewer jobs. The situation is rather that we are in a transition phase from an industrial to a service and, in the long term, knowledge society. Around 75 percent of the working population in Germany is already working in the services sector today. That puts us around the average for Europe. If we look at the USA – where almost 90 percent of the working population is now in the services sector – we can see that there is still room for this figure to trend upwards.

ATOSS seems to be coping well with these changes and has delivered its best annual results in the company's history. What are the factors behind your success?

Well, there are many different reasons, but the main factors in my view lie in our strategic focus on the subject of workforce



management, our corporate culture, the skill and passion of our employees and of course our market leadership in technology and innovation.

Technology has always played an important role in your company?

Technology and innovation do indeed enjoy high status with us. We began 30 years ago by developing a time & attendance solution on IBM machines. Today – 4 crucial technology leaps later – we are offering the technically most comprehensive workforce management solution. If it fits with the customer's strategy, it can also be in the cloud, of course, in connection with the highest SLAs and security standards. In the SAP environment, our solutions are also integrated into the existing HR systems of our customers. The breadth of our solutions for companies from 2 to 200,000 employees and for nearly every sector is unique. This is only possible through systematic investment in R&D. Every year, around 20 percent of our revenue is committed to R&D. This represents a total investment of more than 100 million euros over the last few years. This, too, is unique in our field.

So the upheavals are predominantly an opportunity for ATOSS?

That's right. Since the 90s, there are 5.5 million more people in work in Germany alone. This is due in large part to the flexibilization of working time. Highly intelligent workforce management solutions are indispensable to deal with the requirements that go hand in hand with this process. The need for management systems to cope with the transformation towards sectors with a high proportion of personnel costs such as the services sector, is continuing to rise.

Where do you see potential in the services sector?

Let's take facility management as an example. This young, dynamic market has changed in a short space of time from a cleaning service for buildings to a multi-service provider. With now over 4 million employees in Germany and gross value added of 130 billion euros, this sector generates approximately 5 percent of the gross domestic product. Providers such as HECTAS, Leadec, Sodexo, WISAG, all of whom are customers of ours incidentally, are growing steadily and some of them have several hundred thousand employees worldwide. Without modern systems, these companies would no longer be able to

manage the complexity of their services or offer customer-oriented, flexible services. The sector already weighs in at a global market volume of approximately USD 780 billion. And the trend is on the way up.

ATOSS is now an established European supplier. What is your view of the situation in Europe?

The trend towards services is clearly discernible in Europe. In 2015, 71 percent of the EU workforce were employed in the services sector which is 5 percent more than 10 years previously. It is pleasing to note that the number of people in work also rose across the EU as in Germany. However, there are still major differences with regard to the flexibilization of working time. Compared with Germany, France, for example, still has very rigid labor market structures. We are watching with great interest how in the first months of his period of office, the French President Macron has already pushed through changes at great speed leading to greater labor market flexibilization. This will give France the opportunity in future to integrate significantly more people fit to work. At the same time, however, complexity for French companies is increasing. Because a flexible labor market is definitely more demanding as far as workforce management is concerned. This is precisely where our solutions can provide support.

What is currently exercising the CEOs of your customers?

The number 1 subject in the HR domain is the shortage of labor. This problem is set to become even more acute in the future. We are seeing the combination of two effects. On the one hand, there are fewer and fewer qualified workers available as a result of demographic changes. On the other, the economic growth of the last few years which has been appreciable in some areas, has emptied the labor pool. Both effects lead to a skills shortage. In Germany, the Federal Employment Agency is reporting around 410,000 vacancies for skilled workers at the end of 2017 – around 11 percent up from the previous year. This acts as a massive brake on growth. This makes it more necessary than ever to plan and manage existing personnel on the basis of demand, detect bottlenecks with regard to certain qualifications at an early stage and target the acquisition of these qualifications. If companies manage to involve their staff in these processes, they will have taken a vital step towards enhancing employee satisfaction and improving their employer brand. The core business of ATOSS is to help with this process.

And has this message already got through to management board level?

Not nearly enough! Whenever we talk to prestigious companies, it never ceases to astonish me that as far as workforce management is concerned, they are frequently still using a working time management system that should be exhibited in an industrial museum. For example, an ATOSS study revealed that only 5 percent of the companies surveyed tap their existing data to calculate demand and therefore to optimize their workforce management processes. This is a major disadvantage

when competing against more progressive companies as employees are increasingly becoming a key resource. It also constitutes throwing away the value creation potential in the billions for the economy as a whole.

What is the status of digitization in HR departments?

Unfortunately, digitization is often no more than a buzzword. The strategic potential of digitization in the HR domain is frequently underestimated or not even discerned. What we need is for top management to focus a little more on the subject of workforce management in order to realize its strategic potential. The watchword "Digitize or Die!" also applies to HR. Large corporations generally find it easier to digitize their processes than SMEs that still tend to take a conservative view of HR.

Does ATOSS have a product for SMEs?

We know that they need entry-level solutions. And that is why we extended our product range several years ago to include highly standardized solutions. These products help SMEs to benefit from modern software with a very manageable investment and short project lead times. Last year alone, we were able to convince over 500 new SME customers to adopt modern workforce management based on these products. ATOSS has established itself in the mass market. Today, we are a genuine full-range supplier.

Why should companies opt for an ATOSS solution?

Our customers succeed in realizing benefit potentials on three levels. On an administrative level, support processes are slimmed down, automated and designed to protect resources. On an operational level, potential can clearly be leveraged to achieve productivity and efficiency gains. Costs are optimized by introducing demand-driven personnel deployment and improving the associated processes. This usually leads to rising sales on a product or service level as a result of higher quality. This third aspect has a direct impact on profitability and many companies are not even aware of it.

Can you give us some concrete figures?

Take our customer engelhorn, for example, where 1,500 employees are managed in almost 60 planning departments. The ATOSS solution enables this to be accomplished through rules-based plans achieving very high planning quality – in connection with 60 to 80 percent less planning time. In logistics, forecasting accuracy of up to 95 percent is attained. This saves many thousands of hours in personnel administration alone. Above and beyond the administrative and operational level, we also help our customers on a strategic level. For example, in establishing an employer brand and increasing employee satisfaction by involving staff in the planning processes. These are issues that hold high strategic value in times of skills shortages.

Can you cite an example of stronger employee integration?

For our customer Lufthansa, we set up systems under the motto "Democratizing working processes" which enable employees



“For us, 2018 is the year of the next generation of self services platforms. It's a new era – plain and simple.”

to have their requests included in the monthly working time planning process. Our system excels in factoring in such requests. You can imagine how complex this is with a global player with tens of thousands employees, strong unions and diverse underlying conditions enshrined in law and collective wage agreements. But the benefit for companies and employees is naturally enormous. Employee satisfaction and the degree of self-determination rise, and personnel resources are also deployed more efficiently.

What is the significance of the trend towards globalization for you?

Today, our solutions are at work in over 40 countries. We adapt them to the particular local requirements with the aim of creating value. This allows global players to manage their workforce management processes in a standardized fashion, as the company W.L. Gore & Associates, for example, has successfully proved with our Enterprise Solution in over 25 countries. We have recently taken a further step down this road and are now reinforcing our local presence. Either with strong local partners as in Scandinavia or Benelux countries or own offices as recently opened in the Netherlands. SHELL is a good example of a customer won locally in the Netherlands. We have recently completed the rollout there of automatic planning at all gas stations, thereby helping to realize significant benefits.

What can we expect from ATOSS in 2018?

We take a lot of pleasure in helping European companies to become more competitive by serving them just as reliably and

sustainably as we have in the past – and in maintaining our clear focus as a specialist provider for workforce management. We are also making further investments in our portfolio. On premise and in the cloud. Our vision is to expand our technology leadership and become a global player. In the process, we want to play our part in designing and initiating fundamental changes. For us, 2018 is the year of the next generation of self services platforms. It's a new era – plain and simple. Wait and see!

I wish you every success in these endeavors!



As a business and financial expert and recognized authority in the field of value investing, Prof. Dr. Max Otte has published numerous books and articles on business and financial issues.



BEST PRACTICES



WEINMANUFAKTUR UNTERTÜRKHEIM

BOLE WILLY

ANTINORI

PHILIPPE DE ROTHSCHILD

WEIN



WHEN PURCHASING DOES THE SALSA

With shopping trolleys from product lines sporting resonant names such as Tango or Salsa, **Wanzl** is bringing a breath of fresh air to supermarkets around the world. No wonder that the company won the German Design Award for excellent product design for the third time in 2018. Two million units sold every year make this family business with its head office in Leipheim in Bavaria the global market leader for shopping trolleys and a reliable partner to the retail trade around the world. Wanzl has specialized in the production of transport and presentation solutions. Production is divided into six divisions: Shop Solutions, Retail Systems, Logistics & Industry, Airport, Access Solutions and Hotel Service. With 4,900 employees in 27 branches, the company offers a strong global network serving customers such as EDEKA, TESCO or SHERATON. In order to enable even more flexible response to customer demands in the future, Wanzl has opted for high-performing ATOSS Workforce Scheduling with an online interface teaming up with the company-wide SAP ERP HCM system. Initially, the solution is to be introduced for 1,500 production employees at the Leipheim and Kirchheim facilities. The clear aim is to achieve demand-based, cost-driven production, taking fluctuating order books and individual customer requests into account. Thanks to the Flexible Assignment Plan module, employees are directly assigned to workplaces and shifts through an intuitive drag & drop function – while consistently adhering to statutory regulations, works agreements, qualifications and individual time and attendance rules. That simplifies the planning process enormously while simultaneously enhancing planning quality. ATOSS Qualification Management is intended to ensure that the employees assigned to a workplace always come with the right qualifications. Wanzl aims to not only use the new workforce management solution to optimize its processes in connection with the deployment of staff and reduce the time and effort expended on administrative tasks, but also over the long term to cut the number of hours worked by temporary staff. First-class service worldwide – that is Wanzl's philosophy. Innovative workforce management is to make a measurable contribution in future.

“We create flexible personnel capacity by adopting measures such as tightly synchronized duty plans, innovative shift models, transparent traffic light accounts or by designing working times to factor in the aging workforce. Industry 4.0 is not feasible without short-term flexibility on all levels.”

KLAUS HÖFER

Head of Industrial Engineering
thyssenkrupp Rasselstein GmbH



INDUSTRY 4.0 REQUIRES FLEXIBILITY



In the age of Industry 4.0, production companies such as **thyssenkrupp Packaging Steel** have to react quickly and cost-effectively to the demands of the market and customers. The company operates the world's largest production facility for packaging steel in Andernach, and features as one of the top 3 suppliers in Europe. At present, around 2,400 employees produce roughly 1.5 million tonnes of packaging steel a year for 400 customers from 80 countries. thyssenkrupp Packaging Steel, is uncompromising in its drive for demand-based, cost-effective production. Flexible operating points create the necessary preconditions to react quickly, where needed, and keep costs at an optimum level. ATOSS Workforce Scheduling features an online interface to SAP ERP HCM, ensuring that the workforce can operate with the required flexibility. This tinplate producer has been planning and managing the deployment of its approx. 2,000 employees in production based on ATOSS Workforce Management since 2014. Even the complex task of scheduling the roughly 70-strong full-time and part-time works first responders is performed by means of the solution with a full audit trail. The company continuously and systematically invests its efforts in achieving flexible productivity capacity and guaranteeing the optimum staffing of production equipment. In order to further enhance planning quality, thyssenkrupp Packaging Steel is currently introducing the Automatic Duty Plan. When drawing up schedules, the system applies rules to take direct account of maximum working times, rest periods, shift sequences, time accounts, qualifications and individual leisure time arrangements. Individual agreements and employee requests are automatically incorporated in the planning as well. Following the pilot project in the production warehouse, rollout is due to begin for the entire production area. Attention will then turn to introducing the Mobile Workforce Management app, as the company would like to give employees an even more active role in their time & attendance management. In future, they will be able to view times posted and duty schedules at any time and from anywhere, apply for holidays and free days or swap shifts with workmates. At thyssenkrupp Packaging Steel, flexibility is lived reality – and also a sustainable, future viable working environment.

ATOSS CUSTOMER **THYSSENKRUPP RASSELSTEIN GMBH**
A joint project between ATOSS and KWP INSIDE HR



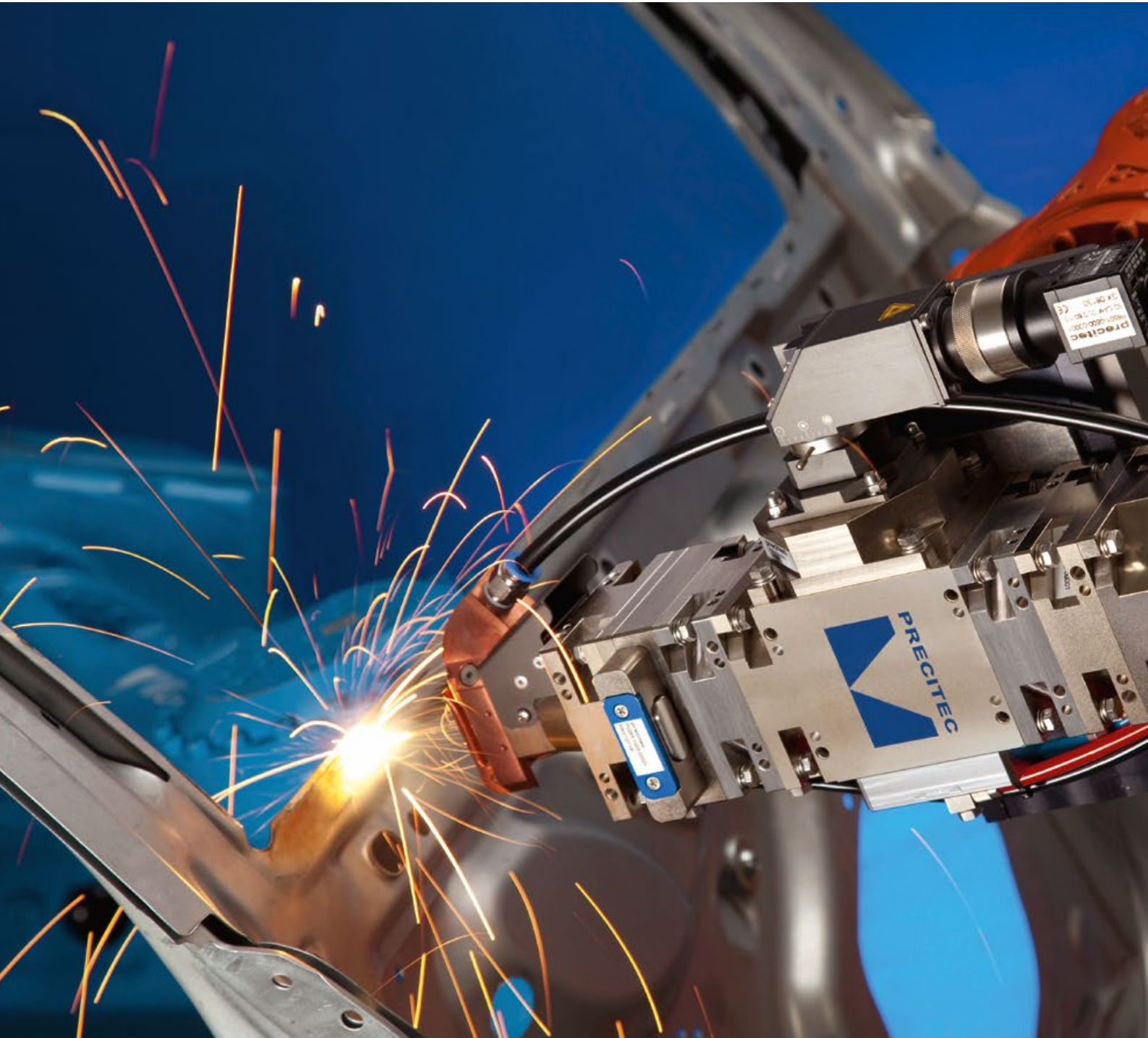
INNOVATION UNLIMITED

Vetter has specialized in the aseptic filling and packaging of compounds into syringes, vials and cartridges for more than 35 years. Customers of this leading international pharmaceuticals service provider include the top 20 pharmaceuticals and biotechnology companies worldwide, with Vetter supporting these customers from the early phases of clinical development through to regulatory approval and global market supply. As part of this, the Ravensburg-based company focuses on maintaining wide-ranging know-how, innovation, leading edge production facilities, systematic customer focus and professional workforce management. The ATOSS Staff Efficiency Suite forms the basis for the flexible and efficient deployment of its 4,300 staff across all locations in Germany. In addition, ATOSS Employee & Manager Self Service provides transparency and individual responsibility. Every member of the workforce enjoys constant access to working time information such as working time accounts, deployment plans and vacation scheduling. Employees at the production sites are deployed in a rule-based and legally compliant manner with the Automatic Duty Plan, which also takes predefined criteria such as qualifications, shift cycles and company agreements into account. Central monitors provide an overview of the latest shift plans at all times. As part of a digitalization project, Vetter opted for the cloud-based personnel management system SAP SuccessFactors Employee Central. By way of the ATOSS SF Connector, workforce management is set to be integrated into the new solution as the next step. The clear aim is to establish an integrated and efficient HR platform in the cloud. Streamlined production processes and the required personnel deployment flexibility – Vetter believes that these factors are key to remaining successful in international competition moving forward.

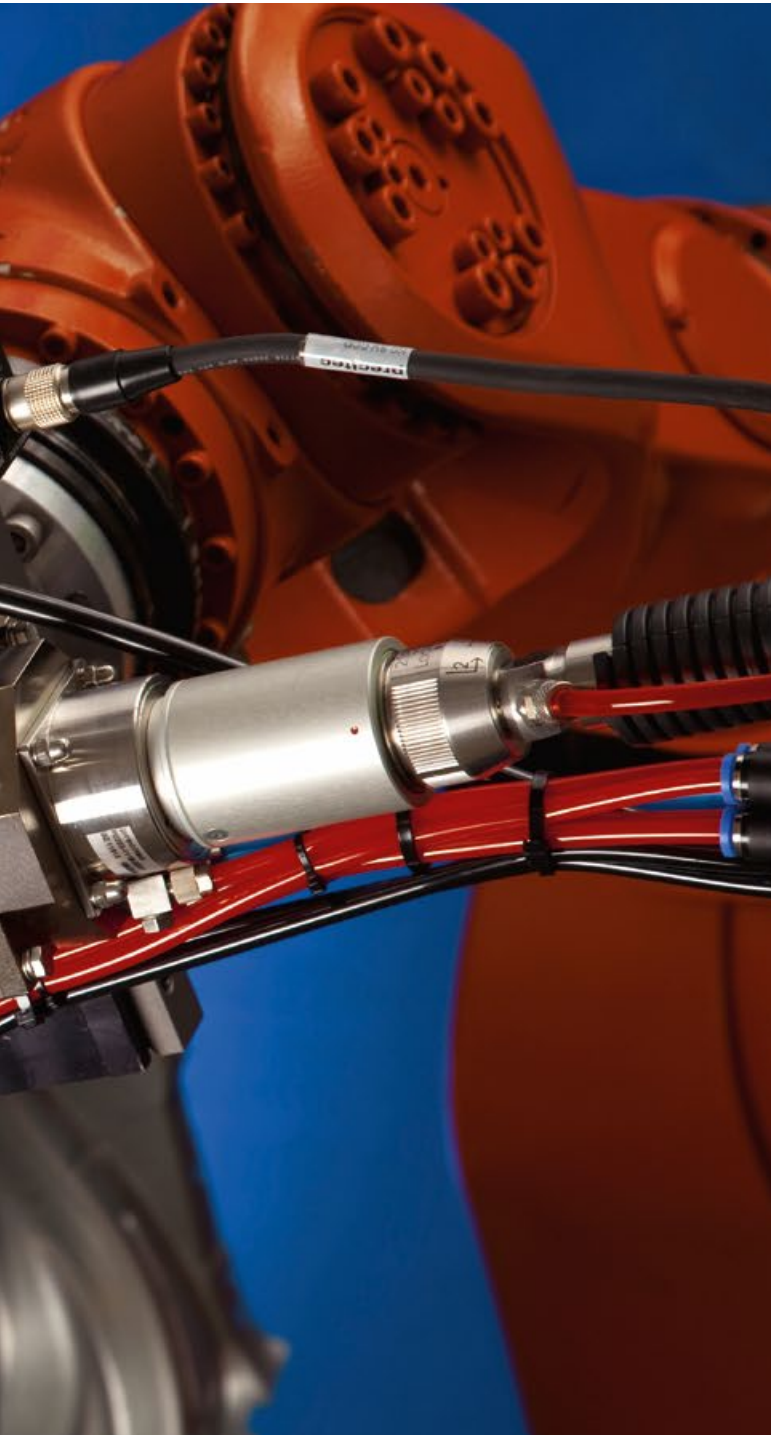
“Our modern workforce management solution has put us on an ideal footing. The volume of administrative work has been dramatically reduced, while the transparency surrounding working time has been enhanced. This has given us greater scope to focus on our core tasks.”

YVONNE BARTH

HR Manager
Precitec Group



PRECISE PROCESSES



Precitec Group is a specialist for laser material processing and optical measuring technology. This international family business established in 1971 is committed to always keeping one step ahead of the times in the laser material processing sector. The company succeeds in achieving this thanks to high-quality products, quality monitoring systems and optical measuring systems. Serving customers from the mechanical engineering, automotive and supply industries, the company is also a recognized partner for integrated processing methods. Precitec is now committed to establishing optimized processes for workforce management and replaced its outdated working time management system as part of a digitalization project. Today, the working times of some 370 employees at the Neu-Isenburg and Gaggenau sites are efficiently managed by way of ATOSS Time Control. The solution records working time digitally, automatically calculating accrued allowances and evaluating these in conformity with laws and rules. In addition, an audited interface to the DATEV payroll system ensures the seamless transfer of all payroll-relevant information. In Gaggenau, terminals from our partner PCS are used for time recording and access control, while existing hardware was integrated at the Neu-Isenburg location. Working time evaluations are now available to managers at Precitec at the touch of a button. With ATOSS Self Services, staff can apply for vacation and absences digitally according to predefined work flows and receive approval through the same system. What's more, ATOSS Time Control was also able to offer another distinct advantage. Precitec was looking for a simple option for storing scanned documents in an employee-specific way. However, the company was not interested in procuring a large personnel management system. The document storage feature in ATOSS Time Control provided a practical and cost-effective solution, creating a "lightweight personnel documentation system." Employees and manager now have access to the documents at all times, though only the HR department is permitted to upload and delete documents. At Precitec, the focus is firmly on optimized and flexible processes – and not just for customer projects. No surprise really that the deployment of ATOSS Time Control is already being discussed for additional locations.

ATOSS CUSTOMER **PRECITEC GROUP**



WORLDWIDE CLOUD

The Gore-Tex® brand has made a global name for itself with tough, weatherproof clothing and shoes. **W.L. Gore & Associates**, the company behind the brand, has much more to offer, however. Around 9,500 employees, referred to as associates, research, develop and manufacture products on the basis of fluoropolymers in the fields of electronics, functional clothing, industry and medicine. This creative technology company has facilities in more than 25 countries and operates production plants in the USA, Germany, Great Britain, China and Japan. Gore has been relying on ATOSS Workforce Management for many years. Germany, Austria, France, Great Britain, Italy, Spain, Sweden, Australia, China, Hong Kong, Taiwan, South Korea, Singapore – these are just some of the countries in which the ATOSS Enterprise Solution gets to grips with the local laws, regulations and cultures around the world on Gore's behalf. In future, however, no longer on premise but in the cloud. And there are clear benefits to this procedure: simpler management of the complex IT security specifications, the necessary flexibility for further expansion and maximum cost transparency. It's gratifying that our scalable Enterprise Solution is also up to every challenge in the cloud, whether on a national or international level. We are delighted to have the privilege of supporting one of the world's best employers in shaping their working environment. Committed to innovation – at Gore that also goes for its time & attendance management.

“Our goal is to achieve a dynamic synchronization of personnel requirements and personnel deployment in all areas of production, and to adapt them to perfectly fit any order situation.”

SEBASTIAN WALTER

Production Planning
Fronius International



ULTIMATE DEMANDS, ULTIMATE SYSTEMS



Fronius International stands for passion for new technologies, intensive research and revolutionary solutions. The company was set up in 1945 as a small-scale business for welding power sources and battery chargers, and today it is constantly raising the bar with unique products for monitoring and controlling the power for welding technology, photovoltaics and battery charging technology. This global leader in innovation and technology is represented on four continents with 3,800 employees in 28 subsidiaries. Innovation is part of the corporate culture at Fronius and the engine of the company's success. The aim is to continue to develop revolutionary technologies and exceptional products in the Welding Technology, Photovoltaics and Battery-charging Technology Business Units. In terms of workforce management, the company relies on ATOSS at its central production and logistics facility in Sattledt in Upper Austria. Battery-charging systems, welding systems and solar inverters of the highest quality are manufactured here. To enable it to align its production with the market and the competitive situation, Fronius relies on efficient processes, maximum flexibility and dynamic shift planning. Shift models are determined on the basis of information from the production planning system, and rule-based duty plans generated at the touch of a button. As well as the necessary qualifications, these plans also incorporate individual requests and requirements of currently around 500 production employees, approx. 800 additional employees are soon to follow. Fronius works systematically and consequently to optimize its shift models and planning processes. After all, the pace of the markets is demanding a high degree of automation and flexibility along the entire value chain. Production management is convinced that personnel processes deserve the same treatment. This innovative company sees substantial long-term optimization potential – also at other production plants. For example, the introduction of the ATOSS solution for around 500 employees in the Czech Republic is currently being discussed.

ATOSS CUSTOMER **FRONIUS INTERNATIONAL**
A joint project between ATOSS and KWP INSIDE HR

“Improving our customer journey and experience whilst keeping all of our sites running with quick and easy service is paramount.”

MAGGIE VAN'T HOFF
CIO
Shell Retail Netherlands



PLANNING POWER IN THE CLOUD



ATOSS CUSTOMER **SHELL RETAIL NETHERLANDS**

Shell Retail Netherlands stations are truly a place to refuel. At the sites, customers don't just fill up their cars, but also buy hot and cold beverages, refreshments, snacks and even groceries. Clients appreciate the good service, excellent product freshness and of course the generous opening hours which are well beyond those of conventional supermarkets. So it is not without reason that the Shell brand enjoys a worldwide reputation not just amongst motorists. With some 93.000 employees, the company operates in 70 countries and ranks as one of the leading players in the oil and gas industry. Shell Retail Netherlands runs 230 retail sites with more than 3.000 vendors. Since 2017, the ATOSS Retail Solution successfully manages the 24/7-deployment of the staff. Automatic Duty Scheduling factors in drivers such as customer frequency levels, receipt sizes and sales revenue as well as qualifications and individual staff requirements, allowing forecasting the required workforce down to 30 minutes units precisely. Expensive over- and understaffing belongs to the past. The employees are deployed precisely as needed. Moreover, the system takes statutory provisions, collective wage agreements and specific internal regulations automatically into account. Shell Retail Netherlands chose the ATOSS Retail Solution in the cloud. Scalability allows the company to grow as they go. Moreover, the cloud solution suits the company's innovative IT strategy and ensures cost transparency. Employees at Shell benefit from anytime and anywhere communication via the ATOSS mobile app for tablets and smartphones. Shell Retail Netherlands has completed the rollout at all retail sites. In this way, the company is continuing to put its customers in the driver's seat. The project in the Netherlands is considered a showcase for other countries.



