ATOSS HALF-YEAR REPORT 2018

NEW ATOSS HEADQUARTERS
HIGHRISE ONE

ATOSS HALF-YEAR REPORT 2018

LETTER TO SHAREHOLDERS

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

Dear Shareholders,
Ladies and Gentlemen,

ATOSS Software AG continues to grow – adding another chapter to its continuing success story for the thirteenth year in succession. Thanks to customer-oriented innovations and the successful development of a range of cloud solutions, ATOSS has also succeeded in continually expanding its dynamic growth in the first half of this year.

And the preconditions for sustaining this success moving forward are outstanding. ATOSS was not only able to achieve new record figures for sales and earnings, but also for orders received and orders on hand.

Advancing digitization, new work concepts and an individualized society are changing the world of work continuously and dramatically. Companies today have to be able to adapt increasingly flexibly to the demands of the market to prevail against the competition. As part of this, having a highly agile and flexible personnel infrastructure is essential. ATOSS' professional workforce management solutions play a key role in achieving this.

As a reliable long-term business partner with top-notch investment security, excellent innovation and robust growth rates, we are ideally positioned to successfully tap the ever growing opportunities in the workforce management market.

This strong positioning is recognized and appreciated accordingly within the public arena. For instance, ATOSS was presented with the BAYERNS BEST 50 award by the Bavarian State Ministry for Economic Affairs and Media, Energy and Technology for the second time in 2018, after already picking up the award in 2003. Every year, this annual prize recognizes owner-run companies that have achieved significantly above-average growth in personnel and sales over the past five years. We are delighted to have received this award and gained recognition for our track record. Together with the latest figures, this award clearly confirms that we are on the right track strategically.

The promising order pipeline in H1 2018, with orders on hand for software licenses of EUR 5.1 million and cloud solutions of EUR 12.1 million, forms an outstanding basis for further growth in the current financial year and beyond.

Given this situation, the Management Board stands by its guidance for the financial year 2018 and continues to anticipate sales and earnings development on a par with the growth rates of the financial year 2017 within a corridor of +/- 3 percent. Despite further planned investments, particularly in sales for developing new markets, and a continuing high level of expenditure on research & development amounting to around one fifth of sales, the EBIT margin is also expected to remain unchanged at around 25 percent.

Yours sincerely,

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Board of Management

NEW ATOSS HEADQUARTERS **HIGHRISE ONE**

FACTS OVERVIEW

Economic environment

The economic barometer published by the German Institute for Economic Research (DIW Berlin) indicates moderate growth of 0.4 percent in the second quarter over the previous quarter. Although the German economy therefore lost some momentum compared to the rapid growth of last year, it is still enjoying good capacity utilization thanks to the well-filled order books.

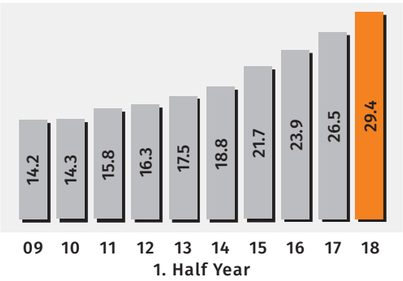
In contrast, the market forecasts for the German ICT market published by the digital trade association Bitkom in February 2018 are considerably more confident. Growth in the software segment for the current year is expected to come in at 6.3 percent.

The company

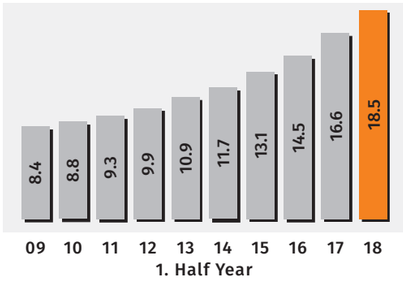
The development of sales in the first half of 2018 underlines the continued customer interest and therefore also the strong competitive position of ATOSS within the workforce management field.

The long-term development of the key performance indicators remains very pleasing. A thirteenth record year in succession is conceivable.

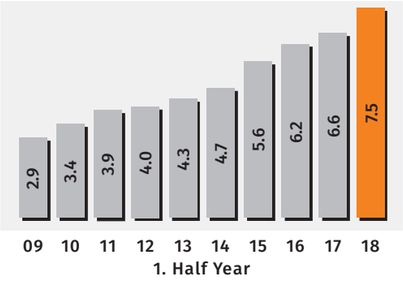
Total Sales (Mio. EUR)



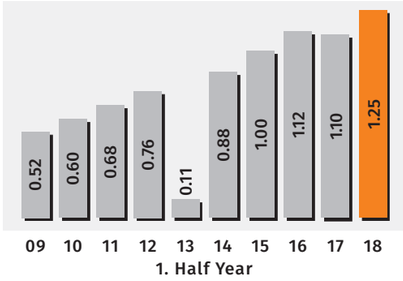
Software Sales (Mio. EUR)



EBIT (Mio. EUR)



EPS (EUR)



