COMPETITIVE PRODUCTIVITY IN A DIGITAL AGE

ATOSS ANNUAL REPORT 2023

ATOSS | 2023

Consolidated Overview as per IFRS

Year on year comparison in KEUR

	01/01/2023 – 12/31/2023	Proportion of total sales	01/01/2022 – 12/31/2022	Proportion of total sales	Change 2023 to 2022
Sales revenues	151,198	100%	113,916	100%	33%
Software	108,197	72%	78,393	69%	38%
Licenses	19,610	13%	12,607	11%	56%
Maintenance	35,669	24%	31,632	28%	13%
Cloud & Subscriptions	52,918	35%	34,154	30%	55%
Consulting	33,229	22%	28,115	25%	18%
Hardware	6,084	4%	4,476	4%	36%
Others	3,688	2%	2,932	3%	26%
EBITDA	55,865	37%	34,707	30%	61%
EBIT	51,819	34%	30,802	27%	68%
EBT	53,326	35%	29,310	26%	82%
Net profit	35,773	24%	19,377	17%	85%
Cash flow	52,654	35%	26,269	23%	100%
Liquidity [1/2]	82,584		56,827		45%
EPS in euro	4.50		2.44		84%
Employees [3]	775		693		12%

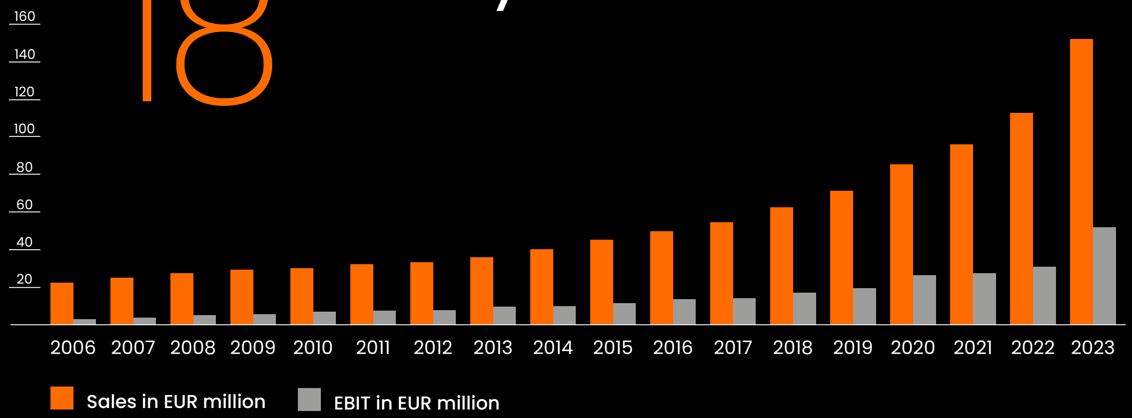
Quarterly comparison in KEUR

	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Sales revenues	40,937	37,012	37,026	36,223	32,033
Software	29,212	27,178	26,594	25,213	22,123
Licenses	5,534	4,744	4,647	4,685	3,651
Maintenance	9,140	8,841	8,917	8,771	8,357
Cloud & Subscriptions	14,538	13,593	13,030	11,757	10,115
Consulting	9,050	7,779	8,063	8,337	7,671
Hardware	1,541	1,184	1,565	1,794	1,388
Others	1,134	872	803	879	851
EBITDA	16,180	13,533	13,580	12,572	10,143
EBIT	15,085	12,526	12,615	11,593	9,186
EBIT margin in %	37%	34%	34%	32%	29%
EBT	16,238	12,699	12,727	11,662	8,949
Net profit	10,986	8,598	8,458	7,731	5,628
Cash flow	-4.332	31,863	1,618	23,505	1,707
Liquidity [1/2]	82,584	87,823	56,887	78,951	56,827
EPS in euro	1.38	1.08	1.07	0.97	0.71
Employees [3]	775	761	735	715	693

1 Cash and cash equivalents, other current and non-current financial assets (sight deposits, gold) as of the qualifying date, adjusted to exclude borrowings (loans) **2** Dividend of EUR 2.83 on 05/04/2023 (KEUR 22,507); Dividend of EUR 1.82 on 05/04/2022 (KEUR 14,475) **3** at the end of the quarter/year

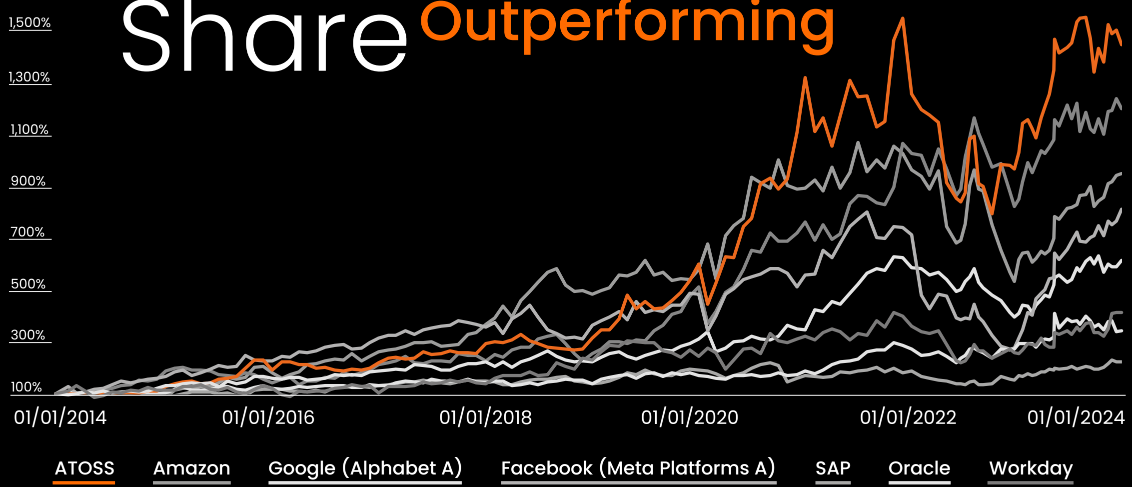
Numbers, Data & Facts

18 record years in a row



With sales of EUR 151.2 million and an operating result of EUR 51.8 million, ATOSS closed financial year 2023 with a record result. It is the 18th record year in succession. Against the backdrop of sustained strong demand for workforce management solutions, the Management Board expects the company to continue its growth and success story in financial year 2024 and beyond.

Share Outperforming



ATOSS share has recorded enormous growth over the past ten years. At its peak, it recorded an increase in value of over 1,400 percent. In comparison with large software stocks, a clear outperformance can still be seen today.

5 continents

ATOSS Workforce Management is being deployed in 50 countries worldwide as of the end of 2023.

Contents

Is it game over for Europe?

Andreas, you've raised the question of whether it might be game over for Europe. This bleak, even threatening notion conjures up a certain feeling of doom. So, what's behind it?
Unfortunately, it's the reality we now have to face. I genuinely believe that Europe's competitive position is in jeopardy. If we don't take corrective action, we – as a continent – will be left behind.

Why is that?
We're in the midst of an economic crisis. There's no political concept or common international solution to guide us out. At the same time, companies are battling against extremely complex regulations in numerous sectors and on many more issues. But what worries me most, and continues to occupy my mind, is the challenge of raising productivity.

Why is raising productivity such a challenge?
The facts leave no room for misunderstanding. In China, employees work over 2,000 hours per year on average. In the USA, this figure is around 1,800 hours. The European average is around 1,700 – and in Germany it's just a little over 1,300 hours. We are last in the ranking of all OECD countries! At the same time, the European Commission is forecasting growth of 0.8% in 2024 for the euro area but just 0.2% for Germany. By contrast, the forecasts for the USA and China are 1.5% and 4.2% respectively. According to a recent forecast from Statista, Europe's share of global economic output will drop to 13% by 2028 – from over 20% at the turn of the millennium.

That doesn't sound too good ...

It's not good at all. Another challenge I see facing companies is that employees in Europe are now making higher demands, such as for more flexible work or partly reduced working hours – often referred to as New Work. Last year, a report claimed that if they could choose, people in Germany would work an average of 32.8 hours per week. I'm not saying that New Work concepts are bad. On the contrary, the additional flexibility can make it easier for a larger proportion of the population to access the labor market. But we also have to remain clear-eyed about the reality. An enormous amount of tension is emerging here. The only chance we have is to raise productivity. We need to wake up, at long last, and change track.

This issue seems to really matter to you ...

Of course it does. It's about our future and our children. And I'm not the only one who's concerned: it's a topic that comes up time and again when I speak to our customers across Europe. Nevertheless, I wouldn't have become an entrepreneur if challenges didn't attract and motivate me. So, it's still within our power to determine whether it's game over for Europe or whether the continent can emerge stronger from this crisis. What makes me proud is seeing that over the past decades we've developed expertise and excellence at ATOSS on a topic that can make an important contribution to solving this crisis.

Perhaps you could explain in more detail what workforce management has to do with the future of Europe.

More than you might think, actually. First, workforce management paves the way for much more flexible working time models, which make it possible to effectively integrate new population groups into the labor market. Second, while we can't stop the decline in average working hours, we can help to significantly boost staff productivity. That absolutely has to happen if we're going to remain competitive internationally despite the reduced input of working hours. Companies that don't get to grips with this will disappear from the market because they'll either go bankrupt or be acquired by international competitors. In the past, flexibilization of working time undoubtedly made Germany a world leader in productivity for a long time. Nowadays, however, historical tools and accomplishments simply aren't enough. We need far more intelligent tools to continue driving productivity higher.

Is systematic digitalization the only way to be successful given the tensions you have described?

Yes, that's true! A good example of this is our customer HORNBACH, a true digitalization champion. While 50% of German companies see the shortage of skilled workers as a barrier to growth and profitability, HORNBACH is on the winning side. With its "Working Hours Made to Measure" model, the company with its workforce of roughly 25,000 has managed to offer its employees and job applicants a huge degree of flexibility. There can be no better momentum for employer branding. It creates a unique selling point and attracts attention, not only within its industry and in specialist media.

> *The only chance we have is to raise productivity. We need to wake up, at long last, and change track.*
>
> **Andreas F.J. Obereder**
> **CEO | ATOSS**

Which other market segments besides retail benefit from workforce management?

In principle all of them, but here is an example of our customer BERLIN-CHEMIE that is taking a similar approach and offering its employees a great deal of freedom to choose individual working time models tailored to different phases of life. This has a demonstrable and lasting impact on employee satisfaction and sickness rates. Neither example would be possible without an intelligent system.

These are showcase projects, particularly with respect to the shortage of skilled workers. Is this still a major issue?

Absolutely. But I'm repeatedly amazed by the innovative approaches our customers develop. The University Hospitals of Mainz and Frankfurt are good examples. We worked together with our customers and created solutions that can anticipate the work loads on nursing staff and proactively take countermeasures in planning. On the one hand, this boosts employee satisfaction. On the other hand – and this is a decisive factor, especially in the healthcare sector – it achieves improvements in the quality of care that patients receive.

So, ultimately, workforce management also generates success factors for business?

Yes, and it helps to optimize business models. Our customer ATU is another good example. They were looking for a lever they could pull to better align their workforce with actual demand. One lever was the opening times, because not only the staff is a controllable factor, but also the demand - if you design both, you get optimal results. ATU realized that they could reduce their opening hours at the start and end of the day to better align workforce scheduling with demand, while maintaining consistent service quality and without any disadvantages for customers or employees. I think that's an excellent example of raising productivity.

You've mentioned a few examples from larger companies. Can other-sized companies also benefit?

Of course, workforce management is a relevant topic for companies of all sizes and in all industries, so we offer solutions for companies with two to over 200,000 employees. We've seen it deliver a huge boost, especially for small businesses. In 2023, over 3,000 companies introduced our Crewmeister solution. This is also due to the ruling of the European Court of Justice and the Federal Labor Court on the obligation to document working hours. And when it comes to medium-sized enterprises, companies such as Mammut, Engelberg Strauss, and even Giorgio Armani are also benefiting from our solutions.

What role does artificial intelligence (AI) play in these developments and what is your personal view of this topic?

If we look back to a year ago, there was an enormous global buzz because ChatGPT had just been made public. Everyone was trying it out and was impressed. Now, more than a year later, it's impossible to imagine life without it. We're living in an even more dynamic world. All of the companies that plan for the long term are now giving serious thought to how they can integrate the power of AI in their value chain. And it's crucial that they do!

That also gives rise to concerns that, in the process, AI will come to replace people in the workplace ...

Over the past year, I think it's become clear that we're still a while away from revolutionary advances. The truly revolutionary, all-encompassing transformation of our world will only come about when we manage to link AI and quantum computing in a stable, economically efficient way. Examples such as PsiQuantum, a company in Palo Alto, California, have already shown what's possible. They managed to enhance computing power by a factor of 50. Computing power is currently doubling every 18 months. Data transmission at the speed of light in conjunction with artificial intelligence will become reality in the next five to ten years. Irrespective of this, a lot will have changed by then. If used intelligently, AI will help many people to achieve tremendous advances in productivity and thus give them a competitive edge over competitors who are not using AI.

Is ATOSS also engaging with the topic of artificial intelligence?
Of course. We have dedicated teams working exclusively on this topic. In this context, the fact that we completed our long-term transformation to become cloud-native in late 2023 is a tremendous help. It means that we're operating on a state-of-the-art platform, which will lead to faster, value-generating innovation.

Despite this, ATOSS continues to offer on-premises solutions …
We have to. There are some countries that continue to cling on to outdated technology – and unfortunately, Germany leads the way on this. It's a real competitive disadvantage in an international context. Over 80 of our customers, some of them high-profile companies were hacked last year. The ATOSS systems were not the target but it shows just how seriously we must take cybersecurity. It has dramatic consequences: machinery downtime, invoices can't be settled, wages go unpaid. In many cases, companies simply lose access to their data. According to a survey by PwC, German CEOs identify cyber risks as by far the most pressing threat for the next 12 months. Investment is urgently required in this field, especially in modern cloud-based solutions.

Let's briefly come back to the figures. In 2023, ATOSS recorded its 18th record year in succession. You must be proud of that?
Our workforce of almost 800 employees can be proud of it. They are absolute specialists in their fields and do an excellent job every single day and all over the world to ensure our customers' success and secure their futures. What's more, there's an unwavering demand for our services. Our customers trust in our ability to deliver and promote value creation around the world. I think that word of this has got around. And we're not working alone: we have a partner network that continues to grow, including companies like SAP, Deloitte, Accenture, Microsoft, Workday, Oracle, and many more.

You mentioned the topic of value creation worldwide. Would you say that there's a demand for workforce management on a global scale?
We've recently seen an increase in requests for global solutions to facilitate legally compliant workforce management. Our customer Barry Callebaut, one of the world's largest chocolate producers, is an excellent example of this. In just 24 months, it successfully rolled the solution out across 19 countries – from Mexico and the Ivory Coast to the Philippines. Companies like Heineken and C&A are well on the way to repeating this success.

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More than ever, we need the courage to change. You could simply say change or fail. What matters now is that business leaders really lead the way and invest in future-proof technologies for the good of their companies.

Andreas F.J. Obereder
CEO | ATOSS

We've talked about crises, problems, and challenges. In your view, what do we need to overcome all of this?
More than ever, we need the courage to change. You could simply say change or fail. What matters now is that business leaders really lead the way and invest in future-proof technologies for the good of their companies. That will be the basis for future success. It's the foundation stone for business models with long-term profitability. And all of the projects I've seen where top-level decision-makers were sitting at the table – whether in Europe, the Middle East, or elsewhere around the world – have helped to improve the respective organization's strategic position and optimize their value creation.

What do you think is the biggest challenge ATOSS is facing and its most important asset for achieving future success?
We're no different than our customers in this respect. The biggest challenge is certainly guiding the people and processes at ATOSS into a new dimension of productivity based on a fully digitized world. I remain optimistic, however, because ATOSS can rely on employees that do more than develop and distribute software solutions. They see the purpose behind their work, a real sense of meaning and mission, and pursue this with passion. The success of ATOSS is down to this impressive team.

People Experience

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Flexibilization – just the right medicine

BERLIN-CHEMIE AG is an international pharmaceutical producer based in Berlin and a subsidiary of the Italian pharmaceutical and diagnostic company MENARINI. Within this pharmaceutical group, BERLIN-CHEMIE is responsible for the pharmaceutical business in Germany, Eastern Europe, and the CIS countries. In all, BERLIN-CHEMIE has over 5,000 employees across more than 70 countries. The company is constantly striving to provide flexible, attractive ways for employees to organize their working time. Making this process manageable in the context of day-to-day operations requires appropriate system support.

Anika Helmich, Payroll Accounting Specialist, and Sarah Beyer, Personnel Information Systems Specialist, explain how a future-proofed digital workforce management solution has made flexible working time possible at BERLIN-CHEMIE, including for shift-based operation.

You've been using ATOSS Workforce Management for some time now. How exactly do you use it?
Sarah Beyer: We use its working time management and workforce scheduling functions. At the start of the year, we rolled out Staff Center at our production sites in Berlin and Kaluga in Russia as well as at our Austrian distribution site. Our production staff can access Staff Center and their data via terminals in their workplaces. Employees with a dedicated PC can use the desktop version. The transparency this creates is a tremendous advantage. At the same time, digitalizing and automating numerous processes have also laid the foundations for giving our workforce a considerably more flexible, personalized way to organize their working time.

What does that look like?
Anika Helmich: Our production activities primarily rely on a three-shift system: early, late, and night shifts. Our full-time employees work 38.5 hours per week. We also offer part-time models with 36-, 34- and 32-hour contracts over a four-, five- or six-day working week, along with corresponding non-working shifts and time off in lieu. Additional specifications and part-time regulations also arise from the Collective Agreement on Fair Work in Different Phrases of Life (LephA).

Can you give us some examples?
Helmich: For employees over 55 or 57, we offer an age-related reduction in working time. It allows older employees to reduce their weekly working hours by 2.5 hours while retaining the same salary. They can use these hours to take additional days off. Additionally, as part of the LephA model, we grant special flexibility for employees with children, such as allowing them to start their shift later so they can drop their children off at daycare. I'm particularly pleased to say that we have a few couples in our workforce who work on shifts. We have to – and want to – coordinate their duty schedules so that they can look after their children. We try to take account of those kinds of things. It's not easy but, with corresponding digital support, we can implement these individual working time models in full compliance with collective wage agreements. It's a high priority for us.

Giving employees flexibility and the ability to organize their working hours are important issues for you. Why?
Helmich: It's important to us that we make working hours as convenient and flexible as possible for our employees so that they can reconcile their professional and private lives, which improves employee satisfaction. Besides, production work is physically demanding. With this in mind, we strive to do our part in keeping our workforce healthy. At the same time, we hope that offers such as reduced working hours will achieve lasting reductions in our sickness absence rate over the long term. This way, both sides benefit. Added to this is the increasing impact of skill shortages. As an employer, this forces us to be creative, set ourselves apart from the competition, and move with the times.

You've already achieved a lot. What are your plans for the future?
Beyer: One thing we're definitely looking to implement because it would further simplify processes and create even more transparency and flexibility, is the Staff Center (Mobile) solution, which would allow our workforce to access self services using their personal smartphone. As part of this, we also want to introduce a digital shift exchange platform to allow employees to swap shifts independently, along with a system for employees to indicate their preferred shifts. This will drive our workforce scheduling activities forward and provide even greater flexibility.

BERLIN-CHEMIE
MENARINI

“It’s important to us that we make working hours as convenient and flexible as possible for our employees so that, over the long term, we can reduce our sickness absence rate and become much more attractive as an employer.

Anika Helmich
Payroll Accounting Specialist
BERLIN-CHEMIE

Inspiring staff

Kliniken Südostbayern AG is the largest provider of health services in south-eastern Bavaria. Every year, the company attends to up to 160,000 inpatients and outpatients. At six facilities, these patients receive a broad and at the same time highly specialized range of modern medical treatment. At the end of 2021, the company opted for a new workforce management solution. Now, implementation has been completed for all 3,700 employees. Steffen Köhler, Personnel and Training Division Manager, looks back what has been achieved and takes a peek into the future.

Steffen Köhler, why were you looking for a new workforce management solution?
Köhler: We needed a system that can keep pace with our rising requirements. Added to that was the need to deploy resources cost-efficiently. These objectives are unthinkable without process automation and the flexibilization of duty scheduling and time and attendance management. Our Management Board was also prioritizing the autonomy and self-determination of the workforce.

The system has now been rolled out across the board. What's your verdict?
Köhler: Let me put it metaphorically. We've built the house and the interior design, fittings, and furnishings are all in place – so we're now down to the finishing touches. 2023 was our year of major change. We met our target of completing the rollout by the end of the year. And we now have a rock-solid foundation. We only managed this thanks to the breath-taking commitment of our administrators and the entire ATOSS team from Admin and Consulting. The challenge now is to upgrade and expand the application with new functionalities and cosmetic enhancements.

So how are employees benefiting from the solution today?
Köhler: The app is a huge benefit for our employees. They have their working time data in their back pocket, so to speak, and can access this data from anywhere. They also benefit from reliable duty scheduling both in terms of their deployment and as far as the implementation of statutory regulations is concerned. What's more, and this applies equally to doctors and nurses, the fact that the hours they work are recorded exactly is tremendously important. Employees know what happens to their working hours, whether overtime is credited to their time account or paid, and they have transparency at all times regarding their time and holiday balances. That boosts their sense of appreciation and increases their satisfaction level. And functions such as the digital shift exchange platform naturally make a massive difference to employees' flexibility.

Software is one thing, the human factor is quite another. How did you manage to take the workforce along with you?
Köhler: That was actually the bigger issue. A new system is always tough, and that's why change management is so important. We started talking about things at a very early stage and we involved the staff council from the outset. The entire workforce had the chance to give the system a name – and the result was unequivocal: MyTime. We organized roadshows, answered all the questions that were raised, and staged user cafés with the administrators. All with the aim of meeting people where they stand, right from the outset. Ultimately, it's not just about a new system but how we handle the topic of working time in general. How do you create transparency? How do you enhance appreciation? How do we make the system easy to follow for the workforce? To this day, the interests of employees and the company are closely entwined.

What's the feedback from employees like now?
Köhler: Basically positive – there's still some learning on the agenda, for sure, but we're on the right track. Here's a practical example: A while ago I was talking to a senior hospital doctor, and he took out his mobile phone and said: "Mr. Köhler, let's take a quick look at the duty schedule for my department." In the old days, that would have been an incredibly arduous process. Now, the duty schedule is in your back pocket – at all times. That's a tremendous added value that makes itself felt on an everyday level and is generating real enthusiasm.

What do your plans for the future look like?
Köhler: That's easy. Self-scheduling. We've got the backing of our Management Board and we want to drive the development forward with ATOSS. Our aim is to create a preferential, request-based duty schedule for our employees. This is no trivial topic, and we're going to invest a lot of energy here in a joint effort.

What else is there on the agenda?
Köhler: We have clear objectives and ideas revolving around workforce analytics. The tangible added value for us as a company lies in the analysis of working time data. That's because we can create opportunities to target the deployment of resources and derive optimizations from the analysis. We see great potential here, especially from the perspective of cost efficiency.

KLINIKEN
SÜDOSTBAYERN

"The app is a huge benefit for our employees. They have their working time data in their back pocket, so to speak, and can access this data from anywhere. They also benefit from reliable duty scheduling both in terms of their deployment and as far as the implementation of statutory regulations is concerned.

Steffen Köhler
Personnel and Training Division Manager
Kliniken Südostbayern

HUK-COBURG
Aus Tradition günstig

> *First and foremost, ensuring that our customers can contact us as easily as possible is hugely important to us. With a carefully considered workforce scheduling system that is demand-driven and complies with regulations while also taking employees' needs into account, this is no problem at all.*

Heike Würll
People & Culture Digital Systems Team Lead
HUK-COBURG

A tradition of innovation

HUK-COBURG is a reliable partner – as it has been for 90 years. The insurance group has more than 40 business locations across Germany, more than 13 million customers, and ranks among the top 10 German insurance companies. Providing cover for around 13.9 million vehicles in Germany, HUK-COBURG is Germany's largest automotive insurer. Over 10,000 employees across the group work to ensure its customers' satisfaction.

In this interview, Heike Würll, People & Culture Digital Systems Team Lead, and Holger Schnellbach, Group Leader HR Systems & Informatics – Application Development, explain the importance of the ATOSS solution for the group and outline the next steps as part of the company's ongoing digitalization.

Holger Schnellbach, when exactly did HUK-COBURG decide to implement ATOSS?
Schnellbach: HUK-COBURG has been an ATOSS customer for 30 years. Right from the start, we recognized the tremendous potential the software offered us, despite the fact that ATOSS was little more than a start-up at the time.

And what's the situation now?
Schnellbach: We're leveraging the full scope of the system. This starts with digital time recording, which obviously enables our employees to work remotely. We also have approx. 1,000 terminals that manage 140 access zones. In all, more than 1,000 full-time and part-time models are integrated into the working time organization system. This complexity, especially in terms of working time management, means that we need a highly functional system in the background. Additionally, we use the workforce scheduling function to organize our customer service employees. We rely on the Automatic Duty Plan to draw up fully compliant, demand-oriented duty schedules for over 2,500 staff at our nine customer service centers and two emergency hotline centers.

Heike Würll, what added value does this provide for you as a company?
Würll: First and foremost, ensuring that our customers can contact us as easily as possible is hugely important to us. With a carefully considered workforce scheduling system that takes account of demand and complies with regulations while also factoring in employees' needs, this is no problem at all. On the one hand, it ensures that our employees' shifts are scheduled in line with demand; on the other hand, it enables them to establish a work-life balance by entering shift preferences and a shift-swap exchange. High availability for our customers generates added value for us as a business.

As a people and culture specialist and an IT specialist, what is particularly important for you?
Würll: I think it's important that our employees have access to user-friendly interfaces with a clear, expedient structure, as this makes processes straightforward and intuitive.

Schnellbach: From an IT perspective, I expect stable system availability around the clock, seamless software updates, and rapid, professional support if any questions or problems arise. The ability to integrate the system into existing and future IT landscapes is also hugely important.

Looking to the future, what are your plans – especially in terms of employee satisfaction?
Würll: We're currently preparing to introduce the new Staff Center user interface. Additionally, we're working on an extension to the workforce scheduling system and will also be deploying the Automatic Duty Plan in other organizational units.

Schnellbach: Another thing we're considering is a cloud readiness check for our solution to ensure that we can use comprehensive cloud applications in the future.

How would you sum up the solution to date?
Würll and Schnellbach: We're looking forward to continuing our successful collaboration and to the product innovations that ATOSS will be introducing in the future.

S Bahn Berlin

"Since introducing the app for our mobile employees, we've cut negative working time balances by 89% and reduced overtime by over 20% – as our plans line up with annual contractual working hours.

Sören Dahneke
Time and Attendance Management
S-Bahn Berlin

A mobile workforce calls for mobile workforce management

S-Bahn Berlin is celebrating its 100th anniversary in 2024. Just like the Brandenburg Gate and the TV Tower, the red and yellow S-Bahn carriages have been a symbol of the German capital since their introduction in 1924. Locals have a number of fond nicknames for them – “coke cans”, “toasters” or “diving goggles”. Today, these iconic trains transport around 1.3 million passengers around Berlin on weekdays. The network extends over some 340 kilometers (210 miles) and serves 168 stations across 16 lines, connecting the heart of the German capital with the surrounding region. S-Bahn Berlin has a workforce of around 3,000 people working around the clock to serve local residents and visitors from all corners of the globe. Since 1997, S-Bahn Berlin has relied on the ATOSS solution for working time management and workforce scheduling.

It’s worth taking a closer look at some of S-Bahn Berlin’s employees with highly specialized jobs. Almost 300 men and women work as supervisors – some mobile, some tied to specific locations – attending to passengers on the platforms at stations throughout the extensive S-Bahn network. Those assigned to a given location provide passengers with information about upcoming connections, make announcements, and look after their station and its visitors. By contrast, the mobile supervisors travel throughout the S-Bahn network, rendering support where needed. They are provided with mobile devices so that they can access their work schedule, shift staffing plans, working time balances, and remaining holiday allowances – every bit as reliably and easily as their desk-based colleagues. Smartphones and tablets facilitate mobile workforce management with the app ensuring that all employees are digitally integrated into personnel processes and other procedures.

Sören Dahneke is responsible for time and attendance management at S-Bahn Berlin. He oversaw the app’s introduction right from the very outset. His opinion of digital, mobile workforce management is clear. “First and foremost, the app is about employee participation,” he explains. “Our colleagues can always view up-to-date duty schedules – and access their working time account and submit holiday requests at any time, which creates genuine transparency. And that’s what we wanted to achieve.”

What’s more, in addition to transparent working time balances, the ATOSS solution has played a vital part in another key topic: annual work time accounts and their integration into duty plans, including forecasts for the future. This is a complex topic that impacts employer and employees in equal measure.

“A full-time employee works 2,036 hours per year, based on a total of 39 hours per week,” says Dahneke. “But planning working time across 12 weeks can cause fluctuations in weekly working hours,” as Dahneke goes on to explain. “Some weeks might have 31 hours of working time scheduled, while others have 50. Previously, absences – whether planned or unplanned – used to unbalance a duty plan once it had been drawn up and we weren’t able to compensate for such influences in our duty plans.”

In the past, Dahneke recalls, this resulted in rigid plans, with employees accumulating a total imbalance of 6,000 hours on their working time accounts. The problem was solved by a balance forecast calculated during the year for each employee based on their working time for the year to date, which is displayed in the ATOSS app. Drawing on this forecast, duty schedulers can coordinate with employees to agree additional working days or time off as appropriate. These days are then entered as fixed dates into the plan and communicated to employees in the app. The result is accurate duty planning across the year – for the entire workforce. The solution has had a tremendous impact. Introducing the balance forecast, Dahneke says, has achieved significant time and cost savings for S-Bahn Berlin.

“Since introducing the app for our mobile employees, we’ve cut negative working time balances by 89% and reduced overtime over by 20% – given that our plans line up with contractual annual working hours,” as the time and attendance manager enthuses.

In Q2/2024, the network’s fixed and mobile staff will switch to the ATOSS Staff Center (Mobile) with its extended functionality. Looking at workforce management as a whole, there are still a host of other processes with scope for optimization that Berlin S-Bahn hopes to check off its to-do list this year. These include issuing employees with selected reports on working time balances and integrating the electronic certificate of incapacity for work into ASES. And, with S-Bahn Berlin celebrating its anniversary year, 2024 is certainly an apt time for these advances.

INNKLINIKUM
ALTÖTTING UND MÜHLDORF

"It's important for an employer to move with the times and give its employees flexibility and tranparency – also to attract new employees.

Manuela Landgraf
Staff Council Chair
InnKlinikum Mühldorf/Haag

Joining forces for improved health

InnKlinikum has a motto: "Gemeinsam stark für Ihre Gesundheit", which translates as "Joining forces for your health". The merger of four hospitals in the municipalities of Altötting and Mühldorf in 2020 gave rise to InnKlinikum Altötting und Mühldorf gKU – by far the largest, highest-performing healthcare provider in the Inn-Salzach region. At its four locations, the healthcare network covers all medical departments, from obstetrics and paediatrics all the way through to geriatric and palliative medicine. However, it is the dedication shown on a daily basis by the people who work at these hospitals, and how they co-operate as a team, that enable InnKlinikum to offer expert healthcare services and create a sense of togetherness – in keeping with the clinic's motto.

So, in the course of the changes brought about by the merger, the hospital network's top management committed to make significant improvements to the working conditions of their 2,700 employees. Particular focus issues included more flexible working time organization in line with employees' needs, promoting a sense of responsibility, and self-determination among the workforce, while relieving the load on staff responsible for scheduling and ensuring equal treatment for all. The key to all of this was introducing a future-proof workforce management solution.

Clear objectives were set for the project: standardizing systems and infrastructure across all four locations, as well as harmonizing and digitalizing working time management, time recording, and HR planning processes. "We had to lay the foundations before we could build the house," as Simon Eismann, Head of HR, sums things up.

In the process, hospital management and the staff council concluded two new overarching works agreements. These included uniform principles on working time and the organization of working time, as well as holiday planning and approval, placing a stronger emphasis on employees' needs. As a result, employees are now able to choose between a range of working time and wage models, which considerably increases their autonomy when it comes to their working time.

In the course of the pilot project, the employees dubbed the workforce management solution "InnTime". This system means that employees are always able to view their duty plan, working time accounts, overtime accounts, working time balances, holiday allowances, special services, and bonus payments. "They are paid precisely for the work they perform, as recorded in the system," confirms Simon Eismann. The system provides complete transparency. Many employees use Staff Center via the mobile app to correct time entries independently, enter their preferred shifts, request shift swaps, and submit leave requests. Staff responsible for planning now only have to approve or reject requests and can directly monitor all the changes in the system.

Matthias Pfersdorff, Head Physician at the Emergency Department in Altöttung, relates that the mobile app "has been very well received by employees and is widely used across the board. I can perform the few clicks needed for duty scheduling from the comfort of my own home." As Manuela Landgraf, Landgraf, the Staff Council Chair, confirms, "It's important for an employer to move with the times and give its employees flexibility and transparency – also to attract new employees."

In addition to the significant advantages for its employees, the hospital network also benefits from clear mapping of complex regulations by way of its InnTime system. Rising legislative requirements mean that efficient workforce planning is becoming an increasingly challenging task. The German Regulation on Minimum Care Staffing Levels (PpUGV) and the upcoming German Nursing Staff Regulation (PPR 2.0) include numerous provisions on staffing levels and various documentation requirements. "In this context, we're delighted that we have an excellent system with our InnTime solution which documents our compliance with these regulations and thus also clearly shows employees whether or not we are meeting these minimum levels," explains CEO Thomas Ewald.

In its endeavors to strike a balance between the regulatory complexity in the healthcare sector and a clear focus on employee needs, InnKlinikum has charted the right course and is moving ahead, backed by ongoing technical support. As Simon Eismann, Head of HR, aptly summarizes, "Establishing a modern hospital administration system in this day and age will not succeed without a tool like this."