A SHOPPING WORLD LIKE NO OTHER

As a fashion and lifestyle company, **Breuninger** sets high standards in products, service and customer care. Europe's second largest department store in private ownership offers its customers an exclusive diversity of brands with almost 1,000 labels – from extravagant to trendy and on to timeless. A total of 5,500 dedicated staff front of house and backstage are on hand to pamper customers and create a perfect shopping experience. The aim is for customers to experience every visit to one of the eleven outlets or their online shopping as something very special. And customers taking a break from shopping at exclusive restaurants and patisseries will also savor the experience. Uncompromising focus on employees and customers are key success factors of this award winning retail company. Thanks to the ATOSS Retail Solution – docking seamlessly onto the SAP time & attendance system – Breuninger is mastering the difficult balancing act between employee satisfaction and service quality – without costs going through the roof. The solution is in real-time operation at the two flagship stores in Stuttgart and Düsseldorf, as well as the Ludwigsburg, Sindelfingen, Nürnberg, Freiburg, Karlsruhe and Reutlingen branches. And it is currently being implemented at the Leipzig, Frankfurt and Erfurt locations. Around 3,200 sales and checkout staff are scheduled and managed by 220 planners on a demand-driven basis. Workforce Forecasting and Automatic Duty Plan provide excellent forecasting and planning quality, ensuring premium service to match footfall. Because employees are on the sales floor at the precise times when they are needed. Customers and employees benefit alike. Premium is the word – also in workforce management.

“The effects of demand-optimized workforce scheduling benefit the company and employees alike: more efficient use of flexibility, fewer breaches of working times, greater transparency and fairer duty plans. This leads to a motivated sales team which is the critical competitive factor in the specialist retail trade.”

PATRIC MROSS

Head of Human Resource Management
Globus Fachmärkte



ON THE MANAGEMENT AGENDA



ATOSS CUSTOMER **GLOBUS FACHMÄRKTE**

At **Globus Fachmärkte** with their total of 97 stores, customer and service focus takes center stage. This guiding principle is lived and breathed every day by all employees at 81 Globus DIY stores, ten Hela Profi Zentren and six ALPHATECC electrical goods stores. And the results are there for all to see as the company scores top marks in customer satisfaction surveys every year. To ensure that personnel processes remain lean and staff deployment cost-effective, this retailer relies on ATOSS Retail Solution across the board for its 8,600 full-time and part-time employees. Time & attendance management and human resource planning are subject to uniform principles in all stores. In sales, there is one dispatcher responsible in each department for ensuring that there are enough qualified staff at all times on the sales floor during peak times, e.g. on bridging days or Saturdays. A percentage rate in the plan shows the store manager or personnel management at a glance whether the available employees were scheduled to maximum effect on busy days. To avoid long delays at the cash desks, check-out staff schedules are planned by means of Automatic Duty Plan based on demand. Various weighted demand drivers such as footfall, numbers of receipts and articles as well as sales trends, seasonal effects and special events are incorporated into the planning process. Personnel requirements are calculated at half-hourly and hourly intervals – achieving forecasting accuracy of 95 percent. The planning and scheduling process automatically takes 16 criteria into account, among them qualifications, account balances, maximum or minimum numbers of hours as well as legislation and collective agreements. Employees benefit from fairer duty plans, even distribution of overtime and more predictable working time. Management can generate store-specific, departmental reporting and ad hoc surveys at the simple touch of a button. That enables rankings or comparisons to be produced and identifies potential for improvement in performance, personnel costs, organization of working time and health management. Sales on busy days have also risen measurably as a result of continuously optimizing the level of service and enhanced quality of planning. No wonder, therefore, that workforce management is now a matter for the boardroom at Globus Fachmärkte.



PLEASING PET LOVERS ALL OVER EUROPE

Love of animals knows no bounds. True to this slogan, **FRESSNAPF | MAXI ZOO** is active in eleven European countries. More than 1,400 modern outlets of varying sizes from Denmark to Italy form an expert network for animal lovers and pet owners. Altogether, there are more than 10,000 people from 50 different countries working in the Krefeld-headquartered Group. There is a clear concept behind the success of Europe's No. 1 in pet supplies: huge selection, attractive pricing and excellent service. And the firm conviction expressed in "Happier Pets. Happier People.". Fressnapf has been relying on ATOSS Workforce Management in the cloud since 2015 for its 1,300 employees at the 211 company managed stores in Germany – from time & attendance management and workforce forecasting through to automatic duty scheduling. Branch managers were impressed from the outset by the functionality, modern interactive design and puristic layout of this web-based sector solution. Today, they generate demand-based, customer-centric schedules based on contractual targets, qualifications, sales volumes and size of receipts, while also taking statutory regulations and collective agreements into account. Traffic light functions and warning notices facilitate planning and scheduling, while ensuring compliance with rules and regulations. District managers and the human resources department now receive all the relevant information at the simple touch of a button. Following on from a convincing project in Germany, Fressnapf has opted for ATOSS Retail Solution in the cloud across Europe. The rollout is underway and is to be completed for all ten countries in the next few years. At that point, around 7,000 employees will be scheduled and managed by means of the ATOSS solution in the language of the particular country – in pace with footfall. After the launch at 138 stores in Austria, attention is now turning to the roughly 55 outlets in Switzerland. Luxembourg, Italy, France, Poland and Hungary will follow in succession. But things are also moving ahead in Germany. A pilot project integrating the more than 200 franchise partners in the cloud is already up and running. Moreover, the ATOSS solution will also be implemented at the distribution center in Krefeld. At Fressnapf, customer and service focus truly extends across all borders. We are happy to support Europe's No. 1 – both at home and abroad.

“Our aim was to achieve integrated workforce management across all business segments. This makes us effective, creates transparency and enables us to plan and manage our staff throughout the company in a manner that benefits customers while also accommodating employees interests.”

JÖRG MARX

Head of Human Resources and Public Relations
Peter Hahn



FIRST-CLASS SERVICE ACROSS ALL CHANNELS



ATOSS CUSTOMER **PETER HAHN**

The prestigious **Peter Hahn** fashion house offers its customers classy fashion through all channels. This successful multi-channel enterprise with around 1,000 employees sells high-quality, sophisticated fashion and interior design accessories in nine European countries. Whether by catalog, over the Internet or at the 19 fashion houses and four outlets in Germany and Switzerland – at Peter Hahn, it's all about inspiring customers. Superior service and committed staff play a crucial role in fulfilling this ambition – which is why this tradition-steeped company headquartered in Winterbach in Swabia relies on ATOSS Workforce Management across the board. From admin to the service center onto logistics and the various branches, the time recording and access control functions cover around 950 employees. Self services provide the necessary transparency in all aspects of working time, and the workforce is actively involved in working time management processes. dormakaba terminals are also used to book times directly to defined logistics activities. The same applies to switching employees to different tasks in the course of the day. The advantage is that the information thereby recorded is immediately available to management for evaluations and analyses. Customers can reach the Service Center with some 80 agents from 7.00 am to 10.00 pm every day. The ATOSS solution takes the forecast volume of calls into account, guaranteeing consistently qualified customer care. Return rates and return times are incorporated into the planning and scheduling of around 250 staff active in logistics. That enables rapid response times and reduces expensive over- and understaffing. The 220 employees at the 15 fashion houses and four outlets in Germany are also planned and managed efficiently for the benefit of customers. And ATOSS Workforce Management is also performing excellent work in planning apprenticeships and access management for external service providers. Thought is now being given to introducing the shift exchange platform and preferred duty planning modules to achieve an even better work-life balance in the future. After all, it is Peter Hahn's avowed ambition to regularly exceed expectations. And that applies to employees and customers alike.

“Customers today want the best service on all channels.
That only works if the workforce management front
and backstage runs smoothly.”

BERND RICHTER

Head of Human Resources
Versandhaus Walz



EMPLOYEES JUST-IN-TIME

For more than 60 years, **Versandhaus Walz** has been backing innovative ideas and responsible staff at its roughly 50 specialist retail stores in Germany, Austria and Switzerland, the various international online theme shops and at the Bad Waldsee headquarters. This successful retail company has been planning and managing all aspects of its 1,300 employees' working time with the ATOSS Enterprise Solution for many years. This also includes the 430 employees active at the ultra-modern, proprietary logistics center. 24-hour delivery is the standard lived and achieved. Our solution ensures that every process – from goods inwards via the warehouse through to order picking and the occasional goods return – runs without a hitch. And there is a lot to do at Walz as around 25,000 parcels are dispatched every day – and even up to 42,000 at peak times. Precise scheduling and top-quality planning are pivotal. Automatic Duty Plan assigns pickers and putters to their correct workplace on the conveyor belt to suit the requirements identified. Statutory regulations, works agreements, working time rules and qualifications are factored in. Sudden changes are a daily occurrence in logistics. The ATOSS Logistics Solution copes with them effortlessly, giving Walz the transparency it needs in working times, e.g. for monitoring annual guaranteed hours quotas.

Whether online, in-store or click & collect – efficient logistics with short lead times play a key role in sharpening the focus on service and generating customer satisfaction. Numerous retail companies such as EDEKA, expert, CHRIST, Deerberg Versand or Gebr. Heinemann are now relying on ATOSS Workforce Management from the warehouse to the point-of-sale.



FULL SERVICE LOGISTICS

Air and sea freight, overland transport, contract logistics and customs handling: the global logistics service provider **ITG** provides a one-stop shop for the entire gamut of logistics services. The company, headquartered at Munich airport, also commands special expertise in the areas of fashion, lifestyle, merchandising and luxury goods. Around 1,100 employees in twelve of the companies' own offices and seven logistics centers in Germany, the Netherlands, the USA as well as Russia face up to the particular challenges this sector presents on a daily basis. At ITG, short lead times, a high degree of flexibility and individual service are bread and butter. Such capabilities require an agile organization and efficient workforce management. ITG has opted for ATOSS Time Control for its offices and logistic centers in Germany. Employees record their working times digitally. The solution also handles holiday and absences planning with defined approval workflows. Time data are automatically transferred to the DATEV payroll accounting system via a fully tested interface. Logistic center employees are planned according to demand by way of ATOSS Workforce Scheduling, taking full account of statutory regulations, collective agreements, qualifications and working time rules. The solution even manages the working times of temporary staff. This enables detailed tracking and reduces lump sum claims. A complex access system with around 50 PCS terminals on doors, barriers and underground garage entrances controls individual authorizations, guaranteeing the necessary security levels. The difference counts – and at ITG that applies to workforce management, too.



GLOBAL LOGISTICS



ATOSS CUSTOMER **RHENUS ALPINA-GROUP**

The **Rhenus Alpina-Group** is one of the largest providers of logistics services in Switzerland. The company belongs to the Rhenus Group which is represented globally with more than 28,000 employees at 580 locations. The Contract Logistics, Freight Logistics, Port Logistics and Public Transport Divisions stand for the management of complex supply chains and for innovative value added services. In Switzerland, the company relies on the ATOSS Logistic Solution for its 1,350 employees. All employees are integrated into working time management processes, and they can use self services to access their working time data – also on the go via smartphones. The 60 industrial employees at the Port Logistics Division are efficiently and cost-effectively scheduled by means of the ATOSS solution, ensuring that statutory requirements and complex working time agreements are adhered to. Cargologic, a wholly-owned subsidiary of Rhenus Alpina, has also opted for integrated workforce management based on ATOSS solutions. The company has a workforce of 700 employees and ranks as the leading provider of cargo handling services in Switzerland, with more than 70 airlines and forwarders on the customer roster. The company relies on deployment planning tailored to requirements with optimized costs, thereby enabling even faster response to fluctuating order situations at its four Swiss locations and airports. Working times are digitally recorded via terminals, smartphones or at the workstation, and are immediately available to planners in real time. Automatic Duty Plan takes special shift sequences and mandatory qualifications into account, as well as statutory regulations and highly complex working time rules, generating a rule-based duty plan at the touch of a button. The next step for the air freight logistics company will be to introduce workforce forecasting and annual planning. The intention is to optimize operational and strategic human resource planning on a sustainable basis – a logical step on the course to Logistics 4.0.



AT HIGH SPEED INTO THE DIGITAL WORKING WORLD

Things certainly move fast at **UPC Austria**, a leading provider of communication and entertainment in Austria. Internet customers hurtle through the fiber-optic network at speeds of up to 300 Mbit/s, while mobile phone customers surf at top speeds on their smartphones and tablets thanks to LTE. TV customers can use the replay function to view films and series shown in the last seven days when, wherever and as often as they would like. The company provides rapid, easy access to the digital world, serving more than 650,000 residential and business customers at home and on the go. Whether it's high-speed Internet for frequent users or 160 digital TV channels for TV aficionados – UPC has the right package for every user. And soon there will also be a sustainable workforce management solution in place. Because the company has decided to introduce ATOSS Time Control for its 1,200 employees and to establish time and attendance management throughout the operation. The expertise of ATOSS staff and the allround functionality of the modular solution convinced management in the selection process. And there is a lot to be done at UPC. The aim on the one hand is to replace a system architecture that has evolved over many years. On the other, the challenge is to design the best possible model to cover the Austrian collective agreement, comprehensive company agreements, numerous working time models and the complicated on-call rules by which technicians work. In future, employees will automatically register their working time at all locations via terminals provided by our partner PCS. Holidays and absences will be applied for and approved in a paperless process using the Employee Self Service workflow. 150 employees with on-call duties will be able to clock on and off through their smartphone anytime and anywhere by means of a mobile app. All the data from the working time management system will be immediately available online for evaluations and analyses. Interfaces with the in-house personnel management system HUMA and the payroll accounting system Sage DPW ensure the smooth transfer of all relevant information. Further areas of application are already in discussion. For example, thought is being given to scheduling the agents in the B2B Service Center with ATOSS Time Control to better reflect customer demands. No problem – the standard version of our solution has it all covered. Welcome to the digital workspace!

“Our workforce management solution provides the basis for greater flexibility. At the same time, it enables us to implement employee-friendly working time concepts. In the case of service providers, a motivated team in daily contact with customers makes the all-important difference.”

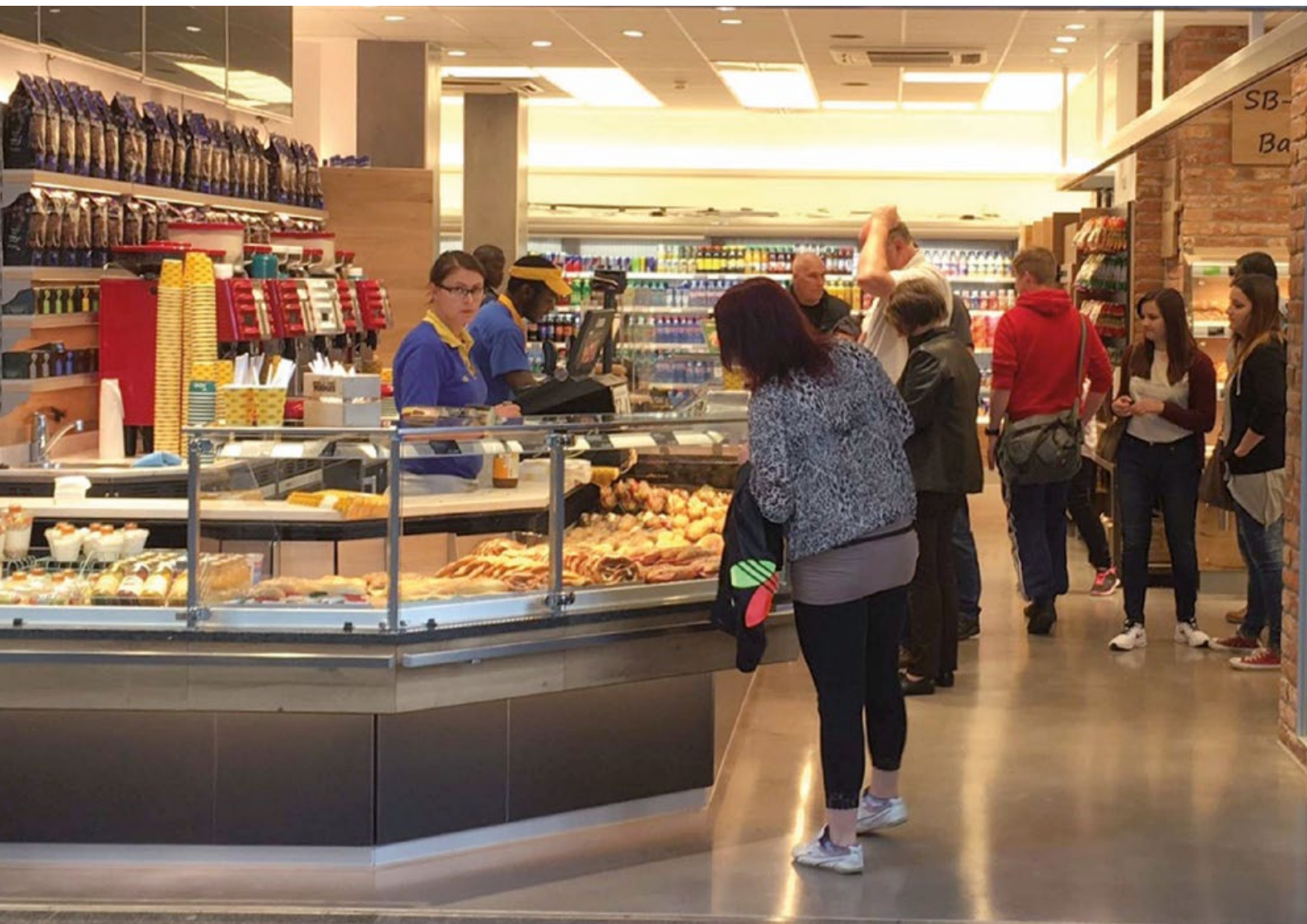
MARINA HERBST-BÖHM

Human Resources Manager
HUK-COBURG Insurance Group



SECURITY GOES DIGITAL

You can rely on **HUK-COBURG** – round the clock, if needs be. The insurance group is represented in 38 locations in Germany, and with more than 11 million customers, it is in the top 10 of German insurance companies. Any company managing that volume of data, has to pay attention to security. That is why data protection at HUK-COBURG starts with access control. There are around 700 terminals and 130 authorization zones in operation. The workforce management system also deals in big numbers – and agile personnel processes. More than 10,000 employees across the insurance group are managed with the ATOSS Enterprise solution. Around 1,500 full-time and part-time models are incorporated into the organization of working time. Expert service and fast response times are crucial success factors in any direct contact with customers. HUK-COBURG therefore works continuously with our consultants on optimizing the processes involving working time. ATOSS Employee & Manager Self Service has been introduced for all employees – with special adaptations and dialogs for the insurer. Around 1,600 employees are scheduled via the Automatic Duty Plan in nine customer service centers based on demand and in compliance with the rules. The time required for back office work is also factored into the duty plans. Tailor-made workflows ensure greater efficiency in personnel administration. ATOSS Task Management uses warning functions to ensure that all the relevant deadlines are met. Recently, a payroll interface has been created with the newly introduced SAP suite SAP ERP HCM across the company, and HUK-COBURG's services company in Jena has been incorporated into the ATOSS solution. Preparations are now underway to implement the next projects together with our consultants. Via workflow, employees will be able to submit application on a monthly base defining whether overtime is to be paid out according to an upper limit agreed with the works council, offset by freetime, or deposited in a longtime account. The hours defined will be automatically assigned to the appropriate wage type, transferred to SAP or recorded within the ATOSS Staff Efficiency Suite. And the next topic involving employee integration is already under review: mobile workforce management via smartphone with the ATOSS app. HUK-COBURG is definitely living up to its reputation as a company that focuses on the needs of both customers and employees, and systematically driving digitization in the HR domain.



WORKING TIMES FOR EVERY TASTE

Baking, cutting, filling, spreading – every day, around 1,300 employees at **YORMA'S** take care of the physical well-being of over 150,000 customers throughout Germany. The success story of this snack bar chain began in 1985 with a railway station café in Plattling, in Lower Bavaria. Today, the company has 60 branches throughout the country in central locations, usually in train stations or their vicinity. Whether it's baguettes, bratwurst, quinoa salad or fruit cups: everything served up is freshly prepared on site. When it comes to time and attendance management, this expanding company also relies on quality, and three years ago, it opted for ATOSS Time Control following a short but intensive selection procedure. Today, the solution takes care of all the working time management processes at YORMA'S – from time recording, holiday and absences planning through to the transfer of wage data to DATEV. And the national temp taskforce is also centrally scheduled at the headquarters in Plattling based on ATOSS Workforce Scheduling. This means the company can react quickly to personnel bottlenecks, while any demand short-falls or peaks can be cushioned with well-trained staff without any loss of quality. Times are recorded and access controlled in all branches using highly modern dormakaba fingerprint terminals. The company remains on course for further expansion. Four new branches will be established in 2018 alone – one of them on Munich's central Stachus square. ATOSS Time Control will effortlessly accompany the upbeat growth pace.



PEOPLE AT THE HEART OF THINGS

Evangelische Stiftung Alsterdorf is a modern, diaconal service provider with a broad sphere of operation. The organization focuses on medical and therapeutic treatment in the foundation's hospitals, educational offers in day nurseries and schools as well as help and care of the elderly. Comprehensive assistance programs, residential offers and educational courses for persons with disabilities as well as help for children and adolescents complete the range of services. In spite of this diversity, all the services provided by Evangelische Stiftung Alsterdorf have one thing in common: they all put people and their individual needs at the heart of what they do. Around 6,400 full-time and part-time employees serve in more than 180 foundation facilities in Hamburg, Schleswig-Holstein and Lower Saxony. They provide a broad range of services for their customers and clients. In the process, the company relies on quality and modern methods. The same applies to the organization of working time, which is systematically aligned with individual support services and requires a high degree of flexibility. Professional workforce management is an essential prerequisite. The foundation has been relying on ATOSS Medical Solution for many years to ensure cost-effective but at the same time service-oriented duty scheduling. Around 5,000 working time models as well as complex account balance rules and regulations on allowances are efficiently managed with the solution. Routine processes involving working time run automatically via defined workflows. This eases the burden on the Human Resources department, creating space for meaningful activities. As well as statutory regulations and collective agreement rules, planning incorporates working time models, working time accounts, qualifications and employee requests. Reports and duty plans are available at the touch of a button. Evangelische Stiftung Alsterdorf is able to respond flexibly to the demands of the social market and the needs of its customers. The employees benefit from fair, predictable working time. It comes as no surprise, that the company has been awarded the distinction of being one of Hamburg's best employers time and again.

Moreover, the Diocese of Münster and other long established social organizations such as Diakoniewerk Bethel, Evangelische Stiftung Hephata, Stiftung Pfennigparade and Sozialstiftung Bamberg plan and manage their staff with the aid of ATOSS Medical Solution.

“Our workforce management solution gives us an excellent platform for further growth and a sustainable working environment. Complex structures can also be modeled in the standard version – a must for any expanding enterprise.”

SABINE WIDERA

Project Manager
MEDIAN



CHARTING A HEALTHY GROWTH COURSE



ATOSS CUSTOMER **MEDIAN**

With a total of 120 rehab clinics, acute hospitals, therapy centers, outpatient clinics and reintegration facilities, **MEDIAN** is the largest private provider of rehabilitation and participation services in Germany. The Berlin-headquartered company stands for first-class medical care and maintains 18,000 beds and treatment places at 115 facilities. True to the company motto of “Live the life”, every day, 15,000 employees focus on the well-being of more than 230,000 patients and residents. In doing so, MEDIAN puts its faith in demand-driven, employee-oriented workforce management with the ATOSS Medical Solution. A total of 7,400 employees at 20 facilities have already been incorporated into the solution, and the group-wide rollout is running to schedule. MEDIAN benefits from the fact that the standard version is highly flexible in managing complex, multifaceted structures. Professional groups relevant to the planning process such as doctors, therapists, care services or functional services are scheduled according to demand. Working time requests are also incorporated into the planning. Time recording, application and approval workflows are transacted through self services in a paperless process. For example, all employees have a real-time overview of their deployment times, working time accounts and holiday planning. The digitization of working time management processes is in full swing at MEDIAN. The next implementation phase will see the introduction of rule-based planning suggestions to support demand-driven duty scheduling. This will elevate quality levels in planning and care alike. The next subject on the agenda is to import the working time management data into the company’s data warehouse system via the ATOSS BI Connector and use them for extensive analyses and evaluations. In this way, MEDIAN will gain even greater transparency in staff deployment matters.

“Our objective was to achieve workforce management focusing on patient and employee needs in equal measure. The decisive criteria in the selection of our solution were first and foremost a viable technology and a long-term product strategy along with comprehensive functionality.”

DR. DIRK M. FELLERMANN
CEO
Gesundheitszentrum Wetterau



FUTURE PROOF DUTY SCHEDULING

Gesundheitszentrum Wetterau represents the merger of regional hospitals offering basic, standard care. This group, which also includes four medical care centers and various service companies, provides high-level medical care for more than 75,000 patients every year in the region of Central Hesse with the aid of 1,850 employees. In order to meet this aspiration cost-effectively over the long term, the health center relies on efficient, transparent personnel processes as well as professional, IT-based duty scheduling. As ATOSS Medical Solution had already proved its worth in a sub-sector in the past, the association of clinics decided to extend the solution to all locations and professional groups and to replace another existing system. After all, the modular ATOSS solution offers this charitable organization the best prospects: a viable technology for the future, state-of-the-art functionalities and an intuitive user interface. The pilot phase is already running in the Surgery and Anaesthesia, Medical Service and Care Areas. The rollout for all employees will follow shortly. In the future, staff will have a greater say in the organization of their working time through self services and preferred duty planning. In order to achieve greater transparency and structured reporting in the area of personnel management, the ATOSS BI Connector links the solution to a proprietary business intelligence tool. This facilitates meaningful analyses and creates a platform which allows management to make decisions on a well informed basis. ATOSS Task Management will be introduced in a further implementation phase. In future, the personnel department and the duty planners will be informed proactively of certain defined events such as violations of core or rest times, allowing them to promptly intervene. Gesundheitszentrum Wetterau is delighted to be benefitting from a workforce management solution that grows with the demands made on it, while ensuring investment protection over the long term.

A photograph of a stage with a bright spotlight, a microphone, and a water bottle in the foreground. The scene is lit with purple and blue light, creating a dramatic atmosphere. The text "LEARN MORE ABOUT US" is overlaid on the left side of the image.

LEARN MORE
ABOUT US



Ludwig

LNSHD

Roland

KLEU Pedest Altmod V

“Our aim is to focus even more intensively on opening up the growth market of workforce management with a powerful network. That is why we are looking for distribution and implementation partners at home and abroad.”

ALEXANDER VON FRITSCH

Managing Director SMB Sales & Alliances
ATOSS Software AG



“ATOSS solutions complement our own portfolio of innovative security systems perfectly. The market for workforce management offers genuinely exciting opportunities. We perceive a great deal of future potential.”

BERNHARD KEMPF

Vice President
Sales Branch North Rhine-Westphalia
Bosch Sicherheitssysteme GmbH



“With ATOSS Time Control, we are expanding our product portfolio to include a modern workforce management solution. Comprehensive functionality and continuous refinement make this software an ideal tool for our SME customers.”