CONSOLIDATED OVERVIEW PURSUANT TO IFRS: HALF-YEAR COMPARISON IN KEUR

	01/01/2018 - 06/30/2018	Proportion of total sales	01/01/2017 - 06/30/2017	Proportion of total sales	Change 2018 / 2017
Sales	**29,446**	**100%**	**26,512**	**100%**	**11%**
Software	**18,513**	**63%**	**16,600**	**63%**	**12%**
Licenses	5,970	20%	6,050	23%	-1%
Maintenance	10,757	37%	9,705	37%	11%
Cloud	1,785	6%	846	3%	111%
Consulting	**8,451**	**29%**	**7,104**	**27%**	**19%**
Hardware	**1,780**	**6%**	**1,938**	**7%**	**-8%**
Others	**703**	**2%**	**869**	**3%**	**-19%**
EBITDA	7,942	27%	7,009	26%	13%
EBIT	**7,472**	**25%**	**6,643**	**25%**	**12%**
EBT	7,391	25%	6,580	25%	12%
Net profit	**4,986**	**17%**	**4,376**	**17%**	**14%**
Cash flow	**4,366**	**15%**	**4,042**	**15%**	**8%**
Liquidity (1/2)	**25,862**		**23,735**		**9%**
EPS in euros	**1.25**		**1.10**		**14%**
Employees (3)	**436**		**388**		**12%**

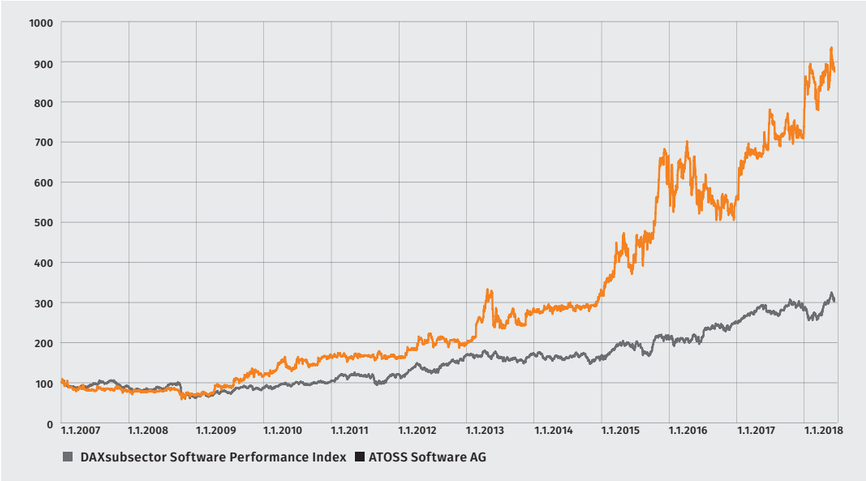
CONSOLIDATED OVERVIEW PURSUANT TO IFRS: QUARTERLY COMPARISON IN KEUR

	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17
Sales	**14,926**	**14,520**	**14,585**	**13,510**	**13,521**
Software	**9,265**	**9,248**	**9,252**	**8,733**	**8,532**
Licenses	2,897	3,073	3,455	3,177	3,174
Maintenance	5,420	5,337	5,147	5,036	4,909
Cloud	947	838	650	520	449
Consulting	**4,284**	**4,167**	**3,922**	**3,686**	**3,469**
Hardware	**1,016**	**764**	**1,024**	**756**	**995**
Others	**362**	**341**	**387**	**335**	**525**
EBITDA	3,849	4,093	4,114	3,756	3,518
EBIT	**3,624**	**3,848**	**3,920**	**3,563**	**3,329**
EBIT margin in %	**24%**	**27%**	**27%**	**26%**	**25%**
EBT	3,616	3,775	3,950	3,530	3,210
Net profit	**2,436**	**2,550**	**2,691**	**2,263**	**2,120**
Cash flow	**-1,368**	**5,734**	**-797**	**5,612**	**-873**
Liquidity (1/2)	**25,862**	**31,584**	**27,122**	**28,715**	**23,735**
EPS in euros	**0.61**	**0.64**	**0.68**	**0.57**	**0.53**
Employees (3)	**436**	**425**	**417**	**408**	**388**

(1) Cash and cash equivalents, other current and non-current financial assets (deposits, gold) as of the reporting date, adjusted to exclude borrowings (loans)
(2) Dividend of EUR 1.17 per share on 5/2/2018 (KEUR 4,653) and a dividend of EUR 1.16 per share on 5/4/2017 (KEUR 4,613)
(3) At the end of the quarter/year

INVESTOR RELATIONS

SHARE PRICE PERFORMANCE: Q1/2007 – Q2/2018



CONSOLIDTED OVERVIEW PURSUANT TO IFRS: QUARTERLY COMPARISON IN EUR

	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17
Highest price	96.0	91.8	79.15	80.13	74.36
Lowest price	80.0	72.8	71.36	69.73	67.54
Share price at the end of the quarter	89.8	82.4	74.01	73.83	70
Dividend per share (2)	1.17	0.00	0.00	0.00	1.16
Cash flow per share	-0.34	1.44	-0.20	1.41	-0.22
Liquidity per share (1/2)	6.51	7.94	6.82	7.22	5.97
EPS	0.61	0.64	0.68	0.57	0.53
EPS (diluted)	0.61	0.64	0.68	0.57	0.53

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

(2) Dividend of EUR 1.17 per share on 5/2/2018 (KEUR 4,653) and a dividend of EUR 1.16 per share on 5/4/2017 (KEUR 4,613)

ATOSS share hits new heights in the first half of the year

The ATOSS share set new records in the first half of 2018 and has therefore continued its positive development in the long-term. The share traded at EUR 96.0 in mid-June 2018 – its highest price since the IPO in 2000 – and closed on June 29 at EUR 89.8.

