
2020
ATOSS

ATOSS | 2020

ATOSS TEAM KAMILA AND LILLY | MARKETING

Shaping tomorrow's working environments

For businesses operating in the age of globalization, digitalization and change, everything hinges on flexibility and productivity. The dynamic organizations of tomorrow need to be built upon agile personnel infrastructures, smooth processes and new ways of working. It's crucial to be able to tap the potential of the 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 about 10,000 customers. At the same time, we enable employee-oriented working time concepts, ensuring greater job satisfaction. In 46 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

	01/01/2020 -12/31/2020	PROPORTION OF TOTAL SALES	01/01/2019 -12/31/2019	PROPORTION OF TOTAL SALES	CHANGE 2020 TO 2019
TOTAL SALES	**86,053**	**100%**	**71,392**	**100%**	**21%**
SOFTWARE	56,045	65%	46,532	65%	20%
LICENSES	16,509	19%	14,515	20%	14%
MAINTENANCE	26,600	31%	24,208	34%	10%
CLOUD & SUBSCRIPTION	12,937	15%	7,810	11%	66%
CONSULTING	24,103	28%	19,546	27%	23%
HARDWARE	3,915	5%	3,683	5%	6%
OTHERS	1,989	2%	1,630	2%	22%
EBITDA	29,759	35%	22,506	32%	32%
EBIT	**26,165**	**30%**	**19,297**	**27%**	**36%**
EBT	26,198	30%	19,912	28%	32%
NET PROFIT	**17,714**	**21%**	**13,519**	**19%**	**31%**
CASH FLOW	23,206	27%	15,267	21%	52%
LIQUIDITY (1/2)	40,488		30,363		33%
EPS IN EURO(3)	2.23		1.70		31%
EMPLOYEES(4)	557		503		11%

QUARTERLY COMPARISON IN KEUR

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19
TOTAL SALES	**24,932**	**20,486**	**20,885**	**19,750**	**19,708**
SOFTWARE	16,736	13,156	14,325	11,828	13,090
LICENSES	6,090	3,021	4,684	2,714	4,499
MAINTENANCE	6,868	6,734	6,582	6,416	6,236
CLOUD & SUBSCRIPTION	3,779	3,401	3,059	2,698	2,355
CONSULTING	6,580	5,881	5,482	6,160	5,149
HARDWARE	1,162	965	565	1,223	1,004
OTHERS	453	485	512	539	465
EBITDA	9,705	6,711	7,319	6,025	6,779
EBIT	**8,808**	**5,825**	**6,425**	**5,107**	**5,846**
EBIT-MARGIN IN %	35%	28%	31%	26%	30%
EBT	8,588	5,747	6,694	5,169	5,820
NETTOERGEBNIS	**5,795**	**3,667**	**4,826**	**3,426**	**4,403**
CASH FLOW	744	10,610	5,832	6,020	907
LIQUIDITY (1/2)	40,488	40,680	30,747	35,650	30,363
EPS IN EURO(3)	0.73	0.46	0.61	0.43	0.56
EMPLOYEES(4)	557	540	524	520	503

(1) Cash and cash equivalents, other current and non-current financial assets (sight deposits, gold) as of the qualifying date, adjusted to exclude borrowings (loans) | (2) As a result of the share split carried out in June 2020, the dividends paid in previous periods have been adjusted retrospectively for comparison purposes: dividend of EUR 1.275 per share on 06/03/2020 (kEUR 10,140) and dividend of EUR 2.00 per share on 06/05/2019 (kEUR 15,906) | (3) In accordance with IAS 33.64, earnings per share (EPS) have been retrospectively adjusted for the previous period due to the share split carried out in June 2020 | (4) At the end of the quarter/year

Development over 15 Record Years

2006 to 2020

+ 322 %
Total Sales

+ 362 %
Software Sales

+ 386 %
Consulting Sales

+ 256 %
Investments in R&D

+ 4,550 %
EBIT

+ 3,617 %
Earnings per Share

+ 7,335
New Customers

Contents

The future is the new present – there is no going back

Prof. Dr. Steffen Strese in conversation with
Andreas F.J. Obereder, CEO and Founder of ATOSS Software AG

Mr. Obereder, before we get to the subject of ATOSS, I'm interested to hear your views on the change to our economic situation over the past year.
After 12 years of economic boom, it became clear to us all in 2020 that there are certain developments which have no immediate remedy. And that we'll probably only understand the full extent of them in retrospect. Today, a major impact of this development is clear for all to see: The future has become the new present! The forced rapid acceleration of technologization on a global scale has entirely redefined economic parameters. This has irreversibly changed the process landscape and the work environment across all industries. There are two key factors driving this change: the inevitable digitalization of all enterprise processes, combined with staff who can now work from home or virtually anywhere around the world. Rapid acceleration of digitalization and real-time availability of data from all enterprise processes have put everyone under serious pressure to act.

Have you observed any changes over the past year that have actually had a stabilizing effect?
Sure! The arrival of a new U.S. administration and more clarity around Brexit have opened up new prospects for cooperation, both across the Atlantic as well as within Europe and the EU. There are opportunities to use strengths, such as reliability and partnership, to lay the groundwork for joint action. I expect this to lead to a far better collaboration to tackle global ecological and economic challenges. And yet, behind the scenes at companies, huge volatility and accelerated change processes are fast becoming the norm. This will continue to be the case for us and our customers.

So, how does volatility impact businesses?
Well, here are a few examples from the last 12 months. Take new health restrictions. These trigger major volatility. Social distancing rules, hygiene measures, protection of high-risk groups and split-team organizational structure – these all now need to be factored into workforce planning.

> Digitalization and cloud computing have shifted the focus onto improving customer experience and value creation for both external and internal stakeholders.

Staff shortages trigger volatility. Topics like childcare, sick leave, and legal restrictions on working time flexibilization have to be taken into account. The current crisis has delivered a double whammy to both supply and demand: on the one hand, through a significantly increased risk of supply chain disruptions and the resulting supply shocks, and on the other hand, through demand shocks caused by changes in customer behavior. In order to optimize sales and costs, both aspects must be taken into account in proactive workforce planning. These factors coupled with financial bottlenecks have created an environment of unparalleled volatility.

How should companies address this situation?
Well, volatility is nothing new – it just reached unprecedented levels in 2020. Prior to that, the speed of change across the global economy was already significantly increasing. Even then it was clear that there was a need for increased flexibility – for companies to adapt on the fly to a new framework. And develop the ability to respond to unpredictable changes at short notice. According to a KfW business survey, around one-third of SMEs were already using more flexible working hours and locations in April 2020. Among companies that had already experienced disruptions in business operations due to staff absences, the figure was even more than half. Over 70 percent of mid-size companies with more than 50 staff have expanded their use of remote work from home in the last ten months. The results of a McKinsey executive survey also confirm that this pays off. The study reveals that the companies navigating the current crisis the best are those embracing advanced technologies and becoming more innovative and willing to experiment.

How would you rate the progress the economy has made in terms of digitalization in 2020?
In a recent European survey, more than two-thirds of executives said the pandemic is a driver of digital transformation at their companies. This is especially true for areas in which digitalization was being pushed even before the crisis. 2020 was a year of reckoning for many of us in a variety of ways. Even the best-laid plans CIOs had made for migrating their organizations to the Cloud had to be massively accelerated.

Why have cloud solutions become even more of a focus?
The Cloud has proven over the past decade that it is more than just a technology. It's a key enabler of business innovation. In many cases, it has only been possible to react to the external pace of change experienced in 2020 thanks to cloud solutions. Their use allows companies to not only significantly optimize and expand their IT capabilities but also scale at the speed the business demands. This makes both predictable and unpredictable fluctuations easier to manage. Companies that adopted cloud-based solutions early on were significantly better equipped to meet the needs of their customers and staff while maintaining revenue growth. This is directly reflected in the earnings figures from successful organizations. Our core message from last year's annual report was: "Now is the time to prepare." And even though none of us would have wanted the recent turn of events, it has proven to be accurate in retrospect.

Is the topic of cloud computing going to continue to gain in significance?
Definitely. Digitalization and cloud computing have shifted the focus onto improving customer experience and value creation for both external and internal stakeholders. But Germany still has a lot of catching up to do here. Eurostat estimates that the proportion of companies that rely on cloud computing services in our country is just 22 percent. In Scandinavia, Great Britain and the Netherlands, it's already well over half. This is also reflected in our own figures. Cloud solutions comprise only about 40 percent of our business in Germany. Whereas abroad, we now sell cloud solutions almost exclusively. Regardless of the increase in the use of cloud solutions in 2020, German and European companies still have a long way to go.

We therefore anticipate continuing growth in this area over the coming years.

How does digital workforce management help address the economic impact of the pandemic?
Our solutions create the basis upon which legally compliant documentation of remote working hours, as well as audit-standard record keeping of short-time work or subsidy documents can be maintained. At the same time, they make resource management easier through long-term working hours accounts, vacation management, and capacity planning. ATOSS customers were able to react in an ad hoc, precise, and highly efficient manner. This has kept them competitive, financially secure, and ultimately saved jobs. We have received huge amounts of positive feedback from our customers during this time. And a lot of them represent system-critical organizations like hospitals, logistics providers, and suppliers.

Which sectors get the most out of your solutions?
These days, I'd say the relevance spans all industries. However, especially positive results have been leveraged in the personnel-intensive sectors most impacted by fluctuating demand. Take the retail industry. Here companies like EDEKA, ALDI SÜD, Douglas, and Fressnapf have trusted our solutions for a very long time. And, of course, the healthcare sector. Here we have customers like Helios, University Medical Centre Mainz, Saarbrücken and Leverkusen hospitals or the Swiss telemedicine provider Medgate. We are also creating significant value in logistics, manufacturing, the service sector, and the public sector. I'm talking about customers such as DB Schenker, WISAG, thyssenkrupp Packaging Steel, HUK-COBURG and the City of Munich.

These all sound like major players. What's the situation like for medium-sized and smaller companies?
It's just as important. A lack of skilled workers, new laws and regulations such as GDPR or the ECJ ruling on the mandatory recording of working hours – these challenges all point to making investments in digital working time management. Whether you're a company with two to 200,000 staff, ATOSS has a solution for you. Our cloud software Crewmeister is ideal for small enterprises, startups, and trade businesses employing up to about 30 members of staff. It can be launched in the Cloud in 60 seconds and configured within 15 minutes, allowing companies to hit the ground running. You can record working hours, manage vacations, and deploy staff – quick and easily. Last year alone, we won well over 1,600 customers in the small business segment. And we also have more than 3,000 customers in the classic SME segment, you might be interested to know.

Let's talk about compliance – is this topic strategically relevant for companies?
There is no doubt that this is an important topic for companies and fiscal units. New laws and penalties are a constant which in turn make workforce management more complex on both

a national and international level. There's no getting away from the fact that a legally compliant system is business-critical in averting adverse legal consequences. For us, of course, it's the necessary basis upon which we can develop the kinds of conversations with our customers that we want to be having – like those around demand-driven workforce management.

Mr. Obereder, 2020 was the 15th consecutive record year for ATOSS. Once again, your company has been recognized as a leading mid-size company by renowned publications such as the Handelsblatt and WirtschaftsWoche. ATOSS seriously has its act together...

Thank you! In my opinion, a stable political environment is critical for sustainable growth. While a lot of critique may be justified, I think we all have good reason to be grateful for our democratic system's stability and ability to act. What is more, at ATOSS, we generally let our decisions be guided by a sustainable, value-driven approach. In doing this, our team is delivering on our mission to have a lasting impact on the working worlds and all its stakeholders. This mission has no expiration date. It is valid indefinitely and acts as a reality check: Is what we are doing today creating added value for tomorrow? This is more important to us than short-term monetary gain. And it differentiates us. But of course, it's not just about strategy. It takes effective execution by our staff to pull it off. I've been really impressed by the resilience shown across all areas of our company in the face of adversity over the past year.

The results speak for themselves.

They do indeed! Despite the most challenging of circumstances, we succeeded in topping 2019 which had been outstanding. The result is an overall growth of 21 percent, with the cloud segment growing by 66 percent, while maintaining a very solid EBIT margin of 30 percent. This is also reflected in the company's value and its surging share price. All of our staff and business partners can be seriously proud of that.

> I've been really impressed by the resilience shown across all areas of our company in the face of adversity in the past year.

Let's look ahead into the future – what's on your agenda?
For several years now, we've been increasing our company's international focus in order to be able to serve our customers across the world even better. We now have customers in over 45 countries across four continents. Laws and regulations such as GDPR or the ECJ ruling on working time records have a transnational character. So it's not surprising that international solutions are increasingly important for companies. For the foreseeable future, we have set ourselves the target of expanding our sales and service locations into new countries every year and bringing the benefits of our solutions to new companies there.

Can you give us an example of such an international project, Mr. Obereder?
Take the world's largest chocolate producer, Barry Callebaut, with 60 production sites in over 40 countries. In 2020, Barry Callebaut chose ATOSS as its global workforce management partner aligned to its digitalization strategy. Our agile project approach meant we were able to rollout our solution in the first five European countries in just two quarters. The company uses one central system, which is adapted to the requirements and laws of the various organizations at country level. In 2021 we'll be deploying the solution to many more countries hand-in-hand with the customer. That's countries in Europe and Africa, as well as the United States. The whole thing is based in the Cloud, by the way.

Anything else that's on your radar?
Our other main focus over the next few years will be the continuing transformation of ATOSS into a cloud-based company. We have been offering cloud solutions since 2015 now – so we've gained great experience in this area over the last few years. Today, many of our new customers are already opting for one of our modern cloud solutions. Over the next few years – and in order to be able to continue offering the best technology in the future – we'll be investing more than 60 million euros into the continuous development of our solutions and the transformation of our company. This benefits not only our customers, but also a broad partner ecosystem.

Can you tell us a little more about this partner ecosystem?
We are currently making a strong push toward expanding our partner network. This will help us to deploy our solutions internationally, in a quick and customer-centric way. Our network ranges from technology partners such as SAP or Microsoft, into whose portfolios we integrate our solutions, to international implementation partners who supplement our products. We are constantly on the lookout for high-performing companies that want to shape tomorrow's working worlds with us and participate in the success of "Workforce Management made by ATOSS."

It sounds like there's incredible potential ahead...
Absolutely! Every day the team and I strive to adapt and align ourselves to the future. I think I speak for everyone when I say it's precisely this company's enormous potential and its business model that inspire us to do that.

PROFESSOR DR. STEFFEN STRESE
Prof. Dr. Steffen Strese is Professor of Innovation Management at TU Dortmund University. Prior to that, he worked as a postdoc at RWTH Aachen University and as a project team leader at a renowned strategic management consultancy. His research and teaching focus on innovation management and entrepreneurship. Moreover, he is co-founder and advises established companies as well as startups.

BEST PRACTICES

Off into the cloud

Primark is an international retailer that offers the latest fashion, beauty and homeware to customers at the best value on the high street; put quite simply, “Amazing Fashion, Amazing Prices”. Primark was first established in 1969 and now has 390 stores, with over 16.5 million square feet of selling space, across 13 countries. Built around offering something for everyone, the store environment plays an important part in inspiring its customers and engaging them in the fun and fashion of Primark. A wide product range, large volumes of stock turnover and high customer frequency call for efficient processes along the entire value chain, particularly where HR processes are involved. In Austria, Primark has been working with the ATOSS Retail Solution since 2013 to plan and manage the working time of some 1,500 employees across five stores. The standard version of our solution meets workforce management and factors in all laws and regulations, as well as the complex collective bargaining agreement in place in the retail industry. Primark Austria is now moving to the ATOSS Cloud. Why is that? A highly secure IT infrastructure, less maintenance effort, automatic updates and rapid scalability in the event of further expansion. This enables the company to stay up to date while optimizing its costs at the same time. All full- and part-time employees use fingerprint terminals to record their working time. Target and actual times are compared automatically, and the billing data is sent directly to the BMD payroll system. Efficiency is also the order of the day when it comes to workforce scheduling. Every Primark store has its own HR department, which is also responsible for planning and managing the 200-300 active employees based there. The entire store supply chain – from goods reception, unpacking, intermediate storage and displaying the product, to the daily clear-up on the shop floor – is planned and scheduled with pinpoint accuracy. After all, even price-savvy consumers love a great shopping experience, which is something that Primark prides itself on. And we’re delighted to welcome Primark Austria to the ATOSS Cloud.

> Efficiency is a principle our company actively embraces. Operating our workforce management solution in the cloud is the logical next step in implementing this strategy.
>
> **IAN LYNCH**
> Head of People Systems | Primark

ATOSS CUSTOMER **BÜNTING**

Ingredients for success

In a nutshell, **Bünting** has grown from a colonial goods store in Leer into a trading company operating throughout Germany. The group of companies now employs some 12,500 staff and operates out of its headquarters in Leer and a new administrative center in Nortmoor. The secret to Bünting's success? Commercial acumen, a philosophy of fast-paced growth and the courage to take a hands-on approach to things. Bünting has a tight network of hyper- and supermarkets in northwestern Germany via its Combi and Famila Nordwest sales companies. With myTime.de and Combi.de, Bünting is also focusing on the growing market for online food shopping and is serving its customers nationwide. Bünting's specialist tea store holds a particular status and is where tea experts select fine ingredients needed to make blends such as "Ostfriesentee". The company has been using the ATOSS Retail Solution to inject dynamics and flexibility into its workforce management for many years now – across its entire retail range. Bünting relies on digital time and attendance management for some 11,000 staff, while also using the Automatic Duty Plan and Workforce Forecasting modules for its food retailing operations. The result: 90 percent less manual input and a forecasting accuracy above 95 percent. At Bünting, planning and scheduling are performed in a customer-focused manner based on a 15-minute cycle, using cash desk receipts, for example. ATOSS Qualifications Management helps store managers keep an eye on the qualifications required for the various planning areas such as cash desk, fresh foods counter or first aiders. Flexibility and productivity are in strong demand in logistics too, in order to keep retail and wholesale customers supplied on time. Via cost center management, Bünting determines employees' actual and target productivity levels as part of planning and scheduling and takes this as a basis for individual KPIs. The system transfers details of planned and actual deployment as well as staff capacity utilization for each half-hour to the group-wide data warehouse system on a daily basis. This creates transparency for the controlling department and highlights optimization potential. The Bünting Group stands for continuous growth, vast product variety and maximum customer satisfaction. Digital workforce management helps it deliver on these aspirations, day in, day out.

> From specialist to allrounder – all our companies are geared to the same goal: maximum customer satisfaction. Our workforce management solution plays a key role in achieving this.
>
> **RENÉ VOUILLÈME**
> HR Management, Working Time Management | Bünting

ATOSS CUSTOMER **PETER HAHN**

Excellent multichannel service

The renowned fashion company **Peter Hahn** serves its clients across all sales channels. Employing over 1,000 members of staff, the successful multichannel retailer supplies customers in nine European countries with high-quality fashion and home accessories. Whether via catalog, website or 21 stores in Germany and Switzerland, Peter Hahn endeavors to exceed the customers' expectations on a regular basis. Excellent and dedicated employees are key to the success. This is why the long-established company, with its head office in the Swabian town of Winterbach, relies on ATOSS Workforce Management across the board – from administration and the service center through to logistics and the stores. Self services deliver the necessary degree of working time transparency and get staff actively involved in working time management processes. In logistics, dormakaba terminals are used to book times to specific cost centers, also when switching to a different activity and cost center partway through a day. All the information is available at management's fingertips, ready to be evaluated. The service center, staffed by 90 agents, is available to customers from 7:00 a.m. to 10:00 p.m. every day. ATOSS Workforce Management guarantees that customer service is available at all times by taking into account the forecast volume of calls. Return rates and turnaround duration are factored into the planning and scheduling for the 270 staff in logistics, and even break times are fine-tuned automatically in line with requirements. This allows for fast response times and reduces costly over- and understaffing. 145 employees in thirteen German stores and three outlets have their workload planned on a demand-driven basis in line with customer footfall. This is digital workforce management at its best.

” We aim to inspire our customers with high-quality products and top-notch service. Across the entire company, our workforce management solution helps us to achieve this mission anew, every single day.

JÖRG MARX
Director of IT, HR, Logistics, Facility Service and Communications
Peter Hahn

ATOSS CUSTOMER **MAMMUT**

> As an innovative company we set high standards for us and our products. That is why we weren't willing to compromise when it came to our workforce management.

INGO REICHART
Head of HR | Mammut Sports Group

Top performance

Mammut stands for adventure and the spirit of discovery – for more than 150 years. Headquartered in Switzerland, this leading international premium brand ranks among one of the completest suppliers in the outdoor market – setting new milestones time and time again. Mammut products are the embodiment of maximum functionality, durable quality and resource-efficient workmanship. The wholesaler provides everything the outdoor enthusiast's heart could possibly desire via its own online shop, exclusive monobrand stores and renown partners. The company is continuously optimizing its processes to deliver an even better shopping experience and an ultimate product quality. This has also involved putting the working time concept to the test – and calling in ATOSS. Company management quickly realized the strategic potential of introducing digital workforce management and replacing the existing insular solutions. In the future, some 300 employees in 16 stores, the logistics center and the administrative offices of Mammut Germany will be managed in the cloud with ATOSS Time Control. An outlet in the Dutch town of Roermond will also be integrated into the solution. Digital time and attendance management will guarantee standardized, efficient processes across all locations, with time recording and access control via Datafox terminals and an interface to the DATEV payroll system. For optimized deployment planning, team leaders in logistics and at the stores will have time data available in real time. Order volumes and sales forecasts are factored into planning and scheduling to ensure that goods reach customers quickly and stores always have enough staff on the floor. Well aware of the chances that digitalization offers, the innovative trendsetter has committed to making the project a fast reality. As in elite sports, Mammut is also determined to top performance in workforce management, with passion and power in abundance.

ATOSS CUSTOMER **SPAR AUSTRIA**

> We want to be the most advanced digital retailer in Austria and Central Europe. An integral part of this goal is a future-proof workforce management solution that grows with our requirements.

OLIVER SEDA
Head of Group Legal & HR | SPAR Austria

On a growth path

The **SPAR Austria Group** is a privately owned, family-run Austrian business. Since its foundation in 1954, the company has grown from a nationwide food retailer into a highly successful Central European retail group. Today, the group operates in the retail sectors food, sports and shopping centers in Austria and seven other countries. At the end of 2019, the SPAR Austria Group employed some 85,000 people at over 3,200 sites. The company ranks as Austria's largest private-sector employer with more than 45,700 staff. Through SPAR, INTERSPAR, EUROSPAR, Maximarkt and SPAR-Gourmet stores and express gas station shops, the Group can meet virtually all customer wishes thanks to its differentiated sales concepts. The Group continues to set benchmarks in terms of store architecture, product variety, logistics and a focus on regional produce. To maintain a high degree of service quality while keeping the lid on costs, the retailer decided to introduce a digital planning tool. The Management and the internal IT department – SPAR ICS – chose ATOSS and an integrated workforce management approach. They were won over by our retail expertise and the high level of functionality our software offers. Especially important was the fact that our Enterprise Solution can integrate labor and employment laws as well as the retail collective bargaining agreement without additional programming. The innovative company is harmonizing and optimizing all its working time and workforce scheduling systems and processes as part of a comprehensive digitalization project. In future, some 1,600 retail outlets with over 30,000 staff will benefit from customer-focused planning and scheduling, precise workforce forecasting and break-time optimization. Around 3,000 employees at headquarters and in administration are being equipped with the Staff Center for intuitive self services. What's more, our mobile app is bringing greater transparency and efficiency to working time and workforce schedules – for some 34,000 staff across the board. SPAR ICS and ATOSS are working closely together in implementing this challenging project. In the medium term, the group plans to integrate the majority of the staff at home and abroad into this advanced digital workforce management solution. SPAR keeps setting new standards – this now includes the exceptional focus on customers and staff.