GUNTHER GABLESKE

CEO
DATENSYSTEME & ZEITERFASSUNG
Gableske & Co. oHG



“Over the past 19 years, Gavdi’s rich history and success in delivering a complete portfolio of both ‘on premise’ and ‘cloud-based’ SAP HR and Payroll software solutions, has given rise to the need for a more diverse and ambitious service portfolio. Gavdi’s relationship with ATOSS builds upon a shared heritage of innovation and commitment to digital HR transformation. We are like-minded organisations led by the key principles of transformative technology and we look forward to a long-term collaboration.”

JENS PEDER SCHOU

Sales Director
Gavdi Denmark

AN ECO SYSTEM DELIVERING ADDED VALUE

The market for workforce management is growing at above-average rates and is one of the most dynamic in the IT sector. This development is further reinforced by demographic change and associated skills shortages as well as the trend towards digitization in the HR sector. ATOSS is benefiting from these major shifts, and our partners are benefiting too – with substantial and sustainable growth. We are working systematically to extend our partner network at home and abroad and to further expand our leading position in the future market of workforce management. Whether industry know-how of the sector, IT expertise or process skills, complementary software or innovative security and access concepts – we are bundling resources and expertise in collaboration with our partners. The aim is clear: measurable added value for our customers.

Networked markets call for networked action. In line with this philosophy, we have created a powerful and successful eco system with over 50 distribution partnerships and alliances at home and abroad. The open design of our solutions plays an important role here as they can be easily incorporated into other portfolios. Our partnerships in the SAP environment are proof positive of this approach. Together with **Pentos**, one of the largest SAP SuccessFactors partners in Germany, we have developed an interface that seamlessly connects the ATOSS solution world with that of SAP SuccessFactors. There is considerable interest in the solution in the market. With the established SAP partner **KWP INSIDE HR**, we have developed an online interface with SAP ERP HCM a few years ago offering optimum integration of SAP time & attendance management with ATOSS Workforce Scheduling, thereby providing our customers with sophisticated planning functions. The strategic partnership with the **Gavdi Group**, one of the fastest growing SAP consultancy firms in Europe, came to fruition in the second half of 2017. The aim is to pool Gavdi's expertise in the area of Human Capital Management and our know-how in workforce management solutions and provide our customers in the EMEA region with an integrated package of cloud and on premise solutions. Joining forces with our partner **Fortezza** we are addressing the midsized market for workforce management in the cloud in the Netherlands. We have ranked as a preferred partner of **DATEV** for many years. Audited interfaces guarantee the smooth connection of our SME solution to DATEV payroll accounting systems.

Regardless of the type of collaboration, our partners benefit from a market with great potential, state-of-the-art product suites, a sustainable business model and the long-term security of a listed company.



WE'RE ROCKING WORKFORCE MANAGEMENT

A total of 30 years of experience in the workforce management area and around 5,500 successful projects – our customers benefit from this knowledge on a daily basis. Our relentless specialization has paid off. Today, ATOSS is positioned as a full-range provider fielding a unique portfolio of solutions. No scenario is too complex, no company too large or small for us. We have the right answers to meet all requirements – whether classical time & attendance management, intuitive self services, mobile apps, detailed workforce forecasting, demand driven workforce scheduling or strategic planning of capacity and requirements. In the cloud or on premise – we live and breathe workforce management without compromise.

This also applies to the refinement of our product suites, because for us the development of software on a high level is a continuing obligation. Every year, around 20 percent of our revenue is committed to R&D. According to the EU Industrial R&D Investment Scoreboard 2017, ATOSS is among the top 100 software companies in Europe with the highest investments. More than 170 staff in R&D and Product Management work daily to create solutions that will stand the test of time. Agile development processes and advanced test procedures ensure that ATOSS solutions are quickly put into practice. In 2017, more than 1,500 hours of automated tests were conducted on 175 virtual machines, and over 120,000 test results automatically evaluated – every day. Also in 2017, we released three updates of our ATOSS Staff Efficiency Suite with 360 new functions and features.

One highlight is the latest innovation from our company, the revolutionary ATOSS Staff Center for Self Services with intuitive operation. It delivers the highest level of user experience and supports the trend towards greater self-determination with respect to working time. The strength of our solutions lies in their openness and flexibility. The interfaces with SAP systems represent a shining example of these strengths. Without additional login, the entire scope of ATOSS Workforce Management is made available to users of the personnel management system SAP SuccessFactors Employee Central through an ATOSS Connector. Another ATOSS Connector opens up the full functionality of ATOSS Workforce Scheduling to users of SAP ERP HCM – without any system restrictions. Even the most complex of planning scenarios can be effortlessly implemented.

Our innovative strength, formidable development power and high quality standard are paying off. ATOSS software is state-of-the-art in terms of technology, functionality and user experience. And we never cease to improve. For workforce management with measurable added value.



BUILDING ON DYNAMIC PROCESSES

In times of rapid change, adaptive organizations are in demand. After all, success in volatile markets stands or falls with a company's response speed. As part of this, personnel processes are of key importance. They should not put on the brakes – far more, these processes should instead offer the necessary agility and enable highly flexible workforce management while at the same time boosting employee satisfaction. Precisely in this area, however, many companies still have plenty of scope for optimization to tap. While digitization is being implemented in many places and Industry 4.0 is an omnipotent buzzword, the processes surrounding workforce scheduling are often still manual at digital production sites – and manual planning boards still commonplace. And it's not just in industry but in almost all sectors that high flexibility in organizing working time is critical for success today. A future-proof workforce management system has to allow dynamic adjustments to personnel deployment even during the working day. These challenges can only be mastered with innovative working time models as well as demand- and employee-driven working time concepts. Companies such as Augustinum Group, Kastner & Öhler, Osram Opto Semiconductors, Pierburg or RITTER SPORT are already relying on an integrated workforce management that puts all relevant processes to the test and optimizes them comprehensively. For example, at the **Augustinum Group** which employs some 4,400 staff, the heterogeneous structures which grew over time had become an obstacle on the road to achieving greater efficiency. Our consulting team worked closely with the customer to master the challenging task of harmonizing the existing personnel processes and establish a foundation for a company-wide workforce management project. On this solid basis, Augustinum Group has now entered a new system era in which administrative workloads are reduced, personnel deployment is more flexible and compliance with legislation and collective agreements is automatically ensured. In this way, digitalization delivers maximum benefits. Whether innovative working time concepts, detailed workforce forecasting, demand driven workforce management, ergonomic duty schedules or sustainable change management – we support companies in making their working environments fit for the future.

“Agile processes are essential in future. Raising dynamics incrementally eases the strain on organizations, while supporting sustainable change.”

MICHAEL KNOBLAUCH

Director Consulting
ATOSS Software AG



AROUND THE WORLD

ATOSS solutions are Made in Germany, but they are equally at home wherever customers insist on higher productivity in workforce management. Companies having to manage staff in more than one country are well aware of how varied and complex the tasks arising in individual countries can be. Demanding labor laws and social security regulations, together with cultural differences and system diversity, make international rollouts more difficult than one would expect. But this is no problem for us or our solutions. The standard versions of ATOSS solutions factor in laws, collective agreements, national characteristics as well as providing interfaces with country-specific systems such as payroll systems. And our consultants have the necessary know-how and experience to ensure smooth implementation. Our customers speak Italian, French, Spanish, Czech or English – and we speak Workforce Management. At present, in 42 countries and nine languages around the world.

Take **HORNBACH**, for example, one of the largest operators of DIY and garden stores in Europe. This retail corporation currently operates 156 large-scale DIY stores with a total sales area of 1.8 million sqm in nine countries in Europe. The key mission is to support customers with their projects in house and garden. This is the aspiration put into practice on a daily basis by almost 18,000 employees in Germany, Luxembourg, the Netherlands, Austria, Romania, Sweden, Switzerland, Slovakia and the Czech Republic. The ATOSS Retail solution is able to readily map the diversity of working time models, qualifications, legislation and pay-scales. What's more, our solution even coped with the highly complex collective agreements in Austria with ease. Boeing's subsidiary **Jeppesen** with around 3,500 employees worldwide has also opted for ATOSS Workforce Management in the EMEA region. The Enterprise solution is currently in use for around 1,100 employees in Germany, Sweden, Great Britain, Poland and the United Arab Emirates. Laws, country-specific aspects and interfaces with national payroll systems have been implemented in the standard version without any additional programming. Jeppesen has been assisting aviation experts in achieving their goals safely and efficiently with innovative products for almost 80 years. Professional workforce management makes an important contribution to reliable personnel navigation.

Companies such as Fressnapf, HOYER Group, Lufthansa, Sixt SE, Toys"R"Us, WITRON, W.L. Gore & Associates or XXXLutz rely on ATOSS Workforce Management both at home and abroad. After all, our solutions show their true strength in the international arena used.



OUR PEOPLE MAKE ALL THE DIFFERENCE

Designing working environments for the benefit of companies, employees and society – this is a fascinating task, an exciting outlook and a great responsibility. Our employees accept this challenge with expertise, experience and enthusiasm, and breathe life into the ATOSS vision of a human economy every day. The commitment of our team is the foundation of our success and the driver of our aspiration to create value added for our customers. We believe in a motivating, productive and dynamic working environment. Flat hierarchies, ample scope for taking initiative, excellent growth opportunities, individual career paths and participation in company success – these are the cornerstones of our human resources work. We live a corporate culture in which commitment and team spirit are promoted and performance is rewarded. In this environment, our employees are able to grow professionally and personally and enjoy long-term success. This applies to every one of our employees from the outset – whether in sales, marketing, product management, development, consulting, professional services or administration. As part of the ATOSS Academy, we define an induction and development program tailored to individual demands and future roles. And we support our employees in all phases of their employee journey.

Many people talk about new working concepts, but we make a reality of it every day. And there's no shortage of fun and action along the way. One size fits all? That doesn't apply to us or our benefits as they are as individual as our employees. Whether tailor-made further training, classic company pension schemes, promotional events, cultural evenings, group cooking, yoga courses or the daily dose of vitamins – there is something for everyone. During working hours and after work. Because one thing is certain: In spite of a clear performance culture, fun and work-life-balance most definitely don't get lost along the way.

There are national and international career opportunities at ATOSS. For our aim is to continually expand our worldwide presence. With around 5,500 projects in more than 40 countries, we have created a solid platform for growth and expansion. And we still have a lot of ambitions. Roughly 3.5 million people are currently planned and managed with ATOSS solutions. For us that is both an obligation and an incentive to improve every single day.



A hand is shown in silhouette, holding a glowing, spherical object. The background is a gradient of blue and pink, with a bright light source creating a lens flare effect. The overall mood is futuristic and high-tech.

FINANCIAL REPORT 2017



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LETTER TO SHAREHOLDERS



Andreas F.J. Obereder and Christof Leiber
Board of Management ATOSS Software AG

Dear Shareholders,
 Customers, Business Partners
 and Colleagues,

ATOSS Software AG continued on its record-setting course in 2017. For the twelfth year in succession, the company succeeded in exceeding the record figures of the previous years in terms of orders received, sales and earnings. This strong development is built on the ever increasing relevance of workforce management, our innovative and value-creating solutions and the business model which has proven itself as highly stable.

Advancing digitization, new work concepts and an individualized society are changing the world of work continuously and dramatically. Today's companies have to be able to adapt flexibly to the demands of the market to prevail against the competition. In this context, having a highly agile and flexible personnel infrastructure in place is absolutely essential. The ATOSS professional workforce management solutions play a key role in achieving these objectives.

Our solutions set benchmarks in the workforce management market

Work productivity is a decisive factor which significantly influences the standard of living in a country. The results of an analysis of work productivity published by the economists from the Kiel Institute for the World Economy (IfW) in November 2017 are therefore somewhat unsettling.¹ According to this analysis, the growth in productivity in Germany, as in many other industrialized nations, has slowed considerably in the long-term comparison. As a pioneer and innovator within the workforce management market, we have a clear vision of how to positively change the world of work, optimize our customers' value creation and therefore contribute to boosting work productivity.

Workforce management provides companies with a management tool which allows the targeted deployment of staff in the face of these challenges. With solutions from ATOSS, businesses are able to strike a balance between the rapidly developing requirements of the market, such as the order situation in manufacturing, or customer footfall in the retail sector, and the constantly changing statutory environment. Today, more than 5,500 customers in 42 countries rely on our pioneering software solutions – and their trust underscores the success of ATOSS.

¹) Institute for the World Economy (IfW): "Kieler Beiträge zur Wirtschaftspolitik Nr. 12 November 2017, Produktivität in Deutschland – Messbarkeit und Entwicklung"

An innovation leader fielding customer-oriented solutions

Innovation, state-of-the-art technology and a consistent orientation towards sustainable customer benefits have always enjoyed the highest priority at ATOSS since the company's foundation 30 years ago. These high standards also form the basis for our outstanding market position. We have the right solutions for every demand scenario, every industry and every size of company, from 2 to 200,000 employees. This is only possible thanks to the continuous investment in research and development. As part of this effort, more than 170 employees now work on a daily basis in research, development and product management on the evolution of our ATOSS solution suites. As a result, according to the "EU R&D Investment Scoreboard (2017)" study by the European Commission we rank among the TOP 100 European software manufacturers with the highest R&D investment, as in previous years. Among the dedicated workforce management solution providers, we are number one in Europe! Our strategy has also gained broader recognition. In 2017, ATOSS was presented with the Sustained Excellence Award by the renowned auditing and tax advisory firm Deloitte for its sustainable and successful business model. In addition to long-term growth, ATOSS was also able to convince the jury of its innovation, entrepreneurial spirit and outstanding sustained successes. We are delighted to have received this distinction, which confirms the effectiveness of our strategy.

Investing for our employees at the Munich site

Continuing to retain the best employees in future will play a major part in remaining successful on domestic and international markets. Our strong growth has resulted in the company expanding its premises. The move to a new ATOSS Group HQ in mid-February 2018 marks another important milestone in our success strategy. ATOSS now boasts a prime location anchored within the heart of the "Werksviertel Mitte", Munich's largest urban development project. At the new site, great emphasis was placed on implementing an innovative office creating space for interaction and varied work arrangements, while at the same time offering decisive strengths in the "war to attract talent". After all, only employees who feel at ease in their workplace and enjoy the right conditions are able to unlock their full potential and contribute to ATOSS remaining a permanent top player on the workforce management market. As an employer, it is therefore our responsibility to create the conditions to achieve just that.

Prospects for 2018

A strong demand for workforce management solutions is increasingly being perceived in virtually all sectors and among companies of all sizes. The very concept of Industry 4.0 can only be implemented with the aid of powerful information systems and software solutions. Continuing digitization, new working concepts and models, as well as increasing globalization are dramatically changing the world of work. ATOSS has the ideal solution for every type of company. These extremely positive technological developments for ATOSS are underpinned in particular by the increasingly dynamic growth of our company in recent financial years, each of which have seen double-digit growth in sales, and very emphatically confirm that the growth potential of ATOSS is still far from exhausted. Our success factors include strong organic growth, high profitability and a robust balance sheet structure. In future, we will continue to do our utmost to sustain ATOSS Software AG's current successful path.

Our thanks go out to our employees, business partners and shareholders

At this juncture, we would like to thank all of our employees who have committed themselves with vision and foresight to the success of ATOSS and its customers, and in so doing have contributed to our twelfth record year in succession.

Moreover, we would also like to thank our business partners and our Supervisory Board for their trusting cooperation in 2017, which we look forward to continuing moving forward. And finally to you, our valued shareholders, we express our thanks for your confidence in us and your loyalty. We look forward to writing another chapter of our shared success story in 2018, and to continue offering you an attractive investment.

Yours sincerely,



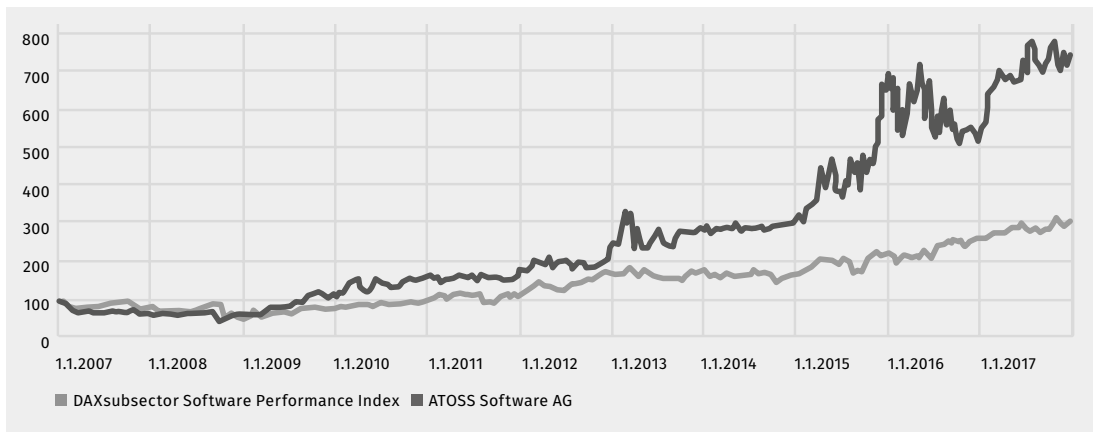
Andreas F.J. Obereder
Chief Executive Officer



Christof Leiber
Member of the Board of Management

INVESTOR RELATIONS

Share price development 01/2007 to 12/2017



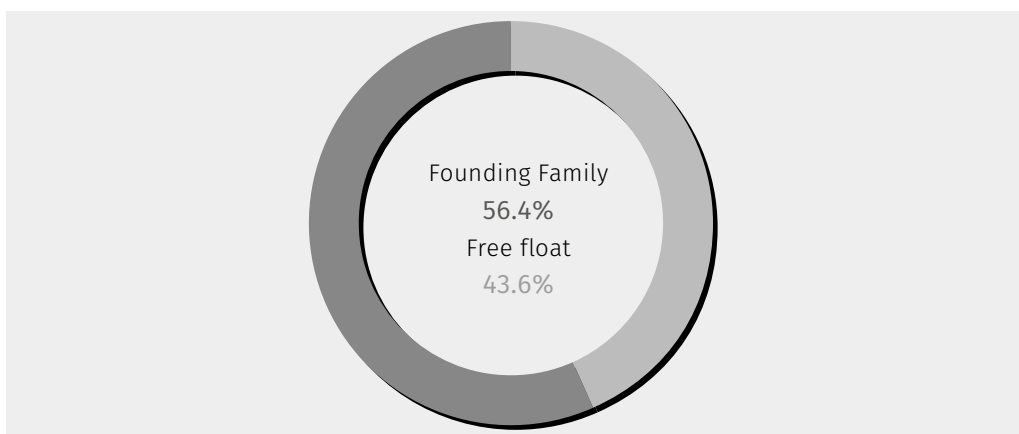
The stock market year 2017 yields new highs for both indices and ATOSS

Despite the political risks, the stock markets recorded further highs in 2017: In the USA the indices surged from record to record, while in Germany the DAX, the most important German stock market barometer, hit a new all-time high at 13,525.60. Ultimately, the DAX and American S&P 500 Index achieved annual gains of around 15 and 20 percent.

In step with the excellent business development, ATOSS was able to sustain its positive performance on the stock markets in the year under review and post another all-time high in 2017. The ATOSS share achieved its highest listing in mid-July at EUR 80.13 (XETRA). At this point, the price increase represented a rise of 53 percent. Over the full year, the share recorded a gain of 41 percent. In addition, a dividend of EUR 1.16 was distributed. Overall, our shareholders saw their investment increase by 43 percent in the course of 2017. The benchmark DAXsubsector Performance Index recorded a 16 percent rise during the same period.

From a longer-term perspective, ATOSS Software AG has also rewarded its shareholders with highly stable development in value. The performance of the share has increased by 622 percent since 2007 (not taking special distributions into account). The benchmark DAXsubsector Performance Index achieved a 188 percent rise during the same period.

ATOSS Software AG shareholder structure



The founding family continues to hold 56.4 percent of the shares in ATOSS Software AG. Since December 6, 2012, Mr. Andreas Obereder has held 50.0000025 percent of the shares indirectly via AOB Invest GmbH, of which he is sole owner.

In accordance with voting rights notices received, the following institutional investors hold interests in excess of 3 percent / 5 percent in ATOSS Software AG among the shares in free float:

Investor	Shareholding	Threshold exceeded on
MainFirst SICAV	5.07%	12/16/2014
Investmentgesellschaft für langfristige Investoren TGV	5.004%	10/28/2013
Didner & Gerge Fonder AB	3.07%	4/27/2017

Capital market-oriented figures

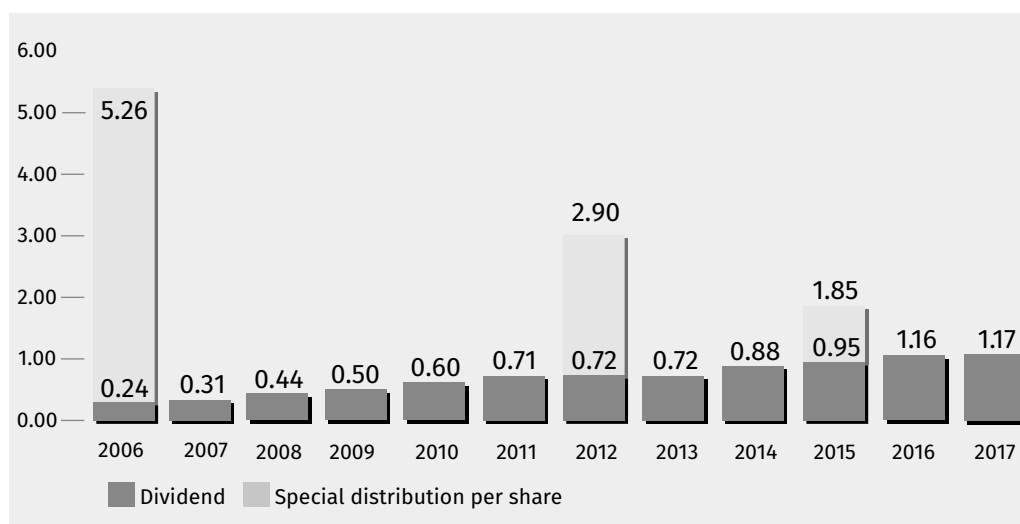
(in EUR, unless otherwise specified)

	Reporting year 2017	Previous year 2016
Market price at the financial year-end	74.01	52.48
Number of shares (Dec. 31)	3,976,568	3,976,568
Market capitalization in million EUR as of Dec. 31	294.3	208.7
Earnings per share in EUR	2.35	2.33

Based on the results for 2017, the average price/earnings ratio amounted to EUR 30.15 with liquidity of EUR 6.82 per share at the year-end.

ATOSS Software AG dividend policy

In 2003 ATOSS published the principles of its long-term dividend policy. As in the case of the company's communications with the capital markets, one of the essential goals of this dividend policy was to offer maximum dependability. With dividends consistently rising over many years, ATOSS has remained faithful to its principles, offering its shareholders an excellent and reliable return in addition to significant increases in the share price. In addition, there have been respectable special distributions for the financial years 2006, 2012 and 2015.



In view of the new record figures and in line with its long-standing dividend policy, the Management Board is proposing a dividend of EUR 1.17 per share. Future dividend policy will continue to make provision for a distribution of 50 percent of (consolidated) earnings per share, but with the overriding goal of safeguarding nominal dividend continuity. A decision on the appropriation of earnings recommended by the Management and Supervisory Boards will be taken at the annual general meeting on April 26, 2018. Provided that the meeting adopts the proposal, this puts the dividend yield at 1.6 percent based on the (XETRA) closing price of EUR 74.01 on December 29, 2017.

Analysts stress high reliability of forecast key figures

The course of business and the company's dividend policy serve to confirm analysts' previous assessments of ATOSS stock. The substantial growth in sales, maintained now over many years, coupled with the stability of earnings and the dividend yield continue to underscore the sustained value and outlook for our stock.

Investment analysts regard ATOSS Software AG as strongly and robustly positioned within an attractive market. In this context, the company not only stands out by virtue of its consistent and highly profitable growth, but also its technological leadership in its sector thanks to the sustained investment in R&D. The need to deploy staff with maximum profitability is a constant challenge for companies, so the workforce management solutions offered by ATOSS are therefore in demand regardless of the vagaries of the economy, and the company's growth potential is still far from exhausted. ATOSS' success in accessing new areas of growth through its cloud services and the establishment of a start-up under the Crewmeister brand is of particular strategic importance.

The company's development was regularly reviewed during the reporting period by analysts at Warburg Research. The complete analyses by Warburg Research are available online at <https://www.atoss.com/en-gb/investor-relations/atoss-stock>.

ATOSS among the top 20 growth stocks

The name ATOSS is a byword in the media for profitability, sustainability and an open communications policy. In a study by the magazine Focus Money, ATOSS ranked among the TOP 20 future-proof growth stocks in Germany based on the criteria price potential, price/earnings ratio, dividend yield, forecast profit growth and estimated increase in free cash flow.

SUPERVISORY BOARD REPORT ON FINANCIAL YEAR 2017



Peter Kirn
Chairman of the Supervisory Board

Dear Shareholders,

2017 was another extremely successful financial year for ATOSS Software AG. The company continued to record sustained positive development for the twelfth year in succession. The Supervisory Board advised and supported the Management Board in directing the business. We oversaw the measures taken and fulfilled all of the tasks incumbent upon us in accordance with the law and the company's articles of association as well as the German Corporate Governance Code and our own rules of procedure. The Board was also integrated into all decisions of fundamental importance. The Management Board informed us regularly, comprehensively and promptly both in writing and verbally about the material aspects of business development. This also included the current earnings situation, the risks and risk management. At no time did we have cause for complaint regarding either the due and proper nature or economic efficiency of the company management.

Decisions made by the Supervisory Board were reached on the basis of extensive reports and proposals by the Management Board. In addition, we were kept informed, even outside of meetings, of projects and events of material importance or urgency. We also resolved upon those matters required of us in accordance with the law or the company's articles of association. The Chairman of the Supervisory Board was in regular contact with the Management Board, with the result that events of exceptional importance for ATOSS Software AG could be discussed without delay.

In the financial year 2017 there were no conflicts of interest on the part of Management or Supervisory Board members which required immediate disclosure to the Supervisory Board.

The following report describes the main emphases of the work of the Supervisory Board.

Supervisory Board meetings and resolutions in 2017

Four ordinary meetings of the Supervisory Board were held in the reporting period. With the exception of the meeting on September 27, 2017, all members of the Supervisory and Management Boards were in attendance. Supervisory Board member Rolf Baron Vielhauer von Hohenhau was absent from the meeting on September 27, 2017 and sent his apologies.

Principal subjects of discussion at the meeting on March 7, 2017

At the first meeting of the financial year, the auditors Ernst & Young GmbH of Munich gave a presentation to the Supervisory and Management Boards regarding their audit of the annual financial statements and consolidated financial statements of ATOSS Software AG and the management reports for the financial year 2016. The Supervisory Board approved the annual financial statements for the Group and company for the financial year 2016 which had been audited and awarded an unqualified audit certificate by the auditor, and these are now deemed to be adopted. Under item 4 on the agenda, the Supervisory Board subsequently approved the Supervisory Board report for the financial year 2016. The discussion also extended to the agenda

for the annual general meeting on April 28, 2017, which was approved by the Supervisory Board and the Management Board. The Management Board also submitted a report outlining the profitability of ATOSS Software AG and in particular return on equity and current business development.