MAGNET-SCHULTZ
Ihre Spezialisten für elektromagnetische Lösungen

> *We've integrated our staff in industrial roles through an app that has reduced workforce scheduling costs by 73% and absence planning costs by as much as 81%. As a result, we've more than achieved the benefits we forecast at the outset of the project.*

Thomas Göppel
Deputy HR Director
Magnet-Schultz GmbH & Co. KG

Leveraging company-relevant potentials

As a specialist for high-tech solutions, Magnet-Schultz provides cutting-edge technologies for the 21st century. Based in Allgäu, this family-owned company has remained keenly attuned to its responsibilities to its customers and employees since it was founded in 1912. A hidden champion with international operations, Magnet-Schultz relies on efficient workforce management and economic use of its capacities to ensure its production activities stay competitive. At the same time, the company aspires to be an attractive employer for its 2,600-strong workforce. With the aim of combining both aspects, a modern digital workforce management solution was opted for. We spoke to Thomas Göppel, Deputy HR Director, about what motivated this decision and the results it has produced.

Thomas Göppel, why did you decide to introduce a new workforce management system?
Göppel: As a specialist company with a highly vertical production depth, we're dependent on motivated, skilled professionals with specialist qualifications. We therefore provide all kinds of training for many different job roles, including both apprenticeships and dual work-study formats. And we're very proud of that, too. But to return to your question: we also have to attract skilled workers we haven't trained ourselves. There's fierce competition for technical specialists in the Allgäu region. For one thing, ATOSS Workforce Management enables us to make the best possible use of our resources and capacities. For another, the transparency and flexibility it provides helps to make us more even attractive as an employee.

How do you integrate your blue-collar workers into the system?
Göppel: We recently introduced the Staff Center (Mobile) solution, an app that fully digitalized the application and request processes for our staff in industrial roles. Additional use cases, such as overtime requests and the ability to enter shifts preferences and availability, plus a shift-swap exchange, are also in the pipeline. The entire workforce should benefit from transparent decisions by their superiors, swift responses, and real-time data. We want our skilled workers to feel genuinely at home with us.

At the beginning, you mentioned efficient workforce management and optimized capacity utilization.
Göppel: Yes, that's right. We now forecast required personnel levels on a weekly, monthly, and annual basis, which provides us with the foundations for building optimal workforce structures. We carry out workforce scheduling for workplaces and shifts in light of required and available personnel levels, material availability, multi-machine and multi-person operation, along with the qualifications required. We're able to respond promptly to capacity fluctuations, which has allowed us to reduce bonus payments for overtime and weekend work, while also cutting back our staffing reserves. Any long-term plan will obviously be subject to short-term changes. We adapt to such changes through our stand-by pool and by sharing staff across departments.

How exactly does this stand-by pool work?
Göppel: Department heads and managers can draw from this pool at any time, which means they can call on skilled workers from within the company to cover any shortages. The whole system is GDPR-compliant because managers cannot see the names of employees in the pool. Another decisive factor in high-quality, efficient production is having a transparent view of the skills and qualification levels our employees develop and acquire by working on certain machines.

Has this system-supported approach also had a positive impact on staff development?
Göppel: Definitely. We've created a standardized qualifications' catalog, which is a tremendous help in our regular certification processes in accordance with standards such as IATF 16949. Introducing the system has enabled us to standardize requirements for certain workplaces throughout the company. We also plan to implement an interface with the SuccessFactors learning management system. This would be a further step towards a thoroughly standardized system landscape.

Productivity

P

Making comprehensive planning possible

Everything's possible with OBI – the first port of call for DIY projects in Germany and across Europe. OBI has a total of 640 stores across ten countries, 349 of which are in Germany. In the 2022 financial year, the company reported total sales of €8.7 billion. Every day, more than 40,000 OBI employees work hand in hand to serve and satisfy more than 200 million customers per year. In an effort to further improve cost efficiency and the satisfaction of its employees and customers, OBI took the decision in 2022 to introduce a new workforce management solution, internally called PLANBAR – literally "plannable". Klaus Bender and Dennis Eberle, Project Managers at OBI, spoke to us about the current project status.

Klaus Bender, where is OBI now after around a year working with the PLANBAR solution?

Bender: After starting the pilot operation in June, we followed a very tight schedule for our company's stores. Today, more than 200 of our stores have been integrated into the PLANBAR system. In all, we're talking about roughly 14,000 employees who work with the system or are allocated shifts via the system. We've mapped out 16 wage agreements in the system, one for each federal state in Germany. Besides that, we also have to comply with many different company agreements at different stores.

Dennis Eberle, how are you using the PLANBAR system at OBI? We're still in the midst of the project.

Eberle: We're already using the system extensively for electronic time recording and working time management at our German stores. This is a major milestone because we've been able to harmonize and standardize a lot of things. Employees can also submit requests and view their data digitally via Staff Center. The new workforce scheduling system allows us to plan shifts at individual stores based on the specific needs of each store.

How exactly does that work?

Eberle: It's based on historical data, which we use to examine drivers and calculate requirements. Our drivers are receipts per checkout and sales revenues. Additionally, we work with a productivity figure derived from a median logic, which also influences requirements calculations. We examine these requirements at half-hour intervals and use them for our planning. This way, each member of our planning team knows exactly how many shifts are needed in each department of the store.

Klaus Bender, one of the project requirements was linking an appointment booking system for customers with the planning system. Have you succeeded?

Bender: Yes, we've achieved that, too. We implemented a one-dimensional interface focusing on availability, which allows our customers to make appointments online with specific in-store specialists. These might be kitchen designers or garden landscapers, for example. In return, the current duty schedule determines the availability of appointments for customers. So, if employee X is scheduled to work in the Garden Design department from 9am to 4pm, a customer can make an appointment with them during their shift.

This makes everything possible – and plannable. Looking back at the first year of the system's use, what added value have you identified to date?

Bender: Today, we are benefiting from legally compliant planning and scheduling across the board, plus working time recording that's accurate down to the minute. And, of course, the entire workforce enjoys far greater transparency than before. Employees can view their data and hours worked at any time. It's all digital.

Dennis Eberle, you've now taken the first steps. What does the future hold?

Eberle: On the one hand, we want to further optimize PLANBAR in stores where it's already been deployed. We're talking about cost center management, automating planning processes, and introducing the Staff Center (Mobile) solution. On the other hand, we're now going to integrate the largest franchisees in Germany and then look at other countries. We're also planning to roll out PLANBAR in Austria and Slovakia in 2024. There's still quite a way to go. But, ultimately, everything is possible!

OBI

Today, we benefit from legally compliant planning and scheduling across the board, plus working time recording that's accurate down to the minute. And, of course, the entire workforce enjoys far greater transparency than before. It's all digital.

Klaus Bender
Group Leader, Standard Systems Store, Retail Processes
OBI

Non-stop efficiency standards

Hermes Fulfilment is part of the Hermes Group. These fulfilment experts take care of the entire shipping process chain for the Otto Group's retail companies – all the way from warehousing to returns processing. Since 2006, Hermes Fulfilment has stored and packaged goods for the online stores of the Otto, Bonprix, and About You brands. The company's 8,000 warehouse heroes – as Hermes Fulfilment calls its employees – dispatch around 500 million items per year from its facilities in Germany, Poland, the Czech Republic, Switzerland, and Italy. These goods range from textiles, jewelry, smartphones and flat-screen TVs to furniture and washing machines. Hermes Fulfilment aims to become one of the three largest B2C fulfillment service providers in Europe by 2028. In pursuit of this target, Hermes Fulfilment relies on team spirit, creative drive, mindfulness, and diversity – as well as innovative technologies such as robotics and AI.

In 2019, Hermes Fulfilment decided to introduce a future-ready, digital workforce management solution in an effort to align its internal processes with its strategy for the future and raise its productivity levels. The outdated manual, paper-based and department-specific procedures, Excel spreadsheets, and Access databases were ripe for replacement by a state-of-the-art software tool. The company aimed to digitalize, standardize, and automate its workforce scheduling activities so as to establish a future-ready workforce scheduling process, fully integrated into the existing system landscape.

These ambitions and requirements have since been put into practice. In addition to working time management, the software includes time recording and access control functions along with an integrated workforce scheduling function, all within a standardized system. So, how did this setup come about? "Given that the system comprises a number of functions and capabilities, we introduced it in three stages," explains Aileen Matysiak, Workforce Management Team Lead at Hermes Fulfilment. "This enabled us to take all our employees with us and avoid overburdening them."

The first stage focused on mapping out the existing deployment scheduling system, including a working time account function, a traffic light function, an automatic rule check, a residual holiday forecasting tool, and an annual holiday planning function. These workflows are now accessible to warehouse employees via the Staff Center (Mobile) solution on their private smartphones. Staff in commercial roles can use the desktop version of Staff Center on their office PCs.

The second stage involved optimizing planning processes. The company's capacity planning activities now compare strategic and long-term forecast capacities against actual recorded demand. This highlights shortfalls at an early stage, thereby enabling Hermes Fulfilment to respond with appropriate countermeasures. Besides, the company's planning process is now fully automated and available at the touch of a button. The system automatically takes account of qualifications – for packaging or commissioning, for example – to ensure that exactly the right employees are assigned to the appropriate workstations.

The final stage in the optimization project centered on employee integration. Staff Center (Mobile) was supplemented with additional functionalities, enabling planning staff to send out notifications to offer shifts to employees and fill vacant workstations. For the next step, the company plans to introduce a shift-swap platform to offer its employees even greater flexibility.

The result of this extensive project has been a significant reduction in the administrative burden on staff. "In just the first year, at our largest site, where we have around 3,500 employees, we were able to redeploy the full-time equivalent (FTE) of 32 administrative staff to other duties, which was obviously a huge success for us," says Aileen Matysiak as she enthusiastically describes the tangible benefits of the workforce management system.

The project is set to continue. In striving to continuously advance workforce management within the company, the sites in Poland, the Czech Republic, and Switzerland will be fully integrated into the system in the upcoming months. As Aileen Matysiak explains, "This is not a project with a clearly defined end point, such the rollout of software. Far more, we must continuously optimize and refine our processes. This is a hugely significant and vital factor in our success."

Hermes FULFILMENT

We have been able to significantly optimize our staff planning activities through central management of our requirements and capacities. This provides us with a long-term view of understaffing and overstaffing. At the same time, we have noticeably improved transparency for our employees.

Aileen Matysiak
Workforce Management Team Lead
Hermes Fulfilment

Europe-wide compliance

Renowned for freshness, innovation and sustainability, OSI Foods is one of the largest privately held food processing companies. Part of the global OSI Group, it is headquartered in Gersthofen, just outside of Augsburg. As the company behind numerous food service and retail brands, OSI places a strong emphasis on high production standards and upholds them through regular audits and inspections. In an effort to ensure compliance and transparency in terms of working time management and workforce scheduling, OSI decided to implement the cloud-based ATOSS Workforce Management solution across Europe. One of the international project's objectives was to standardize processes and workflows for over 3,300 blue-collar and white-collar workers – and thereby create a reliable database for company-wide analyses. We asked Gernot Plodeck, Head of C&B and HR IT Systems (Interim) at OSI Food Solutions Germany, and Peter Funck, System Supervisor, to reflect on the solution's Europe-wide roll-out, summarize the outcomes, and what they have learned.

Gernot Plodeck, what were your aims when you decided to implement ATOSS Workforce Management in 2020?

Plodeck: We were looking for a cloud-based software that would enable us perform legally secure working time management at our 14 European locations and standardize a heterogeneous landscape. Our aim was to find a software solution to manage an array of working time models, from normal working hours for office-based and remote staff to early, late, and night shifts for production workers to on-call technical specialists. In truth, at the start of the project, only one thing was crystal-clear: employees in all departments should benefit from additional transparency and digital workflows, managing their working time using terminals or PCs.

How did you cope with the different international locations?

Plodeck: We knew that there are different requirements everywhere– both technical system requirements and labor law regulations. So, following detailed discussions with ATOSS, we decided on a system with 12 different clients. This has proven to be absolutely the right decision. Since then, the working time management system has gone live at 14 sites in Germany, the Netherlands, Austria, Poland, Spain, and the UK. Pilot projects for workforce scheduling are currently underway.

As the project manager, what was the major challenge you faced, Peter Funck?

Funck: In the first stage, we standardized processes across all locations, some of which were acting fully independently. While this was challenging, it was an important step in successful parameterization and implementation. Given the wide-ranging systems in different countries, we had to ensure we had seamless links to local payroll systems as well as the Kaba and PCS terminals. The third and largest challenge was convincing team leaders, schedulers, and long-serving employees of the new system's benefits – and that the additional effort at the outset would be worthwhile.

Did you succeed?

Funck: Definitely. The entire workforce now happily uses Staff Center for time recording and to submit and approve absence and holiday requests. Employees use either terminals or PCs to access the system, depending on their department and specific workplace. The digital workflows also deliver tremendous time savings for managers. HR was persuaded of the project's benefits from the outset. Reports – including those on productivity, staff sickness levels, and holiday levels at individual sites, are now centrally available, draw on a standardized database, and can be used for Group-wide benchmarking at the push of a button.

Have you also been able to win over your employees?

Funck: *Yes. Following* some initial skepticism, all our employees are now thrilled with the transparency and efficiency that the digital request and approval workflows provide. Staff Center has even enabled us to overcome the skepticism of long-serving employees with limited IT skills, some of whom don't have their own email address or smartphone, and convince them of the benefits of this new solution.

So what's next on the agenda?

Plodeck: Through the workforce scheduling system, including the shift-swap exchange – and, crucially for the food production industry, the qualifications management system – we hope to take another step towards greater productivity, flexibilization of working time and, consequently, higher employee satisfaction. All in all, we still have a lot in mind, but we're convinced that we can extract more positive effects out of the system.

OSI

> *"Daily business has improved significantly for all roles, departments, and the group as a whole. What we've learned is that to extract maximum value from the solution, it's crucial to examine the processes first and then implement the software.*

Gernot Plodeck
Head of C&B and HR IT Systems (Interim)
OSI

Fount of successful production

Adelholzener Alpenquellen GmbH produces mineral water, medicinal water, and soft drinks under the Adelholzener, St. Primus and Aktive O2 brands. The medium-sized enterprise has almost 700 employees and produces around 668 million bottles of mineral water, medicinal water, and soft drinks per year. In this interview, Leonie Gries, HR Manager at Adelholzener, explains how implementing digital workforce management has improved transparency and enhanced the company's production activities.

Leonie Gries, how far has digitalization advanced at Adelholzener?

Gries: A very long way! We took important strides towards digitalization at an early stage, including in workforce management. We've relied on ATOSS solutions for over 20 years and our production processes are also highly digitalized. We're continuing to advance this in many areas.

What other items were on your to-do list?

Gries: We wanted to improve the productivity of our production activities. One objective for our workforce scheduling was to digitalize the planning and management of our employees' working time, including for shift-based work. So, at the end of 2021, we decided to restructure, digitalize, and automate our system-supported workforce scheduling activities.

What exactly did that involve?

Gries: We wanted to ensure that our planning staff didn't have to assign shifts to each individual employee every week. This was taking up a tremendous amount of time. We also wanted everyone to be able to view their current duty schedule.

And did you achieve your objectives?

Gries: Absolutely! The Automative Duty Plan function now generates a proposal by way of a fully automated process, so our planning expert only has to make minimal adjustments to take account of individual circumstances. If our planning team needs to remove an employee from a shift at short notice due to illness, or if our staffing requirements change, this is automatically displayed to more than 240 production employees via the duty schedule overview. This means that the entire workforce stays up to date, with each employee able to access their details via the Staff Center (Mobile) solution.

How relevant is qualification management in your planning activities?

Gries: Qualifications are hugely important for us. Our qualification management system forms part of the remuneration structure for our employees working in production, maintenance, and logistics. Employees' master data records also include their qualifications. We know each employee's level of skills and and expertise on different machines and tasks.

What added value has this generated?

Gries: The most significant value is the improved transparency, up-to-dateness, and reliability of our duty schedules. Having accurate information on employees' current qualification levels is also valuable and saves our planning staff huge amounts of time. There are also plenty of benefits for our employees: in the past, employees would sometimes be assigned to machinery they had never worked with before. This led to very, very high levels of dissatisfaction. Now, however, our employees can count on being scheduled to work in areas suited to their qualifications.

How much time has your new duty scheduling system saved you?

Gries: In the past, we produced a duty schedule for the following two weeks (in line with the company agreement) and published it at 11am on a Friday. Now, we often have a basic draft of the duty schedule ready by Wednesday, which means we only have to make minor adjustments to reflect unforeseen absences before publishing on Friday. This aspect alone has saved almost 50% of the time our planning staff spend on duty scheduling!

What would happen if you discovered that the solution had disappeared overnight? Would things be chaotic?

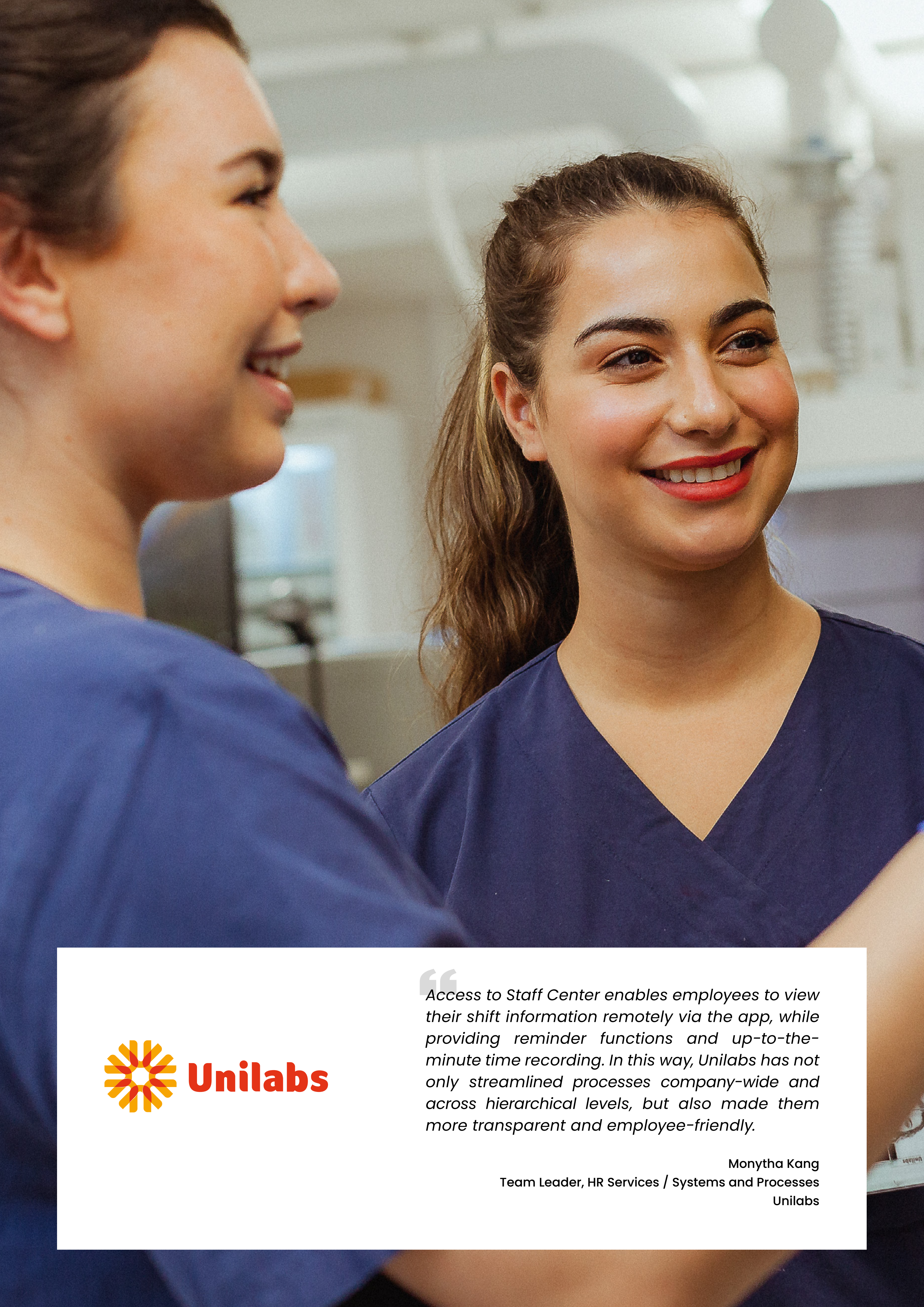
Gries: *(laughs)* Definitely! In the worst-case scenario, nobody would come to work because everyone has become accustomed to using their phone to check the shifts they've been assigned for the week.

How would you summarize your experience of the new duty scheduling system?

Gries: It's incredible just how much the system can do. Of course, it's highly complex, but it generates tremendous value. I wouldn't want to do without it.

It's incredible just how much the system can do. I wouldn't want to do without it. In the past, we produced a duty schedule for the following two weeks and and published it at 11am on a Friday.

Leonie Gries
HR Manager
Adelholzener



> *Access to Staff Center enables employees to view their shift information remotely via the app, while providing reminder functions and up-to-the-minute time recording. In this way, Unilabs has not only streamlined processes company-wide and across hierarchical levels, but also made them more transparent and employee-friendly.*

Monytha Kang
Team Leader, HR Services / Systems and Processes
Unilabs

Putting people center stage

The Unilabs motto is CARE BIG. As one of the world's leading diagnostics providers, this Swiss company actively encourages its employees to exceed expectations, while constantly searching for new ways to improve efficiency. This engagement aims to put patients at the heart of the company's work, always providing access to the best possible care in the form of diagnoses. Unilabs has more than 1,000 employees at its sites in Switzerland. Worldwide, over 14,200 scientists, chemists, medical engineers, and lab technicians work for the company. Around 1,300 of these are doctors, some of whom are available to patients around the clock. Every year, Unilabs conducts up to 245 million lab-based analyses and over five million imaging scans.

This group of companies is constantly growing and has also focused its attention on digitalization. In this context, Unilabs decided to opt for the ATOSS digital workforce management solution, which facilitates allocation of individual parameters without the need for complex programming. Within just seven months, Unilabs implemented the ATOSS software from scratch and digitalized all the relevant processes for its employees. The ATOSS solution went live in November 2022.

In-house project implementation was headed up by Monytha Kang, Team Leader HR Services / Systems and Processes, who is based in Zurich. Like her Unilabs colleagues, she is fully committed to the company's CARE BIG credo. Improving efficiency, increasing productivity, and enhancing harmonization were at the top of Kang's checklist. Before the digital workforce management solution's introduction, Kang says that a lack of transparency, insufficient overviews, and flawed workflows led to errors and created additional work.

Access to Staff Center enables employees to view their shift information remotely via the app, while providing reminder functions and up-to-the-minute time recording. In this way, Unilabs has not only streamlined processes company-wide and across hierarchical levels, but also made them more transparent and employee-friendly.

"We have achieved the anticipated improvements for employees and managers in terms of HR and working time management," Monytha Kang points out. "Our colleagues can now devote the extra time this has freed up to patient care."

A traditional brand – and an innovative pioneer

The Poiesz supermarket chain is a family company with roots in the northern provinces of the Netherlands stretching back over a century. Founded in 1923 as a greengrocer's, Poiesz has now expanded to 78 stores across the north of the Netherlands and become a genuine institution. And with over 6,000 employees, this retailer has an important role to play in the region as an employer and a driver of economic growth. Poiesz has a clear mission – to be the most dedicated supermarket, employer, and family business in and for the north of the country. Based on the cornerstones of local engagement and quality, Poiesz strives to continuously improve its services and positively influence its surroundings.

Poiesz recently faced the challenge of modernizing its workforce scheduling activities. The company's objectives were clear: a reliable software solution to facilitate the transition from time recording to modern workforce management. It also wanted to improve the efficiency of its planning process and enhance employee satisfaction.

Together with ATOSS, Poiesz introduced a standard solution for all organizational units. Its stores, distribution center, transport unit, and headquarters all now rely on the software. Poiesz has thereby centralized its planning processes in a single solution so that everyone in the organization – from senior management and line managers to employees – can view their schedule and working time data. "Our new workforce management solution should enable us to elevate employee satisfaction while optimizing personnel costs at the same time. The solution also offers greater transparency and latitude for decision-makers throughout the company," as Aletta Bannink, the POEISZ CFO underlines.

One of the company's priorities when implementing the solution was optimizing its operational planning. The aim was to relieve the scheduling burden on its managers while enabling them to respond to ever-changing market demands. Besides, the solution had to take seasonal fluctuations and other changes into account when conducting needs analysis. Implementation of the system is now well underway and progressing well.

"We are using the automatic planning functions at our distribution center. In a very short time, around 5 to 10 minutes, a schedule is issued for 550 employees," explains Robin Lammers, who is responsible for the ATOSS solution's implementation at POIESZ. The manager drawing up the schedule can optimize other functions, such as filling in unallocated shifts or last-minute changes when employees call in sick. Another change concerns holiday requests, which staff previously submitted via email.

Employees can now submit holiday requests via the mobile app. Workflows automatically forward these requests to the relevant people for further processing. At the distribution center, requests are sent to planning staff; in stores, they are forwarded to store managers. What's more, holiday information is displayed in the schedule in real time, which significantly simplifies the administrative process. "Employees can view their schedule, working time balance, and remaining holiday allowance at any time. Everything happens in real time without us ever having to update it manually," Roben Lammers points out.

We use the automatic planning functions at our distribution center. In a very short time, around 5 to 10 minutes, a schedule is issued for 550 employees.

Robin Lammers
ATOSS Functional Administrator
Team Leader, Order Processing and Warehouse Control
Poiesz

Cloud Migration

C

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Securing outstanding customer service

ATU was founded in 1985 and is now the market leader in Germany thanks to its unique combination of automotive services and sales of parts and accessories. Headquartered in Weiden, ATU has more than 500 branches across Germany. Its roughly 10,000 employees generate revenues in the region of €1 billion per year. Since 2016, ATU has been part of Europe's market leader, Mobivia. Comprising 19 brands, over 2,000 branches, and more than 22,000 employees, this French group has unique expertise in the mobility sector. In 2017, ATU decided to implement a digital workforce management system with the aim of laying the foundations for future-focused HR management. This idea has since been continuously refined and put into practice, delivering optimizations that have become critical factors in advancing the company's success. We spoke to the driving force behind this project, Sebastian Jarantowski, ATU's CEO.

You began to leverage workforce management at an early stage, making it a significant factor in your company's success. What exactly did this look like in practice?
Jarantowski: We recently identified, for instance, that our branches were still struggling with staff shortages, despite system-assisted planning and a sufficient staff pool. Thanks to the transparency created by the new system, we have been able to analyze the issue with the aim of avoiding under- and over-staffing. After conducting joint analyses with ATOSS Consulting, we determined that the moderate use of additional part-time employees could be part of a solution to absorb demand peaks. We deduced that, within the context of normal fluctuation patterns, we needed to create a new organizational chart to map out this new staffing structure. That measure alone, however, wasn't enough.

Could you tell us a little more about that?
Jarantowski: Our personnel requirements fluctuate significantly. With this in mind, we looked for another lever we could pull to better coordinate staffing deployment with demand. So, we examined our opening hours. Due to our very long opening hours, some of our shift scheduling arrangements were awkward and inconvenient. Our sales early and late in the day at various branches, however, showed us that we could cut these hours down. We were then able to plan the remaining opening hours in a far more demand-driven manner. This delivered productivity gains across our entire network of branches, while maintaining consistent service quality and without incurring drawbacks for our customers or employees.

These efforts were suddenly interrupted in May 2023 when you were hit by a cyberattack.
Jarantowski: That's right. It was a difficult experience for us as a company and also for me personally. Besides costing us time and money, above all it caused a lot of stress. To begin with, we thought that all our data had been lost. Fortunately, our IT department managed to locate an undamaged backup copy of the entire ATOSS solution. The logical step for us was to migrate that backup into the cloud as quickly as possible. In the end, one of our employees personally handed over the backup to ATOSS so that a new cloud system could be established.

Why was speed so important?
Jarantowski: The system is mission-critical for us as a company. If we're not able to adequately manage our branches, our entire business model suffers. Once we realized that we had a backup and took the decision to move it into the cloud, we were able to resume working with the system within three weeks. It was a slightly pared-down version of the system to begin with, but it was essential that we at least gave our employees access to time recording again as quickly as possible. We added functions like duty scheduling and interfaces along the way.

Had you previously considered migrating the system into the cloud?
Jarantowski: As is so often the case, it's something we had examined time and time again, but always put off until later. In hindsight, we could have acted sooner, but we're more than happy with the situation now.

Most of your systems are now up and running again. How do you plan to further optimize your workforce management and deployment in the future?
Jarantowski: Time and time again during our long-standing collaboration with ATOSS, it has become clear just how important the lever of optimized personnel management is for our company. With security no longer an issue, we're now able to concentrate again on leveraging efficiency and driving productivity to secure business success. In this context, it's essential that we deploy staff when they're needed. We'll strive to achieve further optimizations to align our duty scheduling even more closely with demand and create additional flexibility for our employees.

ATU

"The system is critical for us as a company. If we're not able to adequately manage our branches, our business model suffers. Now security is no longer an issue, we're able to concentrate on leveraging efficiency and driving productivity.

Sebastian Jarantowski
CFO
ATU

Flexibility unlimited

Founded in 1976, ACER Inc. ranks as one of the world's leading IT and electronics providers, with activities in over 160 countries. This innovative technology corporation, which is renowned for its multi-award-winning customer service, strives to break down barriers between hardware, software, and services. Its German subsidiary, ACER Computer GmbH, employs around 500 people and has relied on ATOSS Workforce Management for working time planning and management since 1998. Always striving to keep its finger on the pulse of the times, this medium-sized enterprise switched to CLOUD24/7 in 2023. We spoke to Matthias Terpe, Commercial Director for Germany & Regional Finance Director Central Europe, and Anja Gröh, Head of HR, about the reasons behind this decision.

Matthias Terpe, what prompted your decision to migrate into the cloud?

Terpe: There were several reasons behind this decision, both technical and strategic. On the one hand, we wanted to make sure our HR processes comply with labor and data protection laws. On the other hand, migrating our software into the cloud means we benefit from regular, automatic updates, which has enabled us to conserve our resources. As a medium-sized tech company, we must focus on the efficient deployment of our skilled professionals.

You mentioned you're a medium-sized enterprise. Would you recommend that other SMEs also take this step?

Terpe: Absolutely. Nowadays, companies have to contend with volatile markets. Leveraging cloud-based standard business software allows us to manage these dynamics, while staying flexible enough to respond quickly to demand fluctuations. What's more, I also see significant advantages in terms of data security. I feel the cloud is more secure in general when it comes to unauthorized internal and external access, as well as reliability. Thanks to single sign-on (SSO) and two-factor authentication (2FA), we now have complete control over who can access data in the system. The ATOSS Cloud is also DIN ISO 27001-certified.

Anja Gröh, we've spoken about the technical aspect so far. What benefits does it offer for your employees?

Gröh: The entire workforce is delighted – our shift workers in the Contact Center and the warehouse, our flex-time workers in Administration, the Repair Center, and Sales, and our part-time workers. The Staff Center's new intuitive self-service functions give employees more transparency in their working time and greater flexibility in their holiday planning. The employees' actual working time is transmitted via the interface directly to the SD Worx payroll system. Accurate, transparent payroll accounting also benefits our employees.

How have your company's managers been getting on with the new functions and new interface?

Gröh: Very well, too. In addition to process efficiency, they also value the support from the integrated task management system. For example, the system provides reminders of their team members' service anniversaries and birthdays. Although these are minor issues, they play a major role in cultivating a productive, motivated working atmosphere.

Anja Gröh, you mentioned integrating your employees via self services. Doesn't that also save time for HR?

Gröh: Certainly. Our employees now primarily submit holiday and absence requests independently. Approved holiday requests are automatically entered into the workforce management system. Managers are able to issue approvals much more quickly because they can see right away whether a given working area is adequately staffed in spite of holidays. Our team also receives significantly fewer requests for further information. This largely eliminates HR's role as an interface – and, all in all, achieves huge time savings.

Matthias Terpe, what has migrating to the cloud changed for you personally?

Terpe: Our HR department has completed such in-depth training that our team can enter new parameters, such as new reasons for absence, entirely on their own. This independence, the high availability and flexibility of the software, and the automatic system all ease the burden on me – and relieve the pressure on resources in other parts of the company.

acer

We have a vision: "Breaking down barriers between people and technology." This is enabled by the cutting-edge ATOSS software and the optimal employee experience that Staff Center provides.

Matthias Terpe
Commercial Director for Germany & Regional Finance Director Central Europe
Acer

A productive success story

The Purmo Group is one of the Europe's market leaders for heating and cooling solutions. The Finnish company has production operations at three sites in Germany, manufacturing fireplaces, radiators, and underfloor heating systems in Lilienthal, Meinigen, and Vienenburg. PG Germany also has another brand, Hewing, which produces plastic piping for underfloor heating systems, radiator connections, and drinking water systems at its own site in Ochtrup. Even before it became part of the Purmo Group, Hewing had adopted ATOSS Workforce Management. Matthias Stücker, who is the ICT System Administrator at PG Germany, has overseen the software solution since its rollout in 1999. In early 2023, the company decided to migrate its existing solution into the cloud and implement ATOSS Workforce Management at its Lilienthal, Meinigen, and Vienenburg sites. Matthias Stücker explains the background in the following interview.

What prompted PG Germany to introduce ATOSS software at all its locations in Germany?
Stücker: First and foremost, our parent company wanted to have a modern, standardized software solution for time recording, working time management, and duty scheduling at all its German locations. Manufacturing our high-quality solutions for heating and cooling systems requires complex manufacturing and testing procedures. Precise methods, stringent safeguards, and fully compliant, qualification-based workforce deployment are decisive to achieving this. Our positive experiences to date with the existing solution at Hewing were a pivotal factor in the decision to integrate all other German production sites.

What has migrating the solution into the cloud changed for you?
Stücker: Above all, this decision means progress in terms of scalability and flexibility. For one thing, we're now able to integrate new business units and subsidiaries quickly and easily, maintaining high performance despite license extensions. The Purmo Group has sites in 23 countries worldwide. For another, we can now rely on an application with high availability that is always kept up to date thanks to automatic system updates. Last but not least, having a standardized solution across all sites creates clarity and transparency.

