2019

ATOSS

ATOSS|2019


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ATOSS

SHAPING TOMORROW'S WORKING ENVIRONMENTS

For businesses operating in the age of globalization, digital transformation and disruptive change, everything hinges on flexibility and productivity. The dynamic organizations of tomorrow need to be built upon agile personnel infrastructures, smooth processes, free scope and latitudes for staff. And it's crucial to be able to tap the potential of their valuable working time to the fullest extent. This is precisely where our strength lies. Today, ATOSS Workforce Management solutions are making significant contributions towards higher value creation and a sharper competitive edge for more than 8,000 customers. At the same time, we enable the implementation of employee-oriented working time concepts, ensuring greater job satisfaction. In more than 40 countries all over the world.

This is how our vision of a human economy is becoming reality. For the benefit of businesses, people and society at large.

CONSOLIDATED OVERVIEW AS PER IFRS

YEAR ON YEAR COMPARISON IN KEUR

	01/01/2019 –12/31/2019	PROPORTION OF TOTAL SALES	01/01/2018 –12/31/2018	PROPORTION OF TOTAL SALES	CHANGE 2019 TO 2018
TOTAL SALES	**71,392**	**100%**	**62,611**	**100%**	**14%**
SOFTWARE	46,532	65%	39,371	63%	18%
LICENSES	14,515	20%	13,333	21%	9%
MAINTENANCE	24,208	34%	21,866	35%	11%
CLOUD	7,810	11%	4,172	7%	87%
CONSULTING	19,546	28%	17,734	28%	10%
HARDWARE	3,683	5%	4,082	7%	-10%
OTHERS	1,630	2%	1,423	2%	15%
EBITDA(1)	22,506	32%	17,994	29%	25%
EBIT	**19,297**	**27%**	**16,917**	**27%**	**14%**
EBT	19,912	28%	16,789	27%	19%
NET PROFIT	**13,519**	**19%**	**11,194**	**18%**	**21%**
CASH FLOW(2)	15,267	21%	12,219	20%	25%
LIQUIDITY(3/4)	30,363		33,312		-9%
EPS IN EURO	3.40		2.81		21%
EMPLOYEES(5)	503		465		8%

QUAERTERLY COMPARISON IN KEUR

	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
TOTAL SALES	**19,708**	**17,751**	**16,998**	**16,935**	**17,258**
SOFTWARE	13,090	11,428	11,168	10,846	10,984
LICENSES	4,499	3,266	3,369	3,381	4,043
MAINTENANCE	6,236	6,092	5,976	5,903	5,654
CLOUD	2,355	2,068	1,824	1,563	1,287
CONSULTING	5,149	4,990	4,495	4,913	4,853
HARDWARE	1,004	935	967	777	1,124
OTHERS	465	399	367	399	297
EBITDA(1)	6,779	5,589	5,272	4,866	5,252
EBIT	**5,846**	**4,793**	**4,054**	**4,604**	**4,870**
EBIT-MARGIN	30%	27%	24%	27%	28%
EBT	5,820	5,007	4,223	4,862	4,898
NET PROFIT	**4,403**	**3,213**	**2,720**	**3,183**	**3,176**
CASH FLOW(2)	907	5,873	1,271	7,216	-719
LIQUIDITY(3/4)	30,363	30,361	25,108	40,298	33,312
EPS IN EURO	1.11	0.81	0.68	0.80	0.80
EMPLOYEES(5)	503	508	484	474	465

(1) For the first time, from 01/01/2019 the accounting standard IFRS 16, which also influences the EBITDA of 2019, must be taken into account. EBITDA of 2019 adjusted for IFRS 16 amounts to kEUR 20,292 (previous year: kEUR 17,994) | (2) Due to the first application of the new IFRS 16 as of 01/01/2019, operating cash flow rose and cash flow from financing activities declined by kEUR 2,215
(3) Cash and cash equivalents, other current and non-current financial assets (sight deposits, gold) as of the qualifying date, adjusted to exclude borrowings (loans) | (4) Dividend of EUR 4.00 per share on 05/06/2019 (kEUR 15,906) and dividend of EUR 1.17 per share on 05/02/2018 (kEUR 4,653) | (5) At the end of the quarter/year

DEVELOPMENT OVER 14 RECORD YEARS

2006 to 2019

+250 %
TOTAL SALES

+505 %
SOFTWARE LICENSES SALES

+294 %
CONSULTING SALES

+194 %
INVESTMENTS IN R&D

+3,329 %
EBIT

+2,733 %
EARNINGS PER SHARE

+5,465
NEW CUSTOMERS


HIGHRISEONE

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> "In five to ten years' time, anyone that thinks they can compete on the market armed with just analog processes will find it tough going.

NOW IS THE TIME TO PREPARE

Florin Marton, Salem University, in conversation with
Andreas F.J. Obereder, ATOSS CEO and Founder

Mr. Obereder, before we turn to ATOSS, let's take a look back over the decade just elapsed. What's changed?
The irrational phenomenon of populism is one new aspect. Donald Trump peddles a story that he could have shot someone dead on Fifth Avenue and still won the election. Boris Johnson can break promises and bend the truth however he likes and still bring home a Tory landslide. These are just a few examples of what's possible in the almighty tech and media world we live in today. All this would have been scarcely imaginable ten years ago. Just like how we've become a multi-optional society, where everyone now has a supposedly infinite number of options and choices for just about anything. And uncertainty and risks have increased tremendously. New crises are erupting at regular intervals, from China and the Middle East through to global challenges such as climate change, which can no longer be simply explained away. This is making people jittery and fueling their search for a sense of direction.

That sounds suspiciously like a new crisis to me. Haven't we just recovered from the last one?
I don't think so. As yet there are no signs of a lasting "cure" being found for the economy, or the mistakes that sparked the 2008/2009 crisis being fixed. Clinging to a zero-interest-rate policy is throwing a harsh light on the lack of alternative options, making it clear that the worldwide economic crisis isn't over yet.

But we're doing pretty well overall, aren't we?
Most definitely. In fact, many companies are doing better than ever. And Central Europe, at least, has been spared the effects of major crises so far. At the same time, the onward march of digitization and the latest technology developments are opening up undreamed-of opportunities. At times, though, this is clouding our view of the changes that'll be needed to stay successful in the long run. NOW we have the once-in-a-lifetime chance to get ourselves ready from a comfortable position. That's particularly true for Germany. According to the latest figures from the ifo Institute in Munich, Germany generated a current account surplus of EUR 262 billion in 2019, the highest in the world yet again. The resources to make the necessary changes are in place. All market players should make serious use of them so that they can survive any prolonged lean periods that might lie ahead. "Now is the time to prepare" is the mindset to adopt.

Where do you think companies need to act?
Just look at how far digitization has advanced in the business arena. Europe[1] still has a huge amount of catching up to do. It's particularly obvious if you take Germany – still the world's fourth-strongest economy – but it's only the twelfth-best in Europe in terms of digitization. In five to ten years' time, anyone that thinks they can compete on the market armed with just analog processes will find it tough going. The changes are simply far too radical and happening much too quickly.

What are the implications for top management?
Ten years ago, firms still had a manageable number of goals to focus on. Nowadays, top managers have to be stellar performers. Able to juggle a lot of topics and issues at the same

[1] European Commission | Digital Economy and Society Index – DESI 2019

time! You simply can't do that any more without the full online transparency you get from digital processes.

One of these challenges is undoubtedly the "war for talent" – what's your take on that?
The skills shortage has been a major challenge for companies for a long time now. But these days it's being compounded by the phenomenon of the multi-optional society. It means employers have the tricky task of offering staff a stimulating working environment and securing their long-term loyalty with meaningful career prospects in a world of multifarious options and frequent fast-paced change. Today, recruitment and staff loyalty have become a top management priority.

How can ATOSS help companies?
In the "war for talent", it helps if you stand out from the crowd by integrating your staff well in your workforce management processes. Being able to deploy them with great flexibility – managed via mobile apps – is also a bonus. In both respects, we offer solutions that can generate major strategic benefits. For instance, our solution enabled a major German hospital to cut its sickness rate by 2.5 percentage points and significantly reduce staff turnover, all thanks to greater employee satisfaction.

What has ATOSS learned in the "war for talent"?
For us too, recruiting the right people is a key growth driver and something our entire top management team is focusing on. We join forces in our search for the most talented individuals so we can build the best teams – the more varied and diverse, the better. Here are some examples of how we've actively lived diversity: 42 percent of our staff are female, which is above average for the IT industry, and we have a multi-generational workforce, with people hailing from 21 different countries, all of whom are working together to achieve our vision in a spirit of mutual trust and respect. As CEO, I'm particularly delighted that we were certified as a "Top Employer Germany" earlier this year.

Nowadays, top managers have to be stellar performers. Able to juggle a lot of topics and issues at the same time!

You're calling for more digitization – but aren't issues like automation and robotics threatening your business model? After all, your software is used to plan and schedule people, not robots.

In Europe, the opposite is true. In Germany, for instance, there are now some three million fewer people working in the manufacturing industry than in the early '90s. This is all down to the automation that you mention and to production and logistics processes being controlled and connected up more smartly – Industry 4.0, in other words. In the same period, however, nearly ten million new jobs have been created in the service sector. What we're actually seeing, in fact, is the transformation towards a service society. Some 75 percent of Germany's entire working population is already employed in this sector, while in the USA it's nearly 90 percent. That shows you how far things could still go.

Does that mean Europe won't be manufacturing anything at all in the future?

No, I don't think that will be the case. Rather, I believe that advancing automation will soon mean low-wage countries will lose their competitive edge for some goods as they'll be competing with fully automated production lines. In the USA, for example, they've just unveiled the Sewbot – a sewing robot that can produce T-shirts faster and more cheaply than any worker in a low-wage country. If trends like these continue, production facilities could be brought back to where the end customers are. Back to Europe, for instance.

How can your workforce management suites contribute to the digitization that's being called for?

Our solution used to be about supporting the admin side of managing and calculating working times. Today, that's merely the platform on which we build high-performance algorithms with data on companies, employee requests and statutory frameworks. The result is an accurate forecast of personnel requirements and optimized planning aligned with that forecast. The quality of this planning allows companies to endow their workforce with greater flexibility. And this flexibility is urgently needed nowadays if staff are to be deployed with pinpoint accuracy to cope with all the fluctuating demands of business models.

What impact does that actually have in real life?

Making the best possible use of the available workforce is strategically important to any company these days. Personnel costs can be trimmed, while revenue and service levels go up. Our customer RITTER SPORT, for instance, has improved its processes, planning quality and transparency thanks to our solution. This has increased the productive working time of flexible staff by four percent. Companies can no longer afford to do without such benefits in this day and age. This value added – which can directly boost EBIT by tens of millions every year – means that our solutions deliver very rapid ROI. In our projects, this usually comes within nine to twelve months. We've proven this thousands of times in all industries.

In your experience, which sectors benefit particularly from digital workforce management?

Although the issue is relevant across the board, the effects can be especially positive in employment-intensive sectors that experience sharp demand fluctuations. In retail, for instance, where customers like EDEKA, ALDI SÜD, ROSSMANN and HORNBACH rely on our solution. But we've also been able to deliver significant benefits in logistics, manufacturing and the service sector, working with customers including Lufthansa, Deutsche Bahn, WISAG, thyssenkrupp Packaging Steel and HUK-COBURG. I'm particularly pleased that we also managed to win City of Munich – Germany's largest municipal employer – as a customer this year. There's tangible added value to be generated in the public sector too.

That sounds like a lot of big players in the business arena. So what's the situation with SMEs and smaller companies?

The issue is just as important for them. New laws and regulations such as the GDPR and the ruling by the European Court of

> Making the best possible use of the available workforce is strategically important these days. Companies can no longer afford not to do it.

Justice mandating working time recording are increasing the need to invest in digital time and attendance management. So ATOSS offers solutions for companies with workforces of between two and 200,000. Our cloud-based solution Crewmeister is just perfect for micro-enterprises or individual departments of larger business units. Downloaded off the Internet in 60 seconds, set up in 15 minutes, and you're up and running in a flash. Users can record times, manage holidays and plan their personnel deployment. We gained well over 1,000 new customers in this segment last year alone.

To what extent are compliance issues affecting your business?
No doubt about it, these are important issues – for companies as well as governance bodies. New laws and lists of potential punishments are making workforce management ever more complex. That's the case both internationally, like with the ECJ ruling I've just mentioned, and at country level, such as with the WAB Act, which came into force in the Netherlands at the start of the year. Although the issue is an important hygiene factor, as it helps companies avoid legal action, it doesn't generate any strategic benefits. For us, it lays the foundations required to answer the really exciting questions – for instance about demand-driven workforce management – together with our customers.

Let's take a look back, Mr. Obereder. Has ATOSS had the right answers for its customers over the past ten years?
Yes, I do think we brought the right solutions to market. Our share price is a good benchmark here. We've currently hit an all-time high of around EUR 150. That's a rise of more than 1,100 percent in just ten years. I don't really know of any other share that can boast that kind of performance. So we can look back with a great deal of satisfaction on the past decade, which was one of continuous success for us and all our stakeholders.

And you're probably satisfied with how last year went too...
Yes, absolutely. Building on what was already a very good 2018, 2019 was undoubtedly an outstanding year in our series of 14 record-breaking years in a row. We acquired some 1,500 new customers, received 42 percent more orders for software licenses and upped sales by 14 percent – and cloud solutions skyrocketed by as much as 87 percent.

These are – once again – some hefty figures. What's your formula for this long term success?
We've been working solidly on one single area for three decades now. This focus and continuity are key to our ability to offer outstanding solutions as a specialist provider – solutions that are more in demand now than ever before. Our people's expertise, leading-edge technologies and our innovative prowess are crucial elements of this success. Year in, year out, we invest 20 percent of our revenue in further technology developments. All in all, that comes to well over EUR 120 million. Investing on this scale positions ATOSS as the clear number one among European workforce management providers – as the EU has just re-confirmed in its annual "EU Industrial R&D Investment Scoreboard". I'm especially pleased for my team that we won awards from two renowned business journals last year. We're currently eleventh out of 3,500 companies in the SME rankings run by Handelsblatt and Munich Strategy Group. And Wirtschafts-Woche put ATOSS seventh on its list of digital SME pioneers in Germany.

What issues are on ATOSS's agenda at the moment?
We're giving the company an increasingly international focus so that we can provide an even better service to customers all over the world. It's an issue we've been working on for many years, and a reason why our solutions can already be found in over 40 countries around the globe. The US company W.L. Gore, for instance, has successfully deployed the ATOSS solution in 29 countries. SHELL uses our solution to manage its gas stations in the Netherlands and FedEx its logistics in Poland, while Fressnapf is gradually rolling our Retail Solution out to its stores in a total of ten countries. All these customers chose ATOSS

because we're the only ones – and I do mean the only ones – who can cover all local laws and regulations with our standard system. Our customers benefit from a central solution that complies with all local legislation. In particular, the specifically European perspective on cross-border issues such as working time recording and data protection will offer great potential for a pan-European internationalization strategy in the years to come. Laws and regulations such as GDPR and the ECJ ruling are already cross-border in nature – so international solutions are becoming increasingly important for companies.

How will you ensure that ATOSS can continue to field a strong portfolio in the future?
We will be consistently expanding our investments in developing and refining our technologies. User experience is and will remain very important. And then there are new areas such as the use of artificial intelligence, the shift away from desktop PCs to tablets and smartphones and the integration of smart bots. We will also be further strengthening strategic partnerships like the one we have with SAP, by consistently enhancing integration between solutions, providing users with a seamless working environment. The transformation in the cloud is a major technological issue that we have been tackling for years now. This not only calls for new technologies, but demands changes across the entire company. Although we're still generating more revenue in the on premises segment overall, more than half our new customers are already opting for our cloud solutions. This trend is set to continue, and we're going to be well prepared.

Mr. Obereder, would you please venture a forecast as a basis for our conversation in 2030. Is ATOSS equally well positioned for the next decade with its digital workforce management?
Yes, because the battle for skills and the best minds is expected to get fiercer, so highly flexible work approaches will need expedient systems. I'm already looking forward to reviewing this forecast in 2030!

FLORIN MARTON
is the Director of International Affairs at Salem University, in West Virginia, USA. From this position he connected the "Country Roads" of West Virginia with the "Highways of the World". Mr. Marton earned his Master's degree in Engineering from the Polytechnic University of Timisoara in his native Romania.

BEST PRACTICES

ATOSS TEAM | **SEBASTIAN** Director Manufacturing

> Continuous, ongoing process optimization is an absolute must in today's fast-paced, strongly seasonal retail business. Digital workforce management holds such tremendous potential for us that we will be achieving the return on investment within the shortest period of time.

JÖRG FUNKE
Managing Director
BUTLERS

A WORLD BURSTING WITH IDEAS

The **BUTLERS** lifestyle brand has become a firm favorite among the 40 million people who walk through its doors every year. With 800 staff, 120 stores in Germany and overseas, an online shop and whole worlds of inspiring decor to explore, the cross-channel retailer has something to brighten up every home. The brand, whose motto translates as “finding happiness in beauty,” has already won multiple awards for its online and offline concept centered on hospitality. The success of the BUTLERS brand is built on innovative strength, quality at the best possible price and sustainable management – and this includes the consistent optimizing of its business processes. After analyzing the management of working time and holidays, the company realized it could save itself a six-figure sum every year: Such a handsome return on investment made the workforce management project a no-brainer. The ATOSS Retail Solution was rolled out smoothly across the 85 German and Austrian stores in under 30 days, which included managing country-specific collective agreements. BUTLERS had picked five modules: Workplace Time Recording, Time and Attendance Management, Workforce Scheduling, Task Management and the Staff Center. The aim is to minimize the amount of admin that working time generates across the company, introduce qualifying periods for leave into the sales teams and ensure that there are enough staff on the shop floor at all times. The solution is also designed to enable the 200 or so temporary workers taken on over Christmas to be managed flexibly. Working times are transmitted seamlessly and error-free to the DATEV payroll accounting system, while current figures can be compared against target values at the touch of a button. All requests, such as changes to holidays or working times are now handled digitally. The intuitive Staff Center gives employees transparent access to all their personal information, such as working hour balances and duty plans, at any time of the day or night. Task Management sends out an automatic warning if someone forgets to book working time or is at risk of exceeding their ten-hour limit, making life a lot easier for HR and line managers. The company's head office intends to use the Planning Quality module to review the deployment of staff in each store and fine-tune the process over the long term, with the solution already slated for launch in Switzerland. In this way, BUTLERS is giving itself the necessary scope to focus on what really matters – inspiring its customers and wowing them with creative ideas for their homes.

> We want to offer our customers truly exceptional shopping experiences. Our workforce management solution supports us in organizing daily business in such a manner that our service quality will always be just as unique as our product range – now and in future.

LARS BRAUN
Managing Director
BRAUN Hamburg

HOUSE OF LUXURY

ATOSS CUSTOMER **BRAUN HAMBURG**

BRAUN Hamburg: over 120 designer and luxury labels, exceptional customer service and three stylish stores in prime city locations. The premium menswear retailer employs 120 highly qualified staff and is one of Hamburg's long-established companies with truly venerable traditions. At the same time, BRAUN Hamburg is also pursuing an expansionary multi-channel strategy through its online shop and is now delivering to over 30 countries around the world. Uniqueness has been the key to success for the family-run company, which has virtually no equal in Germany or the rest of Europe. BRAUN Hamburg prides itself on its exclusive range, impeccable advice and in-house tailor's studio. The company decided to introduce a digital workforce management solution in order to maintain its high service quality over the long term. The brief was clear: to achieve transparency and efficiency in working time and a flexible, cost-effective HR system in day-to-day business. The cloud-based ATOSS Time Control with an interface to the DATEV payroll accounting system met expectations across the board. Staff now record working times using their fingerprint and cutting-edge terminals from our partner Datafox. Actual working times and absences due to annual or sick leave can be seen in real time, enabling store managers to manage personnel flexibly in response to the business's service demands. Self services allow staff to get an overview of their personal time data and duty plans at all times, while management can access standard evaluations such as absence statistics and personnel cost trends all in the same place at the touch of a button. These state-of-the-art working arrangements and the company-wide transparency are laying the ideal foundations for the next chapter of a unique success story. Because standing still has never been an option at BRAUN Hamburg.


FRESSN

CUSTOMER FOCUS KNOWS NO BORDERS

ATOSS CUSTOMER **FRESSNAPF HOLDING SE**

Happier pets, happier people. This mission statement is what guides **Fressnapf Group,** the European market leader in pet supplies. Headquartered in Krefeld and operating in eleven European countries, the group employs over 12,000 members of staff. More than 1,600 modern outlets of varying sizes from Denmark to Italy form a comprehensive network for animal lovers and pet owners. Cloud-based ATOSS Workforce Management helps ensure that customers always get the best possible service and expert advice – both in the firm's home market and across Europe. The major project was first launched in Germany. Back in 2015, Fressnapf decided to introduce the ATOSS Retail Solution for the 1,300 staff at its 200 stores, covering everything from Time and Attendance Management and Workforce Forecasting to Automatic Duty Plan. Store managers were impressed from the outset by the functionality, modern interactive design and sleek layout of this web-based industry solution. They now generate demand-based, customer-centric schedules based on contracted hours, qualifications, sales volumes and size of receipts without losing sight of regulations and labor agreements. Traffic light functions and warning notices simplify planning and scheduling while ensuring compliance with rules and regulations. Regional sales managers and the HR department now get all the information they need at the touch of a button. No fewer than 80 franchise partner outlets are relying on digital workforce scheduling as well. The success in Germany has prompted a rollout to the rest of Europe: Once the international project is complete, the ATOSS solution will be scheduling and managing some 8,000 of the company's own employees in their native language in line with footfall in the stores. And work is progressing rapidly. After the solution was rolled out successfully to 138 stores in Austria, 55 in Switzerland and 46 in Belgium, around 100 outlets in Poland and Hungary went fully operational with it in early 2020. Next up are Ireland and Italy. In the Fressnapf Group, customer and service focus truly extends across all borders. Just like ATOSS Workforce Management from the cloud.

Company-wide transparency, less administration and a sustainable personnel organization – workforce management supports our business on many levels.

PAULINE VAN DEN IJSSEL-LEHNARDT
HR Manager
NL Diffusion B.V.

THE WORLD OF FASHION

Life is a beautiful sport. This is the **LACOSTE** spirit in a nutshell. Across the world, two products from the premium casualwear brand are sold every second on average. In addition to women's, men's and children's collections, the brand range also includes exclusive accessories, perfumes, shoes and eyewear. Customer satisfaction and outstanding shopping experiences are of utmost priority for LACOSTE. And ATOSS Workforce Management helps the company deliver on this promise. Take the Netherlands, for example, where joint venture partner **NL Diffusion** distributes the products with their famous crocodile logo. The company is responsible for the entire Benelux region and has LACOSTE stores in prime locations such as the Rokin in central Amsterdam. ATOSS Retail Solution is used to manage 140 employees in seven mono-brand boutiques and two outlets. Digital planning is all about aligning personnel deployment consistently with footfall, avoiding costly under- and over-staffing and providing top notch service – day in, day out. Staff qualifications such as operating the cash desk, holding store keys or having special knowledge for certain product groups are shown clearly in the system. All laws and working time regulations have been mapped in the standard system and are automatically taken into account when planning and scheduling employees. Following the successful project in the Netherlands, the rollout in Belgium is already on the agenda at BL Diffusion – three LACOSTE boutiques and one outlet will also benefit from digital workforce management in the near future.

In addition, LACOSTE has been working with ATOSS Retail Solution in Germany, Austria and Switzerland for several years now, with the working hours of some 500 employees being planned and managed in line with customer and service needs across 40 boutiques and 16 outlets. All the time data is pooled at headquarters in France, ready to be evaluated by the central human resources management team. We are looking forward to further projects all around the globe.

Workforce management is certainly en vogue. Numerous brands such as Benetton, Escada, Holy Fashion Group, Marc Cain, Mustang, Tommy Hilfiger Europe, s.Oliver and Wolford are also relying on ATOSS solutions. On premises or in the cloud.

TOP QUALITY, TOP VALUE

FISHBULL is guaranteed to make any DIY enthusiast's pulse race a little faster. With some 275 "Sonderpreis Baumarkt" stores and an online shop, the discount tool seller markets everyday consumer products at rock-bottom prices – from screws, nails and disks for cutting, grinding and sanding right through to paints, lubricants and products for home, garden, car and hobbies. And the company is clearly on the right track, with around 30 new stores opening their doors every year. In the course of introducing SAP HANA, the tool expert decided to put professional time and attendance management in place for its 1,500 staff – thereby creating one consistent system landscape. After running a process analysis and identifying huge saving potentials in administration, the company wasted no time in opting for the cloud-based ATOSS Retail Solution. And speed was the order of the day in the implementation too. Twenty stores were integrated into the solution every week, meaning that working time management was soon fully up and running at over 120 of the company's own stores. All DIY store employees now clock in and out on Datafox terminals and use the mobile app to correct their working times or request holidays. Store managers and administrative staff have been kitted out with access to the Staff Center for this purpose. Task Management triggers proactive warnings if someone forgets a time stamp, is about to hit their working hours limit or needs to correct their times. The project has already delivered one impressive result: Simply switching to digital workflows has saved several thousand hours' worth of work. Next up is the introduction of an interface to the SAP payroll system and the Workforce Scheduling module. Store managers will soon enjoy demand and cost-optimized workforce scheduling and look forward to an enhanced planning quality. This is because laws, collective agreements, working time balances and qualifications will be automatically taken into account in the future. So it is hardly surprising that thoughts have already turned to integrating franchise stores into the setup too. With ATOSS Workforce Management, FISHBULL has picked just the right tool for the job.