Corporate figures as of December 2019


duisport
logport
excellence in logistics
SARINA

Managing complexity

The Port of Duisburg is more than just a port: As a trimodal logistics hub, **duisport** offers the ideal conditions for creating the most efficient, resource-friendly and cost-effective transport chains possible by connecting waterways, rail and road. Handling over four million kEUR per year, the full-service provider is the world's largest inland container hub. Whether in short sea or inland water vessel, a wide range of handling equipment ensures smooth, seamless loading, unloading and onward transportation along the multimodal transport chain. In the future, cloud-based workforce management will guarantee that personnel are deployed as needed. After all, the effective interaction between highly skilled staff and cutting-edge technology is a critical success factor, particularly in a port setting. Gantry crane and straddle carrier drivers, lashers and signalers always have to be in the right place at the right time in order to guarantee a seamless supply chain. Every missing or expired qualification can bring a container crane to a standstill and cause huge costs. To prevent such scenarios, the ATOSS Logistics Solution is in place, managing time and attendance and the duty schedule for the 1,500 staff. The schedule includes relevant factors such as legislation, absences, individual requirements, working time balances and qualifications. The highly complex collective and company agreements applicable in the port setting are also integrated automatically into planning and scheduling. All staff are involved in working time management processes via the Staff Center, where they can request time off and view their working time balances and duty schedules in real time whenever they like. When they clock in, their working time is directly allocated to cost centers and transferred to working time management for assessment, creating consistency and cost transparency across all port sites. Taking on challenges, achieving goals, shaping the future – this is duisport's mission statement. Thanks to digital workforce management, the world's largest inland port is ideally positioned to meet any challenge involving the organization of working time.

" In port operations, deploying staff efficiently and flexibly is a crucial success factor. With our new workforce management solution, we're getting our HR processes fit for the future.

JOST HOCK
Senior Project Manager | duisport

ATOSS CUSTOMER **FIEGE LOGISTICS (SWITZERLAND)**

> The specific expertise of ATOSS in Switzerland is a great help to us as we standardize our working time management processes and introduce cross-site workforce scheduling.

IGOR BATARELO
Division Head of HR | FIEGE Logistics (Switzerland)

Workforce just-in-time

The FIEGE Group is a leading European logistics company specializing in efficient supply chain solutions. With a workforce of some 19,000 employees, FIEGE operates out of more than 150 sites in 14 countries. In Germany, the innovative logistics provider has relied on ATOSS Workforce Management for a long time. Now, **FIEGE Logistics (Switzerland)** has also decided to adopt our Logistics Solution. Five branches – from Oftringen to Balerna, employing a total of 400 staff – will benefit from cloud-based time and attendance management and workforce scheduling in the future. In the first project stage, the working time management processes were harmonized across the various sites and mapped in the software. Digital time recording on terminals or PCs allows data to be allocated to cost centers directly, making it easier to monitor project controlling. With no need for tedious form-filling, employees can tap the Staff Center to request and approve holidays and absences – which they can do in German, Italian and French. Staff can also view their working time account and duty plans whenever they like thanks to the innovative employee portal. All data will also be available for workforce scheduling in real time in the future. In the current project phase – stage two – the module is being introduced for all logistics employees. FIEGE will then be able to plan with a high degree of flexibility and respond swiftly and as economically as possible to changes, even those that come at short notice. What is more, the ATOSS Logistics Solution also warns of potential breaches of the law, contractual provisions or company regulations during the planning process. Innovative logistics and innovative workforce management – keeping FIEGE in the fast lane on its journey to the future.

ATOSS CUSTOMER **RHENUS CONTRACT LOGISTICS NETHERLANDS**

> Thanks to uniform planning processes and an efficient cost center management we now have a lot more transparency regarding the productivity of our sites. In this way, we can act more flexibly and cost-efficiently.

RONALD UDO
IT Director | Rhenus Contract Logistics Netherlands

Supply Chain 4.0

Rhenus Contract Logistics ranks as one of the largest providers of integrated logistics processes in the Netherlands. The company belongs to the Rhenus Group, which is represented globally with more than 33,000 employees at over 750 locations. The Contract, Freight and Port Logistics Divisions stand for the management of complex supply chains and for innovative value-added services. In Germany and Switzerland, the company has long been relying on ATOSS Workforce Management for more than 11,000 employees. Our Logistics Solution is now also being deployed at Rhenus Netherlands – specifically at six of the Contract Logistics Division's sites – including its ultra-modern logistics center in Tilburg. As our Enterprise Solution met all the requirements for digital workforce management, there was no need for special programming. The company-wide Raet payroll system was also integrated seamlessly via an interface. Some 1,000 employees are now recording their working time digitally. Dormakaba terminals enable direct account assignment to specific cost centers, customers or activities, thereby facilitating efficient productivity management. All the data is available in real time for evaluations, planning and scheduling – at all times. Highly complex working time rules, special shift sequences and numerous required qualifications are incorporated into the planning process. The external employee pool is also planned and managed via the ATOSS solution, enabling the company to respond flexibly and cost-effectively to the fluctuating order situations so typical of the logistics sector. Management is delighted with the more efficient processes, a uniform planning system for all locations and enhanced transparency in all HR matters. And staff are benefiting too, being actively involved in managing their own working time thanks to self services. ATOSS Workforce Scheduling is already in full operation in three of the large logistics centers and will be rolled out to the others in due course. This is one more expedient step towards Logistics 4.0 and a future-viable working environment.

ATOSS CUSTOMER **DPD GERMANY**

> Digital workforce management is unlocking greater productivity and flexibility across the entire company and is helping us in living our mission – providing our customers with an unbeatable shipping experience.

DIRK MÜLLER
CHRO | DPD Germany

Customer centric

DPD Germany is part of the international DPDgroup, Europe's largest parcel delivery network. The group dispatches 5.3 million parcels to 230 countries and regions every day, combining innovative technologies with extensive local knowledge and dedicated customer care. Every year the No. 2 on the German parcels market ships around 375 million parcels thanks to a workforce of 9,500 employees and 11,000 delivery drivers. Day in, day out, the innovative company shows how a parcel service can harness digitalization to provide the best possible experience for both shippers and shoppers – with maximum transparency and flexibility guaranteed. This also entails deploying staff with agility and pinpoint accuracy. Spotting optimization potential in this area, company management decided to introduce a professional workforce management solution and harmonize the patchwork system and process landscape across the whole company. And this is precisely where our strength lies. In future, the nearly 10,000 employees in the 79 distribution centers, the service centers and the administrative offices are to be managed in the cloud by the ATOSS Logistics Solution. The aim is to establish a future-proof time and attendance management system that incorporates laws as well as collective and company agreements and triggers an automatic warning in the event of an impending breach. Consequently, the company is also implementing the European Court of Justice's ruling on mandatory working time recording and documentation in a legally compliant manner. The solution is being introduced remotely due to the coronavirus pandemic, with agile project management ensuring an on-schedule rollout. The project's first phase has seen staff integrated into the working time management setup. They now record their working time digitally via the Staff Center – or, in the case of blue-collar employees, by way of the mobile app – and can request and approve absences electronically in defined workflows. In the ongoing second phase, workforce scheduling is being implemented at the distribution centers and the service center, benefiting some 8,000 employees. Dispatchers will then be able to plan and schedule in real time, taking into account laws, collective agreements, working time balances, qualifications and individual agreements. In the service centers, meanwhile, ATOSS Workforce Forecasting will ensure that call volumes are factored into workforce scheduling. At DPD Germany, digital workforce management is instrumental in optimizing the customer experience.

Across continents

Headquartered in Zurich, **Barry Callebaut** is the world's leading manufacturer of high-quality chocolate and cocoa products. Barry Callebaut masters every step along the value chain, from sourcing and processing cocoa beans through to producing the most exquisite chocolates. The business employs over 12,000 people and runs 60 production sites worldwide. As part of a digitalization project, Barry Callebaut is planning to optimize for growth by standardizing its HR IT system landscape around the world. A global project of this scale calls for strong partners. For its workforce management, the company has opted for the cloud-based ATOSS Enterprise Solution, integrated into the SAP SuccessFactors HR system. Project goals include standardized time and attendance management across sites and countries, automation of manual processes, implementation of interfaces with local payroll systems, improvement of KPI reporting and greater transparency for the management team. It is also aimed at satisfying the user experience for everyone involved. Due to the international scope of the work, a team of ATOSS experts comprising 20 consultants from three countries has been deployed, led by a project architect. Barry Callebaut has also made a dedicated team of staff available for this challenging task. Project implementation is following agile principles and – in light of the coronavirus pandemic – is being managed remotely. Preconfiguring all standard requirements globally and producing a blueprint for localization are ensuring that the ambitious timetable is being adhered to. The rollout of the first wave including five countries in Europe is already complete. All employees are now recording their working time digitally, using terminals supplied by our partner dormakaba. To increase employee satisfaction they are now involved in working time management processes via the Staff Center. The software monitors country-specific laws and regulations automatically. The integration of more factories and offices in Europe, America and Africa into the solution is planned as a second wave for mid-2021. We are delighted to be accompanying Barry Callebaut on its journey toward a harmonized approach to digital workforce management – across continents.

> We've placed our trust in ATOSS as we see globally harmonized time and attendance management as a key cornerstone of our digital HR transformation program.
>
> **STEVEN VANDAMME**
> CIO | Barry Callebaut

ATOSS CUSTOMER **TEREX-FUCHS**

> We wanted our deskless workers to become more involved in organizing their working time. This is precisely what our Staff Center workplaces have allowed us to do. We have reduced the amount of admin involved and – what is even more important for us – increased motivation on the shop floor.

DR. OLIVER KRONE-FRANKEN
Project Manager and Business Analyst | Terex-Fuchs

Deskless workforce

Terex is a global manufacturer of lifting and material processing products. The group's solutions are in use in numerous industries, including construction, infrastructure, manufacturing and energy. **Terex-Fuchs**, based in the town of Bad Schönborn in Baden-Wuerttemberg, is one part of the global group. The company produces veritable allrounder machinery for materials handling at scrap yards, recycling sites, in the sawmill industry or at ports. Terex-Fuchs has relied on ATOSS Workforce Management for some 350 staff for many years now. Last year, the manufacturing firm launched a "deskless workforce" campaign to better integrate the blue-collar employees into HR processes. The project was geared toward getting staff without a set desk or PC workstation involved in working time processes efficiently – an easy task for our Staff Center. Today, all blue-collar workers at Terex-Fuchs use the tool to request holidays, correct times or check their working time balances – in a simple and entirely paperless process at one of the PC workstations in the break rooms. All they have to do is log in with their transponder, enter their personal password and access their working time account. All the relevant information is presented clearly and concisely, while the tool is as intuitive to use as an app. This enables Terex-Fuchs to integrate all shop-floor staff into the HR processes efficiently – without requiring them to provide a company or personal email address. Team leaders were given around 30 minutes' training before sharing their newly acquired knowledge with their colleagues – all in all, a quick and straightforward process. HR, managers, the works council and the deskless workers are thrilled about the smart solution. And so are we!

Premium brand

A pioneering spirit with a passion: **RECARO Automotive** is a premium brand in automotive seating that has been setting standards in seating for decades. From the legendary Sport Seat, to ergonomic, spine-friendly models for long-distance drivers, to professional racing shells. Headquartered in Kirchheim unter Teck, the company manufacturers and sells premium automotive seats to prominent manufacturers of automobile vehicles all over the world. Some 500 employees at RECARO Automotive's global sites work on products that are the embodiment of craftsmanship, luxurious comfort, superb ergonomics and uncompromising sportiness. The company is just as uncompromising when it comes to its time and attendance management, relying on cloud-based ATOSS Workforce Management in Germany. ATOSS Time Control was ramped up to full operation not quite three months after the project kicked off – a pace that left management highly impressed. Today, staff in administration and manufacturing record their time on Datafox terminals, while absences and corrections to times are soon to be handled by paperless workflows. Information is transferred to the ADP payroll system via an interface, while all data is pooled centrally in ATOSS Working Time Management. Time balances are displayed in real time, allowing the automotive seat specialist to view its entire working time accounts at all times and act promptly if needed. The new digital processes conserve resources and elevate transparency. Our solution also had no problem mapping and documenting short-time working due to the coronavirus pandemic. Staff and managers benefit from an innovative workforce management system that is always up to speed with the latest developments thanks to its state-of-the-art technology. RECARO Automotive shares this mentality in the service it provides to its customers.

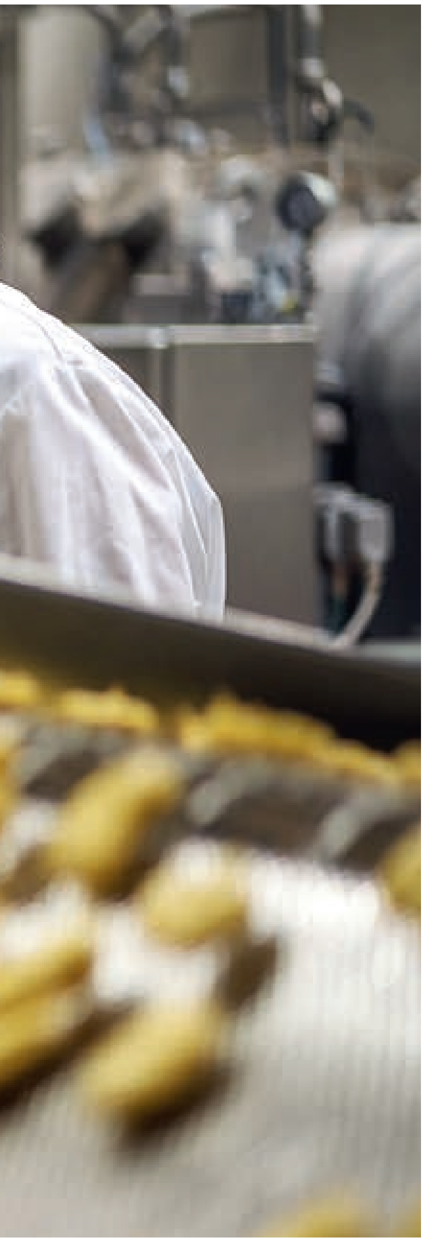
” At RECARO Automotive, we're all about lean structures and short decision-making paths. ATOSS Workforce Management fits this philosophy perfectly, and management and staff benefit in equal measure.

PAUL O'CALLAGHAN
HR Manager | RECARO Automotive

ATOSS CUSTOMER **OSI EUROPE**

> Our new workforce management solution provides more efficiency, transparency and legal certainty surrounding working time – across borders.

ANDREA NEUBAUER
HR Manager | OSI Europe Regional Office



Europe-wide cloud

Headquartered in the USA, the **OSI Group** is a premier global food provider. At 65 production facilities in 18 countries over 20,000 employees are forming an efficient global food network. The company makes custom food for international foodservice and retail food brands. The fast-growing group of companies has 3,000 employees and 22 production sites in Europe. As part of a digitalization project, its European headquarters were looking for a multilingual workforce management solution and a partner with international expertise. The goal was to standardize the heterogeneous HR system landscape across the eight European country operations, while working on a tight schedule, and to involve blue-collar employees more closely in working time management processes. OSI quickly opted for ATOSS and its cloud-based Enterprise Solution, including the Working Time Management, Access Control and Self Services modules. Interfaces to PCS time recording and access terminals, rexx HRM and country-specific payroll systems were also required – not an issue for our solution, as its standard version can be adapted to local legislation, regulations and systems without any costly extra programming. The pilot project in the new, state-of-the-art plant in the UK was implemented in a short time span in fall of 2020. Full operation is currently being launched at more food processing facilities in the same country, as well as at the locations in Austria, Poland and Spain, with Germany, Ukraine, Hungary and the Netherlands to follow in a further wave of rollouts by the end of 2021. Our international team of consultants is working with a preconfigured pilot master in order to ensure timely, cost-effective implementation throughout all the countries involved. They are aiming for as much standardization as is possible across national borders and as much customization as is required at local level. Digital workforce management is helping the innovative group to lay firm foundations throughout Europe for a safe, secure, attractive and legally compliant working environment. Additional projects, such as introducing workforce scheduling, are already being discussed.

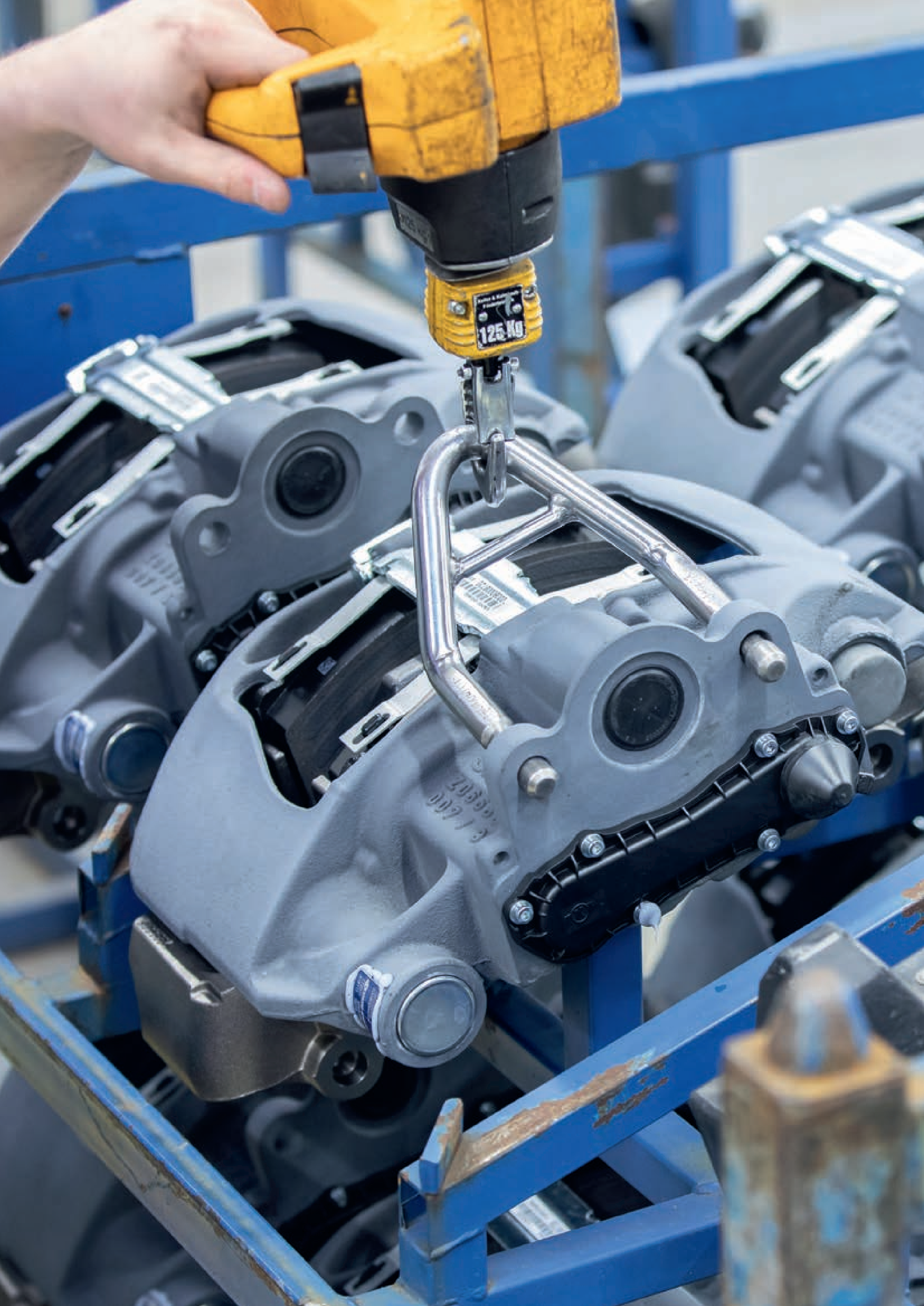
ATOSS CUSTOMER **CONDITESS**

> Our workforce management solution will enable us to plan and manage more flexibly and cost-effectively in future. As well as helping us day to day, it will also support our growth strategy.

GUIDO KESSENS
HR Manager | Conditess

Where tradition meets innovation

Taking exquisite baking to the highest level. This mission statement shapes how **Conditess** makes its 100 million cakes, pastries and cookies a year in a modern production facility in Haselünne in Lower Saxony. Whether customers are after fresh cakes, fine pastries and cookies, croissants, muffins or cake bases, all Conditess products are baked according to traditional methods and recipes. The family business has grown to become a trusted partner for food retailers and supplies companies such as Lidl with a wide range of products. To ensure that the large volumes of baked goods arrive at their destination fresh and on time, advanced, leading-edge production lines run around the clock, staffed by employees working a three-shift pattern. The innovative industrial bakery is eager to make its processes even more efficient in future and ensure ultra-precise personnel deployment at all times. Conditess chose the ATOSS Manufacturing Solution, as it meets all the requirements. In particular, the company was won over by the rules-based duty plan, which automatically factors in laws, collective agreements, working time balances, absences and qualifications into planning and scheduling. 400 staff directly employed by the company are planned and managed using the software. This also applies to all temporary workers who are brought in to handle seasonal fluctuations. The project is currently being implemented on a remote basis due to the coronavirus pandemic, with all workshops and training being delivered via video conference. Full operation is set to begin middle of the year at the latest. Then all employees will use state-of-the-art time recording and access terminals to log their working time and will be involved in working time management processes via the Staff Center. Dispatchers are already looking forward to scheduling the workforce at the touch of the “magic button”, as the project team likes to call it. Conditess considers to introduce the mobile app in a next step, which will bring even greater flexibility into the workplace.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Workforce scheduling 4.0

Knorr-Bremse has pursued a dedicated mission for over 110 years: making mobility and freight transportation safe, sustainable and environmentally friendly. Today, the Munich-based group is the global market leader for braking systems and other systems for rail and commercial vehicles. The group employs some 29,000 staff at over 100 locations around the globe. At its flagship plant in Aldersbach, where disc brakes for trucks are the key product, the focus is on efficiency and digitalization at all levels – including workforce management. That is why the plant's management team opted for the ATOSS Manufacturing Solution to plan and steer the 800 members of staff working at the location. Via the ATOSS Connector, the solution is linked seamlessly to SAP HCM PT, the company's existing HR system. The solution provides up to the minute time and employee data for planning and scheduling at all times – including intraday management. The integrated capacity and personnel requirement planning allows the plant to focus rigorously on flexible shift operation and fast response times. Production orders are scheduled in SAP APO and transferred to ATOSS to calculate the personnel required. The result is a demand-driven workforce schedule that is fine-tuned in an iterative dialog between the two systems. If, for instance, not enough staff are available at the planned time, the order volumes are adjusted accordingly in SAP APO and a new, demand-optimized schedule is generated based on the modified order. Our solution has also proven its worth during the coronavirus pandemic: The protection and hygiene regulations prompted Knorr-Bremse to switch to a decoupled duty scheduling to maintain ongoing operations and keep the workforce safe. Employees are actively involved in organizing their working time via the intuitive Staff Center and can access their working time account whenever they like, creating greater transparency and boosting satisfaction on the shop floor. Leveraging the potential of digital workforce management, this innovative plant is getting its HR processes fit for the future.

> Our workforce management system makes the manufacturing processes even more efficient and flexible, which also benefits our staff.
>
> **GERHARD SCHWARZ**
> Director of the Mechatronics Unit, Aldersbach Plant | Knorr-Bremse

ATOSS CUSTOMER **DEUTSCHE TELEKOM**

> Outstanding shopping experiences for our customers and an attractive working environment for our staff – digital workforce management supports both strategic objectives.