Do these positive changes extend to your entire workforce, who predominantly work in commercial roles?
Stücker: Yes. In the course of migrating into the cloud, we also switched over to the Staff Center solution. Its intuitive self services have been very well received by our roughly 500 employees. They now have transparent views of their working time and holiday balances, either through PCS terminals or at their individual workstations. Employees and managers also benefit from the fact that holiday requests have been digitalized, which makes them quick and convenient to submit and approve via efficient workflows. Tedious paperwork, circuitous internal mail channels, and delays are now a thing of the past. Once again, we've put the well-being of our employees front and center.

You mentioned the integration of new locations. How has the feedback been?
Stücker: Very positive, once again. Above all, our staff appreciate the wide-ranging digital and integrated duty scheduling functions. If an employee calls in sick at short notice, we're now able to deploy other employees quickly and easily, including across departments. The qualifications required for a given workplace or shifts, such as occupational safety training or fire safety or radiation safety officers, are displayed with complete transparency. So too are the different working time and shift patterns, which we switch between depending on the current order situation.

How would you summarize the migration process? Would you do it again?
Stücker: Definitely, although our journey into the cloud wasn't without its challenges. Nevertheless, with the help of the flexible and, above all, parameterizable software, combined with the assistance of the ATOSS partner, Fourtexx, we've been able to solve almost all of them. In the course of the roll-out across Germany, we've been able to standardize what were previously heterogeneous payroll systems. Additionally, we're now able to generate standardized reports at the touch of a button. We've achieved our overarching aim of generating synergies across all sites through standardized workforce management within the time frame we set.

PURMO

Above all, the decision to migrate into the cloud means progress in terms of scalability and flexibility. We now have an application with high availability and, by relying on a standardized solution across all our sites, we are benefiting from greater clarity and transparency.

Matthias Stücker
ICT Administrator
PG Germany

Why ATOSS?

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Stadt
Augsburg

"Flexibility, fairness, and transparency on all levels are an absolute game changer iin these times of new ways of working. We are excellently equipped with a powerful solution and an expert partner who meets our demands in all areas.

Frank Pintsch
Personnel Officer
City of Augsburg

A traditional city with a digital vision

One of Germany's oldest cities, Augsburg is well known for its water management system and Fugger buildings. After a history spanning more than 2,000 years, it relies on a blend of tradition and innovation. The citizens of this UNESCO World Heritage City on the Lech and Wertach rivers are particularly proud of their focus on the future. Around 7,000 motivated employees and a broad-based digitization strategy ensure that the administration of this Fugger city runs efficiently, intelligently, and transparently all its citizens. As part of this initiative, the HR processes are also to receive a digitization boost. In order to make time management and duty scheduling more efficient, transparent, and compliant, the City Council decided to introduce workforce management software. We discussed this strategically important project with Frank Pintsch, Personnel Officer and City Councilor, and Markus Jopp, who is responsible for digital transformation in Augsburg's Digitization Department.

Frank Pintsch, what was it that convinced you as the Personnel Officer to opt for workforce management in 2023?
Pintsch: As the city's administrative authority, we have a responsibility both to our staff and to the citizens of Augsburg. Workforce management software enables us to do justice to both target markets while also meeting the need for greater process efficiency. Our citizens benefit from demand-driven personnel deployment, which enables us to offer them round-the-clock service. Our employees enjoy absolutely intuitive duty and holiday scheduling as well as transparent, accurate, and compliant time recording.

Markus Jopp, as a digital expert, why did you decide on ATOSS?
Jopp: After a selection process comprising several stages, market research, and sounding out other municipalities, there was no longer any doubt in our minds. We opted for the most flexible software and the most intuitive self services – backed by the most experienced consultants. And right in the middle of a pilot project it's already clear now that we made the right call. We are conducting workshops with ATOSS Consulting to define the scope of the software in the various departments and preparing a workflow for the roll-out across the entire city.

Why is the flexibility of the software so important for a city's adminstrative authority?
Jopp: The demands on working time management and, above all, on workforce scheduling in municipal administration are very varied. Teams range from more than 1,000 employees in administration-related departments down to five members of staff, as in the World Cultural Heritage office, for example. What's more, the make-up of the teams differs greatly. Take, for example, open child care or the IT or fire departments where people work on standby and in shifts. We can map all these work patterns, part-time, full-time, special duties, and the qualifications needed for each workplace in the software and, now that we've had our power user training, we can even draw up our own configurations ourselves.

Frank Pintsch, what benefits do you perceive as a legal expert?
Pintsch: As a branch of local government, we have to comply with many rules, collective agreements, labor laws, and the Occupational Health and Safety Act. Added to that are the long-awaited final ruling from the courts on digital time recording as well as the GDPR, which is already in force. Previously, we had to pass on most of the responsibility for complying with these regulations to managers and the staff themselves. In the future, the software will perform this role fully automatically in line with our specifications.

And what benefits do you see for staff representation?
Pintsch: If statutory requirements such as rest periods or breaks are reflected in the software and automatically observed, that ultimately protects staff from overloads. In the end, the entire organization is the winner – and this reinforces the employer brand.

Markus Jopp, what's on your agenda for 2024?
Jopp: First of all, we will introduce working time management and self services. We are hoping for huge added value first and forement from mobile time recording. According to surveys, 80 percent of all departments want to "clock in by app". There's a demand for automatic workforce scheduling in roughly one third of the departments.

How will you get employees fired up about the project?
Jopp: To take the entire workforce along with us, we will communicate the digital transformation on all levels and accompany participation in the process going forward. As part of change management, we want to make our progress transparent and incrementally connect up every area in two-monthly intervals. We regard this approach as particularly important, as the efficiency of a local authority depends very heavily on everyone pulling in the same direction.

C&A

"After the successful introduction of the system, we aim for uniform handling in 17 countries. We want to manage a system that efficiently interacts with various payroll systems, complies with local regulations, and increases employee satisfaction.

Jorge Einnar Ramirez Knape
Project Manager HR Transformation Programs
C&A

A pioneering spirit for over 180 years

C&A is a tradition-rich family business that has been shaping the world of fashion since 1841. It stands for affordable clothing that is both stylish and sustainable. With over 1,400 stores in 18 European countries, the company employs more than 31,000 people. Known for its wide range of clothing for the entire family, C&A is committed to making fashion accessible to everyone. C&A places great importance on exerting a positive influence on society and the environment through responsible sourcing and production. Additionally, digitalization is a top priority in various areas for this fashion specialist. In the interview, Jorge Einnar Ramirez Knape, Project Manager HR Transformation Programs, discusses the digital developments within the company.

Why has C&A decided to implement a new workforce management system?
Jorge Einnar Ramirez Knape: We were faced with the challenge of automating our personnel planning and ensuring that our human resources are used effectively. Managing resources across different countries, each with their own processes and numerous sources of information, becomes complex. A workforce management system promises us a unified tool for time tracking and scheduling that standardizes our processes while considering local and legal requirements. The goal is to provide accurate information for optimal resource utilization and ensure correct data for payroll processing.

What criteria did you use to select ATOSS as your partner?
Knape: Initially decisive was ATOSS's strong presence in the countries where we were looking for a solution. This promised us access to consultants who understand our local needs precisely. After evaluating our functional requirements and strategic objectives, ATOSS emerged as the best choice. The ATOSS system is distinguished by its excellent integratability with various local payroll systems and the maintenance of standardized processes.

How far has the project progressed?
Knape: The introduction of the time tracking solution in our main offices is imminent. In the coming months, our focus will be on finalizing the configuration to begin implementing the scheduling solution in the first stores.

What are your goals once the project has been completed?
Knape: After the successful introduction of the system, we will be aiming for uniform handling in 17 countries. We want to manage a system that efficiently interacts with various payroll systems, complies with local regulations, and increases employee satisfaction. Above all, it should enable a more efficient, data-driven planning process.

Reaping the rewards

Founded in 1913, CLAAS is a family business and one of the world's leading manufacturers of agricultural machinery. The company, which is based in Harsewinkel in Westphalia, is the European market leader for combine harvesters and the global market leader for self-driving forage harvesters. Its product range is rounded off by tractors, agricultural balers, and grassland harvesting machinery, along with agricultural IT solutions. CLAAS has over 12,000 employees worldwide and reported sales of €6.1 billion in the 2023 financial year. The company is a genuine global player – and has now decided to implement a new digital workforce management solution. Raimund Schwierz, Product Owner Production Planning and Workforce Management at CLAAS, tells us why.

Why has CLAAS decided to introduce a new workforce management solution?

Raimund Schwierz: We're working on introducing a new workforce management system with the aim of integrating our employees in manufacturing roles more effectively into our planning processes, thereby improving employee satisfaction. Based on the manufacturing characteristic of employee-centered production, we identified continuous improvement of workforce planning as a key strategic action area. Additionally, we plan to digitalize and standardize existing processes. This will facilitate more efficient planning and make it possible to streamline decision-making processes.

Which specific challenges were the key factors in your decision?

Schwierz: One challenge facing CLAAS is the complex workforce scheduling requirements at its international factories. In addition to qualification-based duty scheduling in line with local compliance regulations, we also need to balance our capacities across different departments. We hope to optimize our processes by implementing a standardized solution that considers employees' needs for flexible duty scheduling as well as the potential to improve productivity and quality.

Why did you opt for ATOSS?

Schwierz: It was hugely important to introduce a standard software that offered sufficient flexibility to meet the different requirements of our various factories. Within the context of conducting an extensive market analysis, we ultimately opted for ATOSS because the solution offers a standardized SAP interface along with a scope of functionalities that meet the needs of an international agricultural machinery manufacturer. Besides the fact that ATOSS draws on decades of experience, we were also impressed by the international operational capabilities provided by comprehensive language packages. In addition to our sites in Germany, we also plan to deploy the system at other international production sites.

What are your plans for the new solution? And how will it help you to overcome the specific challenges you face?

Schwierz: In addition to qualifications management, duty scheduling, and absence planning, capacity planning is another crucial area for us. By determining our staffing requirements using the production schedule, we can be proactive in identifying shortfalls and surpluses. This enables us to identify and simulate trends at an early stage and thereby optimize planning quality. What's more, the automatic duty planning function allows us to respond effectively to short-notice employee absences. We also want to automate measures that ensure our compliance with statutory and internal regulations in order to flag up and prevent any potential infringements before they happen.

Looking ahead, where do you intend to deploy ATOSS Workforce Management?

Schwierz: To begin with, CLAAS plans to introduce the new workforce management solution at its sites in the German-speaking world – in Bad Saulgau, Harsewinkel, and Paderborn. The roll-out will then extend over national boundaries to locations in Hungary and France. In all, the company plans to provide the solution to over 3,500 users at a minimum of five CLAAS sites. A particular focus for us is establishing a standardized system that also factors in the specific requirements of individual factories.

"Besides the fact that ATOSS draws on decades of experience, we were also impressed by the international operational capabilities provided by comprehensive language packages. In addition to our sites in Germany, we also plan to deploy the system at other international production sites.

Raimund Schwierz
Product Owner Production Planning
and Workforce Management
CLAAS

ATOSS Insights

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A successful dynamic duo: Detailed planning and innovative cloud strategies

Christof, ATOSS has reported impressive record figures for the 18th year in succession. Can you tell us the secret of your success?
There are many reasons for our success as a company, including profitable markets, our products and, most notably of course, simply the best employees in the field of workforce management. When people are asked about the secret of their success, they often reply with buzzwords like "focus" and "stamina". The star investor Charlie Munger once said: "Rational is the one-word answer to the question on the secret of success." The same goes for ATOSS: a large part of our success is based on planning the company's development over the medium and long term, and dealing rationally with challenges that appear on our planning horizon.

Could you illustrate the foundations of success at ATOSS in an example?
In 2008, we drew up a forecast for our employee numbers and turnover for the next ten years. By 2018, the actual figures had only deviated from these forecasts by 3% and 5%. This shows that we are continuously engaging with economic, technological, and social developments. In particular in times of significant transformation and change, it's important to remain focused on our long-term goals for the development of our company, while also looking at the data to respond in a highly agile way to current challenges. From 2006 to the present day – that's 18 years in succession – this approach has enabled us to achieve our forecasts every year, and considerably surpass them on many occasions.

The world is also changing for ATOSS as an employer. Highly qualified employees are scarce. What role does diversity play in the company?

It's part of the ATOSS DNA. Our global recruitment activities, along with our Top Employer award, enable us to build up a multinational, diverse workforce. This is essential to our efforts to tackle the challenges of the future. Our cosmopolitan mindset and diversity enhance our innovative capacity, while also boosting our employees' commitment and engagement. This is underlined by our Employee Engagement Index of 80%. We're very proud of our multinational, diverse workforce. We attract pioneers who enjoy shaping and designing the worldwide advancement of our vision and products.

General Atlantic acquired a minority shareholding in ATOSS in 2023. What does that mean for the company?

On the one hand, the General Atlantic investment is a sign of trust in the future of the ATOSS business model. On the other hand, we are benefiting from General Atlantic's proven expertise on issues such as internalization, organizational development, and scaling.

So the internationalization of ATOSS is continuing to progress?

Absolutely! It's a huge advantage for us that ATOSS can adapt to different cultures and languages. That goes for our products, too. They are – to use the same phrase – highly adaptable. We can implement our solutions in line with different countries' regulatory systems through parameterization alone. This represents a decisive competitive advantage. It's also reflected in last year's 50% increase in sales outside the DACH region.

In this context, how does the cloud strategy support the ATOSS business model?

Our cloud strategy forms the foundation for customer loyalty, customer expansion, and the acquisition of new customers. This strategy increases the predictability of our revenues and drives our investment in research and development forward. Recurrent income accounts for around 60% of our total sales – a figure we aim to lift to around 70% by 2025.

> *Our cloud strategy forms the basis for customer loyalty, customer expansion, and the acquisition of new customers. The strategy increases the predictability of our revenues and drives our investment in research and development forward.*
>
> **Christof Leiber**
> **CFO | ATOSS**

Back in 2018, many companies still believed that a complete cloud transformation was not technically feasible.

We identified at an early stage that the cloud transformation is not only viable but essential. We made the appropriate decisions at the right point in time. This is why we recommend our customers that now is the time to plan their cloud migration over the next one, two or three years.

What exactly do your customer interactions look like? How are they changing?

First of all, I'd like to emphasize that we have a very loyal customer base. The churn rate for cloud customers stands at just 1.6% p.a., while the figure for maintenance customers – including migration to ATOSS Cloud – is a little over 4% p.a., based on the current ARR. These are two exceptionally positive figures. In spite of this, we have decided to focus even more closely on customer satisfaction for our cloud customers and intensify our efforts to encourage our existing on-premises customers to migrate to the cloud. This means making it clear to existing customers that investing in expanding and upgrading their on-premises solutions is also an investment in their future. And in the years ahead, we'll certainly retain the option to migrate to the cloud. At the same time, however, customers looking for innovations such as generative AI and the like will only find them in our cloud solutions. So, it's worth migrating in the near future.

What advice would you give to companies that are facing the decision to migrate to the cloud?

Well, I would encourage them to look rationally at the challenges they face in terms of workforce management. They should focus on the rapid technological changes and opportunities in areas like artificial intelligence and cloud computing. Here, we're offering our customers a "bridge into the future". They only have to dare to take the first step and seize the numerous advantages of digitalization that our cloud solution offers.

Cloud computing and AI: Key technologies of the future

Pritim, ATOSS has completed its transformation to become a cloud-native technology provider well ahead of its original schedule. What does this mean for the company and its customers?
This milestone is decisive for ATOSS and our customers. We're delighted to have been able to announce the conclusion of the project to transform our solutions well ahead of schedule. Cloud-native technology allows us to respond with even greater agility to the changes taking place cross the entire business landscape. By significantly accelerating the transformation process, we've also been able to adapt much more quickly to international market developments and advance our innovations at the same time. We now offer our customers crucial competitive advantages through our comprehensive workforce management solutions.

Can you tell us about some of the innovations that have been added in recent years?
We've introduced thousands of new features in terms of time management, planning, forecasting, and automation. One of our objectives is always to enhance user experience, which is also reflected in our new mobile applications. This commitment to a cloud-first strategy across our product portfolio has resonated with our customers. Over 70% of new customers opt for our CLOUD24/7 solutions, which offer an advanced infrastructure, outstanding security, and numerous services.

Would you attribute the success of the ATOSS

What do you see as the reason for the success of the ATOSS cloud transformation?

Our success is based first and foremost on our continued investment in research and development, which sets us apart as an innovator in the field of workforce management. Since 2019, we've invested over €50 million in cloud transformation alone. We're utterly convinced that technology is key to securing long-term and sustainable gains in the value of our customers' companies. Our ranking in the EU Industrial R&D Investment Scoreboard 2023 confirms this in that ATOSS took first place for research and development investments among European workforce management software companies. Besides, the diversity of our development teams, in which 20 countries are represented and women account for 37% of those employed, enables us to create solutions that meet the needs of a changing working world, both today and in the future.

What role does cyber security play here?

It's hugely important: in December 2023 alone, more than 200 security incidents were officially reported in Europe. These huge hacks, involving over 100 million stolen datasets, were only possible because the victims had skimped on safe and secure cloud technologies. And that doesn't include the numerous security incidents that go unreported. We're only aware of the tip of the iceberg! If you didn't do your homework on cloud computing and data security in the past, that's one mistake you won't make again. Nowhere is this more evident than in terms of cyber security.

> *We're continuously applying machine learning and generative AI concepts across our entire solution portfolio.*
>
> **Pritim Kumar Krishnamoorthy**
> **CTO | ATOSS**

How is ATOSS leveraging the advances in artificial intelligence?

In the field of workforce management, AI is a transformative force. We have harnessed these developments to significantly enhance our solutions. Our algorithmic AI in forecasting and planning provides our customers with unsurpassed flexibility and results. For example, based on our research in the field of machine learning, we've integrated an AI service into our ASES PEP solution, which we'll be offering to our cloud customers this year. This service, which recently won the 2023 Human Resources Excellence Award (HREA), facilitates cost-effective, optimized forecasting without any manual intervention.

Is cloud migration becoming a now-or-never scenario for companies?

Time is a decisive factor. The number of companies in the EU that purchased cloud computing services rose by 4.2 percentage points in 2023 compared with figures for 2021. Last year alone, 42.5% of EU companies purchased cloud computing services. This certainly isn't just a Europe-specific trend, either: 60% of global company data is already stored in the cloud. Yet according to recent surveys, 60% of German companies have not yet started to migrate to the cloud. At the same time, 42% of German CEOs don't perceive geopolitical changes or climate change as the most significant threat to their company – they're most concerned about cyber risks! Germany obviously has a lot of catching-up to do and needs to take action.

Can you describe some examples of successful cloud migrations by ATOSS customers?

To name just a few: companies like ACER, ATU, Lekker Energies, or Huhtamaki Ronsberg are benefiting tremendously from migrating to our cloud solutions. They have significantly enhanced their data security, among other things. It's crucial that a company puts the migration of their workforce management solutions to the cloud at the top of their agenda. Other solutions in their IT landscape can then follow suit.

What developments in the AI field can ATOSS customers expect in the future?

We're continuously applying machine learning and generative AI concepts across our entire solutions portfolio and throughout our company. What's more, over the course of this year, we're planning to introduce several AI services to address anomaly detection, data quality, forecasting, and planning for our ASES Cloud solutions.

How can companies ensure that their own workforce can keep pace with these fast-track developments?

The digital transformation we're experiencing will change the world forever. My advice would be to create an environment that always enables employees to keep learning.

Sustainability Report

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1. Sustainability at ATOSS

1.1. About this report

The separate, non-financial Group report of ATOSS Software AG (non-financial Group report) was prepared in compliance with Sec. 315c in conjunction with Sec. 289c to 289e of the German Commercial Code (HGB) as well as Article 8 of Regulation (EU) 2020/852 of the European Parliament and Council dated June 18, 2020 on the establishment of a framework to facilitate sustainable investments and amend Regulation (EU) 2019/2088 (hereinafter referred to as the EU Taxonomy Regulation) and relates to the financial year from January 1, to December 31, 2023.

In accordance with Sec. 289c of the German Commercial Code (HGB), the separate, non-financial Group report is to contain disclosures required to understand the company's business performance, results and position as well as the impact of its activities on the aspects specified in Sec. 289c (2) HGB. In preparing the separate, non-financial Group report, ATOSS Software AG made use of the option offered in Sec. 289d HGB and with regard to the materiality analysis, the description of the management approach and presentation of individual key figures, it relied primarily on the international framework of the Global Reporting Initiative (GRI) as well as the industrial standard of the US Sustainability Accounting Standards Board (SASB) (see also Table in 1.4.).

The contents of the separate, non-financial Group report relate to the ATOSS Software AG Group. The underlying data on which the Group's key non-financial figures are based correspond to the consolidation group used for the financial reporting. In the event of a divergent inclusion, a corresponding explanation is provided. The timeline of the measures presented with respect to the relevant aspects is continuous unless otherwise specified.

For reasons of linguistic simplicity and enhanced readability, the masculine form is used in the separate non-financial Group report. This includes all genders.

External audit of the separate non-financial Group report
The separate, non-financial Group report of ATOSS Software AG was subjected to an independent audit with limited assurance by the auditors PricewaterhouseCoopers GmbH, Munich (PwC) using the auditing standard "International Standard on Assurance Engagements (ISAE) 3000 (Revised)" relevant for sustainability reporting. Their opinion can be found at the end of this report.

1.2. Description of the business model

ATOSS Software AG is a provider of technology and consulting solutions for professional workforce management and demand-optimized personnel deployment. From time recording to strategic capacity planning, ATOSS wins customers with its product suites thanks to their extensive functionality, maximum scalability and high end technology.

Further information on ATOSS Software AG's business activities and business model can be found in the Chapter "Group Basics" in the group management report.

Entrepreneurial responsibility and sustainability
Sustainability is a key pillar of ATOSS Software AG's business activities. It represents the company's commitment to reconciling the needs of employees, customers, society and the environment with the achievement of its short and long-term growth targets. For ATOSS, responsible conduct and social acceptance are fundamental to its ability to operate successfully in the market.

At the same time, ATOSS is making a valuable contribution to a more sustainable world with its workforce management solutions by helping companies to work more creatively, more intelligently and more humanely. ATOSS is thereby revolutionizing the interplay of cost-effectiveness and humanity. Effective, highly efficient digital solutions for demand-optimized workforce scheduling are indispensable for companies, and even more so in times of volatile economies. Based on its product range of highly flexible tools, ATOSS is helping companies to implement control systems transparently, efficiently and promptly. This not only makes them more competitive but also secures their financial base and jobs. ATOSS solutions also support companies' innovative enterprise, boosting motivation and enhancing our customers' employee satisfaction. ATOSS Software AG is firmly convinced that technological innovations hold the key to guiding society to a more sustainable way of life and ways of working.

The ATOSS values, enshrined in the ATOSS Code of Conduct, underpin the respectful interactions of ATOSS employees in the Group and their daily dealings with external stakeholders.

In the 2023 financial year, ATOSS Software AG continued to pursue its measures and targets in the sphere of sustainability with great commitment and reports on them on its homepage under the Sustainability tab (https://www.atoss.com/en/company/sustainability). Here, investors and interested parties can access the latest data and information on the sustainability issues "Customers and society", "Employees", "Integrity and compliance" as well as "Environmental protection".

1.3. Stakeholders

ATOSS Software AG divides its stakeholders into internal and external participants. The internal groupings comprise the company’s employees, Management Board, Supervisory Board, Compliance Management Committee and Works Council. The external groupings are made up of customers, suppliers and service providers, the partner network, shareholders and investors, (potential) future employees as well as important multipliers such as analysts and the media.

ATOSS Software AG attaches great importance to maintaining a continuous dialog with these stakeholders. This is also reflected in the structure of the departments at ATOSS which focus on dialog with these stakeholder groups. For example, they include the departments of Sales, Customer Services & Support, Human Resources, Marketing and Investor Relations.

Investors and ATOSS’ shareholders make up a key stakeholder group in addition to customers and employees. The Group uses various communication channels to engage in regular dialog with them and it values one-on-one conversations. As well as participating in investor conferences, the company also conducts telephone calls and private conversations with investors on a regular basis. The business performance of ATOSS Software AG is communicated via quarterly bilingual press releases, the half-yearly report and the annual report.

In the 2023 financial year, ATOSS Software AG maintained an intensive dialog with all the relevant stakeholders. On the one hand, to promote mutual understanding in an open, constructive exchange, and establish trust. On the other, to continuously identify topics of significance from ATOSS’ perspective in terms of its entrepreneurial responsibility. Besides holding its regular or extraordinary Annual General Meeting at the end of April or in mid-September respectively, participating in an analysts’ conference at the end of November and various investor conferences at home and abroad, the company made time for its investors in numerous private conversations.

In 2023, the company’s management once again actively solicited feedback from ATOSS employees in surveys (Connect@ATOSS Engagement Survey and Pulse Survey) and annual interviews (see also comments in Chapter 4). Employees were also involved through regular staff meetings – organized for the German facilities by the Works Council.

The Management Board also worked very closely with the company’s Supervisory Board in a relationship marked by constructive dialog and mutual trust. The Management Board also kept the Supervisory Board regularly, comprehensively, and promptly up to date on key aspects of the business in writing and verbally.

1.4. Key subjects

Materiality analysis

In 2023, to identify all the key circumstances for the non-financial Group report, ATOSS Software AG conducted a review of its materiality analysis prepared in 2021 as well as comprehensively re-validating and prioritizing the 12 key themes listed in the previous year. The result was that there were no changes by comparison with the previous year in this year's materiality analysis which otherwise was also conducted along the lines of the previous year's procedure (please refer to comments made in the 2021 and 2022 Sustainability Reports). All the key themes were also re-confirmed by the Management Board. The aspect "Respect for Human Rights" from the minimum list of topics identified in the German Commercial Code (HGB) in accordance with Sec. 289c (2) HGB was classified as non-material as part of the materiality analysis. Nevertheless, respect for human rights, children's rights and labor rights is extensively covered in the company's code of conduct.

Pursuant to the CSR-RUG on the disclosure of non-financial information, in addition to reporting on the material aspects, companies must also disclose associated risks which are linked to their own business activities, business relationships, products and services and which are very likely to have or will have a serious negative impact on the five aspects pursuant to Sec. 289c (2) HGB. In the 2023 financial year, ATOSS Software AG did not identify any risks pursuant to Sec. 289c (3) No. 3 and 4 of the German Commercial Code on a net basis. Further general information on risks and opportunities can be found in the Annual Report 2023 in Chapter 3, "Opportunity and Risk Report".

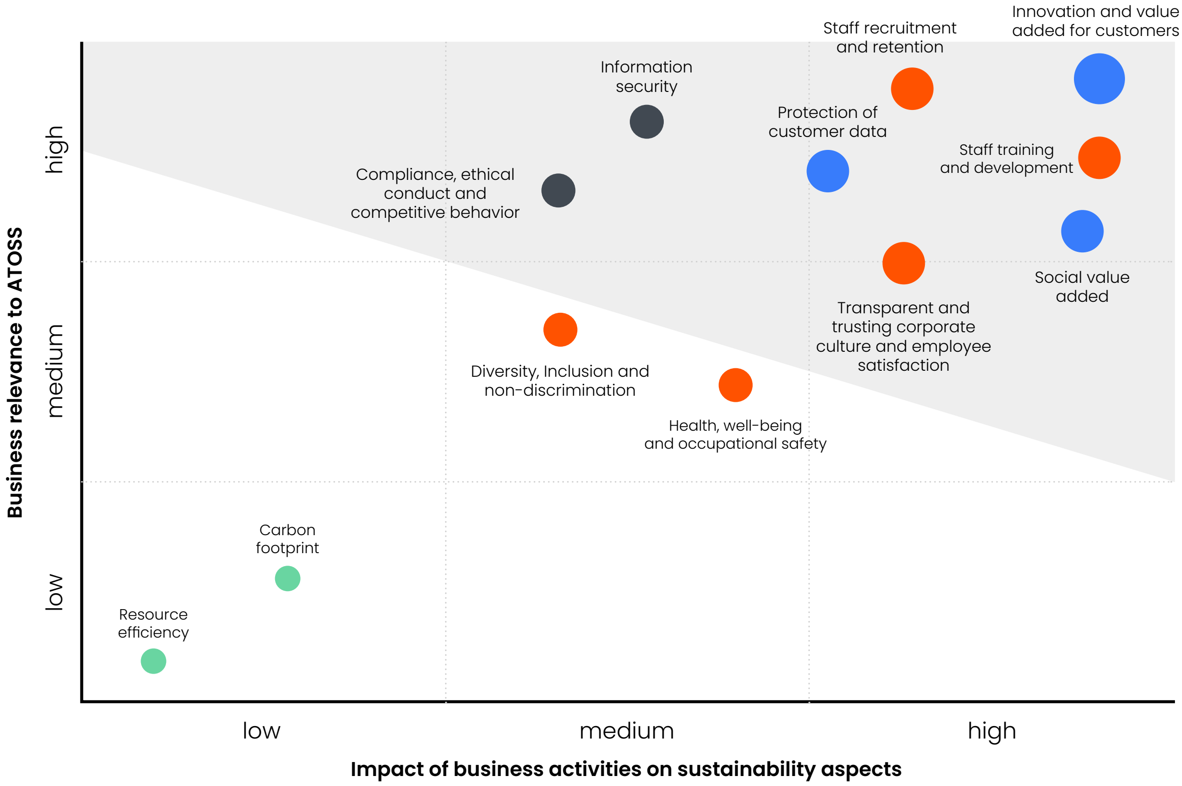
The key subjects identified as part of the materiality analysis and their allocation to ATOSS' four spheres and the aspects required in Sec. 289c (2) HGB are presented in the following overview:

Key subjects	GRI	SASB	SDGs	Minimum content under HGB and further aspects regarded as material
Integrity and compliance				
Information security		SASB TC-SI-230a		
Protection of customer data	GRI 418	SASB TC-SI-220a, SASB TC-SI-230a		Customer concerns
Compliance, ethical conduct and competitive behavior	GRI 205/206	SASB TC-SI-520a		Combating corruption and bribery (Sec. 289C (2) No. 5 HGB)
Customers and society				
Innovation and value added for customers				Customer concerns
Social value added				Social concerns (Sec. 289C (2) No. 3 HGB)
Employees				
Transparent and trusting corporate culture or employee satisfaction	GRI 102-8, GRI 401; GRI 402	SASB TC-SI-330a		Employee concerns (Sec. 289C (2) No. 2 HGB)
Diversity, inclusion and non-discrimination	GRI 102-16, GRI 405, GRI 406			Employee concerns (Sec. 289C (2) No. 2 HGB)
Health, well-being and occupational safety	GRI 403			Employee concerns (Sec. 289C (2) No. 2 HGB)
Staff recruitment and retention	GRI 405, GRI 406			Employee concerns (Sec. 289C (2) No. 2 HGB)
Staff training and development	GRI 404			Employee concerns (Sec. 289C (2) No. 2 HGB)
Environmental protection				
Carbon footprint	GRI 302, GRI 305	SASB TC-SI-130a		Environmental concerns (Sec. 289C (2) No. 3 HGB)
Resource efficiency	GRI 301, GRI 306	SASB TC-SI-130a		Environmental concerns (Sec. 289C (2) No. 3 HGB)

Peace, justice and strong institutions (No. 16)
Decent work and economic growth (No. 8)
Gender quality (No. 5)
Affordable and clean energy (No. 7)
Responsible consumption and production (No. 12)
Industry, innovation and infrastructure (No. 9)
Good health and well being (No. 3)
Quality education (No. 4)
Climate action (No. 13)

Prioritization of key subjects

The following materiality matrix shows how ATOSS Software AG prioritizes the issues that feature in the list of key subjects. Firstly, the effect of these subjects on ATOSS Software AG's future development, earnings and position was analyzed. Secondly, the impact of business activities on sustainability aspects was examined. The subjects in the grayed-out area were given high priority with respect to their business relevance and the effects of business activities on the relevant sustainability aspects.



The following comments relate to all sustainability issues identified as material by ATOSS Software AG.

The sustainability subjects including key non-financial indicators are becoming increasingly relevant to ATOSS Software AG's business, but are currently not yet part of the Group's value-driven management system. No directly quantifiable statements of relevance to the Group can be made on causal relationships and increases in value due to their limited measurability to date. The non-financial indicators are therefore not used to manage the Group.

2. Integrity and compliance

Actual or suspected infringements of current legal provisions, internal rules or ethical standards might incur negative financial consequences for ATOSS Software AG and its reputation. For this reason, top priority is given to information security and the protection of customer data as well as the avoidance of critical compliance incidents.

At ATOSS, the Integrity and Compliance sphere covers the subjects of information security, the protection of customer data, compliance, ethical conduct and competitive behavior and corresponds to the aspects of combating corruption and bribery in accordance with Sec. 289c (2) No. 5 HGB and/ or employee concerns under Sec. 289c (2) No. 2 HGB.

2.1. Concepts, due diligence processes and targets

Information security
ATOSS Software AG has implemented various measures and checks in the company to ensure information security. The aim of these measures is to prevent attacks or unintended activities that violate the confidentiality, integrity or availability of data. Attacks and unintended activities include both the theft and manipulation or the sabotaging of data. The key measures implemented in 2023 by the IT Department in close cooperation with the responsible divisional management board and the CFO include both preventive and responsive, mitigating measures as well as control actions.

- Preventive controls, for example, involve the secure configuration of hardware and software, controlled access to devices and identities on a need-to-know basis, software updates, vulnerability management, defense against malware as well as educational inputs for users and obligatory annual online training for all ATOSS employees on the subject of information security.
- Detective controls, for example, include the collection and verification of data, incident handling, measurement of external risk potential but also site inspections, service audits and penetration tests.
- Responsive controls cover incident handling, protective system changes and emergency management.

An Information Security Management System (ISMS) based on the model of the international security standard ISO/IEC 27001 was implemented in 2022 for the technical security of ATOSS Cloud Operations. Since this year, the Group has also had a backup data center, further boosting fail safety in the event of disruptions to the existing data center (power cuts, cyber attacks, acts of sabotage, natural disasters).