For us, implementing our new premium logic in our picking department has been like winning the lottery. The results have exceeded all our expectations. We now have greater transparency, higher productivity – and a more pleasant atmosphere at work on top! A genuinely successful project.

MICHAEL GIESER
Head of Human Resources
WASGAU

IN THE SPOTLIGHT AND BEHIND THE SCENES

WASGAU embodies home-grown quality. Operating 75 supermarkets and hypermarkets and six wholesale markets, the company has its roots in Saarland and Rhineland-Palatinate and supplies its customers with fresh regional produce. In order to maintain top-notch quality standards in production, the store business and logistics over the long term, WASGAU decided in 2015 to introduce company-wide workforce management in the shape of the ATOSS Retail Solution. Some 3,800 staff were integrated into the solution, starting with the stores and wholesale markets and followed by the production sites for baked goods and meat and the logistics facility in Pirmasens. Employees are now planned and managed digitally in both the foreground and the background. WASGAU needs exceptional flexibility in its logistics operations if it is to provide fresh produce to its stores on a continuous basis. Consequently, all the manual processes along the value chain are constantly being scrutinized and optimized, such as in the picking department in Pirmasens, where up to 120,000 packages are made up every day during peak times. A time- and performance-based premium system for the 70 pickers has replaced its previous REFA-based counterpart. The ATOSS solution automatically calculates a premium hourly rate based on the number of packages picked by staff – and factors in non-productive time as well. A mouse click is all that is needed for the ERP system to provide the necessary underlying data, such as hours worked in each performance range and the number of packages picked per employee per month. The resulting performance indicators are then converted into premium bands, taking account of set thresholds. The project has been a great success for the management: greater staff satisfaction thanks to a fairer and more transparent performance-based system, increased productivity without any negative cost impact, and a marked reduction in overtime paid at higher rates. The next step will see the company's vehicle fleet integrated into the digital time and attendance management setup – the final part of the business to be covered. Quality and reliability are WASGAU's number one guiding principle – and that goes for its workforce management too.


PLANZER

EMPLOYEES JUST-IN-TIME

With 1,900 vehicles and 1,040,000 square meters of warehouse space, **Planzer** is a leading family-owned logistics service provider based in Switzerland. Its 5,300 staff at 59 Swiss and nine international sites supply high-quality transport and warehousing logistics services – plus, for just over a year now, they are handling parcel delivery too. The family-run company has relied on the ATOSS Logistics Solution for its workforce management for several years. Back when it was introduced, the main aim was to successfully replace the existing working time management software, which a growing headcount had pushed to the limits of its capabilities, and to bring in software-based workforce scheduling further down the line. The decentralized nature of Planzer's profit center structure posed various challenges, all of which were easily overcome thanks to the flexibility of the ATOSS software. As well as recording working time, the system allows office and logistics center employees to request absences electronically. The ATOSS solution is also used to plan staff deployment in the major logistics centers while taking laws, collective agreements and individual qualifications into account. Both working time management data and calculated provisions are transmitted automatically to SAP's payroll module via standardized interfaces, whereas absences are sent to a third-party system for sickness allowances to be calculated – again automatically. The management can also access all working time information centrally in order to run evaluations and analyses. In addition, the solution helps the company plan and calculate the costs for some 500 temporary employees under staff leasing arrangements, thereby creating the extra flexibility required in the fast-moving logistics market without generating too much admin. Planzer's German sites have now moved over to digital workforce management too. But the company has no plans to stop there: Next on the agenda is the introduction of the intuitive Staff Center, which will give staff an even handier way to manage their working times and absences. And it goes without saying that our solution speaks all of Switzerland's national languages! As required, managers are additionally equipped with the ATOSS App – for time and attendance management any time and anywhere in the world. The result in a nutshell is even more efficiency, transparency and satisfaction at all levels.

We operate in a dynamic, fast-lane market and are tasked with rapid response to demand fluctuations with staff holding the right qualifications. Our workforce management solution provides us with the necessary flexibility and transparency in personnel deployment.

CHRISTINA MAKOWSKI
Manager Performance Measurement & Support
DB Schenker

MANAGING COMPLEXITY

DB Schenker is the world's leading global logistics provider – supporting industry and commerce in the global exchange of goods via land transport, worldwide air and ocean freight, contract logistics and supply chain management. For the latter two areas, DB Schenker in Germany has been relying on ATOSS Workforce Management to optimize its highly complex duty schedules and enable flexible personnel deployment. With digitizing qualifications management and the shift planning process being the key objectives, all relevant planning data has to be integrated – from staffing levels and availability through to qualification profiles. Besides the pilot site in Leipzig with 1,200 employees, the ATOSS solution has also been launched at five other sites employing 2,300 staff. The rollout to more locations is currently in the project planning stages. One particular challenge facing DB Schenker is how to manage several thousand qualifications in most diverse combinations – all depending on the individual project. All this is no real challenge for our Enterprise Solution: As well as laws, collective and company agreements and specific regulations, the qualifications required for each workplace are also incorporated in the planning. For instance, compliance with air safety legislation is the top priority at one current implementation site, that of a well-known aircraft manufacturer. The resulting qualifications and certifications then form the basis for planning duty schedules. To have all the relevant information on workforce scheduling at its fingertips, DB Schenker opted for the module Flexible Assignment Plan, combined with Qualification Management and Further Training Management from ATOSS. Warnings of potential breaches of the law during the planning process and proactive notification of qualifications about to expire make life much easier for planners. The user interaction is set to be expanded further to enable the works council to approve duty schedules via the Workflow Management module in the future.

ATOSS solutions have been ensuring greater efficiency in personnel deployment at Deutsche Bahn for more than 25 years. Our Enterprise Solution currently schedules and manages more than 120,000 employees across some 60 group companies. And the numbers are steadily increasing.

Our new workforce management solution is effective on many levels.
It helps us efficiently bring modern working time strategies into day-to-day operations and manage our staff on the production lines more flexibly.

MARKUS LÖW
Head of HR Services
ebm-papst

MADE IN GERMANY

ATOSS CUSTOMER **EBM-PAPST**

A global leader in innovative fans and motors, **ebm-papst** has the ideal solution to virtually any air technology or drive engineering challenge, with products ranging from household appliances and automotive components through to industrial ventilation technology. Even though the family business now boasts 28 production facilities and some 15,000 staff worldwide, the genius of its engineering prowess still flows from its three central sites in Germany. ebm-papst opted for digital workforce management as part of a continuous process to optimize its resources. The project was geared toward making production and HR processes even more efficient and flexible and getting staff actively involved in time and attendance management. The ATOSS Enterprise Solution has now been rolled out to 3,700 blue- and white-collar employees at the company's Mulfingen site. White-collar staff are also using the intuitive Staff Center to record their working time, correct times already entered and request holidays, ensuring that their working time account is always transparent. Automated workflows for holiday requests and corrections to time entries are now placing much less of an administrative burden on the workforce and management. Meanwhile, planners are also using the ATOSS solution to schedule some 2,200 production staff, taking account of the applicable laws, collective agreements, working time accounts and qualifications right from the planning stage. Proactive warnings indicate potential rule breaches and training needs when qualifications are due to expire. The result is a legally watertight manufacturing process, less planning input and improved planning quality at the same time. The next step will see the ATOSS solution introduced for around 3,000 staff in Hungary. This is truly workforce management across all borders.

We were won over by how seamlessly our new workforce management solution was integrated into our existing HR IT setup and how autonomously the system can be administrated.

CHRISTIAN KURRAY
Head of Pay & Time
HENSOLDT

DIGITAL HR

HENSOLDT is a technology and innovation pioneer in the area of defense and security electronics. With its headquarters in Taufkirchen near Munich and 25 other sites in Germany and overseas, the company ranks as the world's leading provider of premium sensors. HENSOLDT chose to introduce cloud-based workforce management for its over 4,000 staff as part of an extensive HR digitization project and was won over by the browser-based high-end technology, comprehensive features and functionalities, as well as the innovative self services in the ATOSS Staff Efficiency Suite. After all, individual responsibility, fairness and transparency in the organization of working time are important values at HENSOLDT. The intuitive Staff Center will allow employees to have all the information and processes relating to their working time at their fingertips in the future. Task Management automatically triggers proactive warnings, such as if an employee forgets a time stamp or is about to hit their working hours limit. Interfaces with single sign-on connect the ATOSS Enterprise Solution to SD Worx Payroll and the Workday HR Core System. Seamless integration into the existing system setup has optimized processes across the board and minimized the admin workload. After the rollout to the ten German sites, South Africa will be next in line. Equipped with ATOSS Workforce Management, the innovative high-tech company is state-of-the-art when it comes to its HR processes too.

WORLDWIDE CLOUD

The Gore-Tex® brand has made a global name for itself with tough, weatherproof clothing and shoes. But **W. L. Gore & Associates**, the company behind the brand, has much more to offer. Over 10,500 members of staff are researching, developing and manufacturing products on the basis of fluoropolymers in the fields of electronics, functional clothing, industry and medicine: from medical implants and clothes for Everest expeditions right through to electronic cables beaming signals up to Mars. The creativity driven high-tech company has production plants in the USA, Germany, the UK, China and Japan as well as sales offices in numerous countries. Having relied on the ATOSS Enterprise Solution for many years, Gore has now switched successfully to cloud-based workforce management worldwide. Germany, Austria, the Netherlands, France, the UK, Italy, Spain, Sweden, Australia, China, Hong Kong, Taiwan, South Korea, Singapore – these are just a few of the countries whose laws, regulations and cultures the ATOSS cloud solution expertly deals with around the globe. The operation in the cloud makes it easier to master complex IT security requirements, gives the company even greater flexibility for expansion and ensures maximum cost transparency. It's good to see that our scalable Enterprise Solution is growing with every requirement thrown at it, 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 time and attendance management.

The competent, hands-on process and change management that ATOSS Consulting provided was key to the successful implementation of our workforce management solution in Austria. The whole team really got on board right from the start.

SEBASTIAN JARANTOWSKI
CFO | A.T.U

TOP-NOTCH SERVICE

With over 600 garages, **A.T.U** is the number one choice for professional car repairs and related services. The company combines unrivaled workshop service for all brands with an integrated specialist store boasting a huge range of car products – providing genuinely unique service offerings for motorists. Some 10,000 staff in Germany, Austria and Switzerland deliver this exceptional all-round service, which customers hold in very high esteem. To keep this high level of service quality commercially viable in the long run, the management decided to introduce digital workforce management from ATOSS. The aims of the TEAMPLAN project were clear-cut: efficient, demand-optimized planning, more transparency in working time, greater integration of employees and fairer planning. The ATOSS Enterprise Solution checked all those boxes. A.T.U Austria now employs the solution to plan and schedule some 450 staff at 25 garages, taking account of demand drivers and seasonal peaks such as customers switching between winter and summer tires. Laws, collective agreements, company regulations, time data, qualifications and staff requests are all factored into the planning. Even incorporating Austria's complex collective bargaining agreement for the retail trade into the standard system was a piece of cake. Staff use self services or the mobile app to manage their working time and holidays and can access their own personal time data and duty plans whenever they like. ATOSS Consulting provided professional process and change management to support the project, scrutinizing, simplifying and consolidating the existing planning processes. A comprehensive training program was devised and implemented together with the A.T.U Academy, while an integrated communication campaign – newsletters, fliers, staff surveys and video tutorials – created transparency and increased acceptance among the management and workforce throughout the project. Now that the system has successfully gone live in Austria, it is currently being introduced across the 574 garages in Germany. A structured, cascade-based rollout concept is designed to ensure that all of the company's garages will be benefiting from digital workforce management by fall 2020. And it goes without saying that our experienced Consulting team will be on hand to help and advise A.T.U throughout this challenging project.

A major digitization project in city administration is now seeing the light of day. Innovative workforce management will give us even more credibility in the future as we profile ourselves as a modern employer. In the age of digitization, that's key.

DR. ALEXANDER DIETRICH
Head of HR and Organization
City of Munich

NEXT STOP: THE DIGITAL CITY

The **City of Munich** is waving goodbye to time stamps: Germany's largest municipal employer is switching from manual time recording to a digital workforce management system that is fit for the future – a groundbreaking, transformative decision for the city and its more than 40,000 employees. Following an intensive shortlisting process, the City of Munich chose to partner with ATOSS for this project. The key deciding factors were our expertise and innovative strength, the comprehensive features of our Enterprise Solution, compliance with tough IT security standards and, last but not least, the mighty resources of our Professional Services team. Because, here, it's all about power in implementation: Time and Attendance Management is being rolled out across the entire urban administration – meaning 13 departments, five municipal corporations and more than 800 sites in all – and the project has to be completed in set stages as quickly as possible. Once this is done, all the city's employees will record their working time electronically and request absences and holidays without a scrap of paper in sight – thanks to the intuitive Staff Center or the ATOSS App. An initial pilot project is under way at Munich's city hall and a few other sites, involving nearly 150 employees. Another challenging project is running in parallel with time and attendance management: In the future, the fire department will rely on ATOSS Workforce Scheduling to plan and schedule almost 2,000 firefighters – a highly complex undertaking. Rest breaks, absences, qualifications, valid aptitude certificates and the many different on-call services will then all be managed digitally. The system is set to go live in early 2022. And the city council has more projects up its sleeve too, because standardizing and digitizing processes across all areas is an important goal for the decision-makers at city hall. ATOSS Workforce Management is ensuring that the right employees will be in the right place at the right time in the future, thereby enabling them to provide their services with an even greater focus on the recipients – the people, businesses and institutions that live and work in the city. As a Munich-based company ourselves, we are particularly delighted to have the opportunity to accompany the city authorities on their journey into a digital future.



COMMITTED TO SERVICE EXCELLENCE

Efficient, cost-effective staffing processes are a key success factor in the services sector. Digital workforce management makes our HR administration a whole lot easier. It frees up time and scope for our top priorities: providing exceptional service for our customers and an attractive working environment for our staff.

MICHAEL C. WISSER
CEO | WISAG

WISAG epitomizes service at the highest possible level. The family business provides services in the fields of aviation, facilities and industry, with tens of thousands of staff working around the clock to make it all happen. Delivering high-quality work under time pressure is just part of the daily routine for this expanding service provider. Fast response times, tight deadlines, cost-efficient personnel deployment and perfectly orchestrated workflows call for highly effective workforce management. WISAG relies on ATOSS Time Control across the entire company: The solution has now been introduced for some 20,000 staff. First on the list was the Aviation division, which specializes in ground transportation services. Its 5,000 staff work 365 days a year to ensure smooth turnarounds at ten major German airports. Whether its customers need cabin service, aircraft de-icing, passenger check-in, ticketing, baggage handling or air freight, WISAG offers a comprehensive package. Meanwhile, in the background, ATOSS Time Control ensures that all processes run perfectly, from time recording and working time management through to transmitting all relevant information to the payroll system – integrated, error-free and secure. Various different national and industry-specific collective agreements, a wide range of working time models and complex overtime rules are mapped 1:1 in the software, while a sophisticated authorization concept regulates data access. The result: a huge amount of admin saved, impressive benefits for payroll accounting and transparency in working time across the entire company. Digital time and attendance management has now also been integrated into the Industrial Service division, which employs some 10,000 people. In addition, it is currently being rolled out to the 5,600 employees in the Security & Service team, part of the Facility Service department, with the Industrial Cleaning department soon to follow suit. For one of Germany's largest service companies there can be no doubt: Digital workforce management takes unbeatable service and simply makes it even better.

Thinking, acting and doing business sustainably – that's our mission statement. This includes future-proof time and attendance management, benefiting our people and our animals in equal measure.

FRIEDERIKE HAGENBECK
Managing Director
Tierpark Hagenbeck

WILDLY SUCCESSFUL PROCESSES

ATOSS CUSTOMER **TIERPARK HAGENBECK**

Tierpark Hagenbeck is an oasis and a miracle of nature right at the heart of Hamburg. The zoo, which has been in the safe hands of the same family for six generations, has been wowing some 1.8 million annual visitors with its pioneering biodiversity, landmarked panoramic views and spacious outdoor enclosures for over 100 years. Its highlights include the Arctic Ocean zone, one of Europe's biggest elephant herds and a huge tropical aquarium complete with fascinating caves and underwater worlds to explore. Caring for over 1,860 animals in the right conditions for each species and looking after the 19 hectares of parkland requires a lot of specialist expertise, dedication and an HR setup that runs like clockwork – 24 hours a day, 365 days a year. As part of a company-wide process optimization project, management decided to introduce digital planning and management for the complex working times of 400 permanent staff and seasonal workers. And that's where we entered the picture. Cloud-based ATOSS Time Control is designed to ensure that the experts who are in charge of administration, catering and looking after the animals and their enclosures are in the right place at the right time and are equipped with the right specialist knowledge. Working times are recorded on terminals and transmitted to the payroll system through a standard interface without any errors or omissions – including all allowances for being on call or working weekends or nights. Holiday requests are also made and approved electronically without having to wade through lengthy forms. This means that team leaders always have their eyes on attendances and absences, working time balances, qualifications and compliance with the law and company regulations. Some 170 animal caretakers and 40 members of the catering staff have already been integrated into the solution, with workforce scheduling in all zones set to follow in a next step. Once this is done, workforce management across the entire zoo will ensure lean processes and free up even more time and space for attending to the flora and fauna.

CONNECTED WORLD

Our project is all about creating an integrated HR platform that can grow in step with our requirements – both at home and abroad. That's why we opted for a best-of-breed approach.

JÜRGEN MECHLER
Project Manager for the implementation project
SAP SF + ATOSS + ACONSO
GRENKE GROUP

GRENKE is a single-source provider of solutions ensuring financial independence: from flexible leases and attractive startup loans to highly practical factoring arrangements. Since it was founded in 1978, the financial service provider has developed into a strong partner for SMEs. Headquartered in Baden-Baden, GRENKE now has three business divisions and operates in 32 countries around the world. As part of an international digitization project, the company decided to introduce the cloud-based HR management system SAP SuccessFactors. We are on board providing professional workforce management. The project objective – to create an integrated, high-performance HR platform and lean HR processes – has been achieved: Our Enterprise Solution has been seamlessly embedded in SAP SuccessFactors thanks to the ATOSS SF Connector. Over 1,600 staff across the world harness our intuitive Staff Center to manage their holidays and absences. The ATOSS solution is also used to record working time in Austria and Switzerland. Following the ruling by the European Court of Justice mandating workplace time recording, GRENKE's subsidiaries in Spain, Denmark and the UK are set to introduce digital time recording in a next step. In the future, Task Management will remind managers automatically if they have holiday or absence requests still to authorize. With ATOSS Workforce Management, integrated into SAP SuccessFactors, the financial service provider is backing a system fit for the future – for an HR platform that knows no bounds.

> We work with people for people. And we want to meet the individual needs of our staff to the same extent as those of our residents. The ATOSS Medical Solution provides us with a cost-efficient way of reconciling the two.

PATRIZIA ARDITO
Head of HR
DSG Deutsche Seniorenstift Gesellschaft

QUALITY CARE
WITH A FEELGOOD FACTOR

DSG Deutsche Seniorenstift Gesellschaft puts a decided premium on reliability, quality and trust. People and their individual needs take the utmost priority at the company's 30 or so facilities – care and retirement homes and assisted living communities – across Germany as well as its outpatient nursing services. Around the clock, 2,100 highly qualified and highly motivated nursing staff ensure personal care and support for residents with a wide variety of needs. The company uses innovative HR tools such as the 7/7 working time model to look after its employees' work-life balance. The principle applied across the board is "free remains free" – meaning that staff can expect to enjoy sufficient time off to recharge their batteries. The group, which is experiencing strong growth, is now delivering on this promise with the newly introduced ATOSS Medical Solution, which allows structures, processes, collective agreements, working time models and familiar planning screens to be incorporated flexibly. The move quickly gained acceptance at all levels. Facility managers and team leaders can see continuously updated time data for their staff on an easy-to-use screen. At the same time, an interface with the controlling department provides management with greater transparency, enabling them to run working time analyses and generate reports easily at the touch of a button. The pilot project at the Pattensen facility is now complete – working times in the kitchen, therapy rooms, administration, living areas and night duty are now managed based on the solution. The software calculates full-time equivalents and allowance components automatically for all the relevant variants and transmits the data to payroll without missing anything out. The nationwide rollout is being supported by a three-member team from DSG and is expected to be complete in a year's time. And the company already has more ideas up its sleeve, with the Automatic Duty Plan and the ATOSS App set to achieve even greater planning quality and staff integration. In the healthcare sector, having working time that is flexible yet reliable has a direct impact on employee satisfaction and the quality of care. And both are top priorities at Deutsche Seniorenstift Gesellschaft. After all, good care needs good people.

READY FOR YOUR DIGITAL DOCTOR'S VISIT?

"Telemedicine is all about providing swift, expert treatment 24/7. Digital workforce management assists us in delivering this in a cost-effective and staff-friendly way, while ensuring compliance with the law.

MIRIAM WEIGAND
HR Business Partner
Department Head Deployment Scheduling
Medgate

At **Medgate**, patients get to see a doctor precisely when they need one: whether they are at home, in the office or taking a walk in the park. Since 2000, the Swiss company has operated the Medgate Tele Clinic in Basel, the largest telemedicine center in Europe. A total of 85 members of staff in patient reception, 22 telemedical assistants and over 100 doctors care for and treat patients with health concerns, 24 hours a day, 365 days a year – through the app, on the phone or by video link. Medgate handles up to 6,000 patients on its busiest days, meaning that processes have to be efficient and workforce deployment has to be aligned with patient numbers. Digital workforce management helps the company guarantee the best possible outpatient healthcare at any time of the day or night. The Automatic Duty Plan enables workforce scheduling to be optimized in line with requirements and costs. The physicians use a points system that takes account of specific rules on premium rates right from the planning and scheduling stage. Reception staff also use the integrated Shift Exchange functionality. The ATOSS Staff Center lets them independently swap working times with colleagues – however they may choose. The system checks automatically whether a swap would breach any of the few predefined rules such as minimum staffing levels or working more than five days in a row. Having so much freedom makes work even more fun, boosting the team's motivation and autonomy. A further highlight is the interface between the patient management system and the ATOSS solution, which lets patients see when their preferred doctor is on duty when they make their appointment. Our diagnosis: Workforce management helps Medgate maintain high levels of patient and staff satisfaction – day in, day out.

Delivering top-quality, leading-edge medical care is our mission. To achieve this, we rely on highly qualified staff and cost-effective workforce deployment geared consistently to our patients' needs. In this day and age, achieving this mission would simply be impossible without digital workforce management.

OLIVER KIEBORZ
Head of HR Systems and Time Management
University Medical Center of the Johannes Gutenberg University Mainz

HIGH-END MEDICINE

The **University Medical Center of the Johannes Gutenberg University Mainz** is a hospital of supramaximal care as well as an internationally acclaimed center of science and research. More than 60 clinics, institutions and departments cover the entire range of modern medicine here. The hospital – the only university-level establishment in Rhineland-Palatinate – has 1,500 beds and employs some 8,000 highly qualified staff to care for more than 340,000 inpatients and outpatients every year. Faced with sharp fluctuations in patient numbers, the hospital has used the ATOSS Medical Solution to plan the working times of physicians, specialist and functional services, nurses, on-call services, technical and admin staff for many years now. The ATOSS SAP Connector ensures that data is exchanged smoothly with the existing SAP working time management solution, giving HR, ward, clinic and hospital managers a transparent view of working times, duty plans and future staffing levels whenever they need it. The solution also offered a key advantage for complying with the documentation obligation under the regulations governing minimum thresholds for nursing staff in Germany. Patient-focused personnel deployment that makes efficient use of resources is the management's top priority at present. Based on the Flexible Assignment Plan module, the University Medical Center in Mainz aims to directly assign its staff to workplaces, on-call services, special services or shifts. This will allow the demand fluctuations that are a daily occurrence in the emergency room, anesthesia department and surgical suite to be managed cost-effectively and in line with demand. The University Medical Center is a shining example of holistic workforce management and is proving to be a role model for many other major hospitals in Germany. In the meantime, the ATOSS Medical Solution is also planning and scheduling some 360 trainees at the integrated college for healthcare professionals. Next up, digital workforce demand forecasting is topping the shortlist. The hospital, its staff and its patients all benefit in equal measure.


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HEALTHCARE DOESN'T KEEP OFFICE HOURS

Deploying our mobile donation team entails a complex individual planning of each location – every single day. And there are many different factors from different systems influencing the scheduling process. Our solution makes sure that our planning is not only cost-effective and demand-driven but also delivers on fairness and compliance with the law.