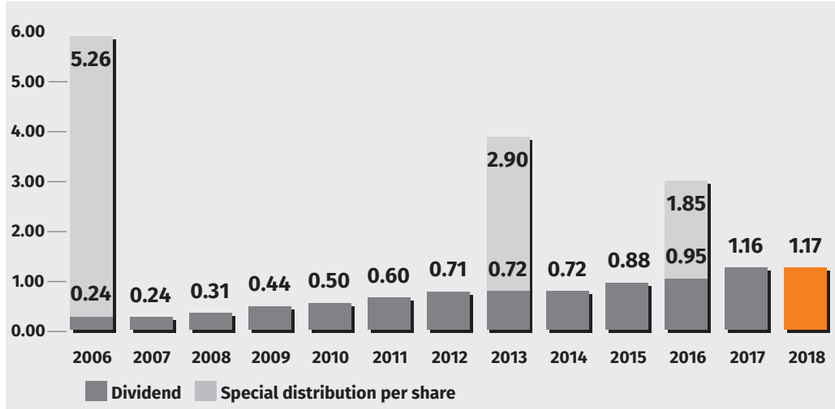
The ATOSS share also looks strong across a longer time frame: From 2007 to the end of June 2018, the share has recorded a price increase of 776 percent. By way of comparison, the Software Performance Index Daxsubsector was only able to grow by 208 percent over the same period. As a result, the ATOSS share substantially outperformed the index and developed considerably better than the market.

ATOSS Software AG distributes around 50 percent of its earnings per share to shareholders annually, assuming payout capability. The company has followed this transparent approach consistently since 2003. In addition, there were also respectable special distributions in 2006, 2013 and 2016. Overall, long-term ATOSS shareholders have received a dividend of EUR 21.52 per share in the last 15 years.

Given this distribution policy – in combination with the highly positive earnings growth – ATOSS will retain its positioning in future as a technology company offering an attractive and reliable dividend return, as well as consistently positive development, plus the growth opportunities on offer.

NEW ATOSS HEADQUARTERS **HIGHRISE ONE**

ATOSS DIVIDEND IN EUR



Analysts praise strong sales performance

According to the analysts from Warburg Research, the key figures posted for the first half of the year underline ATOSS' continued strong sales performance. The cloud segment notably recorded high growth in orders received in the first six months of the year. These orders secure positive earnings effects for the company in the long term over the entire span of a project, even if these orders have a lesser impact on earnings in the short term. Given the sustained positive forecasts, the share continues to be rated as "Hold" with a price target of EUR 91.

More information: **www.atoss.com**

GROUP MANAGEMENT REPORT

1. Business and operating conditions: German economy loses momentum

The expansion of the global economy slowed tangibly at the start of 2018. Global production, which grew very strongly over the course of 2017, has lost considerable momentum of late. After growth in production already slowed somewhat in the second half of last year, the global economy grew by 0.8 percent in Q1 2018, only slightly more than in 2015 and 2016 – years which were synonymous with global economic weakness.

The Eurozone economy also lost momentum at the beginning of this year. With a 0.4 percent rise in the real gross domestic product in the first quarter 2018 compared to the previous quarter, expansion weakened noticeably compared to the strong growth rates of 0.7 percent respectively achieved in the four quarters of 2017.

A slowing of economic development was also observed in Germany due to external risks. For this reason, the ifo Institute substantially revised its spring 2018 economic forecast downwards. With a look to the current and coming year, it is anticipating growth in the real gross domestic product of 1.8 percent. The upwards momentum in Germany will nevertheless continue, though not at the same pace as in 2017.

The German high-tech industry can, however, look to the future with optimism. According to a market forecast for the German ICT market published by the digital trade association Bitkom in February, growth in the software field is expected to total 6.3 percent for the current year.

Against this backdrop, ATOSS recorded strong business development in the first half of 2018, with sales growth of 11 percent as well as growth in operating profits (EBIT) of 12 percent – in parallel to substantially higher expenses for R&D, sales and customer services compared to the previous year. Sales growth of 12 percent was achieved in the core software business. Sales from consulting services, which have risen continuously over past years, came in at EUR 8.5 million (previous year: EUR 7.1 million), representing a substantial rise of 19 percent over the previous year period. Orders on hand for software licenses and cloud solutions totaled EUR 5.1 million and EUR 12.1 million respectively as of June 30, 2018, following on from EUR 5.1 million and EUR 6.9 million in the previous year.