Principal subjects of discussion at the meeting on April 28, 2017

This meeting of the Supervisory Board took place following the 2017 annual general meeting in Munich. The meeting was attended by the Supervisory Board members newly elected at the annual general meeting, Rolf Baron Vielhauer von Hohenhau and Mr. Klaus Bauer, and by the Management Board. The newly elected Supervisory Board member Peter Kirn took part by telephone. The Supervisory Board was also reconstituted at this meeting, with Mr. Peter Kirn elected as Supervisory Board Chairman. Rolf Baron Vielhauer von Hohenhau was elected as his deputy. The Supervisory Board then went on to establish that all three members meet the criteria that render them suitable to act as financial experts within the meaning of Section 100 Para. 5 of the German Stock Corporation Act. The Management Board also reported on the current course of business, the risk report and the current development in orders.

Principal subjects of discussion at the meeting on September 27, 2017

At the third Supervisory Board meeting of the year, the Management Board informed the Supervisory Board of the current course of business and provided an outlook for the budget and planning process for 2018. The last item on the agenda was a detailed report by the CEO on current developments in sales and marketing at ATOSS Software AG.

Principal subjects of discussion at the meeting on November 29, 2017

In addition to the Management Board report on current business development, the main focus of the last Supervisory Board meeting of the year was on the balance sheet, liquidity, sales and earnings projections for the financial year 2018. The plans were approved as presented.

The 2017 declaration of compliance with the German Corporate Governance Code as amended on February 7, 2017 was also approved at this meeting and published on November 29, 2017 on the company's website (www.atoss.com). In this context the Supervisory Board also considered the appropriateness of Management Board compensation. The discussion centered in particular on the appropriateness of compensation in relation to senior management and workforce as well as in comparison to third parties.

Appointment of auditors and conduct of audit

At the annual general meeting of ATOSS Software AG held on April 28, 2017 in Munich, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Stuttgart (Munich Branch) was elected as auditor for the financial year 2017. Prior to this election, the Supervisory Board satisfied itself as to the independence of the auditors. The Board was able to exclude any relationships between the company and the auditors. The audit assignment included a consideration of the early warning system for the detection of risk and the obligation to observe the auditing principles contained in the current German Corporate Governance Code.

Ernst & Young GmbH audited the annual financial statements and management report for ATOSS Software AG to 12/31/2017 as well as the consolidated financial statements and consolidated management report to 12/31/2017 and awarded an unqualified audit certificate.

Supervisory Board meeting on March 6, 2018 to adopt the financial statements

The Supervisory Board received the annual financial statements, consolidated financial statements and management reports for the financial year 2017 from the Management Board for examination in good time prior to the meeting. In addition, the Supervisory Board also received the 2017 dependence report confirming that no transactions took place in the financial year 2017 between ATOSS Software AG and AOB Invest GmbH or companies associated with AOB Invest GmbH which were unreasonably disadvantageous to the company.

These documents were examined by the members of the Supervisory Board and addressed in full detail at the meeting in the presence of the auditors Ernst & Young GmbH. The auditors reported on the material results of their audit and answered all questions posed by the Board.

The Supervisory Board agreed with the results of the audit and raised no objections. The accounts prepared by the Management Board were then approved, and the annual financial statements also adopted. The Supervisory Board likewise concurred with the proposal by the Management Board regarding the appropriation of surplus profits.

The report by the Supervisory Board for the financial year 2017 was also discussed and agreed, and the agenda for the annual general meeting on April 26, 2018 was approved.

The Management Board and the company's staff once again achieved an outstanding result in the financial year 2017. The Supervisory Board would like to extend its thanks to the Management Board and all employees of ATOSS Software AG for their commitment and their contribution to the success of the past financial year, and express particular appreciation for 12 record years in succession.

Munich, March 2018



Peter Kirn
Chairman of the Supervisory Board

Members of the Supervisory Board, with a summary of other supervisory board positions held

The Supervisory Board of ATOSS Software AG is comprised of three members. In view of its size, the Supervisory Board dispenses with the formation of committees as recommended by the German Corporate Governance Code, including an audit committee within the meaning of Section 107 of the German Stock Corporation Act. The Supervisory Board is of the opinion that with a Board comprised of three members, the efficiency with which the Board performs its tasks would in no way be increased by the formation of committees.

Peter Kirn

Chairman of the Supervisory Board

Corporate consultant, Böblingen.

Mr. Kirn held no other supervisory or similar board positions in the financial year 2017.

Rolf Baron Vielhauer von Hohenhau

Deputy Chairman of the Supervisory Board

President of the Bund der Steuerzahler in Bayern e.V., Munich.

Baron Vielhauer von Hohenhau holds the following other supervisory and administrative board positions:

- Europäischer Wirtschaftssenat e.V., Munich (Supervisory Board Chairman)
- Member of the Administrative Board of Stadtparkasse Augsburg

Klaus Bauer

Member of the Supervisory Board

Supervisory and advisory board member, Nuremberg

Mr. Bauer holds the following other supervisory or similar board positions:

- Schwanhäußer Industrie Holding GmbH & Co. KG, Heroldsberg (advisory board)
- Schwanhäußer Grundbesitz Holding GmbH & Co. KG, Heroldsberg (advisory board)

GROUP MANAGEMENT REPORT 2017

1. COMPANY
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6. RISK MANAGEMENT AND CONTROL SYSTEM
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9. RESPONSIBILITY STATEMENT

1. Company

ATOSS Software AG is one of the leading providers in the field of workforce management. In this field, the company offers standard software solutions as well as consulting and implementation services for businesses of all sizes.

With headquarters in Munich, ATOSS Software AG also has offices in Berlin, Frankfurt, Hamburg, Stuttgart, Meerbusch and Utrecht, Netherlands, as well as its subsidiaries ATOSS CSD Software GmbH in Cham, ATOSS Software Ges. m.b.H. in Vienna, ATOSS Software AG in Zürich, SC ATOSS Software S.R.L. in Romania and ATOSS Aloud GmbH in Munich.

The company's software solutions are currently deployed worldwide in over 42 countries and 9 languages. Around 5,500 customers use ATOSS solutions to plan and manage the deployments of more than 3.5 million employees.

2. Group basics

Economic climate

The global economy continued to record moderate growth in 2017. This upwards momentum was mainly driven by industrial production in both advanced economies and emerging markets. The economic momentum was likely accelerated by the fact that a variety of risks became less prominent during the course of the year. For instance, the long feared slow-down in growth in China failed to materialize and domestic demand proved robust. Far-reaching economic policy measures in the USA were also yet to be implemented due to various reasons. Although the Brexit vote led to a slow-down in economic development in the United Kingdom, any slide into a recession or knock-on effects on key British trading partners have yet to occur.

As a result, economic growth in the Eurozone was cemented further. This was mainly fueled by private consumption and investments, which benefited from an improved situation on the employment markets of the member states and better lending conditions.¹

Among the four largest economies, the German economy recorded the highest expansion rate in 2017 and it is still in the midst of a strong upwards movement. This assessment is also reflected in the most important leading indicator for the German economy, the ifo Business Climate Index², which in November 2017 climbed to 117.6 points, its highest level since February 2012. According to the forecast published in December by the Bundesbank³, the economy is expected to have grown by 2.6 percent in 2017.

¹) ifo economic forecast 2017-2019: "Deutsche Wirtschaft auf dem Weg in die Hochkonjunktur;"

²) ifo Business Climate: Results of the ifo economic surveys in December 2017

³) Deutsche Bundesbank (monthly report December 2017): Prospects of the German economy – Macroeconomic estimates for 2018 and 2019 with an outlook for 2020

Segmental environment and market background

The forecasts for the German ICT market published by the trade association BITKOM¹ in October 2017 also remain positive. Growth in the software segment in the year elapsed, for example, is expected to come in at 6.3 percent.

Against this backdrop, ATOSS succeeded in sustaining its ongoing company success for the twelfth year in succession. Sales revenues rose by 10 percent, while EBIT (earnings before interest and taxes) climbed 4 percent. Sales in the core software business rose by 15 percent to EUR 34.6 million, while the software licensing business reported particularly strong development, up 13 percent to EUR 12.7 million. In addition, the development of software sales from cloud solutions was impressive, more than doubling to EUR 2.0 million.

In the past year, ATOSS generated EUR 14.6 million in orders received for software licenses and the software component of contracted cloud subscriptions (previous year: EUR 12.3 million). The cloud business reported particularly successful development with total order intake up by 56 percent to EUR 5.4 million. As a result, orders on hand for cloud solutions increased by 66 percent from EUR 5.3 million to EUR 8.7 million. Taken together with orders on hand for software licenses which were valued at EUR 5.5 million as of December 31, 2017 (previous year: EUR 5.6 million), this offers a high degree of sales and budgeting security for the near future. What's more, the company's substantial liquidity and high equity ratio provides security for customers, employees and shareholders.

Positioning of the ATOSS Group

The market addressed by ATOSS is comprised on the one hand of extensive numbers of small and medium-sized enterprises (the SME market) with up to 500 employees, and on the other, of the premium market represented by the high-end small businesses and major, large-scale companies. Naturally, the competitive pressure is greater in the case of applications which make no more than modest demands on personnel resource planning systems than for complex solutions which demand a high degree of integration between working time management (WTM) and personnel resource planning (PRP). The pioneering technological platform on which ATOSS products are based, our consulting skills and the reliable and successful ATOSS management are convincing decision-making criteria.

One of the defining features of the competitive environment in which the company operates is a high degree of fragmentation. In this environment the company has established itself as one of the leading providers of time management and workforce management software systems and has secured a significant market position in the retail, health care, manufacturing and logistics sectors in particular. In addition, the company offers solutions for all sectors, in both the SME and premium market segments.

Since the inception of the company, ATOSS has pursued a vision of offering products and software solutions which influence the structures of the modern working environment in order to enable more creative, more intelligent and more humane ways of working.

The products and services developed by ATOSS are designed to solve the problems its customers experience in ascertaining optimum staffing needs, developing ideal working time models,

¹⁾ bitkom (October 25, 2017): Press release: "Bitkom-Branche ist erstmals größter Industrie-Arbeitgeber"

allocating working hours meaningfully, ensuring secure access, and deploying and managing personnel efficiently. This enables clients of the ATOSS Group to improve their own performance and efficiency by utilizing personnel resources in a way which is sensitive to employee and customer needs, and which also makes business sense.

ATOSS has positioned itself as a best-of-breed specialist in its core fields of time and attendance management and workforce scheduling, offering an in-depth range of integrated solutions that meet even the highest functional and technological demands. And with the availability of interfaces to solutions from complementary providers, we can meaningfully address the needs of customers of every size and in every industry. ATOSS has thereby achieved great success in all customer segments. What's more, the company can offer supremely competent consultancy services coupled with solutions of convincing depth, ensuring that its customers benefit from improved efficiency and enhanced productivity. And ultimately, as a financially independent partner with a committed long-term outlook, ATOSS solutions offer investment security.

Our own observations and sales successes as well as numerous productivity studies point to the fact that the market requires solutions capable of meeting the most complex requirements in the interests of improving productivity:

The right staff

ATOSS' end-to-end portfolio includes solutions which highlight the qualifications of available personnel, thus facilitating rapid planning, scheduling and deployment. In this way, short-term and seasonal bottlenecks can be overcome by accessing a multitude of employees.

At the right time

In almost every industry, demands on capacity are likely to fluctuate, whereas staff cannot always be employed on a pattern that mirrors these fluctuations. Taking into account collectively agreed and company regulations, legal regulations, as well as factors such as vacations, sickness, part-time employment and so on, ATOSS provides solutions which optimize personnel deployments to cover both peaks and troughs in demand.

In the right place

Flexible staff deployment and workforce management at varying locations enable decentrally organized businesses and branch-based operations to make more efficient use of capacity and thereby raise their productivity levels.

Working on the right job

Nowadays it is rare for workforce scheduling to be integrated into the process of production planning. Nevertheless, a meaningful exchange of data in this area can underpin planning reliability and accelerate production processes.

At the right cost

At present, company and operational working time models can often yield more flexible options for staff deployment than is possible with rigid working hours. However, deploying and managing staff under conditions of optimized cost can be achieved only by evaluating hours worked in association with wage supplements and ancillary costs.

Many customers of ATOSS have seen significant improvements thanks to ATOSS solutions, as their own analyses have shown. ATOSS offers appropriate individual concepts and functional competence supported by advanced, leading-edge technologies for customers of all sizes.

When deciding upon a long-term partnership, major, large-scale customers in particular are increasingly focusing on independent companies with a sound financial base. When investment decisions are made, our robust equity ratio, our substantial liquidity and our continuing high level of expenditure on technological development are among the determining factors.

Business development

The company regards the key figures for sales and EBIT margin on sales as the essential measures of its success. These key figures form the basis for the operating and strategic decisions made by the Management Board of ATOSS and therefore represent the most important financial performance indicators for the company. Although cash flow, software license sales as well as orders received for software licenses and the software component of contracted cloud subscriptions also represent important key figures for the Management Board, they are of lesser relevance in relation to managing the company overall.

ATOSS posted sales of EUR 54.6 million in the financial year 2017 (previous year: EUR 49.5 million) and operating profit (EBIT) of EUR 14.1 million (previous year: EUR 13.6 million). This gratifying development in sales and earnings in economically challenging times is not least attributable to the advanced Java-based technology embodied in our software since 2005. The many references that now support the ATOSS Staff Efficiency Suite provide a sound basis on which to secure further business successes.

Development in sales of software licenses, maintenance and cloud, software license and cloud order situation

Software sales totaled EUR 34.6 million in 2017, up by 15 percent on the previous year (EUR 30.2 million). This item makes up 63 percent (previous year: 61 percent) of consolidated sales. The software licensing business reported particularly strong development, up 13 percent to EUR 12.7 million. This increase is attributable to existing customers extending their licenses, to the progress made in projects for major customers and to the acquisition of orders from new customers. The development of software sales from cloud solutions was even more dynamic, more than doubling to EUR 2.0 million (previous year: EUR 0.9 million). The software maintenance business also enjoyed a successful financial year, sustaining the consistent positive development of past periods. Sales in this area rose by 10 percent to EUR 19.9 million (previous year: EUR 18.1 million).

Orders received for software licenses and the software component of contracted cloud subscriptions totaled EUR 14.6 million, up on the previous year's figure of EUR 12.3 million. A total of 4 percent (previous year: 4 percent) of orders received for software licenses related to long-term production orders. Whereas orders on hand for software licenses as of December 31, 2017 declined slightly from EUR 5.6 million in the previous year to EUR 5.5 million, orders on hand for cloud solutions rose from EUR 5.3 million to EUR 8.7 million. Some 20 percent (previous year: 6 percent) of software license orders on hand relate to long-term production orders. It is expected that orders on hand for software licenses will be realized within one year.

Development in consultancy sales

Consultancy sales in 2017 stood at EUR 14.7 million, up by 10 percent over the previous year's figure of EUR 13.4 million. As a result, this area accounted for 27 percent of overall sales (previous year: 27 percent).

Development in hardware and other sales

Hardware sales revenues declined by 16 percent in 2017 to EUR 3.7 million. As a proportion of total sales, this amounted to 7 percent (previous year: 9 percent). Other sales, the item notably pooling consulting services, customer-specific programming services and identification media, amounted to EUR 1.6 million, some 4 percent higher than in the previous year. As a proportion of total sales, this made up 3 percent (previous year: 3 percent).

Long-term production orders

As in previous years, the company realizes long-term orders in application of the percentage of completion method. In the financial year 2017 this applied to 16 orders (previous year: 13) which were realized in accordance with the progress of the project in the amount of EUR 2.8 million (previous year: EUR 2.1 million).

Corporate strategy and opportunities

At the heart of our business activities stands the continuous acquisition of new customers and the development of existing customer installations in the fields of time and attendance management and workforce scheduling and deployment. Significant progress was made in both areas in 2017. For example, products incorporating the company's latest generation of software solutions were placed both with existing customers of major importance, as well as with a large number of new customers. The fact that all its products are now available as cloud solutions has also contributed to opening the door to new groups of customers and yielded additional orders. The financial year 2017 also saw the successful implementation of major projects acquired in the preceding year. We regard these successes as continued confirmation that we are pursuing the correct strategy to enhance both sales and earnings.

We see opportunities to continue to develop our business model in particular in the increasing demands on companies to increase the flexibility of working hours. Essential factors in this respect include a shortage of skilled staff, demographic considerations, the growing need to increase productivity and the resulting requirements on the part of employers for workforce management solutions. As one of the leading workforce management solution providers, we expect to profit from this development.

The company also sees further growth potential in the retail, health care, manufacturing and logistics sectors in particular.

We also perceive opportunities for growth in a dedicated approach to new sectors and in the international deployment of our software solutions, for example by accessing new markets through the formation of new partnerships.

The first-class positioning the company enjoys is underpinned by prominent reference customers, pioneering technologies (Java 2EE), a convincing range of products and services, extensive

competency in the implementation of software projects and in consulting, as well as by the stability and independence of the company itself.

In order to develop these competitive advantages over the long-term, we will continue to allocate a high level of funding to product development and to securing market access, and therefore to further growth.

Research and development

The security of knowing that they will be able to master the most complex requirements now and in the future is decisive for ATOSS customers. At the same time, they also need to deploy technologically sophisticated solutions that will be equally at home in the system environments of the future and therefore capable of returning long-term economic benefits. For this reason we shall continue to maintain our substantial commitment to the further development of our products.

We harness state-of-the-art technology platforms as a basis on which to create solutions that can replicate every customer-specific and industry-specific requirement, covering all aspects of intelligent personnel deployment and workforce management. In order to avoid problems in updating from one release to the next, we guarantee full upward compatibility, thereby allowing the latest solutions to be implemented at any time.

The goal of our product development is to be able to offer solutions that meet our customers' ever more complex and individual needs. The development of Java-based versions of ASES (ATOSS Staff Efficiency Suite), ASE (ATOSS Startup Edition) and ATC (ATOSS Time Control) – that enable the integration of these solutions into a variety of system environments - represented a major milestone.

The implementation of what is termed service-oriented architecture (SOA) greatly simplifies the exchange of data between our solutions and other products used by customers. For example, our solutions have been successfully combined with up-stream planning and personnel management systems and down-stream evaluation systems. In another scenario, they have also been integrated as a real-time data source into a client's visitor management system. In this way, our solutions create value added above and beyond their original functions. The continuing development of interfaces with our systems makes it simple and easy for customers to integrate our solutions into their existing system architecture and thereby enjoy the optimum benefits.

Our fully Java-based package of solutions for software-supported workforce management is suitable for use in a wide range of industries. The ATOSS Startup Edition (ASE) and ATOSS Time Control (ATC) are distinguished by the simplicity of their user interface. These two solutions are a stepping stone for customers using a variety of system environments. As their requirements become more complex in future, they can then easily migrate to the ATOSS Staff Efficiency Suite (ASES). Regular release updates ensure that our software solutions are continuously refined. For example, with the arrival of the latest product generation ATOSS Staff Efficiency Suite 10.1, 2015 saw the successful launch of the new Expert Interface Web, one of the biggest development projects in the history of ATOSS. Both software solutions have been available since 2015 as server-hosted (cloud) solutions.

In 2017, our expenditure on research and development amounted to EUR 10.3 million (previous year: EUR 9.5 million). The bulk of this figure, some EUR 8.3 million (previous year: EUR 7.7 million), was made up of the personnel costs for 172 (previous year: 156) software developers. R&D expenditure as a proportion of overall sales amounted to 19 percent (previous year: 19 percent).

As in preceding years, expenditure on the research and development of software products is not capitalized, but is instead reported in full as an expense.

Subsidiaries and international business

With the exception of the start-up ATOSS Aloud GmbH, all subsidiaries recorded positive results in the financial year 2017. The proportion of Group sales accounted for by our international business in 2017 amounted to 16 percent (previous year: 17 percent).

Employees, development in personnel

In the financial year 2017, the Group employed an average workforce of 397 employees (previous year: 357). Of these, 163 (previous year: 151) were employed in product development, 110 (previous year: 96) in consulting, 67 (previous year: 60) in sales and marketing, and 57 (previous year: 50) in administration. Personnel costs in 2017 amounted to EUR 27.4 million, some 13 percent higher than the figure of EUR 24.3 million from the previous year.

On 12/31/2017, the company employed 6 trainees (previous year: 8).

Corporate management and control

The management of the Group is conducted on the basis of plans jointly agreed by the Management and Supervisory Boards. These plans are reviewed annually and adapted in line with changing circumstances and opportunities arising.

By doing this, the company aims to safeguard average sales growth targets in a band between 8 and 12 percent and an average margin (EBIT) of around 25 percent.

The company is managed primarily on the basis of a broad system of targets. Company, departmental and individual targets are agreed with almost every member of staff and linked with an appropriate variable salary component, dependent on each employee's level of responsibility. These variable components range between 10 percent and 50 percent of the contractually agreed target salary. The company targets are in turn keyed to the relevant scheduled sales and operating profit data for the financial year. Departmental targets take the form of a uniform table of sales or performance targets dependent on position and responsibility, while individual targets are linked to the performance of each individual employee.

Annual plans and projections are approved by the Management and Supervisory Boards. Group targets are monitored on the basis of a Group-wide management information system which includes detailed reporting of sales, costs and earnings.

Executive bodies

The Supervisory Board in 2017 was comprised of Peter Kirn as Chairman, Rolf Baron Vielhauer von Hohenhau as Deputy Chairman, and Klaus Bauer.

The Management Board continues to comprise Andreas F.J. Obereder as CEO and Christof Leiber as Member of the Board of Management.

Corporate Governance

Since addressing the matter in connection with its flotation, ATOSS Software AG has concerned itself intensively with the subject of corporate governance and the associated statutory regulations. The company has reported regularly on its activities in this regard since 2001. The company's boards examine developments and changes in the German Corporate Governance Code in particular detail. In contrast to the provisions of the law, however, the Code is not binding in its standardizing effect and in fact allows deviations from its recommendations.

Once again in 2017, the Management and Supervisory Boards concerned themselves intensively with the new requirements of the German Corporate Governance Code, comparing these with the company's own principles and identifying the points in which deviations exist from the recommendations issued on February 7, 2017 by the Government Commission on the German Corporate Governance Code.

On 11/29/2017, the Management and Supervisory Boards adopted a new declaration of compliance pursuant to Section 161 of the German Stock Corporation Act in which it is confirmed that the recommendations of the Commission on Corporate Governance appointed by the German Government are complied with, with the exception of those points stated in the declaration. This declaration is published on the company's website. It is therefore evident that the company largely conforms with the recommendations and deviates only in respect of a small number of points which in the company's view are of marginal importance.

Deviations apply in respect of the following points:

- The German Corporate Governance Code recommends that directors and officers liability insurances (D&O) arranged by an undertaking for its management and supervisory board members should include a self-insured deductible (Section 3.8 of the Code). ATOSS Software AG has taken account of this in its current contracts with Management Board members. With regard to the agreement of a self-insured deductible to be included in the corresponding insurances covering members of the Supervisory Board, the company is fundamentally not of the opinion that the commitment and responsibility with which the Supervisory Board members perform their duties would be improved by such a measure. The D&O insurances for members of the Supervisory Board of ATOSS Software AG therefore do not contain such a provision. No change to this situation is currently intended.
- The German Corporate Governance Code additionally recommends in Section 4.2.3 that when contracts are entered into with management board members, provision should be made in the event that the employment of a board member is ended prematurely other than for good cause to limit payments to board members to a maximum of two years' compensation

including ancillary benefits and to make such payments for a period no longer than the remaining term of the employment contract. The company has made no provisions for settlements in the contracts with members of the Management Board, since these employment contracts are in each case concluded for the duration of their period of appointment and cannot be terminated during this time other than for good cause. Under these circumstances, the company is of the opinion that making advance provision for a settlement in this way would be contrary to the nature of these fixed-term contracts. Moreover, the contracts with the Management Board make no provision for settlement entitlements, for example in event of a change of control.

- In Section 4.2.5, the German Corporate Governance Code recommends a specified tabular structure for the disclosure of Management Board compensation. In reporting Management Board compensation the company will disclose the content specified by law. However, the company reserves the right to report remuneration in a suitable form, even if this may deviate from the rigid tables annexed to the German Corporate Governance Code.
- The German Corporate Governance Code recommends the formation of supervisory board committees (Section 5.3). In view of the size of the company, ATOSS Software AG refrains from forming separate supervisory board committees. Moreover, ATOSS Software AG is of the opinion that with a Supervisory Board comprised of three members, the efficiency with which the Board performs its tasks would in no way be increased by the formation of committees.
- In Section 5.4.1, the German Corporate Governance Code recommends that the Supervisory Board name concrete targets for its composition and draw up a competency profile for the entire body. With regards to its composition, it should appropriately consider the situation specific to the business and its international activities, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2 of the Code, a defined age limit for Supervisory Board members and a defined time limit on membership of the Board, and also diversity. This recommendation is not currently complied with since in the opinion of the Supervisory Board of ATOSS Software AG such targets are not necessary for the effective and successful work of a Supervisory Board composed of three members. The Supervisory Board will consider the extent to which the recommendation can be complied with in future.
- With regard to the publication of reports, it is recommended pursuant to Section 7.1.2 that interim reports should be made available within 45 days. The company publishes an extensive overview of key figures (sales revenues, types of sales, operating profit [EBIT], earnings before taxes [EBT], net earnings, net earnings per share) within fewer than 30 days. The full interim report is published within two months of the end of the quarter. In applying this process of staggered publication, the company furnishes the capital market with very prompt and extensive data over and beyond such information as may necessitate an ad hoc announcement. The company will continue to follow this publication procedure to ensure that the capital market receives information that is as up to date as possible.

Corporate governance report

The corporate governance declaration made by the Management Board pursuant to Section 315 d in conjunction with Section 289 f of the German Commercial Code (HGB) is published on the company website at <https://www.atoss.com/en-gb/system/files/document/2018-02/ATOSS-Erklaerung-Unternehmensfuehrung-2017.pdf>.

Other disclosures

The company's capital is divided into 3,976,568 bearer shares, each with a nominal value of 1 euro, which carry full voting and dividend rights. The majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, holds 1,988,285 shares representing 50.0000025 percent of the shares. His shares are held via the company AOB Invest GmbH of Grünwald, Germany, which is wholly owned by him. Apart from Mr. Andreas F.J. Obereder and AOB Invest GmbH, the company is not aware of any other shareholders with reportable holdings of more than 10 percent of voting rights.

In accordance with Section 312 of the German Stock Corporation Act, the Management Board prepared a report for the reporting period detailing relations with associate companies which was examined by our auditors. The dependence report by the Management Board concludes with the following statement:

"We declare that in the transactions undertaken and measures taken or omitted between 1/1/2017 and 12/31/2017 and listed in the report on relations with associated companies, in accordance with the circumstances known to us at the time these transactions were undertaken and measures taken or omitted, in each legal transaction the company received an adequate consideration. Nor did the company suffer any detriment as a result of the measures being taken or omitted."

The company is not aware of any restrictions regarding voting rights or the transfer of shares, even and including any such restrictions as may arise from agreements between shareholders.

No special rights exist that convey powers of control.

Insofar as employees have a participating interest in the company's capital, their rights of control are not restricted.

At the general meeting held on 4/28/2017, the Board of Management was further authorized, other than for purposes of trading in own shares and in consideration of the restrictions imposed by Section 71, Para. 2 of the German Stock Corporation Act, on or before 4/27/2022 to purchase company shares in an amount of up to ten percent on the company's capital stock either via the stock market or by means of a public offer to purchase addressed to all company shareholders.