CHRISTINA GREIF
Head of HR Services
Bavarian Red Cross Blood Donation Service

Joining forces against indifference. This is the mission statement of the **Bavarian Red Cross Blood Donation Service** as it works day in, day out for the benefit of people's health. The organization serves as a major medical laboratory, a reliable logistics provider and an innovative research center – not to mention organizing thousands of donor sessions. Backed by some 680 members of staff, it provides 75 percent of all the vital blood collections needed in Bavaria, 365 days a year. The organization has relied on ATOSS for its time and attendance management for a long time now. The working time models including time premiums, company agreements, on-call standbys and service data, as well as premiums for filling in for colleagues were all incorporated swiftly into the system. The positive effects of digital workforce management were also plain to see in no time at all: less admin, leaner processes, nuanced, multifaceted evaluation options and maximum working time transparency. Another, more sizable challenge was to implement workforce scheduling for the 240 employees in the mobile donation service aboard "BluMo", as staff have affectionately nicknamed their blood donation van. The project was certainly a complex one – 4,400 mobile and 1,100 on-site sessions a year, 20 flexible teams made up of company staff and volunteer physicians, different locations every day, fluctuating donor turnout and the need to integrate various third-party systems. Dispatchers have to plan each deployment individually, factoring in issues such as working times, workplaces, staff residential locations, qualifications, setup time, potential overnight stays, expected donor numbers and doctor availability. The Edgeblood system feeds in data for team planning and calculating staffing levels, while geconomy delivers information – accurate right down to the nearest kilometer – about how far employees have to travel to get to each donation venue. Approximate scheduling data for the volunteer physicians is also imported into the ATOSS solution. Planning staff can access all this information from one central cockpit, allowing them to schedule the mobile team to best meet demand at optimum cost – with maximum transparency and flexibility ensured at all times. In this way, running in the background, workforce management helps support the Blood Donation Service in its invaluable mission.

ABOUT US AND OUR ECOSYSTEM

ATOSS TEAM | **NICOLA** Associate Legal Counsel

> We consider it a pleasure and an inspiration to experiment with new technologies. What comes out of it fits perfectly with our vision for a human economy.

MARKUS WIESER
Executive Director Product Management
ATOSS

LET'S TALK BUSINESS

THE ROARING 2020s...

Markus, what are we currently working on in product development?
The past determines the future – at least to some extent. This is particularly true in a software industry that's being shaped by new developments around collective agreements and legal requirements, such as the ECJ's ruling on recording working time, and the almost revolutionary transformation of the working world. In this new decade, we'll basically be moving forward with what we powerfully and successfully began in the 2010s: consistently investing in technology, steadily expanding the functionality of our solutions to increase the business benefits and continuously enhancing user experience. Key aspects include tablet-optimized and even more role-specific user interfaces and use cases, plus even greater smartness – in areas like interaction.

Let's zoom in on technology. What exactly are you focusing on?
To start with, I have a pretty striking figure to cite: In the past ten years, we've invested 169,235 developer hours just in our flagship product ATOSS Staff Efficiency Suite. The impressive result of that is 30 releases and 5,580 new features that we've developed in close collaboration with our customers and with our ear to the market. Our approach is to ensure that our upgrades offer the greatest utility for both the users and the company they work for. Having successfully rolled out our web client in 2015, for the coming decade we've set our sights on bringing in the next generation of our product.

No doubt that has something to do with the much-hyped cloud technology...
Correct. With all the ongoing cloud discussions, there's one thing that often slips off the radar screen: For a highly developed and complex software like ours, operating in the cloud is synonymous with constant reorganization. We want our customers to be able to draw maximum benefit from the new possibilities – with minimum effort. That's why we are weighing every single step very precisely. In line with the principle of maintaining what we've achieved so far while developing new things, we are combining more than 30 years of project experience with the technology of the future. Our ultimate goal is to create a high-end solution that adds measurable value in the era of digitization.

You mentioned the ECJ's ruling and New Work?
Yes, those are two of the topics that shaped the working world in 2019, so they had a significant impact on our Workforce Management solutions too. Both on the functionality side and in terms of user experience. Our intuitive Staff Center is a genuine milestone on the road towards New Work. Customers across all industry sectors are already making intensive use of it to integrate their staff. Self service functions like the shift exchange platform and the ability to enter preferred working times, record availability or make paperless holiday requests, alongside ECJ-compliant time recording via smartphone are generating success on all levels. This is mainly down to the fact that we've implicitly tailored the Staff Center to the individual use cases and the separate roles of HR, employee or supervisor.

And what does the future hold in store?
Well, one thing I can single out is the natural language user interfaces that people can use to request holiday easily. These reduce the Staff Center's already low learning barrier down to practically nothing. Staff simply speak to the system like they would to their supervisor. Another thing is self-learning systems. They open up brand new possibilities, especially when it comes to compiling automatic duty plans. With the help of AI, the software detects manual corrections that have been made to a plan. It learns from that, optimizes itself, so to speak, and produces an even better duty plan next time. And in workforce forecasting, AI can detect anomalies in the data. It can also make an extremely precise personnel requirement prognosis on the basis of historic footfall or revenues in a retail setting. That's all still up in the air. But just the idea of being able to create almost magical workforce management is what drives us forward as we enter the "Roaring Twenties".

A UNIQUE PORTFOLIO

More than 30 years of experience in the workforce management area and some 8,000 successful projects – that is intellectual property which our customers benefit from 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 – from legally watertight time recording and classic time and attendance management through to intuitive self services, mobile apps, precise workforce forecasting, demand-driven workforce scheduling and the strategic planning of capacity and resources. In the cloud or on premises – 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 at the highest levels 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", this positions us among the top 100 software and IT companies in Europe with the highest investments. Some 190 staff in R&D and Product Management work day by day to create solutions that will stand the test of time. Agile development processes and advanced test procedures ensure a fast time to market. Such commitment is not without effect. With regard to our ATOSS Staff Efficiency Suite, in 2019 we released three updates, marking an impressive total of 570 new functions and features. We devoted 21,600 R&D days to this work alone. And our new Staff Center for self services with its intuitive operation is a masterpiece of design and user experience. The strength of our solutions lies in their openness and flexibility. The interfaces with SAP systems represent a shining example of these strengths. Without the need for an additional login, the entire scope of ATOSS Workforce Management is made available to users of SAP SuccessFactors through an ATOSS Connector. Another Connector opens up the full functionality of ATOSS Workforce Scheduling to users of SAP ERP HCM – without any system restrictions.

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 that generates measurable added value.

A crucial part of any workforce management project is focusing rigorously on the customer's business objectives and mapping them onto an ideal solution design.

DIETER LUBER
Executive Director Customer Services & Support
ATOSS

LET’S TALK BUSINESS

IT'S ALL ABOUT PROJECT ARCHITECTURE AND SOLUTION DESIGN

Dieter, why is professional project management so important for the successful implementation of a workforce management solution?
Our high-performance product suites always have to be adapted in line with our customers’ specific demands and requirements. We want to get the best performance we can out of the solution and generate a quick return on investment for our customers. Whether that’s in the cloud or on premises. A crucial part of any project is focusing rigorously on the customer’s business objectives and mapping them onto an ideal solution design. Among other things, this means a high degree of functional coverage, a user-friendly interface, good performance and low maintenance costs. These are all key requirements for increasing the solution’s acceptance within the company and delivering the project with the top-notch level of professionalism that we aspire to.

And how do you do that?
Well, we certainly benefit strongly from our high-quality staff. Many of our 150 or so consultants have been working with us for well over ten years and are genuine experts in their field. Not only do they boast extensive ATOSS expertise, they also know industries inside out and come armed with a wealth of experience from many successful projects. Many of them are Prince2- and/or IPMA-certified project managers who are also trained in agile techniques such as Scrum. Thanks to their expert knowledge, coupled with the iterative and agile methods at their disposal, they are ideally positioned to deliver customer projects on time, on budget and on quality. Both at home and abroad. After all, these certifications represent global standards.

How does such a project unfold at our customers?
We usually start with a workshop, which is focused squarely on the company’s business objectives and led by an experienced architect. Together with the project team, he or she elicits the customer's requirements, prioritizes them and takes responsibility for coming up with the best solution design for the project. The priorities are set depending on whether a certain requirement will genuinely help achieve a particular business objective. Everything that contributes to the goal will be implemented following the 80/20 rule. As we are working in an agile process, we can respond quickly to any changes in requirements and revise our priority list if we need to. We always work closely with our customers in a process of co-creation.

How does this agile approach benefit customers?
First and foremost, they get a lot of transparency about project progress at any given time: The customer is provided with a steady stream of prototypes and can test them out to their heart’s content. The intensive dialog with the decision-makers on the customer’s side means that they’re actively involved in the process rather than just being impacted by it. Naturally, that significantly boosts the acceptance of the new solution and the project as a whole. It also minimizes the risk of anything going off track during the project. After all, the focus always has to be on the business objectives the customer wants to achieve. In a nutshell, an approach as structured as ours saves time and money for both parties and makes for a much more successful project.

Do you have a real-life example for us?
Of course. Our customer BUTLERS is a very recent example of our agile project approach: Their solution went live in just under 30 days. And we’re currently working with the City of Munich to develop an ideal solution design for their major digitization project.

At ATOSS, we always want to be competing with the best.
And that goes for our HR work as well.

HENRICH GÖTZ
Director Human Resources
ATOSS

LET'S TALK BUSINESS

PREMIUM HR WORK

Henrich, what would be your take on 2019? What's the state of play with your HR agenda?
Well, 2019 was an extremely important year for us. Breaking through the 500-employee barrier marked a major step toward delivering our ATOSS 2025 growth strategy. This applies particularly to Germany, Austria and Switzerland. At the same time, we also laid key foundations for further expansion in the Netherlands and Romania with an eye on our internationalization strategy. Climbing above the 500 mark has not just catapulted us into a new size bracket – it also requires us to think in new ways.

What exactly do you mean by that?
We've been a premium provider in the workforce management segment for a long, long time. Nowhere in Europe – and maybe nowhere in the world – would you find another provider offering as wide a range of solutions as we do. We now need to reflect this mission of delivering high-quality services in our own internal processes. And do it for the long term. I'm not a fan of jumping on short-term bandwagons and tagging along with whatever's getting hyped at the moment. It doesn't sit well with us at ATOSS either.

How would you define "premium" as far as HR work goes?
First of all, you can define premium by looking at a company's long track record of lasting success. If you take that definition, we've been premium for ages [laughs]. Seriously, though, our claim to be premium is based on a spirit that we call the ATOSS Family. This spirit is built on strong foundations – the values of credibility, fairness, reliability, enjoying and celebrating our success, and an open feedback culture. Our staff have a particularly important role to play in this, because they actively embrace and shape our culture every day. Something else that's becoming increasingly important in the context of our growth and the competition on the job market is a working environment in which our staff can create win-win situations with all their stakeholders. The mindset that we share with our team is this: "Here with us – in Germany, in Europe – you can make decisions, be creative and make your own contribution that people will see, feel and experience. And, at the same time, you can conquer the world from here together with us and our customers!" It is precisely this spirit that drives us forward at ATOSS. Both our own team and external candidates say that we are fully on the pulse of the times and are meeting a real need with this. All in all, a very strong message!

OK, but what exactly have you done?
One of our 2019 focus issues was taking part in the Top Employer Institute's employer survey. In a very detailed process, it involved us describing and proving how we understand HR work, how we develop a corporate culture and how we implement staffing processes in operational and strategic terms. Specifically, it was about things like talent strategy, onboarding, training and development, performance management, career and succession planning, and compensation and benefits. The institute then evaluates these inputs from us and benchmarks them against other top employers. We always want to be competing with the best.

Now we're intrigued – what was the result?
Well, 2019 was a year of records and awards for ATOSS. Following on from such illustrious accolades as Handelsblatt's "Top 100 SMEs" rankings and WiWo's "Digital Pioneers" rankings, we're now a "Top Employer" too. This puts us in the company of some 1,600 certified firms all over the world and makes us very, very proud. Of course, it's recognition for the work our Human Resources team and our management do. More importantly from my point of view, though: It's a well deserved appreciation for our staff, who work day in, day out toward our vision – shaping the transformation of the working environment for the benefit of companies, employees and society.

And what's on the cards for 2020?
We see this award as spurring us on and motivating us to get even better. And I can promise you this: We will continue to make strides this year too in our efforts to be the best and most attractive employer for our current and future staff!

ATOSS TEAM | **BJÖRN** Multimedia Designer

TEAM @ ATOSS

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. 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 develop and enjoy long-term success under the ATOSS Career Model. This applies to every one of our employees from the outset – whether in Sales, Marketing, Product Management, R&D, Consulting, Professional Services or Internal Services. As part of the ATOSS Academy, we define a role-specific onboarding and development program. And we support our employees in all phases of their employee journey.

And there’s no shortage of fun and action along the way. From Thirsty Thursdays, group cooking, yoga courses and massages to bowling or a 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 everyone – from budding project managers through to up-and-coming specialists and executives. Our clear aim is to continually expand our worldwide presence. With about 8,000 projects in more than 40 countries, we have created a solid platform for growth and expansion. And we still have a lot more on our agenda...

NEW WAYS OF WORKING

Designing viable, future-proof working environments – that is our aspiration. So naturally, at our headquarters in Munich's HIGHRISE one, everything revolves around new ways of working. Offices suffused with light, flexible workbenches and spectacular vistas over Munich's rooftops provide us with an open view that inspires, motivates and never ceases to thrill us. The architectural concept of this 17-story office tower with a sweeping view of the Alps is totally in line with our mission: optimizing working processes, creating information transparency, increasing productivity – while raising employee satisfaction at the workplace at the same time. Action spaces and training rooms, interactive conference areas, phone boxes and collaboration tools form the centerpieces of our new working culture. All this enables us to work efficiently – across departments, teams and locations. Our new agility makes it even easier for us to develop creative ideas and integrated workforce management solutions – delivering genuine value added for our customers. The ATOSS Hall is a very special highlight: a showpiece reception and meeting space on the 5th floor, featuring a sophisticated show kitchen, a cool, stylish roof terrace and our own barista serving one of the best cappuccinos in Munich. Looking out from our headquarters, we have a fantastic view of the trendy Werksviertel close to Ostbahnhof, where innovative urban environments for people to live, work and relax in are now being created. And we are the beneficiaries: Renowned companies, multifaceted restaurant and catering offerings, an up-and-coming arts community as well as a vibrant cultural scene and nightlife are bringing people of all nationalities and ages together. That's work-life integration at its best.

It's not just at headquarters that our team gets to enjoy a state-of-the-art workplace: Our twelfth site – in Mettingen near Osnabrück – opened its doors in 2019. With its spacious architecture, lunch and meeting points and advanced, leading-edge equipment to work with, the new office is all about New Work. And 2019 was a special year in the world of ATOSS for other reasons too: Our Romanian subsidiary in Timisoara celebrated its 15th anniversary, while our flourishing startup Crewmeister moved into its own premises – complete with open-plan meeting spaces, red brainstorming sofa and foosball table. That's how we combine work and wellbeing.

The aim of our longstanding partnership has always been to generate added value for our shared customers. We're currently working on making our time data flow even more efficient. With our latest solution, we're creating automated, maximum-security processes linking ATOSS and DATEV.

MARCO KRAPP
Partner Manager for Software Cooperations
DATEV eG

AN ECOSYSTEM DELIVERING ADDED VALUE

The market for workforce management is growing at above-average rates and is one of the most dynamic areas of the IT sector. This development is further reinforced by demographic change and associated skills shortages as well as the trend toward digitization in the HR sector. ATOSS is benefiting from these major shifts, and our partners are benefiting too – with substantial and sustainable growth. Whether it's industry know-how, IT expertise or process skills, complementary software or innovative security and access concepts – we're bundling resources and expertise in collaboration with our partners. The aim is clear: measurable added value for our customers.

In line with this philosophy, we have created a powerful and successful ecosystem with over 50 distribution partnerships and alliances at home and abroad. We are working systematically to extend our partner network at home and – in particular – abroad, because we want to keep on strengthening our leading position in the workforce management market. That's why we are also in the process of expanding our own global sales team at our hub in the Netherlands. The open design of our solutions plays an important role here as our product suites can be easily incorporated into other portfolios. Our partnerships in the SAP community 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 world with that of SAP SuccessFactors. Customers such as GRENKE, Mercedes AMG, Vetter Pharma International, SWARCO and J.Wagner have already opted for this integrated scenario, offering their employees one consistent HR platform enabling efficient processes across system boundaries. Several years ago, we co-developed with the established SAP partner KWP INSIDE HR an online interface to SAP ERP HCM that gives our shared customers access to sophisticated planning features. We have ranked as a preferred partner of DATEV for a long time now. Audited interfaces guarantee the smooth connection of our SME solution to DATEV payroll accounting systems. At Bosch, for example, our solutions are the perfect complement to their innovative safety systems. In our opinion, the only way to offer shared customers the best solution in the future is through such best-of-breed collaborations.

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.

ATOSS PARTNER DATEV from left to right: Marco Krapp, Florian Zogel, Wladimir Monastir

FINANCIAL REPORT

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Our aspiration is to give our customers innovative and value-adding solutions that set standards in the workforce management market.

CHRISTOF LEIBER
Member of the Management Board
ATOSS Software AG

CONTENTS

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

Dear Shareholders,
Customers, Business Partners
and Colleagues,

Once again, ATOSS Software AG set new standards in the 2019 financial year, eclipsing its previous best marks. The past year fits in seamlessly with what is now fourteen successive record years. This is powerful testimony to the unbroken, even increasing speed at which ATOSS is growing.

Our success story is being noticed and recognized as such in the media. According to a long-term study published by the Munich Strategy Group in November 2019, for example, ATOSS is now ranking in the TOP 100 medium-sized companies in Germany thanks to the strength of its growth and earnings power and is taking 11th place among 3,500 companies. We are delighted by this recognition as it confirms our corporate strategy, focused on sustainability.

As a pioneer and trendsetter in the market for workforce management, we are working with enthusiasm on changing the working environment for the better, optimizing our customers' value creation and contributing towards increasing the productivity of work. Demographic change and digital transformation are making high demands of workforce scheduling and massively changing the working environment. The shortage of skilled professionals is also forcing a growing number of companies to use their existing personnel much more efficiently.

Shaping digital transformation with workforce management
Like no other topic before, digitization is affecting society and business in equal measure, leading to enormous changes in daily life within a very short time. Politicians, science and business have put the opportunities and challenges offered by digitization very high on their agendas, and for companies of all sizes and sectors, digital transformation has become an important factor in competition.

With its workforce management solutions, ATOSS is providing a strategic instrument for deploying company staff constructively and cost-effectively. With our solutions, our customers are able to opt for strategically decisive courses of action in spite of rapidly shifting market requirements, such as a fluctuating order book in production, customer footfall in retail and new statutory frameworks. At the same time, employees' desire for greater participation and influence on their own working conditions in the company is growing in importance.

ATOSS and our customers are thereby making valuable contributions in line with our vision of shaping the transformation of the working environment to the benefit of companies, employees and society. This vision of a future-proof working environment is constantly presenting new options, opportunities and objectives that are awakening and invigorating our innovative energy.

Innovative strength as a strategic instrument of future growth

Our aspiration is to provide our customers with innovative, value-creating solutions that set new standards in the industry. As the technology leader, ATOSS is helping to shape digital transformation and can now offer the right solution for any set of requirements, any sector of industry and any size of company from two to 200,000 employees. This can only be achieved through continuous investment in research and development. For example, we now have around 190 employees in research, development and product management working on taking our solution suites to the next level. According to the "EU Indusrial R&D Investment Scoreboard (2019)" published by the European Commission, this once again puts us in the bracket of the TOP 100 European software manufacturers with the highest R&D investments. Among companies only supplying workforce management solutions, we are even taking 1st place throughout Europe!

Prospects for 2020 – the cloud as an engine for growth

With more than 8,000 customers in 42 countries, we are excellently placed to benefit from strong growth rates in the markets driven by topical events and challenges such as demographic change and digitization. For many years, we have provided our software solutions as classic licensing products. Today, our customers can opt for end-to-end offerings in the cloud, thereby benefiting from considerably greater flexibility and agility. For this reason, we expect to see a strong, sustained boost to growth in the next few years, above all in the cloud, which will enable us to continue growing profitably and sustainably in 2020 and win further market share.

Change in the Supervisory Board

Mr. Peter Kirn, long-serving Chairman of the Supervisory Board of ATOSS Software AG, stepped down from the company's Supervisory Board at the end of October, 2019 due to his age. As Chairman of the Supervisory Board, Mr. Kirn successfully supported and helped to shape both the public flotation and the extremely dynamic growth of the company over the last 20 years. We would like to take this opportunity to thank Mr. Kirn again for his many years of very successful service in a working relationship always marked by trust. Through his experience, ideas and personality, he has given us decisive support and helped to shape the success of ATOSS. We wish him good health and boundless energy for the future.

In Mr. Moritz Zimmermann, entrepreneur and CTO (Chief Technology Officer) of SAP Customer Experience at SAP SE Walldorf, another proven expert in the software sector is joining the Supervisory Board who will work with us to continue shaping the pace of growth and rapid technological change. We are looking forward to working with Mr. Zimmermann and benefiting from his entrepreneurial élan and technical expertise.

A word of thanks to our staff, business partners and shareholders

The past year was once again a year of growth for our company. We owe this outstanding success first and foremost to our staff and their outstanding commitment, skills and knowledge. We would like to express our special thanks to each and every one of our employees.

In addition, we would also like to thank our business partners for our good working relationship in the 2019 financial year which we sincerely hope to maintain in going forward. To you, dear shareholders, we once again express our thanks for the trust you have placed in us and for your loyalty.

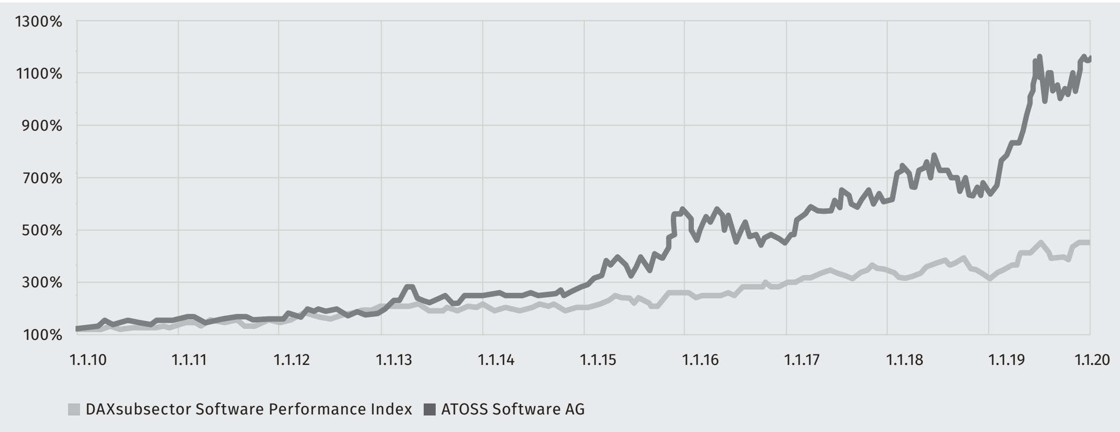
With best regards

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

INVESTOR RELATIONS

Share price development 01/2010 to 12/2019



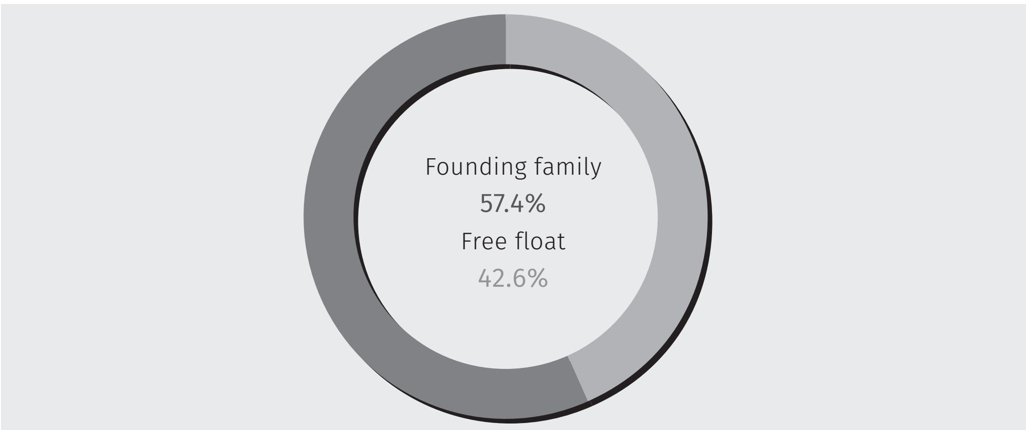
ATOSS stock at new record highs in 2019

Ignoring political risks such as the trade war between the USA and China and the tedious Brexit negotiations, the stock markets reached new record highs in 2019. In Europe and the USA, some prices climbed more than 20 percent. Major German indices such as the DAX or MDAX finished 2019 at record levels. This also applies to the leading stock market barometers on Wall Street such as the Dow Jones, the S&P 500 or the tech barometer Nasdaq 100.