In addition, ATOSS Software AG set itself the following targets for 2023 in the area of information security for the first time in 2022:

- to maintain and refine the existing, ultra-modern management system for information security
- to extend ISO 27001 certification in the area of cloud services for workforce management solutions and to prepare further certifications for IT security and data protection processes
- availability rate for cloud services > 99.5 percent

The Group will continue to adhere to these targets in financial year 2024 with respect to

- maintaining and refining the existing, ultra-modern management system for information security
- achieving an availability rate for cloud services of > 99.5 percent.

With regard to the existing Information Security Management System (ISMS) for ATOSS Cloud Operations, the Group has set itself the following target for 2024:

- recertification to the new international security standard ISO/IEC 27001:2022 in the area of cloud services for workforce management solutions.

Protection of customer data
The protection of personal data is a fundamental right of all natural persons. The protection of personal data is defined as a fundamental right in Article 8 of the European Union's Charter of Fundamental Rights; according to the EU General Data Protection Regulation (GDPR), it also forms part of EU data protection laws. ATOSS Software AG pays attention to the protection of personal data and implements appropriate measures for this purpose.

This includes only handling personal information in accordance with statutory regulations, protecting such information appropriately against unauthorized access and giving data subjects the opportunity to take advantage of their rights prescribed in law. Data subjects have various options for establishing contact with ATOSS, including via the email mailboxes set up for this purpose. In addition to the ATOSS Code of Conduct, customer data protection in the company is also governed by a data protection guideline, among other things. This guideline takes account of the latest framework conditions applicable to ATOSS in data protection law on the basis of the General Data Protection Regulation in force in the EU. It is backed up by a Group-wide data protection management IT system that in particular addresses the implementation of documentation and accountability obligations under the GDPR. A data protection officer who undergoes regular training in the latest legislation, case law and customary implementation of data protection, advises every division in the Group on these matters. All employees are instructed to report any breaches of data protection regulations or internal company guidelines. Every tip-off alleging a potential breach of data protection regulations is taken seriously and investigated as quickly as possible.

Compliance, ethical conduct and competitive behavior
ATOSS Software AG's goal is to ensure that all employees act responsibly, with integrity and in an ethically correct manner and also conduct themselves in compliance with statutory regulations – particularly competition law and antitrust legislation. The relevant principles are defined in the Code of Conduct that was sent to all employees in writing by the Management Board for the first time in 2021 and that can also be viewed at any time on the ATOSS website. ATOSS' ethical principles are imparted to all new employees as part of corresponding onboarding events (ATOSS Values Days). The aim is for all employees to know the ATOSS Code of Conduct, incorporate it into their everyday working life as well as adhering to it.

The ATOSS Code of Conduct is currently available in three languages and it covers the following subject areas, among others:

- **Basic values of ATOSS Software AG**
  - **Credibility**: The Group discharges its assignments with authenticity, a sense of responsibility and commitment.
  - **Revolutionizing:** ATOSS acts flexibly, constantly generating new opportunities for the working environment of tomorrow..
  - **Reliability:** Stakeholders can rely on the expertise, continuity and quality of ATOSS' services.
  - **Fairness:** ATOSS plays by the principle of win-win. Clarity and mutual respect are the cornerstones of the ATOSS value culture.
  - **Pleasure in success:** ATOSS employees are part of a team, achieve their targets with enthusiasm and take pleasure in their joint success.

- **Fair competition and antitrust law:**
  ATOSS subscribes unreservedly to competition by fair means and strict observance of antitrust law.

- **Compliance and anti-corruption:**
  All ATOSS employees must respect all the laws and regulations relevant to their working environment as well as internal instructions and guidelines. ATOSS will not tolerate any form of corruption, bribery, venality or other unlawful inducements. Respect for human rights, children's rights and labor rights is non-negotiable and unconditional, encompassing observance of the United Nations' charter on human rights and children's rights as well as the recognized standards of the International Labor Organization (ILO).

- **Occupational health and safety:**
  ATOSS aims to conduct its business in a sustainable, healthy and safe manner, and the company strives for continuous progress in the health and safety of its employees.

- **Equal rights and non-discrimination:**
  The ATOSS culture is characterized by equal opportunity as well as mutual trust and appreciation. ATOSS can only systematically and successfully advance its vision of making sustainable improvements to the working environment for all stakeholders if people of varying identities, backgrounds and perspectives make a contribution toward these aims on a daily basis. In promoting diversity & inclusion, ATOSS adopts a clear position vis-à-vis its employees, candidates and business partners (please refer to our comments in Chapter 4 Employees).

- **Protection of the environment:**
  ATOSS' aspiration is to be mindful every day of the impact of its own actions on the environment, minimize unnecessary pollution of the environment in a business context and always make decisions with the sustainability perspective uppermost in its thinking.

- **Data protection and trade secrets:**
  All data protection provisions and specifications must be observed. Trade secrets must be treated confidentially. This also applies to other information where ATOSS, its contractual partners and customers have or might have an interest in keeping such information confidential.

In 2023, ATOSS Software AG again implemented various mechanisms to help its employees meet the requirements of the ATOSS Code of Conduct. They include online training sessions on the Group's learning management system which employees must take every year. These sessions focus on the subjects of occupational health and safety, data protection and information security. Since this year, they have been supplemented by obligatory participation in a new e-learning format on the ATOSS Code of Conduct.

In 2017, ATOSS Software AG also implemented a compliance management system to ensure that conduct throughout the Group is characterized by integrity and compliance with the law. This system represents an integrated approach to reducing risks and ensuring that rules are complied with in the company. In this process, responsibility for implementing and monitoring the compliance program lies with the Compliance Committee. This committee tests and evaluates compliance issues and concerns, ensuring that employees comply with the law, internal rules and procedures are followed and conduct lives up to the ATOSS Code of Conduct.

The main duties and tasks of the Compliance Committee comprise the following:
1. making all ATOSS employees aware of the subject of compliance and providing them with training
2. implementing compliance regulations
3. informing the Supervisory Board and Management Board on compliance issues
4. advising managers and employees on questions regarding the Code of Conduct
5. regularly updating the Code of Conduct and all further compliance rules to adapt them to the current legal position
6. reporting regularly to the Management Board and Supervisory Board as part of the half-yearly risk and compliance management surveys.

Besides internal guidelines such as the Code of Conduct, external guidelines also govern the actions of ATOSS Software AG. For example, the Group uses the recommendations of the German Corporate Governance Code for good, responsible corporate governance as a guide. The code aims to make the German corporate governance system transparent and clear, in order to thereby boost the confidence of investors, customers, employees and the public in the management and supervision of listed companies. Deviations from the recommendations and specifications of the German Corporate Governance Code are communicated in the declaration of conformity submitted annually by the Management Board and Supervisory Board; this declaration is available on the company's homepage.

A responsible approach to risks within the company also forms part of prudent management and good corporate governance. For this purpose, ATOSS has an internal control and risk management system, particularly with respect to the accounting process, which is used to analyze and control the Group's risk position. The risk management system serves to identify and assess developments that may entail considerable disadvantages and to avoid risks that would jeopardize the future of the Group as a going concern (early warning system for risks). ATOSS Software AG reports in detail on its risk management and control system in Section 3 of its combined management report.

In the area of Compliance, ethical conduct and competitive behavior, ATOSS Software AG set itself targets for the first time in 2022 for 2023 and it will keep to these targets unchanged in 2024. The relevant targets are as follows:

- to complete compliance training with a 100% success rate
- to continue raising awareness of compliance and security
- to introduce further internal training measures on the subject of equal rights and compliance, among others.

2.2. Progress and measures

Information security

For ATOSS Software AG, the realization of a comprehensive security strategy means proactively guaranteeing the security of data critical to the business and important information resources. For this reason, various information security measures were maintained unchanged throughout the entire company in the 2023 financial year. In addition, there has been an Information Security Management System (ISMS) in place since 2022 which was refined in 2023 and successfully recertified as part of the ISO 27001 recertification which this year comprised not only the Munich facility but also Timisoara (Romania). Besides the regular, structured survey of relevant processes, the Information Security Management System (ISMS) includes procedures for observing statutory requirements on information security, the systematic registration of risks and for deriving and monitoring associated mitigation measures for the ATOSS Cloud Operation Services (COS) Department.

The availability target for cloud services in 2023 of > 99.5 percent was achieved with an overall score of 99.98 percent.

Protection of customer data

In 2023, ATOSS Software AG once again conducted appropriate measures to ensure the protection of personal data. By according this subject such a high priority, the Group is able to guarantee a high level of data protection at all times. To this end, staffing levels in the Data Protection unit were further increased in 2023.

Compliance, ethical conduct and competitive behavior

Compulsory online compliance training on the subjects of occupational health and safety, health protection, data protection, information security and as of this year also the Code of Conduct was successfully introduced in the 2023 financial year, further reinforcing awareness of compliance and security among employees in the Group. Above all, the introduction of the new online training on the subject of the Code of Conduct represents a further important tool for raising awareness among employees of the need to systematically observe statutory regulations and internal company guidelines. In particular, these include the subjects of equal rights, inclusion and non-discrimination.

ATOSS also offers all employees across the Group the chance to report breaches of the Code of Conduct and/or guidelines implemented in the company anonymously and without fear of repercussions via the whistleblower hotline introduced in 2022. No violations of the Code of Conduct or guidelines implemented in the company were reported or became known either through the new anonymous whistleblower system or by any other means.

3. Customers and society

ATOSS Software AG attaches great importance to long-term customer relationships. These are based on mutual trust and the ability to recognize and understand the demands of its customers and together find ways of meeting them. The topic of customers and society is the responsibility of all Management Board members of ATOSS Software AG and the departments responsible for implementation and compliance Sales, Marketing, Product Management, Research & Development, Cloud Solutions, Customer Services & Support and Finance.

The Customers sphere comprises the subjects of innovation and value added for customers and was defined by ATOSS Software AG as material above and beyond the aspects specified in Sec. 289c HGB.

The Society sphere corresponds to the aspect of social concerns in accordance with Sec. 289c (2) No. 3 HGB and it includes ATOSS' social value added as a material issue.

3.1. Concepts, due diligence processes and targets

Innovation and value added for customers

Innovation represents a core value for ATOSS Software AG and is essential for the company's long-term viability and the satisfaction of its customers. Consequently, ATOSS Software AG strives continuously to sensibly incorporate constantly shifting customer demands in its products and processes to its best advantage. The annual releases containing numerous new functions and features also serve this purpose.

ATOSS solutions add significant value for its customers by allowing them to deploy their existing personnel capacity more intelligently and adapt it quickly and agilely to meet changing underlying conditions at any time. Fluctuations in demand, for example, can occur in companies at short notice due to volatile order books in industry, changing footfall in the retail trade, call volumes in call centers, fluctuating patient admissions in the health sector or seasonal peaks in logistics.

The core task of ATOSS software solutions is to synchronize working time with workloads to the best possible degree at all times and generate cost optimized deployment plans. This creates a sustainably productive, viable working environment which actively involves employees in the organization of their working time and contributes to greater employee satisfaction and productivity through its transparency; furthermore, this raises productivity, efficacy and the service level and/or product quality. In this way, companies can quickly respond to changes in the market.

Innovative working time concepts also create the platform for a better work-life balance and support effective employer branding — subjects that are gaining in importance in times of skills shortages. Intelligent time and attendance management, demand-optimized deployment planning and exact workforce forecasting, while also preventing expensive overtime and unoccupied time. Integrated workforce management thereby creates the foundation for a living and breathing organization that can respond at any time to fluctuating requirements while optimizing costs and demands. In this way, ATOSS makes an important contribution to its customers' innovations, digital transformation and their ability to stand out from their competitors.

Technological advances in ATOSS solutions are driven by the three departments, Product Management, Technology & Development and Cloud Operations which are the remit of CTO Pritim Kumar Krishnamoorthy.

In the 2022 financial year, ATOSS Software AG introduced the key indicator of Net Retention Rate (NRR). This indicator is an important tool for measuring customer satisfaction and shows whether the sum of annual recurring revenue (ARR) with the same customer group has grown or contracted in a certain twelve-month period.

Since that year, the Group has also been measuring the satisfaction of its customers centrally and by target market on the basis of the Net Promoter Score (NPS). In this way, customer needs are to be addressed even more effectively in the future as part of Customer Experience Management.

Sustainable economic growth will continue to form the basis of ATOSS' ability to innovate. ATOSS Software AG therefore set itself targets for the future for the first time in 2022.

ATOSS' targets for 2025:
- Proportion of recurring revenue around 70 percent
- Average revenue growth of 19% from 2023 to 2025
- Customer growth to 20,000+
- Expansion of international customer base

These long-term targets for the year 2025 remain unchanged, with the target for the share of recurring revenue has been adjusted from „more than 70 per cent" to „around 70 per cent".

AtOSS had set itself the following targets in the area of innovation and added value for customers for the 2023 financial year:
- Long-term customer relationships: cloud churn under 2 percent per year and Net Retention Rate (NRR) of at least 110 percent
- R&D investments of over 17 percent of total revenue
- Net Promoter Score (NPS) ≥ 35

The targets for long-term customer relationships and R&D investments also remain unchanged for the 2024 financial year. As far as the Net Promoter Score (NPS) for 2024 is concerned, the Group has set itself a new target of ≥ 10 as a result of increased knowledge with respect to data collection, data validation and methodology derived from conducting the first of these surveys in 2023. In the long term, the Group will continue to pursue its target of ≥ 35.

Social value added

ATOSS Software AG addresses the Society sphere primarily on a regional level by contributing to the public good as an upstanding corporate citizen at its various facilities. In the process, ATOSS is making a diverse contribution and provides value added, primarily by creating jobs, through innovative workforce management solutions, paying taxes as well as providing financial support to local associations and initiatives.

With regard to the Social value added sphere, ATOSS Software AG had set itself the target in 2023 of maintaining its donations in the areas of culture, the environment, children and social affairs as well as sponsoring the private and social commitment of its employees. This target remains an important commitment for the Group in 2024.

3.2. Progress and measures

Innovation and value added for customers

ATOSS Software AG evaluates the success of its innovations on the basis of the number of customers won in the financial year and the level of R&D spending. Today, around 15,600 customers plan and manage their employees with innovative ATOSS software solutions. Around 16 percent (previous year: 17 percent) of Group revenue or EUR 23.6 million (previous year: EUR 19.1 million) was committed to the further development of ATOSS products and solutions, thus meeting the target for the 2023 financial year. A total of 1 major release and 2 minor releases were rolled out for the ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE) products and 3 minor releases for the ATOSS Time Control product. With the level of its development expenditure, ATOSS is once again positioned among the top 100 European software manufacturers with the highest R&D expenditures in 2023 according to the study, "The 2023 EU Industrial R&D Investment Scoreboard"; this ranking positions the company in first place among Europe's workforce management software suppliers.

The value added provided by ATOSS solutions for customers and society was recognized in November 2023 with one of the most prestigious awards for personnel management in German-speaking territories – the HR Excellence Award. The HR Excellence Awards (HREA) jury crowned ATOSS victorious in the "Analytics & Technology, AI in HR & Software" category. The criteria for the assessment by HR experts comprised innovation, creativity, results and efficiency as well as the effectiveness of the project. The prize was awarded for the "AI-based personnel requirements forecast with the integration of PPR 2.0" which was developed together with Universitätsmedizin Mainz, Fraunhofer IKS, Flying Health and the ver.di Regional Office for Rhineland Palatinate/Saarland. The additional benefit in ATOSS solutions for customers lies in their demonstrable contribution towards greater value added and competitiveness. This was also underlined by a study commissioned by ATOSS in 2022 involving existing customers and companies not yet won over as customers by the Group on the subject of "The Future of Workforce Management". Measurable strategic effects result primarily in reducing personnel costs, sickness and staff turnover rates as well as over- and understaffing. ATOSS is also named by the international market research company Gartner as a representative provider in the European market for workforce management. The added value of ATOSS workforce management solutions and the high level of customer satisfaction they engender are also documented by consistently low churn rates. In the 2023 financial year, the churn rate in the Maintenance division stood at 3.1 percent (previous year: 2 percent). In the Cloud[1] division where the company is expecting a strong, sustainable boost to growth in the coming years, the churn rate in the 2023 financial year was 1.6 percent (previous year: around 2 percent) and is thus within the target range for 2023 of under 2 percent.

The Net Retention Rate (NRR)[2] indicator freshly introduced in 2022 to measure customer satisfaction came in at 123 percent as of December 31, 2023 (previous year: 130 percent). The target for the 2023 financial year of at least 110 percent published in the 2022 Sustainability Report was thereby exceeded.

In 2023, customer satisfaction was measured for the first time centrally and by target market with the aid of the Customer Net Promoter Score (NPS). With regard to the 2023 financial year, this indicator stands at +2, below the target of ≥ 35. Thanks to a better understanding gained from collecting the data, this target was redefined for the 2024 financial year and is now ≥ 10. In order to hit this new target, the Group drew up a comprehensive project plan in the fourth quarter of 2023, which among things provides for an improvement in the quality of the data collected, the need for follow-up processes and the inclusion of every division in the customer experience feedback process. The target of ≥ 35 announced in 2022 remains in place as the long-term NPS target (see Chapter 3.1).

1 Churn rate excluding the Crewmeister product
2 Net Retention Rate excl. the Crewmeister product

Social value added
As an employer and tax-payer, ATOSS Software AG makes a vital economic contribution at its 15 locations in Germany, Austria, Switzerland, Romania, Netherlands, Sweden, Belgium and since this year also in France. Across the Group, the company employs 775 staff as of 12/31/2023 (previous year: 693 employees) of whom 528 (previous year: 464) are active in Germany.

Social engagement has always featured as an important priority for ATOSS. For this reason, ATOSS launched the ATOSS Impact Day in 2023. The intention here is to encourage employees to volunteer for a project of their choice and thus to exert a positive influence on the environment or on society. One cause particularly close to the company's heart this year was once again its contribution to the Christmas campaign "I Make Children's Eyes Shine" in collaboration with KinderuniKlinik Ostbayern (KUNO - Children's University Hospital East Bavaria) in which children and adolescents with serious chronic illnesses and cancer were surprised by gifts from ATOSS employees. On the sporting front, ATOSS made a financial commitment in 2023 to "Wings for Life World Run" in which all the entry fees and donations went to spinal cord research. In the realm of culture, ATOSS has been supporting "Freunde der Pinakothek der Moderne e.V." (Friends of the Pinakotheque of Modern Art) for several years as a member of the Board of Trustees.

4. Employees

The key to success is to attract highly qualified, motivated employees and ensure their loyalty to the company over the long term.

The Employees sphere, attended to by the Human Resources Department in close collaboration with the responsible divisional management board, comprises the key subjects of a transparent, trusting corporate culture as well as employee satisfaction, diversity, inclusion and non-discrimination, health, well-being and occupational safety, staff recruitment and retention as well as employee training and development. This sphere corresponds to the aspect of employee concerns in accordance with Sec. 289c (2) No 2 HGB.

4.1. Concepts, due diligence processes and targets

Transparent and trusting corporate culture and/or employee satisfaction
ATOSS Software AG attaches great importance to a transparent, appreciative and trusting corporate culture. Its employees are the key factor in successfully achieving the company's targets. The corporate culture at ATOSS Software AG is distinguished by flat organizational structures, co-determination (via the Works Council at German locations) and an open relationship between the company management and employee representatives The success of the company depends more than ever on its ability to attract highly qualified, motivated staff who fit in with the ATOSS corporate culture, develop their skills and keep them in the company.

In a challenging year for everyone, the five ATOSS values – reliability, credibility, fairness, pleasure in success and the enthusiasm for revolutionizing – and the way they are embraced in daily interactions, combined with the strong sense of cohesion among employees, have made a significant contribution to the company's entrepreneurial success.

Besides measuring employee satisfaction, the annual employee surveys that form part of the ATOSS Listening strategy (Connect@ATOSS Engagement Survey and Pulse Survey) support the focus of ATOSS human resource management, driving its development by targeting the issues that reflect the company's priorities and strategies. A fixed set of questions helps to determine annually updated metrics (on subjects such as commitment, communication, cooperation, corporate culture, diversity & inclusion, innovation, professional development, purpose, security, team, work-life balance and the workplace). Survey results are communicated internally and taken into account in Group-wide activities in the sphere of People & Culture. Using its in-house HR commitment model, the Human Resources Department has set itself the task of providing the best possible support and effective handling for strategic and operational staff concerns and situations. For example, managers receive advice on and support for issues relating to the development of individual employees and the organization as a whole.

In the area of a transparent, trust-based corporate culture and/or employee satisfaction, ATOSS Software AG had set itself targets for the future for the first time in 2022. The targets for 2023 were as follows:

- to maintain a high Employee Engagement Index of over 80 percent
- to determine the employee Net Promoter Score (eNPS) with a target figure of at least 35
- to determine and communicate the ATOSS Leadership Index
- to determine and communicate the ATOSS Working Flexibility Satisfaction Index

ATOSS Software AG will also retain these important instruments for measuring the satisfaction of its employees in the 2024 financial year with the following targets:

- Employee Engagement Index of > 80 percent
- Employee Net Promoter Score (eNPS) with a target of ≥ 25
- ATOSS Leadership Index of 3.7
- ATOSS Working Flexibility Satisfaction Index of ≥ 75%

Diversity, inclusion and non-discrimination

The Management Board of ATOSS Software AG regards diversity, equal rights and inclusion as elemental components of open, innovative corporate culture, and it is determined to maintain a working environment that encourages employees to contribute their differing perspectives. Every employee – irrespective of their age, ethnic origin and nationality, gender, physical and mental abilities, religion, ideology as well as their sexual orientation and identity – must be able to contribute to the success of the company with their individual personalities and strengths, thereby unfolding their full potential. The Group defined this positive approach to diversity, equity & inclusion in its Diversity Policy published in the 2022 financial year which at the same time forms the basis for dealing with diversity within the ATOSS Group.

ATOSS is convinced that employee diversity boosts the company's agility and innovative talent as different perspectives are the breeding ground for new ideas. By signing the Diversity Charter every year (for the first time in 2021), ATOSS is demonstrably advocating a respectful working environment free of prejudice.

In addition, the ATOSS Code of Conduct defines what ATOSS Software AG regards as ethically correct conduct in everyday working life. Among other things, it also covers the subjects of equal rights and non-discrimination. For example, ATOSS is guided by the principle of equal opportunities as well as qualification-led and performance-related criteria in its personnel decisions such as the selection, appointment, promotion, remuneration and training of staff as well as when switching jobs. Gender-specific and ethnic differences play no part.

In order to address the subject of diversity and non-discrimination in the coming years with even greater intensity, ATOSS Software AG had set itself the following targets in this area for the first time in 2022, to be met by 2027, and the achievement of which it will also retain as targets in the 2024 financial year:

- Group-wide gender distribution: 50 percent female / 50 percent male
- Gender distribution among senior executives: 40 percent female / 60 percent male
- Gender distribution in management[1]: 30 percent female / 70 percent male

Health, well-being and occupational safety

The health of its employees is a top priority for ATOSS Software AG. Measures to promote good health in companies not only help individual employees and secure the long-term success of the business but also have a positive effect on society beyond the confines of the company. Successful company health management boosts the health of employees, reduces the physical and mental stresses and strains of work, prevents illness and enhances employees' commitment. Not least, the attractiveness of the employer for employees and applicants also receives a welcome boost. The company is therefore implementing various company health promotion measures at its facilities across the Group aimed at motivating employees to adopt a healthy lifestyle and strengthen their sense of personal responsibility in matters of health.

For example, ATOSS Software AG's health management measures include a company doctor as well as various health measures such as flu vaccinations, health check-ups, counseling offers and information events on the subject of health, as well as the opportunity to train as a first aid officer. There are fruit and vegetable baskets available to employees free of charge for their daily helpings of vitamins.

In 2022, ATOSS Software AG had also set itself the target for 2023 of determining and announcing a new indicator for measuring the health of employees in the Group – the Health Culture Index. This indicator will continue to form an integral part of the annual HR indicator reporting in the ATOSS Group in the future.

1 Management: Executive Leadership Team incl. authorized signatories excl. the Management Board

Staff recruitment and retention

The professional and personal skills of ATOSS Software AG employees are game-changers in persuading customers, investors and business partners to choose the company and thereby play an important part in the success of the business. ATOSS therefore always aims to recruit and retain the best talents. Competition for new staff has become one of the greatest challenges for all companies and ATOSS Software AG, too, has to face up to this.

To this end, the Talent Acquisition Department has been pursuing an Active Sourcing concept very successfully for several years in order to identify qualified external candidates and proactively make them aware of vacant positions.

Besides recruitment, employee loyalty is a significant factor in the successful implementation of ATOSS' growth plans. For this purpose, the company offers competitive remuneration and further benefits for employees, flexible employment contracts, a positive, dynamic working environment as well as opportunities for personal growth and development. ATOSS Software AG measures the satisfaction of its employees and its attractiveness as an employer on the basis of external assessments and various internal indicators. The staff turnover rate is an important metric for determining employee satisfaction and the attractiveness of ATOSS for talented individuals and skilled workers.

The reconciliation of family and work is becoming an ever more important factor in the competition for staff. For this reason, it is a matter of some importance to ATOSS that women and men across all levels of the hierarchy and all divisions of the company take full advantage of their parental leave and that they can quickly slot back in after returning from their parental leave.

The demand for flexible employment contracts has exploded recently, not least due to the COVID-19 pandemic. As a result, the existing home office guidelines were adapted going forward to reflect employees' new expectations and allow them greater flexibility to cater for their personal needs. To this end, the hybrid working time model "New Work" was introduced in 2021 that permits 50 percent "working from home" and 50 percent "working in the office". In 2023, the "work from home" option was extended in most Group companies to include a "work from home" option from other EU countries.

Since this year, the Group has also been using a new indicator to measure employees' satisfaction resulting from the measures implemented to flexibilize working time, the ATOSS Working Flexibility Satisfaction Index, for which a target of ≥ 75% was set for the 2024 financial year.

Staff training and development

Training sessions and further education play a definitive role in achieving the budgeted revenue growth, expanding the ATOSS product range and continuing to meet customers' expectations. For this reason, regular interviews focusing on performance and career development represent a vital tool for ATOSS Software AG for motivating and retaining staff. In these interviews, employees, together with their supervisor, explore how they can achieve professional and personal growth, and what opportunities for doing so are on offer at ATOSS. In this context, the ATOSS Career Development Charter supports the professional and personal growth of employees and managers by means of numerous online and face-to-face offers in the areas of soft skills, leadership and technical product expertise as part of the ATOSS Learning Compass. All new joiners to ATOSS also undergo an extensive training program in the first few weeks consisting of a mixture of webcasts, self-learning and e-learning, offering them further training in professional skills, methodological approaches and personal growth.

4.2. Progress and measures

Transparent and trusting corporate culture and/or employee satisfaction

Maintaining a continuous dialog with its employees is an important concern for ATOSS management. The aim of this dialog is to involve employees in the further growth of the company. As part of the quarterly Group-wide online event, ATOSS Fireside Chats, the Management Board informs the workforce of the latest economic developments in the Group and gives its outlook for the coming months. The so-called "All Hands" online events led by CEO Andreas Obereder give an insight into current developments in the company, offering employees the chance to converse directly with the Management Board.

In order to measure employee satisfaction, an Engagement Survey was carried out in 2023 on the basis of 3 survey elements ("I am proud of what we are achieving here together", "My work has a special significance for me and is not 'just a job'", ATOSS is for me a secure, reliable employer") in which 78 percent (previous year: 76 percent) of all Group employees participated. This survey resulted in an Employee Engagement Index of 80 percent (previous year: 81 percent). The target for the 2023 financial year was over 80 percent. In addition, the following three new HR indices were measured and communicated for the first time in 2023:

- Employee Net Promoter Score (eNPS): The target of at least 35 for the Employee Net Promoter Score (eNPS) which measures the likelihood that employees would recommend ATOSS as an employer, was missed in spite of a positive result of 18.
- ATOSS Leadership Index: The 2023 ATOSS Leadership Index which measures the expectations that employees with managerial responsibility have of their roles, stands at 3.44 points after the first survey (on a rating scale of 1-5 points; 1 = expectations of the role not yet met; 3 = expectations of the role met; 5 = expectations of the role far exceeded across the board).
- ATOSS Working Flexibility Satisfaction Index: The third new staff indicator, the ATOSS Working Flexibility Satisfaction Index, which measures the question of the reconciliation of work and private life, stood at 79 percent in the 2023 financial year.

An external analysis and assessment of employer attractiveness was also carried out again in 2023 by the Top Employer Institute. The Institute awarded ATOSS the accolade of "Top Employer" for the fourth time in succession. This positions the company among the best employers in Germany according to the Top Employers Institute. This repeat award to ATOSS of "Top Employer" underlines the high level of satisfaction experienced by ATOSS employees, showing that the Group offers forward-looking refinement and continuous optimization of the working environment. This is also evidenced by the annual improvement in the score awarded by the Top Employers Institute. The certification program analyses the personnel strategy in practical employee offers such as the talent strategy, personnel planning, onboarding, training and manager development as well as career and succession planning and the corporate culture.

The insights gained from the internal surveys and external assessments offer important pointers for the Management Board and the Human Resources department for their personnel work going forward. ATOSS' objective is to keep employee engagement and satisfaction at a high level in the future and to grow these indicators still further. To this end, the Group has also set appropriate targets for the 2024 financial year (see Chapter 4.1).

Management continued to enjoy a close, trusting working relationship with the Works Council of ATOSS Software AG in Germany in the 2023 financial year. For example, after concluding various works agreements in the fourth quarter of 2023, the employee participation process was successfully agreed as part of the transformation of the company scheduled by the Group for 2024 to convert it to the legal form of an SE.

Diversity, inclusion and non-discrimination

Various measures to promote employee diversity were again implemented in the 2023 financial year. For example, a Diversity Day was once again staged on which employees were able to learn more on the issues of unconscious bias and intercultural competence. Diversity newsletters also kept employees regularly up to date on all the measures implemented and scheduled in this area such as the format of the "Culture Talks" in which employees were able to learn more about the country, culture and customs of their foreign colleagues. Since this year, there has also been a mandatory e-learning format in place that focuses on the ATOSS Code of Conduct, thereby providing an important boost to the subjects of diversity and inclusion to ensure that our dealings with each other in the Group are open and free of prejudice.

In order to present diversity at ATOSS, the following demographic, gender-specific employee data are also published based on GRI 405-1:

Gender and age group distribution of the Supervisory Board in percentages

12/31/2023	<30	30-50	>50	Total
Male	0	50	50	100
Female	0	0	0	0
Total	**0**	**50**	**50**	**100**

12/31/2022	<30	30-50	>50	Total
Male	0	33	67	100
Female	0	0	0	0
Total	**0**	**33**	**67**	**100**

Gender and age group distribution of the Management Board in percentages

12/31/2023	<30	30-50	>50	Total
Male	0	25	75	100
Female	0	0	0	0
Total	**0**	**25**	**75**	**100**

12/31/2022	<30	30-50	>50	Total
Male	0	25	75	100
Female	0	0	0	0
Total	**0**	**25**	**75**	**100**

Total number of employees by gender and age group

12/31/2023	<30	30-50	>50	Total
Male	158	249	51	458
Female	117	174	26	317
Diverse	0	0	0	0
Total	**275**	**423**	**77**	**775**

12/31/2022	<30	30-50	>50	Total
Male	145	209	41	395
Female	130	142	25	297
Diverse	1	0	0	1
Total	**276**	**351**	**66**	**693**

As of 12/31/2023, ATOSS Software AG employed 775 staff (previous year: 693) from 49 countries (12/31/2022: 40).

Gender distribution in percentages

12/31/2023	Senior executives	Management	Group-wide
Male	69	78	59
Female	31	22	41
Total	**100**	**100**	**100**

12/31/2022	Senior executives	Management	Group-wide
Male	71	80	57
Female	29	20	43
Total	**100**	**100**	**100**

Health, well-being and occupational safety

ATOSS Software AG has a management system for occupational health and safety in place which covers all employees at facilities in Germany, Austria and Switzerland. The occupational safety committee meets every quarter. The occupational safety officer is the point of contact for employees in all questions of occupational health and safety and they advise the departments accordingly. Risk assessments are carried out every year. Moreover, all employees in the DACH region (Germany, Austria, Switzerland) receive training once a year on the subject of occupational health and safety as part of an online event.

One special concern of ATOSS is to preserve the health and work-life balance of its employees and to make work in the offices or home offices as pleasant as possible. To this end, ATOSS Health Management organized the following offers, among others, in the 2023 financial year: membership of Gympass with diverse sporting and health offers, various sporting offers (yoga, football, running), massages, regular check-ups (eye tests, flu vaccinations) and a Virtual Health Week.

The consistently low sickness rate stood at 3 percent as of 12/31/2023 (previous year: 5 percent). Conversely, the Health Culture Index came in at 97 percent.

Employee recruitment and retention

The company again succeeded in realizing its plans for staff growth in the 2023 financial year thanks to the successful recruitment of employees in all departments of the ATOSS Group.

In total, ATOSS Software AG took on 171 new employees in 2023 (previous year: 176). The proportion of women among the new recruits stood at 39 percent (previous year: 44 percent).

The staff turnover rate[1] came to 12 percent in total in the 2023 financial year (previous year: 13 percent) and primarily reflected tougher international competition for the best talents. Here, ATOSS implemented numerous measures – mainly in the areas of health, well-being and occupational health and safety as well as staff training and development – in order to strengthen employee loyalty to the company and to keep the loss of talented staff to a minimum. This can also be seen in the rankings on the review platforms. For example, ATOSS achieved a score of 4.0 points (previous year: 3.8) on the German review platform Kununu (the evaluation scale goes from satisfactory (1-2) to very good (4-5)). Since November 2023, ATOSS has also ranked among the top five percent of the most popular companies on Kununu.