The Management Board was further authorized at the general meeting on 4/28/2017 without further resolution by a general meeting not only to offer the purchased shares via the stock market or by a public offer to all shareholders, but also to the exclusion of existing shareholders' subscription rights and with the consent of the Supervisory Board:

- to issue the shares to third parties in return for contributions in kind, insofar as it is understood to be in the interests of the company to acquire said contributions in kind and insofar as the countervalue per treasury share to be contributed by third parties is not unreasonably low;
- to issue the shares to third parties in return for contributions in cash, in order to place the shares of the company on a foreign stock exchange where the shares are not yet admitted to trading;
- to sell the shares at a cash price which shall not be materially lower than the stock market price of company shares at the time of the sale;
- to use the shares to fulfill option and/or conversion rights arising from convertible bonds, convertible profit share certificates, warrant-linked bonds or other option rights issued by the company or a Group subsidiary.

The Management Board was further authorized at the general meeting on 4/28/2017 to withdraw the treasury shares acquired without further resolution by a general meeting. The authorizations concerning the use of treasury shares also extend to the use of shares in the company acquired on the basis of previous authorizing resolutions pursuant to Section 71, Para. 1, No. 8 of the German Stock Corporation Act. The previous resolution adopted at the general meeting on April 26, 2016 regarding the repurchase of own shares was revoked at the general meeting on 4/28/2017.

Members of the Management Board are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act and Article 6 of the company's Articles of Association.

Changes to the Articles of Association follow the regulations contained in Sections 133 and 179 ff. of the Stock Corporation Act.

No material agreements exist which are contingent upon a change of control resulting from a takeover offer. Nor have any agreements been entered into with members of the Management Board or employees regarding compensation in the event that a takeover offer is made.

In addition to its subsidiaries ATOSS Software Ges. m.b.H., Vienna, ATOSS Software AG, Zurich, ATOSS CSD Software GmbH, Cham, SC ATOSS Software SRL, Timisoara, ATOSS Aloud GmbH, Munich, and ATOSS North America Inc., West Hollywood, the parent company ATOSS Software AG of Munich also has business premises in Berlin, Frankfurt, Hamburg, Meerbusch, Stuttgart, and Utrecht (Netherlands).

3. Business report

Earnings

The earnings situation in the financial year 2017 was principally defined by a 10 percent increase in overall sales revenues to EUR 54.6 million (previous year: EUR 49.5 million). As part of this, software sales within the Group grew by 15 percent to EUR 34.6 million. The software licensing business reported particularly strong development, up 13 percent to EUR 12.7 million. In addition, the development of software sales from cloud solutions was impressive, more than doubling to EUR 2.0 million. The software maintenance business also enjoyed a successful financial year, sustaining the consistent positive development of past periods. Sales in this area rose by 10 percent to EUR 19.9 million. In the field of consulting – supported by the excellent order situation for implementation services following the sale of licenses – ATOSS saw sales increase by 10 percent to EUR 14.7 million.

The important key figure relating to the operating success of the company, earnings before interest and taxes (EBIT), was slightly up on the previous year at EUR 14.1 million (previous year: EUR 13.6 million) despite significant expenditure on R&D investments and the sales organization. The return on sales represented by EBIT therefore stood at 26 percent (previous year: 27 percent).

Earnings before taxes (EBT) were 3 percent higher at EUR 14.1 million (previous year: EUR 13.7 million).

Net income for the financial year 2017 amounted to EUR 9.3 million, on a par with the previous year (EUR 9.3 million). Earnings per share increased from EUR 2.33 to EUR 2.35.

Thanks in particular to its success in acquiring further new customers and expanding business with existing clients, as well as to the efficient management of costs, notwithstanding the investments in sales and marketing and the continuing high level of expenditure on the development of functionally superior products, the company has maintained its profitability relative to the previous year and secured a sound financial basis for a long-term strategy – an approach which is proving to be correct.

Financial and asset position

The company regards equity as an essential balance sheet item in guarding against economic, sector and company-specific risks. Consequently, the company's financial strategy is directed towards maintaining a level of equity commensurate with such risks. The intention is to guarantee shareholders an appropriate return on equity and offer customers and suppliers investment security for their software decisions through the medium of long-term partnerships.

The ATOSS Group was highly successful in this respect in the financial year 2017:

Cash flow from operating activities for the period from 1/1/2017 to 12/31/2017 amounted to EUR 8.9 million (previous year: EUR 12.2 million), down EUR 3.3 million on the previous year's figure. Liquidity (cash and cash equivalents) rose from EUR 14.8 million to EUR 15.4 million. The position as a whole comprising liquidity and other current and non-current financial assets

(e.g. gold, stocks, claims deriving from capital assurances, investment funds) increased from EUR 24.8 million to EUR 27.1 million. Liquidity per share on 12/31/2017 including these other current and non-current financial assets stood at EUR 6.82 (previous year: EUR 6.23).

The cash flow from operating activities was boosted mainly by net earnings, write-downs on fixed assets, an increase in miscellaneous liabilities arising from higher salary and commission liabilities. On the other hand, cash flow was mainly reduced as a result of the increase in trade receivables and higher tax prepayments. In the previous year, cash flow from operating activities was significantly influenced by higher advance payments relating to orders.

In the financial year 2017, the company made no investments in gold. Instead the company invested EUR 2.1 million in investment funds. The fair value of its existing gold holdings as of 12/31/2017 stood at EUR 1.9 million (previous year: EUR 1.9 million). Liquidity was inversely impacted by the payment of a dividend of EUR 1.16 per share (total disbursement: EUR 4.6 million; previous year: EUR 11.1 million) (previous year: EUR 0.95 plus special distribution of EUR 1.85).

ATOSS is excellently supplied with financial resources which enable the company to counter both macro-economic as well as sector-specific risks and exploit opportunities for external growth. Similarly, the ability of the company to meet its payment obligations remains securely guaranteed.

Following an increased investment of EUR 1.6 million (previous year: EUR 1.1 million) in fixed assets, the value of the company's tangible and intangible assets grew from EUR 3.3 million to EUR 4.1 million.

The company's long-term holdings in gold are reported under other non-current financial assets in the amount of EUR 0.5 million (previous year: EUR 0.5 million).

Trade receivables increased from EUR 4.5 million to EUR 5.1 million. The average time to receipt of 27 days (previous year: 28 days) remains extremely low – a fact which in the company's opinion is attributable to a high level of customer satisfaction as well as successful customer account management.

Other current financial assets classified as assets available for sale amounted to EUR 11.7 million on 12/31/2017 (previous year: EUR 9.5 million). In addition to claims on capital sum assurances in the amount of EUR 5.1 million (previous year: EUR 5.0 million), this item also includes investments approved by the Supervisory Board of EUR 5.1 million in investment funds as well as investments in physical gold in line with the company's defined investment policy. Following the impairments recorded in previous years, the valuation of the company's gold holdings as of the balance sheet closing date resulted in a write-down of EUR 26 (previous year: kEUR 172 write-up). The increase in claims deriving from capital assurances resulted from write-ups of kEUR 66 recognized in equity (previous year: kEUR 145). The valuation of the fund investment resulted in write-ups recognized in equity of kEUR 10 (previous year: kEUR 44). Other non-current financial assets classified as available for sale were reduced by kEUR 8 as a result of write-downs recognized in equity (previous year: write-ups of kEUR 61). On 12/31/2017, the fair value of current and non-current gold holdings stood at EUR 1.9 million (previous year: EUR 1.9 million).

The company is financed through the ongoing cash flow from operating activities. Current liabilities include trade accounts payable of EUR 0.4 million (previous year: EUR 0.6 million), deferred revenues of EUR 4.2 million (previous year: EUR 4.3 million), tax provisions of EUR 0.2 million (previous year: EUR 0.5 million) and other current liabilities of EUR 6.9 million (previous year: EUR 6.7 million). On 12/31/2017, current liabilities fell year-on-year to EUR 11.8 million (previous year: EUR 12.2 million). The fall in current liabilities as of 12/31/2017 is largely attributable to lower provisions for taxation following higher tax prepayments. It remains the company's intention not to incur borrowings to finance business operations.

Other current financial liabilities relate predominantly to commitments to employees for variable salary components to be disbursed in the following year, as well as anticipated accounts payable. The company had no liabilities denominated in foreign currencies on 12/31/2017, and no bank loans. Nor does the company intend to use bank loans to finance business operations.

There is an unsecured credit line of EUR 512,000 (previous year: EUR 512,000) with the house bank of the consolidated companies, which may be used for either guarantee credit or as a current account credit line. In the financial year 2017, EUR 54,791 of this credit line was used for guarantee credit. No further loans were taken out during the financial year. On the closing date, as in the previous year, there were no liabilities to banks.

Non-current liabilities mainly include the pension provision of EUR 4.8 million (previous year: EUR 4.9 million).

Group equity as of 12/31/2017 amounted to EUR 21.8 million (previous year: EUR 16.9 million), resulting in an equity ratio (equity as a proportion of the balance sheet total) of 57 percent (previous year: 50 percent). The return on equity as of 12/31/2017 stood at 43 percent (previous year: 55 percent).

As a matter of principle, ATOSS reports its expenditure on research and development in its income statement. As in the past, intangible assets of our own manufacture are not capitalized.

In order to reduce the burden of administrative costs, the company vehicle fleet as well as various items of business equipment are leased. As of 12/31/2017, there were 108 leasing agreements for company vehicles (previous year: 107). In addition, there were also 8 leasing agreements for copiers as of 12/31/2017 (previous year: 9).

Thanks to the sustained excellent earnings situation overall and the continued sound asset and financial position, the company expects its ability to meet its financial commitments to remain unchanged in the future.

4. Compensation report

4.1 Management Board compensation report

The members of the Management Board are:

Andreas F.J. Obereder	Chief Executive Officer	Appointed until December 31, 2018
Christof Leiber	Member of the Board of Management	Appointed until March 31, 2022

The remuneration paid to members of the Management Board is oriented towards their contribution to the success of the business, and towards industry standards. It includes performance-related and non-performance related components. The performance-related components amount to between 11 percent and 40 percent. The non-performance-related compensation is paid monthly in the form of a salary. An advance on the performance-related compensation is paid monthly up to a maximum of 50 percent of the target profit-share payment for the financial year in question.

The Supervisory Board turns its attention at least once per year to the appropriateness of this compensation as a whole and sets new performance targets for the performance-related components in advance on an annual basis. With regard to Section 4.2.3 of the Corporate Governance Code and to Section 87 of the German Stock Corporation Act (AktG) which has been revised following the introduction of the Appropriate Executive Compensation Act (VorstAG), when contracts with the Management Board are concluded in future, the Supervisory Board will determine the level of compensation based on the sustained development of the company, a multi-year basis of assessment and both positive as well as negative aspects of the development in business. In addition, the Supervisory Board reviews the appropriateness of Management Board compensation annually on the basis of a comparison with the remuneration paid to senior management and employees.

The level of the performance-related remuneration (profit-share payment) in 2017 was, as a matter of principle, geared to the Group sales target and operating profit target.

The contract with the CEO, Mr. Andreas F.J. Obereder, was extended with effect from January 1, 2014 for a period of five years. Of the newly agreed targets, 40 percent are one-year targets and 60 percent are multi-year targets calculated over a period of three years. The one-year targets relate to sales and earnings, while the multi-year objects comprise quantitative targets over a three-year period.

The contract with Mr. Christof Leiber was extended with effect from April 1, 2017 for a period of five years. Of the newly agreed targets, 40 percent are one-year targets and 60 percent are multi-year targets calculated over a period of five years. The one-year targets relate to sales and earnings, while the multi-year targets contain qualitative objectives.

Moreover, the contracts with members of the Management Board also include other elements of remuneration in the form of insurance premiums paid by the company and other ancillary benefits such as the provision of company motor vehicles.

A non-forfeitable pension commitment also exists for the CEO which is classified as a defined-benefits plan. Pursuant to this agreement, pension payments will commence when the recipient reaches the age of 65 and will be paid for life.

In respect of Management Board compensation, please refer to Note 44 in the Notes to the consolidated financial statements.

4.2 Compensation report for the Supervisory Board

The Supervisory Board of ATOSS Software AG is comprised of three members. Mr. Peter Kirn, Rolf Baron Vielhauer von Hohenhau and Mr. Klaus Bauer were re-elected to the Supervisory Board by a resolution adopted by the annual general meeting on 4/27/2017.

The members of the Supervisory Board are:

Peter Kirn	Chairman, corporate consultant, Böblingen
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman, President of the Bund der Steuerzahler in Bayern e.V., Munich
Klaus Bauer	Supervisory and advisory board member, Nuremberg

The compensation paid to the Chairman, Deputy Chairman and members of the Supervisory Board was determined by a resolution adopted by the annual general meeting on May 22, 2001. Their compensation is accordingly composed of a fixed component and a variable component that is dependent on the number of meetings.

In respect of Supervisory Board compensation, please refer to Note 43 in the Notes to the consolidated financial statements.

4.3 Holdings of and trading in shares and financial instruments

Board members' shareholdings insofar as these relate to shares in the company are reported in Note 30.

4.4 Reportable securities transactions

The company publishes details of all reportable securities transactions by board members on its website at <https://www.atoss.com/de-de/investor-relations/nachrichten#tab-id-10654>. This information remains available for at least 12 months following publication.

In financial year 2017 the following reportable transactions were undertaken by board members and disclosed:

Name	Transaction	Date of transaction	Number	Price	Disclosed on
Peter Kirn	Sale	10/5/2017	200	75.00	10/6/2017

The majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, holds 1,988,285 shares representing 50.0000025 percent of the shares in ATOSS Software. His shares are held via the company AOB Invest GmbH of Grünwald, Germany, which is wholly owned by him.

5. Report on events after the balance sheet date

There have been no reportable events of particular importance since the balance sheet closing date which would have necessitated a different presentation of the company's situation.

6. Risk management and control system

6.1 Company-wide risk management and control system

As a capital market oriented company as defined in Section 264d of the German Commercial Code, the company is obliged in accordance with Section 289, Para. 5 of the Commercial Code to describe the essential features of its internal risk management and control system insofar as this affects its accounting procedures.

The law does not provide a definition of an accounting-related internal control and risk management system. Drawing upon the definitions given by the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf, of an accounting-related internal control system (IDW PS 261 Tz. 19f) and of a risk management system (IDW PS 340, Tz. 4), we understand an internal control and risk management system to be an all-embracing system. An internal control system is accordingly considered to comprise the principles, processes and measures introduced internally within the undertaking by the management to support the organizational implementation of management decisions:

- to safeguard the effectiveness and economic efficiency of business operations,
- to ensure the correctness and reliability of internal and external accounting processes, and
- comply with the provisions of the law applicable to the company.

The Group-wide risk management system comprises the entirety of all organizational rules and activities designed to recognize risk and deal with the risks inherent in conducting business. Risk in this context is deemed to be a negative deviation from expectations. Against this background within the framework of the existing risk management system we concentrate solely on the identification of risks. The procedure for recognizing and managing risk is described in the following explanatory notes:

In accordance with its long-term business strategy, the company endeavors to avoid exposure to any unreasonable risks. Nevertheless, in the course of its ordinary business activities the company is unavoidably exposed to a variety of risks that arise from these business operations, as well as from changes in environmental conditions.

In order to make these risks transparently clear and evaluate them, the company has developed a comprehensive risk management system. The object is not merely to identify and monitor risks on an ongoing basis, but also having assessed the probability of their occurrence and the conceivable level of damage that may be caused, to provide decision-making criteria which convey a transparent picture of the company's willingness to accept risk exposure. Overall in

the view of the Management Board, ATOSS has at its disposal an extremely comprehensive and easily comprehended system which meaningfully supports the company's risk strategy.

In the past financial year, two extensive risk reviews were undertaken. The results were compiled by the risk management committee in a risk report and submitted to the Management Board.

In accordance with the principles adopted by ATOSS for the management of risk, all risks with an expected loss value (calculated as the product of the level of loss and the probability of occurrence) of more than EUR 300,000 within the divisions of ATOSS Software AG as well as risks with an associated loss value which is rated as "high" or is not quantifiable are fundamentally deemed to be material.

Potential risk Probability of occurrence

Level	
Low	0-33%
Medium	33-66%
High	66-100%

Potential risk Damage amount

Level	
Low	kEUR 0-100
Medium	kEUR 100-300
High	Over kEUR 300

Material aspects of risk are currently perceived to lie in particular in the economic environment and in the market environment, the degree of success in introducing new focus sectors, employee fluctuation, data protection and data security, and the system and network infrastructure. The company endeavors to counter these risks through organizational and other risk-reducing measures and via the installed risk management system which ensures that risks are communicated promptly to the Management Board.

Our high equity ratio and substantial liquidity offer security in economically challenging times. The market environment is continuously monitored, possible growth opportunities are explored, and the potential to distinguish ATOSS from its competitors is duly exploited. High levels of investment in research and development and the considerable technical skills of our employees serve to guarantee high product quality. In the case of major projects, the status of progress is continuously communicated to the administrative department. The risk resulting from the loss of key personnel is fundamentally covered by the fact that knowledge is distributed within departments. Likewise, in addition to implementing organizational data protection and data security measures, new employees are placed under obligation to comply with the data protection regulations. Risks resulting from system and network failures are countered in particular by continuous data backups and via emergency plans to deal with system failures, as well as by the high-availability platform that has been introduced and refined.

The Group counters the financial risk arising from the change in investment strategy by diversifying and limiting exposure to individual forms of investment and individual securities. Moreover, the company does not invest its available liquidity in speculative forms of investment. Available funds are invested in whole or in part in short-life fixed term deposits with reputable banks, in equities and in physical gold. The Group's investment strategy is oriented towards preserving value and safeguarding against inflation in the long term. Financial risk is countered through regular monitoring of the financial market and regular reports to the Management and Supervisory Boards on the development in financial assets. In addition all investments in financial assets are reviewed and approved by the company management.

To hedge against financial risks arising from existing assets, in individual cases and after in-depth examination the Group avails itself of derivative financial instruments. No such financial derivatives existed on the balance sheet closing date.

Trade accounts receivable are continuously assessed in terms of viability and allowances are made where noticeable problems arise. Since the company has no single customers which account for more than 10 percent of sales, the credit risk does not present a potential hazard to the continued existence of the business.

In view of the substantial volume of cash funds available at short notice as well as the positive cash flow from operating activities, the Group is not subject to any liquidity risk.

Risks arising from existing and future customer contracts are continuously monitored and assessed.

It is possible that legal risks or changes to regulatory requirements may impair business operations. Similarly, as a stock market-listed company there is a risk that at some point it may no longer be possible to satisfy increasing legal requirements in an economically tenable manner. For this eventuality formal procedures are created within our organization, the purpose of which is to take account of changes in conditions.

Finally, there is also the possibility that as yet unrecognized and unreported risks may arise which might also have negative effects on business activities. The combination of in principle mutually independent risks may present additional hazards to the company which may amplify one another. Therefore ATOSS will continue to constantly monitor its environment and review the effectiveness of measures taken and of the risk management system as a whole. Despite continuous adjustments to the risk management system, it is not possible to quantify either the probability of the described risks occurring or their level of financial impact.

Looking ahead to the coming two years, provided that there is no material change in either the market environment or general economic data, the Group anticipates a similar risk structure.

6.2 Risk management system and the accounting process

The essential features of the accounting-related internal control and risk management system in respect of the (Group) accounting process at ATOSS Software AG and its subsidiaries may be described as follows:

- The companies exhibit a clear management, corporate and control structure.
- The functions of the financial accounting, order processing and controlling departments materially involved in the (Group) accounting process are clearly separated and responsibilities are unambiguously assigned.
- For the purpose of analyzing and managing risk factors that may impinge on earnings, we have integrated the risk management system previously described and established a coordinated planning and control system.
- In order to continuously monitor the development in our assets, financial position and earnings situation, a review is submitted to the management and to the Supervisory Board on a monthly basis.
- Uniform (Group) accounting procedures are assured by the application of uniform Group-wide guidelines which are adapted as necessary.
- Functions and responsibilities are unambiguously assigned in all areas of the (Group) accounting process.
- The departments involved in the (Group) accounting process meet both quantitative and qualitative requirements.
- The IT systems employed in connection with the (Group) accounting process are protected against unauthorized access by security features.
- The financial systems employed are based on standard software.
- Matters of material (Group) accounting relevance are discussed and clarified at weekly finance meetings.
- Essential (Group) accounting-related processes are subject to regular audits. Where necessary, the risk management system is adapted in line with current developments.
- All essential (Group) accounting-related processes are consistently subject to the principle of dual control.

- The Supervisory Board concerns itself with matters of material importance pertaining to (Group) accounting, risk management and the audit assignment and its areas of emphasis.
- The Management Board bears overall responsibility for the (Group) accounting-related internal control and risk management system. All of the companies and departments included in the financial statements are integrated into a clearly defined management and reporting organization.

The (Group) accounting-related internal control and risk management system, the essential features of which are described above, ensures that business events are accurately recorded, treated and reflected in the internal accounts and correctly translated into external accounts. The system also guarantees that potential risks are identified at an early stage and appropriate counter-measures initiated where necessary in good time.

The clear management and corporate structure and the appropriate personnel and material resources made available to the (Group) accounting departments provide the basis for a correct, uniform and sustainable (Group) accounting process. The clear demarcation between areas of responsibility coupled with the various control and monitoring mechanisms ensures that the accounts are prepared coherently and without error.

The internal control and risk system further ensures that the Group accounts are prepared in compliance with legal regulations and statutory requirements as well as internal guidelines and that risks are recognized, assessed and communicated and where necessary counter-measures are taken in good time.

With regard to the objectives and methods of financial risk management, please refer to Note no. 49.

7. Dividend distribution

In proposing a dividend, the Management and Supervisory Boards take due account of the need to safeguard the company's financial resources as well as the principle of dividend continuity which requires that the dividend should not be lower than that paid in the previous year and should be increased if it is possible to do so at a distribution ratio of 50 percent of consolidated earnings per share generated in the financial year. At irregular intervals, the company also disburses surplus liquidity in the form of special distributions. In conformity with the policy adhered to in previous years, the Management Board intends to propose that in resolving on the appropriation of net income, the Supervisory Board recommends a disbursement of EUR 1.17 per share. The recommendations for the appropriation of net income put forward by the Management and Supervisory Boards will be resolved upon at the annual general meeting on April 26, 2018.

8. Outlook: Future economic and sector climate, opportunities and risks to future development, future position of the company

According to the global sentiment indicators, the global economy is likely to maintain its pace of expansion in the coming year. The growth rates within global production will likely be somewhat lower than in the winter half year 2017/18 as capacities in many advanced economies will be increasingly utilized and the Chinese economy will expand slightly less strongly due to the more restrictive path taken by the central bank and the high indebtedness of the corporate sector. Despite this, the economic recovery process will stimulate the economies in India, Brazil and Russia. In addition, additional economic momentum is likely nationally from the US tax reform. From a long-term perspective, it still remains to be seen whether the American reform will also generate growth effects and how it will impact the international competition for attracting businesses. Overall, the global gross domestic product will grow by 3.3 percent in 2018. As a result, the current upturn in the global economy will become the longest in the post-war era.¹

According to economic experts, the upwards economic momentum will also continue in the Eurozone. This development will be primarily driven by particularly favorable financing conditions on the back of the highly expansionary fiscal policy of the ECB and the reduced tensions in the financial sector.

For Germany, the ifo Institute anticipates growth in the gross domestic product of 2.6 percent. As in previous years, the domestic economy and export demand will remain the driving forces behind the growth.²

The forecasts for the German ICT market published by the trade association BITKOM in October 2017 are also positive. The overall ICT market, the core of which is formed by the software, IT services and IT hardware segments, is expected to grow by 1.3 percent to 162.9 billion euros in 2018.³

Please refer to the outlook on opportunities in Section 2, Group basics, and in Section 6, Risk management and control system. Clearly distinguished as it is at the level of products and technology, financial stability and sustainability, and with first-class references in all relevant markets, ATOSS is well positioned to take advantage of the opportunities that present themselves and convert these into business success. What's more, there is considerable potential to improve the competitiveness of our target customers and thereby secure sustained sales opportunities in the company's specialist field of solutions designed to enhance workforce management efficiency.

¹⁾ - ²⁾ ifo economic forecast 2017-2019: "Deutsche Wirtschaft auf dem Weg in die Hochkonjunktur;"

³⁾ bitkom (October 25, 2017): Press release: "Bitkom-Branche ist erstmals größter Industrie-Arbeitgeber"

In the financial year 2018 we expect sales to develop at the growth rates seen in the past year within a bandwidth of +/- 3 percent. At the same time, in the financial year 2018, ATOSS intends to increase the level of investment in addressing new markets and sectors as well as in associated opportunities for fresh growth in the field of workforce management. Investments are notably planned in sales and marketing. With costs generally remaining static, the company anticipates an EBIT margin of approx. 25 percent for the financial year 2018, again within a bandwidth of +/- 3 percent. Also after the dividend distribution, ATOSS Software AG – with its balance sheet structure largely unchanged – will continue to enjoy a comfortable equity ratio with liquidity in excess of EUR 25.0 million at the year-end.

ATOSS Software AG forecast an EBIT margin of approx. 25 percent within a bandwidth of +/- 3 percent for the financial year 2017 in its outlook published in February 2017. With sales revenues of EUR 54.6 million (previous year: EUR 49.5 million) and EBIT of EUR 14.1 million (previous year: EUR 13.6 million), ATOSS achieved an EBIT margin of 26 percent and therefore fulfilled or even slightly exceeded its forecast within the bandwidth for 2017.

9. Responsibility Statement

The Board of Management gives an assurance to the best of its knowledge and belief that the development in business including the results and the situation of the company are so described in this management report as to convey an impression which accords with the true facts; and that the essential opportunities and risks are described accordingly.