In line with the excellent growth of the company, ATOSS also succeeded in maintaining the strong performance of the ATOSS stock in the reporting year, finishing 2019 once again on an all-time high. The ATOSS share price peaked at EUR 143.50 when the stock market closed on 12/30/2019 (XETRA). At this point, the price had risen 83 percent over the entire year. Added to this is a dividend of EUR 1.40 and a special dividend of EUR 2.60. This means that shareholders' total assets increased by 88 percent in 2019. The comparative index DAXsubsector Software Performance Index achieved growth of 41 percent over the same period and was therefore clearly outperformed.

Also from a long-term perspective, ATOSS Software AG has generated very consistent growth for its shareholders. Since 2010, the share price has risen by 1,076 percent (not including special dividends). In the same period, the DAXsubsector Software Performance Index achieved growth of 336 percent.

Shareholder structure of ATOSS Software AG



The founding family's continues to hold 57.4 percent of shares in ATOSS Software AG. Since 12/06/2012, Andreas Obereder has held 50,0000025 percent of the shares indirectly via AOB Invest GmbH in which he holds a 100 percent stake.

According to available voting rights disclosures, the following institutional investors have holdings in the free float with interests of over 3 percent and 5 percent respectively in ATOSS Software AG:

Investor	Shareolding	Threshold exceeded on
MainFirst SICAV	5.07%	12/16/2014
Investmentgesellschaft für langfristige Investoren TGV	5.004%	10/28/2013

Capital market indicators

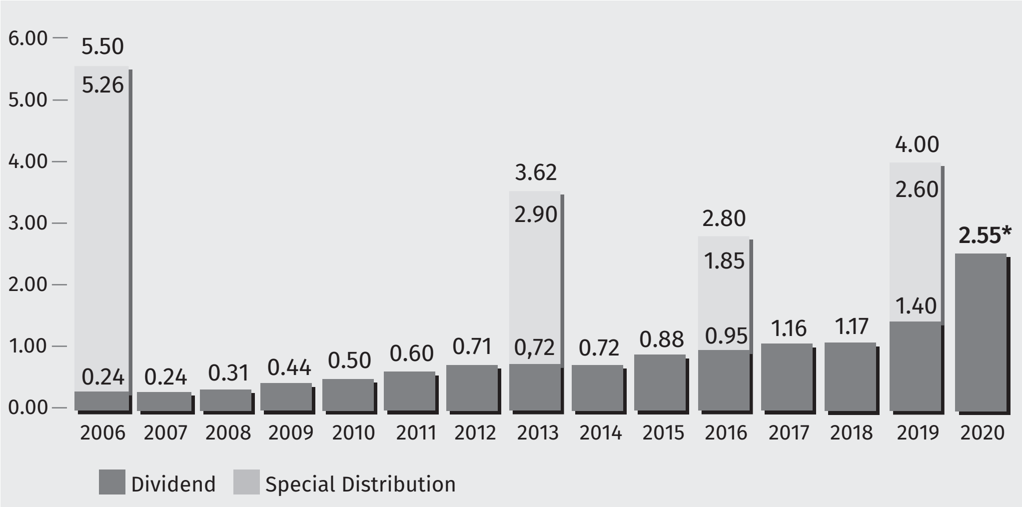
(in EUR, unless specified otherwise)

	Reporting year 2019	Prior year 2018
Share price at the end of financial year	143.5	78.6
Number of shares (12/31)	3,976,568	3,976,568
Market capitalization in EUR million as of 12/31	570.6	312.6
Earnings per share in EUR	3.40	2.81

The average price/earnings ratio with respect to the 2019 results was 34.73 with liquidity of EUR 7.64 per share at the end of the year.

Dividend policy of ATOSS Software AG

In 2003, ATOSS published its principles for a dividend policy focused on the long term. One of the main aims associated with this dividend policy was to offer the greatest possible predictability which was also the objective behind the company's own capital market communication. With a steady rise in the dividend over many years, ATOSS has remained true to its principles and offered its shareholders an excellent and reliable dividend return as well as significant increases in the share price. In addition, financial years 2006, 2013, 2016 and 2019 were capped off with attractive special dividends. In January 2020, the Management Board decided to propose to the Supervisory Board a sustainable increase in the company's previous distribution ratio from 50 to 75 percent of consolidated earnings per share. Otherwise, the dividend policy that has been in place since 2006 remains unchanged. This policy follows the principle of dividend continuity according to which this year's dividend should not fall below that of the previous year and it should be increased if this is possible with a distribution ratio of now 75 percent (previously 50 percent) with respect to consolidated earnings per share. Adjustment of the dividend policy thus represents continuation of the sustainable participation of the shareholders in the success of ATOSS Software AG.



*Proposal to the annual general meeting on 04/30/2020

Dividend and special dividend

Against the backdrop of the most recent records in terms of sales and earnings in 2019, the high degree of stability of the business model, an extremely comfortable equity ratio and liquidity at a group level (cash and cash equivalents, other current and non-current financial assets) of over EUR 30 million as at the end of 2019, the Management Board has decided to raise the dividend rate to 75 percent on a lasting basis. The Management Board is therefore proposing a dividend of EUR 2.55 per share. The annual general meeting will decide on the profit appropriation resolution of the management bodies on 04/30/2020. If the annual general meeting approves the proposal, the dividend return on the basis of the closing price on 12/30/2019 of EUR 143.5 (XETRA) would stand at 1.8 percent.

Analysts assessment emphasizes consistently high rates of growth with impressive cloud developments

The course of the business and dividend policy confirm earlier analysts' assessments of the ATOSS stock. The high growth in sales maintained over many years, the stability of earnings and the dividend policy continue to underline the intrinsic value of and prospects for the stock.

In the opinion of analysts, ATOSS Software AG occupies a strong position in an attractive market. Identifying ways to deploy staff as profitably as possible represents a constant challenge to companies with the result that the overarching workforce management solutions from ATOSS are in demand regardless of economic developments. This indicates that the potential for growth is by no means exhausted. The fact that ATOSS has succeeded with its cloud offering and the launch of the Crewmeister brand in opening up new areas of growth for the company, is strategically of major importance.

The analysts at Warburg Research have made regular assessments of the company's growth in the reporting year. In the process, the price target for the ATOSS stock was increased several times, most recently to EUR 176 on presentation of the provisional figures for the 2019 financial year. Against the background of figures which remain strong and a pace of growth seen as very high also for the long term, the stock is rated as a "Buy". The complete analyses of Warburg Research are available on the Internet at https://www.atoss.com/en-gb/investor-relations/atoss-stock.

SUPERVISORY BOARD REPORT ON FINANCIAL YEAR 2019

Moritz Zimmermann
Chairman of the Supervisory Board

Dear Shareholders,

The financial year 2019 was once again an extremely successful one for ATOSS Software AG. The company continued to record consistent and sustainable growth for a fourteenth year in succession. The Supervisory Board has advised and supported the Management Board in directing the business. We have overseen the measures taken and fulfilled all of the tasks incumbent upon us in accordance with the law, 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 a fundamental nature. The Management Board has kept us regularly, fully and promptly informed, verbally and in writing, of all material aspects of the development in business, including the current earnings situation, 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 and 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 financial year 2019 there were no conflicts of interest on the part of Management or Supervisory Board members which required immediate disclosure to the Supervisory Board.

Personnel changes on the Supervisory Board
Mr. Peter Kirn, long-serving Chairman of the Supervisory Board of ATOSS Software AG, stepped down from the company's Supervisory Board on November 6, 2019 by mutual agreement due to his age. Mr. Kirn has served on the Supervisory Board of ATOSS Software AG since 1999. As Chairman of the Supervisory Board, Mr. Kirn successfully helped to shape both the public flotation and the extremely dynamic growth of the company over the last 20 years. We would like to thank Mr. Kirn for his valuable contributions and for our working relationship marked by trust, and we wish him all the best for the future.

Due to the departure of Mr. Kirn, Mr. Moritz Zimmermann, Munich, was appointed as a member of the Supervisory Board by a resolution of the Municipal Court of Munich on 10/23/2019. The following report describes the main emphases of the work of the Supervisory Board.

Supervisory Board meetings and resolutions in 2019

During the reporting period the Supervisory held four ordinary meetings which were attended by all members of the Supervisory and Management Boards.

Principal subjects of discussion at the meeting on March 6, 2019

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 financial year 2018. The Supervisory Board approved the annual financial statements for the Group and company for financial year 2018 which had been audited and awarded an unqualified audit certificate, and these are now deemed to be adopted. Under item 4 on the agenda the Supervisory Board subsequently approved the Supervisory Board report for financial year 2018. The discussion also extended to the agenda for the annual general meeting on Tuesday, April 30, 2019 which was approved by the Supervisory Board and the Management Board. Furthermore, the Management Board presented a report elucidating the company's profitability and financial growth.

Principal subjects of discussion at the meeting on April 30, 2019

This meeting of the Supervisory Board took place following the 2019 annual general meeting in Munich. The meeting was attended by the Supervisory Board members newly elected at the annual general meeting, Mr. Peter Kirn, Rolf Baron Vielhauer von Hohenhau and Mr. Klaus Bauer, and by the Management Board. 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 § 100 Para. 5 of the German Stock Corporation Act. The Management Board also reported on the current course of business, the risk report and current developments in sales.

Principal subjects of discussion at the meeting on September 11, 2019

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 planning process for 2020. In addition, the Management Board reported on the risk report for the 1st half of 2019 and on current developments in sales at ATOSS Software AG.

Principal subjects of discussion at the meeting on December 4, 2019

At the beginning of the final Supervisory Board meeting of the year, Mr. Moritz Zimmermann was first elected as the new Chairman of the company's Supervisory Board. Besides detailed status reports from the Division Managers, this meeting focused on the Management Board's report on current financial developments and planning for financial year 2020. The planning was approved as presented.

The 2019 declaration of compliance with the German Corporate Governance Code as amended on February 7, 2017 was also approved at this meeting and published on December 4, 2019 on the company's website (www.atoss.com).

Furthermore, the Supervisory Board devoted time to the conclusion of a profit transfer agreement between the company and ATOSS Aloud GmbH.

Appointment of auditors and conduct of audit
At the annual general meeting of ATOSS Software AG held on April 30, 2019, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Frankfurt am Main (Munich Branch) was elected as auditor for financial year 2019. Prior to the 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.

PricewaterhouseCoopers GmbH have audited the annual financial statements and management report for ATOSS Software AG to 12/31/2019 as well as the consolidated financial statements and consolidated management report to 12/31/2019 and awarded an unqualified audit certificate.

Supervisory Board meeting on March 4, 2020 to adopt the financial statements
The Supervisory Board received the annual financial statements, consolidated financial statements and management reports for financial year 2019 from the Management Board for examination in good time prior to the meeting. Furthermore, the Supervisory Board received the Dependence Report for 2019. According to this report, there were no legal transactions between ATOSS Software AG and AOB Invest GmbH or companies affiliated to AOB Invest GmbH, nor between ATOSS Software AG and its subsidiaries in financial year 2019 which inappropriately disadvantage 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 PricewaterhouseCoopers GmbH. The auditors reported on the essential results of their audit and answered all questions posed by the Board.

The Supervisory Board agreed the results of the audit and raised no objections. The accounts prepared by the Management Board having been approved, the annual financial statements were then 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 financial year 2019 was also discussed and agreed and the agenda for the annual general meeting on April 30, 2020 was approved.

Once again in financial year 2019 the Management Board and staff have achieved an outstanding result. The Supervisory Board would like to express its thanks to the Management Board and all of the employees of ATOSS Software AG for their commitment and their contribution to the success of the past financial year, and to signify its particular recognition and appreciation of 14 record years in succession.

Munich, March 2020

Moritz Zimmermann
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 § 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.

Moritz Zimmermann
Chairman of the Supervisory Board
Chief Technology Officer (CTO) for SAP Customer Experience at SAP SE, Walldorf
Mr. Zimmermann did not hold any other supervisory or similar board positions in financial year 2019.

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 Stadtsparkasse 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 Member)
- Schwanhäußer Grundbesitz Holding GmbH & Co. KG, Heroldsberg (Advisory Board Member)

GROUP MANAGEMENT REPORT 2019

1. Company

ATOSS Software AG is a provider of technology and consulting solutions for professional workforce management and demand optimized personnel deployment. From conventional working time management to mobile apps, detailed workforce forecasting, sophisticated workforce scheduling or strategic capacity and demand scheduling, ATOSS offers its customers various solutions – in the Cloud or On Premises.

Headquartered in Munich, the company also has offices in Berlin, Frankfurt, Hamburg, Meerbusch, Mettingen, Stuttgart 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 Zurich, ATOSS Software S.R.L. in Romania and ATOSS Aloud GmbH in Munich*.

2. Group basics

Economic climate
The expansion of the global economy continued to lose momentum in 2019. This applies in particular to the advanced economies. However, growth also slowed in the emerging markets. The picture continues to be dominated by weakness in industry and world trade. The expansion of industrial output has been increasingly losing impetus since the end of 2017 / beginning of 2018 and came to a complete standstill in the course of 2019. This development went hand-in-hand with decidedly weak growth in world trade which has even been in decline since the fourth quarter of 2018. Growth in gross domestic product (GDP) in the Eurozone has also continued to slow, primarily due to weaker investment and poor export performance.[1)]

Germany is particularly affected by the worldwide slowdown in growth, especially the industrial arena due to its strong focus on capital goods. Here, the economic picture is split into two camps. While industry is in a recession, the service sector has so far shown itself to be resilient.[1)] According to the monthly report from the Bundesbank for December, gross domestic product is likely to have grown by a mere 0.5 percent in real terms in 2019.

According to the ifo business climate index, however, the most important early indicator of economic development in Germany, expectations in the German economy for the coming year once again improved slightly in December 2019. In December 2019, the index climbed to 96.3 points following 95.1 points in November 2019.[2)]

*In articles of association dated 11/11/2019, the company set up ATOSS Erste Beteiligungs GmbH, Munich and transferred its entire shareholding in its subsidiary, ATOSS Aloud GmbH, Munich, to this company.
[1]) Economic reports from the Kiel Institute – Global Economy in the Winter of 2019 and Annual Report for 2019/20 published by the German Council of Experts.
[2]) ifo Institute: ifo business climate Germany, results of the business survey December 2019; ifo business climate increases at the end of the year

Segmental environment and market background
Market forecasts in the German ICT market are significantly more positive. The industry association BITKOM, for example, expects growth in the software segment in the year elapsed to come in at 6.3 percent.[3)]

Against this background, ATOSS has succeeded for the fourteenth time in a row in maintaining the sustained success of the business. Both sales revenues and EBIT (earnings before interest and taxes) posted growth of 14 percent. Sales in the core area of software rose by 18 percent to EUR 46.5 million. Software licenses accounted for sales of EUR 14,5 million (previous year: EUR 13.3 million). Sales from the cloud delivered a particularly hefty boost to sales, jumping 87 percent to EUR 7.8 million (previous year: EUR 4.2 million).

In the past year, ATOSS booked orders for software licenses and the software component of contracted cloud solutions amounting to EUR 26.3 million (previous year: EUR 18.5 million). This is testimony to the company's dynamic sales model. As of 12/31/2019, the consistently full order book for software licenses stands at EUR 8.3 million (previous year: EUR 5.5 million). To illustrate the growth of its cloud business more effectively in the future and to show the progress made in expanding its annually recurring sales from the cloud, a new indicator was introduced at the beginning of the 2019 financial year: Annual Recurring Revenue (ARR). This indicator contains the sales generated by the company within the next 12 months on the basis of monthly cloud usage fees applicable on the closing date. As of 12/31/2019, ARR stood at EUR 7.6 million which represents a year-on-year rise of 67 percent (previous year. EUR 4.6 million). This order base creates sales and planning certainty for the near future for the company and all its facilities. What's more, the company's substantial liquidity and good equity ratio provides above and beyond security for customers, employees and shareholders.

Positioning of the ATOSS Group
The market ATOSS addresses 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 Mittelstand companies, 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 time and attendance management and workforce scheduling. The 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 a leading provider of time management and workforce management software systems and has expanded its market position in the retail, healthcare, manufacturing and logistics sectors in particular. ATOSS, however, also offers solutions for all sectors, in both the SME and premium market segments.

[3)] bitkom (January 2020): ITK market figures

ATOSS has positioned itself as a specialist in its core fields of time and attendance management and workforce management, offering an in-depth range of integrated solutions that meet the high functional and technological demands of its customers. 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. The company can also offer supremely competent consultancy services with the guarantee that its customers will 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.

When deciding upon a long-term partnership, major, large-scale customers in particular are increasingly focusing on independent companies with a sound financial base. A solid equity ratio (ratio of equity to total assets) of 43 percent (previous year: 60 percent) and consistently high expenditure on technological development – these are crucial advantages when it comes to investment decisions.

The right staff
ATOSS' end-to-end portfolio includes solutions which highlight the qualifications of available personnel, thus facilitating rapid planning, scheduling and deployment. Short-term and even seasonal bottlenecks can be overcome by accessing a large number 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 which 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 raise their level of productivity.

Working on the right job
It is rare today for workforce scheduling to be integrated into the process of production planning. Nevertheless, a meaningful exchange of data in this very instance can underpin planning reliability and accelerate production processes.

At the right cost
Nowadays, 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.

Business development
The company regards the key figures for sales and the EBIT operating profit margin as the essential measures of its success. These figures form the basis for the operational and strategic decisions taken by the ATOSS Management Board and constitute the company's most important financial performance indicators. Although cash flow, software licensing revenues, the order book for software licenses and the software component of contracted cloud solutions represent further important indicators for the Management Board, they are of lesser relevance with regard to the management of the whole company.

ATOSS posted sales of EUR 71.4 million in the 2019 financial year (previous year: EUR 62.6 million) and operating earnings (EBIT) of EUR 19.3 million (previous year: EUR 16.9 million). This pleasing growth in sales and earnings can be ascribed to the successful expansion of business volume with new and existing customers at home and abroad.

Development in software licensing, maintenance and cloud sales, order situation for software licenses and cloud
Software sales in 2019 at EUR 46.5 million were up by 18 percent on the year before (EUR 39.4 million) and equated to 65 percent of consolidated sales (previous year: 63 percent). Software licenses accounted for sales of EUR 14.5 million (previous year: EUR 13.3 million). The 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 largest boost to growth within software revenues came from recurring sales with cloud solutions which jumped 87 percent to EUR 7.8 million (previous year: EUR 4.2 million). The software maintenance business also enjoyed a successful year, sustaining the consistently positive development of past periods. Sales in this area rose by 11 percent to EUR 24.2 million (previous year: EUR 21.9 million). Overall, recurring sales made up 69 percent of software sales (previous year: 66 percent).

Orders received for software licenses and the software component of contracted cloud solutions, together amounting to EUR 26.3 million, were 42 percent up on the previous year's figure of EUR 18.5 million. 15 percent (previous year: 1 percent) of software license orders received relate to long-term production orders. The order book for software licenses as of 12/31/2019 rose by 54 percent to EUR 8.3 million (previous year: EUR 5.5 million) due primarily to major orders. 23 percent (previous year: 9 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.

Since this financial year, the growth of business in the cloud has been portrayed with the aid of the newly introduced indicator ARR (Annual Recurring Revenue). This indicator contains the sales generated by the company within the next 12 months on the basis of monthly cloud usage fees running on the closing date. As of 12/31/2019, ARR stood at EUR 8.3 million which represents a year-on-year rise of 69 percent (previous year: EUR 4.9 million).

Development in consultancy sales
Consultancy sales in 2019 stood at EUR 19.5 million, up by 10 percent over the previous year's figure of EUR 17.7 million. As a result, consultancy accounted for 28 percent of overall sales (previous year: 28 percent).

Development in hardware and other sales
Revenues from the sale of hardware fell by 10 percent in 2019 to EUR 3.7 million, equating to 5 percent of overall sales (previous year: 7 percent). Other sales, the heading under which certain consulting services, customer-specific programming services and identification media in particular are booked, amounted to EUR 1.6 million, some 15 percent higher than in the year before. As a proportion of total sales, this amounted to 2 percent (previous year: 2 percent).

Long-term production orders
As in previous years the company realizes long-term orders in application of the percentage of completion method. In 2019 this applied to 6 orders (previous year: 8) which were realized in accordance with the progress of the project in the amount of EUR 1.6 million (previous year: EUR 2.5 million) on the basis of existing contracts.

Corporate strategy and opportunities
At the heart of our business activities lie 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. ATOSS posted high rates of growth in both areas in 2019. 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. Not least the fact that all products are now available as cloud solutions has opened the door to new groups of customers and yielded additional orders. The year 2019 also witnessed the successful implementation of major projects acquired in the preceding year.

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. Major factors in this regard 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 continue profiting from this development.

The company also sees high growth potential in the retail, healthcare, manufacturing and logistics sectors in particular.

We perceive further 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.

Research and development
It is crucial for ATOSS customers to be able to use our solutions to reflect complex demands of the future. At the same time they also require to deploy technologically sophisticated solutions which 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.

The goal of our product development is 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 these solutions to be integrated 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 as well as 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 derive the 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 easily migrate to the ATOSS Staff Efficiency Suite (ASES). Regular release updates ensure that our software solutions are continuously refined. Both software solutions have been available since 2015 as server-hosted (cloud) solutions.

Our expenditure on research and development in 2019 amounted to EUR 11.9 million (previous year: EUR 11.2 million). The bulk of this figure in the amount of EUR 9.5 million (previous year: EUR 9.0 million) was accounted for by the personnel costs for 185 (previous year: 180) software developers. R&D expenditure as a proportion of overall sales amounted to 17 percent (previous year: 18 percent).

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

Subsidiaries and international business

With the exception of ATOSS Aloud GmbH, all operating subsidiaries recorded positive results in 2019. The proportion of Group sales accounted for by our international business in 2019 amounted to 14 percent (previous year: 15 percent).

Employees, development in personnel

In financial year 2019 the Group employed an average workforce of 493 members of staff (previous year: 444). Of these, 183 (previous year: 180) were employed in product development, 143 (previous year: 119) in consulting, 95 (previous year: 78) in sales and marketing and 72 (previous year: 67) in administration. Personnel costs in 2019 amounted to EUR 34.7 million, some 13 percent higher than the figure of EUR 30.8 million for the preceding year. On 12/31/2019 the company employed 7 trainees (previous year: 8).

Corporate management and control
The management of the Group proceeds 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.

Whereby the company aims to safeguard average sales growth targets in a band between 11 and 13 percent and an average margin (EBIT) of 25 to 28 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 generally 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. Targets are monitored on the basis of a Group-wide management information system which includes detailed reporting of sales, costs and earnings.

Executive bodies
In a meeting held on 12/4/2019, the company's Supervisory Board elected Mr. Moritz Zimmermann as its new Chairman after he had been initially appointed to the Supervisory Board through a resolution adopted by the Municipal Court of Munich on 10/23/2019. He succeeds Mr. Peter Kirn in this office who left the company on 10/23/2019 after serving as Chairman of the Supervisory Board for many years during which he successfully helped to shape the flotation as well as the company's exceptionally dynamic growth over the past 20 years. Rolf Baron Vielhauer von Hohenhau as the Deputy Chairman and Klaus Bauer also served on the Supervisory Board in 2019.

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

Corporate Governance
Since 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 since 2001 on its activities in this regard. 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.

In 2019, the Management and Supervisory Boards have once again concerned themselves intensively with the requirements of the German Corporate Governance Code, comparing these with the company's own principles and identifying those points in which deviations exist from the recommendations issued on Tuesday, 02/07/2017 by the Government Commission on the German Corporate Governance Code.

On 12/04/2019 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 web site. It is consequently evident that the company in broad measure 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, also 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 should designate specific targets for its composition and develop a competence profile for the Board as a whole. With regard to its composition, the Board should within the context of the company-specific situation give appropriate consideration to the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members in consideration of the ownership structure within the meaning of Section 5.4.2 of the German Corporate Governance Code, a defined age limit for Supervisory Board members and a defined time limit for membership of the Board, as well as diversity. This recommendation is currently not 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.

- In respect of 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 (sales revenues, types of sales, operating profit (EBIT), earnings before taxes (EBT), net profit, net earnings per share) within fewer than 30 days. The full interim report is published within two months following 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 declaration
The corporate governance declaration made by the Management Board pursuant to Section 289 f of the German Commercial Code (HGB) is published on the company website at https://www.atoss.com/en-gb/investor-relations/corporate-governance

Explanatory report of the Management Board on the disclosures pursuant to Section 289a HGB
(1) Composition of subscribed capital
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.

(2) Restrictions regarding voting rights or the transfer of shares
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.

(3) Share capital holdings exceeding 10% of the voting rights
Mr. Andreas F.J. Obereder of Grünwald, Germany, holds 1,988,285 shares representing 50.0000025 percent of the shares in ATOSS Software via AOB Invest GmbH, Grünwald, Germany in which he owns 100 percent of the shares. 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.

(4) Shares with special rights conveying controlling powers
No special rights exist that convey powers of control.

(5) Type of voting rights control, when employees hold an interest in share capital and do not make direct use of their control rights
Insofar as employees have a participating interest in the company's capital, their rights of control are not restricted.

(6) Statutory regulations and provisions included in the Articles of Association concerning the appointment and dismissal of members of the Management Board and changes to the Articles of Association
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.