OLIVER GERZ
Head of Retail Solutions | Deutsche Telekom Private Customer Sales

Flexibility is key

Deutsche Telekom is one of the world's leading integrated telecommunications companies and present in over 50 countries with a workforce of nearly 230,000 employees. Customer centricity and outstanding services are part of the company's philosophy, particularly when it comes to its private customer business in Germany. Deutsche Telekom has a clear mission, when it comes to its own shops: to offer the best brand and shopping experience on the German telecommunications market. The company which as been our customer since 2004, is therefore expanding the digital workforce management solution in the existing 500 Telekom stores. 4,500 permanent employees and 500 temps are planned and scheduled based on footfall levels, partly in 30-minute intervals. Additional demand drivers will be integrated to optimize planning even further in the near future. Laws, collective agreements, qualifications, complex company agreements and different working time regulations are automatically incorporated into the planning and scheduling. This ensures that workforce schedules comply with rules and legislation. The service provider is eager to inject even greater flexibility and efficiency into its HR operations – from small outlets to the major flagship stores. In the medium term, up to 50 percent of staff are to be deployed on a cross-store basis following a multi-level model. Depending on the chosen level of flexibility, the employees can be scheduled to work near their home store, within an extended radius or in several stores on the same day. None of this presents a problem for our Enterprise Solution, which also factors in the necessary commute when planning and scheduling. Getting all shop staff more closely involved in organizing their working time is also on the management's agenda. Consequently, our Staff Center and mobile app are currently being introduced across all stores. The pilot project – involving 60 shops and around 500 staff – has been wrapped up, with all stakeholders impressed by the state-of-the-art solution. The rollout to the remaining stores is under way. Soon, all members of staff will be able to set their preferred working times, preferential shifts and any special deployment via digital workflows – intuitively at the touch of a button. The app keeps them up-to-date about any changes in the schedule. The next project, focusing on customer and staff satisfaction is already underway: medium- and long-term capacity planning. This is workforce management at its best.

ATOSS CUSTOMER **GBA GROUP**

Our workforce management project wasn't just about digitalization: We also wanted to optimize our processes for organizing working time at all our sites.

KRISTIN ELSER
Project Manager ATOSS | GBA Group

Spotlight on processes

Founded in Hamburg in 1989, the **GBA Group** ranks as one of the leading laboratory and consulting service providers in Europe. Its core competencies lie in environmental, food and pharmaceutical analysis. The group is enjoying steady growth and is currently represented at 33 locations across Europe, where it employs 1,400 members of staff. Many years of experience, the most advanced technology and top-notch standards in methodology are the hallmarks of the GBA Group – the embodiment of quality analyses and efficient processes. There was still some potential for optimizing HR processes, however, as the group includes a network of service providers with organically grown structures under its corporate umbrella. So, as well as introducing a digital system, the workforce management project also set out particularly to standardize working time management processes and regulations across all of the company's German sites. We won the GBA Group over with our ATOSS Time Control standard solution and our consulting expertise. Due to the coronavirus pandemic the project was implemented remotely, including an online training program for key users and managers. The rollout has already begun. Once the project is wrapped up, some 1,000 members of staff will record their times digitally on terminals. At all the sites, absence management will be done through digital workflows on PCs – or via our mobile app for employees without a fixed base and for some of the company's managers. The analyzed working time data will be sent straight to the payroll system via an interface. Around 300 laboratory staff will also be planned and scheduled based on the real-time data from working time management. Laws, collective agreements and company agreements will be automatically factored into the planning process. It is already clear that several project objectives have been achieved: Systems have been harmonized across the different sites, consistent processes established, routine tasks reduced, and efficiency and transparency increased. Our verdict – future-proof time and attendance management delivers measurable value.

ATOSS CUSTOMER **AIRLINE ASSISTANCE SWITZERLAND**

> Armed with our new workforce management solution, we are ideally prepared for the resumption of normal flight operations.

SASCHA HORVATH
Head of Human Resources Group | Airline Assistance Switzerland

Precise timing

Airline Assistance Switzerland is a dynamic and customer-focused aviation ground service provider based in Switzerland, Austria and Germany. The company's offerings comprise the full range of landside and airside services, including Passenger Services, Station & Load Control, Ramp and Baggage Sorting Services and assistances. As quality and flexibility are paramount priorities, agile HR processes that work with pinpoint accuracy are essential for airport operations. Plans and schedules have to be drawn up based on the flight timetable and the aircraft to be prepared for departure – and may also need to be revised at short notice. Each type of aircraft requires a set number of employees with specific qualifications, including ramp agents, load sheeters, load masters, drivers and gate agents. Insufficient ground staff on duty can quickly cause delays. To manage these complex requirements in the best possible manner, AAS took the coronavirus pandemic as an opportunity to restructure its processes and decided to introduce digital workforce management. Company management firmly believes that professional workforce scheduling is the only way to ensure a high level of service quality efficiently and cost-effectively over the long term. In the future, the working times of the 450 or so staff at Zurich and Vienna airports will be planned and managed via ATOSS Time Control in the cloud. At both sites, staff will record their working times on terminals supplied by our partner Datafox and will be actively involved in working time management processes via intuitive self services. Less admin, higher planning quality, greater flexibility, transparency across the board and a reduced workload thanks to the elimination of routine tasks – no wonder that management is already planning to integrate the company's subsidiary Goldair AAS Assistance into the ATOSS Cloud.

ATOSS CUSTOMER **NTT GERMANY**

Highspeed

NTT Germany is a leading provider of business and IT solutions and part of the NTT Group, which employs over 300,000 people in 88 countries. NTT Germany supports its customers throughout the value and process chain, from scoping out the overall concept and designing efficient processes through to implementing them in the IT landscape and running IT systems securely. When it comes to working time, NTT Germany relies on ATOSS Workforce Management in the cloud for its 1,400 or so staff. The company wanted to replace its existing temporary solution with an innovative, legally compliant time and attendance management system with high usability. Additional project cornerstones included: an interface with ADP Payroll, standardizing personnel numbers and incorporating shift patterns, on-call duty information and predefined workflows. The system also had to ensure compliance with legislation, collective agreements and company agreements. Fast-track implementation action was called for, as the system had to be available within a very short period of time due to a new company agreement. Thanks to close, agile collaboration between the project teams on both sides, including the works council, full operation was launched in record time – in just under two months. All of the NTT Germany stakeholders were impressed by the professionalism shown in the implementation process. An accompanying communication campaign and on-site training fostered acceptance across the company. Employees now record their times with the intuitive Staff Center on their PC or with the mobile app, while digital workflows facilitate planning absences and trim admin input. ATOSS Task Management sends automatic notifications if working time rules are breached, e.g. if rest breaks are not observed or working hours limits are exceeded. Overall, the company now has more flexibility in organizing working time, because the introduction of our solution has enabled staff to choose between trust-based working time and active time recording. Both the management and the works council are delighted by the increase in transparency and a time and attendance management setup that is fit for the future. In short, it is a win-win situation for everyone involved.

> We were impressed by how quickly and professionally our workforce management solution was introduced. Given the accompanying communication and training concept, acceptance among all employees was high right from the start.

RICK TEUTSCHER
Human Resources Business Partner | NTT Germany

ATOSS CUSTOMER **KRZN**

> We're delighted that we can now offer digital workforce management as a service, too. This means we can enable our members and clients to take a decisive step toward the city of the future.

TORSTEN HÜTTE
Head of Service Division | KRZN

Smart cities – smart services

Kommunales Rechenzentrum Niederrhein (KRZN) is one of Germany's largest providers of IT services to local authorities. The association services over 16,000 office workstations in town halls and district council offices in the Lower Rhine and Rhineland regions. Responsibilities include developing, installing, maintaining and operating IT applications, as well as data protection and data backup measures. The District of Mettmann, just outside Düsseldorf, employs 1,400 people. It is an associate member of KRZN and has also been our customer for many years. The ATOSS Staff Efficiency Suite enables the service provider to handle working time efficiently and cost-effectively, while ensuring legally compliant time recording in accordance with the European Court of Justice ruling. Each and every member of staff is included in the solution. Time recording, access control and parking management are all handled by terminals our partner PCS provides. Self services ensure that employees have an overview of their working time accounts at all times. After all, flexible, self-determined work is encouraged and promoted by the District of Mettmann. Holidays and absences are also applied for and approved digitally and paper-free. The positive experience of the Mettmann District council and a reference call with the City of Munich – another ATOSS customer – convinced KRZN of the benefits of digital workforce management. The IT company is firmly committed to offer its customers an optimal service at economic costs – and a minimum of admin input. In the meantime, our solution is managing the working hours of the 400 members of KRZN's staff. The focus is now on rolling out our powerful software across other local authorities and members. Interest is lively, as today's demands for efficient organization design and greater closeness to citizens are stronger than ever before. Digital workforce management supports authorities in mastering these challenges with the help of lean and agile HR processes.

ATOSS CUSTOMER **KLINIKUM ITZEHOE**

" Our organization is guided by two principles: efficiency and a focus on the future. So we have relied on digital time and attendance management for many years – and we never stop developing and refining our solution.

DANIEL ESPOSITO

Head of HR Systems and Deputy Head of HR Management | Klinikum Itzehoe

Digital working world

Constant innovation and efficient processes are part of the DNA of **Klinikum Itzehoe**, which is a member of the 6K Klinikverbund Schleswig-Holstein network of hospitals. Every year, some 31,000 inpatients and 46,000 outpatients benefit from medical treatment, care, technology and infrastructure embodying the highest quality standards. A state-of-the-art infection center covering 5,100 square meters is set to open its doors in late 2021. The clinical center, which serves as the academic teaching hospital for the universities of Kiel, Lübeck and Hamburg, is also cutting edge when it comes to digital time and attendance management. Klinikum Itzehoe has relied on the modular ATOSS Medical Solution for its 2,400 staff – including 200 trainees – for many years now, with the care managers using real-time data to plan the deployment of the nursing staff across the entire center. Laws, collective agreements, working time accounts, qualifications and individual requirements are automatically accounted for in the process. In all the years the system has been in place, one thing has remained constant: a focus on organizing working time fairly, flexibly and reliably in the interests of patients, staff and the hospital. With this in mind, the clinical center is continuously developing and refining its solution: The introduction of the Flexible Assignment Plan for doctors is upcoming, enabling intuitive and rapid planning. In HR management more transparency in controlling and the integration of employees are currently top of the agenda. Our BI Connector was used to create an interface to the data warehouse in order to connect working time data with the hospital information system. This provides the center with an efficient and legally compliant way to meet documentation obligation regulations for nursing staff. Combined with ATOSS Task Management an automatic notification system is currently being set up. When a specific event occurs a specific action is triggered in response and allows HR managers to act promptly. Our Staff Center is used to get employees actively involved in working time management processes: Staff can now make working time account inquiries, request holidays and correct time entries digitally, without any major admin or form-filling. Placing a rigorous focus on digitalization and process optimization, the hospital is generating greater flexibility, transparency and efficiency at all levels. For us, Klinikum Itzehoe is the kind of sustainable success model that we often see among municipal hospitals – high-quality medical care combined with innovative workforce management.

ATOSS CUSTOMER **BEZIRKSKLINIKEN SCHWABEN**

Healthy processes

The district hospitals that make up **Bezirkskliniken Schwaben** (BKS) specialize in psychiatry, psychotherapy, psychosomatics, neurology and neurosurgery. BKS offers top-quality medical care for citizens in the Bavarian-Swabian region at nine hospital sites and in various residential, care and support facilities. Over 76,000 patients – including some 25,000 long- and short-term inpatients – are treated every year at the facilities in Augsburg, Burgau, Donauwörth, Günzburg, Kaufbeuren, Kempten, Lindau, Memmingen and Obergünzburg. The treatment program is built on quality of care, cost-effectiveness and an attractive working environment for the over 5,000 staff employed across the group. To balance the interests of all parties, the hospital management is committed to flexible, staff-oriented working times, which are managed with differing degrees of intensity at the various sites using the ATOSS Medical Solution. The new staffing requirements in psychiatry and psychosomatics (PPP-RL) provided the initial impulse for a comprehensive strategic workforce management project centered around our solution. The ambitious aim: to harmonize processes and structures across all sites, create company-wide guidelines and establish uniform data structures. Our consulting team held several workshops with the works council, HR and IT to produce a detailed project plan for the company's journey into a new and consistent process and system landscape. A structured, professional change management setup that involved all stakeholders took top priority. Right from the outset, close cooperation with the various teams and a detailed communication, training and support concept ensured a high level of acceptance among all participants. The project is set to be completed by the midpoint of the year. With the Automatic Duty Plan, Qualifications Management and Cost Center Management and an import interface with the patient information system, BKS is able to keep up with the latest HR requirements in accordance with the PPP-RL and the regulations governing minimum thresholds for nursing staff. This also applies to the documentary evidence required for each quarter, each facility, each ward and each month. In the long term, patient numbers will be used in workforce scheduling to produce a target occupancy rate to enable even better controlling. And the initiative, which is being driven by IT managers, will not just benefit compliance: Our intuitive Staff Center with its digital requests feature is set to generate greater transparency and efficiency at all levels. Such a multi-faceted and future-proof workforce management system will enable BKS to stay true to its company principles.

" We have harmonized and optimized our working time structures and rules across all our locations in order to integrate approval and planning processes quickly and transparently. The result: quality and acceptance among all participants.

JOCHEN KAISER
Head of Central IT | Bezirkskliniken Schwaben

ATOSS CUSTOMER **OLGABAD REHAKLINIK**

> With our solution, we are laying the foundations for more flexible and plannable working times, benefiting staff and patients alike.

JULIA NICKEL
Commercial Manager | Olgabad Rehaklinik

Time for what is truly important

Medical expertise and personalized care in a family-like setting: this is **Olgabad** Rehaklinik's mission statement. The hospital specializes in neurological rehabilitation and is based in Bad Wildbad, a spa town with a rich tradition. The interdisciplinary team of physicians, psychologists, nurses, physiotherapists and speech and occupational therapists work hand in hand so that patients in rehabilitation can participate in social life and society as comprehensively as possible. Ensuring that patients receive 24/7 care and support is in the hands of over 150 full- and part-time staff, who work in 65 different shift patterns. The hospital decided to introduce ATOSS Time Control to optimize its working time processes across the board. The project's top priorities were staff-oriented duty scheduling that complied with regulations while reducing planning input. Department managers now tap real-time data for their planning and scheduling and can automatically view their employees' working time balances, absences, hour limits, breaks and individual arrangements. Laws, collective agreements and company agreements are also factored directly into the planning process. The entire Olgabad team records their working time digitally on terminals or at their workspace, while absences and corrections to times are requested and approved via the integrated employee portal. This means that Olgabad already complies with the European Court of Justice ruling on mandatory working time recording. ATOSS Time Control also takes care of evaluating working times and passes the data straight on to the DATEV payroll system via an interface. Target/actual comparisons and standard analyses can also be run at the touch of a button. The rehabilitation team and hospital management benefit in equal measure from the intuitive workflows, the added flexibility in organizing their working time, the new level of transparency and the fact that they are no longer burdened by routine tasks. This leaves them with more time for what really matters – providing patients in rehabilitation with the best possible care.

ATOSS TEAM DOMINIK AND BJÖRN | MARKETING

ABOUT US

"R&D is a cornerstone of our success and has earmarked investments, each year about 20 percent of our turnover. It is our mission and our passion to continue revolutionizing the workforce management market – this time with our cloud services.

PRITIM KUMAR KRISHNAMOORTHY
CTO | ATOSS

PRITIM KUMAR KRISHNAMOORTHY CTO | ATOSS *left*
MARKUS WIESER Executive Director Product Management | ATOSS *right*

LET'S TALK BUSINESS

Future proof

Markus, in times like these, how important is digital workforce management?
Markus: The ability to manage and schedule a workforce efficiently has never been more important than now – in the light of the ongoing pandemic. Organizations which had already invested in digitalizing their workforce management processes were able to act quickly on the changes required to ensure a safe environment for their workforce while maintaining productivity. As markets and analysts struggle to predict economic recovery scenarios, organizations with workforce management software in use continue to maintain growth and provide uninterrupted service for their customers.

Pritim, how did you perceive that?
Pritim: The corona crisis added another dimension to the importance of digital workforce management. Organizations that were already on the digitalization path picked up their pace to implement our solutions. Our multiple deployment modes have supported a faster adoption. We also observe that more and more of our on premises customers are transitioning to the cloud. Predictability, cost-transparency and the ability to scale at short notice are drivers for their decision. At the same time, many of our new customers prefer our cloud solutions.

There seems to be a growing demand for workforce management solutions...
Pritim: Yes indeed, market analysis confirm that. The average annual growth rate of more than ten percent indicates the enormous potential of digital workforce management in industrialized and emerging markets. After all, a sustainable and talented workforce contributes to an organization's growth.

What advantages do our cloud customers have?
Markus: We already have a lot of experience in developing and operating cloud-based workforce management software. Around 4,500 customers currently use our cloud solutions. They all benefit from a full-service offer provided by us as single source. From development and implementation to operation and ongoing services via our hotline, the ATOSS experts ensure excellent quality and measurable benefits for our customers. Our latest generation, ATOSS CLOUD24/7, is available to our customers 24 hours a day, seven days a week, combining even better services and lower costs.

What can we expect from ATOSS in the next few years?
Markus: We will focus on further advancing our solutions technologically and functionally while increasing the speed and frequency of launching innovations for our customers. We will also provide dynamically scaling cloud services, which intelligently leverage the infrastructure to combine cost-efficiency and best possible performance.

Pritim: In addition to solving current challenges with innovative solutions, at ATOSS we deeply focus on enhancing our cloud architecture. We are using cloud-native paradigms by successfully transitioning parts of our software to improve our TCO and pass on more benefits to our customers in the long run. Our ability to cater to our customers' demands without additional programming and to implement robust requirements via parameterization continues to remain the unique strength of our products. Our investments over the last five years in user experience and mobile solutions support faster onboarding and reduce training and implementation costs.

Do we continue to consistently invest into our solutions?
Pritim: R&D is a cornerstone of our success and has earmarked investments, each year about 20 percent of our turnover. According to the “EU Industrial R&D Investment Scoreboard”, ATOSS was ranked in 2020 once again as the number one among all European workforce management providers. It is our mission and our passion to continue revolutionizing the workforce management market – this time with our cloud services.

Our people showed an unprecedented willingness to accept change and play an active role in shaping developments.

SEBASTIAN JARANTOWSKI
CFO | A.T.U

MICHAEL KNOBLAUCH Director Consulting | ATOSS **SEBASTIAN JARANTOWSKI** CFO | A.T.U

LET'S TALK BUSINESS

Managing change

Michael, last year you and your colleagues completed the major rollout at A.T.U in Germany on schedule. Right in the middle of the pandemic…
Michael: After we'd rolled out our Enterprise Solution to the headquarters in Weiden and 25 shops in Austria in 2018, around 580 shops in Germany were greenlighted for financial year 2019/2020. Time and attendance management, self services, mobile app, demand forecasting and workforce scheduling – the full range. Together with our colleagues from CSS and the A.T.U project team, we achieved a genuine precision landing – despite being in lockdown. ATOSS Consulting provided support for project and change management.

Mr. Jarantowski, how did this collaboration help?
Sebastian Jarantowski: Apart from the technical implementation, it was important for us to learn from other companies – so we could benefit from their best practices and change management experiences. ATOSS has profound expertise in this area. This was a terrific help, especially in overcoming the biggest barrier to change – the "But we've always done it this way" argument. And doing so in an empathetic, but resolute manner. So we succeeded in getting our people involved in the process at an early stage and showcasing the tangible benefits of the new TEAMPLAN working time management system right from the outset.

Can you cite the key success factors?
Sebastian Jarantowski: It was important to introduce the management team to the system gradually. We demonstrated the many ways the system would facilitate work for all employees, and enabled managers to pass on their knowledge and the skills they'd acquired as key users to their colleagues. "Train the trainer" was the essential approach here. In addition to increasing transparency through intelligible parameters for workforce scheduling, the new system at the same time fixed existing admin problems and helped to establish a fair and staff-oriented planning process.

Michael, what are your thoughts looking back?
Michael: I'm fully with Mr. Jarantowski on this. We had a clear focus on transparency. Ultimately, change management is about avoiding or overcoming resistance right from the start. How did we manage that at A.T.U? With regular, open communication, involving videoconferences, info leaflets and posters. We even made a video. And we gave the project an in-house name right from the very start. Getting all the stakeholders involved was a key priority. Ideas and critical questions were welcome at any time. Mr. Jarantowski even offered Q&A sessions. This helped us build trust and acceptance among management and workforce.

How did the coronavirus impact the rollout plan?
Sebastian Jarantowski: The first lockdown stopped our rollout in its tracks for two months. On a positive note, however, the circumstances resulted in staff becoming far more accepting of a fast digitalization process. Our people showed an unprecedented willingness to accept change and play an active role in shaping things. New communication channels were set up in no time at all and became universally accepted.

Michael, how did things resume after lockdown?
Michael: With a scaled-up standardized rollout plan that we had devised before the coronavirus pandemic. We prepared a kind of "blueprint" for all shops and developed predefined routines and automated processes – as in creating master data, integrating new shops, activating interfaces or organizing trainings, for example. This standardization helped us to progressively increase the speed of each rollout wave post-lockdown and ensure that some 580 garages went live right on schedule.

Mr. Jarantowski, what's your verdict?
Sebastian Jarantowski: The first step is done, and our people really got on board in a big way with the change process. Drawing on our new working time management system, we are no longer tied to rigid business hours. By setting parameters, we can now plan our staff deployment efficiently and transparently based on customer footfall, employees' personal circumstances and statutory frameworks. Thanks to flexible working time models, we are an even more attractive employer. We are also able to focus consequently on our customers' requirements, which makes us more competitive going forward. All in all, it's a resounding success, and one that we'll be celebrating together with our staff – and with ATOSS, of course.

KAROLIN SAULER Head of HR Business Partner | ATOSS **HENRICH GÖTZ** Director Human Resources | ATOSS

> Even during the pandemic, we never lost sight of our vision – shaping the transformation of the working environment for the benefit of companies, employees and society at large.
>
> **HENRICH GÖTZ**
> Director Human Resources | ATOSS

LET'S TALK BUSINESS

Long-term impact

Henrich, 2020 was an eventful year. What do you think were the success factors that enabled us to get through so well?
Henrich: It certainly was a year to remember! Two things were crucial as far as I'm concerned. In February, we were very quick to understand how serious the situation was. We acted promptly and wisely – with a steady hand, you might say. A taskforce was put together to pool essential resources and develop an action plan, which tackled both communication and operational issues, such as switching 100 percent to working from home. In my view however, the second thing has been just as important for our success – both for 2020 and further beyond: We continued to live our vision, consequently and sustainably! Even during the pandemic, we never lost sight of this vision – shaping the transformation of the working environment for the benefit of companies, employees and society at large. Quite the opposite, in fact: It was clearer in our minds than ever before, thanks to the regular updates from our CEO and the unbelievable feedback we were getting from our customers about the benefits of our solutions in the crisis. Persistence and a long-term view are just as fundamental for the second element as agility and quick reactions were relevant for the first. Fortunately, this is something that's been part of the ATOSS DNA right from the start. Then, in March, we also brought Karolin on board, who's in charge of talent management.

What's talent management about, Karolin?
Karolin: The measures we've got in place in talent management mostly address the second element that Henrich described. Ultimately, it's about showing our staff that they can have sustainable prospects here – and supporting them to follow these paths at ATOSS successfully and over the long term.