Munich, 2/9/2018



Andreas F.J. Obereder
Chief Executive Officer



Christof Leiber
Member of the Board of Management

CONSOLIDATED BALANCE SHEET AS OF 12/31/2017

Assets (EUR)	Note	12/31/2017	12/31/2016
Non-current assets			
Intangible assets	12, 23	358,907	219,357
Property, plant and equipment	12, 23	3,696,367	3,033,049
Other financial assets	7, 9, 10, 21	496,975	505,370
Deferred taxes	13, 24	835,633	904,850
Total non-current assets		5,387,882	4,662,626
Current assets			
Inventories		3,610	4,320
Trade accounts receivable	7, 9, 10	5,077,440	4,475,776
Other financial assets	7, 9, 10, 21	11,680,269	9,504,667
Other non-financial assets	22	949,971	611,709
Cash and cash equivalents	9, 10, 20	15,428,403	14,769,956
Total current assets		33,139,693	29,366,428
Total assets		38,527,575	34,029,054
Equity and liabilities (EUR)			
Equity			
Subscribed capital	30	3,976,568	3,976,568
Capital reserve	30	-661,338	-661,338
Equity deriving from unrealized profits/losses	30	-1,784,476	-1,998,976
Profit shown on balance sheet	54	20,312,545	15,581,847
Equity attributable to equity holders of the parent		21,843,299	16,898,101
Non-controlling interests		-34,185	-20,180
Total equity		21,809,114	16,877,921
Non-current liabilities			
Pension provisions	6, 16, 29	4,826,790	4,882,582
Deferred taxes	13, 24	50,335	52,434
Total non-current liabilities		4,877,125	4,935,016
Current liabilities			
Trade accounts payable	14	446,808	621,958
Other liabilities	26	6,946,855	6,692,762
Deferred revenues	27	4,191,934	4,314,247
Tax provisions		166,739	498,150
Other provisions	15, 28	89,000	89,000
Total current liabilities		11,841,336	12,216,117
Total equity and liabilities		38,527,575	34,029,054

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1/1/2017 TO 12/31/2017

EUR	Note	1/1/2017 -12/31/2017	1/1/2016 -12/31/2016
Sales revenues	17, 31	54,606,792	49,543,647
Cost of sales	32	-16,223,606	-14,928,959
Gross profit on sales		38,383,186	34,614,688
Selling costs	33	-9,703,835	-8,020,355
Administration costs	34	-4,279,797	-3,779,690
Research and development costs	35	-10,260,676	-9,488,484
Other operating income	38	170,979	351,740
Other operating expenses	38	-184,118	-109,340
Operating profit (EBIT)		14,125,738	13,568,559
Interest and similar income	37	56,453	225,805
Interest and similar expenses	37	-122,053	-117,234
Earnings before taxes (EBT)		14,060,138	13,677,130
Taxes on income and earnings	24, 39	-4,730,627	-4,399,028
Net income for the year		9,329,512	9,278,102
Attributable to:			
Equity holders of the parent		9,343,517	9,287,888
Non-controlling interests:		-14,005	-9,786
Earnings per share (undiluted)		2.35	2.33
Earnings per share (diluted)		2.35	2.33
Average number of shares in circulation (undiluted)		3,976,568	3,976,568
Average number of shares in circulation (diluted)		3,976,568	3,976,568

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1/1/2017 TO 12/31/2017

EUR	Note	1/1/2017 -12/31/2017	1/1/2016 -12/31/2016
Net income for the year		9,329,512	9,278,102
Components not reallocated in profit and loss			
Profits/losses on the revaluation of defined benefit pension plans recognized in equity	29	252,729	-445,670
Tax effects on profits/losses on the revaluation of defined benefit pension plans recognized in equity	29	-82,393	145,290
Components reallocated in profit or loss in later periods			
Profits/losses recognized in equity on the disposal of financial assets available for sale	21	67,002	162,369
Tax effects on profits/losses recognized in equity on the disposal of financial assets available for sale	21	-22,838	-62,641
Other comprehensive income for the period after taxes		214,500	-200,652
Comprehensive income after taxes		9,544,012	9,077,450

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1/1/2017 TO 12/31/2017

EUR	Note	1/1/2017 -12/31/2017	1/1/2016 -12/31/2016
Earnings before taxes (EBT)		14,060,138	13,677,130
Depreciation on fixed assets	23	752,857	707,974
Interest and similar income	37	-56,453	-225,805
Interest and similar expenses	37	122,053	117,234
Gains/losses from the disposal of fixed assets	23	2,896	3,235
Change in net current assets			
Trade accounts receivable	21	-601,664	-13,975
Inventories and other assets	21	-53,769	-31,221
Trade accounts payable		-276,789	321,913
Other liabilities	26	241,819	441,330
Deferred revenues and payments received	27	-122,313	1,613,457
Interest received		54,962	63,360
Interest paid		-2,836	-7,916
Income taxes received		13,700	71,981
Income taxes paid		-5,306,055	-4,498,986
Cash flow generated from operating activities (1)	40	8,857,032	12,239,711
Cash flow from investment activities			
Disbursements for the purchase of property, plant and equipment and intangible assets	23	-1,484,055	-1,116,903
Disbursements for the purchase of other financial assets	21	-2,101,709	-3,000,000
Cash flow generated from investment activities (2)	41	-3,585,766	-4,116,903
Cash flow from financing activities			
Dividends paid	30, 42	-4,612,819	-11,134,390
Cash flow generated from financing activities (3)	42	-4,612,819	-11,134,390
Change in liquidity - total of (1) to (3)		658,448	-3,011,581
Liquidity at beginning of year	20	14,769,956	17,781,537
Liquidity at end of year	20	15,428,403	14,769,956

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 12/31/2017

EUR	Attributable to the equity holders of the parent						Total
	Subscribed capital	Capital reserve	Equity deriving from unrealized profits/losses	Profit shown on balance sheet	Non-controlling interests		
Note	30	30	30	30			
1/1/2016	3,976,568	-661,338	-1,798,324	17,428,349	-10,394	18,934,861	
Net income 2016				9,287,888	-9,786	9,278,102	
Other comprehensive income	0	0	-200,652	0	0	-200,652	
Total comprehensive income	0	0	-200,652	9,287,888	-9,786	9,077,450	
Dividends	0	0	0	-11,134,390	0	-11,134,390	
Status 12/31/2016	3,976,568	-661,338	-1,998,976	15,581,847	-20,180	16,877,921	
1/1/2017	3,976,568	-661,338	-1,998,976	15,581,847	-20,180	16,877,921	
Net income 2017	0	0	0	9,343,517	-14,005	9,329,512	
Other comprehensive income	0	0	214,500	0	0	214,500	
Total comprehensive income	0	0	214,500	9,343,517	-14,005	9,544,012	
Dividends	0	0	0	-4,612,819	0	-4,612,819	
Status 12/31/2017	3,976,568	-661,338	-1,784,476	20,312,545	-34,185	21,809,114	

One share represents a notional share of 1 Euro of subscribed capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2017

I. Company information

ATOSS Software AG, hereinafter also called “ATOSS” or “the company”, is a stock corporation established in Munich, Germany, and as such has limited liability. The company with headquarters at Am Moosfeld 3 in Munich is one of the leading providers engaged in the development and sale of software licenses, software maintenance, hardware and consulting services pertaining to the provision of electronic support for all corporate processes involved in the efficient workforce management at business enterprises and public institutions. Each of the ATOSS product lines consists of integrated software modules that are employed by large numbers of customers.

II. Accounting and valuation methods

1. International Financial Reporting Standards (IFRS)

As in the year before, the present consolidated financial statements were prepared for both the parent company and subsidiaries in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as applicable in the EU and with the supplementary provisions of German commercial law applicable pursuant to Section 315a, Para. 1 of the German Commercial Code (HGB).

The accounting and valuation methods applied in the previous year were retained with the exception of the following new or amended Standards.

Standard or Interpretation	Description	For financial years with effect from
Amendment to IAS 12	Recognition of deferred tax assets for unrealized losses	1/1/2017
Amendment to IAS 7	Disclosure initiative	1/1/2017

Application of these new or amended Standards had no material impact on Group accounting and did not affect either the presentation of the consolidated financial statements or the net assets, financial position and earnings situation of the Group.

The Group has not prematurely applied the following standards, amendments to standards and IFRIC interpretations of IFRS, which have been published but have not yet come into force, and does not plan to do so. The essential effects resulting from these changes are explained hereinafter:

Standard or Interpretation	Description	For financial years with effect from
IFRS 9	Financial Instruments	1/1/2018
IFRS 15	Revenue from Contracts with Customers	1/1/2018
IFRS 16	Leases	1/1/2019

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 amalgamates the three phases involved in the “accounting for financial instruments” project, namely “classification and measurement”, “impairment” and “hedge accounting”. IFRS 9 is applicable for fiscal years beginning on or after January 1, 2018. Earlier application is permissible. With the exception of hedge accounting, the standard must be applied retroactively, however it is not necessary to provide information for comparative purposes. The hedge accounting rules are with some few exceptions to be applied prospectively. Our analysis commenced in 2015 to determine the effects of the application of IFRS 9 on the consolidated financial statements and these efforts continued in 2017 in light of the developing interpretation of IFRS 9. The Group does not currently anticipate that the application of this Standard will have any effect on the consolidated accounts. Due to the new measurement criteria in accordance with IFRS 9 and the discontinuation of the category “financial assets available for sale”, it is assumed that the fluctuations in value recorded in other comprehensive income will not be reclassified in future periods with an effect on expenses or income, but that the existing balance on the balance sheet date will be allocated to the capital reserve.

In May 2014, the IASB published IFRS 15, Revenues from Contracts with Customers. Under the new Standard, revenue recognition should reflect the transfer of the promised goods or services to the customer in the amount corresponding to the consideration that the company is expected to receive in exchange for said goods or services. Revenue is recognized when the customer gains control over the goods or services. IFRS 15 replaces IAS 11, Construction Contracts, and IAS 18, Revenue, as well as the corresponding interpretations. The Standard is to be applied for the first time for financial years beginning on or after January 1, 2018; early application is permitted. The company will apply the Standard retrospectively in modified form, commencing on January 1, 2018, and as a result the cumulative effect of first-time application of the Standard will be recognized as an amendment to the opening balance sheet value of retained earnings. In the financial year 2017, the Group continued its analysis commenced in 2016 with regard to the effects of the application of IFRS 15 on the consolidated financial statements. The findings, which are presented in the following, confirm that there will be no material impact on the consolidated financial statements of ATOSS Software AG.

(a) Sale of goods

The transition to accounting as per IFRS 15 for contracts with customers – in which it may generally be expected that the sale of software licenses, hardware and identification for time recording and access modules constitutes the only obligatory performance – will not have any effect on income. In accordance with IFRS 15, this is realized at a point in time when control over the asset passes to the customer (IFRS 15.38). As in the past, this will generally be upon delivery of the software license, hardware and identification.

(b) Provision of services

The Group provides consulting and implementation services. These services are either offered individually in contracts with customers or as a package with the sale of software licenses to

customers. In general, however, the company does not offer consulting and implementation services in an overall package with software licenses at a single price. Service revenues continue to be measured in consideration of the degree of completion. If a contract with a customer contains multiple service obligations, the transaction price is to be allocated to the individual service obligations in accordance with IFRS 15. Allocation is made in proportion to the individual selling prices of the goods or services at the time the contract is concluded. The individual selling price is the price at which a company would sell a product or service to a customer. At ATOSS, this price basically corresponds with the transaction price, i.e. it has no influence on the pricing, whether the goods or services considered are sold together or individually. As a result, no “contract assets” are to be recognized by the company either. Discounts granted (i.e. the total by which the individual selling prices exceeds the transaction price) are also generally allocated based on the relative individual selling prices. However, if there are indications that the discount only relates to one specific or individual service obligations, as is regularly the case at ATOSS, then the discount of this/these service obligation(s) is to be allocated directly. IFRS 15 will also change the accounting of construction contracts, as this Standard supersedes the previously applicable IAS 11. However, the percentage-of-completion method (PoC) can still be applied for revenue recognition for a specific period, as the conditions of IFRS 15.35 for the application of the percentage-of-completion method for work and production contracts concluded by ATOSS are regularly fulfilled.

(c) Presentation and disclosure requirements

The presentation and disclosure requirements contained in IFRS 15 extend far beyond those of the current Standard. The new presentation requirements represent a significant change in comparison with current practice and will in future necessitate substantially more disclosure in the consolidated financial statements. IFRS 15 requires quantitative as well as qualitative details regarding the sub-division of revenues, performance obligations and contract balances as well as significant discretionary decisions and capitalized contract costs, whereby many of these requirements are entirely new. In the financial year 2017, the Group developed suitable systems, guidelines and processes as well as internal controls and began to test these with a view to gathering and reporting the required information.

IFRS 16 was published in January 2016 and replaces IAS 17 Leases and all interpretations of accounting for leases. IFRS 16 defines the principles for the reporting, measurement, presentation and required disclosures relating to leases and obliges lessees to recognize all leases in accordance with a single model similar to the method of accounting for finance leases as per IAS 17. For lessors, IFRS 16 will not essentially bring any accounting changes relative to the currently applicable IAS 17. IFRS 16 is applicable for fiscal years beginning on or after January 1, 2019. Early application is permissible, but only if the company also applies IFRS 15. When first applying the new Standard, lessors may opt for either full or modified retrospective application. The transitional rules for IFRS 16 afford certain simplifications. The Group intends to apply the new Standard upon the prescribed date on which it takes effect. An initial analysis indicates the following effects. However this analysis is not yet completed, and is being constantly updated by the Group in the light of the developing interpretation of IFRS 16.

The Group has thus far predominantly entered into operating leases for moveable assets (motor vehicles). To date, it has merely been necessary for the payment obligations relating to operating leases to be disclosed in the Notes. In future, however, the rights and obligations resulting from these leases must be mandatorily disclosed on the balance sheet as assets (the right to use the leased object) and liabilities (the rental liability). The Group expects to see a significant increase in the balance sheet total at the time of first application.

In the income statement, expense resulting from operating leases has been reported to date under overheads contained with cost of sales, marketing costs, administration costs as well as research and development costs. In future, depreciation on the right of use and interest costs for the leasing liabilities will be disclosed instead.

In the cash flow statement, payments for operating leases have so far been reported within the cash flow from current business operations. In future, payments for operating leases must be divided into interest payments and capital repayments. Whereas the interest payments will continue to be reported within cash flow from current operations, the capital repayments will be allocated to cash flow from financing activities.

2. Basis for the preparation of the financial statements

The present consolidated financial statements were prepared to 12/31/2017 for the reporting period from 1/1/2017 to 12/31/2017. The financial year for all Group companies coincides with the calendar year. As a matter of principle, the consolidated financial statements are prepared in application of the historical cost method, with the exception of current and non-current financial assets which are measured at fair value.

3. Reporting currency

The present consolidated financial statements were prepared in euro. Amounts are rounded up to whole euro units.

4. Consolidated group

ATOSS Software AG, Munich, is the parent company with registered office and stock exchange listing in Germany. All subsidiaries are fully consolidated in the Group financial statements for ATOSS Software AG. Subsidiary companies are fully consolidated from the time of acquisition, that is to say, from the time at which the Group acquires control. The parent company is deemed to control a subsidiary when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. As a matter of principle, control is exercised through voting rights. Companies cease to be consolidated when the parent company no longer has control.

A change in the level of participation in a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Their annual financial statements have been prepared in accordance with national regulations and reconciled in accordance with IFRS.

Company	Proportion of subscribed capital	Equity 12/31/2016 in EUR	Result for the year 2016 in EUR
ATOSS Aloud GmbH, Munich, Germany	97%	-672,677	-326,202
ATOSS CSD Software GmbH, Cham, Germany	100%	1,383,613	800,349
ATOSS Software AG, Zurich, Switzerland	100%	695,257	324,236
ATOSS Software Gesellschaft m.b.H., Vienna, Austria	100%	2,149,437	993,924
SC ATOSS Software S.R.L., Timisoara, Romania	100%	475,243	69,487
ATOSS North America Inc., West Hollywood, USA	100%	24,011	0

5. Consolidation principles

The financial statements for subsidiaries are prepared in application of uniform accounting methods for the same reporting period as the financial statements for the parent company. All Group-internal balances, business events, unrealized profits and losses on internal transactions and dividends are eliminated in full.

Capital consolidation of fully consolidated companies was undertaken in accordance with the acquisition method. The recognized values of assets assigned and liabilities accepted representing the acquisition cost of the interest in each relevant company were offset against the equity capital reported by the subsidiary at the time of acquisition.

Should the Group acquire a business, it must assess the appropriate classification and designation of financial assets and assumed debts in compliance with the terms of contract, business circumstances and conditions prevailing at the time of acquisition. This includes the separation of embedded derivatives in underlying contracts. No mergers between companies took place in the financial year 2017 (previous year: no mergers).

ATOSS Aloud GmbH, Munich, which was newly established on August 1, 2014, is fully consolidated in the Group financial statements for ATOSS Software AG. The equity attributable to minority shareholders in ATOSS Aloud GmbH and the pro rata net earnings are each reported separately in the consolidated balance sheet, income statement, statement of comprehensive income and statement of changes in equity. ATOSS North America, West Hollywood, which was newly established on December 20, 2016, is also fully consolidated within the financial statements of ATOSS Software AG.

6. Estimates, assumptions and discretionary decisions made in preparing the consolidated financial statements

Preparing the annual financial statements in compliance with International Financial Reporting Standards (IFRS) necessitates estimates and assumptions which affect the figures shown in the consolidated balance sheet, consolidated income statement and the notes to the consolidated financial statements.

Thus, for example, estimates are made in determining sales revenues for long-term production orders. The amount here is dependent upon the anticipated duration of implementation and the resulting proportionate progress of the project. These components are based on information which at the time the financial statements are prepared is in the possession of the consultants deployed and of the management in respect of the services to be provided and the required use of resources. It is therefore to some extent more difficult and more complex to make an estimate in the early stages of a project. Sales revenues deriving from production orders in work at the end of the reporting period amounted in the financial year 2017 to EUR 1,277,312 (previous year: EUR 943,226).

On every reporting date the Group investigates whether there are objective indications to conclude that the value of a financial asset or group of financial assets available for sale is impaired. In the case of financial assets classified as available for sale, a significant or sustained decline in fair value below the cost of acquisition would constitute objective grounds. The decision as what constitutes "significant" or "sustained" is discretionary. In this context in addition to other factors the Group considers past fluctuations in price and the duration and extent to which the fair value of a financial investment falls below its cost of acquisition. Other financial assets are deemed to be impaired if the fair value on the closing date in the case of fund investments is 25 percent or in the case of gold 10 percent below cost of acquisition, or has been below cost for an uninterrupted period of 6 months. The carrying value of the fund investments and gold holdings carried as other financial assets amounted as of 12/31/2017 to EUR 6,943,976 (previous year: EUR 4,867,119).

The value of pension provisions is also subject to estimates in respect of the parameters listed in Note 29. The carrying value of the provision as of 12/31/2017 stood at EUR 4,826,790 (previous year: EUR 4,882,582).

Actual figures may deviate from estimates made.

In application of the Group accounting methods, the company has made the following discretionary decisions that materially affect the consolidated financial statements:

Development costs are recognized as expenses in profit and loss. The criteria contained in IAS 38.57 for development costs to be carried as assets are not fulfilled, since the original development of today's products to some extent took place through the medium of customer projects and it is not possible to reliably measure the income achievable in future from the development of individual functions and releases.

Moreover, in the interests of greater transparency regarding the development in value of its investments – made as part of its investment policy – in physical gold, the company classifies its holdings as financial assets available for sale.

7. Currency translation

The functional currency for all Group companies is the euro.

Foreign currency transactions are initially translated by Group companies into the functional currency at the spot rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate on the qualifying date.

Non-monetary items measured in foreign currency at historic cost of acquisition or manufacture are converted at the exchange rate applying the date of the transaction. Non-monetary items measured in foreign currency at fair value are converted at the exchange rate applying on the date on which fair value is ascertained.

Corresponding foreign currency profits and losses are recognized in the consolidated income statement.

8. Segment reporting

The identification of operating segments presupposes that a senior decision-maker monitors and assesses the profitability of significant components of the company as the basis for resource allocation and profitability measurement, that the components of the company generate income and incur expenses as part of their business activities, and that financial information is available for these components of the company. Several segments can be aggregated into one segment if the type of products and services, production processes and customers for which the products and services are intended are similar, as well as the sales methods applied, and where they exhibit a significant shortfall relative to the quantitative thresholds for segment formation.

The company has only one uniform business segment within the meaning of IFRS 8, which comprises the creation, sale and implementation of software solutions directed towards the efficient deployment of personnel and workforce management. In accordance with the company's strategy as a provider of end-to-end solutions to issues of time and attendance management and workforce scheduling, these software solutions comprising software licenses, maintenance services, consulting services and the supply of hardware for time recording and access control purposes (merchandise for resale) are offered to customers as integrated packages and exhibit a comparable risk structure. These software solutions are employed both by small and medium-sized customers comprising the SME market and by high-end small businesses and major, large scale customers that comprise the premium market. The choice of software solution is essentially dependent on the specific technical and functional requirements of the individual customer. The company's endeavors in addressing the SME and premium markets differ only in terms of the marketing approach. For this reason, the Management Board manages the company

on the basis of key figures for business as a whole. Business activities are not divided into segments, and therefore the Group does not prepare segment reports.

The individual software solutions comprise:

- ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE): ASES and ASE are time and attendance and workforce scheduling solutions for customers of all sizes across all industries. Alongside these software solutions, other services are generally also provided to implement the solutions at the customer's place of business and train the customer's employees. In addition, consulting services are rendered with the object of making meaningful use of the available scope and developing optimum solutions for the workforce management under company agreements or collectively agreed regulations. The company also sells hardware components for time recording and access control purposes.

The ASES/ASE software solution is used in conjunction with all major standard system platforms and databases. Moreover, thanks to the extensive facility to define customer-specific parameters these solutions are capable of satisfying even the most sophisticated requirements of customers irrespective of size and sector.

- ATOSS Time Control (ATC): ATC offers a software solution for time and attendance management and workforce scheduling for small and medium-sized customers as well as large, but decentrally organized clients. Likewise, in conjunction with ATC, ATOSS offers software implementation and training services as well as consulting services geared to optimizing efficient workforce management. Merchandise including hardware and recording media is also available. ATC software is installed on the Microsoft Windows system platform in association with standard SQL databases and is particularly user-friendly and convenient for small to medium-sized customers as well as large decentralized organizations.

9. Financial assets

First-time recognition and measurement

Financial assets within the meaning of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, financial assets available for sale or derivatives designed as hedging instruments and effective as such. The Group determines the class to which its financial assets belong upon first recognition. Financial assets are measured on initial recognition at fair value. In the case of financial investments which are not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the asset are also taken into consideration.

All purchases and sales of financial assets that foresee delivery of the asset within a period determined by the regulations or conventions of the market in question (regular way purchases)

are recognized on the trade date, that is to say, on the date on which the Group entered into a commitment to buy or sell the asset.

In addition to cash and cash equivalents, the Group's financial assets also include trade accounts receivable (classed as: "loans and receivables") and other financial assets (classed as: "financial assets available for sale").

Subsequent measurement

The subsequent measurement of financial assets is dependent on their classification, as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. Subsequent to initial recognition, such financial assets are measured at amortized cost by the effective interest method less any impairments. Amortized costs are calculated in consideration of any premium or discount at time of acquisition as well as fees or costs which represent an integral part of the effective interest rate. Amortization income in application of the effective interest method is recognized in the income statement as financial income.

Financial assets available for sale

Financial investments in gold, investment funds and dividend-bearing securities as well as claims against banks and insurance companies arising from capital investments are classified by the Group as financial assets available for sale. They are held for an indefinite period and may be sold in response to a need for liquidity or changes in market conditions.

Subsequent to their initial valuation, in following periods financial assets available for sale are measured at fair value. Unrealized profits or losses are recognized as other income/expenses in a reserve for financial assets available for sale. If such an asset is eliminated, the cumulative profit or loss is reported among financial income and expenses. If an asset is impaired, the cumulative loss is recognized in profit and loss as a financial expense and removed from the reserve for financial assets available for sale.

It must be assessed by the Group, whether in the case of financial assets available for sale, it is possible and intended to sell these in the near future. Insofar as the Group is unable to trade these financial assets as a result of inactive markets and there is a material change in the intention of the management to sell them in the short term, the Group may decide to reclassify these financial assets under extraordinary circumstances. No reclassifications took place in the financial year 2017 (previous year: none).

Derecognition

A financial asset or a part of a financial asset or a part of a class of similar financial assets is derecognized if one of the following conditions is fulfilled:

- The contractual rights to receive the cash flow from a financial asset have expired.
- The Group has transferred its contractual rights to receive the cash flow from the financial asset to a third party or assumed a contractual obligation to immediately pass on the cash flow to a third party under an arrangement that meets the conditions in IAS 39.19 (a transmission arrangement), and has thereby either a) transferred substantially all the risks and rewards associated with ownership of the financial asset or b) neither transferred nor retained substantially all the risks and rewards associated with ownership of the financial asset, but relinquished control over the asset.

If the Group transfers its contractual rights to the cash flow from an asset or enters into a transmission arrangement whereby substantially all the risk and rewards associated with ownership of the asset are neither transferred nor retained but control over the asset is not relinquished, the Group must continue to recognize the asset to the extent that it has a continuing involvement and an associated liability.

Hierarchy of fair value

The Group uses the following hierarchy to determine the fair value of financial instruments and for the purpose of making disclosures regarding the measurement process:

- Level 1: Quoted (unadjusted) prices on active markets for equivalent assets or liabilities,
- Level 2: Procedures in which all input parameters which materially affect fair value are either directly or indirectly observable,
- Level 3: Procedures which employ input parameters that have a material impact on the recognized fair value and are not based on observable market data.

10. Impairment of financial assets

On every reporting date the Group investigates whether there are objective indications that the value of a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if as a result of one or more events that have occurred subsequent to initial recognition there are objective indications of impairment, and this impairment will have an effect on the expected future cash flows from the financial asset or group of financial assets that can be reliably estimated. Impairment may be inferred if there are indications that the debtor or group of debtors are in severe financial difficulties, in the event of delay or default on interest or redemption payments or of the probability of insolvency or other restructuring, or if observable data indicate a measurable reduction in the expected future cash flow, such as for example alterations in arrears or economic conditions that correlate with business failures.

Financial assets carried at amortized cost

With regard to financial assets carried at amortized cost, it must first be determined whether there are objective indications of impairment individually among assets perceived as significant or individually or jointly among assets that are not perceived as significant.

If there are objective grounds to believe that an asset is impaired, the impairment loss is calculated as the difference between the carrying value of the asset and the cash value of the expected future cash flow with the exception of expected future loan losses which have yet to occur. The cash value of the expected future cash flow is discounted at the original effective interest rate for the financial asset.

In the case of trade accounts receivable from customers, adjustments are implemented in the amount of the carrying value of the receivable if the due date has been exceeded by more than 120 days and an assessment of the general payment pattern and credit-worthiness of the customer indicates that such action is appropriate. In the event of a customer becoming insolvent, the full value of the receivable is reported as a loss.

In the case of receivables, the carrying value of the asset is reduced with the aid of a value adjustment account and the impairment recognized in profit and loss. Receivables including an associated impairment are derecognized if they are classed as uncollectable. Should the estimated impairment increase or decrease in subsequent reporting periods as the result of an event which occurs after the impairment has been recognized, the increase or decrease in the previously recognized impairment cost is recognized in profit or loss by adjusting the impairment account. If a derecognized receivable is subsequently considered to be collectible as the result of an event which takes place after derecognition, the corresponding amount is set off directly against other operating expenses.

Financial assets available for sale

On every reporting date the Group investigates whether there are objective indications to conclude that the value of a financial asset or group of financial assets available for sale is impaired.

A significant or sustained decline in fair value below the cost of acquisition would constitute objective grounds. The criterion of 'significance' should be assessed on the basis of the original cost of acquiring the financial investment and the criterion of 'sustainment' should be assessed on the basis of the period for which the fair value was below the original cost. The decision as what constitutes "significant" or "sustained" is discretionary (see Note 6).

If there are indications of impairment, the cumulative loss – being the difference between the cost of acquisition and current fair value less any impairment of the instrument previously recognized in profit and loss – is separated from other income and expenses and recognized in profit and loss. Should the fair value subsequently increase once again, the financial assets available for sale will be written back up and recognized in the income statement at the original cost of acquisition, and the impairment cost will be reversed.