(7) Powers of the Management Board to issue or buy back shares
At the general meeting held on 04/28/2017 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 04/27/2022 to purchase company shares in the 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 04/28/2017 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 that 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 04/28/2017 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.

(8) Material agreements contingent upon a change of control resulting from a takeover offer.
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.

Besides its subsidiaries ATOSS Software Ges. m.b.H., Vienna, ATOSS Software AG, Zurich, ATOSS CSD Software GmbH, Cham, ATOSS Software SRL, Timisoara, ATOSS Aloud GmbH*, Munich, as well as ATOSS North America Inc., West Hollywood, ATOSS Software AG also has facilities in Berlin, Frankfurt, Hamburg, Meerbusch, Mettingen, Stuttgart and Utrecht (Netherlands).

3. Business report

Earnings
The earnings situation in financial year 2019 was principally defined by a 14 percent increase in overall sales revenues which rose to EUR 71.4 million (previous year: EUR 62.6 million). Sales with software were 18 percent higher at EUR 46.5 million (previous year: EUR 39.4 million). This equates to a share of overall Group sales of 65 percent (previous year: 63 percent). Software licenses accounted for sales of EUR 14.5 million (previous year: EUR 13.3 million). The largest boost to growth within software revenues came from recurring sales with cloud solutions which jumped 87 percent to EUR 7.8 million (previous year: EUR 4.2 million). The consistent positive development in software maintenance over many years was also sustained, with sales up 11 percent at EUR 24.2 million (previous year: EUR 21.9 million). Turnover in consulting, too, at EUR 19.5 million (previous year: EUR 17.7 million) was up by 10 percent, well above the figure for the previous year and continuing a trend that has been evident for some years. Hardware sales and other revenues amounted to EUR 3.7 million (previous year: EUR 4.1 million) and EUR 1.6 million (previous year: EUR 1.4 million) respectively.

The key indicator of the company's operating success, earnings before interest and taxes (EBIT) rose in line with overall sales by 14 percent to EUR 19.3 million (previous year: EUR 16.9 million) in spite of significant expenditure on investments in R&D and the sales organization. The return on sales represented by EBIT stood at 27 percent (previous year: 27 percent).

Earnings before taxes (EBT) were 19 percent higher at EUR 19.9 million (previous year: EUR 16.8 million).

*In articles of association dated 11/11/2019, the company set up ATOSS Erste Beteiligungs GmbH, Munich and transferred its entire shareholding in its subsidiary, ATOSS Aloud GmbH, Munich, to this company.

Net income for financial year 2019 amounted to EUR 13.5 million (previous year: EUR 11.2 million), some 21 percent higher than in the year before. Earnings per share increased from EUR 2.81 EUR 3.40.

Thanks in particular to its success in winning 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 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. In this respect the ATOSS Group was highly successful in financial year 2019.

The cash flow from business operations for the period from 01/01/2019 to 12/31/2019 amounted to EUR 15.3 million (previous year: EUR 12.2 million) and was thereby EUR 3.1 million higher than in the year before. Liquidity (cash and cash equivalents) declined from EUR 21.3 million to EUR 17.5 million. The position as a whole comprising liquidity and other current and non-current financial assets (e.g. gold, equities, capital assurance claims, investment funds) fell from EUR 33.3 million to EUR 30.4 million. Liquidity per share on 12/31/2019 including these other current and non-current financial assets accordingly stood at EUR 7.63 (previous year: EUR 8.38).

The operating cash flow was boosted mainly by net earnings, an increase in trade payables, as well as in miscellaneous liabilities arising from higher salary and commission liabilities and an increase in advance payments on orders received. Effects that reduced cash flow derived primarily from an increase in trade receivables as well as higher advance tax payments for the 2019 financial year and/or payment of trade tax arrears from previous years.

In addition to negative cash flow from investments in the amount of EUR 0.9 million, liquidity was also negatively affected by the payment of a dividend of EUR 1.40 per share (previous year: EUR 1.17) as well as a special dividend of EUR 2.60 (previous year: EUR 0.00) (total distribution: EUR 15.9 million; previous year: EUR 4.7 million).

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.

Tangible and intangible assets decreased from EUR 4.7 million to EUR 4.4 million.

The company's long-term holdings in gold amounting to EUR 0.6 million (previous year: EUR 0.5 million) and the deposits paid under leases amounting to EUR 0.7 million (previous year: EUR 0.5 million) are reported under the heading of other non-current financial assets which totaled EUR 1.3 million (previous year: EUR 1.0 million).

Receivables increased from EUR 6.3 million to EUR 7.7 million. The average time to receipt of 30 days (previous year: 28 days) remains very low. In the company's view, this is due in particular to high customer satisfaction and successful management of receivables.

Other current financial assets as of 12/31/2019 amounted to EUR 12.2 million (previous year: EUR 11.5 million) and besides capital assurance claims of EUR 5.2 million (previous year: EUR 5.2 million), this figure also included investment fund deposits approved by the Supervisory Board in the amount of EUR 5.3 million (previous year: EUR 4.9 million) and investments in physical gold amounting to EUR 1.7 million (previous year: EUR 1.4 million) in line with the company's defined investment strategy.

Valuation of current and non-current gold holdings and investment fund securities at their fair value results in finance income of EUR 408,550 (previous year: EUR 58,645) and EUR 341,682 respectively (previous year: depreciation of EUR 156,782). In addition, income from the valuation of claims relating to capital assurances used as alternative short-term investments was recognized at fair value in the amount of EUR 62,120 (previous year: EUR 61,383) as financial income. The market value of current and non-current gold holdings on 12/31/2019 stood at EUR 2.3 million (previous year: EUR 1.9 million).

The company is financed through the ongoing cash flow generated from operations. Current liabilities include trade payables in the amount of EUR 0.9 million (previous year: EUR 0.5 million), contractual liabilities in the amount of EUR 4.7 million (previous year: EUR 2.4 million), tax provisions in the amount of EUR 0.6 million (previous year: EUR 1.9 million) as well as other current financial and non-financial liabilities amounting to EUR 8.9 million (previous year: EUR 8.9 million). Current liabilities on 12/31/2019 increased to EUR 15.7 million (previous year: EUR 13.9 million). This increase in current liabilities as of 12/31/2019 was essentially attributable to higher contractual liabilities resulting from production orders. It remains the company's intention not to incur borrowings to finance business operations.

The miscellaneous current non-financial liabilities relate predominantly to commitments to employees in respect of variable salary components to be disbursed in the following year, and also to anticipated accounts payable. The company had no liabilities denominated in foreign currencies on 12/31/2019, and no bank loans. Nor does the company intend to use bank loans to finance business operations.

An unsecured credit line in the amount of m EUR 0.5 million (previous year: EUR 0.5 million) is in place with the principal bank of the integrated companies which may optionally be used for guarantee purposes or as an overdraft facility. This credit line was not used for guarantees in the 2019 financial year.

Non-current liabilities essentially include the pension provision in the amount of EUR 6.6 million (previous year: EUR 4.8 million) as well as lease liabilities of EUR 10.9 million recognized for the first time as part of the initial application of IFRS 16 with effect from 01/01/2019.

Group equity capital as of 12/31/2019 amounted to EUR 24.8 million (previous year: EUR 28.5 million), resulting in an equity ratio (the ratio of equity to balance sheet total) of 43 percent (previous year: 60 percent) on 12/31/2019. The return on equity (net earnings vs. equity) as of 12/31/2018 stood at 55 percent (previous year: 39 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.

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

4. Compensation report

4.1 Compensation report for the Management Board

The members of the Management Board are:

Andreas F.J. Obereder	CEO	Appointed until 12/31/2023
Christof Leiber	Member of the Management Board	Appointed until 03/31/2022

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 yearly in advance. With regard to Section 4.2.3 of the Corporate Governance Code and to Section 87 of the German Stock Corporation Act (AktG) as 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 in consideration of the sustained development of the undertaking, of a multi-year basis for assessment and of 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 contract with the CEO, Mr. Andreas F.J. Obereder, was extended with effect from 01/01/2019 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 comprise sales and earnings targets. The multi-year targets include quantitative targets over a three-year period.

The contract with Mr. Christof Leiber was extended with effect from 04/01/2017 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 comprise sales and earnings targets. The multi-year targets include qualitative targets.

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 in favor of 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, we further refer to Note 50 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.

The members of the Supervisory Board are:

Moritz Zimmermann (since 10/23/2019)	Chairman, CTO of SAP Customer Experience at SAP SE, Walldorf

(Appointed as a member of the Supervisory Board by a resolution of the Municipal Court of Munich on 10/23/2019, elected Chairman of the Supervisory Board as part of the Supervisory Board meeting of 12/04/2019)

Peter Kirn (until 10/23/2019)	Chairman, Management Consultant, Böblingen
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman President of the Bund der Steuerzahler in Bayern e.V., Munich (Taxpayers' Association)
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 05/22/2001.

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, we further refer to Note 49 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 36.

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 2019 no reportable transactions were undertaken by board members or disclosed.

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 via AOB Invest GmbH, Grünwald, Germany in which he owns 100 percent of the shares.

5. Risk management and control system

5.1 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. 4 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 (IDWPS 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 risk management system comprises the entirety of all organizational rules and activities designed to recognize risk and deal with the risks inherent in the conduct of 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 the recognition and management of 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 which 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 risk reviews were undertaken. The results were compiled by the risk management committee in a risk report and submitted to the Management Board.

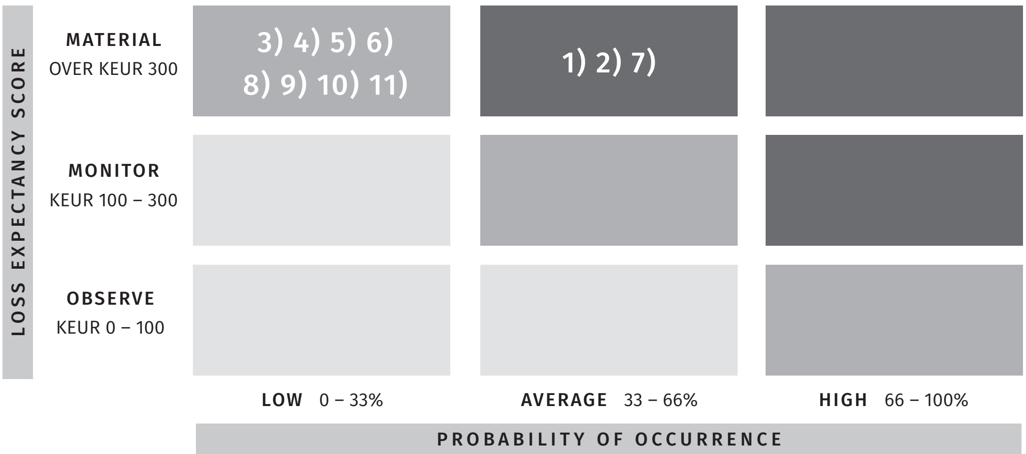
In accordance with the principles adopted by ATOSS for the management of risk, all risks with an expected loss value (calculated as the product of the level of loss and the probability of occurrence) of more than EUR 300,000 up to a limit of EUR 10,000,000 within the divisions of ATOSS Software AG as well as risks with an associated loss value which is rated as "high" are fundamentally deemed to be material.

Probability of occurrence of potential risk

Level	
low	0-33%
average	33-66%
high	66-100%

Extent of loss entailed in potential risk

Level	
low	KEUR 0-100
average	KEUR 100-300
high	over KEUR 300



MATERIAL RISKS

Market risks
1) Risks from a competitive environment
Operating risks
2) Rising sales expectations require major projects to be won
3) Requirements of international projects and partners
4) Malfunctions or interruptions to operating process
5) Cyber security and security
6) Cloud operation
7) Personnel risks

Legal and compliance risks
8) Risks from data protection
9) Risk from the breach of intellectual property
10) Risk from duties of transparency
Financial risks
11) Failure to expand the business model and open up new markets

Material risks in 2019

Market risks

Risk from competitive environment (material)

ATOSS Software AG operates in an intensely competitive and technologically fast-paced market in which there are a few major suppliers. The appearance of new entrants to the market could entail risks. These risks are minimized by diversifying the customer base, setting up sales and distribution by sector, using advanced, pioneering technologies and not least by means of reputable reference customers and a high level of expertise in the implementation of software projects. The company has also taken suitable steps to protect and secure its IP rights. At the same time, these risks are given sufficient weight by maintaining a high order book, excellent capital ratios and high liquidity. The company has a competitive cost structure and invests considerable sums in development in order to maintain and expand its technological lead and broaden its customer base.

Operating risks

Sales risks

The sale and implementation of ATOSS software solution are subject to numerous material risks or ones that require monitoring over which the Group does not always have any direct control. One important element of our business is the successful implementation of software and service solutions designed to help our customers reduce complexity and work as efficiently as possible. In the process, however, the company may be faced with the following risks:

Rising sales expectations require major projects to be won (material)
Our high growth targets require the winning of major projects and are therefore dependent to a decisive extent on the planning and commitment of qualified specialists and managers. To minimize this risk, particular care is taken to generate appropriate pipeline projects in dedicated sectors such as retail, logistics, medical and cross sales as well as to enter into strategic partnerships. Furthermore, the recruitment process also prioritizes candidates particularly well qualified to develop and win major projects.

Requirements of international projects and partners (material)
International direct sale projects and/or distribution partnerships are frequently large-scale operations and challenging with respect to the support from ATOSS required and expected. The risk here consists essentially in the disproportionately high allocation of highly specialized ATOSS resources to a few individual projects / partnerships. The risk is minimized by ensuring that international partnerships are only entered into where there is a contractually agreed, healthy balance between software sales and consulting services (e.g. through contractually fixed minimum sales) in order thus to guarantee an economic allocation of resources. Furthermore, in the case of major international projects, customers are informed of the lead times and estimated duration of the project well in advance in order to manage their expectations accordingly.

Implementation risks (low to average, monitor)
Risks associated with implementing projects on customers' premises or insufficient fulfilment of customer expectations bring with them risks which could have a negative impact on ATOSS' business operations, financial position and its cash flows. This risk is adequately minimized by continuously monitoring and checking on customer projects.

Malfunctions or interruptions to operational procedures (material)
The Group counters the risk of malfunctions in or interruptions to operational procedures as a result of the general fire risk and resulting damage to property, financial loss and personal injury by strict adherence to all statutory requirements regarding fire safety and health and safety at work. The associated risk of data loss or IT failure is minimized by the implementation of various backup mechanisms.

Cyber security and security (material)
A cyber attack or any fraudulent internal data loss that puts IT security at risk could entail considerable legal and financial risks and have a negative impact on our customers, partners, financial position, business operations, image and our business in general. As a response to the growing number of cyber attacks around the world and on the assumption that the methods used by hackers in our complex and threatened cyber security landscape will be refined, ATOSS Software AG devotes large resources every year to analyze, change and improve its protective measures in the area of cyber security as well as to continue remedying any weaknesses found.

Cloud operation (material)
In the area of cloud solutions, there is a risk that increasing the degree of standardization/automation of cloud service management processes will be unsuccessful. To this end, the Group approved an extensive roadmap in November 2019 for expanding its cloud product functionalities and cloud service management tools and processes with implementation beginning immediately.

The Group counters the risk of an insufficient level of cyber security in the operation of its cloud solutions by means of extensive quality assurance processes which are continuously refined.

Cloud infrastructure (low; monitor)
Through a process of constant monitoring and investment in the infrastructure and processes, the Group counters the risks of a lack of stability on the part of the cloud service provider as well as security and availability problems in operating ATOSS cloud solutions.

Technology and products (low to average; monitor)
Changes to the licensing policy or faults in third-party components could impair the usability and/or marketability of ATOSS software solutions. ATOSS has taken extensive quality assurance steps in this area in order to offset these risks and as far as possible to alleviate their negative effects.

Personnel risks (material)
Recruiting highly qualified employees and tying them permanently to the company are crucial factors for the success of the entire software sector. ATOSS Software AG is thus facing the challenge of keeping its staff and developing their skills. Otherwise, there is a danger of losing the necessary knowledge, skills and relationships for developing, selling and implementing our innovative software solutions.

Legal risks and compliance risks
Risk from data protection (material)
If we fail to observe the increasingly complex and strict regulations on data protection or do not adequately meet the agreed demands from our customers on our products and services in this regard, this could lead to civil liability claims, fines as well as the loss of customers and damage to our reputation. For this reason, the Group has implemented suitable, sector-specific processes and steps to ensure confidential and compliant treatment of customer data as well as trade and business secrets in addition to extensive measures to ensure that statutory requirements on data protection (Data Protection Directive) are observed.

Risk from the breach of intellectual property (material)
Risks from the breach of intellectual property rights are countered by various internal measures such as internal guidelines, processes and supervisory mechanisms.

Risk from duties of transparency (material)
The regulatory environment for ATOSS Software AG which is listed in the prime standard of the German stock exchange, is one of great complexity. Any infringement of the regulations could have a negative impact on the company's financial position, share price and its reputation. For

this reason, appropriate processes and measures have been implemented in the company to observe statutory duties of transparency.

Financial risks

Failure to expand the business model and open new markets (material)

Conditions for sales and sales revenues. The conditions governing our sales and sales revenues are subject to market fluctuations, and our forecasts might turn out to be inaccurate. We are aware that the expansion of our business model through additional services such as ATOSS Cloud Solutions and the process of opening up new (geographical) markets come with risks attached. The general risk of these activities failing is minimized by careful planning and close monitoring and management.

Loss of liquidity (monitor)

External factors such as an economic downturn might affect our future liquidity. The Group counters the financial risk arising from the 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 or comparable forms of investment, 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 constant 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. In view of the substantial reserves of cash funds available at short notice and as well as the positive cash flow from operations, the Group is not subject to any identifiable liquidity risk.

Other risks to be watched

Besides the material risks and risks to be monitored already described, there are further risks classified by the Group as "to be observed" due to their low damage expectancy rating. These are legal and operating risks for which appropriate measures to minimize the risk are already in place.

By comparison with the previous year, the Group sees no change to the classification of existing risks. The only new material risks identified relate to the cloud. On the basis of a review of the risk position at the time when the management report was prepared, the Management Board sees no risks that threaten ATOSS as a going concern or put the future of the Group in doubt.

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. ATOSS will therefore 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 company anticipates a similar risk structure.

5.2 Risk management system and the accounting process
The essential features of the accounting-related internal control and risk management system at ATOSS Software AG may be described as follows:

- The company exhibits a clear management, corporate and control structure.

- The functions of the financial accounting, order processing and controlling departments materially involved in the 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.

- Functions and responsibilities are unambiguously assigned in all areas of the accounting process.

- The departments concerned in the accounting process meet both quantitative and qualitative requirements.

- The IT systems employed in connection with the accounting process are protected by security features against unauthorized access.

- The financial systems employed are based on standard software.

- Matters with a material accounting relevance are discussed and clarified at weekly finance meetings.

- Essential related processes are subject to regular audit. Where necessary the risk management system is adapted in line with current developments.

- All essential accounting-related processes are consistently subject to the principle of dual control.

- The Supervisory Board concerns itself with matters of material importance pertaining to accounting, risk management and the audit assignment and its areas of emphasis.

- The Management Board bears overall responsibility for the 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 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 accounting departments provide the basis for a correct, uniform and sustainable 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 company's internal control and risk system further ensures that the 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.

5.3 Objectives and methods of managing financial risk

Through its business operations, the company is exposed to various financial risks: market risk, credit risk and liquidity risk.

The group's product range is in competition with other providers. The Group's risk management is geared towards recognizing unpredictable developments on the financial markets and minimizing the potentially negative effects on the Group's financial position. Risk management is carried out in accordance with the guidelines adopted by the Executive Board. The Group identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

Market risk

The market risk for the gold holdings reported in other assets is viewed as an immaterial risk. 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 company in physical gold are susceptible to market price risks arising from uncertainties in the future development in the value of these financial instruments. The company manages the market price risk through diversification and by limiting its investments in individual forms of investment and investment securities. Moreover the company does not invest its available liquidity in speculative forms of investment. The company's investment strategy is oriented towards preserving value and safeguarding against inflation in the long term.

Credit risk

To manage these credit risks the company enters into transactions exclusively with creditworthy third parties. All customers with whom the company 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 company is not exposed to any significant risk of default. The maximum default risk is limited to the carrying value detailed in the Notes.

In the case of the company'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.

Liquidity risk

The company monitors the risk of a liquidity bottleneck on an ongoing basis. The company assesses the concentration of risk in connection with its financial assets as low. Receivables are due from customers in a variety of sectors, operating in independent markets. The company also invests its available liquidity in various forms of investment such as gold, investment funds, securities held as current assets, capital investments with banks and insurance companies and fixed-term deposits. The company assesses the overall concentration of risk as low.

Claims arising from capital investments are held against a reputable German insurance company which was awarded an "A" rating (safe investment) by the international ratings agency S&P Global Ratings.

The company regards equity as an essential management parameter 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 company 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 company can adjust its dividend payments to shareholders, or make a repayment of capital to the shareholders, or issue new shares. As of 12/31/2019 and 12/31/2018 no changes were made in the Group's objectives, policies or procedures.

The risks do not threaten society either individually or collectively.

6. 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 75 percent of consolidated earnings per share. The Management Board proposes to use a sum of EUR 17,127,851.70 from the unappropriated profit from the 2019 financial year for a dividend payment of EUR 2.55 per dividend-bearing share to transfer an amount of EUR 3,976,586.00 to retained earnings and to carry the remaining net income forward to new account. If this dividend proposal is accepted by the general meeting, this will result in a dividend payment of EUR 10,140,248.40 on the share capital entitled to a dividend as of 12/31/2019 amounting to EUR 3,976,568.00 a transfer to retained earnings in the amount of EUR 3,976,568.00 and profit carried forward of EUR 3,011,035.30.

7. Final declaration of the dependency report

In accordance with Section 312 of the German Stock Corporation Act, the Management Board has prepared a report for the reporting period detailing relations with associate companies which has been examined by our auditors. The dependence report by the Management Board concludes with the following statement:
“We declare that in the transactions undertaken between 01/01/2019 and 12/31/2019 and listed in the report on relations with associate companies, in accordance with the circumstances known to us at the time these transactions were undertaken, in each legal transaction the company received an adequate consideration and was not put at any disadvantages.“

8. Events after the balance sheet date/subsequent events

On 2/11/2020 the merger of ATOSS Erste Beteiligungs GmbH, Munich with ATOSS Software AG, Munich was completed with registration in the Commercial Register. The entire assets of ATOSS Erste Beteiligungs GmbH were subsequently transferred to ATOSS Software AG by way of universal succession. As a result, the profit and loss transfer agreement concluded between ATOSS Erste Beteiligungs GmbH and ATOSS Aloud GmbH was also transferred to ATOSS Software AG.

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

According to current sentiment indicators, the prospects for the global economy have now stabilized although they remain modest. The one-year decline in the assessments given by manufacturing industry has been halted for the time being. November 2019 saw a very slight improvement in expectations in large countries and regions with advanced economies. In the emerging markets, assessments showed a more marked improvement, first and foremost in China and Brazil. According to the latest Ifo economic forecast, worldwide output across the whole economy can be expected to expand at above-average rates in 2020. Advanced economies are likely to grow at slightly below-average rates while production in emerging markets will probably continue to post above-average growth.[4)] The prospects for the Eurozone economy remain modest according to the panel of experts. For example, the average GDP growth rate is expected to be 1.1 percent.[5)] The major economies in the Eurozone are likely to continue to show significant differences.[4)] Economic output in Germany will probably grow by around 1.1 percent according to the latest forecasts.[4)]

Growth forecasts in the software industry remain strong. The market forecast for the German ITC market in 2020 published by the industry association BITKOM in January 2020 is predicting growth in the software segment of 6.4 percent to EUR 27.6 billion.[6)]

[4)] ifo Economic Forecast Winter 2019: German economy stabilizes
[5)] German Council of Economic Experts: Annual Report 2019/20: Economy is cooling off
[6)] bitkom (January 2020): ICT market figures

We also refer to this outlook on opportunities in Section 2, Group basics, and in Section 5, 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.

We expect sales growth in financial year 2020 to be between 11 and 13 percent. At the same time in financial year 2020 ATOSS intends to increase the level of investment in addressing new markets and associated opportunities for fresh growth in the field of workforce management. Investments are planned in particular in sales and marketing. With an overall constant cost structure, the company expects to see an EBIT margin in financial year 2020 of between 25 and 28 percent. Also after the dividend distribution, ATOSS Software AG, with its balance sheet structure largely unchanged, will continue to enjoy a comfortable equity ratio of more than 40 percent with liquidity in excess of EUR 20.0 million at the year-end.

In its outlook for the 2019 financial year published in February 2019, ATOSS Software AG forecast that sales would rise by 11 to 13 percent and predicted an EBIT margin of 25 to 28 percent. With year-on-year sales growth of 14 percent to EUR 71.4 million and an EBIT margin of 27 percent, ATOSS exceeded its own forecast slightly with respect to sales by winning new customers and with respect to the EBIT margin, met it in full.

10. Statement by the authorized representative body

We declare that to the best of our knowledge and in accordance with applicable accounting principles, the annual consolidated financial statements provide a true and fair view of the company's net assets, financial position and results of operations and that the company's management report presents a true and fair view of the development of business, including the operating results and the position of the company, and also describes the significant opportunities and risks relating to the probable development of the company.