In the area of employee recruitment and retention, the Group also publishes the following key indicators:

Employees by region	**12/31/2023**	**12/31/2022**
Germany	528	464
Austria	17	20
Switzerland	13	13
Romania	194	173
Sweden	5	6
Belgium	3	6
Netherlands	13	11
France	2	0
Total	**775**	**693**

	Male		**Female**		**Total**	
12/31	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Number of employees taking advantage of parental leave	7	19	33	32	40	51
Number of employees returning to their workplace after finishing their parental leave in the reporting period	7	17	32	13	39	30
Total number of employees returning to their workplace after finishing their parental leave and who were still employed twelve months after returning to their workplace	14	12	28	6	42	18
Retention rate*:	78%	100%	93%	86%	88%	95%

* Retention rate: Ratio of total number of employees who were still employed twelve months after their return to work after their parental leave to the total number of employees who returned to work after their parental leave in earlier reporting periods

1 Staff fluctuation rate for the ATOSS Group excl. Timisioara facility (Romania)

	2023	2022
Average remuneration of ATOSS employees on a full-time equivalent basis in Germany (gross)*	83,268	80,633
CEO remuneration in EUR	938,846	833,332
CEO pay ratio (CEO remuneration to the average remuneration of ATOSS employees on a full-time equivalent basis in Germany)	1:11	1:10

* excl. special payments

Staff training and development

The Group expanded its range of training and further education offers in 2023. The average number of hours spent on training and further education broken down by employee category and department was as follows:

Category	2023	2022
Employee category Managers	29	23
Employee category Staff	33	30
Sales	53	47
Customer Services & Support (CSS)	33	36
Finance, People & Organization (FPO)	20	15
Marketing	15	18
Innovation & Development (I&D)	27	21

In the 2023 financial year, all employees also received an assessment of their performance and professional development as part of their annual interview with their line manager (ATOSS Annual Review).

5. Environmental protection

Intact ecosystems form the basis for a healthy life and sustainable economic activity. Consequently, ATOSS sees it as a responsibility to be as efficiently as possible from an ecological perspective. The Group therefore adheres to standards and rules of conduct relating to the area of environmental protection and strives to continuously improve its internal ecological footprint. The subject of sustainability in terms of environmental protection lies within the remit of the responsible divisional management board and the CFO and the Human Resources and Facility & Office Management departments entrusted with implementation and compliance within the administration.

The Environment sphere comprises the carbon footprint as well as resource efficiency and it corresponds to the aspect of environmental concerns in accordance with Sec. 289c (2) No. 1 HGB.

5.1 Concepts, due diligence processes and targets

Carbon footprint (Scopes 1 and 2)

The priority in the Environment sphere lies in reducing CO2 emissions as these represent the main ecological impact of ATOSS Software AG. ATOSS Software AG takes responsibility for the environmental impact of its own operations. In ATOSS Software AG's line of business, CO2 emissions occur primarily due to the energy consumption of buildings, running its own server rooms and the mobility of employees.

In order to reduce its energy consumption, ATOSS Software AG views the aspects of energy management, energy requirements and energy procurement holistically at all its facilities. ATOSS Software AG would like to further reduce its carbon footprint in future by making greater use of renewable energies. To this end, it converted its entire electricity consumption at its Munich headquarters to green electricity as early as 2022, as this is where the largest electricity consumption currently occurs in the whole Group due to the IT infrastructure. Further facilities at home and abroad will follow by 2025. The company also takes care to achieve maximum energy efficiency in its rented office space. This applies not only to the German headquarters at the Munich location which won gold certification from the German Society for Sustainable Building (DGNB) in 2018, but also to all newly rented space. However, energy efficiency is also the top priority, wherever possible, when it comes to capital expenditure for new or replacement technical equipment in the Group. The company is also careful to ensure that all its facilities enjoy optimal transport connections to enable employees in many towns to use the carbon-neutral option of traveling to and from work with both local and long-distance public transport. In the area of mobility, ATOSS also offers its employees at all its German facilities the chance to lease a bicycle or e-bike. Charging stations for electric and hybrid vehicles at the two largest German facilities complete the range of carbon-reducing measures at ATOSS.

As ATOSS Software does not use any data centers of its own to host its cloud solutions, and is dependent on the sustainability commitment of its suppliers. Ensuring that the data centers opted for are highly efficient in terms of their electricity consumption is a top priority. For example, a study conducted in 2020* shows that cloud solutions are between 22 and 93 percent more energy-efficient than traditional company data centers, depending on the specific comparison. Taking the use of renewable energies into consideration, cloud solutions are between 72 and 98 percent more carbon-efficient. These savings are due to four main characteristics: IT operating efficiency, IT equipment efficiency, data center infrastructure efficiency and green electricity. By offering its software solutions in the cloud, ATOSS may be able to ensure lower energy consumption for many of its customers.

Climate change represents a global challenge. The consequences of a change in climatic conditions threaten regional ecosystems and pose major challenges to the people dependent on such systems. Climate change can only be overcome if all the stakeholders in our society act in unison, resolutely, bravely and proactively. For the first time in 2022, therefore, ATOSS Software AG had set itself the following targets in terms of its carbon footprint (Scopes 1 and 2) to be achieved by 2025 to complement its existing measures:

- to establish an environmental task force in 2023
- to register its CO_2 emissions in its vehicle fleet
- to develop a pathway for reducing carbon emissions (vehicle fleet management, electricity consumption) by 2025
  - 100% green electricity at all ATOSS facilities by 2025
  - pilot project for new employees entitled to a company car in 2023: choice of different mobility offers

* Microsoft: The carbon benefits of cloud computing – A study on the Microsoft Cloud in partnership with WSP (2020), page 4

In order to approach the target of net zero carbon emissions in the Group, the Management Board and the environmental task force newly set up in 2023 also set themselves the following measures and targets for 2024:

- to develop a net zero strategy and a transformation roadmap (incl. the recording of all emissions under Scopes 1, 2 and 3)
- to expand sustainability reporting to include the regulations resulting from implementation of the regulatory requirements of the Corporate Sustainability Reporting Directive (CSRD)

In addition, the Group will also in future keep to its environmental target of 100% green electricity at all ATOSS facilities by 2025 first set in 2022. The following feature will also be added in 2024:

- to develop and implement further measurable steps to reduce emissions in the area of employee mobility

Resource efficiency

ATOSS Software AG also greatly values the protection of natural resources above and beyond carbon efficiency. The company needs furniture, IT equipment, paper and other office materials to run its offices, and attention is paid to sustainability in their procurement. Waste is also created, principally obsolete IT hardware from offices and mobile phones which are recycled.

In 2022, ATOSS Software AG had also set itself the following targets for improved deployment of resources in the 2023 financial year:

- conversion to recycled, certified or verified sustainable paper
- conversion to environmentally friendly cleaning agents at all facilities

After successfully meeting these targets, ATOSS Software AG has set itself the following targets in the area of resource efficiency for the 2024 financial year:

- Group-wide rollout of software for electronic signatures, thereby renouncing paper-based processes in order to further reduce the carbon footprint in the Group and that of its customers

5.2. Progress and measures

Carbon footprint

In the 2023 financial year, an environmental task force was formed at the outset of the year in order to work closely with the Executive Board on the further development and refinement of the Group's sustainability program. For this purpose, the CO2 emissions were recorded Group-wide for Scope 1 and 2 for the first time in the current Sustainability Report. Moreover, a baselining was carried out for these two emission categories for 2023 using forecast and reference values. Consequently, the target set for 2023 to establish an environmental task force has been successfully achieved.

Based on the Greenhouse Gas protocol, greenhouse gas emissions are divided into the following three groups:

- **Scope 1:** Comprises all the direct greenhouse gas emissions of a company. These emissions originate from sources owned or directly controlled by the reporting company.
- **Scope 2:** Indirect emissions stemming from bought-in energy such as electricity or district heat.
- **Scope 3:** Indirect emissions originating in the company's upstream and downstream value chain, in connection with the purchase or sale of goods and services.

In the preparation for the development of a net zero strategy scheduled for 2024, all carbon emissions sources of the ATOSS Group known by December 31, 2023 were identified and assigned to the following 3 categories:

- **Scope 1:**
  - Stationary combustion in buildings (gas)
  - Mobile combustion of company cars
- **Scope 2**
  - Electricity consumption in office buildings
  - Electricity consumption in data centers operated by external partners
- **Scope 3**
  - Purchased goods and services
  - Capital goods
  - Business travel (flights)
  - Electricity consumption in home offices (notebooks)
  - Commuting + carbon emissions resulting from working from home
  - Products sold
  - Data center hyperscalers

The Scope 1 and Scope 2 carbon emissions or in part according Scope 3 carbon emissions are indicated below: These figures refer to the years 2022 or 2023, depending on the data available on the reporting date of December 31, 2023. As part of the baselining performed for the calendar year 2023, the invoicing data from calendar year 2022 was used and corrected by safety margins in the event that the relevant invoicing data for calendar year 2023 was not available.

Scope 1 CO_2 emissions

CO^2 emissions from the consumption of gas */** in office buildings across the Group

Year	m^2	kWh/year	t CO^2/year
2022	3,861	420,020	85

***** Gas consumption was determined as a function of the data available at individual Group facilities based on various defined methods of calculation: The average of actual gas consumption, based on the last 1-3 available statements or consumption estimates based on reference values. In spite of the demand and requirements for high accuracy standards in reporting, it should be noted that the carbon footprint determined contains a degree of inaccuracy due to the different variables involved. Among other things, they include the use of average or reference values.

****** The electricity consumption was determined across the Group for the first time in the 2023 financial year relating to the 2022 calendar year. Given that the 2022 sustainability report only showed the gas consumption for the second largest Group facility (Timisoara (Romania)) for the 2021 calendar year, figures for the previous year have not been shown in the present 2023 sustainability report due to the lack of their comparability in the emissions determined.

CO_2 emissions from mobile combustion in leased vehicles across the Group

With regard to the 2023 financial year, the Group had set itself the target of recording the fleet carbon emissions. After determining the figures for the first time by way of central fleet software, the following emissions were determined:

Year	Kilometers driven (km)	t CO^2/year
2023	3,762,000	520

The carbon emissions recorded pertain to combustion engine and hybrid vehicles. As part of a pilot project initiated in 2023 and already extended to through to 2024, employees have the option under certain conditions to lease electric or hybrid vehicles. In addition, further alternative, sustainable mobility offerings for employees in the Group are currently being examined.

Scope 2 CO_2 emissions

CO_2 emissions from the consumption of district heat */ in office buildings across the Group**

Year	m²	kWh/year	t CO_2/year
2022	4,538	149,968	39

***** District heat consumption was determined as a function of the data available at individual Group facilities based on various defined methods of calculation: The average of actual district heat consumption on the basis of the last 1-3 available statements or consumption estimates based on reference values. In spite of the demand and requirements for high accuracy standards in reporting, it should be noted that the carbon footprint determined contains a degree of inaccuracy due to different variables involved. Among other things, they include the use of average or reference values.

****** The electricity consumption was determined across the Group for the first time in the 2023 financial year with regard to the 2022 calendar year.

CO_2 emissions from the consumption of electricity */ in office buildings across the Group**

Year	m²	kWh/year	t CO_2/year
2022	9,054	1,220,959	379

***** The electricity consumption was determined as a function of the data available at individual Group facilities based on various defined methods of calculation: The actual consumption based on the last available statement or consumption estimated on the basis of reference values. In spite of the demand and requirements for high reporting accuracy standards, it should be noted that the carbon footprint determined contains a degree of inaccuracy due to different variables involved. Among other things, they include the use of average or reference values.

****** The electricity consumption was determined across the Group for the first time in the 2023 financial year with regard to the 2022 calendar year. As the 2022 sustainability report only indicated the electricity consumption for the two largest Group facilities (Munich and Timisoara (Romania)) for the 2021 calendar year, figures for the previous year have not been included in the present 2023 sustainability report due to the lack of their comparability.

In order to increase the transparency of energy consumption, the Group carried out an energy audit in accordance with DIN EN 16247-1 in the first quarter of 2023, in addition to the internal recording of its consumption. This will serve to systematically analyze the use and consumption of energy in the four largest Group facilities in Germany and to identify corresponding energy efficiency measures.

Carbon emissions from electricity consumption in data centers operated by external partners

Year	kWh/year	t CO_2/year
2023	30,751	14

CO_2 emissions according to Scope 3

CO_2 emissions from business travel (flights) group-wide

Key figures by means of transport: Additional indirect greenhouse gas emissions of ATOSS Software AG from business travel

Year	Flights (t CO_2)
2023	205
2022	155

CO_2 emissions in home offices (notebooks)

Year	kWh*/year	t CO_2/year
2023	24,500	12

***** The power consumption for the use of notebooks in home offices was determined as follows: Working days in home offices x the average number of employees in 2023 x the average electricity consumption notebook within regular working hours.

Other consumption

Water consumption */** Group-wide

Year	m^3/year
2022	3,039

***** The water consumption was determined as a function of the data available at individual Group facilities based on various defined methods of calculation: The average of actual water consumption, based on the last 1-3 available statements or consumption estimates based on reference values.
****** The water consumption was determined across the Group for the first time in the 2023 financial year with regard to the 2022 calendar year. As the 2022 sustainability report only indicated the water consumption for the two largest Group facilities (Munich and Timisoara (Romania)) for the 2021 calendar year, figures for the previous year have not been shown in the present 2023 sustainability report due to their lack of comparability.

Baselining of CO_2 emissions for Scopes 1 & 2 for the 2023 financial year*

Besides identifying the carbon emissions for Scopes 1 and 2, the environmental task force formed this year also conducted baselining for both of these emissions categories for 2023 in connection with preparations for the development of a net zero strategy scheduled for 2024. This baselining is based on the actual consumption of the emissions sources identified in 2023 or on the average figures for the last statements for these emissions available as of the cut-off date of December 31, 2023 or on reference values. A safety margin was also applied to the consumption to cover any imponderables. The CO_2 emissions determined in this way for 2023 break down as follows.

	CO_2 emissions in 2023 in t
Scope 1:	600
Scope 2:	410
Total	**1,010**

***** In spite of the demand and requirements high reporting accuracy standards, it should be noted that the carbon footprint determined for Scope 1 and Scope 2 in 2023 contains a degree of inaccuracy due to different variables. This is due to the fact that as of the time the report was prepared not all statements were available yet from energy suppliers. Among other things, these statements include the use of average or reference values.

Resource efficiency

Washable, reusable dishes, cutlery and cups are available at all facilities in order to avoid disposable plastics. Some facilities also have water dispensers that replace the reusable water containers that are more complex in terms of logistics.

Obsolete IT hardware from offices and mobile phones are recycled so as to extract the raw materials they contain. They are initially collected throughout the Group in accordance with statutory requirements and for data protection reasons, and then handed over in their entirety to an IT remarketing provider and certified waste disposal company. The latter performs the erasing the data in compliance with the law, with a full, certified audit trail as well as destroying data carriers taking all relevant data protection and data security aspects into account. In this way, ATOSS Software AG supports the circular economy and the associated protection of resources by extending the life cycles of hardware products.

By sending most invoices digitally and practicing sustainable print management (centralized printers, double-sided printing, grayscale printing as the default setting), the Group is already making valuable contributions to greater resource efficiency in the company. The rollout of software for electronic signatures is scheduled for 2024 and the associated decision to dispense with paper-based processes will in future reduce the carbon footprint in the Group and that of customers even further. The major share of the annual Christmas card activities was once again replaced this year by a digital Christmas mailout as part of the “ATOSS Goes Green” initiative.

The target set for the 2023 financial year to convert to recycled, certified or verified sustainable paper was fully met, as was the conversion to environmentally friendly cleaning agents at all facilities. As from this year, employees have also been receiving important environmental tips on protecting resources by way of the new online training on the ATOSS Code of Conduct.

6. Disclosures on the EU Taxonomy Regulation

The EU Taxonomy Regulation is a key element in the European Commission's campaign to divert capital flows towards a more sustainable economy. As a classification system for ecologically sustainable economic activities, the regulation represents an important step towards achieving climate neutrality by 2050 in line with EU targets.

As stipulated by 315b (3) HGB, ATOSS Software AG reports the proportion of its Group revenue, capital expenditure (Capex) and operating expenses (Opex) which are to be regarded as eligible or compliant according to Article 8 of the EU Taxonomy Regulation in terms of the following six environmental goals (climate protection, climate change adaptation, water and marine resources, transition to a circular economy, environmental pollution, biodiversity and ecosystems) for the 2023 reporting period.

ATOSS Software AG is not impacted by nuclear energy and gas activities (see Annex III of the additional delegated legal act on gas and nuclear activities (supplemented by Annex XII to the legal act on reporting obligations (on Article 8 of the Taxonomy Regulation)) (see also reporting forms 6.3.1).

Our economic activities
ATOSS Software AG has made a detailed analysis of its economic activities pursuant to the delegated legal act for the climate targets in the EU Taxonomy Regulation. However, according to current definitions in the EU Taxonomy Regulation, the company's activities are not to be classified as an ecologically sustainable economic activity as they cannot make a material contribution to the realization of the environmental and climate targets as defined by the EU (climate protection, climate change adaptation, water and marine resources, circular economy, environmental pollution, biodiversity and ecosystems). As a provider of on-premise and cloud software solutions, as well as services for professional workforce management and demand-optimized personnel deployment, the company's business activities do not fall under the economic activities listed in Annexes I and II to the two delegated legal acts for the six environmental goals of the Taxonomy Regulation. The Capex and Opex KPIs report on investments related to the activities of the delegated legal act on the two climate goals.

6.1 ATOSS KPIs

The relevant key performance indicators ("KPIs") comprise the sales KPI, Capex KPI and Opex KPI. With regard to the 2023 reporting period, the KPIs relating to taxonomy-eligible or taxonomy-compliant economic activities and non-eligible and non-compliant economic activities must be disclosed.

As the economic activities of ATOSS as a software company are not subject to the delegated legal act for the climate goals and the legal act for environmental goals, ATOSS Software AG cannot show any proportion of its sales revenues that are taxonomy-eligible or taxonomy-compliant. Consequently, the following reporting therefore focuses on the proportion of sustainable investments (Capex) and operating expenses (Opex) within the meaning of the EU taxonomy that can be allocated to the first environmental goal of climate protection. There are no existing investment or operating expenses that potentially make a significant contribution to climate change transition or to the environmental objectives 3-6 (sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of pollution, protection and restoration of biodiversity and ecosystems). The eligible investments and operating expenditures relate exclusively to purchased goods and services.

With regard to the 2023 financial year, we have defined the activity 1.2 „Manufacture of electrical and electronic equipment“ pursuant to the Environmental Legislation Act and identified the activity 6.5 „Production of electrical and electronic equipment“ pursuant to the Climate Legislation Act. „Transportation by motorcycles, passenger cars and light commercial vehicles“ as taxonomy-compliant. This includes investment expenditure for IT equipment (IT end devices and servers) in accordance with the additions to Group property, plant and equipment (EUR 1,534,761) and the Group's vehicle fleet (combustion, hybrid and electric engines - additions to right-of-use assets in accordance with IFRS 16): EUR 1,252,936), which were recognized as right-of-use assets in accordance with IFRS 16. With regard to the review of the taxonomy conformity of the economic activity „Manufacture of electrical and electronic equipment", the simplification provision for 2023 was applied and only the taxonomy compliance was reported. A review of the taxonomy conformity of these investments was not possible as the necessary information, documentation and evidence must be provided by the relevant suppliers. We do not have this information at present. No taxonomy-eligible operating expenses were identified for the reporting year.

This results in the following key indicators in terms of taxonomy eligibility:

	Proportion of taxonomy-eligible economic activities	**Proportion of non-classifiable economic activities**
Sales revenues	0%	100%
Capex	83%	17%
Opex	0%	100%

Furthermore, we refer to the registration and reporting forms under 6.3 Reporting forms.

6.2 Accounting principles

The KPIs are determined in compliance with Annex I of the delegated legal act pursuant to Article 8 of the EU Taxonomy Regulation. Any duplicate counting of individual items is excluded by way of the accounting data opted for. ATOSS Software determines the eligible KPIs in compliance with the legal requirements and describes its accounting policy in this respect with a focus on taxonomy eligibility as follows:

Sales KPI

Definition
The proportion of classifiable economic activities in total sales is calculated as that part of net sales stemming from products and services in connection with classifiable economic activities (numerator) divided by net sales (denominator). The denominator of the sales KPI is based on the consolidated net sales in compliance with IAS 1.82(a). Further details on ATOSS' accounting principles for consolidated net sales can be found in the Notes to the Consolidated Financial Statements in Section II of our Annual Report, Accounting principles.

Reconciliation
Our consolidated net revenues can be reconciled to our consolidated financial statements, see profit and loss statement in our 2023 Annual Report (Item "Sales Revenues" in the P&L).

With regard to the numerator, ATOSS has not identified any classifiable economic activities, as explained above.

Capex KPI and Opex KPI

Capex KPI

Definition
The Capex KPI is defined as taxonomy-eligible Capex (numerator), divided by total Capex (denominator).

The total Capex comprises additions to property, plant and equipment and intangible assets during the financial year before depreciation and remeasurements, including those resulting from remeasurements and impairments for the 2023 financial year and excluding changes in fair value. It comprises additions to fixed assets (IAS 16), intangible assets (IAS 38) and rights of use assets (IFRS 16). Further details on our accounting principles with regard to our investments can be found in the Notes to the consolidated financial statements in Section II of our Annual Report, Accounting principles.

Reconciliation
The total Capex can be taken from the statement of changes in fixed assets shown in the Notes to the consolidated financial statements in our annual report (Section III. 27) (Sum of additions (at cost)) and rights of use (Section III. 28).

Opex KPI
The Opex KPI is defined as classifiable operating expenditure (numerator), divided by total operating expenditure (denominator).

Total Opex consists of direct, non-capitalized costs that relate to research and development, building renovation measures, short-term rental contracts, maintenance and servicing. This comprises:

- Research and development expenses recognized in the reporting period as expenses in the consolidated statement of profit and loss. In agreement with the consolidated financial statements (IAS 38.126), it includes all non-capitalized expenses directly attributable to research and development activity.

- Servicing and repair costs were determined based on the servicing and repair costs assigned to internal cost centers. The corresponding cost items can be found in the divisional costs of the profit and loss statement.

6.3 Templates

6.3.1 Standard disclosure template for the disclosure pursuant to Article 8 (6), (7) and (8) of the delegated act on Article 8 of the EU Taxonomy Regulation

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

6.3.2 Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - dislcosure covering year 2023

Financial year 2023	Year 2023			Substantial Contribution Criteria				
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)
		EUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. Taxonomy-eligible activities								
A.1. Environmentally sustainable activities (Taxonomy-aligned)								
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%
Of which Enabling		0	0%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%	0%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%
A. Turnover of Taxonomy eligible activities (A1 + A2)		0	0%	0%	0%	0%	0%	0%
B. Taxonomy-non-eligible activities								
Turnover of Taxonomy-non-eligible activities		151,197,606	100%					
Total		**151,197,606**	**100%**					

	DNSH criteria ('Does Not Significantly Harm')									
Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
0%								0%		
0%								0%		
0%								0%		
0%								**0%**		
0%								**0%**		

6.3.3 Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023	Year 2023			Substantial Contribution Criteria				
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)
		EUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. Taxonomy-eligible activities								
A.1. Environmentally sustainable activities (Taxonomy-aligned)								
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0%	0%	0%	0%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
				EL: N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Manufacturer of electrical and electronic equipment	CE 1.2	1,534,761	46%	N/EL	N/EL	N/EL	N/EL	EL
Carriage by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1,252,936	37%	EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,787,697	83%					
A. CapEx of Taxonomy eligible activities (A1 + A2)		2,787,697	83%					
B. Taxonomy-non-eligible activities								
CapEx of Taxonomy-non-eligible activities (B)		567,986	17%					
Total		**3,355,684**	**100%**					

	DNSH criteria (‚Does Not Significantly Harm')									
Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
0%	N	N	N	N	N	N	N	0%		
EL; N/EL										
N/EL								0%		
N/EL								34%		
								34%		

6.3.4 Template: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023	Year 2023			Substantial Contribution Criteria				
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)
		EUR	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. Taxonomy-eligible activities								
A.1. Environmentally sustainable activities (Taxonomy-aligned)								
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%
Of which Enabling		0	0%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%	0%	0%	0%	0%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%
A. OpEx of Taxonomy eligible activities (A1 + A2)		0	0%	0%	0%	0%	0%	0%
B. Taxonomy-non-eligible activities								
OpEx of Taxonomy-non-eligible activities		23,751,852	100%					
Total		**23,751,852**	**100%**					

	DNSH criteria (‚Does Not Significantly Harm‘)									
Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
0%								0%		
0%								0%		
0%								0%		
0%								0%		
0%								0%		

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting[1]

To ATOSS Software AG, München

We have performed a limited assurance engagement on the separate non-financial group report of ATOSS Software AG, Munich, (hereinafter the "Company") for the period from 1 January to 31 De-cember 2023 (hereinafter the "Separate Non-financial Group Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB („Handelsgesetzbuch": „German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the „EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpre-tation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "Disclosures on the EU Taxonomy Regulation" of the Separate Non-financial Group Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Company that are reasonable in the circumstances. Furthermore, the executive directors are re-sponsible for such internal control as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement whet-her due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Disclosures on the EU Taxonomy Regulation" of the Separate Non-financial Group Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

1 PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner`s report in German lan-guage, which is authoritative. The following text is a translation of the independent practitioner`s report.

Audit Firm's Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Disclosures on the EU Taxonomy Regulation" of the Separate Non-financial Group Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of material misstatement in the Separate Non-financial Group Report
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Reconciliation of selected disclosures with the corresponding data in the financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Disclosures on the EU Taxonomy Regulation" of the Separate Non-financial Group Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 23 February 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink	ppa. Felix Wandel
German public auditor	German public auditor

Financial Report

F

Contents

Letter to Shareholders

Dear shareholders,
Dear customers and business partners,
Dear colleagues,

ATOSS Software AG can look back on an exceptionally successful 2023 financial year with a strong final surge in the fourth quarter. For the eighteenth time in a row, we have once again succeeded in markedly exceeding the record figures of previous years in terms of sales and earnings. The company has thereby continued and expanded its strategic growth course at a high level – also in economically uncertain times.

The current business development demonstrates the persistent high demand and relevance of digital solutions for demand-optimized workforce scheduling in professional corporate management, which is being further accelerated by the digital transformation ongoing in all areas of life and business processes. As a reliable long-term business partner with maximum investment security and leading technologies, as well as the use of AI (Artificial Intelligence), ATOSS is ideally positioned to drive the Group’s expansion in the market for digital workforce management forward. This is also recognized and appreciated by the public accordingly. The annual ranking compiled by the strategy consultancy Munich Strategy in cooperation with the Handelsblatt, continues to place ATOSS among the TOP 100 fastest-growing medium-sized companies in Germany. We are currently ranked 7th out of 8,000 German companies surveyed. This distinction is extremely gratifying and impressively confirms the course we are charting.

Smart.New.Work.
Since its inception, ATOSS has pursued the goal of shaping the transformation of the world of work for the benefit of companies, employees and society. This task is more vital today than ever before and is becoming even more crucial due to the increasing skills shortages, not least in the light of demographic change in companies. In this situation, it is strategically imperative for companies of all industries, sectors and sizes to prioritize the digitalization of their HR processes in order to remain profitable on today’s markets. Companies will only succeed in holding their own if they are able to manage the deployment of their personnel with pinpoint precision and react quickly, flexibly and individually to supply and demand fluctuation. This is all the more true in the current challenging economic environment.

At the same time, companies are faced with the challenge of offering their employees a modern, attractive and more humane working environment that also meets the growing needs of the younger generation in terms of work-life balance. ATOSS Workforce Management solutions provide companies with a suitable tool and enable them to act in line with compliance requirements, create a positive employee experience and work more transparently, efficiently and flexibly.

Advanced, leading-edge technology and innovation

Innovation and technology with a consistent focus on maximum customer benefits take top priority at ATOSS, while at same time form the foundation of our outstanding market position – which is why we are consistently investing in the further development of our digital workforce management solution suites. In the year 2023 alone, a total of 23.6 million euros, or around 16% of our turnover, was invested in R&D. The majority of this sum was attributable to the personnel costs of our almost 300 software developers employed by the Group in Germany and abroad. According to „The 2023 EU Industrial R&D Investment Scoreboard" study, we are once again positioned among the top 100 European software manufacturers with the highest R&D investments this year and have ranked as the number one European workforce management software provider for years. In addition, the jury of the HR Excellence Awards (HREA) – one of the most prestigious awards for HR management in the German-speaking world – selected us as the winner in the „Analytics & Technology, AI in HR & Software" category in November 2023. Both are impressive proof of the acknowledgement and appreciation of our technology investment, which we will continue to pursue with unrelenting commitment in the future, for example through the use of AI (Artificial Intelligence), which is becoming increasingly vital – as evidenced for example in the area of optimized algorithms for forecasting and planning proposals, as well as other workforce management processes.

Growth share with TecDAX listing

ATOSS is and remains a growth trajectory company with high stability and profitability. This development is also being perceived by the capital markets. ATOSS Software AG was admitted to the TecDax of Deutsche Börse AG with the start of trading on May 10, 2023. This positions ATOSS as one of the 30 largest companies in the technology sector by market capitalization and stock market turnover in the Prime Standard of the DAX index family. At the same time, ATOSS Software AG will also remain a member of the SDAX. The involvement of General Atlantic in the summer of 2023 as one of the world's most successful growth equity investors offers us a great opportunity to even more actively leverage the tremendous growth potential our market holds. With General Atlantic as an investor and strategic sparring partner, we will continue our success story and move ATOSS even faster and further forward internationally.

Outlook on 2024
Now and in future, ATOSS is excellently positioned to continue to grow in all relevant markets relating to workforce management and digitization across all customer segments. The successes achieved, in connection with extremely positive market forecasts prove that the growth potential of ATOSS is far from being fully tapped. The digital transformation of the global economy is in full swing and ATOSS, with its attractive portfolio of solutions for companies of all sizes and from all sectors, as well as its innovative strategy, is benefiting in particular from these developments.

Against this backdrop, the Executive Board is forecasting sales of EUR 170 million and an EBIT margin of 30% for the 2024 financial year. With a look to 2025, the Group continues to expect sales of at least EUR 190 million and an EBIT margin of at least 30%.

Thanks to employees, business partners and shareholders
Behind the extraordinary success of ATOSS Software AG in the 2023 financial year stand our more than 775 employees who have made significant contributions to this result with their commitment, skills and knowledge.

We would also like to thank our Executive Board colleague Dirk Häußermann, whose Executive Board contract draws to an end on March 31, 2024. Dirk Häußermann will be taking on a new role outside ATOSS for personal reasons. We would like to thank him very warmly for his commitment and wish him all the best and every success for the future.

We would also like to thank our Supervisory Board for its consistently proactive support and excellent cooperation over the course of the past year.

We would like to thank our shareholders for their valued trust and loyalty. Now and in future, we will continue to dialog with you and keep you informed on our further developments and progress.

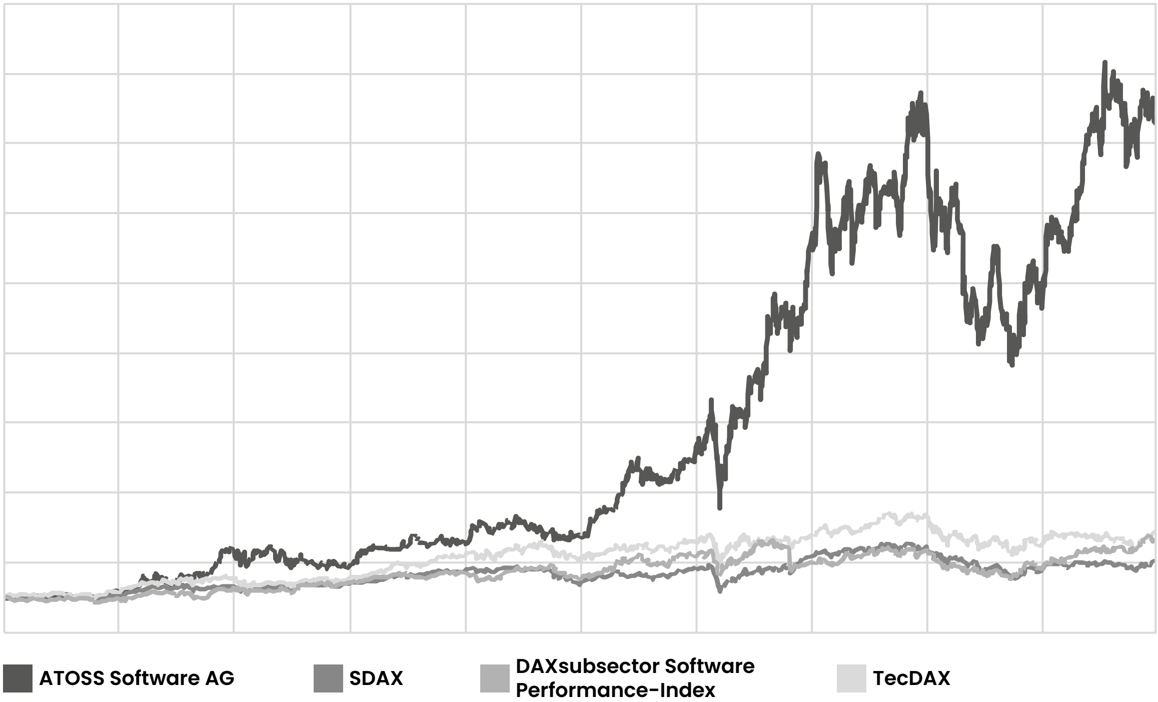
With best regards
Yours sincerely,

A. Obereder

Andreas F.J. Obereder
Chairman of the Management Board and founder

Investor Relations

Share price developments 01/2014 – 12/2023



ATOSS share climbs to new highs

The international stock markets closed the year 2023 posting significant gains. In the fourth quarter, it was above all the hopes of easing inflationary pressure and falling interest rates that were the main factors driving the markets, resulting in a strong stock market year. The Euro-Stoxx and DAX was up by 19 and 20 percent respectively in 2023. The stock market exchanges in the USA can also look back on an extremely successful 2023. While the Dow Jones advanced by 14 percent, while the S&P 500 put in gains of 24 percent. What's more, the NASDAQ 100 performed even better, rising by more than 50 percent and more than compensating for the previous year's loss of 33 percent.