In other words, this long-term approach is focused on our vision and careers development?
Karolin: Yes, but it also extends well beyond that. We believe that there are several levels to development – developing your expertise within your own role, developing culturally within the ATOSS family and developing personally as you grow into your strengths and potential. We are convinced that careers development takes time and that personal maturity results from a degree of consistency in a company's culture. For us, making working environments fit for the future doesn't just mean moving into a new office, desk sharing and working from home. It's also about promoting a diverse culture that allows each and every employee to learn over the long-term, to grow into their responsibilities and to mature as a person.

Henrich: Diversity and inclusion is a key component of our long-term approach. In 2020, we achieved another significant increase in the share of women and the number of different nationalities working at ATOSS.

Henrich, you said last year that you weren't a fan of short-term trends and hypes and that this is also not the ATOSS style. Has that changed?
Henrich: No. We have a very entrepreneurially driven understanding of sustainability and therefore also of corporate social responsibility. Some of the things that are associated with this term from a neo-romantic corner of personal fulfillment or are promoted by zeitgeisty consultancies may generate a lot of likes on social media. However, these hyped-up, trendy topics rarely make a contribution to business success or the well-being of society. But that's what it should be about.

Karolin: OWN ATOSS, for example – our new staff involvement program – is creating long-term employee loyalty and making participation in the company's success more democratic.

And what's on your agenda for 2021?
Karolin: The main initiatives this year will be expanding our Continuous Employee Feedback program, scrutinizing our core HR processes and designing them to be more agile where we need to. And we'll also be working systematically to drive digitalization in HR. We think that 2021 is going to be very exciting, and we're looking forward to a great many highlights.

For us, internationalization isn't just about extending to new markets. It's also about providing an even better service to our customers all over the world.

ALEXANDER VON FRITSCH
Managing Director International Sales & Alliances | ATOSS

LET'S TALK BUSINESS

Growth strategy

Alexander, a great deal of the ATOSS Agenda 2025 is about internationalization. What's the current status?
International expansion and cloud transformation are the two strategic priorities at ATOSS. After setting up our office in the Netherlands, we've now got hubs in Sweden and Belgium on our agenda. And we want to keep up a consistent pace of growth – we are planning to add new countries each year. For us, internationalization isn't just about extending to new markets. It's also about providing even better service to our customers all over the world. As we all know, we are already represented in more than 40 countries with our solutions.

Can you give us some examples of international projects?
W. L. Gore & Associates has been relying on the ATOSS Enterprise Solution for a long time now and is in the process of switching from on premises to the cloud – in 29 countries. Our solution is managing staff in nine countries at HORNBACH, handling logistics for FedEx in Poland, while Fressnapf is currently managing personnel deployment in eight countries based on our cloud solution. At OSI Food and Barry Callebaut, meanwhile, we're in the midst of the international rollout.

What positions ATOSS as the right partner?
All these customers choose ATOSS because we're the only ones – and this is a real USP – who can cover all local laws and regulations with our standard system. This is a key issue, just think about compliance. Our customers benefit from an international solution, which fully complies with local legislation. In particular, the specifically European perspective on issues such as working time recording and data protection will offer great potential in the years to come. Laws and regulations such as GDPR and the ECJ ruling are already cross-border in nature. Another important aspect is how open and flexible our product suites are. This facilitates connecting up time recording and access terminals or country-specific payroll systems, for instance.

The openness of our solutions is also very important for strategic partnerships…
Absolutely, because our systems integrate seamlessly into other portfolios. This opens up interesting opportunities and markets for both us and our partners.

Our cooperation with SAP is a perfect example of this…
Right. As an SAP partner, we complement the SAP SuccessFactors portfolio with our solution for working time management and workforce scheduling. The only way to offer joint customers an ideal solution in the future will be through such best-of-breed approaches. Companies like GRENKE, Mercedes AMG and Vetter Pharma International, for example, have opted for this scenario. What we're particularly pleased about is the fact that our Enterprise Solution has "Spotlight Status" in the SAP Store since end of 2020 – as the only workforce management solution.

We also entered a partnership with Microsoft last year. What's that about?
We established a technology partnership with Microsoft and are now listed as a certified partner on the Azure platform as well as on the Microsoft Marketplace. We're currently working on expanding the cooperation further.

So you're saying that alliances are an important pillar of our international growth strategy?
Connected markets demand connected action. In line with this philosophy, we've created a successful ecosystem with numerous partnerships at home and abroad. We're expanding this network systematically, focusing particularly on the international aspect. Regardless of the type of collaboration, our partners benefit from a market with great potential, state-of-the-art solutions, a sustainable business model and the long-term security of a listed company.


ATOSS
2020

A unique portfolio

More than 30 years of experience in the workforce management area and around 10,000 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 an international workforce management 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 compliant time recording and classic time & attendance management, intuitive self services and mobile apps through to precise workforce forecasting, demand-driven workforce scheduling and strategic capacity planning. 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 ranks us once again in 2020 among the top 100 software and IT companies in Europe with the highest investments. Some 200 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 2020 we released three updates, marking an impressive total of 800 new functions and features. We devoted 20,400 R&D days to this project alone. And our 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.

Corporate Social Responsibility – creating lasting value

ATOSS TEAM NICOLA AND STEFANIE | LEGAL

Sustainability and responsible conduct are key pillars of ATOSS Software AG’s business activities. We understand sustainability as a commitment to achieving our growth targets in line with the needs of staff, society and the environment. We firmly believe that responsible conduct and acceptance by society at large are essential to enjoying commercial success.

Consequently, we have placed our strategic focus on four areas of activity: integrity and compliance, environment, customers and society, and employees.

Integrity and compliance

Responsible corporate governance is only possible with impeccable conduct from an ethical and legal perspective. To this end, we have set up a compliance management system within the Group that is designed to ensure compliance with laws and regulations. First and foremost, we see compliance as a fundamental duty of management and the shared responsibility of all the executive bodies in the ATOSS Group. We expect our managers to be visible role models in terms of their behavior and values, to foster the ATOSS corporate culture in everything they do and to convey our values and guiding principles to our staff and business partners.

Everyone who works for our company is also obligated to follow binding sets of regulations when performing their duties and tasks, including the code of conduct issued by the German Association for Supply Chain Management, Procurement and Logistics. We support employees with targeted communications and regular updates to help them understand and adhere to these compliance rules. The key focus is on sharing necessary information and ensuring that the relevant sets of regulations are in place in the compliance program. We also encourage our team to watch out for potential infringements and report them to our compliance committee if necessary – with anonymity and protection guaranteed. This lays the foundations for a compliance culture that is actively embraced throughout the entire ATOSS Group. Regularly reviewing and assessing the risks specific to the Group is a key component of our compliance management system. In particular, this is based on the outcome of our six-monthly risk and compliance management surveys, plus additional ad hoc compliance audits. Further actions are determined if necessary based on these results in order to eliminate compliance risks. The findings from reports of violations are also used to improve and develop the compliance management system on an ongoing basis and ensure its integrity and sustainability.

Based on the compliance management system in place, no infringements were reported in 2020 and no fines or other penalties were imposed in lawsuits for anti-competitive practices or breaches of anti-trust or anti-monopoly law. Furthermore, the Group generates all of its revenue in countries that score over 60 in the Transparency International Corruption Index.

We are also focusing a great deal of our attention on the issue of anti-discrimination. For instance, we do not tolerate any form of discrimination or harassment, whether on the grounds of a person's background, gender, disability, religion, age, sexual orientation or political beliefs. By signing the Diversity Charter, an initiative by German employers to promote diversity in companies and institutions, we are sending a clear signal in support of acceptance and equal opportunities at ATOSS. Because our employees are our most important asset.

Environment

We are aware of our responsibility toward society and the environment. As we are a software company, however, and only need a relatively small amount of natural resources in our value chain, our focus in this regard is on using energy and fuels as efficiently as possible and on handling waste in an environmentally friendly manner.

Already going back a few years, when we were looking for and choosing our new Group headquarters, energy-efficient building technology and equipment were highly important to us. Our 2018 move into Highrise One in Munich, which held a Gold Certificate from the German Sustainable Building Council (DGNB), ticked all these boxes. And whenever we rent new space in the future, we will always ensure maximum energy efficiency in order to live up to our environmental responsibility. Wherever possible, however, energy efficiency is also our top priority when investing in new and replacement technical office equipment for the Group.

Previously, the fuel required by our vehicle fleet was responsible for the bulk of our resource consumption. But the outbreak of the coronavirus pandemic resulted in a sudden, unplanned reduction in fuel consumption, as cars were being used far less and many business trips were canceled. Instead, employees began working from home and video calls were held with our staff, customers and partners. Time will tell whether and to what extent the changes in our working behavior brought about by the pandemic will continue into the future. In this sense, we also see the coronavirus crisis as an opportunity to make our company more sustainable. The Group-wide rollout of a new collaboration tool means that the technical structures for new kinds of digital communication are already in place and enjoying successful use.

And other areas of the Group are also coming up with strategies and ideas for conserving company resources, which we will be pushing ahead with in the coming years. These include our paper consumption, which will decrease further in the future thanks to digitalization measures in Administration, and the separation of waste, something we already do.

Customers and society

We want to keep on revolutionizing the market for time and attendance management and workforce scheduling with our innovative product ideas and state-of-the-art software solutions. Our knowledge about the specific challenges and individual needs of our customers positions us as a reliable, experienced and expert partner on this journey. Only through open communication and continuous customer feedback can we maintain this competitive edge and forge lasting relationships with our customers. Consequently, for many years now, our Customer Services & Support division has conducted regular surveys measuring customer satisfaction. Our ratings have been consistently high in recent years. The success of our solutions and the loyalty this inspires in our customers are also demonstrated by our churn rates: In 2020, this stood at a mere 2.53 percent for maintenance services and 3.1 percent for cloud services, an area in which we are anticipating strong and lasting momentum for growth over the coming years.

Data protection and data security are important issues in this regard. Our business activities bring us into contact with a large volume of data every single day. Our customers can rest assured that all their data is secure and that we process it in compliance with the law – particularly GDPR – and protect it from misuse. For this reason, the Group has taken action designed to help ensure that the fundamental rights of our customers, staff, partners and other stakeholders are protected. This is based on our comprehensive IT, security and data protection guidelines. Our staff learn these guidelines both when they join and later on as part of annual updates, in online and in-person training, and they apply without restriction from that moment on. The ATOSS IT security concept, combined with multiple redundant servers, networks and storage systems that are constantly being monitored and further developed, guarantees uninterrupted, permanent data backup. The concept is rounded out by regular penetration tests performed by external specialists on our behalf. We have also taken out a cybersecurity insurance policy and a fidelity bond to guard against risks.

Social engagement has always been an important priority for us. Consequently, each year we support social and cultural projects and institutions such as “Freunde der Pinakothek der Moderne e.V.” and “Sternstunden”, Bayerischer Rundfunk’s charity campaign. By doing so, we are acknowledging the exceptional commitment of these Munich-based institutions. Especially dear to our hearts was the “I Make Children’s Eyes Shine” campaign during the pre-Christmas period in partnership with the KinderUniKlinik Ostbayern (KUNO) children’s hospital. We donated presents and surprised severely and chronically ill children and adolescents, some of whom were cancer patients.

Employees

In the 21st century, the modern working world is undergoing a major transformation driven by megatrends such as digitalization, demographic change and new work. Our day-to-day working life is going to be highly interconnected, creative, digital and complex in the future. An ideal working environment has a huge impact on motivation and productivity. We want our employees to feel comfortable and to stay healthy. To support them in this respect, we have introduced a consistent health management.

That is why we have, since 2011, run various campaigns specific to each quarter, in partnership with a statutory health insurance fund. In early 2020, for instance, we carried out BIA measurements, determining people's individual body composition – fat, muscle and water – and providing personalized tips for making active changes to any aspects and areas that could be improved. Following the first lockdown in spring, we encouraged our team to get more exercise with a "steps challenge" as well as substantially expanding the range of sporting activities we offer. Our staff want to stay fit and active and made frequent use of the online back workouts, yoga classes and fascia ball courses we are staging. To help boost people's physical and mental well-being in the second lockdown as well, we also entered into a partnership with Gympass, the world's largest sports, leisure and wellness network, which has been very well received by our employees.

We launched the OWN ATOSS staff involvement program in 2020 to create financial incentives for loyalty and participation to complement our health program. The program gives all employees the opportunity to invest in ATOSS shares on subsidized terms and participate in the ATOSS success story. We also provide financial support as part of our salary optimization package with a range of attractive components such as travelcards and Sodexo food vouchers, as well as the company pension that we offer within the framework of our corporate welfare benefits.

All of these measures serve to create a holistic working environment for our team that is conducive to physical and mental well-being. This enables us to respond to the challenges we all face in the 21st century.

From financial year 2021 onward, ATOSS Software AG will publish a dedicated Sustainability Report in order to provide employees, customers and stakeholders with transparent communications in this area, too.


K1

FINANCIAL REPORT

VIEW FROM ATOSS HEADQUARTERS

Numerous ATOSS customers have told us how important the contributions from our solutions and staff have been in overcoming the challenges posed by the pandemic.

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,

We can look back on an unusual and challenging year. Despite the global uncertainty and changes ensuing from the coronavirus crisis, ATOSS Software AG has now succeeded for the fifteenth time in succession in once again surpassing its record highs in sales and earnings in the preceding years – in an impressive manner while systematically expanding its dynamic growth. The company has thereby maintained the trajectory of its strategic growth at a high level, even in financially uncertain times. Concurrently, the groundwork has been laid for further successful growth.

Digital workforce management in times of crisis

Effective, highly efficient digital solutions for demand-optimized workforce scheduling are indispensable for companies, and even more so in times of volatile market movements – as currently demonstrated by the outbreak of the coronavirus pandemic. The need to digitalize all HR processes, massive fluctuations in demand caused by lockdown, followed by firing up the economy again, as well as the special regulatory requirements in terms of workforce deployment underline the importance of workforce management. At the same time, professional workforce management solutions from ATOSS are proving instrumental in helping companies to protect the interests and health of their staff. Numerous ATOSS customers have told us how important the contributions from our solutions and staff have been in overcoming the challenges posed by the pandemic. This fills us with great pride and is particularly important to us as many of our customers work in healthcare, food retail, distribution or in the public sector where they deliver peak performance for society every day through their Herculean efforts.

Coronavirus as the driver of digital change

The coronavirus pandemic has been merciless in exposing the existing shortcomings in companies' digital processes and has heightened awareness of these issues. Without digital technology, public life and our economy would not have been viable last year. However, to remain sustainable, companies must subject their structures and processes to critical review in future and they may have to completely reinvent them. Only comprehensive digitalization will suffice, making companies more adaptable, faster to respond and more resilient to crises. The digitalization of personnel processes is an important element here. Not least because companies are facing new challenges presented by new working concepts, rising regulatory requirements, a shortage of skilled workers and an increasingly individualized society. As a technology leader, we will play an active role in shaping this digital transformation for our customers.

Innovation, technology and a focus on customer benefits make all the difference
We are constantly coming up with innovative, customer-oriented solutions that are positioned as “best in class” in the market for workforce management. In the future, we will also remain relentless in maintaining our sizable investment to take our technology to the next level. This pledge, however, is only made possible by the enormous commitment of our hardworking, dedicated and highly qualified staff. We now have around 200 professionals cross-nationally deployed working on refining our ATOSS solution suites. In 2020 alone, we invested EUR 14.4 million, equivalent to around 17 percent of our sales revenues, in the further development of our products and solutions. According to “The 2020 EU Industrial R&D Investment Scoreboard”, this positions us among the TOP 100 European software manufacturers with the highest R&D investments and as the number 1 among European workforce management software suppliers. In the past 20 years we have invested a total of over EUR 135 million in the technology, performance, user-friendliness and scalability of our software. The subject of the cloud enjoys a special technological status in this process.

Prospects for 2021 – the cloud as an engine for growth
According to a study conducted by Bitmap Research in the summer of 2020 on behalf of KPMG AG, three out of four companies were already relying on computing power from the cloud in 2019. For most companies, however, cloud computing means more than just the ability to call on scalable computing power. They recognize that by harnessing the cloud, they are taking a major step towards the digitalization of their companies. Reducing the complexity of digitalization projects and increasing the speed of digitalization are crucial elements in the process. This rise in the demand for cloud solutions is also reflected in the latest order book figures at ATOSS Software AG at year end and gives us the sustained confidence to invest in our cloud solutions. We expect to see further strong growth momentum from the cloud in the coming years. Consequently, ATOSS is ideally placed to enjoy profitable growth in the burgeoning market for WFM solutions in 2021 and beyond and to gain further market share both at home and abroad.

Our thanks go out to our employees, business partners and shareholders
We would like to take this opportunity to thank our more than 550 employees who – despite the numerous professional and private challenges thrown up by the Covid-19 pandemic – have made the outstanding financial year of 2020 possible through their expertise, motivation, indefatigable commitment and huge dedication.

Our thanks are also due to the Supervisory Board for their consistently proactive support and excellent cooperation in the past year. Together we have managed in an exceptional and memorable financial year to not only reach our targets, but ultimately to exceed them by a wide margin. And finally to you, our valued shareholders, we would like to once again express our gratitude for your confidence in us and your loyalty.

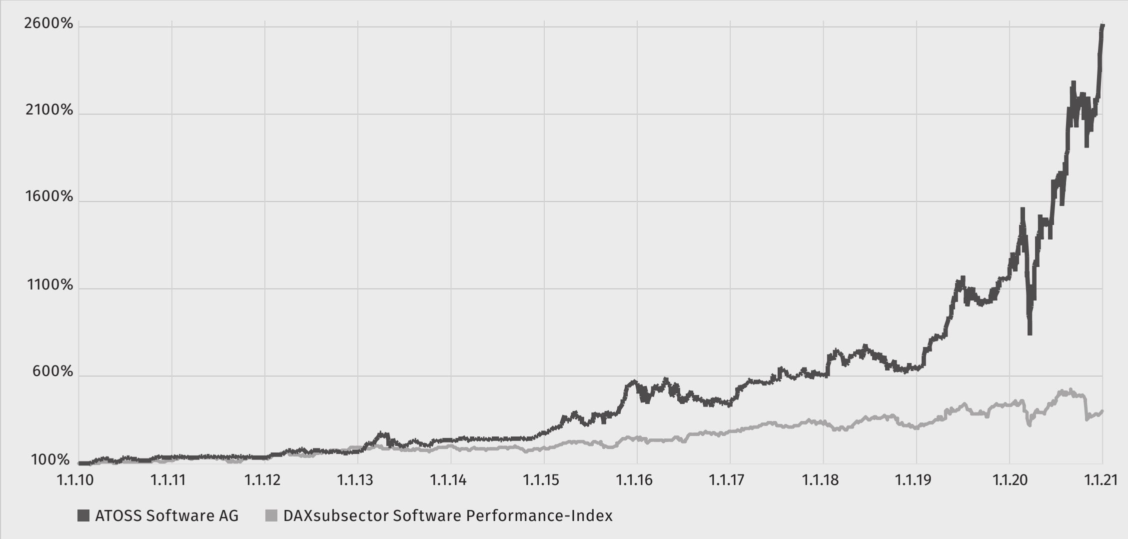
Best regards,

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

Investor Relations

Share price movements 01/2010 to 12/2020



ATOSS stock at new record highs in turbulent year for the markets

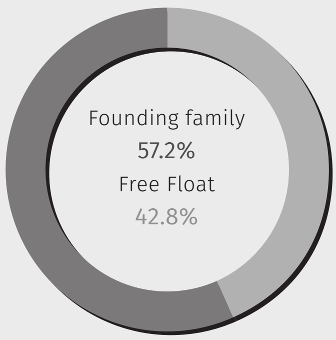
2020 was an exceptionally turbulent year for the stock markets due to the coronavirus crisis. After a positive start to the year and new highs in February, the great uncertainty in the face of the rapidly spreading Covid-19 pandemic triggered a crash among stock market indices around the world. Most exchanges lost 30 to 40 percent of their value within a few weeks as a result of panic-selling by investors. The DAX index collapsed from its all-time high of 13,789 points to 8,441 points by the middle of March – a plunge of 40 percent. Around the world, governments and central banks tried to counter the economic consequences of the Covid-19 pandemic with unprecedented stimulus packages and emergency bailouts, as well as by lowering base rates and implementing bond-buying programs. The subsequent recovery in the share price was therefore all the more impressive as despite a deep recession, the prices of most stocks rose steadily, in many cases even posting new highs. Technology stocks, in particular, benefited from a wave of digitization, but even sectors such as pharma & biotech produced numerous winners amid the crisis with notable share price rises. The DAX, which had started the year at 13,234 points, closed 2020 at 13,719 points, marking a rise of 4 percent after all.

In line with the outstanding growth of the company, ATOSS also succeeded in maintaining the impressive performance of the ATOSS stock in the reporting year, finishing 2020 once again on an all-time high. The share price peaked at EUR 159.5 when the stock market closed on December 29, 2020 (XETRA). Over the entire year, the price climbed 120 percent. Added to this is a dividend of EUR 1.28. This means that shareholders' total assets increased by 122 percent in 2020. The comparative index DAXsubsector Performance Index even fell by 7 percent over the same period and was therefore clearly outperformed.

From a long-term perspective, ATOSS Software AG has also generated extremely gratifying growth for its shareholders. Since 2010, the share price has risen by 2,501 percent (not including special dividends). In the same period, the DAXsubsector Software Performance Index achieved growth of 305 percent.

All share price information on this page is calculated on the basis of the stock split adopted by the Annual General Meeting on May 28, 2020 in order to guarantee comparable figures.

Shareholder structure



*Direct shareholdings as of 12/31/2020

As of the end of the year, the founding family holds 57.2 percent of the shares in ATOSS Software AG. Since December 6, 2012 Mr. Andreas Obereder has held 50.0000025 percent of the shares indirectly via AOB Invest GmbH, of which he is sole owner.

Among the shares in free float, in accordance with voting rights notices available on 12/31/2020, the following institutional investors hold interests in excess of 3 percent / 5 percent in ATOSS Software AG:

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

Capital market-oriented figures

(in EUR, unless otherwise specified)

	2020	2019
Market price at the financial year-end	158.00	71.75(1) (143.5)
Number of shares (12/31)	7,953,136	7,953,136(1) (3,976,568)
Market capitalization in EUR millions as of 12/31	1,256.6	570.6
Earnings per share in EUR	2.23	1.70(1) (3.40)

(1) For greater comparability, the figures shown are after the stock split.

Based on the results for 2020, the average price/earnings ratio amounted to 46.57 with liquidity of EUR 5.09 per share at year-end.

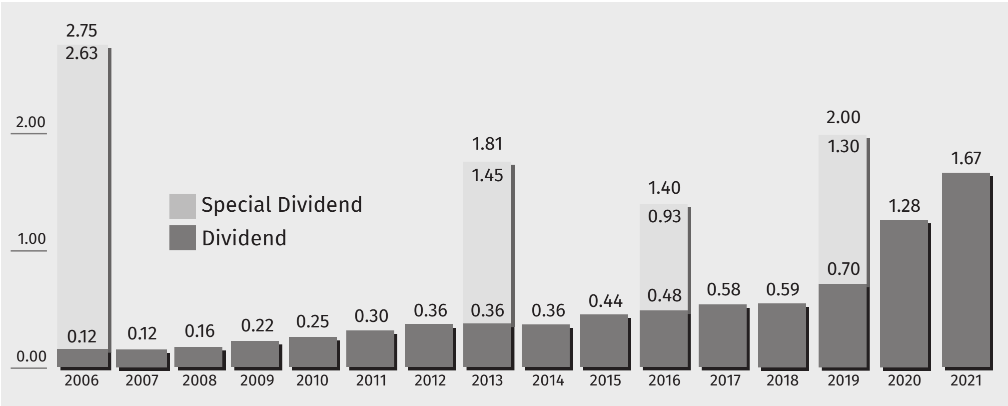
Stock split

ATOSS Software AG implemented the stock split adopted by the Annual General Meeting on May 28, 2020 with effect from June 19, 2020. Every shareholder received one new share for each share held by means of a corresponding credit in their securities deposit account. From a technical perspective, the stock split was accomplished by means of a capital increase from company funds of EUR 3,976,568, raising the capital from EUR 3,976,568 to EUR 7,953,136. As a result of the split, the share capital of ATOSS Software AG doubled from 3,976,568 shares to 7,953,136.