Munich, 02/21/2020

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

CONSOLIDATED BALANCE SHEET AS OF 12/31/2019

Assets (EUR)	Notes	12/31/2019	12/31/2018
Non-current assets			
Intagible assets	14, 26	364,613	380,538
Property, plant and equipment	14, 26	4,076,622	4,277,418
Rights of use	22, 27	10,884,625	-
Other non-current financial assets*	11, 24, 56	1,270,580	1,010,185
Deferred tax assets	15, 28	1,713,477	922,726
Total non-current assets		**18,309,917**	**6,590,867**
Current assets			
Inventories		3,869	4,464
Trade receivables	11, 24, 56	7,715,364	6,255,949
Other current financial assets*	24, 56	12,213,779	11,514,425
Other current non-financial assets	25	2,313,039	1,500,035
Cash and cash equivalents*	10, 11, 23, 55, 56	17,523,701	21,284,353
Total current assets		**39,769,752**	**40,559,226**
Total assets		**58,079,669**	**47,150,093**

Equity and Liabilities (EUR)	Notes	12/31/2019	12/31/2018
Equity			
Subscribed capital	36	3,976,568	3,976,568
Capital reserve	36	-661,338	-661,338
Equity deriving from unrealized profits/losses		-3,056,418	-1,872,779
Unappropriated net income	61	24,582,473	27,057,136
Equity attributable to the equity holders of the parent company		**24,841,285**	**28,499,587**
Non-controlling interests		-69,042	-46,720
Total equity		**24,772,243**	**28,452,867**
Non-current liabilities			
Pension provisions	18, 35	6,649,439	4,782,229
Non-current leasing liabilities	22, 27, 30, 54, 55	10,918,017	-
Deferred tax liabilities	15, 28	82,564	54,277
Total non-current liabilities		**17,650,020**	**4,836,506**
Current liabilities			
Trade accounts payable	16, 30, 56	918,278	510,151
Contractual liabilities	19, 33, 46	4,703,092	2,446,496
Current leasing liabilities	22, 27, 30, 54, 55	476,400	-
Other current financial liabilities*	31, 56	1,174,021	1,664,612
Other current non-financial liabilities*	31, 32	7,769,367	7,252,025
Tax provisions		587,389	1,929,636
Other provisions	17, 34	28,861	57,800
Total current liabilities		**15,657,407**	**13,860,720**
Total equity and liabilities		**58,079,669**	**47,150,093**

*For adaption of prior-year comparatives see Notes No. 23, 24, 31, 32

CONSOLIDATED INCOME STATEMENT FROM 01/01/2019 TO 12/31/2019

EUR	Note	01/01/2019 -12/31/2019	01/01/2018 -12/31/2018
Sales revenues	19, 37	**71,391,675**	**62,610,818**
Cost of sales	38	-21,228,025	-18,441,321
Gross profit on sales		**50,163,650**	**44,169,497**
Distribution costs	39	-12,932,412	-10,935,362
Administration costs	40	-5,822,722	-5,216,072
Research and development costs	21, 41	-11,944,221	-11,226,211
Other operating income	20, 44	290,036	322,789
Other operating expenses	44	-237,269	-167,217
Net impairments on financial assets		-220,099	-30,819
Operating profit		**19,296,962**	**16,916,606**
Interest and similar income	43	839,678	121,936
Interest and similar expenses	43	-224,521	-249,628
Earnings before taxes		**19,912,119**	**16,788,914**
Taxes on income and earnings	15, 28, 45	-6,393,382	-5,595,233
Net income for the year		**13,518,737**	**11,193,681**
Attributable:			
Equity holders of the parent		13,541,060	11,206,216
Non-controlling interests:		-22,323	-12,535
Earnings per share (undiluted)		3.40	2.81
Earnings per share (diluted)		3.40	2.81
Average number of shares in circulation (undiluted)		3,976,568	3,976,568
Average number of shares in circulation (diluted)		3,976,658	3,976,658

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01/01/2019 TO 12/31/2019

EUR	Note	01/01/2019 -12/31/2019	01/01/2018 -12/31/2018
Net income for the year		**13,518,737**	**11,193,681**
Components not reallocated in profit and loss			
Profits/losses recognized in equity on the valuation of plan assets	35	4,764	0
Tax effects of profits/losses recognized in equity on the valuation of plan assets	35	0	0
Profits/losses recognized in equity on the revaluation of defined benefit pension plans	35	-1,759,815	152,177
Tax effects of profits/losses recognized in equity on the revaluation of defined benefit pension plans	35	571,412	-49,521
Other comprehensive income for the period after taxes		**-1,183,639**	**102,657**
Comprehensive income after taxes		**12,335,098**	**11,296,338**

CONSOLIDATED CASH FLOW STATEMENT FROM 01/01/2019 TO 12/31/2019

EUR	Note	01/01/2019 -12/31/2019	01/01/2018 -12/31/2018
Earnings before taxes		**19,912,119**	**16,788,914**
Depreciation	26	3,208,780	1,077,099
Interest and similar income	43	-839,678	-121,936
Interest and similar expenses	43	224,521	249,628
Income from the disposal of fixed assets	26	409	30,716
Change in net current assets			
Trade receivables	24	-1,459,415	-1,178,509
Inventories and other non-financial assets	24	91,109	-550,497
Other assets		-149,004	-384,119
Trade accounts payable	16, 30, 46, 56	408,127	63,343
Other current financial and non-financial liabilities	31, 32	428,147	1,970,310
Other provisions	34	-28,939	-31,200
Contractual liabilities		2,256,596	-1,745,438
Interest received		24,334	955
Interest paid		-3,334	-614
Income taxes received	28, 44	1,637	325,862
Income taxes paid	28, 44	-8,808,479	-4,275,481
Cash flow generated from operating activities (1)*	46	**15,266,929**	**12,219,032**
Cash flow from investment activities			
Expenditure for the purchase of tangible and intangible assets	26	-906,031	-1,716,997
Proceeds from the disposal of tangible and intangible assets		0	6,500
Cash flow generated from investment activities (2)	47	**-906,031**	**-1,710,497**
Cash flow from financing activities			
Redemption element leasing liability IFRS 16	22, 27, 53	-2,087,492	-
Interest element leasing liability IFRS 16	22, 27, 53	-127,785	-
Dividends paid		-15,906,272	-4,652,585
Cash flow generated from financing activities (3)	48	**-18,121,549**	**-4,652,585**
Change in cash and cash equivalents - total of (1) to (3)		**-3,760,652**	**5,855,950**
Cash and cash equivalents and the start of the period		21,284,353	15,428,403
Cash and cash equivalents and the end of the period		17,523,701	21,284,353

*For adaption of prior-year comparatives see Notes No. 23, 24, 31, 32

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS 12/31/2019

	Equity attributable to the proprietors of the parent company					
EUR	Subscribed capital	Capital reserve	Equity deriving from unrealized profits/losses	Unapprop-riated net income	Non-controlling interests	Total
Notes	36	36	36	36, II. 1		
01/01/2018	**3,976,568**	**-661,338**	**-1,784,476**	**20,312,545**	**-34,185**	**21,809,114**
Net income 2018	0	0	0	11,206,216	-12,535	11,193,681
Other comprehensive	0	0	102,657	0	0	102,657
Total comprehensive income	**0**	**0**	**102,657**	**11,206,216**	**-12,535**	**11,296,338**
Dividends	0	0	0	-4,652,585	0	-4,652,585
Adaption as of 01/01/2018*	0	0	-190,960	190,960	0	0
12/31/2018	**3,976,568**	**-661,338**	**-1,872,779**	**27,057,136**	**-46,720**	**28,452,867**
01/01/2019	**3,976,568**	**-661,338**	**-1,872,779**	**27,057,136**	**-46,720**	**28,452,867**
Net income 2019	0	0	0	13,541,060	-22,322	13,518,737
Other comprehensive	0	0	-1,183,639	0	0	-1,183,639
Total comprehensive income	**0**	**0**	**-1,183,639**	**13,541,060**	**-22,322**	**12,335,099**
Dividends	0	0	0	-15,906,272	0	-15,906,272
Adaption as of 01/01/2019**	0	0	0	-109,451	0	-109,451
12/31/2019	**3,976,568**	**-661,338**	**-3,056,418**	**24,582,473**	**-69,042**	**24,772,243**

One share represents 1 euro of subscribed capital.

*Adaption as of 01/01/2018 due to the first application of IFRS 9 financial instruments
**Adaption as of 01/01/2019 due to the first application of IFRS 16 leases

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2019

I. Company information

ATOSS Software AG, Rosenheimerstraße 141 h, 81671 Munich, hereinafter also called “ATOSS” or “the company”, is a stock corporation established in Munich, Germany, with limited liability. The company is registered with the Municipal Court of Munich under Commercial Register Number HRB 124084. ATOSS has been listed on the Deutsche Börse in Frankfurt since 03/21/2000. ATOSS Software AG is a provider of technology and consulting solutions for professional workforce management and demand optimized personnel deployment. From conventional working time management to mobile apps, detailed workforce forecasting, sophisticated workforce scheduling or strategic capacity and demand scheduling, ATOSS has the right solution – in-the-Cloud or On-Premises.

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 § 315e Para. 1 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
IFRIC 23	Uncertainty over Income Tax Treatments	01/01/2019
Improvements to the IFRS 2015-2017 IFRS 3 IFRS 11 IAS 12 IAS 23	Business combinations Joint Arrangements Income taxes Borrowing	01/01/2019
Amendments to IFRS 9	Prepayment features with negative compensation	01/01/2019
IFRS 16	Leases	01/01/2019
Amendments to IAS 19	Plan amendment, curtailment or settlement	01/01/2019
Amendments to IAS 28	Long-term interests in associates and joint ventures	01/01/2019

Application of these new or amended Standards with the exception of those Standards described hereinafter 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.

IFRS 16 was applied by the Group for the first time. The nature and effects of the changes due to the First-time application of these new accounting standards are described below and in Note 27.

IFRS 16 was applied retrospectively for the first time in compliance with the transitional regulations of the Standard, but without adjusting the figures for the previous year. All reclassifications and adjustments resulting from the first-time application are thus recognized in the opening balance on 01/01/2019.

Disclosure II.22 contains a description of the new accounting methods. With the first-time application of IFRS 16, the Group recognized lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities are measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing interest rate as of 01/01/2019. The lessee's weighted average incremental borrowing interest rate applied to the lease liabilities as of 01/01/2019 is 1.2%.

Simplifications applied

In its first-time application of IFRS 16, the Group took advantage of the following simplifications:

- application of a single discount rate on a portfolio of lease contracts of similar design
- adoption of earlier assessments as to whether a lease is onerous. There are no onerous contracts.
- recognition of lease contracts with a residual term of less than 12 months as of 01/01/2019 as short-term leases
- non-recognition of initial direct costs when measuring rights of use at the time of initial application
- retroactive determination of the term of leases in the case of contracts with option to extend or terminate

Measurement of lease liabilities

EUR	2019
Obligations from operating leases reported as of 12/31/2018	12,222,220
Discounting at the lessee's incremental borrowing interest rate at the time of initial application of IFRS 16:	-521,849
Less short-term leases recognized as an expense on a straight-line basis:	-725,308
Less leases for low value assets recognized as an expense on a straight-line basis:	-195,840
Less non-lease components:	-530,262
Lease liabilities accounted for on 01/01/2019	**10,248,961**
of which short-term lease liabilities	13,188
of which long-term lease liabilities	10,235,773

Adjustments recognized in the balance sheet as of 01/01/2019
The change to the accounting method affected the following balance sheet items as of 01/01/2019 as follows:

- Rights of use – increase by EUR 9,738,114
- Lease liabilities – increase by EUR 10,248,961
- Deferred tax claims – increase by EUR 33,465

The net effect on net income as of 01/01/2019 after netting off a deferral for rent-free time (EUR 401,397) was an increase of EUR 109,451.

Published but not yet obligatory standards
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
Amendments to IAS 1 and IAS 8	Definition of materiality	01/01/2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Reform of interest rate benchmarks	01/01/2020
Conceptual framework for financial reporting	Reference to conceptual framework for financial reporting in IFRS standards	01/01/2020

The amendments to **IAS 1 Presentation of financial statements and IAS 8 Accounting policies**, changes to estimates and errors serve to refine the definition of materiality by standardizing the wording of the materiality definitions contained in various standards and statements by the IASB and tighten terms connected to the definition. The term of obscuring is introduced in the process and illustrated by examples.

The revised definition places the focus on the materiality of information. According to the definition, information is material if its omission, faulty presentation and/or obscuring could reasonably be expected to influence the decisions reached by primary users of IFRS financial statements on the basis of these statements.

The revised definition of materiality will only be included in IAS 1 in future. IAS 8 merely refers to the fact that the term “material” is defined in IAS 1 and must be applied in IAS 8 with the same meaning.

The amendments are to be applied for the first time to fiscal years beginning on or after 01/01/2020.

The Management Board does not expect the amendments to have any material effects on the consolidated financial statements.

The amendments to **IFRS 9, IAS 39 and IFRS 7** are intended to mitigate the effects if the reform of interest rate benchmarks (IBOR reform) on financial reporting. The amendments are aimed at enabling hedge accounting to continue or still to be designated in spite of the uncertainties associated with the expected replacement of various interest rate benchmarks.

It is mandatory to apply the amendments to fiscal years beginning on or after 01/01/2020. Earlier application on a voluntary basis is permissible.

The management assumes that application of the amendments will enable the company to maintain its existing hedging of the risk of interest rate changes for accounting purposes or to continue designating for hedge accounting in spite of uncertainties over the replacement of existing interest rate benchmarks.

Together with the revised **conceptual framework for financial reporting** which came into force with its publication on 03/29/2018, the IASB has also published amendments to references to the framework concept in IFRS standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IF-RIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32.

However, not all the amendments update these statements in relation to references and quotes from the conceptual framework with the result that they relate to the revised conceptual framework. Some statements are only being updated in order to show which version of the conceptual framework they refer to (the IASC conceptual framework passed by the IASB in 2001, the IASB conceptual framework from 2010 or the newly revised conceptual framework of 2018), or to point out that the definitions in the standard have not been updated with the new definitions developed in the revised conceptual framework.

The amendments that actually constitute updates must be applied to fiscal years beginning on or after 01/01/2020 although it is also permissible to apply them earlier.

Here, too, the Management Board is not expecting the amendments to have any material effects on the consolidated financial statements.

Standards published but not yet adopted by the EU

The Group has not applied the standards, amendments to standards and IFRIC interpretations of IFRS which have been published but not yet adopted by the EU, and does not plan to do so. The effects resulting from these changes have not been evaluated.

2. Bases for the preparation of the financial statements

The present consolidated financial statements were prepared to 12/31/2019 for the reporting period from 01/01/2019 to 12/31/2019. The financial year for all group companies coincides with the calendar year. As a general rule, the consolidated financial statements were prepared using the historical cost principle. Exceptions to this rule are current and non-current financial assets which are measured at their fair value.

3. Reporting currency

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

4. Consolidated group

The parent company with registered office and stock exchange listing in Germany is ATOSS Software AG, Munich. 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. The latest published figures according to national law are as follows:

Company	Proportion of subscribed capital	Equity 12/31/2018 in EUR	Result for the year 2018 in EUR
ATOSS Aloud GmbH, Munich, Germany	97%	-1,557,329	-417,816
ATOSS CSD Software GmbH, Cham, Germany	100%	1,129,925	1,030,223
ATOSS Software AG, Zurich, Switzerland	100%	182,938	84,920
ATOSS Software Gesellschaft m.b.H., Vienna, Austria	100%	460,639	424,303
ATOSS Software S.R.L., Timisoara, Romania	100%	910,389	340,599
ATOSS North America Inc., West Hollywood, USA	100%	17,073	-697

In articles of association dated 11/11/2019, ATOSS Software AG set up ATOSS Erste Beteiligungs GmbH, Munich and transferred its entire shareholding in its subsidiary, ATOSS Aloud GmbH, Munich, to this company. Subsequently, a profit and loss transfer agreement was concluded between ATOSS Erste Beteiligungs GmbH, Munich and ATOSS Aloud GmbH, Munich with effect from 11/26/2019.

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.

6. Discretionary decisions, estimates and assumptions of material importance

In preparing the consolidated financial statements, discretionary decisions, estimates and assumptions are made by management which affect the level of income, expenses, assets and debts reported as well as the associated disclosures and the disclosure of contingent liabilities. As a result of the uncertainty associated with these assumptions and estimates, actual events in future periods may lead to substantial adjustments in the carrying value of the assets and debts concerned.

The Group has made the following discretionary decisions which materially affect the determination of the level and timing of income from contracts with customers:

Determination of contractual obligations where software licenses, maintenance and hardware are sold together

The Group offers maintenance services which maybe sold either individually in contracts with customers or as a package together with software licenses. These are separate contractual obligations. The fact that the Group regularly sells both software licenses and maintenance services independently of one another shows that customers can benefit from both individually.

In addition, the Group also sells hardware which may be offered to customers either individually or as part of a package together with the sale of software licenses and/or the performance of maintenance services. Here too, these are separate contractual obligations, since they are neither heavily dependent on one another nor connected with one another. The customer also has the option of purchasing hardware directly from other suppliers.

Where a contract with a customer contains several contractual obligations, pursuant to IFRS 15 the transaction price is apportioned between the individual obligations based on their relative individual selling prices.

Estimates are also 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. Software sales revenues deriving from production orders in work at the end of the reporting period amounted in financial year 2019 to EUR 348,071 (previous year: EUR 604,275).

Principal vs. agent
The Group generates sales revenues through the sale of hardware. The contractual obligation lies in the provision of the agreed hardware. The Group has determined that it has the power to dispose over the hardware prior to transferring this to the customer and is therefore to be regarded as the principal. The following indicators support this estimation:

- The company is primarily responsible for fulfilling the commitment to supply the hardware.
- The Group has a margin of discretion in setting the price for the hardware.

Further estimations
The value of pension provisions is also subject to estimates in respect of the parameters listed in Note 34. The book value of the provision as of 12/31/2019 stood at EUR 6,649,439 (previous year: EUR 4,782,229).

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.

7. Distinction between current and non-current classification

The Group draws a distinction in the balance sheet between current and non-current assets and liabilities. An asset must be classified as current if:

- the asset is expected to be realized within the normal business cycle or is held for sale or use within this period,
- the asset is held primarily for trading,
- the asset is expected to be realized within twelve months following the closing date for the financial statements, or
- the asset comprises cash or cash equivalents, unless the exchange or use of the asset for the purpose of fulfilling an obligation is restricted for a period of at least twelve months following the closing date for the accounts.

All other assets are classified as non-current.

A liability must be classified as current if:

- the liability is expected to be fulfilled within the normal business cycle,
- the liability is held primarily for trading,
- the liability is expected to be fulfilled within twelve months following the closing date for the accounts, or
- the company has no unrestricted right to postpone fulfillment of the liability for at least twelve months following the closing date for the accounts.

All other liabilities are classified as non-current.

Deferred tax claims and liabilities are classified as non-current assets or liabilities.

8. 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 on 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.

9. 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 only difference lies in the sales approach where a distinction is made between marketing to SMEs and the premium market. 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, therefore the Group does not prepare segment reports.

10. Cash and cash equivalents

The balance sheet item "Cash and cash equivalents" comprises cash on hand and at banks as well as short-term deposits with a term of less than three months and a non-material risk of fluctuations in value. This item also includes fixed-term deposits which may be used by the company at any time as a means of covering its short-term liquidity requirements since they may be liquidated at short notice and do not entail any expected material loss even if terminated prematurely.

11. Financial assets

A financial instrument is a contract that results in the origination of a financial asset in one company, and at the same time in the origination of a financial liability or an equity instrument in another company.

The financial assets comprise essentially cash and cash equivalents, trade receivables and other financial assets. The financial assets held by the company serve to guarantee liquidity as part of its conservative investment strategy.

Initial recognition and measurement

Purchases and sales of financial assets which 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.

Financial assets as defined by IFRS 9 are classified as “at amortized cost” (AC), “at fair value through other comprehensive income” (FVthOCI) or “at fair value through P/L” (FVthP/L). They are categorized at initial recognition on the basis of the company’s business model for controlling its financial assets as well as the characteristics of the contractual payment flows for the financial asset and measured at their fair value. In the case of financial assets measured at their fair value through other comprehensive income for subsequent measurements, the initial measurement includes transaction costs directly attributable to the acquisition of the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- financial assets measured at amortized cost (debt instruments)
- financial assets at fair value through profit or loss

Financial assets measured at amortized cost (debt instruments)

This category is of greatest importance for the consolidated financial statements. The Group measures financial assets at amortized cost if the following two conditions are met:

- The financial asset is held within the framework of a business model, the object of which is to hold financial assets for the purpose of receiving the contractual cash flow,
  and
- The terms of contract underlying the financial asset lead at fixed points in time to cash flows which comprise solely payments of principal and interest.

The Group’s financial assets measured at amortized cost comprise trade receivables as well as cash and cash equivalents.

Impairment of financial assets

Financial assets measured at amortized cost are measured in subsequent periods in application of the effective interest method and any possible impairment must be considered. Profits and losses are recognized in the income statement as and when the asset is derecognized, modified or impaired.

The Group assesses the expected credit losses on a forward-looking basis. The impairment method depends on whether there is a significant increase in the credit risk.

With trade receivables, the Group applies the simplified approach permitted under IFRS 9 which requires the credit losses expected over the term to be recognized from initial recognition of the receivable.

Necessary adjustments are made in consideration of historic losses and objective indications of impairment derived from them – where relevant – on the basis of current market developments. Objective indications of impairment include the initiation of legal steps, amounts overdue by more than 120 days as well as information on the customer's credit rating. In the event of a customer becoming insolvent, the full value of the receivable is reported as a loss. Only at this point is the asset derecognized.

As a matter of principle, changes in the carrying value of trade receivables are reduced with the aid of a value adjustment account and the impairment recognized in profit and loss. 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.

In the case of cash and cash equivalents, an assessment is made on each closing date as to whether objective indications of impairment apply. The need for impairment identified on the closing date was inconsequential.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include investments in gold, investment funds, dividend-bearing securities and claims deriving from capital investments with banks and insurance companies. The categorization of investments in gold as financial assets results from a conscious decision by management and conforms with IAS 8.10 whereby in the absence of an IFRS which expressly applies to a specific business event or other events or conditions, management is required to decide which appropriate accounting method should be developed and applied.

The category of financial assets at fair value through profit and loss includes financial assets held for trading and financial assets that are designated on first recognition as assets measured at fair value, or assets which must compulsorily be so measured. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the short term.

Financial assets measured at fair value through profit or loss are recognized on balance sheet at fair value, whereby the balance of changes in fair value is recognized in profit or loss as financial income or expenses.

Derecognition
A financial asset is derecognized (i.e. removed from the consolidated balance sheet) primarily if contractual rights to draw cash flows from the financial asset have expired or opportunities and risks resulting from the financial assets have essentially been transferred and the Group has not retained any power of disposal.

12. Measurement of fair value

Fair value is the price that would have been received in an orderly transaction between market participants on the date of measurement for the sale of an asset or paid for the transfer of a liability. In measuring fair value, it is assumed that the business transaction in the course of which the sale of the asset or transfer of the liability is entered into

- either on the principal market for the asset or liability
- or, where no principal market is available, on the most advantageous market for the asset or liability.

The Group must have access to the principal market or most advantageous market.

The fair value of an asset or liability is measured on the basis of the assumptions which market participants would use as a basis for setting the price of the asset or liability. It is presumed in the process that the market participants would act in their own best financial interests.

When measuring the fair value of a non-financial asset, consideration is given to the ability of the market participant to achieve economic benefit, whether by making the most meaningful and best use of the asset or by selling the same to another market participant who can find the most meaningful and best use.

The Group applies valuation techniques that are appropriate under the respective circumstances and for which sufficient data is available to measure the fair value. In doing so, the use of essentially observable input factors should be maximized as far as possible and any use of non-observable input factors minimized.

All assets and liabilities for which the fair value is determined or shown in the financial statements, are classified in the measurement hierarchy described below, based on the lowest level input factor of overall definitive importance in measuring the fair value.

- Level 1: The fair value of financial instruments traded in active markets (such as listed derivatives and equity instruments) is based on the market price quoted at the end of the reporting period. The quoted market price of financial assets held by the Group equates to the current bid price. These instruments are classified in Level 1.
- Level 2: The fair value of financial instruments not traded in an active market (such as OTC derivatives) is determined by means of measurement techniques which maximize the use of observable market data and minimize that of internal estimates. If all the significant input factors for measuring the fair value of an instrument are observable, the instrument is classified in Level 2.

- Level 3: If one or more of the significant input factors are not observable, the instrument is classified in Level 3. This applies to unlisted equity instruments.

It does so by verifying the classification at the end of each reporting period (based on the input factor at the lowest level of overall material importance for the measurement of fair value). In order to fulfill the disclosure requirements for fair value, the Group has defined classes of assets and liabilities based on their nature, features and risks as well as the levels in the measurement hierarchy described above.

13. Impairment of 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 similarly made 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.