11. Non-current non-financial assets

At the end of every reporting period, the Group investigates whether there are grounds to believe that the value of an asset is impaired. If such grounds exist or if an annual review of the sustained value of an asset is required, the group makes an estimate of the amount that may be achieved for the asset in question. The achievable amount is the higher of either the fair value of an asset or cash-generating entity less disposal costs or its utility value. The achievable amount must be determined for each individual asset, unless an asset generates no cash flow which is essentially independent of those generated by other assets or groups of assets. If the carrying value of an asset exceeds its achievable value, the asset is impaired and is written down to its achievable value. To determine the utility value, the expected future cash flows are discounted to their cash value at a pre-tax discount rate which reflects current market expectations regarding the interest effect and the risks specific to the asset. An appropriate valuation model is applied to determine the fair value less sales costs. This model is based on valuation multipliers or other available indicators of fair value.

Impairment costs at going-concern business units are recognized in the income statements under cost headings which correspond with the function of the impaired asset.

An investigation is carried out at the end of every reporting period to determine whether there are grounds to believe that a previously recognized impairment no longer exists or is reduced. If such grounds exist, the Group makes an estimate of the achievable amount. A previously recognized impairment will only be reversed if the estimated amount that may be achieved has changed since the last occasion on which an impairment was recognized. Should this be the case, the carrying value of the asset is increased to its achievable value. This amount must not, however, exceed the carrying value that would apply after scheduled depreciation if no impairment of the asset were to have been recognized in preceding years. A write-up is recognized in the result for the period.

Similar to the previous year, in the financial year under review there were no impairments of non-current assets pursuant to IAS 36.

12. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are valued at cost less cumulative scheduled linear depreciation. Assets are depreciated over periods of between three and five years. Deviating from this, leasehold fixtures are depreciated over the term of the lease or over their estimated service life if this is shorter. The business premises acquired in Meerbusch are depreciated over a service life of 33 years. The cost of acquisition is deemed to be the amount paid in cash or cash equivalents to purchase the asset. At the end of the reporting period the company had no intangible assets with an indefinite service life.

Write-downs on property, plant and equipment and intangible assets with limited service life are recognized in the income statement under the expense heading which corresponds with the function of the asset.

A tangible fixed asset or intangible asset is derecognized either when it is disposed of, or when there is no economic benefit to be expected from the continuing use or sale of the asset. The profits or losses resulting from the derecognition of the asset are calculated as the difference between the net sale proceeds and the carrying value of the asset and recognized in the income statement in the period in which the asset is derecognized.

Residual values, service lives and methods of depreciation are reviewed at least at the end of each financial year and adjusted as required. Alterations to the method or period of depreciation necessitated by changes in the expected service life or expected consumption of the future economic benefit of the asset are treated as changes in estimates.

13. Taxes

Actual taxes on income

The actual tax refund claims and tax liabilities for current and previous periods are measured at the amount in which a refund is expected from or payment expected to the tax authorities. This amount is in turn calculated on the basis of the tax rates and tax regulations applying on the balance sheet closing date.

Deferred taxes

Tax deferrals are formed in application of the liability method, based on temporary differences existing at the end of the reporting period between the value at which an asset or liability is reported on the balance sheet and its value for tax purposes.

Deferred tax claims are recognized for all tax-deductible temporary differences, unused tax loss carry-forwards and unused tax credits in the amount in which taxable income against which tax-deductible temporary differences and unused tax loss carry-forwards and tax credits can be offset is likely to be available.

The carrying value of deferred tax claims is reviewed on each balance sheet closing date and reduced accordingly if it is no longer likely that adequate taxable income will be available against which the deferred tax claim might at least in part be offset. Deferred tax claims not carried on balance sheet are reviewed at the end of each reporting period and taken on balance sheet in the amount in which it is now likely that future taxable income will allow the deferred tax claim to be realized.

Deferred tax claims and liabilities are calculated at the tax rates likely to apply in the period in which an asset is realized or a liability satisfied. The tax rates and tax regulations applying on the balance sheet closing date are taken as a basis. Future changes in tax rates must be taken into account on the balance sheet closing date provided that the necessary material conditions for these changes to become effective are fulfilled in the form of legislation.

Deferred taxes relating to items recognized in equity are similarly recognized. Dependent on the underlying business event, these deferred taxes may be recognized either in other income or directly in equity.

Deferred tax claims and deferred tax liabilities are offset against one another provided that the Group has an enforceable claim to set off actual tax refund claims against actual tax liabilities and these relate to income taxes on the same taxable entity, levied by the same tax authority.

Turnover tax

Sales revenues, expenses and assets are generally recognized after deduction of turnover tax. Exceptions apply in the following cases:

- If the turnover tax incurred when assets or services are purchased cannot be reclaimed from the tax authority, the tax paid is recognized as a part of the manufacturing cost of the asset or as part of the expense.
- Receivables and liabilities are reported at an amount including the turnover tax.

The amount of turnover tax refunded by or remitted to the tax authority is recognized in the consolidated balance sheet under other non-financial assets or liabilities.

14. Financial liabilities

Financial liabilities such as trade accounts payable and other liabilities are measured on first recognition at cost, being the fair value of the consideration received. Thereafter these liabilities are carried on the balance sheet at amortized cost. The trade accounts payable and other financial liabilities do not attract interest.

A liability is derecognized when the underlying obligation is satisfied, terminated or expired. If an existing liability is exchanged for another liability to the same creditor under substantially different terms of contract, or if the conditions pertaining to an existing liability are materially altered, the exchange or alteration is treated as if the original liability were eliminated and a new liability taken up. The difference between the respective carrying values is recognized in profit and loss.

15. Provisions

A provision is reported if the Group is under a present statutory or actual obligation resulting from a past event, if it is likely that resources with an economic value will be expended to satisfy the obligation and a reliable estimate can be made of the extent of the obligation. Insofar as the Group expects an accrual carried as a liability to be at least in part reimbursed as for example under an insurance contract, provided that it is as good as certain that it will be received, the reimbursement is carried as a separate asset. The cost of forming the provision is reported in the income statement after deduction of the reimbursement.

The company anticipates that the remaining time to maturity of current provisions will be less than one year.

16. Pension provisions

A non-forfeitable pension commitment exists in favor of the CEO of ATOSS Software AG, Munich, which is classified as a defined benefits plan. Pursuant to this plan, pension payments will commence when the recipient reaches the age of 65 and will be paid for life. To cover this pension commitment, the company has arranged pension liability insurance cover with insurers who enjoy positive ratings and assigned the entitlements arising there from with the result that since the financial year 2005 the attributable fair value of the assets of the plan deriving from the pension liability insurance policies are netted against the benefit obligation.

The pension commitment is underpinned by an actuarial report prepared on the basis of IAS 19 – Employee Benefits. The figure reported for the accrued and predicted pension obligation corresponds with the actuarially calculated cash value which since 2005 has been reduced by the fair value of the plan assets. The rules governing benefit commitments contained in IAS 19.63 ff. have been taken as a basis.

For measurement purposes, the projected unit credit method is applied. In accordance with this method, the pension units accrued in individual years are regarded as building blocks which collectively form the pension obligation. The cost of the pension is a product of the cost of interest on accrued pension rights already reported at cash value, the current service cost, the past service cost resulting from the changes in the pension commitment and the expected income from the plan assets. The defined benefit obligation is the dynamic cash value of the pro rata accrued pension units, taking into account the fact that future pension rights have already been proportionately accrued.

The pension provision was calculated on the basis of an assumed interest rate of 1.95 percent (previous year: 1.95 percent), a salary trend of 0.0 percent (previous year: 0.0 percent), an inflation rate of 2.0 percent (previous year: 2.0 percent) and a pension trend of 3.0 percent (previous year: 3.0 percent). The biometric tables prepared by Prof. Klaus Heubeck [Richttafeln 2005 G] were applied.

In addition, there are also contributory pension plans for a member of the Board of Management and for employees with 15 or more years service. The company pays contributions for the latter into a private retirement pension scheme in the form of a pension fund for the duration of their employment. These contributions in the financial year 2017 amounted to EUR 144,359 (previous year: EUR 131,025).

17. Recognition of sales revenues and income

The company generates sales revenues by licensing software products to end users and resellers, as well as from maintenance contracts, services and other receivables.

Discounts and turnover tax or other levies are not considered.

Pursuant to IAS 18.14, revenues deriving from licensing and other supplies and services are regarded as realized when:

- (a) The essential risks and rewards associated with the contractual rights to the use of licensed software have been transferred;
- (b) The company has no further rights to dispose over the licensed material;
- (c) The level of sales can be reliably determined;
- (d) It is sufficiently probable that the economic benefits will flow (the receivable will be received), and
- (e) The costs incurred in association with the sale can be reliably measured.

The company has also entered into reseller agreements in accordance with which resellers are granted discounts on the list prices for license fees. The license fees retained by the company are in principle regarded as having been realized when rights of use to the licensed software have been granted to the reseller's end customer and the essential risks and rewards have thereby been transferred either to the end user or to the reseller.

Consultancy sales are directly associated with services rendered under essentially separate contracts. Pursuant to IAS 18.20, income from the performance of services is realized when:

- (a) The level of sales can be reliably determined;
- (b) It is sufficiently probable that the economic benefit of the transaction will flow to the company (the receivable will be received);
- (c) The degree of completion at the end of the reporting period can be reliably measured, and
- (d) The costs incurred in performing the service can be reliably measured.

Software licenses and maintenance work are generally sold together. Sales revenues are realized in accordance with IAS 18.13. Maintenance revenues are treated as deferred income and recognized as sales revenues over the period during which the services are provided.

Production orders are deemed to exist insofar as the contractual agreements are structured in accordance with the law on contracts for work and services or the orders cannot be fulfilled by ATOSS partners or by services rendered by the customer on own account. If a customer commissions a long-term production order, the sales revenues and income are measured by the percentage of completion method as per IAS 11.23. Individual sales components are in principle realized in the ratio of the progress of the project services thus far rendered to the anticipated

overall volume of services. The progress of the project is in turn measured on the basis of documentation maintained by the project managers and the overall assessment of the management.

Sums invoiced in advance for maintenance and production orders that are to be performed and taken to income in subsequent periods are carried as deferred revenues.

Other operating income is recognized provided that it is probable that the economic benefit will accrue to the Group and the amount of income can be reliably determined, irrespective of the time payment is made.

Interest earnings are recognized when the interest arises, or in the case of all financial instruments valued at amortized cost, at the effective interest rate. They are reported in profit and loss as a component of financial income.

18. Expenditure on research and development

The company recognizes the costs of researching and developing its software products as an expense in its income statement.

19. Leasing

Whether an arrangement constitutes a lease is determined on the basis of the economic content of the arrangement at the time the arrangement is entered into and necessitates an estimate of whether fulfillment of the contractual agreement is dependent on the use of a specific asset or assets and whether the agreement affords a right to use the asset.

The company regularly reviews its contractual relationships with suppliers to determine whether pursuant to the provisions of IFRIC 4 – Determining Whether an Arrangement Contains a Lease they should be classified as leases. On 12/31/2017 as in the preceding year there were no contractual arrangements which meet the criteria specified in IFRIC 4.

Lease payments for operating leases are recognized over the relevant periods in linear fashion as expenses in the income statement.

III. Notes to the Consolidated Balance Sheet

20. Cash and cash equivalents

EUR	12/31/2017	12/31/2016
Fixed-term deposits	4,100,000	3,000,000
Cash at banks	11,328,403	11,769,956
Total of cash and cash equivalents	15,428,403	14,769,956

The fixed-term deposits are invested at an interest rate of 0.02 percent per annum. Despite remaining maturities of up to 9 months, these deposits serve the Company as a means of covering its short-term liquidity requirements, since no significant economic loss can be expected even if these investments are terminated prematurely. The other cash sums held at banks earn interest at up to 0.01 percent.

Given the positive cash flow from operating activities amounting to EUR 8,857,032, less investment expenditure of EUR 3,585,766 and the dividend payment of EUR 4,612,819, cash and cash equivalents increased from EUR 14,769,956 to EUR 15,428,403.

Of the cash at banks, the sum of EUR 407,490 (previous year: EUR 373,125) was pledged as security in connection with rental agreements and as such was of limited availability.

Fixed-term deposits and other cash sums are invested with financial institutions with positive ratings.

The fair value of the company's cash and cash equivalents equates to the carrying value and accordingly stands at EUR 15,428,403 (previous year: EUR 14,769,956).

21. Other financial assets

12/31/2017 (EUR)	Held for trading	Available for sale	Held to maturity	Loans and receivables	Miscellaneous
Trade accounts receivable	0	0	0	5,077,440	0
Other current financial assets					
of which at fair value	0	11,680,269	0	0	0
Other non-current financial assets					
of which at fair value	0	496,975	0	0	0

12/31/2016 (EUR)	Held for trading	Available for sale	Held to maturity	Loans and receivables	Miscellaneous
Trade accounts receivable	0	0	0	4,475,776	0
Other current financial assets					
of which at fair value	0	9,504,667	0	0	0
Other non-current financial assets					
of which at fair value	0	505,370	0	0	0

The default risk associated with other financial assets that are neither overdue nor impaired is continuously monitored and assessed by the management.

Trade accounts receivable

The reported trade accounts receivable were composed as follows:

EUR	12/31/2017	12/31/2016
Gross receivables	5,085,136	4,494,548
Less impairments	-7,696	-18,772
Net receivables (carrying value)	5,077,440	4,475,776

These receivables include those relating to long-term production orders in the amount of EUR 86,512 net (previous year: EUR 84,302). As of 12/31/2017, there were no receivables with a due date which was extended (previous year: EUR 58,074). As in the preceding year there were no receivables with a remaining time to maturity of more than one year.

The age structure of overdue and unadjusted receivables on 12/31/2017 was as follows:

EUR	12/31/2017	12/31/2016
Neither overdue nor adjusted	3,482,798	3,122,317
Up to 30 days overdue	1,329,143	1,198,143
31 to 60 days overdue	146,822	86,543
61 to 90 days overdue	83,910	49,027
91 to 120 days overdue	33,436	9,960
More than 120 days overdue	9,027	28,558
Gross receivables	5,085,136	4,494,548
Adjustments	-7,696	-18,772
Net receivables	5,077,440	4,475,776

In general, trade accounts receivable are due for payment within 10 days. In exceptional cases varying terms of payment may be granted.

The value adjustment account developed as follows:

EUR	2017	2016
Status Jan. 1	18,772	27,191
Expense allocations	7,078	18,711
Usage	0,00	0,00
Reversals	-18,154	-27,130
Status Dec. 31	7,696	18,772

The company demands no securities from its customers.

Financial assets available for sale were composed as follows:

Current financial assets available for sale

EUR	12/31/2017	12/31/2016
Dividend-bearing securities	4,676	4,778
Claims on insurance companies	5,115,266	5,049,652
Gold	1,379,480	1,405,720
Investment fund	5,067,521	2,956,029
Security deposits	113,325	88,488
Total of (current) financial assets available for sale	11,680,269	9,504,667

Non-current financial assets available for sale

EUR	12/31/2017	12/31/2016
Gold	496,975	505,370
Total of (non-current) financial assets available for sale	496,975	505,370

In the financial year 2017, the Group identified impairments on current financial assets available for sale amounting to EUR 26,341 (previous year: write-ups of EUR 172,320) which were recognized in the income statement under financial expenses (previous year: financial income). In addition, income resulting from the measurement of capital sum assurance claims (which serve as a short to medium-term alternative investment) at fair value in the amount of EUR 65,614 (previous year: EUR 145,475) and associated income tax effects of EUR 21,364 (previous year: EUR 47,425) were recognized in equity as other income. Income resulting from the measurement of fund investments at fair value in the amount of EUR 9,783 (previous year: expenses of EUR -43,971),

were likewise recognized in equity as other expenses. In respect of gains recognized in equity, deferred taxes in the amount of EUR 3,232 on the temporary differences between the carrying value of the asset on the balance sheet and the value for tax purposes.

Losses on non-current assets available for sale were recognized in other income and expenses in the amount of EUR 8,395 (previous year: profits of EUR 60,865). In respect of the losses/profits recognized in other income and expenses, deferred taxes on temporary differences between the carrying value of the asset on balance sheet and the value for tax purposes were liquidated (previous year: formed) in the amount of EUR -2,099 (previous year: EUR 15,216).

The fair value of financial assets available for sale in the case of holdings in gold and fund investments is measured on the basis of stock market prices on active markets (Level 1). In order to calculate the fair value of claims on capital sum assurances, the Group applies the repurchase value (Level 2) as calculated by the other contracting party.

22. Other (current) non-financial assets

Other non-financial assets in the amount of EUR 949,971 (previous year: EUR 611,709) mainly include deferrals of EUR 581,473 (previous year: EUR 500,784).

23. Fixed assets

The development in fixed assets in the financial year was as follows:

EUR	Acquisition and manufacturing costs		
	1/1/2016	Additions	Transfers
I. Intangible assets			
Software	1,745,617	205,970	0
	1,745,617	205,970	0
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	566,950	8,111	0
Office and business equipment	4,719,631	891,579	7,464
Advance payments and assets under construction	7,464	11,242	-7,464
	7,432,056	910,932	0
Total	9,177,673	1,116,902	0
EUR	1/1/2017	Additions	Transfers
I. Intangible assets			
Software	1,951,100	263,256	0
	1,951,100	263,256	0
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	575,061	19,752	0
Office and business equipment	5,444,924	798,758	11,242
Advance payments and assets under construction	11,242	476,856	-11,242
	8,169,238	1,295,366	0
Total	10,120,338	1,558,622	0

All non-current assets are located in the countries of origin of the respective software companies (Germany, Austria, Switzerland, Romania), though the majority is in Germany.

		Cumulative depreciation				Net carrying values	
Disposals	12/31/2016	1/1/2016	Additions	Disposals	12/31/2016	12/31/2016	12/31/2015
487	1,951,100	1,584,442	147,787	486	1,731,743	219,357	161,175
487	1,951,100	1,584,442	147,787	486	1,731,743	219,357	161,175
0	2,138,011	347,172	57,930	0	405,102	1,732,909	1,790,839
0	575,061	449,116	18,030	0	467,146	107,915	117,834
173,750	5,444,924	3,950,229	484,227	170,515	4,263,941	1,180,983	769,402
0	11,242	0	0	0	0	11,242	7,464
173,750	8,169,238	4,746,517	560,187	170,515	5,136,189	3,033,049	2,685,539
174,237	10,120,338	6,330,959	707,974	171,001	6,867,932	3,252,406	2,846,714
Disposals	12/31/2017	1/1/2017	Additions	Disposals	12/31/2017	12/31/2017	12/31/2016
1,018	2,213,338	1,731,743	123,705	1,017	1,854,431	358,907	219,357
1,018	2,213,338	1,731,743	123,705	1,017	1,854,431	358,907	219,357
0	2,138,011	405,102	57,930	0	463,032	1,674,979	1,732,909
0	594,813	467,146	19,368	0	486,514	108,299	107,915
113,989	6,140,934	4,263,941	551,854	111,094	4,704,701	1,436,233	1,180,983
0	476,856	0	0	0	0	476,856	11,242
113,989	9,350,615	5,136,189	629,152	111,094	5,654,247	3,696,367	3,033,049
115,007	11,563,953	6,867,932	752,857	112,111	7,508,678	4,055,275	3,252,406

24. Taxes on income

The tax provisions in each case comprise the taxes on income for the past financial year and also preceding years if appropriate. For details of tax charges and refunds, please refer to Note 39.

The deferred taxes carried as assets in the accounts were composed as follows:

EUR	12/31/2017	12/31/2016
Deferred taxes on reporting and valuation differences carried as assets		
- Pension provisions	1,403,574	1,404,595
- Provision for AGM expenses	41,870	39,915
Subtotal	1,445,444	1,444,510
Deferred taxes on valuation differences carried as liabilities		
- Long-term production orders	606,579	539,660
- Financial assets available for sale	3,232	0
Subtotal	609,811	539,660
Total	835,633	904,850

The deferred taxes carried as liabilities in the accounts were composed as follows:

EUR	12/31/2017	12/31/2016
Deferred taxes on reporting and valuation differences carried as liabilities		
- Financial assets available for sale	50,335	52,434
Total	50,335	52,434

EUR	2017	2016
Tax charge resulting from the reversal of deferred taxes carried as assets		
- Costs of the AGM	1,955	-10,185
Tax charge resulting from the accrual of deferred taxes carried as liabilities		
- on long-term production orders	-549,542	-348,590
- Financial assets available for sale	-3,232	0
Tax income resulting from the accrual of deferred taxes carried as assets		
- on pension provisions	84,015	56,696
Tax income resulting from the reversal of deferred taxes carried as liabilities		
- on long-term production orders	482,623	136,057
Total	15,819	-166,022

The tax rate applicable to ATOSS Software AG, Munich, is composed as follows:

EUR	2017	2016
Earnings before taxes	100%	100%
Trade tax	-16.64%	-16.73%
Corporation tax at 15.00% on taxable profits	-15.00%	-15.00%
Solidarity surcharge of 5.50% on corporation tax	-0.83%	-0.83%
Nominal proportion of earnings taxed	67.53%	67.44%
Computed tax rate	32.47%	32.56%

The tax rates for subsidiary companies amounted in Austria to 25 percent, in Switzerland to 21.5 percent and in Romania to 16 percent. The translation from the expected Group tax charge to the actual tax charge as per IAS 12.81 is illustrated as follows:

EUR	2017	2016
Pre-tax earnings as per IFRS	14,060,138	13,677,131
Expected tax charge (2017: 32.47%; 2016: 32.56%)	-4,565,327	-4,453,274
Non-deductible operating expenses	-76,935	-49,351
Tax payments/refunds for previous years	-71,010	46,014
Lower tax rates at Group companies and branches	184,961	203,940
Current losses for which no deferred tax claim has been recognized	-202,317	-146,357
Actual Group tax charge	-4,730,627	-4,399,028

The Group has taxable loss carry-forwards of EUR 1,908,531 (previous year: EUR 1,291,684) for which no deferred taxes have been capitalized.

The company anticipates that in future financial years the tax rate applicable to the parent company will be 32.47 percent. As a result, on the one hand, of non-deductible operating expenses and interests as per Section 8b KStG and, on the other, of lower tax rates at Group companies and branches, the actual tax charge may be somewhat higher or lower than this figure.

25. Credit lines

There is an unsecured credit line of EUR 512,000 (previous year: EUR 512,000) with the house bank of the consolidated companies, which may be used for either guarantee credit or as a current account credit line. In the financial year 2017, EUR 54,791 of this credit line was used for guarantee credit. No further loans were taken out during the financial year. On the closing date, as in the previous year, there were no liabilities to banks.

26. Other (current) liabilities

Other liabilities essentially comprise the following amounts:

EUR	12/31/2017	12/31/2016
Liabilities for salaries and commissions	5,380,911	5,249,309
Anticipated charges	952,454	879,831
Other liabilities	613,490	563,622
Total	6,946,855	6,692,762

The liabilities for salaries and commissions include claims deriving from variable salary components arising in the reporting period but not disbursed until the following year, as well as wage tax liabilities and provisions for vacation commitments. The anticipated charges relate to performances received but not yet billed prior to the qualifying date. Other liabilities essentially include provisions for costs associated with the financial statements and auditing as well as turnover tax liabilities.

27. Deferred revenues

Deferred revenues as of 12/31/2017 were composed as follows:

EUR	12/31/2017	12/31/2016
Amounts invoiced in advance for maintenance works	828,314	743,116
Amounts invoiced in advance for long-term production orders	1,113,146	340,526
Miscellaneous	2,250,474	3,230,605
Total	4,191,934	4,314,247

The miscellaneous amounts stated here include sums invoiced in advance for hotline services as well as for software, hardware and services yet to be supplied. The sums invoiced in advance for long-term production orders include down payments in the amount of EUR 1,113,146 (previous year: EUR 340,526).

28. Other provisions

These provisions essentially comprise the following amounts:

EUR	12/31/2016	Drawn down	Liquidations	Allocations	12/31/2017
Other provisions	89,000	0	0	0	89,000
Total	89,000	0	0	0	89,000

These other provisions essentially comprise the provision for restoration costs. This amount will be due when the lease ends. The level of this provision is based on estimated costs. The amount required to settle this liability may differ from the provision formed.

29. Pension provisions

Pension costs were comprised as follows:

EUR	2017	2016
Current service cost	340,927	237,392
Net interest cost	92,876	97,043
Pension expenses	433,803	334,435

Current and past service costs are reported in the income statement under sales and marketing costs, while the cost of interest and income from plan assets are reflected in net interest. Actuarial profits and losses are recognized in equity as other income and expenses.

For the year 2018 the company expects pension expenses to amount to EUR 344,871.

The obligation translates to the balance sheet as follows:

EUR	12/31/2017	12/31/2016
Defined benefits obligation	7,885,603	7,656,249
Fair value of plan assets	-3,058,813	-2,773,667
Pension provision	4,826,790	4,882,582

The company assigned its claims arising from the pension liability insurance arranged to cover the pension commitment in 2005 and 2010.

The changes in the cash value of the defined benefits obligation are illustrated as follows:

EUR	12/31/2017	12/31/2016
Defined benefits obligation as of Jan. 1	7,656,249	6,837,361
Cost of interest	149,272	157,236
Current service cost	340,927	237,392
Actuarial profits and losses	-260,845	424,260
Defined benefits obligation as of Dec. 31	7,885,603	7,656,249

The adjustments to be allowed for in other income are attributable to actuarial profits and losses:

EUR	2017	2016
Experience-based adjustment	139,860	51,141
Changes in financial assumptions	120,985	-475,401
Deviation in actual income from plan assets relative to income calculated at the discount rate	-8,116	-21,410
	252,729	-445,670

With regard to losses recognized in equity, tax deferrals in the amount of EUR -82,390 (previous year: EUR 145,288) were formed on the temporary differences between the carrying value of the pension provision on the balance sheet and the value for tax purposes as well as other tax effects.

The changes in the fair value of plan assets are illustrated as follows:

EUR	12/31/2017	12/31/2016
Fair value of plan assets as of Jan. 1	2,773,667	2,498,388
Returns on plan assets calculated at the discount rate	56,396	60,193
Employer's contributions	236,866	236,496
Actuarial profits and losses	-8,116	-21,410
Fair value of plan assets as of Dec. 31	3,058,813	2,773,667

The actual return on plan assets in 2017 amounted to EUR 48,280 (previous year: EUR 38,783). The expected return on plan assets for 2018 in accordance with IAS 19.125 amounts to 1.95 percent (previous year: 1.95 percent).

In the financial year 2018, contributions to the pension plan are expected to total EUR 237,240.

Sensitivity analyses

A rise or fall in essential actuarial assumptions of one half of one percent would have affected the cash value of the pension liabilities as of December 31, 2017 as follows:

EUR	Development in pension commitment	
	+0.25%	-0.25%
Discount interest rate (initially 1.95%)	-414,811	444,615
Pension trend (initially 3.0%)	322,533	-305,535

The above sensitivity analyses of the essential valuation parameters were prepared by a method which extrapolates the effect of realistic changes in the principal assumptions as of the end of the year on the defined benefit obligation.

The mean duration of the defined benefit obligation as of the end of the reporting period was 22.20 years (previous year: 23.06 years).

30. Equity

The development in equity is evident from the statement of changes in consolidated equity. The dividend paid in 2017 amounted to EUR 1.16 per share (previous year: EUR 0.95 plus special distribution of EUR 1.85 per share).

Issued shares in circulation

The company's capital is divided into 3,976,568 shares each with a nominal value of EUR 1.00. All shares carry full voting and dividend rights. On average during the year, there were 3,976,568 shares in circulation (previous year: 3,976,568).