Dividend policy and dividend

In 2003 ATOSS published the principles of its long-term dividend policy. As in the case of the company’s communications with the capital markets, one of the essential goals of this dividend policy was to offer a maximum of dependability. With dividends consistently rising over many years, ATOSS has remained faithful to its principles, offering its shareholders an excellent and reliable return in addition to significant increases in the share price. In addition, 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 that the company’s previous distribution ratio be increased from 50 to 75 percent of consolidated earnings per share on a permanent basis. 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.

ATOSS Software AG has set a new record in the 2020 financial year, with earnings per share of EUR 2.23. In line with its proposed appropriation of net income, the Management Board has submitted a proposal to the Supervisory Board for a standard dividend of EUR 1.67 per share, maintaining its dividend policy. A decision on the appropriation of earnings recommended by the Management and Supervisory Boards will be taken at the Annual General Meeting on April 30, 2021. If the Annual General Meeting approves the proposal, the dividend return on the basis of the closing price on 12/30/2020 of EUR 158.00 (XETRA) would stand at 1.1 percent.



* For greater comparability, the figures shown are after the stock split.

Analysts' rating highlights consistently high growth with impressive cloud developments
The course of business and the company's dividend policy serve to confirm analysts' previous assessments of the ATOSS stock. The substantial growth in sales, maintained now over many years, coupled with the stability of earnings and the dividend yield underscore the sustained value as well as the outlook for the stock.

In the opinion of analysts, ATOSS Software AG occupies a strong position in an attractive market. Due to the fact that the need to deploy staff with maximum profitability is a constant challenge for companies the workforce management solutions offered by ATOSS are in demand regardless of the vagaries of the economy, and the company's growth potential is still far from exhausted. The fact that through its Cloud services ATOSS has succeeded in accessing new areas of growth is of particular strategic importance.

The company's development has been regularly reviewed during the reporting period by analysts at Warburg Research. In the process, the price target for the ATOSS stock was increased several times before and after the stock split, most recently to EUR 190 on presentation of the provisional figures for the 2020 financial year. In view of the raised company valuation, the stock has been rated a "Hold" notwithstanding its strong growth in 2020, the prospects for further growth and the recently enhanced predictability of sales as a result of cloud sales. The complete analyses by Warburg Research are available on the Internet at https://www.atoss.com/en-gb/investor-relations/atoss-stock.

On January 14, 2021, the private bank Berenberg added ATOSS Software AG to its rating as a "Buy" with a price target of EUR 200 according to a study it published. After publication of provisional figures for the 2020 financial year, the price target was raised to EUR 220.

Supervisory Board Report on financial year 2020

Moritz Zimmermann
Chairman of the Supervisory Board

Dear Shareholders,

The financial year 2020 was once again an extremely successful one for ATOSS Software AG. The consistent, sustained growth trajectory was maintained for the fifteenth time in succession in 2020. 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, also outside of meetings, of projects and events of material importance or urgency. We 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 were discussed without delay.

In financial year 2020 there were no conflicts of interest on the part of Management or Supervisory Board members which required immediate disclosure to the Supervisory Board.

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

Supervisory Board meetings and resolutions in 2020
During the reporting period the Supervisory held four ordinary meetings and one extraordinary meeting which were attended by all members of the Supervisory and Management Boards.

Principal subjects of discussion at the meeting on March 4, 2020
At the first meeting of the financial year, the auditors Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers 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 2019. The Supervisory Board approved the annual financial statements for the Group and company for financial year 2019 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 2019. The discussion also

extended to the agenda for the annual general meeting on May 28, 2020 which was approved by the Supervisory Board and the Management Board. Furthermore, the Management Board reported on the profitability and financial growth of the company in its risk report for the 2nd half of 2019 as well as current sales developments.

Principal subjects of discussion at the meeting on May 28, 2020
This meeting of the Supervisory Board took place following the 2020 annual general meeting in Munich which was held virtually. The meeting was attended by Mr. Moritz Zimmermann, Rolf Baron Vielhauer von Hohenhau and Klaus Bauer who had been newly elected to the Supervisory Board at the annual general meeting and by the Management Board. The Supervisory Board was also reconstituted at this meeting, with Moritz Zimmermann elected as Supervisory Board Chairman. Rolf Baron Vielhauer von Hohenhau was elected as his deputy. The Supervisory Board subsequently noted that all three members were suitable financial experts as defined by Section 100 (5) of the German Stock Corporation Act (AktG), and it refrained from forming committees including an audit committee as defined by Section 107 AktG. Further priorities of the second Supervisory Board meeting were the status reports by the department heads responsible for Sales, the report of the Management Board on the current course of the business including the effects of and measures implemented in response to the Covid-19 pandemic, as well as the presentation of various simulations in connection with the strategic development of the company as part of cloud transformation.

Principal subjects of discussion at the meeting on September 11, 2020
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 assumptions for 2021. In addition, the Management Board reported on the risk report for the 1st half of 2020 and on current developments in Sales complemented by the status reports from the department heads responsible for Sales. The Supervisory Board also looked at the next strategic steps in cloud transformation.

Principal subjects of discussion at the meeting on December 1, 2020
The fourth meeting of the Supervisory Board focused on the Management Board’s report on the current course of business and planning for financial year 2021 which was approved in the form presented. In addition, the Supervisory Board apprised itself of the basic elements of the sales internationalization strategy and the adjustment of the Management Board compensation system as a result of the change to the regulatory framework for management board compensation.

The 2020 declaration of compliance with the German Corporate Governance Code as amended on December 16, 2019 was also approved at this meeting and published on December 1, 2020 on the company’s website (www.atoss.com).

Principal subjects of discussion at the meeting on December 14, 2020
In the last extraordinary meeting of the Supervisory Board in the 2020 financial year, the Board focused on agreeing the priorities for the audit of the annual financial statements and consolidated financial statements for 2020 by the auditors PricewaterhouseCoopers GmbH, Munich, as well as different personnel matters regarding the Management Board.

Principal subjects of discussion at the meeting on February 10, 2021
In the first meeting of the Supervisory Board in the 2021 financial year, the Board concerned itself with the Management Board's compensation system.

Principal subjects of discussion at the meeting on February 23, 2021
The object of the second Supervisory Board meeting was to form an audit committee including to elect its members and chairman (Klaus Bauer). The audit committee assumed its duties effective from March 1, 2021. Subsequently, the Rules of Procedure of the Supervisory Board were first revised effective March 1, 2021 and the declaration of conformity was subsequently updated on the basis of the German Corporate Governance Code as amended on December 16, 2019. At the end of the meeting, the auditors from Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Munich, gave a presentation to the Supervisory Board on the provisional results of their audit of the annual financial statements and consolidated financial statements of ATOSS Software AG and the management reports for financial year 2020. The second meeting of the Supervisory Board ended with an assessment by the Board of the quality of the audit.

Appointment of auditors and conduct of audit
On May 28, 2020, the annual general meeting of ATOSS Software AG appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Frankfurt am Main, branch office Munich, to audit the annual financial statements and consolidated financial statements for the financial year 2020. 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 12/31/2020 as well as the consolidated financial statements and consolidated management report to 12/31/2020 and awarded an unqualified audit certificate.

Supervisory Board meeting on March 10, 2021 to adopt the financial statements
The Supervisory Board received the annual financial statements, consolidated financial statements and management reports for financial year 2020 from the Management Board for examination in good time prior to the meeting. The Supervisory Board also received the Dependence Report for 2020. 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 2020 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 2020 was also discussed and agreed and the agenda for the annual general meeting on April 30, 2021 was approved.

Once again, in financial year 2020, the Management Board and the company's staff have achieved a truly exceptional 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 special commitment and their contributions to the success of the past financial year in the difficult underlying conditions of the Covid-19 pandemic, and to convey its utmost respect and appreciation for 15 record years in succession.

Munich, March 2021

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
Member of the Supervisory Board, Munich
Mr. Zimmermann did not hold any other supervisory or similar board positions in financial year 2020.

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 2020

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 (Austria), ATOSS Software AG in Zurich (Switzerland), ATOSS Software S.R.L. in Timisoara (Romania) and ATOSS Aloud GmbH in Munich.

2. Group basics

Economic climate
The coronavirus pandemic plunged the global economy into a deep recession in the first half of 2020 and massively restricted social and community life. In China, which saw the first spread of the virus, real GDP fell heavily at the start of the year before the economy staged a significant recovery in the second and third quarters. In the other major economies, the declines in GDP were particularly pronounced in the second quarter. For example, some major European economies posted double-digit negative growth rates for GDP in the quarter. This development was accompanied by a sharp decline in confidence indicators for business and consumers. As a result, some share prices experienced a dramatic collapse on the international financial markets, which only settled down again in the summer.[1)]

In Germany, too, the current situation and economic prospects are decidedly impacted by the coronavirus pandemic. In the spring of 2020, the pandemic caused an unprecedented plunge in economic activity.

Although there was a momentary lull in the course of the pandemic which came with associated easing of the lockdown, the second coronavirus wave brought the recovery of the German economy to a new halt with the introduction of tighter measures to combat infections.[2)]

The German economy will only be able to regain its path to recovery if the situation improves significantly in the coming months. The German economy looks likely to have contracted by almost 1 percent in the final quarter of 2020 according to the German Institute for Economic Research (DIW)[3)]. According to current economic forecasts from leading economic research institutes, this decline in GDP will continue into the start of 2021, although probably not on the scale of spring 2020.[4)]

[1)] German Council of Economic Experts: Annual Report 20-21 – Overcoming the Coronavirus Crisis Together, Strengthening Resilience and Growth
[2)] Deutsche Bundesbank: Monthly report for December 2020
[3)] DIW Press Release December 21, 2020
[4)] Kiel Economic Reports No. 74 (2020IQ4)

Segmental environment and market background

Forecasts for the German ICT market in 2020 are also slightly negative for the first time. For example, the industry association BITKOM is anticipating a growth rate of -1.0 percent in the software sector in the past year.[1)]

Notwithstanding the challenges posed by the Covid-19 pandemic, ATOSS succeeded for the fifteenth time in a row in expanding its dynamic growth of previous years and setting new records for sales and earnings. Group sales posted double-digit growth of 21 percent, hitting EUR 86.1 million. Operating earnings advanced at an even faster pace, climbing 36 percent to EUR 26.2 million. Sales from the cloud delivered a particularly hefty boost to sales, jumping by 66 percent to EUR 12.9 million (previous year: EUR 7.8 million). This means the company has maintained or increased the high pace of its growth strategy even in economically uncertain times.

The company's order book also improved significantly by comparison with the previous year. For example, the key metric for the cloud transformation of the business model – Annual Recurring Revenue (ARR for short) – recorded double-digit growth of 61 percent, reaching EUR 13.3 million (previous year: EUR 8.3 million). The ARR stands for the sales generated by the company within the next 12 months on the basis of monthly cloud usage fees applicable on the closing date. The order book for software licenses as of 12/31/2020 rose by 9 percent to EUR 9.1 million (previous year: EUR 8.3 million). This order book position 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 security for customers, employees and shareholders over and beyond the sound order book.

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 vendor fragmentation. In this environment, the company has successfully established itself as a provider of time management and workforce management software systems and has steadily increased its market share 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.

ATOSS has positioned itself as a specialist in its core fields of time and attendance management and workforce management, offering a comprehensive 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

[1)] BITKOM, ICT market data January 2021 of customers of every size and in every industry. ATOSS has thereby achieved exceptional 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 foundation. A strong equity ratio (ratio of equity to total assets) of 48 percent (previous year: 43 percent) and consistently high expenditure on technological development – these are especially 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.

At 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 productivity levels.

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 particular 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
As in the previous year, 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, cloud ARR and the order book 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 86.1 million in the 2020 financial year (previous year: EUR 71.4 million) and operating earnings (EBIT) of EUR 26.2 million (previous year: EUR 19.3 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 2020 stood at EUR 56.0 million and were up by 20 percent on the year before of EUR 46.5 million and equated to 65 percent of total turnover (previous year: 65 percent). Software licenses accounted for sales of EUR 16.5 million (previous year: EUR 14.5 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 by 66 percent to EUR 12.9 million (previous year: EUR 7.8 million). The software maintenance business also enjoyed a successful year, sustaining the consistently positive development of past periods. Sales here rose by 10 percent to EUR 26.6 million (previous year: EUR 24.2 million). Overall, recurring sales accounted for 71 percent of software sales (previous year: 69 percent).

The order book for software licenses as of 12/31/2020 was up by 9 percent to EUR 9.1 million (previous year: EUR 8.3 million), primarily due to major orders. 19 percent (previous year: 23 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 last year, the growth of business in the cloud has been portrayed with the aid of the ARR indicator (Annual Recurring Revenue). This indicator comprises the sales generated by the company within the next 12 months on the basis of the monthly cloud usage fees applicable on the cut-off date. As of 12/31/2020, ARR stood at EUR 13.3 million which represents a year-on-year rise by 61 percent (previous year: EUR 8.3 million).

Development in consultancy sales

Consultancy sales in 2020 stood at EUR 24.1 million, up by 23 percent over the previous year's figure of EUR 19.5 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 increased by 6 percent in 2020 to EUR 3.9 million, equating to 5 percent of overall sales (previous year: 5 percent). Other sales, which in particular include consulting services, customer-specific programming services and identification media amounted to EUR 2.0 million, a rise of 22 percent year on year, and equating to a share of total sales of 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 2020 this applied to 6 orders (previous year: 6) which were realized in accordance with the progress of the project in the amount of EUR 3.1 million (previous year: EUR 1.6 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 2020. 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 customer groups and yielded additional orders. The year 2020 also witnessed the successful implementation of major projects acquired in the preceding year.

We perceive opportunities to continue to develop our business model in particular in the rising 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 boost productivity and the resulting demands of companies for workforce management solutions. As one of the leading workforce management solution providers, we expect to continue profiting from these developments.

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

We see further growth opportunities 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 map and reflect the complex demands also arising in the future. At the same time, they also need 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 as service-oriented architecture (SOA) greatly simplifies the exchange of data between our solutions and other products used by customers. For example, our solutions have successfully been combined with up-stream planning and personnel management or 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 as a server hosting solution (cloud) since 2015.

Our expenditure on research and development in 2020 amounted to EUR 14.4 million (previous year: EUR 11.9 million). The bulk of this figure in the amount of EUR 11.4 million (previous year: EUR 9.5 million) was accounted for by the personnel costs for 206 (previous year: 185) software developers. R&D expenditure as a proportion of overall sales amounted to 17 percent (previous year: 17 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 2020. The proportion of Group sales accounted for by our international business in 2020 amounted to 14 percent (previous year: 14 percent).

Employees, development in personnel

In financial year 2020 the Group employed an average workforce of 537 members of staff (previous year: 493). Of these, 196 (previous year: 183) were active in product development, 161 (previous year: 143) in consulting, 101 (previous year: 95) in sales and marketing and 79 (previous year: 72) in administration. Personnel costs in 2020 amounted to EUR 40.8 million, some 18 percent higher than the figure of EUR 34.7 million for the preceding year.

On 12/31/2020 the company employed 1 trainee (previous year: 7).

Corporate management and control

The management of the company proceeds on the basis of corporate planing 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 bandwidth between 12 and 16 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
The Supervisory Board in 2020 comprised Moritz Zimmermann as Chairman, Rolf Baron Vielhauer von Hohenhau as Deputy Chairman, and Klaus Bauer.

The Management Board continues to comprise Andreas F.J. Obereder as CEO and Christof Leiber as member of the Management 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 2020, 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 02/07/2017 by the Government Commission on the German Corporate Governance Code.

On 12/1/2020 the Management and Supervisory Boards adopted a new declaration of compliance pursuant to Section 161 of the German Stock Corporation Act in which it is confirmed that the recommendations of the Commission on Corporate Governance appointed by the German Government are complied with, with the exception of those points stated in the declaration. This declaration is published on the company’s website. It is 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:

- In Clause A.1, the German Corporate Governance Code recommends that the Management Board should pay heed to diversity when making appointments to managerial positions in the company. This recommendation is currently not followed as in the company’s view, priority must be given to the experience, skills and knowledge of each individual when making managerial appointments. For this reason, ATOSS Software AG currently sees the diversity criteria as subordinate even if they are explicitly welcomed.

- When making appointments to the Management Board, the Supervisory Board is also supposed to pay close attention to diversity in accordance with the recommendations of the German Corporate Governance Code in Section B.1. 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 Management Board composed of two members.

- In Section B.2, the German Corporate Governance Code recommends that the Supervisory Board together with the Management Board should ensure long-term succession planning and describe the procedure to be followed in the corporate governance declaration. In accordance with the long-term commitment of the overall Management Board as well as its current age structure, the Supervisory Board will carry out its succession planning as part of its ongoing work and will not therefore define the procedure in its corporate governance declaration.

- There is currently no intention to impose a mandatory age limit for members of the Management and Supervisory Boards as the professional qualifications of such bodies are more important (Sections B.5 and C.2 of the German Corporate Governance Code).

- In Section C.1 of the German Corporate Governance Code, it recommends that the Supervisory Board should designate specific targets for its composition and develop a competence profile for the Board as a whole. In the process, it should pay heed to diversity. Proposals by the Supervisory Board to the Annual General Meeting should respect these targets and at the same time aim to achieve the competence profile for the entire board. The implementation status should be published in the corporate governance declaration. This declaration should also provide information on a suitable number of independent shareholders' representatives in accordance with the assessment of the shareholders' representatives in the Supervisory Board, and specify the names of such members. These recommendations are 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 these recommendations can be complied with in future.

- The German Corporate Governance Code recommends the formation of supervisory board committees (Sections D.2 to D.5). 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.

- The recommendation of the German Corporate Governance Code in Section D.7 that the Supervisory Board should meet regularly even without the Management Board is not followed as both the Management Board and the Supervisory Board take the view that the flow of information and discussion of issues concerning the company can only be guaranteed to maximum effect by joint meetings.

- Section D.13 of the German Corporate Governance Code recommends that the Supervisory Board should regularly assess the efficacy with which it and its committees are performing their roles. Due to the size of the company and the regular exchange of information between members of the Supervisory Board in the course of its meetings, ATOSS Software AG refrains from any self-assessment.

- With regard to publication of mandatory financial information in the course of the year, Section F.2 recommends that such information is made publicly available within 45 days of the end of the reporting period. 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 half-year period. Thanks to this graded publication practice, the company ensures that the capital markets are provided with particularly prompt, comprehensive information also with regard to information not covered by ad hoc requirements. 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.

- The existing compensation system for the Management Board and current management board contracts do not presently meet all the recommendations made by the German Corporate Governance Code in Sections G.1 to G.16. According to the explanation provided by the German Corporate Governance Code, amendments to the Code do not have to be reflected in running management board contracts but – insofar as they are to be incorporated – only if current management board contracts are renewed after the new version of the German Corporate Governance Code has come into force. The Supervisory Board is reviewing the compensation system for the Management Board and intends to adopt a new compensation system in accordance with Section 87a of the Stock Corporation Act and present it to the 2021 Annual General Meeting for approval. The Supervisory Board will only decide to what extent the recommendations of the German Corporate Governance Code relating to compensation in Sections G.1 to G.16 will be complied with in future after the compensation system in accordance with Section 87a of the Stock Corporation Act has been adopted.

Corporate governance report
The corporate governance declaration made by the Management Board pursuant to Section 315d 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 7,953,136 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 3,976,570 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. 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 Management Board was further authorized, other than for purposes of trading treasury 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 an amount of up to ten percent on the company’s capital stock at the time of the resolution 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 2020 was principally defined by a 21 percent increase in overall sales revenues which rose to EUR 86.1 million (previous year: EUR 71.4 million). Sales of software in the period from January to December 2020 saw a significant rise of 20 percent, jumping to EUR 56.0 million (previous year: EUR 46.5 million). This equates to a 65 percent share of the Group's total sales (previous year: 65 percent). The greatest boost to growth in software revenues came from cloud solutions with sales from the cloud and subscriptions increasing by 66 percent to EUR 12.9 million (previous year: EUR 7.8 million). The growth in software maintenance which has been consistently positive for years, also continued. Sales here rose by 10 percent to EUR 26.6 million (previous year: EUR 24.2 million). Overall, recurring sales as a share of software revenues increased by 2 percentage points to 71 percent. Sales from consulting services climbed 23 percent to EUR 24.1 million, a significant year-on-year increase (previous year: EUR 19.5 million).

ATOSS can look back at new records, not only in terms of sales. Operating earnings (EBIT), in particular, increased by 36 percent to EUR 26.2 million (previous year: EUR 19.3 million) as a result of the successful implementation of major projects, the Group's prudent cost management and a high productivity ratio. The company continued to drive its strategic investments in expanding capacity, predominantly in the areas of Customer Services and Support, Research and Development and internal digitization projects. Consequently, the EBIT margin stands at 30 percent (previous year: 27 percent).

Earnings before taxes (EBT) were 32 percent higher at EUR 26.2 million (previous year: EUR 19.9 million).

Net income for financial year 2020 amounted to EUR 17.7 million (previous year: EUR 13.5 million), some 31 percent higher than in the year before. Earnings per share increased from EUR 1.70 to EUR 2.23.*

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. Here the ATOSS Group surpassed the budget in the 2020 financial year.

The cash flow from business operations for the period from 01/01/2020 to 12/31/2020 amounted to EUR 23.2 million (previous year: EUR 15.3 million) and was thereby EUR 7.9 million higher than in the year before. Liquidity (cash and cash equivalents) rose from EUR 17.5 million to EUR 23.4 million. The position as a whole, however, comprising liquidity and other current and non-current financial assets (e.g. gold, equities, capital assurance claims, investment funds) increased from EUR 30.4 million to EUR 40.5 million. Liquidity per share on 12/31/2020 including these other current and non-current financial assets accordingly stood at EUR 5.09 (previous year: EUR 3.82).*

The principal factors which impacted positively on cash flow from operations include net earnings and the formation of miscellaneous liabilities resulting from higher salary and commission entitlements. Effects that reduced cash flow derived primarily from the formation of trade receivables and lower advance payments resulting from contractual liabilities due to the order situation.

Besides cash outflows from investment activities in the amount of EUR 4.6 million (previous year: EUR 0.9 million), from the acquisition of fixed assets (EUR 0.7 million, previous year: EUR 0.9 million) and payments for the acquisition of financial assets amounting to EUR 3.9 million (previous year: EUR 0 million), payment of a dividend of EUR 2.55 per share (previous year: dividend of EUR 1.40 and special dividend of EUR 2.60 per share) – total dividend of

*In accordance with IAS 33.64, earnings per share (EPS) or the number of shares have been retrospectively adjusted for the previous period due to the share split carried out in June 2020.