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

14. Tangible and intangible assets

Tangible fixed assets and intangibles are valued at cost less cumulative scheduled linear depreciation. Assets are depreciated over periods of between 3 and 5 years. In deviation herefrom, 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 tangible fixed assets and intangibles 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 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.

15. 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 determined 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 carryforwards and unused tax credits in the amount in which taxable income against which tax-deductible temporary differences and unused tax loss carryforwards 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
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 other non-financial liabilities.

16. Financial liabilities

As a general rule, when financial liabilities are recognized for the first time, they are shown at their fair value and in subsequent measurements at their amortized cost by applying the effective interest method. Financial liabilities measured at their amortized cost comprise trade payables and other liabilities. In the case of financial liabilities held measured at their fair value through other comprehensive income in subsequent measurements, the initial measurement is conducted after deducting transaction costs.

A financial liability is derecognized when the underlying obligation is satisfied, terminated or expired.

17. 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 having 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.

18. 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 therefrom with the result that since 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 1.0 percent (previous year: 2.0 percent), an inflation rate of 2.0 percent (previous year: 2.0 percent) and a contractually defined pension trend of 3.0 percent (previous year: 3.0 percent). The biometric tables prepared by Prof. Dr. Klaus Heubeck [Richttafeln 2018 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 financial year 2019 amounted to EUR 160,438 (previous year: EUR 149,603).

19. Revenues from contracts with customers

ATOSS Software AG generates sales revenues from licensing software products to end users or to resellers, from cloud subscriptions, from maintenance contracts, consulting services, the sale of hardware as well as from providing other goods and services. Sales revenues are recognized at the level of the consideration which the Group is likely to receive in exchange for these goods or services.

(a) Sale of goods

For the sale of software licenses, hardware or identification media for time recording and access modules, the revenue recognition is recognized at the time when the power of disposal over the asset is transferred to the customer.

(b) Provision of services

The Group provides consulting and implementation services. These services are sold either individually in contracts with customers or as a package together with software licenses. As a general rule, however, the company does not offer any consulting or implementation services in an overall package with software licenses for a total price. Service revenues are measured in consideration of the degree of completion. Where a contract with a customer contains several contractual obligations, pursuant to IFRS 15 the transaction price is apportioned between the individual obligations. The price is split 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 good or service to a customer. At ATOSS, this price generally equates to the transaction price, i.e. it makes no difference to the pricing whether the goods or services under consideration are sold together or individually.

Where the customer places a long-term production order, the revenues are recognized over a specific period of time on the basis of milestones, provided that at least one of the three following conditions as per IFRS 15.35 is met:

1. The customer receives and utilizes the benefit in parallel with the performance (e.g. service or maintenance contract),
2. The performance by the company creates or improves an asset which is controlled by the customer during performance, or
3. The performance by the company leads to an asset with no alternative use and the company has an enforceable right to payment for work carried out to date; this criterion therefore cumulatively presupposes that:
   - No alternative use is possible due to contractual or practical restrictions;
   - The right to payment includes not only reimbursement of expenses but also a customary profit margin;

In the case of the works and production contracts entered into by ATOSS, the third condition for the application of the percentage of completion method is regularly fulfilled. 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 based on the output-oriented method as per IFRS 15.B14 (a).

Amounts invoiced in advance for production orders only supplied in later periods with a concomitant effect on P&L, are shown as contractual liabilities.

(c) Provision of maintenance and hotline services
Maintenance and hotline revenues are generally recognized in accordance with the time elapsed and thus in instalments over the term of the support contract in compliance with the output method described in IFRS 15.B14 (a). Amounts for maintenance services which are only provided in later periods, thus only affecting the P&L at the same time, are normally invoiced six months or a year in advance, and are shown as contractual liabilities

(d) Revenues from cloud subscriptions
Sales revenues from cloud subscriptions and support represent income from granting rights to use software functions in a cloud-based infrastructure hosted by third party providers commissioned by ATOSS. The customer has the right to terminate the hosting contract and take possession of the software in order to either run it within his own IT infrastructure or commission a third party hosting provider not connected to the Group to host and manage the software. The revenues from cloud subscriptions are usually recognized in accordance with the time elapsed, in instalments over the term of the cloud contract in compliance with the output method described in IFRS 15.B14 (a).

Invoices are issued in accordance with the contractual conditions; payment terms normally provide for payment within 10 days of the invoice date.

Contract assets
A contract asset is a right to receive consideration in exchange for goods or services supplied to a customer. If the Group meets its contractual obligations in supplying goods or services to a customer before the customer gives consideration or before payment is due, an asset is recognized for a conditional claim to consideration. As of 12/31/2019, there were no contract assets as for the previous year.

Trade receivables
A receivable is the Group's unconditional claim to consideration (i.e. it falls due automatically through the lapse of time). The accounting methods applied for financial assets are explained in Section II.11.

Contractual liabilities
A contractual liability is an obligation upon the Group to transfer goods or services to a customer from whom the Group has received (or has yet to receive) a consideration. Where a customer pays a consideration before the Group has transferred the goods or services, a

contractual liability is recognized when the payment is made or becomes due (whichever occurs first). Contractual liabilities are recognized as income as soon as the Group has fulfilled its contractual obligations. On 12/31/2019 these liabilities amounted to EUR 4.7 million.

Orders received
The value of orders received corresponds in principle with the estimated revenues deriving from accepted orders in respect of which enforceable rights and obligations exist. Declarations of intent are not included within orders received.

20. Other operating income and expenses and interest earnings

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 when 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.

21. Expenditure on research and development

Development costs are generally recognized as expenses in profit and loss. The criteria of IAS 38.57 are typically not met as employees only introduce minor updates or improvements to individual areas of the programs distributed by the company on an ongoing basis. Insofar as these adjustments relate only to the requirements of one individual customer, the corresponding expense is attributed to the relevant customer project. In respect of performance, the improvement of the existing product architecture forms one of the main areas on which the company's development work is focused. Given that this work serves to support the continuing development of existing software versions, and insofar as the independent use or sale thereof would not be possible without the historic underlying basic product, it is not possible for us to identify independent future economic benefits.

22. Leasing

The Group rents various offices and vehicles. Rental contracts are usually concluded for fixed terms of 3 to 10 years, but may have extension options as described below.

Contracts can contain both lease and non-lease components. The Group allocates the transaction price to these components on the basis of their relative individual prices. Lease contracts for land which the Group leases as the lessee form an exception to this rule. In such cases, the Group makes use of its option of not making any split between lease and non-lease components and instead reports the contract as a whole as a lease contract.

Rental conditions are individually negotiated and contain numerous different terms. Lease contracts do not contain any loan terms unless the leased properties serve as collateral for the lessee. It is thus not possible for leased assets to be used as collateral for taking out a loan. Up to and including 2018, leases were classified as operating leases. Since 01/01/2019, leases have been accounted for as a right of use and corresponding lease liability at the time when the leased property is available to the Group for use.

Assets and liabilities from leases are recognized at their present values at initial recognition. Lease liabilities contain the present values of the following lease payments:

- fixed payments (including in-substance fixed payments less any lease incentives to be received
- variable lease payments linked to an index or (interest) rate, initially measured using the index or interest (rate) on the date of provision
- the price of exercising an extension option where it is reasonably certain that the Group will exercise the option

In addition, lease payments made on the basis that it is reasonably certain that options to extend will be taken up, are also included when measuring the lease liability.

Lease payments are calculated using the lessee's incremental borrowing interest rate, i.e. the rate of interest that the lessee in question would have to pay if he had to borrow funds in order to acquire a comparable asset of comparable value for a comparable term with comparable collateral under comparable conditions in a comparable economic environment. To determine the incremental borrowing interest rate, the Group takes as its starting point a risk-free interest rate and adapts it to fit the lessee's credit risk (so-called build-up approach). Further adjustments relate to term of the lease, the economic environment, the currency of the lease contract and collateralization.

The Group is exposed to possible future increases in variable lease payments arising from a change to an index or interest (rate). Any such potential changes in the lease payments are not reflected in the lease liability until they take effect. As soon as changes to an index or interest (rate) affect the lease payments, the lease liability is adjusted to fit the right of use. Lease payments are divided into principal and interest. The interest portion is recognized in profit or loss over the term of the lease resulting in each period in a steady interest rate for the period on the residual amount of the liability.

Rights of use are measured at the cost of acquisition which is made up as follows:

- the initial measurement of the lease liability
- all lease payments made on or before the date of provision less any lease incentives received
- all direct initial costs incurred by the lessee, and
- Estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site where it is located or in returning the underlying asset to the condition required in the lease agreement.

Rights of use are amortized on a straight line basis over the service life or term of the underlying lease contract, whichever is the shorter. If it is reasonably certain from the perspective of the Group that an option to extend will be exercised, amortization will be based on the service life of the underlying asset.

Payments for short-term leases of vehicles and leases for assets of low value are recorded as expenses in profit and loss on a straight line basis. Lease contracts with a term of up to

12 months are regarded as short-term leases. Assets of low value up to EUR 1,000 comprise IT equipment and smaller items of office furniture.

Many of the Group's lease contracts for real estate and systems contain options for extension and termination. Such contractual terms are used in order to preserve maximum operational flexibility for the Group with regard to the assets it uses. They are taken into account provided existing extension and termination options can be exercised by the Group and not directly by the relevant lessor.

In determining the term of leases, the company takes account of all facts and circumstances which offer a financial incentive to exercise extension options or not to exercise termination options. Changes to terms resulting from the exercising of options to extend or terminate are only included in the contractual term if it is reasonably certain that an extension will be concluded or that an option to terminate will not be exercised.

With regard to the leasing of office space, the following considerations apply when determining the term of leases:

- If the Group is faced with significant fines if it exercises an option to terminate or refrains from exercising an option to extend, it can be regarded as reasonably certain that the Group will not terminate the contract or that it will extend.
- In addition, other factors are taken into account such as historical lease terms as well as costs and downtime which will confront the Group if a leased asset has to be replaced.

Most options to extend in connection with the leasing of office buildings and vehicles have not been included in determining the term of the lease and thus the lease liability as the Group could replace such assets without any substantial costs or downtime.

III. Notes to the Consolidated Balance Sheet

23. Cash and cash equivalents

EUR	12/31/2019	12/31/2018
Fixed-term deposits	9,100,000	11,700,000
Cash at banks	8,423,701	9,584,353
Total of cash and cash equivalents	**17,523,701**	**21,284,353**

Fixed-term deposits are invested at interest rates of between 0.01 percent and 0.04 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 ecomimic loss can be expected even if these investments are terminated prematurely. Other cash at banks did not attract interest in 2019.

In spite of a positive operating cash flow of EUR 15,266,929, total cash and cash equivalents fell by EUR 3,760,652 to EUR 17,523,701 primarily due to outflows for investments amounting to EUR 906,031 and dividend payments of EUR 15,906,272.

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 book value and accordingly stands at EUR 17,523,701 (previous year: EUR 21,284,353).

In order to improve the presentation, deposits pledged from cash and cash equivalent under rental agreements were reclassified to other non-current financial assets in 2019, adjusting the previous year's figures.

24. Other financial assets and trade receivables

Other financial assets and trade receivables were composed as follows:

Trade receivables

The reported trade accounts receivable were composed as follows:

EUR	12/31/2019	12/31/2018
Gross receivables	7,916,787	6,280,578
Less impairments	-201,423	-24,629
Net receivables (carrying value)	**7,715,364**	**6,255,949**

These receivables include those relating to long-term production orders in the amount of EUR 31,014 net (previous year: EUR 143,378). On 12/31/2019 there were no receivables with due dates which had been extended (previous year: EUR 0.00). As in the preceding year there were no receivables with a remaining time to maturity of more than one year.

In general, trade accounts receivable are due for payment within 10 days. Historically, the company has experienced an absolutely inconsequential level of default with the result that almost no impairment losses are to be recognized from application of the provision matrix. After analyzing its customers, management also assumes that no significant changes are currently to be expected as a result of future events. The main writedowns result from individual analysis of receivables overdue by > 120 days (nominal value: EUR 171,142; previous year: EUR 36,714). Writedowns in the current financial year amount to EUR 201,423 (previous year: EUR 24,629).

The value adjustment account developed as follows:

EUR	2019	2018
As of 01/01	24,629	7,696
Expense allocations	221,879	16,933
Usage	-16,100	0
Liquidations	-28,985	0
As of 12/31	**201,423**	**24,629**

The company demands no securities from its customers.

Other financial assets and trade receivables were composed as follows:

Other current financial assets

EUR	12/31/2019	12/31/2018
Dividend-bearing securities	4,732	4,581
Claims on insurance companies	5,238,769	5,176,649
Gold	1,717,760	1,422,360
Closed-ended investment funds	5,252,517	4,910,835
Total of other (current) financial assets	**12,213,779**	**11,514,425**

Other non-current financial assets

EUR	12/31/2019	12/31/2018
Gold	625,890	512,740
Security deposits	644,690	497,445
Total of other (non-current) financial assets	**1,270,580**	**1,010,185**

Valuation of current and non-current gold holdings and investment fund securities at their fair value results in finance income of EUR 408,550 (previous year: EUR 58,645) and EUR 341,682 respectively (previous year: depreciation of EUR 156,782). In addition, income from the valuation of claims relating to capital assurances used as alternative short-term investments was recognized at fair value in the amount of EUR 62,120 (previous year: EUR 61,383) as financial income.

In order to improve the presentation, deposits pledged from cash and cash equivalent under rental agreements were reclassified to other non-current financial assets in 2019, adjusting the previous year's figures.

The fair value of financial assets in the case of dividend-bearing securities, holdings in gold and fund investments is measured on the basis of stock market prices on active markets (Level I). In order to calculate the fair value of claims on capital sum assurances, the Group applies the repurchase value (Level 3) as calculated by the other contracting party. As of 12/31/2019, the maximum default risk equates to the fair value.

25. Other (current) non-financial assets

Other current non-financial assets in the amount of EUR 2,313,039 (previous year: EUR 1,500,035) essentially include deferrals of EUR 992,095 (previous year: EUR 1,078,739).

26. Fixed assets

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

	Acquisition and manufacturing costs		
EUR	01/01/2018	Additions	Transfers
I. Intangible assets			
Software	2,213,338	175,051	43,931
	2,213,338	**175,051**	**43,931**
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	594,813	50,585	0
Office and business equipment	6,140,934	1,491,361	429,031
Advance payments and assets under construction	476,856	0	-472,963
	9,350,615	**1,541,946**	**-43,931**
Total	**11,563,953**	**1,716,997**	**0**

EUR	01/01/2019	Additions	Transfers
I. Intangible assets			
Software	2,432,320	227,880	0
	2,432,320	**227,880**	**0**
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	510,230	1,824	0
Office and business equipment	7,425,412	671,320	0
Advance payments and assets under construction	3,894	5,006	0
	10,077,546	**678,151**	**0**
Total	**12,509,866**	**906,031**	**0**

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

		Cumulative depreciation				Net carrying values	
Disposals	12/31/2018	01/01/2018	Additions	Disposals	12/31/2018	12/31/2018	12/31/2017
0	2,432,320	1,854,431	197,351	0	2,051,782	380,538	358,907
0	**2,432,320**	**1,854,431**	**197,351**	**0**	**2,051,782**	**380,538**	**358,907**
0	2,138,011	463,032	57,930	0	520,962	1,617,049	1,674,979
135,169	510,230	486,514	46,441	99,816	433,139	77,091	108,299
635,915	7,425,412	4,704,701	775,376	634,050	4,846,027	2,579,385	1,436,233
0	3,894	0	0	0	0	3,894	476,856
771,084	**10,077,546**	**5,654,247**	**879,747**	**733,866**	**5,800,128**	**4,277,418**	**3,696,367**
771,084	**12,509,866**	**7,508,678**	**1,077,099**	**733,866**	**7,851,910**	**4,657,956**	**4,055,275**

Disposals	12/31/2019	01/01/2019	Additions	Disposals	12/31/2019	12/31/2019	12/31/2018
0	2,660,200	2,051,782	243,805	0	2,295,587	364,613	380,538
0	**2,660,200**	**2,051,782**	**243,805**	**0**	**2,295,587**	**364,613**	**380,538**
0	2,138,011	520,962	57,930	0	578,892	1,559,119	1,617,049
0	512,054	433,139	12,469	0	445,609	66,446	77,091
45,887	8,050,845	4,846,027	808,138	45,478	5,608,687	2,442,158	2,579,385
0	8,900	0	0	0	0	8,900	3,894
45,887	**10,709,810**	**5,800,128**	**878,538**	**45,478**	**6,633,188**	**4,076,622**	**4,277,418**
45,887	**13,370,010**	**7,851,910**	**1,122,343**	**45,478**	**8,928,775**	**4,441,235**	**4,657,956**

27. Leases

The following items are shown in the balance sheet in connection with leases:

EUR	12/31/2019	01/01/2019
Rights of use		
Buildings	9,777,566	8,983,120
Vehicles	1,107,059	754,994
	10,884,625	**9,738,114**

EUR	12/31/2019	1/1/2019
Lease liabilities		
Short-term	476,400	13,188
Long-term	10,918,017	10,235,773
	11,394,417	**10,248,961**

Allocations to rights of use in the 2019 financial year amounted to EUR 3,232,948.

The income statement shows the following amounts in connection with leases:

EUR	2019	2018
Depreciation of rights of use		
Buildings	1,530,075	-
Vehicles	556,362	-
	2,086,437	-
Interest expense (recognized under finance costs)	**127,785**	**-**
Expenses in connection with leases of low-value assets not included in the a.m. short-term leases)	**318,627**	**-**

Total cash outflows for leases in 2019 amounted to EUR 2,215,277.

As a result of the first-time application of IFRS 16 on 01/01/2019, the operating cash flow rose and the cashflow from financing activities declined by EUR 2,215,277.

28. Income taxes

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 44.

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

EUR	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
Assets				
Long-term production orders	0	0	615,425	521,645
Non-current financial assets	0	0	82,564	54,276
Current financial assets	0	0	52,198	6,394
Rights of use	0	0	3,534,237	0
Tax loss carry-forwards	244,508	0	0	0
Liabilities				
Pension provisions	2,029,699	1,408,895	0	0
Liabilities for AGM expenses	43,227	41,870	0	0
Lease liabilities*	3,597,904	0	0	0
	5,915,338	**1,450,765**	**4,284,424**	**582,315**
of which long-term	5,872,111	1,408,895	3,616,801	54,276
of which short-term	43,227	41,870	667,623	528,039
	5,915,338	**1,450,765**	**4,284,424**	**582,315**

*Adjustments arising from the first-time application of IFRS 16 as of 01/01/2019 resulted in deferred tax assets of EUR 33,465

Deferred tax assets and tax liabilities of EUR 4,201,860 (previous year: EUR 528,039) were netted.

The Group has taxable loss carry-forwards in the amount of EUR 1,582,329 (previous year: EUR 2,326,347) for which no deferred taxes have been capitalized. The unit concerned has a history of losses and it is accordingly not currently possible to project when these will be utilized.

The deferred tax assets contain deferred taxes from tax loss carry-forwards amounting to EUR 753,024 which will be realized with reasonable certainty.

The Group management has decided to retain the profits at subsidiaries which have not so far been distributed in 2019. It is agreed between Group management and the subsidiaries that distributions will be made only with the consent of Group management. In respect of the subsidiaries, no tax deferrals were formed in the reporting period on temporary differences. Temporary differences in 2019 amount to EUR 2,211,599 (previous year: EUR 5,995,529).

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

EUR	2019	2018
Earnings before taxes	100%	100%
Trade tax	-16.64%	-16.64%
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%	67.53%
Computed tax rate	32.47%	32.47%

The tax rates for subsidiary companies amounted in Austria to 25 percent, in Switzerland to 21.6 percent and in Romania to 16 percent. The tax rate for the permanent establishment in Utrecht (Netherlands) amounts to 19 percent. The US subsidiary is not yet operational. The translation from the expected group tax charge to the actual tax charge as per IAS 12.81 is illustrated as follows:

EUR	2019	2018
Pre-tax earnings as per IFRS	**19,912,119**	**16,788,914**
Expected tax charge (2019: 32.47%; 2018: 32.47%)	-6,465,465	-5,451,361
Non-deductible operating expenses	-40,832	-33,863
Tax payments/refunds for previous years	-232,610	-43,102
Lower tax rates at Group companies and branches	95,616	223,916
Current losses for which no deferred tax claim has been recognized	0	-113,575
Trade tax add-backs	-66,360	-30,852
Interests as per § 8b KStG	0	-95,689
Non-tax deductible expenses	0	-50,707
Tax losses not previously recognized but now used to reduce the actual tax charge	244,508	0
Miscellaneous	71,761	0
Actual Group tax charge	**-6,393,382**	**-5,595,233**

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 § 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.

29. Credit lines

An unsecured credit line in the amount of EUR 512.000 million (previous year: EUR 512.000 million) is in place with the principal bank of the integrated companies which may optionally be used for guarantee purposes or as an overdraft facility. This credit line was not used for guarantees in the 2019 financial year (previous year: EUR 54,791). As in the previous year, there were no liabilities to banks.

30. Financial liabilities

As of 12/31/2019, the contractual maturities of non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities in EUR	Up to 3 months	3 months to 1 year	Over 1 year	Total contractual cash flow EUR	Carrying amount Liabilities EUR
As of 12/31/2019					
Trade accounts payable	918,278	0	0	918,278	918,278
Lease liabilities	631,476	1,718,053	9,549,403	11,898,932	11,394,417
Total non-derivatives	**1,549,754**	**1,718,053**	**9,549,403**	**12,817,210**	**12,312,695**

Contractual maturities of financial liabilities in EUR	Up to 3 months	3 months to 1 yearr	Over 1 year	Total contractual cash flows	Carrying amount Liabilities EUR
As of 12/31/2018					
Trade accounts payable	510,151	0	0	510,151	510,151
Total non-derivatives	**510,151**	**0**	**0**	**510,151**	**510,151**

31. Other current financial liabilities

Other current financial liabilities essentially comprise the following amounts:

EUR	12/31/2019	12/31/2018
Anticipated charges	1,174,021	1,664,612
Total	**1,174,021**	**1,664,612**

The anticipated charges relate to performances received but not yet billed prior to the qualifying date. In order to provide a clearer presentation, the liabilities for salaries and commissions as well as the miscellaneous liabilities in 2019 were reclassified from other current financial liabilities while adjusting the previous year’s figures to other current non-financial liabilities.

32. Other current non-financial liabilities

EUR	12/31/2019	12/31/2018
Liabilities for salaries and commissions	6,875,511	6,246,080
Miscellaneous liabilities	893,856	1,005,945
Total	**7,769,367**	**7,252,025**

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. In order to provide a clearer presentation, the liabilities for salaries and commissions as well as the miscellaneous liabilities in 2019 were reclassified from other current financial liabilities while adjusting the previous year’s figures to other current non-financial liabilities.

33. Contractual liabilities

Revenues recognized in connection with contractual liabilities

The following table shows revenues recognized in the reporting period included in the balance of contractual liabilities at the beginning of the period.

EUR	2019	2018
Recognized revenues which were included in the balance of contractual liabilities at the beginning of the period were as follows:		
Maintenance services	993,232	828,314
Long-term production orders	34,250	966,248
Cloud	184,507	135,159
Miscellaneous	654,918	1,130,168
	1,866,907	**3,059,889**

The contractual liabilities as of 12/31/2019 were composed as follows:

EUR	12/31/2019	12/31/2018
Amounts invoiced in advance for maintenance works	1,130,146	993,232
Amounts invoiced in advance for long-term production orders	2,052,487	508,143
Amounts invoiced in advance for cloud orders	871,100	185,192
Miscellaneous	649,359	759,929
Total	**4,703,092**	**2,446,496**

The miscellaneous contractual liabilities here stated include sums invoiced in advance for hotline services as well as for software, hardware and services yet to be supplied. The company assumes that of the contractual liabilities amounting to EUR 4,703,092 as of 12/31/2019, an amount of EUR 4,615,425 will be recognized as sales revenue in fiscal 2020 and EUR 87,667 in fiscal 2021.

34. Other provisions

These provisions essentially comprise the following amounts:

EUR	12/31/2018	Drawn down	Liquidations	Allocations	12/31/2019
Other provisions	57,800	0	28,939	0	28,861
Total	**57,800**	**0**	**28,939**	**0**	**28,861**

Other provisions essentially include the provisions for warranties.

35. Pension provisions

Pension costs were comprised as follows:

EUR	2019	2018
Current service cost	256,573	253,092
Net interest cost	93,249	91,779
Pension expenses	**349,822**	**344,871**

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 2020 the company expects pension expenses to amount to EUR 378,100.