2. Earnings situation: Record sales and earnings figures once again

In the first half of the 2018 financial year, ATOSS generated overall sales growth of 11 percent to EUR 29.4 million (previous year: EUR 26.5 million). Sales in the core software business rose by 12 percent from EUR 16.6 million to EUR 18.5 million. Within software income, the largest driver of growth came from recurring sales from cloud solutions, which more than doubled to EUR 1.8 million (previous year: EUR 0.8 million). Sales from software licenses totaled EUR 6.0 million (previous year: EUR 6.1 million). The software maintenance business also enjoyed a successful first half of the year, sustaining the consistent positive development of past periods. Sales in this area rose by 11 percent to EUR 10.8 million.

Earnings before interest and taxes (EBIT), the most important key figure for expressing the operating success of the company, improved from EUR 6.6 million in the first half of the previous year to EUR 7.5 million on the back of the positive sales development. The return on sales represented by EBIT therefore stood at 25 percent (previous year: 25 percent).

Earnings before taxes (EBT) recorded growth of 12 percent during the reporting period, rising from EUR 6.6 million to EUR 7.4 million.

Earnings after taxes came in at EUR 5.0 million as of June 30, 2018 (previous year: EUR 4.4 million). As a result, earnings per share totaled EUR 1.25 (previous year: EUR 1.10).

Orders received for software licenses and the software component of contracted cloud subscriptions during the first six months of the year rose impressively by 20 percent from EUR 6.4 million to EUR 7.7 million overall. The promising order pipeline – with orders on hand for software licenses of EUR 5.1 million (previous year: EUR 5.1 million) and cloud solutions valued at EUR 12.1 million (previous year: EUR 6.9 million) – therefore provides an outstanding foundation for the remainder of the 2018 financial year.

3. Net assets and financial position

In the first six months of the year, cash flow from operations totaled EUR 4.4 million (previous year: EUR 4.0 million). Liquidity (cash and cash equivalents less borrowings) increased compared to the previous year period from EUR 11.6 million to EUR 14.2 million. The overall position comprising liquidity and other current and non-current financial assets adjusted for borrowings (e.g. loans) increased from EUR 23.7 million to EUR 25.9 million. Liquidity per share including other current and non-current financial assets and adjusted for borrowings stood at EUR 6.5 on June 30, 2018 (previous year: EUR 5.97).

Cash flow from operating activities was mainly positively influenced by the higher net profit, the non-operative write-downs on fixed assets contained within it as well as higher order-related advance payments received. The primary effects which reduced cash flow resulted from the decrease in miscellaneous liabilities following the payout of salary and commission liabilities, and the increase in trade accounts receivable.

Cash flow from investment activities was strongly influenced by the EUR 0.9 million investment in fixed assets (previous year: EUR 0.5 million).

As of June 30, 2018, ATOSS had an equity ratio of 57 percent (previous year: 50 percent). The company therefore continues to enjoy excellent capital resources, ensuring financial solvency at all times.

4. Product development

Research and development remains an important component of the ATOSS growth strategy, with the goal of further extending the company's strong position as a technological leader in workforce management moving forward. Research and development costs in the first six months rose by 8 percent compared to the previous year and stood at EUR 5.6 million as of June 30, 2018 (previous year: EUR 5.2 million). R&D costs as a proportion of overall sales amounted to 19 percent (previous year: 20 percent).

The company continues to refrain from capitalizing the expense of developing product innovations. All expenditure for this purpose is recognized in the income statement in the period in which it is incurred.

5. Employees

The number of employees has risen from 388 in the previous year to 436. As of June 30, 2018, ATOSS employed 179 members of staff in development (previous year: 156), 116 in consulting (previous year: 109), 76 in sales and marketing (previous year: 68), and 65 in administration (previous year: 55).

Personnel costs for the current financial year totaled EUR 14.9 million on June 30, 2018 (previous year: EUR 13.6 million).

6. Risks associated with future development

No material changes to the company's risk structure occurred with regard to the description provided in the consolidated financial statements as of December 31, 2017.