EUR 10.1 million (previous year: EUR 15.9 million) and the repayment of lease liabilities in the amount of EUR 2.6 million (previous year: EUR 2.2 million) had a negative impact on liquidity.

All in all, 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.

Property, plant and equipment and intangible assets fell from EUR 4.4 million to EUR 4.0 million.

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

Trade receivables increased from EUR 7.7 million to EUR 8.9 million. The low average time to receipt is 31 days (previous year: 30 days) and in the company's view is due in particular to high customer satisfaction and successful receivables management.

Other current financial assets as of 12/31/2020 amounted to EUR 16.4 million (previous year: EUR 12.2 million) and besides capital assurance claims of EUR 5.3 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 5.3 million) and investments in physical gold amounting to EUR 1.9 million (previous year: EUR 1.7 million) and a US dollar fixed-term deposit amounting to EUR 1.8 million (previous year: EUR 0.0 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 303,290 (previous year: EUR 408,550 million) and EUR 30,310 million (previous year: devaluation of EUR 341,682) respectively. 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 62,865 (previous year: EUR 62,120) as financial income. The market value of current and non-current gold holdings on 12/31/2020 stood at EUR 2.6 million (previous year: EUR 2.3 million).

The company is financed through the ongoing cash flow generated from operations. Current liabilities include trade payables in the amount of EUR 0.5 million (previous year: EUR 0.9 million), contractual liabilities in the amount of EUR 3.7 million (previous year: EUR 4.7 million), tax provisions in the amount of EUR 1.7 million (previous year: EUR 0.6 million) as well as other current financial and non-financial liabilities amounting to EUR 12.4 million (previous year: EUR 8.9 million). Current liabilities on 12/31/2020 increased to EUR 18.8 million (previous year: EUR 15.7 million). The rise in current liabilities as of 12/31/2020 is mainly due to higher other current non-financial liabilities resulting from a rise in salary and commission commitments. 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, as well as other liabilities consisting of turnover tax liabilities. The company had no liabilities denominated in foreign currencies on 12/31/2020, 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 EUR 512,000 (previous year: EUR 512,000) is in place with the principal bank of the integrated companies which may optionally be used for guarantee purposes or as an overdraft facility. In financial year 2020, an utilization of this guarantee credit in the amount of EUR 70,047 was made (previous year: no utilization). As in the previous year, there were no liabilities to banks.

Non-current liabilities essentially include the pension provision in the amount of EUR 6.8 million (previous year: EUR 6.6 million) and long-term lease liabilities in the amount of EUR 9.9 million (previous year: EUR 10.9 million).

Group equity capital as of 12/31/2020 amounted to EUR 32.3 million (previous year: EUR 24.8 million), resulting in an equity ratio (the ratio of equity to balance sheet total) of 48 percent (previous year: 43 percent) as of 12/31/2020. The return on equity (net earnings vs. equity) as of 12/31/2020 stood at 55 percent (previous year: 55 percent).

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

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 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) which has been revised following the introduction of the Appropriate Executive Compensation Act (VorstAG), when contracts with the Management Board are concluded in future the Supervisory Board will determine the level of compensation 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 the 2019-2021 period and are capped at 200 percent.

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 success and performance targets relating to the development of various areas of the company in terms of content, personnel and profitability. The achievement of the multi-year bonus is assessed on the basis of a points system with a maximum target achievement of 200 percent.

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	Chairman, Member of the Supervisory Board, Munich
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman President of the Bund der Steuerzahler in Bayern e.V., Munich.
Klaus Bauer	Supervisory and Advisory board member, Nuremberg

The level of compensation paid to the Chairman, Deputy Chairman and members of the Supervisory Board was redefined by a resolution adopted by the Annual General Meeting on 05/28/2020. 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 and this information remains available for at least 12 months following publication. https://www.atoss.com/en-gb/investor-relations/news.

In financial year 2020 the following reportable transactions were undertaken by board members and disclosed:

Name	Transaction	Date of transaction	Number	Price	Disclosed on
Moritz Zimmermann	Purchase	06/16/2020	5,464	183.00	06/17/2020
Andreas F.J. Obereder	Stock split	06/18/2020	Stock split; allocation at a ratio of 1:1: new number: 3,976,570	-	06/19/2020
Moritz Zimmermann	Stock split	06/18/2020	Stock split; allocation at a ratio of 1:1: new number: 10,928	-	06/19/2020

The majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, holds 3,976,570 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 Note

19f) and of a risk management system (IDWPS 340, Note 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.

At a second Supervisory Board meeting on 03/04/2020, the assessment limits for classifying risk were revised upwards due to the increased size of the company and the financial resources at the disposal of ATOSS Software AG. Since that date, 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 2.0 million within the divisions and the two main subsidiaries, ATOSS CSD Software GmbH and ATOSS Aloud GmbH, as well as risks with an associated loss value which is merely rated as "high" or not quantifiable, are fundamentally deemed to be material. As previously, there are no individual risks with an expected loss value greater than EUR 10.0 million.

As a result of the new, higher assessment limits for risk classification adopted in 2020 to reflect the company's growth, the majority of risks identified in previous years were downgraded. The only new, material risks result from losses suffered from the outbreak of pandemics/epidemics. 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.

Probability of occurrence of potential risk

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

Extent of loss entailed in potential risk

Level	
Low	EUR 0 - 0.5 million
Medium	EUR 0.5 - 2.0 million
High	EUR 2.0 - 10.0 million

Limits for expected loss value

Level	
Observe	EUR 0 - 0.5 million
Monitor	EUR 0.5 - 2.0 million
Material	EUR 2.0 - 10.0 million

Economic, political, social and regulatory risks:

1) Global, economic and political environment (monitor)

The uncertainties in the global economy and financial markets such as those triggered by the outbreak of the coronavirus pandemic, could incur a negative impact on ATOSS Software AG's business activities. To minimize this risk, the Group has implemented various measures such as the continuous, monthly tracking of all ATOSS KPIs with relevant to the management of the company or the preparation of regular reports on the current financial status and growth of investments. The ongoing expansion of the proportion of recurring software sales in total revenues leading to more predictable sales and consequently greater stability in the face of fluctuating sales, represents a further risk minimization factor in this context.

LOSS EXPECTANCY SCORE	LOW 0 – 33%	AVERAGE 33 – 66%	HIGH 66 – 100%
MATERIAL EUR 2.0 - 10.0 million	3) 4) 11) 17)	9) 10) 12) 13)	
MONITOR EUR 0.5 - 2.0 million	1) 6) 7) 16)	8)	
OBSERVE EUR 0.0 - 0.5 million	5) 18)	2) 14) 15)	

PROBABILITY OF OCCURANCE

Economic, political, social and regulatory risks
1) Global, economic and political environment
2) Legal risks and intellectual property
3) Risk from data protection

Corporate Governance & compliance risks
4) Risk of unauthorized publication of information
5) Ethical conduct

Financial risks
6) Credit risk and counterparty risk
7) Liquidity risk
8) Market risk

Personnel risks
9) Risk from personnel resources

IT-risks
10) Risk from operating in the cloud
11) Cybersecurity and security

Operating risks
12) Strategic risks
13) Marketing risks
14) Consulting risks
15) Risks from partner network
16) Risks from technology and products
17) Risks from exceptional incidents
18) Other risks

2) Legal risks and intellectual property (observe)
ATOSS Software AG is exposed to various risks under contract, antitrust, trademark and patent law on the basis of its business activities. The Group counters these risks through various internal measures such as internal guidelines, processes and control mechnanisms as well as through the inclusion of internal and external legal advisors.

3) Risk from data protection (material)
If the increasingly complex and strict regulations on data protection are not observed or the agreed demands from our customers on our products and services in this regard are not adequately met, this could lead to civil liability claims, fines as well as the loss of customers and damage to the reputation of ATOSS. 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.

Corporate Governance and compliance risks:
4) Risk of unauthorized publication of information (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 breach of the regulations could have a negative impact on the company's net assets, financial position and earnings situation, its share price and its reputation. For this reason, appropriate processes and measures have been implemented in the company to observe statutory duties of transparency.

5) Ethical conduct (observe)
Ethically unjustifiable conduct could inflict considerable damage on the company's business activities, financial position and earnings situation as well as its reputation. For this purpose, the Group has implemented a compliance management system intended to ensure that legal regulations and directives are observed.

Financial risks:
Through its business operations, the company is exposed to various financial risks: credit risk, default risk, liquidity risk and market risk. The company's risk management with regard to financial risks is aimed at recognizing unpredictable developments on the financial markets, and minimizing any potentially negative effects on the company's financial position.

6) Credit risk and counterparty risk (monitor)
To manage its credit risks, the company enters into transactions exclusively with creditworthy third parties. All major 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.

7) Liquidity risk (monitor)
The company monitors the risk of a liquidity bottleneck on an ongoing basis. The company, however, views the risk concentration of its financial assets and trade receivables with respect to the liquidity risk as low. For example, 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, securities held as current assets, capital investments with banks and insurance companies and fixed-term deposits, thereby ensuring a broad diversification of risk. Existing claims arising from capital investments are also held against a reputable German insurance company which was awarded an "A" rating (safe investment) by the international ratings agency S&P Global Ratings. Taken together with its high level of cash and cash equivalents available at short notice and its consistently positive operating cash flow, the company assesses its overall liquidity risk as low.

8) Market risk (monitor)
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. For this reason, the company manages the market price risk through diversification and by limiting its investments in individual forms of investment and investment securities. All investments in financial assets are also subject to review and approval by the management. In addition, the company only invests its available liquidity in non-speculative forms of investment that preserve value and safeguard against inflation. To monitor the market risk, the financial markets are also kept under constant surveillance and regular reports submitted to the Management and Supervisory Boards on the growth of financial assets.

As of 12/31/2020, the risk at Group level associated with financial assets invested in investment funds amounted at fair value to KEUR 5,283. In the case of financial assets invested in gold, the risk at Group level as of 12/31/2020 amounted at fair value to KEUR 2,646. The Group holds no derivative financial instruments.

The company's equity serves to guard 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. 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 12/31/2020 and 12/31/2019 no changes were made in the Group's objectives, policies or procedures.

The financial risks described do not represent a threat to the company either individually or in their totality.

Personnel risks:
9) Risks from personnel resources (material)
Recruiting highly qualified employees and tying them long-term and permanently to the company are crucial factors for the success of the entire software sector. Consequently, ATOSS Software AG is facing the challenge of retaining 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.

IT risks:
10) Risks from operating in the cloud (material)
In the area of cloud solutions, there is a risk that increasing the degree of standardization / automation of cloud service management processes and cloud support for our customers will be unsuccessful. For this purpose, the Group has implemented various measures to expand its cloud product functionalities as well as its cloud service management tools and processes. 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. The Group manages the risks of a lack of stability in cloud service providers as well as security and availability problems when operating ATOSS cloud solutions by means of constant monitoring and consistently high investment in the cloud infrastructure.

11) Cybersecurity 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 incur a negative impact on ATOSS' customers, partners, financial position, business operations, image and 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.

Operating risks:

12) & 13) Strategic risks and marketing risks (material)

a) Risks from a competitive environment

ATOSS Software AG operates in an intensely competitive and technologically fast-paced market in which there are 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 strong order book position, 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.

b) Failure to expand the business model or open up new markets

The Management Board is aware that expansion of the business model through additional services 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.

c) Rising sales expectations require major projects to be won (material)

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.

14) Consulting risks (observe)

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. Through the constant monitoring and supervision of customer projects, the risk of insufficiently satisfying customer requests is adequately minimized in the course of implementation.

15) Risks from partner network (observe)

International direct sale projects and/or sales and 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 to thereby 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.

16) Risks from technology and products (monitor)
There is a basic risk of customers leaving due to poor product quality or late completion of technologies and product developments and as a result of the company losing many years of maintenance revenues. This risk is sufficiently covered by the regular monitoring of various project development states with the inclusion of the Management Board In addition, monthly evaluations with regard to the loss of maintenance revenues are built into the monthly management report package.

17) Risks from exceptional incidents (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.

At ATOSS, the risk of losses from pandemics/epidemics is met by a comprehensive emergency concept which besides defining roles, responsibilities and areas of expertise within the Group from the start of the incident, also governs the process of raising the alarm and all subsequent measures.

18) Other risks (observe)
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 expected loss value.

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, the risk management system previously described has been integrated and a coordinated planning and control system established.

- 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.

6. Dividend distribution

In making their dividend proposal, the Management Board and Supervisory Board take into account the need to secure the company's financial resources on a sustainable basis as well as heeding the principle of dividend continuity which states that in principle, this year's dividend should not be lower than the dividend for the previous year, and that it will be increased if this can be achieved with a distribution rate of up to 75 percent of earnings per share at a Group level. The Management Board proposes to use the surplus income from the past financial year in 2020 up to an amount of EUR 17,300,160.68 for a dividend of EUR 1.67 per share with dividend rights and to carry the remaining portion of unappropriated profit forward to new account. If this dividend proposal for unappropriated profit is accepted by the Annual General Meeting, this will result in a dividend payment of EUR 13,281,737.12 on the share capital entitled to a dividend as of 12/31/2020 amounting to EUR 7,953,136.00 and profit carried forward of EUR 4,018,423.56.

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

The development of the global economy in 2021 will continue to be heavily affected by the further course of the coronavirus pandemic and the measures implemented to combat it. Although in the third quarter of 2020, the global economy managed to recover a considerable portion of the losses suffered in output in the first half of the year, the second wave of the pandemic is likely to have snuffed out this economic upturn. However, as the infection rate drops and the measures implemented to control the pandemic are relaxed, economic activity should pick up again, according to the economic institutes.[1] For example, in a study published in December 2020, the Ifo Institute is forecasting a rise of global GDP of 5.8 percent in 2021. The recovery in the Eurozone is also set to continue in 2021.[1] The extensive financial measures implemented by the European Union and its member states will provide important support in this context. Germany is also expected to see an economic recovery in the course of 2021. After weak second and third quarters, there will be a noticeable rise in GDP. It can be expected to trend upwards by an average of 2.8 and 4.9 percent over the year. However, if the second wave of the infection should be significantly stronger and last longer, this would have serious consequences both for the domestic economy and for exports.[3]

Notwithstanding the temporary decline in sales of IT, telecommunications and consumer electronics in the German market, everything seems set for growth again in the Bitkom sector for 2021. In December 2020, for example, the Bitkom-Ifo digital index climbed to its highest level of 19.7 points since February 2020. With a look to 2021, the industry association Bitkom is forecasting growth in the software segment of 4.1 percent.[4]

1) Kiel Economic Reports, Global Economy in Winter 2020
2) Ifo Schnelldienst, special edition December 2020
3) IMK (Institute for Macroeconomics and Economic Research) Report 163, December 2020
4) Bitkom: Annual press conference 2021: 1/13/2021

We also refer to above-mentioned description of the opportunities in Section 2, Group basics, and the risks 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, the company sees considerable potential to improve the competitiveness of its target customers and thereby secure sustained sales opportunities in the company's specialist field of solutions designed to enhance workforce management efficiency.

With regard to the 2021 financial year, we are expecting the record developments to continue with sales of in excess of EUR 95 million. At the same time, in financial year 2021 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 and development. With an overall constant cost structure, the company expects to see an EBIT margin in financial year 2021 of at least 27 percent. After the dividend distribution, ATOSS Software AG, with its balance sheet structure largely unchanged, will continue to enjoy a comfortable equity ratio of over 40 percent and operating cash flows of over EUR 20 million.

In its outlook published in February 2020, ATOSS Software AG forecast a sales increase of 11 to 13 percent for fiscal 2020 and an EBIT margin of 25 to 28 percent. With year-on-year sales growth of 21 percent to EUR 86.1 million, ATOSS exceeded the forecast made at the start of the year by a considerable margin, thanks to winning new customers and the successful realization of major projects. With regard to the EBIT margin of 30 percent, the forecast, here too, was exceeded, primarily through prudent cost management in terms of the coronavirus pandemic and high productivity.

Munich, 02/26/2021

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

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 Group 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, 02/26/2021

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

CONSOLIDATED BALANCE SHEET AS OF 12/31/2020

Assets (EUR)	Note	12/31/2020	12/31/2019
Non-current assets			
Intangible assets	14, 26	275,677	364,613
Property, plant and equipment	14, 26	3,765,608	4,076,622
Rights of use	22, 27	9,714,401	10,884,625
Other non-current financial assets	11, 24, 57	1,338,414	1,270,580
Deferred tax assets	15, 28	1,579,025	1,713,477
Total non-current assets		**16,673,125**	**18,309,917**
Current assets			
Inventories		3,027	3,869
Trade receivables	11, 24, 57	8,861,514	7,715,364
Other current financial assets	24, 57	16,382,953	12,213,779
Other current non-financial assets	25	2,624,217	2,313,039
Cash and cash equivalents	10, 11, 23, 57	23,408,265	17,523,701
Total current assets		**51,279,976**	**39,769,752**
Total assets		**67,953,101**	**58,079,669**

Equity and liabilities (EUR)	Notes	12/31/2020	12/31/2019
Equity			
Subscribed capital	36	7,953,136	3,976,568
Capital reserve	36	-661,338	-661,338
Equity deriving from unrealized profits/losses		-3,089,638	-3,056,418
Unappropriated net income	61	28,179,727	24,582,473
Equity attributable to the equity holders of the parent company		**32,381,887**	**24,841,285**
Non-controlling interests		-69,042	-69,042
Total equity		**32,312,845**	**24,772,243**
Non-current liabilities			
Pension provisions	18, 35	6,838,641	6,649,439
Non-current leasing liabilities	22, 27, 30, 56	9,914,645	10,918,017
Deferred tax liabilities	15, 28	101,897	82,564
Total non-current liabilities		**16,855,183**	**17,650,020**
Current liabilities			
Trade accounts payable	16, 30, 57	538,817	918,278
Contractual liabilities	19, 33	3,723,615	4,703,092
Current leasing liabilities	22, 27, 30, 56	304,815	476,400
Other current financial liabilities	31, 57	2,352,423	1,174,021
Other current non-financial liabilities	32	10,054,047	7,769,367
Tax provisions		1,707,495	587,389
Other provisions	17, 34	103,861	28,861
Total current liabilities		**18,785,073**	**15,657,407**
Total equity and liabilities		**67,953,101**	**58,079,669**

CONSOLIDATED INCOME STATEMENT FROM 01/01/2020 TO 12/31/2020

EUR	Note	01/01/2020 -12/31/2020	01/01/2019 -12/31/2019
Sales revenues	19, 37	**86,053,411**	**71,391,675**
Cost of sales	38	-23,783,415	-21,228,025
Gross profit on sales		**62,269,996**	**50,163,650**
Distribution costs	39	-13,892,140	-12,932,412
Administration costs	40	-7,557,556	-5,822,722
Research and development costs	21, 41	-14,449,731	-11,944,221
Other operating income	20, 44	230,384	290,036
Other operating expenses	44	-181,056	-237,269
Net impairment on financial assets	44	-254,605	-220,099
Operating profit		**26,165,292**	**19,296,962**
Interest and similar income	43	425,091	839,678
Interest and similar expenses	43	-392,771	-224,521
Earnings before taxes		**26,197,612**	**19,912,119**
Taxes on income and earnings	15, 28, 45	-8,483,542	-6,393,382
Net income for the year		**17,714,070**	**13,518,737**
Attributable:			
Equity holders of the parent		17,714,070	13,541,060
Non-controlling interests		0	-22,323
Earnings per share (undiluted)*		2,23	1,70
Earnings per share (diluted)*		2,23	1,70
Average number of shares in circulation (undiluted)		7,953,136	7,953,136
Average number of shares in circulation (diluted)		7,953,136	7,953,136

*In accordance with IAS 33.64, earnings per share (EPS) have been retrospectively adjusted for the previous period due to the share split carried out in June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM 01/01/2020 TO 12/31/2020

EUR	Note	01/01/2020 -12/31/2020	01/01/2019 -12/31/2019
Net income for the year		**17,714,070**	**13,518,737**
Components not reallocated in profit and loss			
Profits/losses recognized in equity on the valuation of plan assets	35	43,136	4,764
Tax effects of profits/losses recognized in equity on the valuation of plan assets	35	-14,006	0
Profits/losses recognized in equity on the revaluation of defined benefit pension plans	35	-92,330	-1,759,815
Tax effects of profits/losses recognized in equity on the revaluation of defined benefit pension plans	35	29,980	571,412
Other comprehensive income for the period after taxes		**-33,220**	**-1,183,639**
Comprehensive income after taxes		**17,680,850**	**12,335,098**

CONSOLIDATED CASH FLOW STATEMENT FROM 01/01/2020 TO 12/31/2020

EUR	Note	01/01/2020 -12/31/2020	01/01/2019 -31/12/2019
Earnings before taxes		**26,197,612**	**19,912,119**
Depreciation	26, 27	3,593,639	3,208,780
Interest and similar income	43	-425,091	-839,678
Interest and similar expenses	43	392,771	224,521
Income from the disposal of fixed assets	26	9,104	409
Change in net current assets			
Trade receivables	24, 57	-1,146,150	-1,459,415
Inventories and other non-financial assets	24	-503,443	91,109
Other assets		9,497	-149,004
Trade accounts payable	16, 30, 46, 57	-379,461	408,127
Other current financial and non-financial liabilities	31, 32, 57	3,463,083	428,147
Other provisions	34	75,000	-28,939
Contractual liablities		-979,477	2,256,596
Interest received		107,961	24,334
Interest paid		-204,149	-3,334
Income taxes received	28, 45	543,311	1,637
Income taxes paid	28, 45	-7,549,924	-8,808,479
Cash flow generated from operating activities (1)	46	**23,204,283**	**15,266,929**
Cash flow from investment activities			
Expenditure for the purchase of tangible and intangible assets	26	-728,024	-906,031
Expenditure for the purchase of financial assets		-3,850,000	0
Cash flow generated from investment activities (2)	47	**-4,578,024**	**-906,031**
Cash flow from financing activities			
Redemption element leasing liability IFRS 16	22, 27, 56	-2,479,453	-2,087,492
Interest element leasing liability IFRS 16	22, 27, 56	-121,994	-127,785
Dividends paid		-10,140,248	-15,906,272
Cash flow generated from financing activities (3)	48	**-12,741,695**	**-18,121,549**
Change in cash and cash equivalents – total of (1) to (3)		**5,884,564**	**-3,760,652**
Cash and cash equivalents at the start of the period		17,523,701	21,284,353
Cash and cash equivalents at the end of the period		23,408,265	17,523,701

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS 12/31/2020

	Equity attributable to the proprietors of the parent company					
EUR	Subscribed capital	Capital reserve	Equity deriving from unrealized profits/losses	Unappropriated net income	Non-controlling interests	Total
Note	36	36	36	36		
01/01/2019	**3,976,568**	**-661,338**	**-1,872,779**	**27,057,136**	**-46,720**	**28,452,867**
Net income 2019				13,541,060	-22,322	13,518,737
Other comprehensive income			-1,183,639			-1,183,639
Total comprehensive income			**-1,183,639**	**13,541,060**	**-22,322**	**12,335,099**
Dividend				-15,906,272		-15,906,272
Adaption as of 01/01/2019*				-109,451		-109,451
12/31/2019	**3,976,568**	**-661,338**	**-3,056,418**	**24,582,473**	**-69,042**	**24,772,243**
01/01/2020	**3,976,568**	**-661,338**	**-3,056,418**	**24,582,473**	**-69,042**	**24,772,243**
Net income 2020				17,714,070		17,714,070
Other comprehensive income			-33,220			-33,220
Total comprehensive income			**-33,220**	**17,714,070**		**17,680,850**
Dividend				-10,140,248		-10,140,248
Capital increase from company funds	3,976,568			-3,976,568		0
12/31/2020	**7,953,136**	**-661,338**	**-3,089,638**	**28,179,727**	**-69,042**	**32,312,845**

One share represents 1 euro of subscriped capital.