The main topic concerning and engaging the stock markets in 2023 was the development of inflation and consequently the development of the key interest rate in the EU and the USA. Concerns about a further rise in interest rates alternated with hopes that interest rates would soon peak. This resulted in numerous slumps already in the summer, but also in record runs for the stock market barometers. At the end of the year, the prospect of falling key interest rates in the USA and the eurozone once again drove share prices up sharply, triggering a year-end ralley on the stock markets. As a result, the DAX and Dow Jones closed the year recording further all-time highs.

Against this backdrop and in line with the company's outstanding development, ATOSS succeeded in continuing the impressive performance of its share in 2023 and closed the year reporting an all-time high. The share price peaked at EUR 234.50 (XETRA) on July 19, 2023. At that point in time, the share price had risen by 68 percent. Over the entire year, the gains totaled 50 percent. In addition, the company disbursed a dividend of EUR 1.83 and a special dividend of EUR 1.00. Viewed in a long-term perspective, ATOSS Software AG has also generated extremely gratifying value growth for its shareholders. Since January 2, 2014 the share price put in gains of 1,355 percent. Over the same period, the Daxsubsector Software Performance Index advanced by only 164 percent. The two SDAX and TecDAX stock market indices, in which ATOSS Software AG is listed, also showed a significantly lower increase in performance over the same period, recording 105 percent and 185 percent respectively. Consequently, the ATOSS share clearly outperformed all three indices and significantly outperformed the market.

Shareholder structure

The previous majority shareholder of ATOSS Software AG, AOB Invest GmbH, which is controlled by the founder and CEO of ATOSS Software AG, Andreas F. J. Obereder, has sold 19.99 percent of its shares in ATOSS Software AG to General Atlantic with effect as from June 30, 2023. Following the sale, AOB Invest GmbH now holds a 30.000028 percent stake in ATOSS Software AG.

Among the shares in free float, in accordance with voting rights notices available on 12/31/2023, the following institutional investors hold interests in excess of 3 percent in ATOSS Software AG.

Admission to the TecDAX listing

ATOSS Software AG was admitted to the TecDAX second line stocks segment at the start of trading on May 10, 2023. The TecDAX comprises the 30 largest companies by market capitalization and stock exchange turnover in the technology sectors in the Prime Standard, within the DAX index family. ATOSS Software AG also remains a member of the SDAX.

Capital market-oriented figures

(in EUR, unless otherwise specified)

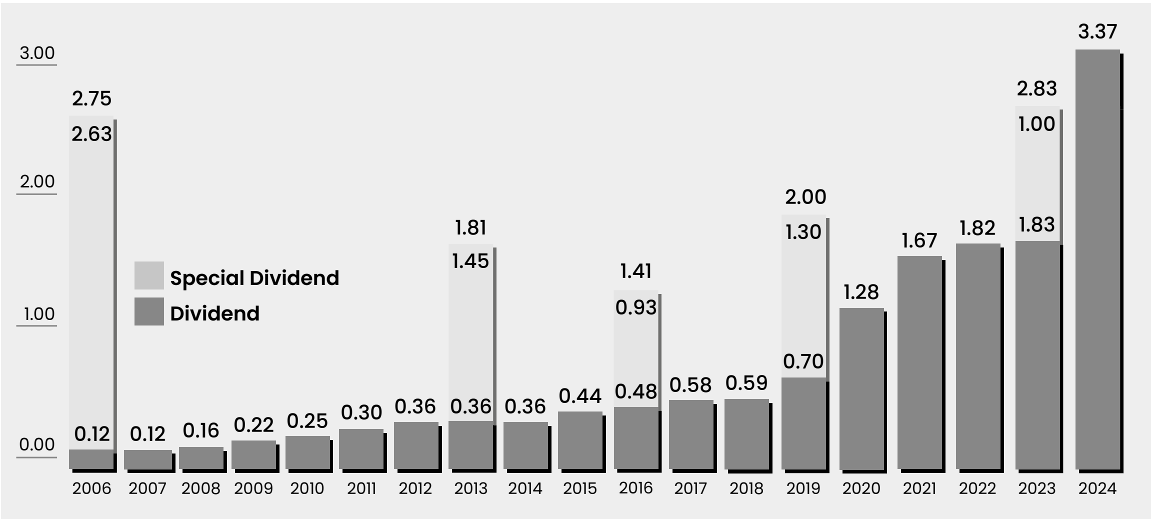
	2023	2022
Market price at the financial year-end	209	139.20
Number of shares (Dec. 31)	7,953,136	7,953,136
Market capitalization in EUR millions as of Dec. 31	1,662	1,107.1
Earnings per share in EUR	4.50	2.44

Based on the results for 2023, the average price/earnings ratio amounted to 43 with liquidity of EUR 10.38 per share at the year-end.

Dividend policy and dividend

In the year 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 provide a maximum level of dependability and reliability. 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 share price gains. In addition, the 2006, 2013, 2016, 2019 and 2023 financial years were capped off with attractive special dividends. In January 2020, the Management Board decided to raise the company's previous distribution ratio 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 prior year and should be increased if this is possible with a distribution ratio of 75 percent in terms of consolidated earnings per share.

ATOSS Software AG set a new record high in financial year 2023, recording earnings per share of EUR 4.50. In line with its proposed appropriation of net income, the Management Board has submitted a proposal to the Supervisory Board for a standard dividend payment of EUR 3,37 per share, thereby adhering to the company's dividend policy going forward. 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, 2024. If the Annual General Meeting approves the proposal, the dividend return based on the closing price on December 29, 2023 of EUR 209.00 (XETRA) would stand at 1.6 percent.



* For greater comparability, the figures shown are after the stock split carried out on June 19, 2021.

Analysts acclaim strong growth trajectory with impressive development of cloud business

The course of business and dividend policy confirm earlier analysts' 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 our stock.

Analysts regard ATOSS Software AG as occupying a strong position in an attractive market. The need to deploy staff with maximum profitability is a constant challenge for companies, to such an extent that the workforce management solutions ATOSS offers are in demand regardless of the course of the markets, and the company's growth potential is still far from exhausted. The fact that through the impressive expansion of its Cloud activities ATOSS has succeeded in accessing new, long-term growth is of particular strategic importance.

The company's development has been regularly reviewed during the reporting period by analysts at Warburg Research and Hauck & Aufhäuser. In this context, the Warburg Research analysts repeatedly raised the price target, most recently to EUR 279 following the announcement of the preliminary figures for the 2023 business year. Against the backdrop of the continued strong figures and the growth potential that is assessed as very high, also over the long term, the share is rated as a "buy". The assessments of the analysts at Hauck & Aufhäuser are similar. They have also adjusted the price target for ATOSS shares several times during the year and rated the shares as a „hold" in January 2024 with a price target of EUR 221 (as of February 1, 2024).

The complete analyses issued by Warburg Research and Hauck & Aufhäuser are available on the Internet at https://www.atoss.com/en/company/investor-relations/stock.

Supervisory Board Report on financial year 2023

Dear Shareholders,

The financial year 2023 was once again an extremely successful one for ATOSS Software AG. The consistent, sustained growth trajectory was maintained for the 18th time in succession in 2023. The Supervisory Board has supported the Management Board with advice on its management of the company, overseen the measures taken and fulfilled all of the tasks incumbent upon it in accordance with the law, the company's articles of association as well as the German Corporate Governance Code and its own rules of procedure. The Board was also integrated into all decisions of a fundamental nature. The Management Board has kept the Supervisory Board regularly, fully and promptly informed, verbally and in writing, of all material aspects of the development in business, In particular, this included the current earnings situation, risks and risk management. At no time did any cause for complaint arise 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, the Supervisory Board was kept informed, even outside of meetings, of projects and events of material importance or urgency. The Supervisory Board resolved upon those matters required of it in accordance with the law and the company's articles of association. The Chairman of the Supervisory Board was also in regular contact with the Management Board, with the result that any events of exceptional importance for ATOSS Software AG could be discussed without delay.

In financial year 2023 there were no conflicts of interest on the part of Management or Supervisory Board members which required immediate disclosure to the Supervisory Board.

Personnel changes on the Supervisory Board
The following changes occurred to the Supervisory Board in the reporting period. In the company's extraordinary General Meeting held on September 15, 2023, the shareholders of ATOSS Software AG resolved to expand the Supervisory Board by a fourth member and to amend the company's articles of association accordingly in Sec. 8 (1) and (2). The fourth member of the Supervisory Board - Jörn Nikolay - was delegated to the company's Supervisory Board with effect from September 27, 2023 by AOB Invest GmbH, Grünwald, due to the current ownership structure in accordance with the amended Sec. 8 (2) of the articles of association.

Supervisory Board committees
ATOSS Software AG set up an audit committee in 2021 which was composed of the following members in financial year 2023: Klaus Bauer (Chairman of the Audit Committee), Moritz Zimmermann, Rolf Baron Vielhauer von Hohenhau and, since November 9, 2023, Jörn Nikolay. The Board refrained from forming further committees as recommended by the German Corporate Governance Code as it is of the view that with a Board consisting of three members, the efficiency of its work will not be increased by forming further committees.

The Chairman of the Audit Committee consulted regularly with the auditor on the progress of the audit and reported on his discussions to the committee. The audit committee also consulted regularly with the auditor without the Chairman.

In the following report, the Supervisory Board and its audit committee provide information on the advisory focus of their work.

Supervisory Board meetings and resolutions in 2023

During the reporting period, the Supervisory Board held four ordinary meetings (physical meetings) and three extraordinary meetings (video/telephone conferences) which were attended by all members of the Supervisory Board. The audit committee held four ordinary meetings in the 2023 financial year (three as physical meetings and one as a video/telephone conference) which were attended by all members of the Supervisory Board's audit committee.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on February 23, 2023

The first meeting of the audit committee in 2023 focused on presentation of the provisional results of the audit for the financial year 2022 by the auditors from Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Munich. The auditors reported on the main results of their audit and answered all questions posed by the Board. In this context, the audit committee concerned itself with a preliminary assessment and preparation of the Supervisory Board's decision, particularly with regard to the annual financial statements and consolidated financial statements including the management report, the CSR report, the dependent company report and the remuneration report. Internal consultations followed with the auditors within the audit committee. This was followed by an assessment of the quality of the audit of the financial statements by the audit committee, a preliminary draft of a recommendation for a resolution for the Supervisory Board's proposal for the election of the auditor to be submitted to the Annual General Meeting including an examination of the auditor's independence as well as advance approval of non-audit services to be provided by the auditor.

Principal subjects of discussion at the Supervisory Board meeting on March 01, 2023

After a preliminary review by the audit committee, the Supervisory Board received the annual financial statements, consolidated financial statements and management reports for financial year 2022 from the Management Board for examination in good time prior to the Supervisory Board's accounts meeting. These documents were examined by members of the Supervisory Board and addressed in full detail at the accounts meeting in the presence of the auditors PricewaterhouseCoopers GmbH.

The Supervisory Board followed the recommendations of the audit committee, 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.

In accordance with the recommendation of the audit committee, the Supervisory Board verified pursuant to Secs 170, 171 AktG that the separate consolidated non-financial report for the 2022 financial year was properly prepared with respect to its legality, compliance and functionality, and subjected both the methods and procedures used by the Management Board and the data collection processes to critical review. The separate consolidated non-financial report underwent an auditor's review by the auditors. No circumstances came to light during the auditing procedures implemented or the audit certificate issued that would indicate that the separate consolidated non-financial report was not prepared in compliance with Secs 315C in conjunction with Secs 289c to 289e HGB in all material aspects. After the final result of this audit, there were no grounds for objections and on March 01, 2023, the Supervisory Board approved the separate consolidated non-financial report prepared by the Management Board. The Management Board's report on relations with affiliated companies (dependent company report) and the remuneration report for the 2022 financial year to be jointly prepared by the Management Board and Supervisory Board were also approved.

Under item 4 on the agenda, the Supervisory Board subsequently adopted the Supervisory Board report for financial year 2022. The discussion also extended to the agenda for the Annual General Meeting on April 28, 2023 which was subsequently adopted by the Supervisory Board and the Management Board. Furthermore, the Management Board reported on the current course of business and the latest financial indicators. The first meeting of the Supervisory Board finished with a report from the Management Board on the status quo in Sales and a report on the progress made with the globalization strategy.

Principal subjects of discussion at the Supervisory Board meeting on April 28, 2023
This meeting of the Supervisory Board was held following the 2023 Annual General Meeting in Munich. The meeting was attended by the Supervisory Board members newly elected at the Annual General Meeting, Moritz Zimmermann, Rolf Baron Vielhauer von Hohenhau and Klaus Bauer. The Management Board was represented by Management Board members Dirk Häußermann, Pritim Kumar Krishnamoorthy and Christof Leiber. CEO, Andreas F.J. Obereder asked Christof Leiber to deputize for him. The Supervisory Board was 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 then went on to establish that all three members meet the criteria that render them suitable to act as financial experts within the meaning of Sec. 100 (5) of the German Stock Corporation Act. Further subjects discussed at the second meeting of the Supervisory Board included the formation of an audit committee, the choice of its members and chairman (Klaus Bauer), the Management Board report on the course of the business, risk management as well as the risk report for the 2nd half of 2022 and a presentation of sales developments. A comparison of the audit fees of other companies, particularly from the SDAX, was also presented and evaluated.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on April 28, 2023
The ordinary meeting of the Supervisory Board was followed by the second ordinary meeting of the audit committee. At this meeting, the committee was constituted and Klaus Bauer elected as its chairman. The audit committee meeting ended with the appointment of Klaus Bauer and Moritz Zimmermann as financial experts on accounting including expertise on sustainability and audits of annual financial statements.

Principal subjects of discussion at the Supervisory Board meeting on June 14, 2023
The object of this first extraordinary meeting was to inform the Supervisory Board of the offer from General Atlantic to the majority shareholder – AOB Invest GmbH – to acquire a minority shareholding in ATOSS Software AG on the condition that an investment agreement is concluded between General Atlantic and ATOSS Software AG.

Principal subjects of discussion at the Supervisory Board meeting on July 04, 2023
The object of the second extraordinary meeting of the Supervisory Board was the Supervisory Board's resolution to adopt the agenda for the extraordinary Annual General Meeting of ATOSS Software AG on September 15, 2023 as well as the Supervisory Board's motion to be submitted to the Annual General Meeting.

Principal subjects of discussion at the Supervisory Board meeting on July 17, 2023
The third extraordinary meeting of the Supervisory Board dealt with the Management Board's policy decision to convert ATOSS Software AG to a Societas Europaea (SE) and the approval of the Supervisory Board.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on November 09, 2023

Before the Supervisory Board meeting on November 09, 2023, the third ordinary meeting of ATOSS Software AG's audit committee was held at which the Management Board informed the audit committee about the current course of business, risk management and the risk report for the 1st half of 2023. Also present was Jörn Nikolay, member of the Supervisory Board, who was also elected to the audit committee in the subsequent Supervisory Board meeting.

Principal subjects of discussion at the Supervisory Board meeting on November 09, 2023

Following the audit committee meeting, the third ordinary Supervisory Board meeting in the 2023 financial year was held which focused on the presentation and adoption of the 2024 Group budget by the Management Board, a status report incl. the outlook for the planned SE conversion of the company as well as a report from the Management Board on current developments in Sales. The Supervisory Board also concerned itself with the amendment to the Supervisory Board's rules of procedure to expand the audit committee to four members including the subsequent election of Jörn Nikolay to the audit committee as an ordinary member.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on December 07, 2023

Before the final Supervisory Board meeting, the fourth ordinary meeting of the Board's audit committee agreed the priorities for the audit of the 2023 annual financial statements and consolidated financial statements by Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Munich. In addition, the audit committee was updated on the course of business by the Management Board. The audit committee meeting ended with the confirmation and continuation of the work of Klaus Bauer and Moritz Zimmermann as financial experts on accounting including expertise on sustainability and audits of annual financial statements.

Principal subjects of discussion at the Supervisory Board meeting on December 07, 2023

The fourth and final ordinary Supervisory Board meeting focused on assessing the suitability of Management Board salaries and the Management Board's report on developments in Sales. The Supervisory Board also looked at various Management Board matters – among others, the extension to the contract and time in office of Andreas F.J. Obereder (CEO) with effect from January 1, 2024 until December 31, 2026 as well as at defining the targets to be agreed with Management Board members for the 2024 financial year.

The 2023 declaration of compliance with the German Corporate Governance Code as amended on April 28, 2022 was also approved at this meeting and published on December 8, 2022 on the company's website (https://www.atoss.com/en/company/investor-relations/corporate-governance).

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on February 21, 2024

The first meeting of the audit committee in 2024 focused on presentation of the provisional results of the audit for the financial year 2023 by the auditors from Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Munich. The auditors reported on the main results of their audit and answered all questions posed by the Board. In this context, the audit committee concerned itself with a preliminary assessment and preparation of the Supervisory Board's decision, particularly with regard to the annual financial statements and consolidated financial statements including the management report, the CSR report, the dependent company report and the remuneration report. Internal consultations followed with the auditors within the audit committee. This was followed by an assessment of the quality of the audit of the financial statements by the audit committee, a preliminary draft of a recommendation for a resolution for the Supervisory Board's proposal for the election of the auditor to be submitted to the Annual General Meeting including an examination of the auditor's independence as well as advance approval of non-audit services to be provided by the auditor.

Appointment of auditors and conduct of audit
At the Annual General Meeting of ATOSS Software AG held on April 28, 2023, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Frankfurt am Main (Munich Branch) was elected as auditor for financial year 2023. 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 12/31/2023 as well as the consolidated financial statements and Group management report to 12/31/2023 and awarded an unqualified audit certificate on 2/23/2024.

Accounts meeting of the Supervisory Board on March 8, 2024

Audit of the annual financial statements
After a preliminary review by the audit committee, the Supervisory Board received the annual financial statements, consolidated financial statements and management reports for financial year 2023 from the Management Board for examination in good time prior to the Supervisory Board's accounts meeting These documents were examined by members of the Supervisory Board and addressed in full detail at the accounts meeting in the presence of the auditors PricewaterhouseCoopers GmbH.

The Supervisory Board followed the recommendations of the audit committee, 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.

In accordance with the recommendation of the audit committee, the Supervisory Board verified pursuant to Secs 170, 171 AktG that the separate consolidated non-financial report for the 2023 financial year was properly prepared with respect to its legality, compliance and functionality, and subjected both the methods and procedures used by the Management Board and the data collection processes to critical review. The separate consolidated non-financial report underwent an auditor's review by the auditors. No circumstances came to light during the auditing procedures implemented or the audit certificate issued that would indicate that the separate consolidated non-financial report was not prepared in compliance with Secs 315c in conjunction with Secs 289c to 289e HGB in all material aspects. After the final result of this audit, there were no grounds for objections and on March 8, 2024, the Supervisory Board approved the separate consolidated non-financial report prepared by the Management Board.

The remuneration report to be jointly prepared by the Management and Supervisory Boards for financial year 2023 was also adopted.

Relations with affiliated companies
The auditor also audited the Management Board's report on relations with affiliated companies in accordance with Sec. 312 AktG (dependence report) for the period from January 1 to June 30, 2023. The auditor awarded this report the following unqualified audit opinion:

"Following our audit which we performed in accordance with professional standards, we confirm that
1. the actual information given in the report is correct,
2. in the transactions listed in the report, the payments made by the company were not unduly high,
3. no circumstances in the measures listed in the report suggest an assessment other than that reached by the Management Board."

The dependence report prepared by the Management Board and audited by the auditors together with the audit report on the dependence report were presented to the Supervisory Board, examined in detail at the meeting on March 08, 2024 and discussed with the auditors. After reviewing the dependence report and associated audit report, the Supervisory Board agreed with he result of the dependence report audit and following the final results of its own review, did not raise any objections to the dependence report or the Management Board's final statement contained in it.

The report by the Supervisory Board for financial year 2023 was also discussed and agreed and the agenda for the Annual General Meeting on April 30, 2024 approved.

The Management Board and the company's staff have achieved a truly outstanding result in the 2023 financial year. The Supervisory Board would like to express its thanks to the Management Board and all of the employees of ATOSS Software AG for their exceptional commitment and their contribution to the success of the past financial year, and to signify its particular recognition and appreciation of 18 record years in succession. At this point, we would also like to express our thanks to Dirk Häußermann for his valuable contribution and success as part of our globalization strategy and cloud transformation and whose management board contract ends on March 31, 2024.

Munich, March 2024

Moritz Zimmermann
Chairman of the Supervisory Board

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

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 2023.

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
Members of the Supervisory Board and Chairman of the audit committee
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)

Jörn Nikolay
Member of the Supervisory Board
Supervisory and advisory board member, Munich
Mr. Nikolay holds the following other supervisory or similar board positions:

- NCG – NUCOM GROUP SE, Unterföhring (member of the Supervisory Board)
- Flix SE, Munich (member of the Supervisory Board)
- ParshipMeet Holding GmbH, Hamburg (Advisory Board)
- Chrono24 GmbH, Karlsruhe (Advisory Board)
- SMG Swiss Marketplace Group AG, Zurich, Switzerland (Management Board)

Group Management Report

About this report

This report combines the Group management report of ATOSS Software AG, consisting of ATOSS Software AG and its consolidated subsidiaries, and the management report of ATOSS Software AG for the financial year 2023.

The Group management report prepared by ATOSS Software AG as of December 31, 2023 meets the International Reporting Standards (IFRS) as they are to be applied in the European Union as of December 31, 2023 as well as the German commercial regulations in conjunction with German accounting standards.

1. Group basics

1.1. Company

ATOSS Software AG and its subsidiaries are providers 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, Brussels (Belgium), Paris (France), Stockholm (Sweden) 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.

1.2. Corporate structure and organization

On July 17, 2023, ATOSS Software AG announced that the company was aiming to convert to a European company (Societas Europaea, SE). This legal form reflects the company's increasingly international focus. The company's dual management system consisting of the Management Board as the management body and the Supervisory Board as the monitoring body is to continue under the new legal form of an SE. The responsibilities and composition of the Management and Supervisory Boards will be unaffected by the new structure. The headquarters and central administration of the company are to remain in Munich, Germany. The conversion to the legal form of an SE presupposes among other things that the Annual General Meeting of ATOSS Software AG will approve the conversion plan and adopt the accompanying articles of association of the future ATOSS Software SE. Motions to this effect are to be put to the 4/30/2024 Annual General Meeting for adoption. Fundamentally, the legal status of ATOSS Software AG shareholders will be unaffected by the conversion to an SE. They will hold the same number of no par value shares in ATOSS Software SE. The company's listing on the regulated market (Prime Standard) of the Frankfurt Securities Exchange and the listing in the SDAX and TecDAX will also be unaffected by the change in legal form.

1.3. Positioning of the ATOSS Group

The market addressed by ATOSS is comprised on the one hand of extensive numbers of small and medium-sized enterprises (the SME market) with up to 500 employees, and on the other of the premium market represented by the high-end small businesses, and major, large-scale companies. Naturally, the competitive pressure is greater in the case of applications which make no more than modest demands on personnel resource planning systems than for complex solutions which demand a high degree of integration between 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. However, ATOSS 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 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 54 percent (previous year: 53 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, thereby 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 operational requirements, wage agreements and statutory regulations as well as factors such as vacations, sickness, part-time employment and so on, ATOSS provides solutions which optimize workforce management in order to cover both peaks and troughs in demand.

In the right place
Flexible staff deployment and workforce management at varying locations enable decentrally organized businesses and branch-based operations to make more efficient use of capacity and raise their 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 very instance can underpin planning reliability and accelerate production processes.

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

1.4. Management of the company

Executive bodies
In the company's extraordinary General Meeting held on 09/15/2023, the shareholders of ATOSS Software AG resolved to expand the Supervisory Board by a fourth member and to amend the company's articles of association accordingly. The fourth member of the Supervisory Board – Jörn Nikolay - was delegated to the company's Supervisory Board with effect from 09/27/2023 by AOB Invest GmbH due to the new ownership structure. In the 2023 financial year, the Supervisory Board also comprised Moritz Zimmermann as Chairman, Rolf Baron Vielhauer von Hohenhau as Deputy Chairman, and Klaus Bauer. The audit committee which has been in existence since 2021 is chaired by Klaus Bauer.

The Management Board of ATOSS Software AG in financial year 2023 consisted of Andreas F.J. Obereder (CEO), Dirk Häußermann (Co-CEO for Globalization and Marketing), Pritim Kumar Krishnamoorthy (CTO for Product Management, Technology & Development and Cloud Operations) and Christof Leiber (CFO).

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

Financial performance indicators
As in the previous year, the Group regards the key figures of revenues and the EBIT margin (operating profit in relation to revenues) as the essential measures of its success. The company aims to safeguard average revenue growth targets of 19 percent and EBIT margins of ≥ 30 percent over the period from 2023 to 2025. These figures form the basis for the operational and strategic decisions taken by the Management Board of ATOSS Software AG and constitute the ATOSS Group's most important financial performance indicators. Although cash flow, software revenues, cloud order backlog, Cloud Annual Recurring Revenue (Cloud ARR, for short), Cloud Net Retention Rate (Cloud NRR, for short), and recurring revenue represent further important indicators for the Management Board, their significance is of less relevance in terms of managing the Group. Non-financial performance indicators are currently not used to manage the Group due to their hitherto limited measurability and the difficulty of drawing quantifiable conclusions on cause and effect and value added of relevance to the Group.

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 revenues and operating profit data for the financial year. Departmental targets take the form of a uniform table of revenue or performance targets dependent on position and responsibility, while individual targets are linked to the performance of each individual employee.

The Group's 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 revenues, costs and earnings.

As in the previous year, the Management Board essentially uses the key indicators of revenues and profit margin under HGB to measure the success of ATOSS Software AG's activities, as the Group parent company. The profit margin here is defined as pre-tax earnings (EBT) in relation to sales revenues. These figures form the basis for the operational and strategic decisions taken by the Management Board of ATOSS Software AG and thus constitute the most important financial performance indicators at the level of the individual company ATOSS Software AG (in accordance with HGB). Although cash flow, software revenues, cloud order backlog, Cloud Annual Recurring Revenue (Cloud ARR, for short), Cloud Net Retention Rate (Cloud NRR, for short), and recurring revenue represent further important indicators for the Management Board, their significance is of less relevance in terms of managing ATOSS Software AG as a single company (in accordance with HGB).

1.5. Corporate strategy

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 achieved great success in both areas in 2023. For example, products incorporating the company's latest generation of software solutions were placed both with existing customers of major importance, as well as with a large number of new customers. Not least the fact that all products are now available as cloud solutions has opened the door to new groups of customers and yielded additional orders.

1.6. Research and development

It is crucial for ATOSS customers to be able to use our solutions to map and reflect the complex demands that will also be 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 will systematically maintain our substantial commitment to refining our products going forward.

The basis for these developments is provided by our digital software suites, ASES (ATOSS Staff Efficiency Suite), ASE (ATOSS Startup Edition) and ATC (ATOSS Time Control) which facilitate their integration into the wide range of system environments operated by our customers.

The data exchange between our own solutions and others used by our customers is dramatically simplified by means of the technologies of the so-called service-oriented architecture (SOA). For example, our solutions can be connected via interfaces to upstream planning or personnel management systems or downstream evaluation systems, thus generating value added beyond their original functionalities. The continuous refinement of these interfaces makes it simple and easy for customers to integrate our solutions into their existing IT system architecture and thereby derive the benefits. Our interfaces with HR systems such as SAP SuccessFactors, SAP HCM PT or DATEV offer a classic example of this.

ATOSS workforce management solutions can be used across all sectors of industry, regardless of the size of the company. 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). All three ATOSS product suites have been available in the cloud since 2015. Thanks to the successful transformation of our services into cloud-native solutions, we are in a position to provide an ultra-modern infrastructure with significantly enhanced security measures as part of our ASES Cloud 24/7 and ATC Cloud 24/7 solutions. At the same time, they form the basis for expanding our AI-based services.

Since 2016, the Group has been developing its pure cloud solution, Crewmeister, for startups, small companies or divisions and departments of major companies, in its subsidiary ATOSS Aloud GmbH.

Our expenditure on research and development in the ATOSS Group (IFRS) in 2023 amounted to EUR 23.6 million (previous year: EUR 19.1 million). The bulk of this figure in the amount of EUR 18.7 million (previous year: EUR 15.2 million) was accounted for by the personnel costs for 288 software developers. R&D expenditure as a proportion of overall revenue amounted to 16 percent at Group level (previous year: 17 percent). At the level of ATOSS Software AG, Munich, (HGB), R&D expenditure in 2023 amounted to EUR 10.6 million (previous year: EUR 8.2 million). As in preceding years, expenditure on research and development is not capitalized, but is instead reported in full as costs.

2. Business report

2.1. Economic climate and sector-related conditions

Economic environment

After a powerful start to 2023, the global economy lost much of its momentum over the summer. According to studies published by various research institutes, this is the result of weak industrial production and sharp rises in interest rates in most regions of the world which acted as a substantial brake on housing investments. Modest growth in China resulting primarily from high debt levels in the local property sector, also proved to be a drag on the global economy. Overall, the International Monetary Fund (IMF) is expecting global trade to grow by 0.9 percent in 2023 following 5.1 percent in 2022.[1]

1 Federal Ministry for Economic Affairs and Climate Protection – Press Release dated 11/28/2023 – Global economy stabilizing on a low level – risks continue to dominate and divergences increasing

High inflation, rising interest rates and a weak global economy caused the German economy to contract in 2023. Over the year, gross domestic product (GDP) fell 0.3 percent posting its first decline since the coronavirus year of 2020. Europe's largest economy is in danger of slipping into recession should it contract for the second time in succession in the current first quarter of 2024. According to the ifo economic test, the sentiment among companies has admittedly brightened somewhat in recent months. However, this is offset by declining use of capacity and weak orders across broad swaths of industry.[1] In addition, economic growth is also hampered by the ongoing energy crisis and a decline in incomes in real terms. According to the German Council of Economic Experts, obsolete capital equipment and a dearth of innovation among many companies are also holding back growth in Germany over the medium term.[2]

Segmental environment and market background

Against this background, developments in the ICT market in 2023 are particularly noteworthy. The industry association BITKOM, for example, expects year-on-year growth in the software segment in the year elapsed to come in at 9.6 percent.[3]

Actual growth of the ATOSS Group in financial year 2023 by comparison with the previous year's outlook

Given the underlying conditions described, the ATOSS Group delivered another resounding success year in 2023, maintaining its streak for the 18th time in succession, thereby outperforming the market.

Group revenue posted double-digit growth of 33 percent, hitting EUR 151.2 million (previous year: EUR 113.9 million). Consolidated operating profit increased to EUR 51.8 million (previous year: EUR 30.8 million) despite considerable investment in the future. This meant that even the forecast published by the Group in February 2023 for the financial year 2023 with respect to revenue increasing to EUR 135 million and an EBIT margin in relation to revenue of at least 27 percent was significantly exceeded.

This extraordinary business growth is primarily due to the sustainable expansion of its cloud business, the increasing share of recurring revenues as a direct result and the winning of new customers.

The fact that the revenue forecast was exceeded is primarily due to the significantly higher licence revenues compared to the original plan. As a result, revenues from software maintenance also slightly exceeded the forecast. Cloud revenues were in line with the original forecast with a significant year-on-year increase of 55 percent to EUR 52.9 million. The above-mentioned budget overruns in the licence business essentially led to the forecast for the EBIT margin also being exceeded.

2.2. Results of operations, financial position and net assets of the ATOSS Group (IFRS)

The results of operations, financial position and net assets of the ATOSS Group under IFRS are explained below. The results of operations, financial position and net assets of ATOSS Software AG are the subject of a separate commentary in Section 2.3 "Results of operations, financial position and net assets of ATOSS Software AG (under HGB) incl. the report on opportunities and risks as well as the forecast for ATOSS Software AG as the Group parent company".

1 Kiel Economic Reports No. 110 (2023IQ4) German Economy in Winter 2023 – December 12, 2023
2 German Council of Economic Experts: Annual Report 23-24 – Overcoming weak growth – investing in the future
3 BITKOM, ICT market data January 2024

Earnings

Development in software licensing, maintenance and cloud revenues, order situation for software licenses and the cloud

Software sales revenues in 2023 stood at EUR 108.2 million, up 38 percent on the previous year's figure of EUR 78.4 million and and continue to feel the decisive effect of expansion in the cloud. Overall, revenues from Cloud and Subscriptions were up 55 percent to EUR 52.9 million (previous year: EUR 34.2 million) and now account for 35 percent of total revenues (previous year: 30 percent). Moreover, the revenue record in software is also due in particular to the significant increase in non-recurring revenues from on-premises licenses compared with the previous year amounting to EUR 19.6 million (previous year: EUR 12.6 million). Together with the 13 percent rise in software maintenance revenues amounting to EUR 35.7 million (previous year: EUR 31.6 million), recurring revenues advanced year-on-year by 35 percent, reaching EUR 88.6 million (previous year: EUR 65.8 million). Notwithstanding the strong increase in software license revenue, the share of recurring revenue from cloud and maintenance in total revenue came in at 59 percent (previous year: 58 percent), slightly higher than for the previous year. Revenues from consulting services expanded to EUR 33.2 million (previous year: EUR 28.1 million).

Demand for innovative, software-based solutions for the strategic management of employees remains unbroken despite the tough macroeconomic conditions and growing geopolitical tensions. This development is also reflected in the current order numbers of the ATOSS Group. The order intake for new license subscriptions and one-off licenses from new and existing customers in the 2023 financial year, for example, remains at the especially high level of the previous year. As a result the key indicators for the order book experienced positive growth as a whole. This is reflected in particular in a cloud order backlog of EUR 64.3 million (12/31/2022: EUR 43.3 million) which revenues from contractually secure cloud usage fees for the next 12 months. This key cloud indicator also includes Cloud Annual Recurring Revenue (ARR for short) resulting from current cloud usage fees which increased year on year by 44 percent to a total of EUR 58.9 million (12/31/2022, 2022: EUR 41.0 million). Total ARR (consisting of cloud usage fees and maintenance revenue) trended upwards to EUR 95.4 million as of December 31, 2023 (12/31/2022: EUR 74.8 million), a rise of 28 percent. The on-premises order backlog at the end of the year stands at EUR 4.7 million following EUR 7.3 million as of December 31, 2022. This order book position creates secure revenues and planning certainty for the near future for the Group 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.