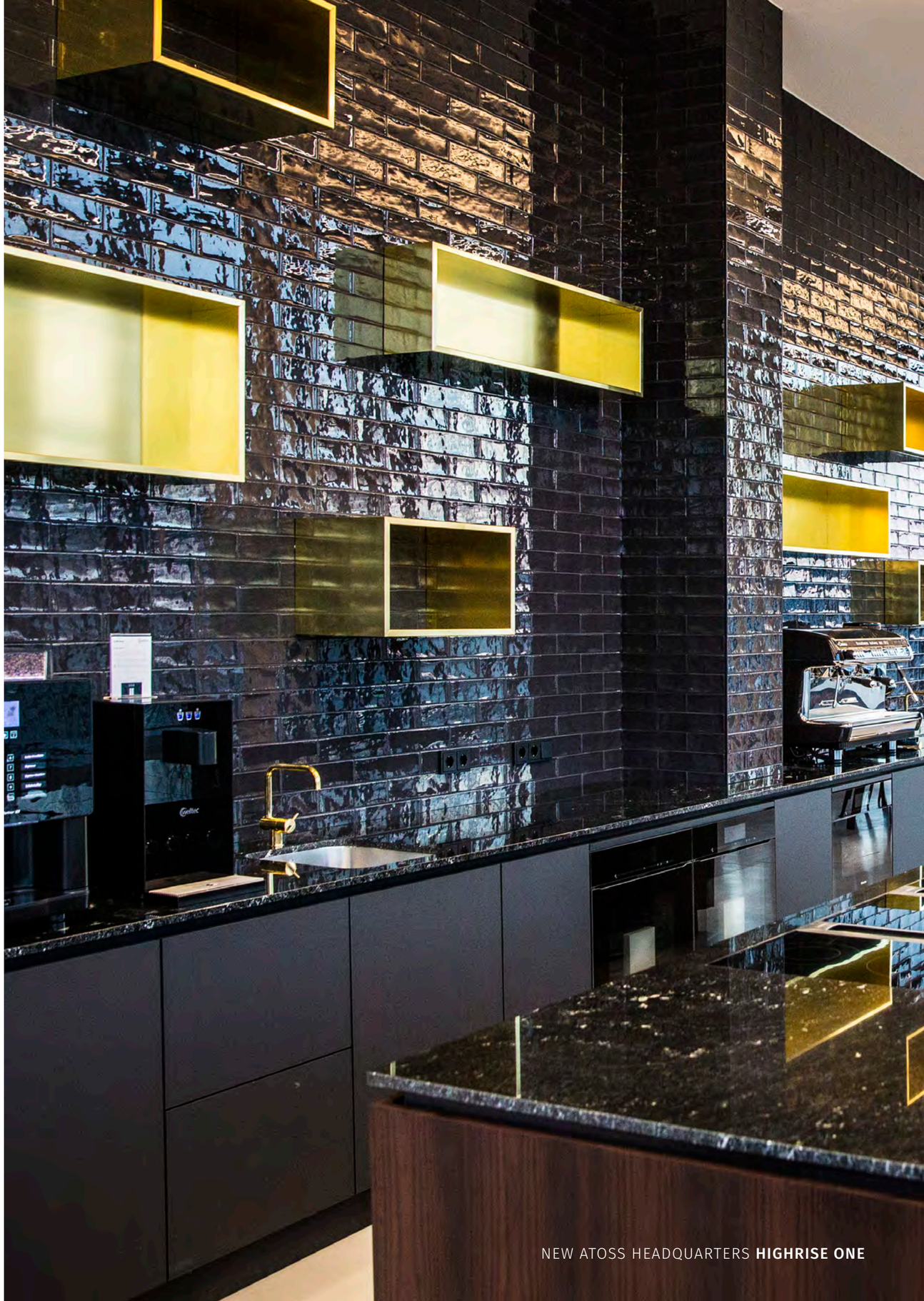
The market risk associated with financial assets available for sale largely concerns the fair value of the investment funds and the company's gold holdings, which stood at EUR 5.0 million and EUR 1.9 million respectively as of June 30, 2018, and this risk is dependent on the price performance of the share and the development in the gold price moving forward.

7. Events after the closing date

No reportable events of particular significance have occurred since June 30, 2018.

8. Outlook

In the first six months of the current financial year 2018, ATOSS recorded highly positive developments in both sales and operating profits. Given this situation, the Management Board stands by its guidance for the financial year 2018 and continues to anticipate sales development on a par with the growth rates of the financial year 2017 within a corridor of +/- 3 percent. Despite the further planned increase in headcount, particularly in sales for developing new markets, and a continuing high level of expenditure on research & development amounting to around one fifth of sales, the EBIT margin is also expected to remain at around 25 percent.



NEW ATOSS HEADQUARTERS **HIGHRISE ONE**

CONSOLIDATED BALANCE SHEET AS OF 06/30/2018

Assets (EUR)	06/30/2018	12/31/2017
Non-current assets		
Intangible assets	322,517	358,907
Property, plant and equipment	4,149,023	3,696,367
Other financial assets	494,195	496,975
Deferred taxes	641,065	835,633
Total non-current assets	**5,606,800**	**5,387,882**
Current assets		
Inventories	5,792	3,610
Trade accounts receivable	6,140,426	5,077,440
Other financial assets	11,637,805	11,680,269
Other non-financial assets	1,096,932	949,971
Cash and cash equivalents	14,225,412	15,428,403
Total current assets	**33,106,367**	**33,139,693**
Total assets	**38,713,167**	**38,527,575**