*Adaption as of 01/01/2019 due to the first application of IFRS 16 leases.

Notes to the Consolidated Financial Statements 2020

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 of the German Commercial Code (HGB).

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

Standard or Interpretation	Description	For financial years with effect from
Conceptual framework	Change in references to the conceptual framework in IFRS Standards	01/01/2020
Amendments to IAS 1 and IAS 8	Definition of material	01/01/2020
Amendments to IFRS 9, IAS 39, IFRS 7	Reform of interest rate benchmarks	01/01/2020
Amendments to IFRS 3	Definition of a business operation	01/01/2020
Amendments to IFRS 16	COVID-19 related rental concessions	06/01/2020

Application of the amended Standard 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.

New but not yet mandatory Standards and Interpretations

The following new or amended Standards or Interpretations have already been passed by the IASB but have not yet entered into force with binding effect or have not yet been adopted in European law. The Group has not applied the rules early:

Standard or Interpretation	Description	For financial years with effect from
Amendments to IAS 1	Classification of liabilities as current or non-current incl. deferral of effective date of first-time adoption published in July 2020	01/01/2023
Amendments to IFRS 3	Reference to conceptual framework	01/01/2022
Amendments to IAS 16	Proceeds before intended use	01/01/2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	01/01/2022
Annual improvements to IFRS	2018-2020 cycle with amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01/01/2022
IFRS 17	Insurance contracts and amendments to IFRS 17 from June 2020 to defer effective date of first-time adoption	01/01/2023
Amendments to IFRS 4	Extension to time-limited exemption from application of IFRS 9	01/01/2021
Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 – Reform of interest rate benchmarks – Phase 2		01/01/2021

Amendments to IAS 1 only relate to the presentation of liabilities as current and non-current in the balance sheet and not to the level at which or date on which assets, liabilities, income or expenditure are recognized or the information to be disclosed on such items.

The amendments clarify that the classification of liabilities as current or non-current depends exclusively on any existing substantive rights on the reporting date to defer settlement by at least 12 months. They are classified regardless of the probability that a company will make use of its right to defer settlement or not. If this right is linked to the observance of certain conditions, the existence of such a right must only be assumed if such conditions were actually observed on the reporting date. The amendments also relate to the insertion of an explanation of the criterion “settlement”. According to the amendments, settlement refers to the transfer of cash, equity instruments and other assets or services to the counterparty.

The amendments are to be applied for the first time to fiscal years beginning on or after 01/01/2023 (retrospective application). Earlier application is permissible and must be disclosed accordingly.

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

As a result of the **amendments to IFRS 3**, the Standard is updated to reflect the fact that references now relate to the current 2018 conceptual framework for financial reporting. The amendments also include the requirement that in the case of obligations falling within the ambit of IAS 27, a buyer must apply IAS 37 to establish whether a present obligation exists at the time of acquisition due to past events. In the case of a tax falling within the ambit of IFRIC 21, the acquiring entity will apply IFRIC 21 to determine whether the event giving rise to the liability to pay the tax had occurred by the date of acquisition.

The amendments are to be applied (prospectively) to business combinations for the first time for which the date of first application falls in fiscal years beginning on or after 01/01/2022. Early application is permissible if the amendment to the conceptual framework is already being applied on the date of early first-time application at the latest.

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

The **amendments to IAS 16** now explicitly forbid the deduction of any net income from the cost of an item of property, plant and equipment. If goods are manufactured while a tangible asset is brought to the location or into the condition required for operation as intended by management, a company must recognize the proceeds from the sale of such goods and their production costs in profit and loss in compliance with the relevant standards. The provisions of IAS 2 are to be applied when measuring the production costs.

The amendments are to be applied for the first time in fiscal years beginning on or after 01/01/2022. Earlier application is permitted.

The Management Board does not expect the amendments to have any material effects on the consolidated financial statements as there are no items of property, plant and equipment in the Group where goods are produced as part of a test run.

The **amendments to IAS 37** specify the scope of fulfillment costs in the case of onerous contracts. All directly attributable costs, i.e. the incremental cost of fulfilling the contract and any allocation of other costs relating directly to fulfilling the contract, are to be treated as fulfillment costs.

The amendments are to be applied to all contracts for which not all obligations have been met on the date such amendments enter into force. Comparative information is not to be adjusted; instead, the cumulative effect of first-time application is to be recognized in retained earnings (or another suitable equity item) in the opening balance sheet.

It is mandatory to apply the amendments for the first time in fiscal years beginning on or after 01/01/2022. Earlier application is permissible.

The amendments will not have any effect on the consolidated financial statements as the company already recognizes all attributable costs as fulfillment costs.

The new Standard **IFRS 17 Insurance Contracts** establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and it replaces IFRS 4 Insurance Contracts.

The Standard describes a general model that is modified for insurance contracts with direct participation (variable fee approach). If certain criteria are met, the general model is simplified by measuring the liability for the remaining insurance cover in accordance with the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows, and explicitly measures the cost of such uncertainty. In the process, it takes account of market interest rates and the effects of options and guarantees offered to policyholders.

The Management Board does not expect the future application of the Standard to impact the consolidated financial statements as no such insurance contracts are held.

Annual improvements to IFRS (2018-2020 cycle) relate to the following standards:

- IFRS 1 First-time adoption of the IFRS: Subsidiaries as first-time adopters
- IFRS 9 Financial Instruments: Fees in 10 percent test with regard to derecognition
- IFRS 16 Leases Amendments to explanatory example of IFRS 16: Lease incentives
- IAS 41 Agriculture: Taxes taken into account when measuring fair value

It is mandatory to apply the amendments for the first time in fiscal years beginning on or after 01/01/2022. Earlier application is permissible.

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, IFRS 7, IFRS 4 and IFRS 16 are intended to mitigate the effects on financial reporting resulting when an existing interest rate benchmark is replaced by an alternative interest rate. In particular, the amendments allow for practical relief with regard to modifications required as a result of IBOR reform. In addition, hedging relationships are to be permitted to continue with adjusted documentation even if the interest rate benchmark is replaced.

It is mandatory to apply the amendments for fiscal years beginning on or after 01/01/2021. Earlier application on a voluntary basis is permissible. The transitional arrangements also provide for the resumption of certain hedging relationships previously terminated.

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

2. Bases for the preparation of the financial statements

The present consolidated financial statements were prepared to 12/31/2020 for the reporting period from 01/01/2020 to 12/31/2020. The fiscal year for all Group companies corresponds to 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 euro. 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 (smallest consolidated group). 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. The consolidated financial statements for the largest group of companies are prepared by AOB Invest GmbH, Grünwald, and published in the Federal Gazette.

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 12/31/2019 in EUR	Result for the year 2019 in EUR
ATOSS Aloud GmbH, Munich, Germany*	97%	-1,557,329	0
ATOSS CSD Software GmbH, Cham, Germany	100%	1,371,825	241,900
ATOSS Software AG, Zurich, Switzerland	100%	326,891	143,952
ATOSS Software Gesellschaft m.b.H., Vienna, Austria	100%	639,203	178,564
ATOSS Software S.R.L., Timisoara, Romania	100%	1,102,054	191,665
ATOSS North America Inc., West Hollywood, USA	100%	10,446	-6,627

* The merger of ATOSS Erste Beteiligungs GmbH, Munich, newly set up in 2019, with ATOSS Software AG, Munich, was completed on 02/11/2020 with its registration in the commercial register. The profit and loss transfer agreement concluded between ATOSS Erste Beteiligungs GmbH and ATOSS Aloud GmbH was then also transferred to ATOSS Software AG.

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 may be 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 2020 to EUR 1,417,710 (previous year: EUR 1,111,848).

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 35. The book value of the provision as of 12/31/2020 stood at EUR 6,838,641 (previous year: EUR 6,649,439).

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:

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

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

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 companies comprising the SME market and by high-end small businesses and major, large scale customers that comprise the premium market. The choice of software solution is essentially dependent on the specific technical and functional requirements of the individual customer. The company's endeavors in addressing the SME and premium markets differ only in terms of the marketing approach. For this reason, the Management Board manages the company on the basis of key figures for business as a whole. Business activities are not divided into segments, 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 measured at fair value through profit and 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 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 historical 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 collectable 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 measured at fair value through profit and 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. In this context, it is presumed 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 unobservable, the instrument is classified in Level 3. This applies to unlisted equity instruments.

In the case of assets and liabilities which are repeatedly recognized at fair value in the statements, the Group determines whether there have been any reclassifications between the levels in the hierarchy. 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 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 0.8 percent (previous year: 1.0 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.

The RATE: Link method used was modified in the financial year. This represents a change in the accounting estimate pursuant to IAS 8. The change relates to the previous filter procedure for determining the definitive portfolio of high-quality corporate bonds in order to derive the actuarial interest rate. If the previous interest rate derivation procedure were used, this would result in an interest rate of 0.46 percent as at 12/31/2020 and the obligation would thus be approximately EUR 0.8 million higher. The effect on service costs in 2021 is KEUR 22 and on interest costs KEUR -33.

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 2020 amounted to EUR 158,875 (previous year: EUR 160,438).

19. Revenue 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 IDs for time recording and access modules, sales are realized at the time when control of 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. However, the company does not in principle offer consulting and implementation services in an overall package together with software licenses at an overall 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. This apportionment is based on the ratio of the individual selling prices for goods or services at the time of entry into contract. The individual selling price is the price at which a company would sell goods or services to a customer. In the case of ATOSS this price fundamentally equates to the transaction price, that is to say, the price is in no way influenced by whether the goods or services in question 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 company’s performance leads to an asset with no alternative use and the company has an enforceable right to payment for the performance carried out to date; this criterion is thus subject to the following cumulative preconditions:
   - 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 thus in principle realized continuously in the ratio of the progress of the project services thus far rendered to the anticipated overall volume of services to be provided. 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).

The amounts invoiced in advance for long-term production orders which are only performed in later periods when they are recognized in P&L, are shown as contractual liabilities.

(c) 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 revenues from the granting of a right to use software functions in a cloud-based infrastructure hosted by third-party providers commissioned by ATOSS. The customer has no right to terminate the hosting contract and take possession of the software either to run it in its own IT infrastructure or to commission a third hosting provider, not associated with 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 12/31/2020, 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. As of 12/31/2020 these liabilities amount to EUR 3,723,615 (previous year: EUR 4,703,092).

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 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. With regard to 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 historical 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. 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 the lessee 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 comprise IT equipment.

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	12/31/2020	12/31/2019
Fixed-term deposits	11,811,040	7,749,989
Cash at banks	11,597,225	9,773,712
Total of cash and cash equivalents	**23,408,265**	**17,523,701**

Fixed-term deposits are invested at interest rates of between 0.0 percent and 0.2 percent for the agreed term. Despite remaining maturities of up to 6 months, these deposits serve the company as a means of covering its short-term liquidity requirements, since no significant economic loss can be expected even if these investments are terminated prematurely. Other cash at banks did not attract interest in 2020.

Cash and cash equivalents increased year on year, due primarily to positive operating cash flow of EUR 23,204,283. By contrast, payments for investments in fixed assets (EUR 728,024), the acquisition of short-term financial assets in the form of fixed-term deposits (EUR 3,850,000), the dividend payment of EUR 10,140,248 made at the beginning of June and the settlement of lease liabilities under IFRS 16 amounting to EUR 2,601,447 all depleted the reserves of cash and cash equivalents. Overall, cash and cash equivalents increased by EUR 5,884,564 to EUR 23,408,265 as of 12/31/2020.

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 23,408,265 (previous year: EUR 17,523,701).

For better presentation, a fixed-term deposit account in US dollars (EUR 1,811,040) was reclassified from cash at banks to fixed-term deposits within cash and cash equivalents in 2020, with an adjustment made to figures for the previous year (EUR 1,999,989).

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	12/31/2020	12/31/2019
Gross receivables	8,977,899	7,916,787
Less impairments	-116,385	-201,423
Net receivables (carrying value)	**8,861,514**	**7,715,364**

These receivables include those relating to long-term production orders in the amount of EUR 74,005 net (previous year: EUR 31,014). On 12/31/2020 there were no receivables with due dates which had been extended (previous year: EUR 0). 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. As of 12/31/2020 writedowns in the amount of EUR 116,385 (previous year: EUR 201,423) were recorded. Since the beginning of the 2020 financial year, writedowns of trade receivables have been calculated using the expected loss model as part of the simplified approach. In the previous year, writedowns resulted from the individual examination of receivables overdue by >120 days.

The value adjustment account developed as follows:

EUR	2020	2019
As of 01/01	201,423	24,629
Expense allocations	120,836	221,879
Usage	-87,085	-16,100
Liquidations	-118,789	-28,985
As os 12/31	**116,385**	**201,423**

The company demands no securities from its customers.

The aging report for trade receivables shows the following:

12/31/2020	not due	overdue (to 30 days)	overdue (31-60 days)	overdue (61-90 days)	overdue (91-120 days)	overdue (121 to 1 year)	Total 12/31/2020
Gross receivables in EUR	5,423,198	2,844,215	542,917	72,923	3,870	90,776	8,977,899
Adjustment in EUR	-5,833	-11,446	-1,642	-3,012	-3,676	-90,776	-116,385
Net receivables (carrying amount) in EUR	**5,417,365**	**2,832,769**	**541,275**	**69,911**	**194**	**0**	**8,861,514**
Expected loss rate	0.1%	0.4%	0.3%	4.1%	95%	100%	

Other financial assets and trade receivables were composed as follows:

Other current financial assets

EUR	12/31/2020	12/31/2019
Dividend-bearing securities	4,770	4,732
Gold	1,943,720	1,717,760
Closed-ended investment funds	5,282,828	5,252,517
Claims on insurance companies	5,301,635	5,238,769
Fixed-term deposits	3,850,000	0
Total of other (current) financial assets	**16,382,953**	**12,213,779**

Other non-current financial assets

EUR	12/31/2020	12/31/2019
Gold	703,220	625,890
Security deposits	635,194	644,690
Total of other (non-current) financial assets	**1,338,414**	**1,270,580**

Valuation of current and non-current gold holdings and investment fund securities at their fair value results in finance income of EUR 303,290 (previous year: EUR 408,550) and EUR 30,311 (previous year: devaluation of EUR 341,682). In addition, income from the valuation of claims relating to capital assurances and fixed-term deposits both used as alternative short-term investments was recognized at fair value in the amount of EUR 62,865 (previous year: EUR 62,120) and EUR 618 (previous year: EUR 0) respectively as financial income.

The fair value of financial assets in the case of dividend-bearing securities, holdings in gold, fixed-term deposits 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 12/31/2020, 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 2,624,217 (previous year: EUR 2,313,039) essentially include deferrals of EUR 1,311,028 (previous year: EUR 992,095).

26. Fixed Assets

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

	Acquisition and manufacturing costs		
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**

EUR	01/01/2020	Additions	Transfers
I. Intangible assets			
Software	2,660,200	176,314	0
	2,660,200	**176,314**	**0**
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	512,054	0	0
Office and business equipment	8,050,845	553,210	5,006
Advance payments and assets under construction	8,900	-1,500	-5,006
	10,709,810	**551,710**	**0**
Total	**13,370,010**	**728,024**	**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	12/31/2019	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**

Disposals	12/31/2020	01/01/2020	Additions	Disposals	12/31/2020	12/31/2020	12/31/2019
2,215,149	621,365	2,295,587	264,637	2,214,536	345,688	275,677	364,613
2,215,149	**621,365**	**2,295,587**	**264,637**	**2,214,536**	**345,688**	**275,677**	**364,613**
0	2,138,011	578,892	57,930	0	636,822	1,501,189	1,559,119
432,831	79,223	445,609	11,101	427,757	28,953	50,270	66,446
4,642,546	3,966,515	5,608,687	785,202	4,639,129	1,754,760	2,211,756	2,442,158
0	2,394	0	0	0	0	2,394	8,900
5,075,377	**6,186,143**	**6,633,188**	**854,233**	**5,066,886**	**2,420,535**	**3,765,608**	**4,076,622**
7,290,526	**6,807,508**	**8,928,775**	**1,118,871**	**7,281,422**	**2,766,222**	**4,041,285**	**4,441,235**

27. Leases

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

EUR	12/31/2020	12/31/2019
Rights of use		
Buildings	8,600,063	9,777,566
Vehicles	1,114,338	1,107,059
	9,714,401	**10,884,625**

EUR	12/31/2020	12/31/2019
Lease liabilities		
Short-term	304,815	476,400
Long-term	9,914,645	10,918,017
	10,219,460	**11,394,417**

Allocations to rights of use in the 2020 financial year amounted to EUR 1,304,544 (previous year: EUR 3,232,948).

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

EUR	2020	2019
Depreciation of rights of use		
Buildings	1,751,016	1,530,075
Vehicles	723,752	556,362
	2,474,768	**2,086,437**
Interest expense (recognized under finance costs)	**121,949**	**127,785**
Expenses in connection with leases of low-value assets not included in the a.m. short-term leases)	**168,578**	**318,627**

Total cash outflows for leases in 2020 amounted to EUR 2,601,447 (previous year: 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 45.

The deferred taxes reported in the accounts were composed as follows:

EUR	Deferred tax assets		Deferred tax liabilities	
	2020	2019	2020	2019
Assets				
Long-term production orders	0	0	519,176	615,425
Non-current financial assets	0	0	101,897	82,564
Current financial assets	0	0	131,208	52,198
Rights of use	0	0	3,154,267	3,534,237
Pension provision (plan assets)	0	0	14,006	0
Tax loss carry-forwards	0	244,508	0	0
Liabilities				
Pension provisions	2,100,772	2,029,699	0	0
Liabilities for AGM expenses	43,818	43,227	0	0
Lease liabilities	3,253,091	3,597,904	0	0
	5,397,681	**5,915,338**	**3,920,553**	**4,284,424**
of which long-term	5,254,890	5,872,111	3,171,358	3,616,801
of which short-term	142,791	43,227	749,195	667,623
	5,397,681	**5,915,338**	**3,920,553**	**4,284,424**

Deferred tax assets and tax liabilities of EUR 3,818,657 (previous year: EUR 4,201,860) were netted.

Since the 2019 assessment period, there has been a fiscal union for income tax purposes between ATOSS Software AG as the controlling company and its subsidiary ATOSS Aloud GmbH as the controlled company. The Group has taxable loss carry-forwards in the amount of EUR 1,582,328 (previous year: EUR 1,582,328) for which no deferred taxes have been capitalized. The entity concerned has a history of losses and, accordingly, it is currently not possible to plan when utilization will occur. The losses can be carried forward indefinitely and do not expire.

The Group management has decided to retain the profits at subsidiaries which have not so far been distributed in 2020. 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 2020 amount to EUR 4,550,327 (previous year: EUR 2,211,599).

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

EUR	2020	2019
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 Dutch facility is 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	2020	2019
Pre-tax earnings as per IFRS	**26,197,612**	**19,912,119**
Expected tax charge (2020: 32.47%; 2019: 32.47%)	-8,506,365	-6,465,465
Non-deductible operating expenses	-29,578	-40,832
Tax payments/refunds for previous years	-114,544	-232,610
Lower tax rates at Group companies and branches	231,232	95,616
Current losses for which no deferred tax claim has been recognized	0	0
Trade tax add-backs	-33,745	-66,360
Interests as per § 8b KStG	0	0
Non-tax deductible expenses	0	0
Tax losses not previously recognized but now used to reduce the actual tax charge	215,329	244,508
Miscellaneous	-245,871	71,761
Actual Group tax charge	**-8,483,542**	**-6,393,382**

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. In financial year 2020 an untilization of this guarantee credit in the amount of EUR 70,047 was made (previous year: no utilization). As in the previous year, there were no liabilities to banks.

30. Financial liabilities

As of 12/31/2020, 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 flows EUR	Carrying amount Liabilities EUR
As of 12/31/2020					
Trade accounts payable	538,817	0	0	538,817	538,817
Lease liabilities	639,594	1,683,551	8,291,566	10,614,711	10,219,460
Total	**1,178,411**	**1,683,551**	**8,291,566**	**11,153,528**	**10,758,277**

Contractual maturities of financial liabilities in EUR	Up to 3 months	3 months to 1 year	Over 1 year	Total contractual cash flows 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	**1,549,754**	**1,718,053**	**9,540,403**	**12,817,210**	**12,312,695**

31. Other current financial liabilities

Other current financial liabilities essentially comprise the following amounts:

EUR	12/31/2020	12/31/2019
Anticipated charges	2,352,423	1,174,021
Total	**2,352,423**	**1,174,021**

The anticipated charges relate to performances received but not yet billed prior to the qualifying date.

32. Other current non-financial liabilities

EUR	12/31/2020	12/31/2019
Liabilities for salaries and commissions	8,881,797	6,875,511
Miscellaneous liabilities	1,172,250	893,856
Total	**10,054,047**	**7,769,367**

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. Other liabilities comprise essentially turnover tax 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	2020	2019
Recognized revenues which were included in the balance of contractual liabilities at the beginning of the period were as follows:		
Maintenance services	1,127,290	993,232
Long-term production orders	1,900,823	34,250
Cloud	847,169	184,507
Miscellaneous	512,898	654,918
	4,388,180	**1,866,907**

The contractual liabilities were composed as follows:

EUR	12/31/2020	12/31/2019
Amounts invoiced in advance for maintenance works	581,859	1,130,146
Amounts invoiced in advance for long-term production orders	1,922,592	2,052,487
Amounts invoiced in advance for cloud orders	572,498	871,100
Miscellaneous	646,666	649,359
Total	**3,723,615**	**4,703,092**

The miscellaneous contractual liabilities stated here 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 3,723,615 as of 12/31/2020, the entire balance will be recognized as sales revenue in fiscal 2021.

34. Other provisions

These provisions essentially comprise the following amounts:

EUR	12/31/2019	Drawn down	Liquidations	Allocations	12/31/2020
Other provisions	28,861	0	25,000	100,000	103,861
Total	**28,861**	**0**	**25,000**	**100,000**	**103,861**

Other provisions essentially include the provisions for warranties.

35. Pension provisions

Pension costs were comprised as follows:

EUR	2020	2019
Current service cost	312,804	256,573
Net interest cost	65,296	93,249
Pension expenses	**378,100**	**349,822**

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.

With a look to the year 2021 the company expects pension expenses to amount to EUR 372,141.

The obligation translates to the balance sheet as follows:

EUR	12/31/2020	12/31/2019
Defined benefits obligation	10,827,403	10,319,088
Fair value of plan assets	-3,988,762	-3,669,649
Pension provision	**6,838,641**	**6,649,439**

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	12/31/2020	12/31/2019
Defined benefits obligation as of 01/01	10,319,088	8,139,921
Cost of interest	103,181	162,779
Current service cost	312,804	256,573
Actuarial losses / gains	92,330	1,759,815
Defined benefits obligation as of 12/31	**10,827,403**	**10,319,088**

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

EUR	2020	2019
Experience-based adjustment	190,508	160,957
Changes in financial assumptions	-282,838	-1,920,772
Changes in demographic assumptions	0	0
Deviation in actual income from plan assets relative to income calculated at the discount rate	43,136	4,764
Actuarial losses / gains	**-49,194**	**-1,755,051**

In respect of losses recognized both in equity and through profit or loss from temporary differences between the carrying value of the pension provision on the balance sheet and the value for tax purposes, tax deferrals as well as other income tax effects were formed in the amount of EUR 29,980 (previous year: EUR 571,412). Income tax effects totaling EUR -14,006 (previous year: EUR 0) were formed on the gains resulting from the measurement of plan assets recognized in other comprehensive income.