The commitment translates to the balance sheet as follows:

EUR	31.12.2019	31.12.2018
Defined benefits obligation	10,319,088	8,139,921
Fair value of plan assets	-3,669,649	-3,357,692
Pension provision	**6,649,439**	**4,782,229**

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	12/31/2019	12/31/2018
Defined benefits obligation as 01/01	8,139,921	7,885,603
Cost of interest	162,779	153,739
Current service cost	256,573	253,092
Actuarial losses / gains	1,759,815	-152,513
Defined benefits obligation as of 12/31	**10,319,088**	**8,139,921**

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

EUR	2019	2018
Experience-based adjustment	160,957	47,835
Changes in financial assumptions	-1,920,772	85,666
Changes in demographic assumptions	0	19,012
Deviation in actual income from plan assets relative to income calculated at the discount rate	4,764	-336
	-1,755,051	**152,177**

In respect of losses recognized both in equity and through profit or loss, tax deferrals in the amount of EUR 571,412 (previous year: EUR – 49,521) 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	12/31/2019	12/31/2018
Fair value of plan assets effective January 1	3,357,692	3,058,813
Returns on plan assets calculated at the discount rate	69,530	61,960
Employer's contributions	237,663	237,255
Actuarial profits and losses	4,764	-336
Fair value of plan assets effective 31.12	**3,669,649**	**3,357,692**

The actual return on plan assets in 2019 amounted to EUR 74,294 (previous year: EUR 61,624). The expected return on plan assets for 2020 as per IAS 19.125 amounts to 1.00 percent (previous year: 2.00 percent).

Contributions to the pension plan in financial year 2020 are expected to total EUR 237,663.

Sensitivity analyses

A rise or fall in essential actuarial assumptions would have affected the cash value of the pension liabilities as of 12/31/2019 as follows:

EUR	Development in pension commitment	
	0.25%	**-0.25%**
Discount interest rate (initially 1.0%)	-529,556	567,041
Pension trend (initially 3.0%)	440,530	-416,999
	0.50%	**-0.50%**
Inflation rate (initially 2%)	-1,024,491	1,174,700

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 21.45 years (previous year: 21.33 years). This pension commitment relates to a single person and includes payment of fixed monthly sums which are independent of any development in salary.

36. Equity

The development in equity is evident from the statement of changes in consolidated equity. The dividend paid in 2019 amounted to EUR 1.40 (previous year: EUR 1.17) per share. In addition there was also a special distribution of EUR 2.60 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. The yearly average for shares in circulation was 3,976,568 (previous year: 3,976,568 shares).

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 the 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 that 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.

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:

	12/31/2019	12/31/2018
Andreas F.J. Obereder	1,988,285	1,988,285
Total	**1,988,285**	**1,988,285**

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 via AOB Invest GmbH, Grünwald, Germany in which he owns 100 percent of the shares.

Capital reserve

As of 12/31/2019 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 in the amount of EUR 661,338.

Equity deriving from unrealized profits/losses

Equity deriving from unrealized profits / losses was accounted for in the amount of EUR -3,061,182 (previous year: EUR -1,872,779) by the revaluation recognized in equity of defined benefit pension plans and the associated tax effects, and EUR 4,764 (previous year: EUR 0) by the revaluation recognized in equity of the plan assets set up to cover pension commitments.

IV. Notes to the Consolidated Income Statement

37. Sales revenues

The sales revenues were composed as follows:

EUR	2019	2018
Licenses	14,514,606	13,333,387
Maintenance	24,207,811	21,866,228
Cloud	7,809,790	4,171,557
Total software	**46,532,207**	**39,371,172**
Consulting	19,546,453	17,734,483
Hardware	3,683,142	4,082,407
Miscellaneous	1,629,873	1,422,756
Total sales revenues	**71,391,675**	**62,610,818**

For long-term production orders, pursuant to IAS 15 the company realizes sales in accordance with the project progress as per IFRS 15. The revenues are realized in accordance with milestones reached. The value is measured by the ratio of finalized milestones to the remaining contractual works. 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 under the heading of contractual liabilities that will be implemented in subsequent periods and realized at that time.

Overall in financial year 2019 the amount of EUR 1,582,418 (previous year: EUR 2,549,995) deriving from production orders was realized as sales revenues. The costs of long-term production orders during the financial year amounted to EUR 1,383,928 (previous year: EUR 2,366,174).

The company has customers in all branches of industry as well as in the public sector. In financial years 2019 and 2018 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	2019	2018
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	59,091,016	52,811,284
ATOSS Time Control	11,798,381	9,593,178
Crewmeister	502,278	206,356
Total	**71,391,675**	**62,610,818**

ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE): ASES and ASE are software solutions for time and attendance management and workforce scheduling for customers of all sizes in 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 efficient deployment of personnel under specific operating conditions and in consideration of works agreements and industry-wide pay deals. The company also sells hardware components for time recording and recording media as merchandise. ASES/ASE software 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 of all sizes in a wide variety of industries.

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 to optimize efficient personnel deployment. 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.

The geographic breakdown of sales revenues was as follows:

EUR	2019	2018
Domestic	61,281,796	53,056,626
Abroad	10,109,879	9,554,192
of which Austria	4,898,412	4,669,427
of which Switzerland	3,743,810	3,221,038
of which other countries	1,467,657	1,663,727
Total	**71,391,675**	**62,610,818**

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

Breakdown of revenues from contracts with customers after fulfilment of contractual obligations and recognition of the sales revenues.

EUR	2019	2018
Recognition at a certain time	18,512,328	17,823,958
Recognition beyond a certain time	52,879,347	44,786,860
Total	**71,391,675**	**62,610,818**

38. 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 overhead 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	2019	2018
Material costs (goods for resale)	4,580,947	3,902,570
Material costs (external services)	355,307	735,389
Personnel costs	11,764,165	9,888,823
Scheduled depreciation of property, plant and equipment as well as intangible assets	983,668	290,221
Overheads	3,543,938	3,624,318
Total	**21,228,025**	**18,441,321**

39. Distribution costs

The distribution 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	2019	2018
Distribution personnel costs	8,964,376	7,973,908
Scheduled depreciation of property, plant and equipment as well as intangible assets	904,260	274,273
Distribution overheads	1,423,840	1,634,960
Advertising costs	1,639,936	1,052,221
Total	**12,932,412**	**10,935,362**

40. 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	2019	2018
Administration personnel costs	4,441,760	3,922,297
Scheduled depreciation of property, plant and equipment as well as intangible assets	376,101	105,891
Administration overheads	1,004,861	1,187,884
Total	**5,822,722**	**5,216,072**

41. Expenditure on research and development

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	2019	2018
Research and development personnel costs	9,503,070	9,003,147
Scheduled depreciation of property, plant and equipment as well as intangible assets	944,751	406,582
Research and development overheads	1,496,400	1,816,482
Total	**11,944,221**	**11,226,211**

42. Personnel costs

EUR	2019	2018
Wages and salaries	29,541,984	26,424,229
Social security contributions and expenditure on retirement pensions and welfare	5,131,388	4,363,946
of which expenditure on retirement pensions and welfare EUR 542,275 (previous year: EUR 470,174).		
Service costs EUR 256,573 (previous year: EUR 253,092)		
Total	**34,673,372**	**30,788,175**

43. Financial income and expenses

The financial investment income in the amount of EUR 839,678 (previous year: EUR 121,936) relates essentially to the write-up of the company's gold holdings in the amount of EUR 408,550 (previous year: EUR 58,645), income from the valuation of claims relating to capital assurances in the amount of EUR 62,120 (previous year: EUR 61,383) and income deriving from the valuation of investment funds in the amount of EUR 341,682 (previous year: depreciation of EUR 156,782). Additional income amounting to EUR 22,798 (previous year: EUR 0) results from the investment of liquid assets in investment funds.

In 2019 the company recorded financial expenses amounting to EUR 224,521 (previous year: EUR 249,628). This essentially concerned finance costs in connection with accounting for lease liabilities under IFRS 16 amounting to EUR 127,785 (previous year: EUR 0) and the net interest cost deriving from the valuation of pension provisions amounting to EUR 93,249 (previous year: EUR 91,779).

44. Other operating income and expenses and net impairments on financial assets

Other operating income essentially comprises income from exchange rate differences in the amount of EUR 124,660 (previous year: EUR 138,646) and income from the liquidation of miscellaneous liabilities and provisions in the amount of EUR 113,590 (previous year: EUR 173,595).

Other operating expenses essentially comprise expenses from exchange rate differences in the amount of EUR 199,671 (previous year: EUR 129,599). Net impairments on financial assets relates to trade receivables in the amount of EUR 220,099 (previous year: EUR 30,819).

45. Tax charge / tax income

EUR	2019	2018
Current tax charge	7,155,846	5,678,384
Deferred taxes (cf. Point 28)	-762,464	-83,151
Tax charge	**6,393,382**	**5,595,233**

V. Notes to the Consolidated Statement of Cash Flows

46. Cash flow from business operations

The cash flow from business operations for the period from 01/01/2019 to 12/31/2019 amounted to EUR 15,266,929 (previous year: EUR 12,219,032) and was thereby EUR 3,047,897 million higher than in the year before. Concerning the effect due to the first application of the new IFRS 16 as of 01/01/2019 see Note 27.

The operating cash flow was boosted mainly by net earnings, an increase in trade payables as well as in miscellaneous liabilities arising from higher salary and commission liabilities and an increase in advance payments on orders received resulting from contractual liabilities. Effects that reduced cash flow derived primarily from an increase in trade receivables as well as higher advance tax payments for the 2019 financial year and/or payment of trade tax arrears from previous years.

The average time to receipt in financial year 2019 was 30 days (previous year: 28 days), and may continue to be regarded as very low.

47. Cash flow from investment activities

Cash flow from investments for the period from 01/01/2019 to 12/31/2019 amounted to EUR -906,031 (previous year: EUR -1,710,497) and was accordingly EUR 804,466 lower than in the year before. It results exclusively from cash outflows for investments in fixed assets.

48. Cash flow from financing activities

Cash flow from financing activities for the period from 01/01/2019 to 12/31/2019 amounted to EUR -18,121,549 (previous year: EUR -4,652,585) and was accordingly EUR 13,468,964 lower than in the year before. This resulted from the payment of a dividend of EUR 1.40 per share (previous year: EUR 1.17) as well as a special dividend of EUR 2.6 per share (previous year: EUR 0.00). The repayment of lease liabilities under IFRS 16 resulted in payments of EUR 2,215,277 (previous year: EUR 0.00).

VI. Other disclosures

49. Supervisory Board

The members of the Supervisory Board are:

Moritz Zimmermann (since 10/23/2019)	Chairman, CTO of SAP Customer Experience at SAP SE, Walldorf

(Appointed as a member of the Supervisory Board by a resolution of the Municipal Court of Munich on 10/23/2019, elected Chairman of the Supervisory Board as part of the Supervisory Board meeting of 12/04/2019)

Peter Kirn (until 10/23/2019)	Chairman, Management Consultant, Böblingen
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman, President of the Bund der Steuerzahler in Bayern e.V., Munich (Taxpayers' Association)
Klaus Bauer	Supervisory and Advisory Board Member, Nuremberg

As of 12/31/2019, members of the Supervisory Board hold further supervisory board briefs 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. Moritz Zimmermann and Mr. Peter Kirn held no other supervisory or similar board positions in the financial year.

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

EUR	2019	2018
Moritz Zimmermann (since 10/23/2019)		
Compensation pursuant to the Articles of Association	1,667	0
Attendance allowances	1,500	0
Total	**3,167**	**0**

EUR	2019	2018
Peter Kirn (until 10/23/2019)		
Compensation pursuant to the Articles of Association	18,333	20,000
Attendance allowances	4,500	6,000
Total	**22,833**	**26,000**

EUR	2019	2018
Rolf Baron Vielhauer von Hohenhau		
Compensation pursuant to the Articles of Association	20,000	20,000
Attendance allowances	6,000	6,000
Total	**26,000**	**26,000**

EUR	2019	2018
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 financial year 2018, there were no payments made for consultancy work beyond the scope of Supervisory Board activities (previous year: EUR 0).

50. Management Board

The members of the Management Board are:

Andreas F.J. Obereder	CEO, entrepreneur, Grünwald
Christof Leiber	CFO, solicitor, Munich

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

EUR	2019	2018
Andreas F.J. Obereder		
Non-performance-related remuneration		
Salary	540,000	540,000
Benefits on termination of the contract of employment	237,663	237,255
Miscellaneous	120,625	121,224
Performance-related remuneration		
Single-year profit-share payment	36,989	38,485
Multi-year profit-share payment	84,000	84,000
Overall remuneration	**1,019,277**	**1,020,964**

EUR	2019	2018
Christof Leiber		
Non-performance-related remuneration		
Salary	227,500	217,500
Benefits on termination of the contract of employment	36,000	36,000
Miscellaneous	64,910	34,830
Performance-related remuneration		
Single-year profit-share payment	79,261	82,469
Multi-year profit-share payment	117,000	99,000
Overall remuneration	**524,671**	**469,799**

As a result of the extension of his contract effective 01/01/2019 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 five years with effect from 04/01/2017, the profit-share payment to Chief Financial Officer Mr. Christof Leiber 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 entitlements calculated for 2019 deriving from multi-year profit-share payments were calculated on the basis of the estimated achievement of 3-year targets. 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.

With regard to expenses incurred in 2019 for benefits after the retirement of the CEO, please refer to Notes 18 and 35.

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.

As of 12/31/2019, there were provisions for as yet unpaid variable remuneration to members of the Board of Management amounting to EUR 342,489 (previous year: EUR 278,236).

The basic elements of the remuneration system for the Management Board and Supervisory Board are portrayed and explained in greater detail in the remuneration report. The remuneration report forms part of the Group management report.

51. Business relations with closely related persons

12/06/2012 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 contract existing between the company and Mr. Andreas F.J. Obereder and renewed 01/01/2015, 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, or any company affiliated with AOB Invest GmbH (controlling company) or Mr. Andreas F.J. Obereder. The company is in no way disadvantaged by the above-mentioned contract.

The wife of the Chief Executive Officer provides services to the company. In 2019, the value of services provided on standard market terms amounted to EUR 1,872 (previous year: EUR 1,560). In addition, the daughter of the Chief Executive Officer is employed on standard market terms, in respect of which in 2019 the company incurred personnel costs in the amount of EUR 74,161 (previous year: EUR 21,807). As of 12/31/2019, there are no outstanding liabilities towards the wife or daughter of the Chief Executive Officer.

In the 2019 reporting period, as in the preceding year, no further reportable transactions took place with members of the Management or Supervisory Boards or other affiliated persons that go beyond those specified in Note 49 (Supervisory Board) or Note 35 (Pension provisions) or exceed existing terms of employment.

52. Employees

As of 12/31/2019 the company employed 503 persons (previous year: 465). The average for the year was 493 (previous year: 444); excluding the Management Board, trainees and interns and temporary staff, the average number of employees was 459 (previous year: 413).

The quarterly average number of employees was as follows:

	2019	2018
Sales and marketing	95	78
Consulting	143	119
Development	183	180
Administration	72	67
Total	**493**	**444**
Of which trainees	7	7
Of which temporary staff and interns	25	22
Of which Management Board members	2	2

53. Auditors' fees

The total fees paid to the auditor under § 285 No. 17a of the German Commercial Code (HGB) for the audit of the financial statements conducted by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft Frankfurt am Main, Munich branch office (previous year: Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Munich branch office) or companies affiliated to it, were recognized as expenses as follows:

EUR	2019	2018
Auditing services for annual financial statements	79,310	65,440
Tax advisory services	39,879	0
Total of fees	**119,189**	**65,440**

The fee for auditing services related to the auditing of the consolidated financial statements of ATOSS Software AG and the statutory audit of the individual financial statements of ATOSS Software AG. The tax advisory services relate to advice on tax returns and in connection with preparing transfer pricing documentation and addressing legal issues pertaining to fiscal unities.

No further remuneration was paid to the auditors under § 285 No. 17 HGB.

54. Financial obligations

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. In individual cases expiring leases may be extended. Lease payments are recorded in accordance with IFRS 16. 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 were composed as follows as of 12/31/2019:

EUR	Rents for premises	Other rents and lease payments
2020	1,756,066	885,525
2021 to 2023	3,192,026	917,606
post 2023	760,424	65,833
Total	**5,708,516**	**1,868,964**

With respect to the rented Group office space in Munich, there is an option to extend for a further 5 years once the fixed contractual term of 5 years has expired. The rental payments associated with the extension option amount to EUR 5,023,085. The overall costs of all rental and lease agreements in financial year 2019 amounted to EUR 3,009,461 (previous year: EUR 2,662,955).

55. Objectives and methods of managing financial risk

The Group is exposed to various financial risks: market risk, credit risk and liquidity risk. Through its product range, the Group finds itself in competition with other suppliers. The Group‘s risk management is aimed at recognizing unpredictable developments on the financial markets, and minimizing any potentially negative effects on the Group‘s financial position.

Risk management is conducted in accordance with guidelines adopted by the Management Board. The Group identifies, measures and hedges financial risks in close cooperation with the Group‘s operating units.

The company regards equity as an essential management parameter 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.

Capital control

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 12/31/2019 and 12/31/2018 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 and cash and cash equivalents. The essential risks deriving from the financial assets comprise market, liquidity and credit risks.

Market risk

The market risk is deemed to be material in respect of financial assets measured at fair value through profit or loss. 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 balance sheet closing date, the risk associated with financial assets invested in investment funds amounted at fair value to EUR 5,252,517 (previous year: EUR 4,910,835). A fall or rise of 25 percent in the market price of the investment funds as a consequence of changes in market conditions would impact Group earnings in the amount of EUR +/-1,313,129 (previous year: EUR +/-1,227,709).

In the case of financial assets invested in gold, the risk on the closing date amounted at fair value to EUR 2,343,650 (previous year: EUR 1,935,100). A fall or rise of 10 percent in the gold price as a consequence of changes in market conditions would impact earnings in the amount of EUR +/-234,365 (previous year: EUR +/-193,510).

These sensitivity analyses each relate to the situation as of 12/31/2019.

The Group holds no derivative financial instruments. In accordance with internal policy, the Group did not engage in any trading in derivatives in financial years 2019 or 2018, nor will it do so in future.

Due to the absence of external funding and the non-material level of transactions outside the Eurozone, interest rate and currency risks have no material significance for the Group and are therefore not further explained.

Credit risk
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 24. 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.

Liquidity risk
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.

Changes to liabilities from financing activities

	1/1/2019	Cash flow	New leases	12/31/2019
Long-term lease liabilities	9,834,376	-2,202,089	3,285,730	10,918,017
Short-term lease liabilities	13,188	-13,188	476,400	476,400
Liabilities from financing activities	**9,847,564**	**-2,215,277**	**3,762,130**	**11,394,417**

56. Financial instruments – additional disclosures

The connections between the classification and valuation of financial instruments can be taken from the following table, based on the relevant items in the balance sheet.

Carrying amounts, recognized values and fair values by measurement category:

	Measurement categories pursuant to IFRS 9	Carrying amount as of 12/31/2019	Recognized value in balance sheet pursuant to IFRS 9		Fair value
			Amortized cost	Fair value through P/L	
Assets					
Cash and cash equivalents	AC*	17,523,701	17,523,701		17,523,701
Trade receivables	AC*	7,715,364	7,715,364		7,715,364
Other non-current financial assets	FVthP/L*	1,270,580		1,270,580	1,270,580
Other current financial assets	FVthP/L	12,213,779		12,213,779	12,213,779
Liabilities					
Trade accounts payable	FLAC*	918,278	918,278		918,278
Other current financial liabilities	FLAC*	1,174,021	1,174,021		1,174,021

*AC: financial assets measured at amortized cost; FLAC: financial liabilities measured at amortized cost; FVthPL: measured at fair value through profit and loss

57. Events after the reporting date

On 02/11/2020 the merger of ATOSS Erste Beteiligungs GmbH, Munich with ATOSS Software AG, Munich was completed with registration in the Commercial Register. The entire assets of ATOSS Erste Beteiligungs GmbH were subsequently transferred to ATOSS Software AG by way of universal succession. As a result, the profit and loss transfer agreement concluded between ATOSS Erste Beteiligungs GmbH and ATOSS Aloud GmbH was also transferred to ATOSS Software AG.

58. German Corporate Governance Code

The Management and Supervisory Boards of ATOSS Software AG issued a declaration regarding the German Corporate Governance Code on 12/04/2019. The full text of the declaration pursuant to § 161 of the German Stock Corporation Act (AktG) is available on the Internet at https://www.atoss.com/system/files/document/2019-12/atoss-entsprechenserklaerung-2019.pdf.
The Management and Supervisory Boards make a declaration each year detailing their compliance with the German Corporate Governance Code and the recommendations contained therein and include the contents in the annual report.

59. Notifiable participating interests

As of 12/31/2018 on the basis of information received by the company as per §§ 21 ff. of the German Securities Trading Act, notifiable participating interests were as follows:

Effective 04/10/2002 Mrs. Ursula Obereder, Grünwald, registered a voting share of 6.5 percent of the company's nominal capital.

Since 12/06/2012 AOB Invest GmbH, Grünwald, has held 50.0000025 percent of the company's capital stock.

Since 10/22/2013 Investmentgesellschaft für langfristige Investoren TGV, Bonn, has held a voting share of 5.004 percent of the company's nominal capital.

Since 12/16/2014 MainFirst SICAV, Luxembourg, has held a voting share of 5.07 percent of the company's nominal capital.

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

60. Adoption of the consolidated financial statements

The present annual financial statements were passed on 02/21/2020 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 03/04/2020.

61. 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 2019 in the amount of EUR 17,127,851.70 should be used to pay a dividend of EUR 2.55 per dividend-bearing share and to carry the remaining net income forward to new account. If this dividend proposal is accepted by the general meeting, this will result in a dividend payment of EUR 10,140,248.40 on the share capital entitled to a dividend as of 12/31/2019 amounting to EUR 3,976,568.00 and profit carried forward of EUR 6,987,603.30.

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

Munich, 02/21/2020

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

INDEPENDENT AUDITOR‘S REPORT

To ATOSS Software AG, Munich

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of ATOSS Software AG, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from January 1 to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of ATOSS Software AG for the financial year from January 1 to December 31, 2019. We have not audited the content of those parts of the group management report listed in the „Other Information“ section of our auditor‘s report in accordance with the German legal requirements.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019, 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 audit opinion on the group management report does not cover the content of those parts of the group management report listed in the „Other Information“ section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [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 Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 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 entities 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 Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 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 audit 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 financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1. Revenue recognition

Our presentation of this key audit matter has been structured as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matter:

1. Revenue recognition

1. The ATOSS Group generates revenue from a range of services. These include selling software licenses to end customers and resellers, providing technical and other services, and from long-term production contracts. In accordance with IFRS 15 „Revenue from Contracts with Customers", revenue recognition is dependent on satisfying the performance obligation and must be evaluated on the basis of the underlying contracts. The range of services provided and the associated complexities for revenue recognition pose the risk of incorrect revenue recognition with respect to the timing and amount of the revenue to be recognized or deferred. Against this background, revenue recognition was identified as one of the most significant matters.

2. As part of our audit, we assessed, among other things, the appropriateness and effectiveness of the Company‘s internal control system established to process and realize revenue, including the IT systems used.

   We audited the revenue by, among other things, selecting samples of individual transactions with customers on the basis of statistical methods and inspecting the underlying documents. Our audit procedures also included reviewing material contracts and obtaining balance confirmations for trade receivables and other evidence supporting the respective satisfaction of performance obligations identified in the contract.

   As part of this process, we assessed whether revenue had been recognized in full.
   We also verified whether revenue had been allocated to the correct periods or correctly deferred. In addition, we verified the consistency of the methods used to recognize revenue. We were able to satisfy ourselves that the systems, processes and controls in place are appropriate overall and that the estimates and assumptions made by the executive directors are sufficiently documented and substantiated to ensure that revenue is properly recognized.

3. The Company‘s disclosures on revenue are contained in the notes to the consolidated financial statements under sections II. Accounting policies: 19. Revenue from contracts with customers, and IV. Notes to the consolidated income statement: 37. Revenue.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report, which we obtained prior to the date of our auditor’s report:

- the statement on corporate governance pursuant to § 289f HGB included in section 2 „Statement on corporate governance“ of the group management report,
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code included in section 2 „Corporate governance“,
- the responsibility statement pursuant to § 297 Abs. 2 Satz 4 and § 315 Abs. 1 Satz 5 HGB in section 9 of the group management report.

The other information comprises further the remaining parts of the annual report which we obtained prior to the date of our auditor’s report, – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor‘s report.

Our audit 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 audit 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they 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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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 audit 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 § 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 audit 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 audit opinion on the effectiveness of these systems.

- 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 audit 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on 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 German law, and the view of the Group'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 audit 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, the 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 Article 10 of the EU Audit Regulation
We were elected as auditor by the annual general meeting on April 30, 2019. We were engaged by the supervisory board on April 30, 2019. We have been the group auditors of ATOSS Software AG, Munich, since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 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 Holger Graßnick.

Munich, 21 February 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Holger Graßnick
Wirtschaftsprüfer

Sebastian Stroner
Wirtschaftsprüfer

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 21, 2020

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

CORPORATE CALENDAR

January 31, 2020
Press release announcing preliminary results for 2019

March 6, 2020
Publication of the annual report for 2019

March 6, 2020
Balance sheet press conference

April 27, 2020
Publication of the 3-monthly financial statements

April 30, 2020
Annual General Meeting

July 24, 2020
Press release announcing the 6-monthly financial statements

August 10, 2020
Publication of the 6-monthly financial statements

October 23, 2020
Publication of the 9-monthly financial statements

November 16.-18, 2020
ATOSS at the German Equity Forum

IMPRINT

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