Equity and liabilities (EUR)	30.06.2018	31.12.2017
Equity		
Subscribed capital	3,976,568	3,976,568
Capital reserve	-470,379	-661,338
Equity deriving from unrealized profits/losses	-1,975,435	-1,784,476
Profit shown on balance sheet	20,651,888	20,312,545
Equity attributable to equity holders of the parent	**22,182,642**	**21,843,299**
Non-controlling interests	-40,259	-34,185
Total equity	**22,142,383**	**21,809,114**
Non-current liabilities		
Pension provisions	4,880,796	4,826,790
Deferred taxes	50,335	50,335
Total non-current liabilities	**4,931,131**	**4,877,125**
Current liabilities		
Trade accounts payable	575,796	446,808
Other liabilities	5,772,294	6,946,855
Deferred revenues	4,975,896	4,191,934
Tax provisions	265,667	166,739
Other provisions	50,000	89,000
Total current liabilities	**11,639,653**	**11,841,336**
Total equity and liabilities	**38,713,167**	**38,527,575**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01/01/2018 TO 06/30/2018

	Quarterly report		6-months report	
EUR	04/01/2018 - 06/30/2018	04/01/2018 - 06/30/2018	01/01/2018 - 06/30/2018	01/01/2018 - 06/30/2018
Sales revenues	**14,926,135**	**13,520,885**	**29,445,977**	**26,511,886**
Cost of sales	-4,411,155	-4,127,678	-8,575,281	-8,069,119
Gross profit on sales	**10,514,980**	**9,393,207**	**20,870,696**	**18,442,767**
Selling costs	-2,695,477	-2,383,395	-5,129,796	-4,566,814
Administration costs	-1,268,963	-1,074,034	-2,546,941	-2,092,387
Research and development costs	-2,812,031	-2,617,359	-5,595,326	-5,187,695
Other operating income	101,372	38,599	159,435	109,240
Other operating expenses	-215,086	-28,586	-285,575	-62,415
Operating profit (EBIT)	**3,624,796**	**3,328,432**	**7,472,494**	**6,642,696**
Interest and similar income	15,592	-96,445	31,145	677
Interest and similar expenses	-23,994	-22,862	-112,194	-63,831
Earnings before taxes (EBT)	**3,616,394**	**3,209,125**	**7,391,445**	**6,579,542**
Taxes on income and earnings	-1,180,620	-1,089,075	-2,405,592	2,203,567
Net income for the year	**2,435,775**	**2,120,050**	**4,985,854**	**4,375,975**
Attributable to:				
Equity holders of the parent	2,438,870	2,123,754	4,991,928	4,383,133
Non-controlling interests:	-3,095	-3,704	-6,073	-7,158
Earnings per share (undiluted)	0.61	0.53	1.25	1.10
Earnings per share (diluted)	0.61	0.53	1.25	1.10
Average number of shares in circulation (undiluted)	3,976,568	3,976,568	3,976,568	3,976,568
Average number of shares in circulation (diluted)	3,976,568	3,976,568	3,976,568	3,976,568

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01/01/2018 TO 06/30/2018

EUR	01/01/2018 - 06/30/2018	01/01/2017 - 06/30/2017
Net income for the year	**4,985,854**	**4,375,975**
Components not reallocated in profit and loss		
Profits/losses on the revaluation of defined benefit pension plans recognized in equity	0	0
Tax effects on profits/losses on the revaluation of defined benefit pension plans recognized in equity	0	0
Components reallocated in profit or loss in later periods		
Profits/losses recognized in equity on the disposal of financial assets available for sale	0	50,809
Tax effects on profits/losses recognized in equity on the disposal of financial assets available for sale	0	-16,950
Other comprehensive income for the period after taxes	**0**	**33,859**
Comprehensive income after taxes	**4,985,854**	**4,409,834**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 01/01/2018 TO 06/30/2018

EUR	01/01/2018 - 06/30/2018	01/01/2017 - 06/30/2017
Earnings before taxes (EBT)	**7,391,445**	**6,579,542**
Depreciation on fixed assets	471,272	365,873
Interest and similar income	-31,145	-677
Interest and similar expenses	112,194	63,831
Gains/losses from the disposal of fixed assets	28,817	726
Change in net current assets		
Trade accounts receivable	-1,062,986	378,717
Inventories and other assets	-371,253	-353,924
Trade accounts payable	128,988	-197,408
Other liabilities	-1,174,560	-1,175,622
Deferred revenues and payments received	783,962	1,050,365
Other provisions	-39,000	0
Other assets	9,632	0
Interest received	377	80
Interest paid	0	-64
Income taxes received	321,755	0
Income taxes paid	-2,203,548	-2,668,976
Cash flow generated from operating activities (1)	**4,365,949**	**4,042,464**
Cash flow from investment activities		
Disbursements for the purchase of property, plant and equipment and intangible assets	-922,855	-521,447
Receipts from the disposal of property, plant and equipment and intangible assets	6,500	0
Disbursements for the purchase of other financial assets	0	-2,101,709
Cash flow generated from investment activities (2)	**-916,355**	**-2,623,156**
Cash flow from financing activities		
Dividends paid	-4,652,585	-4,612,819
Cash flow generated from financing activities (3)	**-4,652,585**	**-4,612,819**
Change in liquidity - total of (1) to (3)	**-1,202,991**	**-3,193,511**
Liquidity at beginning of year	15,428,403	14,769,956
Liquidity at end of year	14,225,412	11,576,445