Development in consulting revenues

Consulting revenues in 2023 stood at EUR 33,2 million, up 18 percent over the previous year's figure of EUR 28,1 million. As a result, consultancy accounted for 22 percent of overall revenues (previous year: 25 percent).

Development in hardware and other revenues

Revenues from the sale of hardware increased by 36 percent in 2023 to EUR 6.1 million (previous year: EUR 4.5 million). The proportion of total revenues stood at 4 percent (previous year: 4 percent). Other revenues, the heading under which, in particular, consulting services for process analysis and change management, customer-specific programming services and identification media are booked, amounted to EUR 3.7 million, some 26 percent higher than the year before. The proportion of total revenues was 2 percent (previous year: 3 percent).

Long-term production orders
As in previous years, the Group realizes long-term orders in application of the percentage of completion method. In 2023 this applied to 3 orders (previous year: 3) which were realized in accordance with the progress of the project in an amount of EUR 3.5 million (previous year: EUR 0.1 million) on the basis of existing contracts.

Notwithstanding the significant year-on-year increase in R&D expenditure and general, ongoing increases in staffing levels, particularly due to the realization of non-recurring licenses in the on-premises business, operating profit (EBIT) grew by EUR 21.0 million to reach EUR 51.8 million. The EBIT margin amounts to 34 percent (previous year: 27 percent), and thus lies above the original outlook for fiscal 2023 of at least 27 percent.

Earnings before tax (EBT) rose by 82 percent after a positive financial result amounting to EUR 1.5 million (previous year: negative financial result of EUR 1.5 million) reaching EUR 53.3 million (previous year: EUR 29.3 million). Net income for financial year 2023 amounted to EUR 35.8 million (previous year: EUR 19.4 million). Earnings per share increased from EUR 2.44 to EUR 4.50.

The Group succeeded in maintaining its profitability by comparison with the previous year in spite of the general increase in staffing levels and higher R&D expenditure resulting from extending its technology leadership, chiefly by winning further customers, sustainably expanding its cloud business and realizing non-recurring licenses in its on-premises business, thereby financially underscoring the accuracy of its long-term corporate strategy.

Subsidiaries and international business
With the exception of ATOSS Aloud GmbH, all operating subsidiaries of ATOSS Software AG recorded positive results in 2023. The proportion of Group revenue accounted for by our international business in 2023 amounted to 15 percent (previous year: 16 percent).

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

The cash flow from operating activities for the period from 01/01/2023 to 12/31/2023 amounted to EUR 52.7 million (previous year: EUR 26.3 million) and was thereby EUR 26.4 million higher than in the year before. Liquidity (cash and cash equivalents) increased from EUR 26.8 million to EUR 64.2 million. The position as a whole comprising liquidity and other current and non-current financial assets and precious metals (e.g. gold, investment funds, fixed-term deposits) increased from EUR 56.8 million to EUR 82.6 million . Liquidity per share on 12/31/2023 including these other current and non-current financial assets accordingly stood at EUR 10.38 (previous year: EUR 7.15).

The principal factors which impacted positively on cash flow from operating activities include net income and the formation of other current financial and non-financial liabilities resulting from higher salary and commission entitlements or anticipated charges. Income tax refunds received for previous years and lower current income tax prepayments also had a positive impact on the cash flow from business operations.

Cash inflows from investment activities in an amount of EUR 10.1 million (previous year: EUR -2.7 million) resulting from the proceeds from disposal of financial assets (essentially fixed-term deposits and claims on endowment insurance policies) in an amount of EUR 11.9 million (previous year: EUR 13.4 million) had a positive effect on liquidity. Payments for investments in fixed assets amounting to EUR 1.9 million (previous year: EUR 1.0 million) had a negative impact on the cash flow from investment activities.

The payment of a dividend of EUR 1.83 per share (previous year: EUR 1.82 per share) as well as a special dividend of EUR 1.00 per share (previous year: EUR 0.00) (total distribution: EUR 22.5 million; previous year: EUR 14.5 million) and the payment of lease liabilities in an amount of EUR 3.0 million (previous year: EUR 2.9 million) led to a reduction in liquidity.

All in all, the ATOSS Group is excellently supplied with financial resources which enable it 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 increased from EUR 3.7 million to EUR 4.6 million.

The company's long-term holdings in gold amounting to EUR 0.9 million (previous year: EUR 0.8 million) and deposits paid as part of rental contracts in an amount of EUR 0.5 million (previous year: EUR 0.5 million) are reported under the heading of other non-current financial assets and precious metals which totaled EUR 1.3 million (previous year: EUR 1.3 million).

Trade receivables increased from EUR 10.1 million to EUR 10.4 million. The average time to receipt is 23 days (previous year: 31 days).

Other current financial assets and precious metals as of 12/31/2023 amounted to EUR 17.5 million (previous year: EUR 29.3 million) and include investment fund deposits approved by the Supervisory Board in an amount of EUR 5.2 million (previous year: EUR 5.0 million), investments in physical gold amounting to EUR 2.3 million (previous year: EUR 2.2 million) or fixed-term deposits (EUR) in an amount of EUR 10.0 million (previous year: EUR 16.6 million) in line with the company's defined investment strategy.

Valuation of current and non-current gold holdings at fair value results in financial income of TEUR 241 (previous year: TEUR 200). In addition, income from the revaluation of short-term investment funds amounting to TEUR 122 (previous year: devaluation expenses of TEUR 1,765) was recognized in financial income. Distributions from the investment of liquid assets in an investment fund serving as an alternative short-term investment, resulted in financial income of TEUR 89 (previous year: TEUR 71). Investments in endowment insurance policies in fiscal 2023 led to financial income of TEUR 285 (previous year: TEUR 74). The devaluation of a USD fixed-term deposit account led to expenses of TEUR 67 (previous year: revaluation of TEUR 149).

The ATOSS Group is financed through the ongoing cash flow generated from operating activities. Current liabilities include trade payables in the amount of EUR 2.4 million (previous year: EUR 1.7 million), contractual liabilities in an amount of EUR 3.7 million (previous year: EUR 4.2 million), current leasing liabilities amounting to EUR 0.3 million (previous year: EUR 0.6 million), other current financial and non-financial liabilities of EUR 24.0 million (previous year: EUR 20.5 million) as well as tax liabilities of EUR 7.7 million (previous year: EUR 1.5 million). Current liabilities on 12/31/2023 increased to EUR 38.4 million (previous year: EUR 28.6 million). The rise in current liabilities as of 12/31/2023 is mainly due to higher tax liabilities as well as 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 other current non-financial liabilities relate predominantly to commitments to employees in respect of variable salary components to be disbursed in the following year. As of 12/31/2023, there are no material foreign currency liabilities. As of 12/31/2023, there are no bank loans. It remains the Group's intention not to use bank loans to finance business operations.

An unsecured credit line in the amount of EUR 1.0 million (previous year: EUR 1.0 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. As of the reporting date, an amount of EUR 0.5 million was used for guarantees (previous year: EUR 0.5 million). As in the previous year, there were no liabilities to banks.

Non-current liabilities essentially include the pension provision in the amount of EUR 1.8 million (previous year: EUR 2.4 million), non-current lease lease liabilities in the amount of EUR 8.1 million (previous year: EUR 9.6 million) and non-current provisions for share-based remuneration and multi-year bonuses in the amount of EUR 2.3 million (previous year: EUR 1.2 million).

Group equity capital as of 12/31/2023 amounted to EUR 61.8 million (previous year: EUR 47.6 million), resulting in an equity ratio (the ratio of equity to balance sheet total) of 54 percent as of 12/31/2023 (previous year: 53 percent). The return on equity (net income vs. equity) as of 12/31/2023 stood at 58 percent (previous year: 41 percent).

As a matter of principle, the ATOSS Group 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 Group expects its ability to meet its financial commitments to remain unchanged in the future.

Employees of the ATOSS Group
In financial year 2023 the Group employed an average workforce of 747 members of staff (previous year: 667). Of these 283 (previous year: 237) were employed in development, 175 (previous year: 177) in consulting, 177 (previous year: 153) in sales and marketing and 112 (previous year: 100) in administration. Personnel costs in 2023 amounted to EUR 68.4 million, some 17 percent higher than the figure of EUR 58.3 million for the preceding year.

As for the previous year, there were no traineeships as of 12/31/2023.

2.3. Results of operations, financial position and net assets of ATOSS Software AG (under HGB) incl. the report on opportunities and risks as well as the forecast for ATOSS Software AG as the Group parent company

The following comments relate to ATOSS Software AG as the Group parent company of the ATOSS Group. The disclosures are made on the basis of the German Commercial Code (HGB) for the accounting of large corporations and the German Stock Corporation Act (AktG).

Earnings

The earnings of ATOSS Software AG in fiscal 2023 are marked by a 26 percent rise in sales revenues to EUR 145.1 million (previous year: EUR 114.9 million). Positive revenue growth in Licenses (+18 percent), Software maintenance (+14 percent), Cloud & Subscriptions (+51 percent) and Consulting (+14 percent) are particularly worthy of mention. The revenues for software (software licenses, software maintenance and the cloud), maintenance and services brokered by subsidiaries on behalf of the parent company rose by 24 percent to EUR 31.8 million (previous year: EUR 25.6 million).

The increase in other operating income is principally due to the release of provisions (EUR 3.2 million). Of this amount, EUR 1.5 million is accounted for by the release of the pension provision for CEO Andreas F.J. Obereder whose Management Board contract was extended until 12/31/2026.

The rise in personnel expenses results primarily from taking on more staff during the year due to the company's growth. In total, personnel expenses increased by EUR 5.8 million to EUR 49.8 million.

The rise of other operating expenses of EUR 8.0 million to EUR 44.2 million is primarily due to higher expenses for cost reimbursements and commissions to subsidiaries as well as higher expenses for external work resulting from the Group's international expansion.

Income in financial year 2023 from distributions by subsidiaries to the parent company amounted to EUR 5.1 million (previous year: EUR 0.0 million). The assumption of the ongoing losses of ATOSS Aloud GmbH, Munich, as part of the existing profit and loss transfer agreement resulted in expenses of EUR 0.8 million (previous year: EUR 0.8 million).

The key indicator for the profitability of ATOSS Software AG, earnings before taxes (EBT), increased by EUR 27.0 million to EUR 53.6 million, thereby exceeding the growth in revenues for the reasons described above. As a result, the return on sales relative to earnings before taxes (EBT) stood at 37 percent, 14 percent above the level for the previous year. Net income for financial year 2023 amounted to EUR 37.7 million (previous year: EUR 17.7 million) some 113 percent higher than in the year before.

By expanding its business with both new and existing customers while continuing its high expenditure on research and development, ATOSS Software AG has maintained its profitability at a high level and secured a sound financial basis for a long-term strategy which is proving its worth.

Financial and asset position

The company regards equity as essential 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 met its budget in the 2023 financial year.

Investments in fixed assets (excl. financial assets) amounted to EUR 1.7 million in 2023 (previous year: EUR 0.9 million).

Trade receivables on 12/31/2023 stood at EUR 8.0 million (previous year: EUR 7.6 million). The average time to receipt is 17 days (previous year: 22 days).

Other assets as of 12/31/2023 amounted to EUR 3.3 million (previous year: EUR 9.7 million) and included investments in physical gold in an amount of EUR 1.7 million (previous year: EUR 1.7 million). The company did not make any new investments in gold in 2023. As of 12/31/2022, the balance of other assets also included claims against insurance companies from capital investments in an amount of EUR 5.5 million.

Securities comprise investments investments in investment funds approved by the Supervisory Board. As of 12/31/2023, the securities portfolio stood at EUR 5.1 million (previous year: EUR 5.0 million).

As of 12/31/2023, cash and cash equivalents amounted to EUR 65.6 million (previous year: EUR 29.4 million).

The company is financed by cash flow continuously generated. Liabilities include trade payables in the amount of EUR 2.1 million (previous year: EUR 1.5 million) and obligations towards affiliated companies in an amount of EUR 2.5 million (previous year: EUR 2.5 million), down payments received in an amount of EUR 4.8 million (previous year: EUR 1.6 million) as well as other liabilities in an amount of EUR 1.6 million (previous year: EUR 1.6 million). Total liabilities amount to EUR 11.1 million (previous year: EUR 7.3 million). As of 12/31/2023, there are no significant foreign currency liabilities. There are also no bank loans. It remains the company's intention not to use bank loans to finance business operations.

An unsecured credit line in the amount of EUR 1.0 million (previous year: EUR 1.0 million) is in place with the principal bank which may optionally be used for guarantee purposes or as an overdraft facility. As of the reporting date, an amount of EUR 0.5 million was used for guarantees (previous year: EUR 0.5 million). As in the previous year, there were no liabilities to banks.

Other current financial liabilities mainly comprise commitments to employees for variable salary components as well as adequate provisions for anticipated charges and vacation commitments.

Deferred income amounting to EUR 0.8 million (previous year: EUR 1.2 million) essentially includes deferred sales revenues.

As of 12/31/2023, the equity of ATOSS Software AG stood at EUR 50.8 million in spite of the dividend distributed at the beginning of May 2023 totaling EUR 22,5 million (previous year: EUR 35.6 million), resulting in an equity ratio as of 12/31/2023 of 54 percent (previous year: 55 percent).

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

Employees of ATOSS Software AG

In the 2023 financial year, ATOSS Software AG employed an average of 410 staff (previous year: 374). Of these 107 (previous year: 91) were employed in development, 97 (previous year: 105) in consulting, 119 (previous year: 103) in sales and marketing and 87 (previous year: 75) in administration. Personnel costs in 2023 amounted to EUR 49.8 million, some 13 percent higher than the figure of EUR 44.0 million for the preceding year. As for the previous year, there were no traineeships as of 12/31/2023.

Report on opportunities and risks for ATOSS Software AG

The main opportunities and risks for ATOSS Software AG as the Group parent company and the only significant operating company in the ATOSS Group reflect the opportunities and risks of the Group described in Section 3 "Report on opportunities and risks". ATOSS Software AG is integrated into the Group-wide risk management system.

Outlook for ATOSS Software AG

The comments made in Section 4 "Outlook" on the future economic and sector climate also apply to the following commentary on the outlook for ATOSS Software AG for financial year 2024 as the parent company of the ATOSS Group.

With regard to the financial year 2024, we expect for ATOSS Software AG as the parent company of the ATOSS Group a revenue increase of around 13 percent within a range of +/- 3 percent. At the same time, in financial year 2024, ATOSS intends to increase the level of investment in addressing new markets and associated opportunities for fresh growth in the field of workforce management. Investments are planned in particular in sales and marketing. With a look to the 2024 financial year, the company is assuming a profit margin based on the ratio of pre-tax earnings to sales revenues (on a company level under HGB) of 30 percent within a range of +/- 3 percent.

Comparison of actual with the forecast performance of ATOSS Software AG

In its outlook for financial year 2023 published in February 2023, ATOSS Software AG forecast a revenue increase of around 17 percent within a range of +/- 3 percent and a profit margin based on the ratio of pre-tax earnings to sales revenues of approx. 25 percent within a range of +/- 3 percent.

Thanks to the very positive growth of the business in 2023 with a sharp rise in revenues of 26 percent to EUR 145.1 million (previous year: EUR 114.9 million) and operating profit (EBIT) of EUR 53.6 million (previous year: EUR 26.6 million), ATOSS achieved a profit margin of 37 percent, thereby significantly exceeding its forecast for 2023. The fact that the revenue forecast was exceeded is primarily due to the significantly higher licence revenues compared to the original plan. As a result, revenues from software maintenance also slightly exceeded the forecast. Thanks to unbudgeted income from the release of pension provisions due to the postponement of the start of the CEO's pension (EUR 1.5 million), distributions by subsidiaries (EUR 5.1 million) and a positive financial result (EUR 1.1 million), the profit margin achieved is clearly above the target corridor forecast for 2023.

3. Report on opportunities and risks

3.1. 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 (4) and Section 315 (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 new, Note 19f) and of a risk management system (IDWPS 340 new, 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
- to 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. Opportunity management is not subject to any comparable, systematic process. 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 throughout the Group on the basis of an integrated overall risk inventory, 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. At the same time, developments that represent an existential threat can be detected in time, enabling suitable counter-measures to be implemented immediately to secure the company as a going concern. The assessment as to whether an existential threat exists with respect to the company's financial position, cash flows and results of operations, presupposes the determination of the company's risk capacity in relation to the overall risk position. The risk capacity is defined as the maximum risk that the company can bear over time without endangering its own continuation as a going concern. This capacity is analyzed and monitored by the Management Board on an ongoing basis taking account of earnings and liquidity developments. As part of the risk assessment, the gross risks are first registered and then presented as net risks reduced by the effect of measures to manage the risk. Extreme risks involving very extensive losses and very low probability of occurrence (so-called tail event risks) are also surveyed by the company as part of its risk survey.

Overall, in the view of the Management Board, ATOSS has a very comprehensive, easily understood system that provides sensible support to the risk strategy.

3.2. Risk report

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

In accordance with the principles adopted by ATOSS for the management of risk, all risks with an expected loss value (calculated as the product of the level of loss and the probability of occurrence) of more than EUR 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 is not quantifiable, are fundamentally deemed to be material. As previously, there are no individual risks with an expected loss value greater than EUR 15.0 million.

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 (gross)

Level	
Low	EUR 0 - 0.5 million
Medium	EUR 0.5 - 2.0 million
High	EUR 2.0 - 30.0 million

Limits for expected loss value (gross)

Level	
Observe	EUR 0 - 0.5 million
Monitor	>EUR 0.5 - 2.0 million
Material	>EUR 2.0 - 15.0 million

Corporate risks

	Probability of occurrence	Extent of loss	Expected loss value
Economic, political, social risks:			
1) Global, economic and political environment	medium	high	material
2) Legal risks and intellectual property	low	high	observe
3) Data protection	low	high	material
Corporate Governance & compliance risks			
4) Unauthorized publication of information	low	high	monitor
5) Ethical conduct	low	low	observe
Financial risks			
6) Counterparty risk	low	low	observe
7) Liquidity risk	medium	low	observe
8) Market risk	medium	high	monitor
Personnel risks			
9) Personnel resources	medium	high	material
IT risks			
10) Cloud operation	medium	high	material
11) Cybersecurity and IT security	low	high	material
Operating risks			
12) Strategic risks	low	high	material
13) Sales	medium	high	material
14) Consulting	low	medium	observe
15) Partner network	low	low	observe
16) Technology and products	low	high	monitor
17) Exceptional incidents	low	high	monitor
18) Other risks	low	high	monitor

Economic, political, social and regulatory risks:

1) Global, economic and political environment (material)

The current geopolitical and economic uncertainty around the globe could have a negative impact on the business activities of ATOSS Software AG and lead to heightened competitive and price pressure as a result of companies' reluctance to invest. Besides intensive customer service as part of the sales processes in which the benefits and sustainable value added from the use of ATOSS solutions are identified, the Group has implemented various measures such as the continuous monthly monitoring of all ATOSS KPIs of managerial relevance or the regular preparation of reports on the current financial status and progress of investments. The ongoing expansion of the proportion of recurring software revenues in total revenues leading to more predictable revenues and consequently greater stability in the face of fluctuating revenues, represents a further risk minimization factor in this context.

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 mechanisms 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. To safeguard the technical security of ATOSS Cloud Operations, an information security management system (ISMS) has been established based on the model of the international security standard ISO/IEC 27001 which ensures continuous improvement and guarantees the protection of our customer data in accordance with established standards (state of the art).

Corporate Governance and compliance risks:

4) Risk of unauthorized publication of information (monitor)
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) Counterparty risk risk (observe)
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 (observe)
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 and fixed-term deposits, thereby ensuring a broad diversification of risk. 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 medium.

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. 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 and their current yields.

As of 12/31/2023, the risk at Group level associated with financial assets invested in investment funds amounted at fair value to TEUR 5,171. In the case of financial assets invested in gold, the risk at Group level as of 12/31/2023 amounted at fair value to TEUR 3,198. The Group holds no derivative financial instruments. In addition, the Group holds investments in US dollars and CHF amounting at fair value to TEUR 2,033 and TEUR 4,320 respectively as of 12/31/2023.

Market risk also includes the risk from a rise in inflation rates. The Group strives to minimize this risk by building long-term relationships with suppliers, agreeing fixed prices, regularly liaising and negotiating with its suppliers and placing orders for large purchasing volumes. To protect its margins, the Group also has price adjustment clauses in customer contracts involving continuous obligations (cloud, maintenance and hotline).

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 12/31/2023 and 12/31/2022 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 ensuring that they remain loyal to the company for the long term represent 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 cybersecurity 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 product.

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 have 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 cybersecurity 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.

The effectiveness of measures implemented in the areas of cloud operations and cybersecurity was re-confirmed with the successful conclusion of the audit conducted by DEKRA in December 2023 for ISO certification ISO 27001 of the ISMS of ATOSS Cloud Services for Workforce Management Solutions – the world's leading standard for information security management systems (ISMS) and thus the most important cybersecurity certification. With this certification, ATOSS is laying down an important marker for the documentation of its state-of-the-art processes throughout the Group.

ATOSS could incur additional maintenance costs as a result of customers in the future continuing to run cloud application software versions which are no longer supported. The Group counters this risk with the aid of a comprehensive marketing and enablement strategy. This strategy is intended to enable customers to convert to new apps in good time themselves or to make use of additional service offers from ATOSS.

Operating risks:

12) & 13) Strategic risks (material) 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 adequately mitigated 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 to the cloud or to open up new markets
The Management Board is aware that expanding its business model to include additional services and opening up new (geographical) markets comes with risks. The general risk of these activities failing is minimized by careful planning and close monitoring and management.

c) Rising revenue expectations require major projects to be won.
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.

d) Lengthy, complicated sales processes in the cloud
Cloud checks and IT security verifications conducted by potential customers can extend the sales cycle. This risk is currently sufficiently met by standardizing systematic cloud security checks, initiating such checks at an early stage and establishing corresponding expertise within teams.

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 revenues and consulting services (e.g. through contractually fixed minimum revenues) 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 leading to the loss of long-standing recurring revenues. This risk is sufficiently covered by regularly monitoring the status of various project developments with the inclusion of the Management Board. In addition, monthly evaluations with regard to the loss of cloud and maintenance revenues, i.e. recurring revenues, are built into the monthly management report package.

The risk of security loopholes in the ATOSS solution suites which could damage confidence in and the reputation of ATOSS, is mitigated by security processes clearly defined for this purpose with internal and external tests.

17) Risks from exceptional incidents (monitor)
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.

18) Other risks (monitor)
Besides the material risks and risks to be monitored already described, there are further risks classified by the Group as "to be monitored" due to their low expected loss value.

3.3. Opportunities report

The Management Board sees the main opportunities in the following descending order in terms of their significance: We see opportunities to further expand our business model, in particular, in the trend towards the full digitization of HR processes, in the general move towards cloud solutions and in the growing demands on companies to make working time more flexible. 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 ATOSS Group also perceives high growth potential in the retail, healthcare, manufacturing and logistics sectors in particular.

We see further growth opportunities in specifically targeting new sectors and in the international deployment of our software solutions, for example by accessing new markets through the formation of new partnerships.

3.4. Risk management system and the accounting process

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

- The company exhibits a clear management, corporate and control structure.
- The functions of the financial accounting, order processing and controlling departments materially involved in the accounting process are clearly separated and responsibilities are unambiguously assigned
- For the purpose of analyzing and managing risk factors that may impinge on earnings, we have integrated the risk management system previously described and established a coordinated planning and control system.
- In order to continuously monitor the development in our assets, financial position and earnings situation, a report 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 accounting-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 company's 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.

3.5. Overall statement on the risk and opportunity situation

Against the background of the opportunities identified and the overall positive development of the Group and thus of ATOSS Software AG, both the risks and risk potential appear limited and controllable from today's perspective. The systems and processes in the sphere of risk management have proven themselves. New material risks or changes in the evaluation of the expected loss values of existing risks only occurred in the risk from exceptional incidents in the 2023 financial year. Nor were any climate-related risks identified or reported. 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.

As a general rule, 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.

3.6. Description of the main features of the internal control system*

In addition to the internal risk management and control system described in Section 3.1 (with respect to the accounting process), the Group also has risk management and internal control system extending beyond the accounting process which also includes a compliance management system designed to monitor the Group's risk position.

The internal control system of ATOSS Software AG comprises all the rules in the Group which define the methods to be used to manage operational, financial and compliance-related risks. These rules may result from published statements or may be designed as guidelines, work instructions or process descriptions. The structure, approval, revision and communication of these internal rules follow standardized procedures. Furthermore, all employees of the ATOSS Group are obliged to comply with the ATOSS Code of Conduct in the course of their duties and work. The ATOSS Code of Conduct represents the cornerstone of the compliance management system by providing an overview of the values and principles that shape daily interactions with business partners, shareholders, employees and society. The internal control system also includes sustainability aspects which are constantly refined on the basis of regulatory requirements.

To improve scalability, nearly all business processes are supported by IT solutions. As far as is possible and appropriate, the Group uses the control mechanisms built into these applications or services as they offer a higher degree of security and efficiency in implementing the controls than manual checks. Additional manual process checks to prevent or reveal errors round off the internal control system.

***** unaudited

The Group also has a clear concept to identify and mitigate information security risks. External audits (ISO 27001) relating to ATOSS Cloud Services for Workforce Management Solutions, the conclusion of corresponding insurance policies for information security risks and a comprehensive training and compliance program supplement the protection measures in this area. The Supervisory Board's audit committee is also kept regularly informed of the company's risk position (at least every six months or as part of ad hoc risk reports by the risk management committee). In the business processes, the relevant process owners are responsible for the effectiveness of the controls implemented. Overall responsibility lies with the Management Board.

The internal control system and the risk management system are dynamic systems which are continuously adapted to fit changes in the business model, the nature and scope of business transactions or responsibilities. The upshot is that both the reviews carried out by the Financial Compliance Department and the external audits (ISO 27001 certification, audit procedures carried out by the auditor of the consolidated financial statements) give rise to potential improvements with regard to suitability (lack of appropriate controls) or the effectiveness of controls (inadequate execution). Potential improvements can also ensue from possible compliance incidents. Based on its current design, the Management Board has no indications that the internal control system system and the risk management system in its entirety have not been appropriately set up or are ineffective.

4. Outlook

After a powerful start to the year, the global economy had stabilized at a low level by the end of 2023. Although the disruptive factors which halted the recovery from the coronavirus in 2022 – prematurely in many countries – largely dissipated over the course of the year, there is still no sign of any economic recovery in the advanced economies due to the high level of uncertainty regarding the underlying economic conditions.[1] For example, the World Bank expects to see the weakest global growth in half a decade since the 1990s with 2.4 percent in 2024. The conflict in the Middle East could accentuate the situation still further.

The Eurozone also finds itself in a stagnation phase. For example, according to a forecast from the European Commission, the economy in the EU will grow more slowly this year than most recently expected. This body expects to see growth of 0.6 percent in the EU and Eurozone in 2023. With a look to the coming year, the EU Commission is forecasting economic growth of 1.3 percent.

In terms of Germany, the economists at most economic institutes and banks again lowered their expectations for the economy in 2024 around the turn of the year. For example, given the global crises and the wrangling over the Federal budget, the German Economic Institute (IW) is expecting German economic output to decline by 0.5 percent.[2] The assessment of the German Council of Economic Experts which forecast GDP to grow by 0.7 percent in its annual report published in December, was somewhat more positive.[3]

1 Kiel Economic Reports No. 109 (2023IQ4) Global Economy in Winter 2023
2 German Economic Institute (IW): IW economic forecast: GDP to shrink by half a percent in 2024 – 12/13/2023
3 German Council of Economic Experts: Annual Report 23-24 – Overcoming weak growth – investing in the future)

Significantly stronger growth forecasts are seen for 2024 in the software industry, however, driven primarily by business in the cloud. For example, the market forecast for the German ICT market in 2024 published by the industry association BITKOM in January 2024 is predicting growth in the software segment of 9.4 percent to EUR 45.4 billion.[4]

Please refer to the above-mentioned description of the opportunities and risks in Item 3, Report on opportunities and risks. Clearly distinguished as it is at the level of products and technology, financial stability and sustainability and with first-class references in all relevant markets, ATOSS is well positioned to take advantage of the opportunities that present themselves and convert these into business success. What's more, there is considerable potential to improve the competitiveness of our target customers and thereby secure sustained sales opportunities in the company's specialist field of solutions designed to enhance workforce management efficiency.

With regard to the 2024 financial year, we are expecting the ATOSS Group to achieve total Group revenue of EUR 170 million. At the same time, in financial year 2024, 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 stable cost structure, the company expects to see an EBIT margin to sales ratio of at least 30 percent at Group level in fiscal 2024. 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 40 million.

5. Other disclosures

5.1. Explanatory report of the Management Board on the disclosures pursuant to Section 315a 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

The previous majority shareholder of ATOSS Software AG, AOB Invest GmbH, Grünwald, which is controlled by the founder and CEO of ATOSS Software AG, Andreas F.J. Obereder, Grünwald, sold 19.99 percent of its shares (1,590,627 shares) in ATOSS Software AG to the financial investor General Atlantic Chronos GmbH, Munich on June 30, 2023. Apart from Andreas F.J. Obereder, AOB Invest GmbH and General Atlantic Chronos 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.

4 (BITKOM, ICT market data January 2024)

(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.

Powers of the Management Board to issue or buy back shares

At the Annual General Meeting held on 04/29/2022, the company was authorized to acquire treasury shares until 04/28/2027 up to a total of 10 percent of the company's share capital at the time of the resolution or at the time when the authorization is exercised – whichever is lower. The shares acquired together with other treasury shares held by the company or attributable to the company in accordance with Secs. 71a ff. of the Stock Corporation Act (AktG) must at no time account for more than 10 percent of the share capital. The authorization must not be exercised for the purpose of trading treasury shares.

The authorization can be exercised by the company or a companies dependent upon it or in which the company has a majority interest or by third parties acting for their account or for the company's account in whole or in partial amounts, once or several times, in pursuit of one or more purposes.

(7) 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, Brussels (Belgium), Paris (France), Stockholm (Sweden) and Utrecht (Netherlands).

5.2. Corporate governance declaration

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.

Summarized corporate governance declaration
The summarized corporate governance declaration made by the Management Board pursuant to Sec. 289 f and Sec. 315 d of the German Commercial Code (HGB) is permanently accessible on the company website on the following link: https://www.atoss.com/en/company/investor-relations/corporate-governance.

5.3. Consolidated non-financial report pursuant to Secs. 289 b (3) and 315 b (3) HGB

The consolidated non-financial report pursuant to Secs. 289b (3) and 315 b (3) HGB can be found at https://www.atoss.com/en/company/investor-relations/reports-publications as a separate section of the 2023 annual report.

5.4. Ownership of and trading in shares and financial instruments

Board members' shareholdings insofar as these relate to shares in the company are reported in Note 39 of the notes to the consolidated financial statements or in Note 23 of the notes to the annual financial statements.

5.5. 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.

The previous majority shareholder of ATOSS Software AG, AOB Invest GmbH which is controlled by the founder and CEO of ATOSS Software AG, Andreas F.J. Obereder, Grünwald, sold 19.99 percent of its shares (1,590,627 shares) in ATOSS Software AG to the financial investor General Atlantic for a price of EUR 222,687,780 with effect from 06/30/2023. After the sale, AOB Invest GmbH holds a 30.000028 percent stake in ATOSS Software AG.

No further reportable transactions were conducted by Board members in the 2023 financial year.

5.6 Distribution

In proposing a dividend, the Management and Supervisory Boards take due account of the need to safeguard the company's financial resources as well as the principle of dividend continuity which requires that the dividend should not be lower than that paid in the previous year and should be increased if it is possible to do so at a distribution ratio of up to 75 percent of consolidated earnings per share.

The Management Board proposes to use a sum of EUR 40,953,560.05 from the unappropriated profit from the 2023 financial year for a dividend payment of EUR 3.37 per dividend-bearing share and to carry the remaining net income 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 26,802,068.32 on the share capital entitled to a dividend as of 12/31/2023 amounting to EUR 7,953,136.00 and profit carried forward of EUR 14,151,491.73.

5.7 Final declaration of dependence report

In accordance with Section 312 of the German Stock Corporation Act, the Management Board has prepared a report for the reporting period 01/01/2023 – 06/30/2023 detailing relations with associate companies which has been examined by our auditors. The Management Board's dependence report concludes with the following final declaration.
"We declare that in the transactions and measures listed in the report on relations with associate companies, from 01/01/2023 to 06/30/2023 in accordance with the circumstances known to us at the time these transactions and measures were entered into or omitted, in each transaction the company received an adequate consideration and was not disadvantaged."

Munich, 2/23/2024

The Management Board

Andreas F.J. Obereder	**Dirk Häußermann**	**Pritim Kumar Krishnamoorthy**	**Christof Leiber**
CEO	Co-CEO	CTO	CFO

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 combined management report presents a true and fair view of the development of business, including the operating results and the position of the Group, and also describes the significant opportunities and risks relating to the probable development of the company.