ATOSS Software AG shares held by board members

At the end of the reporting period, board members possessed the following holdings of ATOSS Software AG stock:

	12/31/2017	12/31/2016
Andreas F.J. Obereder	1,988,285	1,988,285
Peter Kirn	10,673	10,873
Total	1,998,958	1,999,158

The majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, holds 1,988,285 shares, representing 50.0000025 percent of the shares in ATOSS Software AG. His shares are held via the company AOB Invest GmbH of Grünwald, Germany, which is wholly owned by him.

Capital reserve

As of 12/31/2017, the capital reserve stood at EUR -661,338 (previous year: EUR -661,338).

The purpose of this reserve is to carry the premium achieved over and above the subscribed capital (share premium) in connection with a flotation or increase in capital, as well as to carry the amount achieved through the issue of convertible bonds for the purchase of shares (convertible bond premium). Due to losses incurred in the application of treasury shares in connection with the convertible bond program in 2012, the capital reserve showed a negative balance.

Equity deriving from unrealized profits/losses

Equity deriving from unrealized profits and losses was accounted for in the amount of EUR 1,975,435 (previous year: EUR 2,145,771) by the revaluation of defined benefit pension plans and the associated tax effects, and in the amount of EUR 190,959 (previous year: EUR 146,795) by the recognition in equity of losses on financial assets available for sale and their corresponding tax effects.

IV. Notes to the Consolidated Income Statement

31. Sales revenues

The sales revenues were composed as follows:

EUR	2017	2016
Licenses	12,681,849	11,205,908
Maintenance	19,887,779	18,100,871
Cloud	2,020,238	888,075
Total software	34,589,866	30,194,854
Consulting	14,712,266	13,378,907
Hardware	3,717,906	4,443,631
Miscellaneous	1,586,754	1,526,255
Total sales revenues	54,606,792	49,543,647

For long-term production orders, pursuant to IAS 11 the company realizes sales in accordance with the progress of each project. In other words, the revenues are realized in line with the degree of completion. The degree of completion is in turn calculated as the ratio of hours already worked to the expected number of hours required for implementation. A project schedule is prepared for each long-term order. Deferrals which include both amounts invoiced in advance for production orders as well as maintenance services are used to demarcate sales that will be implemented in subsequent periods and be realized at that time.

Overall in the financial year 2017, the amount of EUR 2,809,431 (previous year: EUR 2,079,486) deriving from production orders was realized as sales revenues. The costs of long-term production orders during the financial year amounted to EUR 1,787,741 (previous year: EUR 1,210,906). On 12/31/2017, as in the previous year, there were no profits from projects realized by the percentage of completion method and not yet billed.

The company has customers in all branches of industry, as well as in the public sector. In the financial years 2017 and 2016, no single customer accounted for a proportion of 10 percent or more of total sales.

The sales revenues were distributed between product groups as follows:

EUR	2017	2016
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	47,199,181	43,193,130
ATOSS Time Control (ATC)	7,407,611	6,350,517
Total	54,606,792	49,543,647

The geographic breakdown of sales revenues was as follows:

EUR	2017	2016
Domestic	45,760,921	40,991,588
Abroad	8,845,871	8,552,059
Of which Austria	4,431,520	4,272,222
Of which Switzerland	2,724,425	2,215,715
Of which other countries	1,689,926	2,064,122
Total	54,606,792	49,543,647

Sales revenues are attributed to individual countries dependent on the location of the invoice recipient.

32. Cost of sales

In addition to the material cost of goods bought for resale (hardware and other merchandise), the cost of sales also includes expenditure on external services as well as the personnel costs and overheads incurred in the provision of services by the consulting, services and support departments. Overheads included in the cost of sales essentially comprise rental, infrastructure, travel and motor vehicle costs. Overheads are generally apportioned per capita per department.

EUR	2017	2016
Material costs (goods for resale)	3,858,053	4,078,199
Material costs (external services)	266,826	190,772
Personnel costs	8,784,941	7,661,856
Scheduled depreciation of property, plant and equipment as well as intangible assets	218,352	207,158
Overheads	3,095,434	2,790,974
Total	16,223,606	14,928,959

33. Selling costs

The marketing costs include personnel costs and overheads attributable to marketing, as well as advertising costs recognized as an immediate expense. Overheads included in the cost of marketing essentially comprise rental, infrastructure, travel and motor vehicle costs. Overheads are generally apportioned per capita per department.

EUR	2017	2016
Marketing personnel costs	7,043,110	6,001,628
Scheduled depreciation of property, plant and equipment as well as intangible assets	150,139	123,011
Marketing overheads	1,659,761	1,104,625
Advertising costs	850,825	791,091
Total	9,703,835	8,020,355

34. Administration costs

Overheads included in the cost of administration essentially comprise rental, infrastructure, travel and motor vehicle costs. Overheads are generally apportioned per capita per department. The administrative costs were composed as follows:

EUR	2017	2016
Personnel costs	3,319,138	2,971,222
Scheduled depreciation of property, plant and equipment as well as intangible assets	64,777	60,614
Administration overheads	895,882	747,854
Total	4,279,797	3,779,690

35. Research and development costs

Overheads included in the cost of research and development essentially comprise rental, infrastructure, travel and motor vehicle costs. Overheads are generally apportioned per capita per department. The expenditure on research and development was composed as follows:

EUR	2017	2016
Research and development personnel costs	8,295,236	7,683,981
Scheduled depreciation of property, plant and equipment as well as intangible assets	319,407	317,191
Research and development overheads	1,646,033	1,487,312
Total	10,260,676	9,488,484

36. Personnel expenses

EUR	2017	2016
Wages and salaries	23,202,864	20,484,585
Social security contributions and expenditure on retirement pensions and welfare	4,239,561	3,834,102
of which expenditure on retirement pensions and welfare EUR 400,399 (previous year: EUR 255,039),		
Service costs EUR 340,927 (previous year: EUR 237,392)		
Total	27,442,426	24,318,687

37. Financial investment income and expenses

Financial investment income of EUR 56,453 (previous year: EUR 225,805) largely contains interest income from the investment of liquid funds (mainly pension funds) of EUR 53,435 (previous year: EUR 42,349). The figure for the previous year additionally included income from the write-up of gold holdings carried as other current financial assets in the amount of EUR 172,320.

In 2017, the company recorded financial expenses amounting to EUR 122,053 (previous year: EUR 117,234). This essentially concerned financial expenses in connection with pension provisions amounting to EUR 92,876 (previous year: EUR 97,043).

38. Other operating income and expenses

Other operating income essentially includes income from the liquidation of miscellaneous liabilities and provisions in the amount of EUR 76,685 (previous year: EUR 279,682) as well as income from exchange rate differentials in the amount of EUR 41,027 (previous year: EUR 27,541).

Other operating expenses essentially comprise the amount of EUR 156,491 (previous year: EUR 77,832) in connection with exchange rate differentials.

39. Tax charge / tax income

EUR	2017	2016
Current tax charge	4,746,446	4,233,006
Deferred taxes (see Note 24)	-15,819	166,022
Tax charge	4,730,627	4,399,028

V. Notes to the Consolidated Statement of Cash Flows

40. Cash flow from operating activities

Cash flow from operating activities for the period from 1/1/2017 to 12/31/2017 amounted to EUR 8,857,032 (previous year: EUR 12,239,711), EUR 3,382,679 lower than in the year before.

The cash flow from operating activities was boosted mainly by net earnings and the increase in miscellaneous liabilities arising from higher salary and commission liabilities. On the other hand, cash flow was mainly reduced as a result of the increase in trade receivables and higher tax prepayments. In the previous year, cash flow from operating activities was significantly influenced by higher advance payments relating to orders.

The average time to receipt in the financial year 2017 was 27 days (previous year: 28 days), and may once again be regarded as very low.

41. Cash flow from investment activities

Cash flow from investments for the period from 1/1/2017 to 12/31/2017 amounted to EUR -3,585,766 (previous year: EUR -4,116,903), representing an increase of EUR 531,137 over the year before. This resulted from expenditure on investments in fixed assets of EUR 1,484,055 (previous year: EUR 1,116,903) as well as disbursements for the investment in two investment funds totaling EUR 2,101,709 (previous year: EUR 3,000,000).

42. Cash flow from financing activities

The cash flow from financing activities for the period from 1/1/2017 to 12/31/2017 amounted to EUR -4,612,819 (previous year: EUR -11,134,390) and was therefore EUR 6,521,571 higher than in the year before. This resulted from the payment of a dividend of EUR 1.16 (previous year: EUR 0.95 + a special distribution of EUR 1.85).

VI. Other disclosures

43. Supervisory Board

The members of the Supervisory Board are:

Peter Kirn	Chairman, corporate consultant, Böblingen
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman, President of the Bund der Steuerzahler in Bayern e.V., Munich
Klaus Bauer	Supervisory and advisory board member, Nuremberg

In the past financial year, the members of the Supervisory Board held other supervisory board positions with the following companies:

Rolf Baron Vielhauer von Hohenhau	Europäischer Wirtschaftssenat e.V., Munich (Chairman of the supervisory board) Member of the Administrative Board of Stadtsparkasse Augsburg
Klaus Bauer	Schwanhäußer Industrie Holding GmbH & Co. KG, Heroldsberg Schwanhäußer Grundbesitz Holding GmbH & Co. KG, Heroldsberg

Mr. Peter Kirn held no other supervisory or similar board positions in the financial year under review.

The compensation paid to Supervisory Board members was composed as follows:

EUR	2017	2016
Peter Kirn		
Compensation pursuant to the Articles of Association	20,000	20,000
Attendance allowances	6,000	6,000
Total	26,000	26,000
EUR	2017	2016
Rolf Baron Vielhauer von Hohenhau		
Compensation pursuant to the Articles of Association	20,000	20,000
Attendance allowances	4,500	6,000
Total	24,500	26,000

EUR	2017	2016
Klaus Bauer		
Compensation pursuant to the Articles of Association	10,000	10,000
Attendance allowances	3,000	3,000
Total	13,000	13,000

In the financial year 2017, there were no payments made for consultancy work beyond the scope of Supervisory Board activities (previous year: EUR 0).

44. Management Board

The members of the Management Board are:

Andreas F.J. Obereder	Chief Executive Officer, businessman, Grünwald
Christof Leiber	Management Board member, lawyer, Munich

The compensation paid to the Management Board in the financial year was composed as follows:

EUR	2017	2016
Andreas F.J. Obereder		
Non-performance-related remuneration		
Salary	540,000	540,000
Miscellaneous	119,312	118,984
Performance-related remuneration		
Single-year profit-share payment	32,567	34,028
Multi-year profit-share payment	84,000	84,000
Overall remuneration	775,879	777,012

EUR	2017	2016
Christof Leiber		
Non-performance-related remuneration		
Salary	207,500	200,000
Miscellaneous	68,054	67,160
Performance-related remuneration		
Single-year profit-share payment	63,972	48,612
Multi-year profit-share payment	90,750	120,000
Overall remuneration	430,276	435,772

As a result of the extension of his contract effective January 1, 2014 for a further five years, the profit-share payment to the Chief Executive Officer, Mr. Andreas Obereder, includes entitlements for the achievement of single-year (40 percent) and pro rata multi-year targets (60 percent, three-year target-based profit share payment). Given that these entitlements are confirmed only after the financial year has ended, actual payments may deviate.

On the basis of the contract extended for a further years with effect from 4/1/2017 with Chief Financial Officer Mr. Christof Leiber, his profit-share payment includes entitlements for the achievement of single-year (40 percent) and pro rata multi-year targets (60 percent, three-year target-based profit-share payment). Given that these entitlements in respect of single-year targets are confirmed only after the financial year has ended, actual payments may differ from the calculated profit-share payment.

The multi-year profit-share payment entitlements for 2017 are calculated on the basis of the estimated achievement of targets for 3 years. Part-amounts are disbursed by way of advance payments. The actual multi-year profit share payment entitlement may vary dependent on the extent to which targets are achieved over the overall period from 2017 to 2019.

The miscellaneous amounts include insurance premiums paid by the company and the benefit in money's worth of other ancillary items such as the provision of company cars.

With regard to expenses incurred in 2017 for benefits after the retirement of the CEO, please refer to Notes 16 and 29.

As of 12/31/2017, there were provisions for liabilities to members of the Board of Management amounting to EUR 189,025 (previous year: EUR 345,589) in respect of variable remuneration elements not yet paid.

45. Business relations with closely related persons

The wife of the Chief Executive Officer provides services to the company. In 2017, the value of services provided amounted to EUR 3,016 (previous year: EUR 4,000). These are standard market terms.

On December 6, 2012, the majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, transferred 1,988,285 shares in ATOSS Software to the company AOB Invest GmbH of Grünwald, Germany, which is wholly owned by him. Accordingly, AOB Invest GmbH is the ultimate parent company of ATOSS Software AG.

With the exception of the existing contract between the company and Mr. Andreas F.J. Obereder and the contract newly entered into effective January 1, 2015, there were no reportable events during the financial year in the relationship between our company and AOB Invest GmbH (controlling company) and Mr. Andreas F.J. Obereder, nor with any company associated with AOB Invest GmbH (controlling company) or Mr. Andreas F.J. Obereder. The company is in no way disadvantaged by the aforementioned contract.

No further transactions took place in the 2017 reporting period with members of the Management or Supervisory Boards or other affiliated persons other than those specified in Note 43 (Supervisory Board) or Note 29 (Pension provisions), or above and beyond the existing employment relationships.

46. Employees

On 12/31/2017, the company had 417 employees (previous year: 367). The average number during the year stood at 397 (previous year: 357); excluding the Management Board, trainees and interns and temporary staff, the average number of employees was 375 (previous year: 337).

The quarterly average number of employees was as follows:

	2017	2016
Sales and marketing	67	60
Consulting	110	96
Development	163	151
Administration	57	50
Total	397	357
Of which trainees	6	7
Of which temporary staff and interns	14	11
Of which Management Board members	2	2

47. Auditors' fees

The following fees paid to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft Stuttgart, Munich branch, and associated companies for auditing, verification and valuation services were recognized as expenses:

EUR	2017	2016
Audit of the annual financial statements	79,080	65,440
Of which fee for DPR support	13,640	0
Total fees	79,080	65,440

No further payments were made to the auditors.

48. Financial commitments

The financial commitments relate to rental and leasing contracts.

The company leases its vehicle fleet, as well as copiers and servers from various leasing companies. The arrangements are classified as operating leases since essentially all risks and rewards associated with ownership remain with the lessor. In individual cases expiring leases may be extended. No provision is made for an option to buy at the end of the term. Pursuant to IAS 17.33, the lease payments are recognized over the relevant periods in linear fashion as expenses in the income statement. The lease contracts have an average term of between three and five years.

The company rents office premises at various locations.

The agreements also in some cases include price adjustment clauses on standard market terms.

The financial obligations in respect of rents and lease payments for the coming financial years are composed as follows:

EUR	Rents for premises	Other rents and lease payments
2018	1,198,204	1,006,609
2019 to 2021	4,342,664	1,239,099
post 2021	1,232,700	0
Total	6,773,568	2,245,708

The overall costs of all rental and lease agreements in the financial year 2017 amounted to EUR 1,711,893 (previous year: EUR 1,684,626).

49. Objectives and methods of managing financial risk

The company regards equity as an essential management parameter in guarding against economic, sector and company-specific risks. Therefore the company's financial strategy is directed towards maintaining a level of equity commensurate with such risks.

The Group manages its capital structure and makes adjustments in consideration of changes in the economic climate. In order to maintain or modify its capital structure, the Group can adjust its dividend payments to shareholders, or make a repayment of capital to the shareholders, or issue new shares. As of 12/31/2017 and 12/31/2016 no changes were made in the Group's objectives, policies or procedures. Further information on how the capital structure of the Group is managed is contained in the Management Report.

The principle financial liabilities of which the Group avails itself are trade accounts payable. The main purpose of these financial liabilities is to finance the business activities of the Group.

The Group has various financial assets at its disposal including for example trade accounts receivable, financial assets available for sale and cash and cash equivalents. The essential risks deriving from the financial assets comprise market, liquidity and credit risks.

The market risk in connection with financial assets available for sale is regarded as being of material significance. The market risk is namely the risk that the fair value of or cash flows from a financial instrument may fluctuate as a result of variations in market prices. The investments made by the Group in physical gold are susceptible to market price risks arising from uncertainties in the future development in the value of these financial instruments. The Group limits its exposure to market price risk by restricting the volumes allocated to individual forms of investment. Moreover, the company does not invest its available liquidity in speculative forms of investment. The Group's investment strategy is oriented towards preserving value and safeguarding against inflation in the long term. The Group management and Supervisory Board regularly receive reports on the development in financial assets available for sale. All decisions concerning investments in financial assets are reviewed and approved by the company management.

As of the reporting date, the risk associated with financial assets invested in investment funds amounted at fair value to EUR 5,067,521 (previous year: EUR 2,956,029). A fall of 25 percent in the market price of the investment fund as a consequence of changes in market conditions would impact Group earnings in the amount of EUR 0 (previous year: EUR 0) and equity in the amount of EUR 1,266,880 (previous year: EUR 739,007). The value of the fund investment is deemed to be impaired insofar as the fair value is 25 percent below cost, or remains below cost for 6 months without interruption. An increase of 25 percent in the value of the investment fund would simply affect equity, but not earnings.

In the case of financial assets invested in gold, the risk on the closing date amounted at fair value to EUR 1,876,455 (previous year: EUR 1,911,090). A fall of 10 percent in the gold price as a consequence of changes in market conditions would impact earnings in the amount of EUR -137,948 (previous year: EUR -140,572) and equity in the amount of EUR -175,221 (previous year: EUR -178,475). The value of gold is deemed to be impaired insofar as the fair value is 10 percent below cost, or remains below cost for 6 months without interruption. An increase of 10 percent in the value of gold would affect equity or earnings, dependent on whether an impairment had previously been recognized.

These disclosures relate to the current accounting system in accordance with IAS 39 and they may differ accordingly from 1/1/2018 (see 1) due to the first-time application of IFRS 9.

These sensitivity analyses each relate to the situation as of December 31, 2017.

The Group holds no derivative financial instruments. In accordance with internal policy, the Group did not engage in any trading in derivatives in the financial years 2017 or 2016, nor will it do so in future.

To manage these credit risks the Group enters into transactions exclusively with creditworthy third parties. All customers with whom the Group wishes to enter into credit-based transactions are subjected to credit checks. In addition the trade accounts receivable are permanently monitored with the result that the Group is not exposed to any significant risk of default. The maximum default risk is limited to the carrying value detailed in Note 21. In the case of the Group's other financial assets such as cash and cash equivalents, the maximum credit risk in the event of a counterparty default equates to the carrying value of these instruments.

In addition, in order to continuously monitor the risk of a liquidity shortage, the Group prepares liquidity forecasts with a fixed planning horizon of one year. The Group assesses the concentration of risk in connection with other financial assets as low. Receivables are due from customers in a variety of sectors, operating in independent markets. The Group also invests its available liquidity in various forms of investment such as gold, investment funds, capital investments with banks and insurance companies and fixed-term deposits.

50. Events after the closing date

There have been no reportable events of particular import subsequent to the balance sheet closing date.

51. German Corporate Governance Code

Governance Code Declaration. The full text of the declaration pursuant to Section 161 of the German Corporate Governance Code is available on the Internet at <https://www.atoss.com/en-gb/system/files/document/2018-02/ATOSS-Erklaerung-Unternehmensfuehrung-2017.pdf>. The Management Board and Supervisory Board issue an annual declaration of compliance with the German Corporate Governance Code and the recommendations it contains and report on this in the annual report.

52. Notifiable participating interests

On the basis of information received by the company pursuant to Sections 21 ff. of the German Securities Trading Act (WpHG) as of 12/31/2017, the notifiable participating interests in the company were as follows:

Effective April 10, 2002, Mrs. Ursula Obereder, Grünwald, registered a voting share of 6.5 percent of the company's nominal capital.

Since October 22, 2012, AOB Invest GmbH, Grünwald, has held a voting share of 50.0000025 percent of the company's nominal capital.

Since October 22, 2013, Investmentgesellschaft für langfristige Investoren TGV, Bonn, has held a voting share of 5.004 percent of the company's nominal capital.

Since December 16, 2014, MainFirst SICAV, Luxembourg, has held a voting share of 5.07 percent of the company's nominal capital.

In addition, in the financial year 2017, the company received the following notifications regarding changes in participating interests pursuant to Sections 21 ff. of the German Securities Trading Act:

On 4/27/2017, the proportion of voting rights held by Didner & Gerge Fonder AB, Uppsala, Sweden, exceeded the threshold of 3.0 percent of nominal capital and amounted at this time to 3.07 percent following the acquisition of shares.

The actual number of voting rights may deviate from the number listed as a result of interim, non-notifiable or unreported trading.

53. Adoption of the consolidated financial statements

The present annual financial statements were passed on 2/9/2018 by the Management Board and submitted to the Supervisory Board which may make alterations to the said statements up to and including the time of the Supervisory Board meeting to adopt the accounts on 3/6/2018.

54. Appropriation of net income

The Management and Supervisory Boards propose that the surplus net income reported by ATOSS Software AG, Munich, for the past financial year 2017 of EUR 10,088,044.25 should be used to pay a dividend of EUR 1.17 per dividend-bearing share.

The remainder of the net income will be carried forward to new account.

Munich, 2/9/2018



Andreas F.J. Obereder
Chief Executive Officer



Christof Leiber
Member of the Board of Management

Independent auditor's report

To ATOSS Software AG

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of ATOSS Software AG, Munich and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement for the fiscal year from 1 January 2017 to 31 December 2017 and the consolidated statement of changes in equity as at 31 December 2017 as well as the notes of the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of the group for the fiscal year from 1 January 2017 to 31 December 2017. In accordance with the German legal requirements, we have not audited the content of the declaration on the Corporate Governance Code contained in section 2. Financial basis of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the supplemental provisions of German law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code] and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2017 and of its financial performance for the fiscal year from 1 January 2017 to 31 December 2017 in compliance with German legally required accounting principles, and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the declaration on the Corporate Governance Code referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to

subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report” section of our auditor’s report. We are independent of the Group in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2017 to 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Revenue recognition

Reasons why the matter was determined to be a key audit matter

The ATOSS Software AG Group generates revenue from a number of service offerings. These include selling software licenses to end customers and resellers, rendering maintenance services and other services as well as long-term production contracts. In accordance with IAS 18, revenue for software sales is recognized when the license has been transferred to the customer, and revenue for maintenance and service agreements is recognized over the term of the agreement and calculated using the percentage of completion method.

Due to the wide range of services offered and the associated complexity of revenue recognition, there is a risk of incorrect recognition of revenue as regards the timing and the amount of the revenue recognized. As a result, revenue recognition is considered to be a key audit matter.

Auditor’s response

In the course of our audit, we examined the underlying business processes and controls. Furthermore, our audit procedures included reviewing significant contracts, obtaining external confirmations from customers and additional documentation regarding the respective services rendered. We also analyzed the interim transaction data for anomalies and in comparison to the prior year.

In addition, we reviewed the disclosures in the notes to the consolidated financial statements.

Our audit did not lead to any reservations concerning the recognition of revenue.

Reference to related disclosures

We refer to the disclosures in II. Accounting and Valuation Methods: 17. Recognition of sales revenues and income in the notes to the consolidated financial statements as well as the disclosures on revenue in IV. Notes to the Consolidated Income Statement: 31. Sales revenues in the notes to the consolidated financial statements with regard to the accounting policies applied for revenue recognition.

2. Transactions with related parties

Reasons why the matter was determined to be a key audit matter

The ATOSS Software AG Group is an organically growing group with a close relationship with the founder of the Company, who exercises indirect control of the Group. As a result of the close connections, there is a risk that transactions with related parties may not be recognized in full in the consolidated financial statements or that transactions are made with related parties that do not serve the purpose of the Company/Group. As a result, transactions with related parties are considered to be a key audit matter during our audit.

Auditor's response

We analyzed the journal entries to determine whether any transactions were made with related parties. Based on the evidence received, we assessed whether the services and assets purchased serve the purpose of the Company. We reviewed the confirmations from banks and lawyers for any indications of transactions with related parties.

We also examined the minutes of the annual general meeting and management board meetings for information on existing transactions with related parties. Furthermore, we assessed the processes and controls used to identify and evaluate the substance of transactions with related parties. In this context, we also reviewed the disclosures made by ATOSS Software AG's management board in the report on relationships with affiliates ("dependent company report") prepared in accordance with Sec. 312 AktG ["Aktengesetz": German Stock Corporation Act].

Our audit did not lead to any reservations concerning the completeness or substance of transactions with related parties.

Reference to related disclosures

We refer to the disclosures in VII. Other disclosures: 45. Business relations with closely related persons in the notes to the consolidated financial statements with regard to related parties.

Other information

The supervisory board is responsible for the report of supervisory board. In all other respects, the executive directors are responsible for the other information. The other information

comprises declaration on the Corporate Governance Code included in section 2. Financial basis of the group management report, the reference to the on the website published statement on corporate governance included in the same section of the group management report and the responsibility statement from the group's executives directors.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company;
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures;

- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the supplemental provisions of German law applicable pursuant to Sec. 315a (1) HGB;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions;
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with law, and the view of the Company's position it provides;
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 28 April 2017. We were engaged by the supervisory board on 5 May 2017. We have been the auditor of the Group without interruption since fiscal year 2003.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Ralf Bostedt.

Munich, 9 February 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

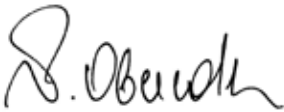
Bostedt
Wirtschaftsprüfer
[German Public Auditor]

Grünwald
Wirtschaftsprüferin
[German Public Auditor]

Declaration by the Legal Representatives

We hereby give an assurance to the best of our knowledge and belief that in accordance with the applicable reporting standards the consolidated annual financial statements and consolidated management report for ATOSS Software AG and the annual financial statements and management report for ATOSS Software AG, Munich, each convey an impression of the net asset, financial position and earnings situation of the Group and of ATOSS Software AG which accords with the true fact; and that the development in business including the results and the situation of the Group and of the company are so described in the consolidated management report and in the management report for ATOSS Software AG, Munich, as to convey an impression which likewise accords with the true facts; and that the essential opportunities and risks associated with the anticipated development of the Group and of ATOSS Software AG are so described.

Munich, February 9, 2018



Andreas F.J. Obereder
Chief Executive Officer



Christof Leiber
Member of the Board of Management

CORPORATE CALENDAR

January 31, 2018

Press release preliminary results 2017

March 9, 2018

Publication annual report 2017

March 9, 2018

Balance sheet press conference

April 23, 2018

Press release three months' statement

April 26, 2018

Annual general meeting

July 24, 2018

Press release six months' statement

August 10, 2018

Publication six months' statement

October 24, 2018

Press release nine months' statement

November 26 – 28, 2018

ATOSS at the German Equity Forum

IMPRINT

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PHOTOGRAPHY

ATOSS Software AG
Customers of ATOSS Software AG

Photos A30 Festival ©GORAN GAJANIN

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P. 64 THE WHISKEY FOUNDATION

P. 68/69 LIONS HEAD

P. 70 LIONS HEAD

P. 169 THE WHISKEY FOUNDATION

P. 13 Prof. Dr. Max Otte ©MARTIN BÜDENBENDER/KOMPLETT-MAGAZIN

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