NEW ATOSS HEADQUARTERS **HIGHRISE ONE**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 06/30/2018

	Attributable to the equity holders of the parent					
EUR	Subscribed capital	Capital reserve	Equity deriving from unrealized profits/losses	Profit shown on balance sheet	Non-controlling interests	Total
01/01/2017	**3,976,568**	**-661,338**	**-1,998,976**	**15,581,847**	**-20,180**	**16,877,921**
Net income 2017	0	0	0	4,383,133	-7,158	4,375,975
Other comprehensive income	0	0	33,859	0	0	33,859
Total comprehensive income	**0**	**0**	**33,859**	**4,383,133**	**-7,158**	**4,409,834**
Dividends	0	0		-4,612,819		-4,612,819
06/30/2017	**3,976,568**	**-661,338**	**-1,965,117**	**15,352,161**	**-27,338**	**16,674,936**
01/01/2018	**3,976,568**	**-661,338**	**-1,784,476**	**20,312,545**	**-34,185**	**21,809,114**
Net income 2018	0	0	0	4,991,928	-6,073	4,985,854
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	**0**	**0**	**0**	**4,991,928**	**-6,073**	**4,985,854**
Transition effects of new International Financial Reporting Standards (IFRS)	0	190,959	-190,959	0	0	0
Dividends	0	0	0	-4,652,585	0	-4,652,585
06/30/2018	**3,976,568**	**-470,379**	**-1,975,435**	**20,651,888**	**-40,259**	**22,142,383**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

This quarterly report has been prepared in accordance with the International Financial Reporting Standards (IFRS) in compliance with IAS 1.14. In particular, the report complies with the provisions contained in IAS 34 “Interim Financial Reporting”. The requirements contained in the German Accounting Standard (DRS) no. 6 regarding interim reporting have also been fulfilled.

In accordance with IAS 34.20, these statements include a consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, a statement of changes in consolidated equity and explanatory notes to the consolidated statements.

The same financial accounting, valuation and computation methods have been applied as in the annual financial statements as of December 31, 2017.

The Management Board is satisfied that these half-yearly financial statements convey a true and fair view of the economic situation of the company, its net assets, financial position, earnings situation and cash flows. This interim report has not undergone an auditors’ review or statutory audit.

2. Reporting period

These consolidated financial statements were prepared as of June 30, 2018 for the reporting period from 01/01/2018 to 06/30/2018.

3. Currency

All figures stated are in euros. Amounts are rounded up to whole euro units.

4. Consolidated companies

In addition to the parent company, ATOSS Software AG, Munich, these consolidated financial statements as of June 30, 2018 also include all subsidiary companies:

ATOSS CSD Software GmbH, Cham, Germany (100%)
ATOSS Software Ges.m.b.H., Vienna, Austria (100%)
ATOSS Software AG, Zurich, Switzerland (100%)
SC ATOSS Software SRL, Timisoara, Romania (100%)
ATOSS Aloud GmbH, Munich, Germany (97%)
ATOSS North America Inc., West Hollywood, USA (100%)

These companies are fully consolidated.

5. Changes in equity

The development of equity can be derived from the statement of changes in consolidated equity.

6. Sales revenues

The company's sales revenues in the financial year were composed as follows:

EUR	01/01/2018 - 06/30/2018	01/01/2017 - 06/30/2017
Licenses	5,970,181	6,050,335
Maintenance	10,757,200	9,704,523
Cloud	1,785,130	845,532
Total software	**18,512,511**	**16,600,390**
Consulting	8,450,959	7,103,904
Hardware	1,779,593	1,938,425
Others	702,914	869,167
Total sales revenues	**29,445,977**	**26,511,886**

The geographic breakdown of sales revenues was as follows:

EUR	01/01/2018 - 06/30/2018	01/01/2017 - 06/30/2017
Domestic	24,897,289	21,955,806
Abroad	4,548,688	4,556,080
Of which Austria	2,089,129	2,232,504
Of which Switzerland	1,457,450	1,208,066
Of which other countries	1,002,109	1,115,510
Total sales revenues	**29,445,977**	**26,511,886**

The sales revenues were distributed between product groups as follows:

EUR	01/01/2018 - 06/30/2018	01/01/2017 - 06/30/2017
Sales revenues		
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	24,931,425	23,059,070
ATOSS Time Control (ATC)	4,514,552	3,452,816
Total sales revenues	**29,445,977**	**26,511,886**

7. Personnel expenses

Consolidated personnel expenses as of June 30, 2018 broke down as follows:

EUR	01/01/2018 - 06/30/2018	01/01/2017 - 06/30/2017
Wages and salaries	12,764,351	11,434,526
Social security contributions and expenditure on retirement pensions and welfare	2,185,417	2,161,056
Total personnel expenses	**14,949,768**	**13,595,582**

8. Other operating income and expenses

In the first six months of the current financial year, the company generated other operating income of EUR 159,435 (previous year: EUR 109,240). This largely relates to income from the liquidation of provisions of EUR 102,792 (previous year: EUR 50,885) as well as income from exchange rate differences of EUR 51,905 (previous year: EUR 19,029).