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

EUR	12/31/2020	12/31/2019
Fair value of plan assets effective as of 01/01	3,669,649	3,357,692
Returns on plan assets calculated at the discount rate	37,885	69,530
Employer's contributions	238,092	237,663
Actuarial profits and losses	43,136	4,764
Fair value of plan assets effective as of 12/31	**3,988,762**	**3,669,649**

The actual return on plan assets in 2020 amounted to EUR 81,021 (previous year: EUR 74,294). The expected return on plan assets for 2021 as per IAS 19.125 amounts to 0.80 percent (previous year: 1.00 percent).

Contributions to the pension plan in financial year 2021 are expected to total EUR 238,092.

Sensitivity analyses

A rise or fall in essential actuarial assumptions would have affected the cash value of the pension liabilities as of 12/31/2020 as follows:

EUR	Development in pension commitment	
	0.25%	**-0.25%**
Discount interest rate (initially 0.8%)	-537,590	574,941
	0.50%	**-0.50%**
Discount interest rate (initially 0.8%)	-1,040,641	1,190,308

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

36. Equity

Issued shares in circulation

As of 12/31/2020, the subscribed capital of EUR 7,953,136 had been fully paid in and the company has unfettered access to it. It is divided into 7,953,136 bearer shares. Each share confers one vote and has a notional value of EUR 1 in the subscribed capital.

At the Annual General Meeting on 05/28/2020, the company was authorized to increase the company's share capital by EUR 3,976,568 from EUR 3,976,568 to EUR 7,953,136 in accordance with the regulations governing capital increases from company funds (Sections 207 ff. of the German Stock Corporation Act - AktG). The capital increase was carried out by issuing 3,976,568 new bearer shares with a notional value of EUR 1.00 per share of the share capital. The new shares were issued to shareholders of ATOSS Software AG at a ratio of 1:1 with the result that one new share was issued for each old share. The new shares carry full dividend rights from 01/01/2020. The capital increase was carried out by converting other retained earnings in the amount of EUR 3,976,568 into share capital.

At the Annual General Meeting held on 04/28/2017, the company was authorized, other than for purposes of trading in treasury 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 shares in the company in an amount of up to ten percent of the company's share capital at the time of the resolution 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 Annual 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 Annual 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.

As of the reporting date, there are 7,953,136 shares in circulation (previous year: 3,976,568 shares).

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:

	12/31/2020	12/31/2019
Andreas F.J. Obereder	3,976,570	1,988,285
Moritz Zimmermann	10,928	0
Gesamt	**3,987,498**	**1,988,285**

The majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, holds 3,976,570 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.

Capital reserve

As of 12/31/2020 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 in the amount of EUR -3,123,532 (previous year: EUR -3,061,182) was accounted for by losses from the revaluation recognized in equity of defined benefit pension plans and the associated tax effects, and a further amount of EUR 33,894 (previous year: EUR 4,764) by gains from 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	2020	2019
Licenses	16,508,814	14,514,606
Maintenance	26,599,959	24,207,811
Cloud	12,936,683	7,809,790
Total software	**56,045,456**	**46,532,207**
Consulting	24,103,251	19,546,453
Hardware	3,915,307	3,683,142
Miscellaneous	1,989,397	1,629,873
Total sales revenues	**86,053,411**	**71,391,675**

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 long-term 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 2020 the amount of EUR 3,113,826 (previous year: EUR 1,582,418) deriving from long-term production orders was realized as sales revenues. The costs of long-term production orders during the financial year amounted to EUR 1,299,656 (previous year: EUR 1,383,928).

The company has customers in all branches of industry as well as in the public sector. In financial years 2020 and 2019 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	2020	2019
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	72,022,834	59,091,016
ATOSS Time Control (ATC)	13,059,275	11,798,381
Crewmeister	971,302	502,278
Total	**86,053,411**	**71,391,675**

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 workforce management under company agreements or collectively agreed regulations. The company also sells hardware components for time recording and access control purposes. 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 geared to optimizing efficient workforce management. Merchandise including hardware and recording media is also available. ATC software is installed on the Microsoft Windows system platform in association with standard SQL databases and is particularly user-friendly and convenient for small to medium-sized customers as well as large decentralized organizations.

The geographic breakdown of sales revenues was as follows:

EUR	2020	2019
Domestic	74,002,235	61,281,796
Abroad	12,051,076	10,109,879
of which Austria	5,354,902	4,898,412
of which Switzerland	3,759,994	3,743,810
of which other countries	2,936,180	1,467,657
Total	**86,053,411**	**71,391,675**

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

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

EUR	2020	2019
Recognition at a certain time	20,780,618	18,512,328
Recognition beyond a certain time	65,272,793	52,879,347
Total	**86,053,411**	**71,391,675**

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	2020	2019
Material costs (goods for resale)	4,291,968	3,717,301
Material costs (external services)	1,374,806	1,218,953
Personnel costs	13,806,395	11,764,165
Scheduled depreciation of property, plant and equipment as well as intangible assets	1,126,831	983,668
Overheads	3,183,415	3,543,938
Total	**23,783,415**	**21,228,025**

39. Marketing costs

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

EUR	2020	2019
Marketing personnel costs	10,083,004	8,964,376
Scheduled depreciation of property, plant and equipment as well as intangible assets	987,539	904,260
Marketing overheads	929,360	1,423,840
Advertising costs	1,892,237	1,639,936
Total	**13,892,140**	**12,932,412**

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	2020	2019
Personnel costs	5,568,917	4,441,760
Scheduled depreciation of property, plant and equipment as well as intangible assets	459,909	376,101
Administration overheads	1,528,730	1,004,861
Total	**7,557,556**	**5,822,722**

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	2020	2019
Research and development personnel costs	11,371,891	9,503,070
Scheduled depreciation of property, plant and equipment as well as intangible assets	1,019,336	944,751
Research and development overheads	2,058,504	1,496,400
Total	**14,449,731**	**11,944,221**

42. Personnel expenses

EUR	2020	2019
Wages and salaries	35,158,077	29,541,984
Social security contributions and expenditure on retirement pensions and welfare	5,672,130	5,131,388
of which expenditure on retirement pensions and welfare EUR 531,801 (previous year: EUR 542,275).		
Service costs EUR 312,804 (previous year: EUR 256,573		
Total	**40,830,207**	**34,673,372**

Since November 2020, ATOSS Software AG has been offering its employees the opportunity to acquire company securities in the form of no-par value ordinary shares. In doing so, the company puts up 30 percent of each actual investment amount for its employees in the form of gross salary within certain thresholds based on the level of the particular employee / senior executive. The subsidies granted are recognized under personnel expenses and in 2020 they amount to EUR 11,310 (previous year: EUR 0).

43. Financial income and expenses

The financial investment income in the amount of EUR 425,091 (previous year: EUR 839,678) relates essentially to the write-up of the company's gold holdings in the amount of EUR 303,290 (previous year: EUR 408,550), income from the valuation of claims relating to capital assurances in the amount of EUR 62,865 (previous year: EUR 62,120) and income deriving from the valuation of investment funds in the amount of EUR 30,311 (previous year: EUR 341,682). Additional income amounting to EUR 9,119 (previous year: EUR 22,798) results from the investment of liquid assets in investment funds.

In 2020 the company recorded financial expenses amounting to EUR 392,771 (previous year: EUR 224,521). This essentially concerned expenses from the devaluation of a fixed-term deposit account in US dollars amounting to EUR 203,309 (previous year: EUR 0), finance costs in connection with accounting for lease liabilities under IFRS 16 amounting to EUR 121,948 (previous year: EUR 127,785) and the net interest cost deriving from the valuation of pension provisions amounting to EUR 65,296 (previous year: EUR 93,249).

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 100,133 (previous year: EUR 124,660) and income from the liquidation of miscellaneous liabilities and provisions in the amount of EUR 76,485 (previous year: EUR 113,590).

Other operating expenses essentially comprise expenses from exchange rate differences in the amount of EUR 171,817 (previous year: EUR 199,671). Net impairments on financial assets relates to trade receivables in the amount of EUR 254,605 (previous year: EUR 220,099).

45. Tax charge / tax income

EUR	2020	2019
Current tax charge	8,329,756	7,155,846
Deferred taxes (cf. Note 28)	153,786	-762,464
Tax charge	**8,483,542**	**6,393,382**

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 01/01/2020 to 12/31/2020 amounted to EUR 23,204,283 (previous year: EUR 15,266,929) and was thereby EUR 7,937,354 higher than in the year before.

The principal factors which impacted positively on cash flow from operations include net earnings, the formation of miscellaneous liabilities resulting from higher salary and commission entitlements. Effects that reduced cash flow derived primarily from the formation of trade receivables and lower advance payments resulting from contractual liabilities due to the order situation.

The average time to receipt in financial year 2020 was 31 days (previous year: 30 days), and may continue to be regarded as very low.

47. Cash flow from investment activities

Cash flow from investments for the period from 01/01/2020 to 12/31/2020 amounted to EUR -4,578,024 (previous year: EUR -906,031) and was accordingly EUR 3,671,993 higher than in the year before. This was essentially the result of disbursements to cover investments in fixed assets in the amount of EUR 728,024 (previous year: EUR 906,031) and payments for the acquisition of financial assets amounting to EUR 3,850,000 (previous year: EUR 0).

48. Cash flow from financing activities

Cash flow from financing activities for the period from 01/01/2020 to 12/31/2020 amounted to EUR -12,741,695 (previous year: EUR -18,121,549) and was accordingly EUR 5,379,854 lower than in the year before. This resulted from the payment of a dividend of EUR 2.55 per share (previous year: dividend of EUR 1.40 and special dividend of EUR 2.60 per share) – total dividend of EUR 10,140,248 (previous year: EUR 15,906,272) – and the repayment of lease liabilities in the amount of EUR 2,601,447 (previous year: EUR 2,215,277).

VI. Other disclosures

49. Supervisory Board

The members of the Supervisory Board are:

Moritz Zimmermann	Chairman, Member of the Supervisory Board, Munich
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman, President of the Bund der Steuerzahler in Bayern e.V., Munich.
Klaus Bauer	Supervisory and Advisory board member, Nuremberg

As of 12/31/2020, 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

Moritz Zimmermann held no other supervisory or similar board positions in the financial year.

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

EUR	2020	2019
Moritz Zimmermann		
Compensation pursuant to the Articles of Association	60,000	1,667
Attendance allowances	6,000	1,500
Total	**66,000**	**3,167**

EUR	2020	2019
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	2020	2019
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 2020, there were no payments made for consultancy work beyond the scope of Supervisory Board activities (previous year: EUR 0).

As of 12/31/2020, there were short-term provisions for Supervisory Board compensation not yet paid to members of the Supervisory Board amounting to EUR 108,167 (previous year: EUR 65,000).

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	2020	2019
Andreas F.J. Obereder		
Non-performance-related remuneration		
Salary	540,000	540,000
Benefits on termination of the contract of employment	238,092	237,663
Miscellaneous	124,226	120,625
Performance-related remuneration		
Single-year profit-share payment	50,014	36,989
Multi-year profit-share payment	84,000	84,000
Overall remuneration	**1,036,332**	**1,019,277**

EUR	2020	2019
Christof Leiber		
Non-performance-related remuneration		
Salary	237,500	227,500
Benefits on termination of the contract of employment	36,000	36,000
Miscellaneous	31,404	64,910
Performance-related remuneration		
Single-year profit-share payment	106,079	79,261
Multi-year profit-share payment	109,305	117,000
Overall remuneration	**520,288**	**524,671**

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

The entitlements calculated for 2020 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 2020 to 2022.

With regard to expenses incurred in 2020 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 12/31/2020, there were short-term provisions for as yet unpaid variable remuneration to members of the Board of Management amounting to EUR 295,989 (previous year: EUR 342,489).

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

The majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, holds 3,976,570 shares representing 50.0000025 percent of the shares in ATOSS Software AG via AOB Invest GmbH, Grünwald, Germany (ultimate parent company) in which he owns 100 percent of the shares.

With the exception of the contract existing between the company and Mr. Andreas F.J. Obereder, there were no reportable transactions events at ATOSS Software AG in relation to 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 management board contract.

The wife of the Chief Executive Officer provides services to the company. In 2020, the value of services provided on standard market terms amounted to EUR 2,500 (previous year: EUR 1,872). In addition, the daughter of the Chief Executive Officer is employed on standard market terms. In 2020 the company incurred personnel costs in the amount of EUR 71,652 (previous year: EUR 74,161) for this contract. As of 12/31/2020, there are financial liabilities towards the wife of the CEO for outstanding invoices in the amount of EUR 2,500 (previous year: EUR 0) and salary and commission liabilities for variable remuneration as yet unpaid towards the daughter of the CEO in the amount of EUR 8,250 (previous year: EUR 0).

As of 12/31/2020, the close family members of the CEO held the following shares: Ursula Obereder: 507,726 shares; Christopher Obereder: 38,600 shares; Nicola Obereder: 27,672 shares.

In the 2020 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 12/31/2020 the company employed 557 persons (previous year: 503). The average for the year was 537 (previous year: 493); excluding the Management Board, trainees and interns and temporary staff, the average number of employees was 508 (previous year: 459).

The quarterly average number of employees was as follows:

	2020	2019
Sales and marketing	101	95
Consulting	161	143
Development	196	183
Administration	79	72
Total	**537**	**493**
Of which trainees	2	7
Of which temporary staff and interns	25	25
Of which Management Board members	2	2

53. Share-based Payment

ATOSS Software AG granted one employee share-based payment, settled in cash. To this end, in an agreement beginning on 07/01/2020, it granted the employee virtual shares with an equivalent value of EUR 150,000 based on the average price of a share of ATOSS Software AG at the time of the Xetra closing auction during the three months before the agreement was concluded. A total of 1,703 share options were thereby granted. The share options are only assigned virtually. No actual transfer takes place.

The virtual shares are subject to a 5-year vesting period with the first tranche of share options exercised after a vesting period of 24 months, the second tranche after a vesting period of 48 months and the third tranche after a vesting period of 60 months after the options are granted. The average remaining term of the contract for the three tranches is therefore 38 months as of 12/31/2020.

No stock options were exercised in the reporting period and none expired. As of 12/31/2020, the fair value of other non-financial liabilities resulting from the stock options is EUR 31,560 (previous year: EUR 0) and corresponds to the share price less expected dividends. The personnel expenses resulting from share-based payments recognized in the reporting period amount to EUR 31,560 (previous year: EUR 0).

54. 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, or companies affiliated to it, were recognized as expenses as follows:

EUR	2020	2019
Auditing services for annual financial statements	108,319	79,310
Tax advisory services	23,967	39,879
Other services	9,000	0
Total of fees	**141,286**	**119,189**

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 including an audit of the ESEF documents. The tax advisory services relate to advisory services regarding the tax declaration and in connection with preparing transfer pricing documentation. The other services concern services as part of the cloud ISO certification.

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

55. 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. No provision is made for an option to buy at the end of the term. 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.

In some cases the agreements also include price adjustment clauses on standard market terms.

The financial obligations with regard to rents and lease payments for the coming financial years were composed as follows as of 12/31/2020:

EUR	Rents for premises	Other rents and lease payments
2021	1,911,040	1,003,637
2022 to 2024	3,043,414	791,057
post 2024	915,909	10,128
Total	**5,870,363**	**1,804,822**

With regard 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 5,180,672. The overall costs of all rental and lease agreements in financial year 2020 amounted to EUR 3,190,274 (previous year: EUR 3,009,461).

56. 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 12/31/2020 and 12/31/2019 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 such as trade accounts receivable, financial assets and cash and cash equivalents (incl. fixed-term deposits). The essential risks deriving from the financial assets comprise market, liquidity and credit risks.

Market risk

The market risk is deemed to be material with regard to 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 5.282.828 (previous year: EUR 5,252,517). 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 +/-1,320,707 (previous year: EUR +/-1,313,129).

In the case of financial assets invested in gold, the risk on the closing date amounted at fair value to EUR 2,646,940 (previous year: EUR 2,343,650). 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 +/-264,694 (previous year: EUR +/-234,365).

The Group has a fixed-term deposit account denominated in US dollars. As of the closing date, the fair value of the US dollars reported in cash and cash equivalents was EUR 1,811,040 (previous year: EUR 1,999,989). A fall or rise of 10 percent in the price of the US dollar as a consequence of changes in market conditions would impact Group earnings in the amount of EUR +/-181,104 (previous year: EUR +/-199,999).

These sensitivity analyses each relate to the situation as of 12/31/2020.

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 2020 or 2019, 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 its 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. There were no significant risk clusters.

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

	01/01/2020	Cash changes	Non-cash changes	12/31/2020
Long-term lease liabilities	10,918,017	-2,125,047	1,121,675	9,914,645
Short-term lease liabilities	476,400	-476,400	304,815	304,815
Liabilities from financing activities	**11,394,417**	**-2,601,447**	**1,426,490**	**10,219,460**

57. 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 12/31/2020	Recognized value in balance sheet pursuant to IFRS 9		Fair value
			Amortized cost	Fair value through P/L	
Assets					
Cash and cash equivalents	AC*	23,408,265	23,408,265		23,408,265
Trade receivables	AC*	8,861,514	8,861,514		8,861,514
Other non-current financial assets	FVthP/L*	1,338,414		1,338,414	1,338,414
Other current financial assets	FVthP/L	16,382,953		16,382,953	16,382,953
Liabilities					
Trade accounts payable	FLAC*	538,817	538,817		538,817
Other current financial liabilities	FLAC*	2,352,423	2,352,423		2,352,423

	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

58. German Corporate Governance Code

The Management and Supervisory Boards of ATOSS Software AG issued a declaration regarding the German Corporate Governance Code on 12/01/2020. 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/en-gb/investor-relations/corporate-governance.
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

On the basis of information received by the company pursuant to §§ 21 ff. of the German Securities Trading Act (WpHG) as of 12/31/2020 the notifiable participating interests in the company 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 50.000025 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 02/26/2021 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 03/10/2021.

61. Appropriation of net income

The Management Board proposes to use a sum of EUR 17,300,160.68 from the unappropriated profit from the 2020 financial year for a dividend payment of EUR 1.67 per dividend-bearing share and to carry the remaining net income forward to new account. If this proposal for unappropriated profit is accepted by the general meeting, this will result in a dividend payment of EUR 13,281,737.12 on the share capital entitled to a dividend as of 12/31/2020 amounting to EUR 7,953,136.00 and profit carried forward of EUR 4,018,423.56.

62. Events after the reporting date

There were no significant events after the reporting date.

Munich, 02/26/2021

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

The following copy of the auditor‘s report also includes a “Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB“ (“Separate report on ESEF conformity”). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

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, 2020, 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, 2020, 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, 2020. 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, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, 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, 2020. 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:

- the group statement on corporate governance pursuant to § 315d HGB included in section 2 of the group management report,
- the section “Corporate governance“ of the group management report.

The other information comprises further the remaining parts of the annual 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

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion
We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the attached electronic file ATOSS Software AG_KA+KLB_ESEF-2021-02-23.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January , 2020 to December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion
We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents
The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as auditor by the annual general meeting on May 28, 2020. We were engaged by the supervisory board on Mai 28, 2020. 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, 26 February 2021

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 26, 2021

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

Corporate Calendar

January 29, 2021
Press release announcing preliminary results for 2020

March 12, 2021
Publication of the annual report for 2020

March 12, 2021
Balance sheet press conference

April 26, 2021
Publication of the 3-monthly financial statements

April 30, 2021
Ordinary annual general meeting 2021

July 26, 2021
Press release announcing the 6-monthly financial statements

August 13, 2021
Publication of the 6-monthly financial statements

October 25, 2021
Publication of the 9-monthly financial statements

November 22.-24., 2021
ATOSS at the German Equity Forum

Imprint

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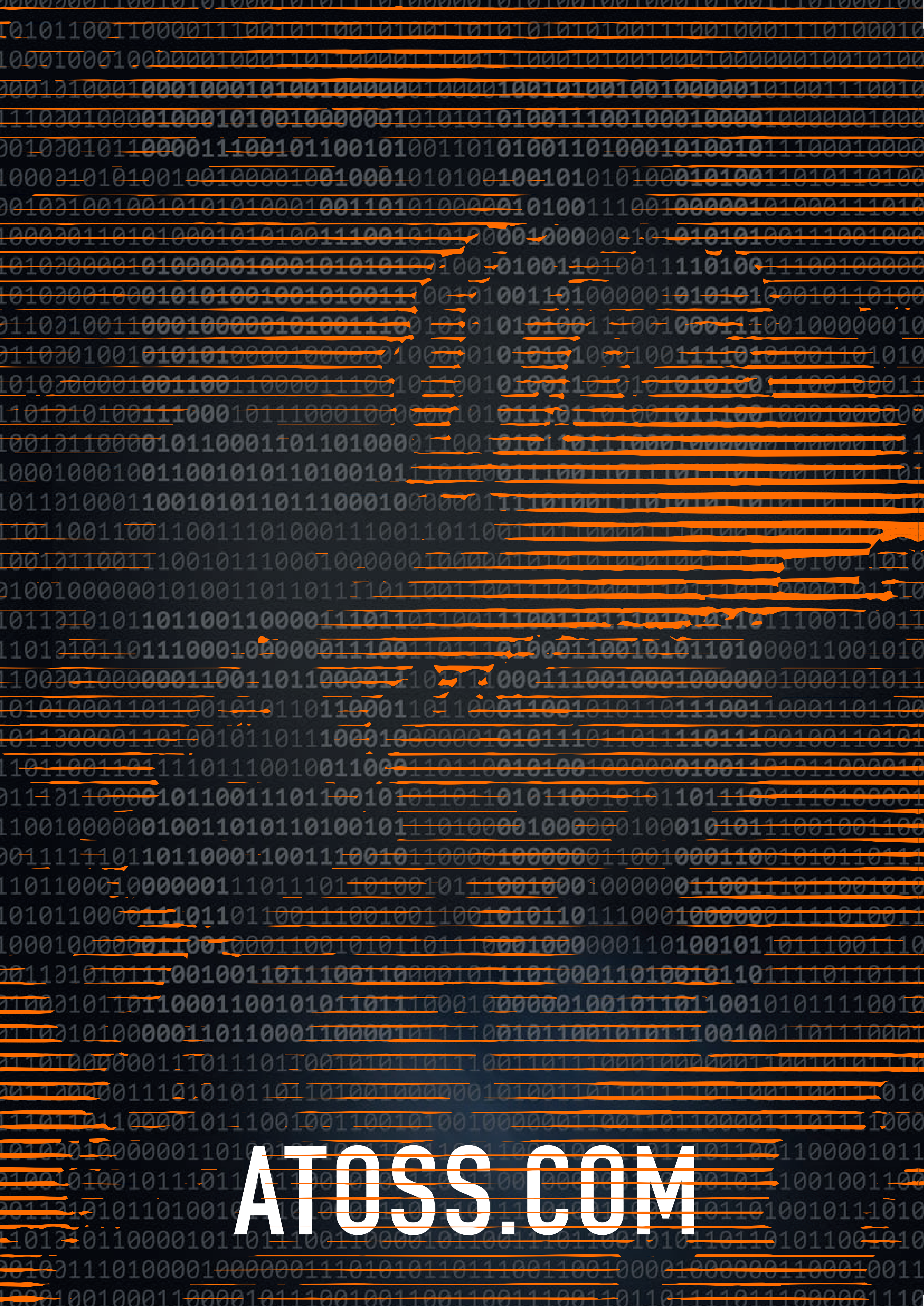
ATOSS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