Other operating expenses totaling EUR 285,575 (previous year: EUR 62,415) largely consist of expenses from the creation of value adjustments totaling EUR 155,476 (previous year: income from the reversal of value adjustments of EUR 16,882) and expenses from exchange rate differences totaling EUR 89,647 (previous year: EUR 61,277).

9. Financial income and expenses

In the first six months of the current financial year, the company posted other financial income of EUR 31,145 (previous year: EUR 677). This largely relates to income from the valuation of capital sum assurance claims totaling EUR 30,691.

On June 30, 2018, the company recorded financial expenses amounting to EUR 112,194 (previous year: EUR 63,831). These are expenses incurred as part of the write-down of existing gold holdings (EUR 10,380) and investment funds (mostly pension funds) totaling EUR 55,924 as well as interest expenses relating to pension provisions of EUR 45,890 (previous year: EUR 45,728).

10. Tax charge

Consolidated tax expenses as of June 30, 2018 broke down as follows:

EUR	01/01/2018 - 06/30/2018	01/01/2017 - 06/30/2017
Pre-tax earnings pursuant to IFRS	**7.391.371**	**6.579.542**
Expected tax charge (2018: 32.47%, 2017: 32.56%)	-2,400,002	-2,142,299
Non-deductible operating expenses	-10,508	-15,166
Current losses for which no deferred tax claim has been recognized	-129,148	-125,789
Lower tax rates at Group companies and branches	105,330	88,907
Miscellaneous	28,736	-9,220
Actual Group tax charge	**-2,405,592**	**-2,203,567**

11. Earnings per share

Earnings per share is calculated by dividing the net result for the period of EUR 4,985,854 (4,375,975) by the weighted average number of shares outstanding. An average of 3,976,568 shares were in circulation between January 1, 2018 and June 30, 2018. As a result, earnings per share for this period amounted to EUR 1.25, in comparison with EUR 1.10 in the first six months of the previous year.

12. Employees

As of June 30, 2018, the company employed 436 people (previous year: 388).

	01/01/2018 - 06/30/2018	01/01/2017 - 06/30/2017
Development	179	156
Consulting	116	109
Sales and marketing	76	68
Administration	65	55
Total	**436**	**388**

13. Management Board

Members of the Management Board:

Andreas F.J. Obereder	Chief Executive Officer
Christof Leiber	Member of the Management Board

14. Supervisory Board

Following a resolution of the annual general meeting on April 26, 2018, the Supervisory Board was re-elected and is comprised as follows:

Peter Kirn	Chairman
Rolf Baron Vielhauer von Hohenhau	Deputy Chairman
Klaus Bauer	Member of the Supervisory Board

15. Board member shareholdings

As of June 30, 2018, the following board members held the following volumes of ATOSS shares:

EUR	06/30/2018	03/31/2018	12/31/2017	09/30/2017	06/30/2017
Andreas F.J. Obereder	1,988,285	1,988,285	1,988,285	1,988,285	1,988,285
Peter Kirn	9,773	10,173	10,673	10,873	10,873

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

16. Notifiable participating interests

In the first six months of financial year 2018, the company did not receive any notifications regarding changes in participating interests pursuant to sections 21ff. of the German Securities Trading Act.

17. Business relations with closely related persons

As of June 30, 2018, no business relations existed with closely related persons.

18. Events after the reporting date

No reportable events of particular significance have occurred since June 30, 2018.

Responsibility statement

According to the best of our knowledge, we assure that, pursuant to the applicable accounting principles for interim reporting, the interim consolidated financial statements convey a true and fair view of the Group's net assets, financial position and results of operations, and that the business development, including the business results and the Group's position, are presented in the interim Group management report in such a way that they convey a true and fair view, and that the key opportunities and risks pertaining to the Group's prospective development in the remainder of the financial year are described.

Munich, August 10, 2018

Andreas F.J. Obereder
Chief Executive Officer

Christof Leiber
Member of the Management Board

Disclaimer

This report contains forward-looking statements that are based on the conviction of the Management Board of ATOSS Software AG and reflect current assumptions and estimations. These forward-looking statements are subject to risks and uncertainties. Many facts that cannot currently be predicted may cause the actual performance and earnings of ATOSS Software AG to develop in a different manner. This could, for example, include the non-acceptance of newly introduced products or services, changes in the general economic and business climate, a failure to achieve efficiency and cost-reduction targets or changes in business strategy.

The Management Board is firmly convinced that the expectations embodied in these forward-looking statements are sound and realistic. Should, however, the above-mentioned or other unforeseeable risks materialize, ATOSS Software AG cannot guarantee that the expressed expectations will prove to be correct.

FINANCIAL CALENDAR

10/24/2018
Quarterly press release announcing the 9-month financial statements

11/27/2018
ATOSS at the German Equity Forum

IMPRINT

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