Munich, 02/23/2024

The Management Board

Andreas F.J. Obereder	**Dirk Häußermann**	**Pritim Kumar Krishnamoorthy**	**Christof Leiber**
CEO	Co-CEO	CTO	CFO

Consolidated Balance Sheet as of 12/31/2023

Assets (EUR)	Note	12/31/2023	12/31/2022
Non-current assets			
Intangible assets	15, 27	232,498	160,302
Property, plant and equipment	15, 27	4,326,009	3,585,518
Rights of use	23, 28	7,790,583	9,574,749
Capitalized contract costs	29	5,338,811	4,858,064
Other non-current financial assets and precious metals	12, 25, 60	1,336,366	1,317,666
Total non-current assets		**19,024,267**	**19,496,299**
Current assets			
Trade receivables	12, 25, 60	10,430,392	10,129,556
Other current financial assets and precious metals	25, 60	17,536,179	29,294,487
Other current non-financial assets	26	3,206,790	4,662,823
Cash and cash equivalents	12, 24, 60	64,201,070	26,757,678
Total current assets		**95,374,431**	**70,844,544**
Total assets		**114,398,698**	**90,340,843**

Equity and liabilities (EUR)	Note	12/31/2023	12/31/2022
Equity			
Subscribed capital	39	7,953,136	7,953,136
Capital reserve	39, 54	572,282	202,206
Equity deriving from unrealized profits/losses	37, 39	610,195	78,726
Unappropriated net income	39, 64	52,729,823	39,464,522
Equity attributable to the equity holders of the parent company		**61,865,436**	**47,698,590**
Non-controlling interests		-109,013	-109,013
Total Equity		**61,756,423**	**47,589,577**
Non-current liabilities			
Pension provisions	19, 37	1,826,236	2,409,757
Other non-current provisions	19, 38	2,335,325	1,184,028
Non-current lease liabilities	23, 28, 32, 59	8,097,348	9,640,601
Deferred tax liabilities	16, 30	2,024,656	944,879
Total non-current liabilities		**14,283,565**	**14,179,265**
Current liabilities			
Trade accounts payable	17, 32, 60	2,378,886	1,743,384
Contractual liabilities	20, 35	3,732,287	4,156,084
Current lease liabilities	23, 28, 32, 59	327,035	610,001
Other current financial liabilities	33, 60	5,855,921	4,678,801
Other current non-financial liabilities	34	18,171,514	15,847,592
Tax liabilities		7,672,130	1,464,778
Other provisions	18, 36	220,937	71,361
Total current liabilities		**38,358,710**	**28,572,001**
Total equity and liabilities		**114,398,698**	**90,340,843**

Consolidated Income Statement from 01/01/2023 to 12/31/2023

EUR	Note	01/01/2023 -12/31/2023	01/01/2022 -12/31/2022
Sales revenues	20, 40	**151,197,606**	**113,916,280**
Cost of sales	41	-34,616,617	-31,201,831
Gross profit on sales		**116,580,989**	**82,714,449**
Distribution costs	42	-27,105,408	-22,414,190
Administration costs	43	-13,044,804	-10,418,687
Research and development costs	22, 44	-23,628,105	-19,056,384
Other operating income	21, 46	415,151	389,849
Other operating expenses	46	-475,620	-278,309
Net impairment on financial assets	46	-923,422	-134,288
Operating profit		**51,818,781**	**30,802,440**
Financial income	47	1,818,973	494,378
Financial expenses	47	-312,134	-1,986,614
Earnings before taxes		**53,325,620**	**29,310,204**
Taxes on income and earnings	16, 30, 48	-17,552,944	-9,932,757
Net income for the year		**35,772,676**	**19,377,447**
Attributable:			
Equity holders of the parent		35,772,676	19,377,447
Non-controlling interests:		0	0
Earnings per share (undiluted)		4.50	2.44
Earnings per share (diluted)		4.50	2.44
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

Consolidated Statement of Comprehensice Income from 01/01/2023 to 12/31/2023

EUR	Note	01/01/2023 -12/31/2023	01/01/2022 -12/31/2022
Net income		**35,772,676**	**19,377,447**
Components not reallocated in profit and loss			
Profits/losses recognized in equity on the valuation of plan assets	37	-227,605	74,450
Tax effects of profits/losses recognized in equity on the valuation of plan assets	37	73,903	-24,174
Profits/losses recognized in equity on the revaluation of defined benefit pension plans	37	1,014,617	3,998,738
Tax effects of profits/losses recognized in equity on the revaluation of defined benefit pension plans	37	-329,446	-1,298,390
Other comprehensive income		**531,469**	**2,750,624**
Comprehensive income after taxes		**36,304,145**	**22,128,070**

Consolidated Cash Flow Statement from 01/01/2023 to 12/31/2023

EUR	Note	01/01/2023 -12/31/2023	01/01/2022 -12/31/2022
Earnings before taxes		**53,325,620**	**29,310,204**
Depreciation	27, 28	4,046,406	3,905,200
Financial income	47	-1,818,973	-494,378
Financial expenses	47	312,134	1,986,614
Income from the disposal of fixed assets		1,499	2,278
Non-cash personnel expenses		370,076	493,352
Change in net current assets			
Trade receivable	25, 60	-300,836	1,815,408
Inventories and other non-financial assets	26	-15,646	-366,681
Capitalized contract costs	29	-480,748	-3,114,426
Other assets		86,956	70,191
Trade accounts payable	17, 32, 60	635,501	699,225
Other current financial and non-financial liabilities	33,34,60	3,501,043	4,617,410
Other current and non-current provisions	36, 38	1,300,872	708,917
Contractual liabilities		-423,797	-101,769
Interest received	19, 47	880,018	71,318
Income taxes received	30, 48	1,594,965	87,293
Income taxes paid	30, 48	-10,361,431	-13,421,133
Cash flow generated from operating activities (1)	**49**	**52,653,659**	**26,269,022**
Cash flow from investment activities			
Expenditure for the purchase of tangible and intangible assets	27	-1,871,626	-1,017,633
Expenditure for the purchase of financial assets		0	-15,096,431
Proceeds from the disposal of financial assets		11,942,312	13,433,946
Cash flow generated from investment activities (2)	**50**	**10,070,686**	**-2,680,118**
Cash flow from financing activities			
Redemption element leasing liabilities IFRS 16	23, 28, 59	-2,838,302	-2,798,892
Interest element leasing liabilities IFRS 16	23, 28, 59	-158,947	-102,910
Dividends paid		-22,507,375	-14,474,708
Cash flow generated from financing activities (3)	**51**	**-25,504,624**	**-17,376,510**
Changes in cash and cash equivalents - total (1) to (3)		**37,219,721**	**6,212,394**
Cash and cash equivalents at the beginning of the period		26,757,678	20,452,712
Effects of exchange rate changes on cash and cash equivalents		223,671	92,572
Cash and cash equivalents at the end of the period		**64,201,070**	**26,757,678**

Statement of Changes in Consolidated Equity as of 12/31/2023

	Equity attributable to the properties of the parent company					
EUR	Subscribed capital	Capital reserve	Equity deriving from unrealized profits/losses	Unappro-priated net income	Non-controlling interests	Total
Note	39	39, 54	39	39		
01/01/2022	**7,953,136**	**-291,146**	**-2,671,898**	**34,561,783**	**-109,013**	**39,442,862**
Net income				19,377,447		19,377,447
Other comprehensive income			2,750,624			2,750,624
Comprehensive income after taxes			**2,750,624**	**19,377,447**		**22,128,070**
Share based remuneration		493,352				493,352
Dividend				-14,474,708		-14,474,708
12/31/2022	**7,953,136**	**202,206**	**78,726**	**39,464,522**	**-109,013**	**47,589,577**
01/01/2023	**7,953,136**	**202,206**	**78,726**	**39,464,522**	**-109,013**	**47,589,577**
Net income				35,772,676		35,772,676
Other comprehensive income			531,469			531,469
Comprehensive income after taxes			**531,469**	**35,772,676**		**36,304,145**
Share based remuneration		370,076				370,076
Dividend				-22,507,375		-22,507,375
12/31/2023	**7,953,136**	**572,282**	**610,195**	**52,729,823**	**-109,013**	**61,756,423**

One share represents 1 euro of subscribed capital

Notes to the Consolidated Financial Statement

I. Company information

ATOSS Software AG, Rosenheimer Straße 141 h, 81671 Munich, hereinafter also referred to as "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 March 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.

On July 17, 2023, ATOSS Software AG announced that the company was aiming to convert to a European company (Societas Europaea, SE). This legal form reflects the company's increasingly international focus. The company's dual management system consisting of the Management Board as the management body and the Supervisory Board as the monitoring body is to continue under the new legal form of an SE. The responsibilities and composition of the Management and Supervisory Boards will be unaffected by the new structure. The headquarters and central administration of the company are to remain in Munich, Germany. The conversion to the legal form of an SE presupposes among other things that the Annual General Meeting of ATOSS Software AG will approve the conversion plan and adopt the accompanying articles of association of the future ATOSS Software SE. Motions to this effect are to be put to the 4/30/2024 Annual General Meeting for adoption. Fundamentally, the legal status of ATOSS Software AG shareholders will be unaffected by the conversion to an SE. They will hold the same number of no par value shares in ATOSS Software SE. The company's listing on the regulated market (Prime Standard) of the Frankfurt Securities Exchange and the listing in the SDAX and TecDAX will also be unaffected by the change in legal form.

II. Accounting policies

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 Sec. 315e (1) of the German Commercial Code (HGB).

In the 2023 financial year, ATOSS Software AG applied the following amendments to existing standards for the first time which had no material effect on the Group accounting and no material impact on the presentation of the consolidated financial statements or the Group's net assets, financial position and results of operations.

Standard or Interpretation	Description	For financial years with effect from
IFRS 17 and amendments to IFRS 17	Postponement of mandatory date of initial application	01/01/2023
Amendments to IAS 1 and Practice Statement 2	Disclosures on accounting policies	01/01/2023
Amendments to IAS 8	Definition of accounting estimates	01/01/2023
Amendments to IAS 12	Deferred taxes relating to assets and liabilities arising from a single transaction	01/01/2023
Amendments to IFRS 17	Initial application of IFRS 17 and IFRS 9 - comparative information	01/01/2023
Amendments to IAS 12	International tax reform – Pillar 2 Model Rules	01/01/2023

In December 2021, the Organization for Economic Cooperation and Development (OECD) issued Pillar Two Model Rules (Global Anti-Base Erosion Proposal or GloBE) to reform international corporate taxation. Large multinational corporations falling within the scope of the rules must calculate their effective GloBE tax rate for each tax jurisdiction in which they operate. They must pay an additional tax equal to the difference between their effective GloBE tax rate per jurisdiction and the minimum tax rate of 15 percent. As the Group revenues of ATOSS Software AG amounting to EUR 151 million in the 2023 financial year are below the threshold of EUR 750 million, the conditions for applying Pillar Two are not met.

Accounting standards issued but not yet to be applied in 2023

The IASB has issued the following standards or amendments to standards, application of which is not yet obligatory at the present time and which in some cases still require to be endorsed in EU law in order to become applicable. The Group currently assumes that the application of these standards and amendments to standards will have no significant impact on the presentation of the financial statements:

Standard or Interpretation	Description	For financial years with effect from
Amendments to IAS 21	Lack of convertibility	01/01/2025 (not yet endorsed)
Amendments to IAS 7 and IFRS 7	Reverse factoring transactions	01/01/2024 (not yet endorsed)
Amendments to IFRS 16	Lease liability in a sale and leaseback transaction	01/01/2024
Amendments to IAS 1	• classification of liabilities as current or non-current (January 2020) • classification of liabilities as current or non-current – postponement of mandatory date of initial application (July 2020) • non-current liabilities with covenants (October 2022)	01/01/2024

2. Bases for the preparation of the financial statements

The present consolidated financial statements were prepared to 12/31/2023 for the reporting period from 01/01/2023 to 12/31/2023. 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 as well as precious metals which are measured at their fair value.

3. Reporting currency

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

4. Consolidated group

The parent company with registered office and stock exchange listing in Germany is ATOSS Software AG, Munich. All subsidiaries are fully consolidated in the Group financial statements for ATOSS Software AG. Subsidiary companies are fully consolidated from the time of acquisition, that is to say, from the time at which the group acquires control. The parent company is deemed to control a subsidiary when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. As a matter of principle, control is exercised through voting rights. Companies cease to be consolidated when the parent company no longer has control. Since this financial year, the consolidated financial statements of the largest group of companies are no longer prepared by AOB Invest GmbH due to the sale of shares in AOB Invest GmbH, Grünwald, to General Atlantic Chronos GmbH, Munich (hereinafter General Atlantic) described in Note 54. Instead, the consolidated financial statements for the smallest and largest group of companies are prepared by ATOSS Software AG, Munich, and published in the company register.

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 shown below:

Company	Proportion of Subscribed capital	Equity 12/31/2022 in EUR	Result for the year 2022 in EUR
ATOSS Aloud GmbH, Munich, Germany*	93%	-1,557,328	0
ATOSS CSD Software GmbH, Cham, Germany	100%	3,252,648	891,459
ATOSS Software AG, Zurich, Switzerland	100%	1,140,737	251,356
ATOSS Software Gesellschaft m.b.H., Vienna, Austria	100%	972,007	387,735
ATOSS Software S.R.L., Timisoara, Romania	100%	2,053,667	285,522
ATOSS North America Inc., West Hollywood, USA	100%	778	-4,524

* A profit and loss transfer agreement has been concluded between ATOSS Software AG and ATOSS Aloud GmbH.

Use of exemptions

The subsidiary ATOSS CSD Software GmbH, Cham, which is included in the consolidated financial statements of ATOSS Software AG, Munich, makes use of the exemptions in Sec. 264 (3) of the German Commercial Code (HGB) for the 2023 financial year. The consolidated financial statements of ATOSS Software AG are the exempting consolidated financial statements for this company.

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 contracts for work and services and/or 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. Revenues deriving from production orders in work at the end of the reporting period amounted in financial year 2023 to EUR 3,548,569 (previous year: EUR 0).

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.
- The risk of accidental loss is borne by the company.

Share-based remuneration
Some employees and two members of the Group's Management Board received share-based remuneration in the form of cash for work performed. This share-based remuneration is reported as share-based remuneration with cash settlement in accordance with IFRS 2. For transactions with cash settlement, the resulting liability of the Group is expensed at fair value at the time the beneficiary performs the work. Until it is settled, the fair value of the liability is remeasured on each reporting date and any changes in the fair value recognized in profit or loss. The fair value is determined by applying an appropriate option pricing model (Black-Scholes formula).

In addition, the Co-CEO of the Group receives share-based payment in the form of cash via AOB Invest GmbH. As ATOSS Software AG does not have any obligation arising from this share-based remuneration, this plan is reported in accordance with the rules for share-based remuneration with settlement by means of equity instruments under IFRS 2.

The expenses are measured at fair value at the time they are granted and recognized over the period in which the performance or vesting conditions are met with a corresponding increase in equity (capital reserves). The fair value is determined by applying an appropriate option pricing model (Monte Carlo simulation).

Further estimations
Estimates have to be made of the probability of future events occurring and their magnitude in order to determine the recoverability of financial assets. These estimations are derived as far as possible from current market data, rating categories and empirical values. Please refer in particular to the comments in Sections 12 Financial assets and precious metals and 13 Measurement of fair value.

The value of pension provisions is also subject to estimates in respect of the parameters listed in Note 37. The book value of the provision as of 12/31/2023 stood at EUR 1,826,236 (previous year: EUR 2,409,757).

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.

Impact of macroeconomic and climate-related risks
Like all companies, ATOSS Software AG is exposed to an increasingly complex and uncertain macroeconomic and geopolitical environment. Operations of ATOSS were not significantly affected by the negative macroeconomic and geopolitical risks in financial year 2023. Consequently, there was no significant, negative impact on the fair values or carrying amounts of assets and liabilities resulting from operations or on the amount and timing of earnings realization or cash inflows and outflows. With regard to future risks resulting from the macroeconomic and geopolitical environment, please refer to our comments in the combined Group management report under Section 3.2.

The ATOSS Group is not currently exposed to any climate-related risks in terms of its business model that would affect the company's financial reporting. In particular, there are no risks from growing regulatory requirements or liability risks from committing to sustainability and climate protection targets.

7. Distinction between current and non-current classification

The Group draws a distinction in the balance sheet between current and non-current assets and liabilities. An asset must be classified as current if:
- the asset is expected to be realized within the normal business cycle or is held for sale or use within this period,
- the asset is held primarily for trading,
- the asset is expected to be realized within twelve months following the closing date for the financial statements, or
- the asset comprises cash or cash equivalents, unless the exchange or use of the asset for the purpose of fulfilling an obligation is restricted for a period of at least twelve months following the closing date for the accounts.

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

8. Currency translation

The functional currency for all Group companies is the euro.

Foreign currency transactions are initially translated by Group companies into the functional currency at the spot rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate on the qualifying date.

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

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

9. Segment reporting

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

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

Contract costs comprise the cost of initiating the contract (essentially sales commissions to staff and third party vendors in direct and indirect sales channels) as well as contract fulfillment costs. These must be capitalized if it is to be assumed that the costs will be compensated by future revenues from the contract. The costs for initiating the contract are additional costs that would not have been incurred if the contract had not been concluded. Contract fulfillment costs are directly attributable costs incurred after the start of the contract that serve to fulfill the contract but precede such fulfillment in time and cannot be capitalized using a different standard. As a general rule, capitalized contract costs are expensed in a straight line over the term of the customer contract. The expenses are reported under sales costs in the Group's profit and loss statement.

12. Financial assets and precious metals

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 with a term of more than 3 months. 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 (debt instruments) as defined by IFRS 9 are classified as “at amortized cost” (AC), “at fair value through other comprehensive income” (FVOCI) or “at fair value through P/L” (FVP/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 fair value. In the case of financial assets measured at fair value through other comprehensive income for subsequent measurements, the initial measurement includes transaction costs directly attributable to the acquisition of the asset. Trade receivables which are initially measured at the transaction price in accordance with IFRS 15 form an exception. Financial assets that do not meet the criteria for the categories at amortized cost (AC) or at fair value through other comprehensive income (FVOCI), are classified in the category at fair value through profit or loss (FVPL).

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 cash and cash equivalents with a term of more than three months, trade receivables as well as non-current financial assets and fixed-term deposits.

Such financial assets are measured after initial recognition at amortized cost using the effective interest method. Interest income from such financial assets or interest expenses from such financial liabilities are reported in financial income or financial expenses using the effective interest method. Gains or losses from derecognition are recognized directly in profit or loss and – together with foreign exchange gains and losses – reported under other operating income or expenses. Impairment losses are shown as a separate item in profit or loss.

Impairment of financial assets

The Group is obliged to apply the impairment rules contained in IFRS 9 to financial assets in the category at amortized cost. 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 collectible as the result of an event which takes place after derecognition, the corresponding amount is set off directly against other operating expenses.

In the case of cash and cash equivalents, an assessment is made on each closing date as to whether objective indications of impairment apply. The Group applies the general approach to cash and cash equivalents and fixed-term deposits. Due to the high credit rating of the financial institutes, there are usually no significant impairment losses with these financial assets.

Financial assets measured at fair value through profit and loss

Precious metals do not meet the definition criteria of a financial instrument, and consequently they do not fall under IFRS 9. If they are not held for production purposes, no other IFRS applies. In accordance with IAS 8.10, in the absence of an IFRS that applies explicitly to a transaction or other events or conditions, management must develop and apply a suitable accounting method.

As the Group sees its investment in precious metals as a financial investment, management has decided to apply an accounting method similar to that used for financial instruments. For this reason, precious metals are measured at fair value through profit or loss.

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.

13. 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 occurs, 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 are 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 results from prices quoted on active markets for identical assets or liabilities.
- Level 2: The fair value is determined by means of inputs other than quoted prices contained in Level 1 which are either directly or indirectly observable for the asset or liability.
- Level 3: The fair value is determined on the basis of unobservable inputs for the asset or liability.

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.

14. 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, non-financial assets pursuant to IAS 36.

15. 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 1 and 5 years. By way of exception to the above, 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.

16. 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.

17. 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. The Group does not make use of the option to classify financial liabilities at fair value through profit or loss on their initial recognition (FVPL option).

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

18. 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.

19. Pension provisions and other personnel-related benefits

A 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. Due to the extension of the CEO's contract until 12/31/2026, his pension has been postponed until 01/01/2027 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 the attributable fair value of the assets of the plan deriving from the pension liability insurance policies are netted against the benefit obligation.

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 3.15 percent (previous year: 3.6 percent) and a contractually defined pension trend of 3.0 percent (previous year: 3.0 percent). As in the previous year, the biometric tables prepared by Prof. Dr. Klaus Heubeck [Richttafeln 2018 G] were applied.

Indirect commitments are reported as a defined contribution plan or defined benefit plan, depending on how they are structured.

For three members of the Management Board and employees with 15 or more years of service, there are commitments through a reinsured benevolent fund. The company pays contributions for the latter into a private retirement pension scheme in the form of a benevolent fund for the duration of their employment. For one member of the Management Board, there is also a commitment through a pension fund and direct insurance policy. These plans are reported as defined contribution plans. The contributions for the benevolent fund, pension fund and direct insurance policy in financial year 2023 amounted to EUR 317,406 (previous year: EUR 302,063).

The Group also maintains contributory pension plans into which the Group pays defined contributions. The Group's legal or constructive liability for the plans is limited to these contributions. The expense recognized in the current reporting period for pension insurance contributions amounts to EUR 3,537,130 (previous year: EUR 3,133,430).

Please refer to Notes 53, 54 and 56 for the measurement methods used for the Restricted Stock Units and Phantom Stock Options.

20. 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, revenues 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 long-term production contracts entered into by ATOSS, the third condition for the application of the percentage of completion method is regularly fulfilled. Individual revenue 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 installments 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 installments 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 12/31/2023, 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.12.

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 12/31/2023 these liabilities amount to EUR 3,732,287 (previous year: EUR 4,156,084).

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.

The entire transaction price allocated as of 12/31/2023 to unfulfilled or partially unfulfilled service obligations with an original term of more than 12 months, amounted to EUR 154,511,362 (previous year: EUR 126,366,001). The expected timing of corresponding sales revenue recognition is as follows:

EUR	12/31/2023
2024	70,832,492
2025-2028	82,963,647
post 2028	715,223
Total future revenue from contracts with customers	**154,511,362**

EUR	12/31/2022
2023	55,729,486
2024-2027	69,620,971
post 2027	1,015,544
Total future revenue from contracts with customers	**126,366,001**

21. 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.

22. 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.

23. 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
- amounts that the lessee will probably have to pay as part of residual value guarantees
- the exercise price of a purchase option if the lessee is sufficiently certain to exercise it
- penalties for terminating the lease if the term takes account of the fact that the lessee will exercise a termination 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

24. Cash and cash equivalents

EUR	12/31/2023	12/31/2022
Fixed-term deposits (in EUR + CHF + USD)	38,352,534	5,606,164
Cash at banks	25,848,536	21,151,514
Total of cash and cash equivalents	**64,201,070**	**26,757,678**

Fixed-term deposits are invested at an interest rate of up to 3.8 percent for the agreed term. With remaining maturities of up to 3 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 2023.

Cash and cash equivalents increased by EUR 37,443,392 to EUR 64,201,070 in spite of the negative cash flow from financing activities (EUR 25,504,624). The increase in cash and cash equivalents is due to the positive cash flow from operating activities (EUR 52,653,659) and investment activities (EUR 10,070,686). The positive cash flow from investment activities is the result of inflows from the return of investments in financial assets (essentially fixed-term deposits and claims on endowment insurance policies). The acquisition of fixed assets (EUR 1,871,626) had a negative impact on cash flow from investment activities. The negative cash flow from financing activities is due to the dividend distribution of EUR 22,507,375 carried out at the beginning of May 2023 and the settlement of lease liabilities in an amount of EUR 2,997,249 in accordance with IFRS 16.

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 64,201,070 (previous year: EUR 26,757,678).

25. 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	12/31/2023	12/31/2022
Gross receivables	11,708,481	10,482,993
Less impairments	-1,278,089	-353,437
Net receivables (carrying value)	**10,430,392**	**10,129,556**

These receivables include those relating to long-term production orders in a net amount of EUR 28,570 (previous year: EUR 192,965). On 12/31/2023 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 12/31/2023 writedowns in the amount of EUR 1,278,089 (previous year: EUR 353,437) were recorded. The write-downs on trade receivables are calculated on the basis of the simplified approach taking account of expected future losses.

The value adjustment account developed as follows:

EUR	2023	2022
Status 01/01	353,437	299,867
Expense allocations	1,026,194	382,913
Usage	-10,597	-82,593
Liquidations	-90,945	-246,750
Status 12/31	**1,278,089**	**353,437**

The company demands no securities from its customers.

The aging report for trade receivables shows the following:

12/31/2023	**not due**	**overdue (to 30 days)**	**overdue (31- 60 days)**	**overdue (61- 90 days)**	**overdue (91 - 120 days)**	**overdue (121 days to 1 year)**	**Total 12/31/2023**
Gross receivables in EUR	7,833,639	2,391,287	503,133	44,529	120,814	815,079	11,708,481
Adjustment in EUR	-106,665	-127,800	-85,029	-23,974	-119,541	-815,079	-1,278,089
Net receivables (carrying value)	**7,726,974**	**2,263,487**	**418,104**	**20,555**	**1,273**	**0**	**10,430,392**
Expected loss rate	1.4%	5.3%	16.9%	53.8%	98.9%	100%	

12/31/2022	**not due**	**overdue (to 30 days)**	**overdue (31- 60 days)**	**overdue (61- 90 days)**	**overdue (91 - 120 days)**	**overdue (121 days to 1 year)**	**Total 12/31/2022**
Gross receivables in EUR	7,240,745	2,390,196	500,994	60,483	81,508	209,067	10,482,993
Adjustment in EUR	-55,812	-42,306	-23,797	-5,716	-16,739	-209,067	-353,437
Net receivables (carrying value)	**7,184,933**	**2,347,889**	**477,197**	**54,767**	**64,770**	**0**	**10,129,556**
Expected loss rate	0.8%	1.8%	4.8%	9.5%	20.5%	100%	

Other financial assets and trade receivables were composed as follows:

Other current financial assets and precious metals

EUR	12/31/2023	12/31/2022
Investment funds	5,171,729	5,049,988
Claims on insurance companies	0	5,489,149
Gold	2,346,280	2,172,080
Fixed-term deposits (EUR)	10,000,000	16,562,000
Silver	13,400	16,500
Dividend-bearing securities	4,770	4,770
Total of other (current) financial assets and precious metals	**17,536,179**	**29,294,487**

Other non-current financial assets and precious metals

EUR	12/31/2023	12/31/2022
Gold	851,765	784,740
Security deposits	484,601	532,926
Total of other (non-current) financial assets and precious metals	**1,336,366**	**1,317,666**

Valuation of current and non-current gold holdings at their fair value results in financial income of EUR 241,225 (previous year: EUR 199,870). In addition, income from the revaluation of short-term investment funds amounting to EUR 121,740 (previous year: devaluation expenses of EUR 1,764,709) was recognized in financial income. Distributions from the investment of liquid assets in an investment fund serving as an alternative short-term investment, resulted in financial income of EUR 88,914 (previous year: EUR 71,318). Income of EUR 285,119 (previous year: EUR 73,957) resulted from investments in endowment insurance policies.

The fair value of financial assets in the case of dividend-bearing securities, precious metals, fixed-term deposits and fund investments is measured on the basis of stock market prices on active markets (Level 1). In order to calculate the fair value of claims on endowment insurance policies, the Group applies the asset value (Level 3) as reported annually by the other contracting party. As of 12/31/2023, the maximum default risk equates to the fair value.

26. Other (current) non-financial assets

Other current non-financial assets in the amount of EUR 3,206,790 (previous year: EUR 4,662,823) essentially include deferrals of EUR 2,003,850 (previous year: EUR 1,827,422) as well as receivables from the Tax office relating to advance tax payments in an amount of EUR 939,293 (previous year: 2,410,971).

27. Fixed assets

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

	Acquisition and manufacturing costs		
EUR	01/01/2022	Additions	Transfers
I. Intangible assets			
Software	662,413	116,751	0
	662,413	**116,751**	**0**
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	79,223	0	0
Office and business equipment	5,022,349	923,884	0
Advance payments and assets under construction	0	0	0
	7,239,583	**923,884**	**0**
Total	**7,901,997**	**1,040,635**	**0**

EUR	01/01/2023	Additions	Transfers
I. Intangible assets			
Software	779,165	150,071	0
	779,165	**150,071**	**0**
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	79,223	0	0
Office and business equipment	5,923,378	1,673,301	0
Advance payments and assets under construction	0	121,300	0
	8,140,612	**1,794,601**	**0**
Total	**8,919,776**	**1,944,672**	**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	12/31/2022	01/01/2022	Additions	Disposals	12/31/2022	12/31/2022	12/31/2021
0	779,165	524,912	93,950	0	618,863	160,302	137,501
0	**779,165**	**524,912**	**93,950**	**0**	**618,863**	**160,302**	**137,501**
0	2,138,011	689,402	58,536	0	747,938	1,390,073	1,448,609
0	79,223	43,091	7,204	0	50,295	28,928	36,132
-22,856	5,923,378	2,884,206	893,233	-20,578	3,756,861	2,166,517	2,138,143
0	0	0	0	0	0	0	0
-22,856	**8,140,612**	**3,616,699**	**958,973**	**-20,578**	**4,555,094**	**3,585,518**	**3,622,884**
-22,856	**8,919,776**	**4,141,612**	**1,052,923**	**-20,578**	**5,173,957**	**3,745,820**	**3,760,385**

Disposals	12/31/2023	01/01/2023	Additions	Disposals	12/31/2023	12/31/2023	12/31/2022
-49,773	879,463	618,863	77,863	-49,761	646,965	232,498	160,302
-49,773	**879,463**	**618,863**	**77,863**	**-49,761**	**646,965**	**232,498**	**160,302**
0	2,138,011	747,938	62,630	0	810,568	1,327,443	1,390,073
-13,207	66,016	50,295	2,211	-11,365	41,141	24,875	28,928
-556,167	7,040,512	3,756,861	987,782	-556,522	4,188,121	2,852,391	2,166,517
0	121,300	0	0	0	0	121,300	0
-569,374	**9,365,838**	**4,555,094**	**1,052,623**	**-567,888**	**5,039,829**	**4,326,009**	**3,585,518**
-619,147	**10,245,301**	**5,173,957**	**1,130,486**	**-617,649**	**5,686,794**	**4,558,507**	**3,745,820**

28. Leases

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

EUR	12/31/2023	12/31/2022
Rights of use		
Buildings	6,161,088	8,329,044
Vehicles	1,629,495	1,245,705
Total	**7,790,583**	**9,574,749**

EUR	12/31/2023	12/31/2022
Lease liabilities		
Short-term	327,035	610,001
Long-term	8,097,348	9,640,601
Total	**8.424.383**	**10.250.602**

Allocations to rights of use in the 2023 financial year amounted to EUR 1,484,057 (previous year: EUR 2,333,655). The adjustment of contractual terms resulted in changes to rights of use in an amount of EUR -302,866. Disposals amount to EUR 49,438 (previous year: EUR 37,517).

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

EUR	2023	2022
Depreciation of rights of use		
Buildings	2,031,096	2,050,694
Vehicles	884,823	801,583
	2,915,919	**2,852,277**
Interest expense (recognized under finance costs)	**158,947**	**102,910**
Expenses for short-term leases	**381,870**	**382,670**

Total cash outflows for leases in 2023 amounted to EUR 2,997,250 (previous year: EUR 2,901,801).

29. Capitalized contract costs

EUR	12/31/2023	12/31/2022
Capitalized contract costs	5,338,811	4,858,064
Total capitalized contract costs	**5,338,811**	**4,858,064**

As of 12/31/2023, the carrying amount of the capitalized contract costs was EUR 5,338,811 (previous year: EUR 4,858,064). Contract initiation costs include sales commissions paid to employees in an amount of EUR 1,846,826 (previous year: EUR 1,784,801) and to third-party brokers/partners in an amount of EUR 3,491,985 (previous year: EUR 3,073,263) in direct and indirect sales channels as part of the cloud subscriptions business. Overall contract costs of EUR 2,417,712 (previous year: EUR 3,672,032) were capitalized in financial year 2023 and capitalized contract costs of EUR 1,936,965 (previous year: EUR 557,606) expensed on a straight-line basis over the estimated duration of the customer relationship.

30. 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 48.

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

EUR	Deferred tax assets		Deferred tax liabilities	
	2023	2022	2023	2022
Assets				
Long-term production orders	0	0	1,046,771	39,298
Non-current financial assets	0	0	127,909	119,293
Current financial assets	0	0	222,614	135,567
Rights of use	0	0	2,597,580	3,108,921
Capitalized contract costs	0	0	1,715,638	1,525,432
Pension provisions (plan assets)	17,265	0	0	56,638
Liabilities				
Pension provisions	777,684	668,081	0	0
Liabilities for AGM expenses	50,005	43,818	0	0
Lease liabilities	2,709,692	3,328,370	0	0
Adjustments	131,210	0	0	0
	3,685,856	**4,040,269**	**5,710,512**	**4,985,149**
of which long-term	3,399,451	3,798,384	3,589,251	4,625,276
of which short-term	286,405	241,885	2,121,261	359,873
Total	**3,685,856**	**4,040,269**	**5,710,512**	**4,985,149**

Deferred tax assets in an amount of EUR 3,685,856 were netted against deferred tax liabilities in an amount of EUR 5,710,512.

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 unit concerned has a history of losses and it is accordingly not currently possible to project when these will be utilized. 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 2023. 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 2023 amount to EUR 2,232,651 (previous year: EUR 5,239,075).

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

EUR	2023	2022
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 untaxed earnings	67.53%	67.53%
Computed tax rate	**32.47%**	**32.47%**

The tax rates for subsidiary companies amounted in Austria to 24 percent, in Switzerland to 25 percent and in Romania to 16 percent. The tax rate for the Dutch facility is 19 percent, for the Belgian facility 25 percent, for the Swedish facility 21 percent and for the French facility 25 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	2023	2022
Pre-tax earnings pursuant to IFRS	**53,325,620**	**29,310,204**
Expected tax charge (2023: 32.47%; 2022: 32.47%)	-17,314,829	-9,517,023
Non-deductible operating expenses	-52,593	-71,147
Tax refunds / payment of tax arrears for previous years	-94,736	-87,337
Lower tax rates at Group companies and branches	307,646	234,292
Trade tax add-backs	-64,054	-54,338
Interests as per Sec. 8b KstG	-83,057	0
Tax effect of an employee option plan that is not deductible (taxable) in the calculation of taxable income	-120,164	-160,191
Other	-131,157	-277,013
Actual Group tax charge	**-17,552,944**	**-9,932,757**

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.

31. Credit lines

An unsecured credit line in the amount of EUR 975.000 (previous year: EUR 975.000) 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 2023, an amount of EUR 535,577 was used for guarantees (previous year: EUR 535,577). As in the previous year, there were no liabilities to banks.

32. Financial liabilities

As of 12/31/2023, 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	> 1 year	Total contractual cash flows	Carrying amount for liabilities
As of 12/31/2023					
Trade accounts payable	2,378,886	0	0	2,378,886	2,378,886
Lease liabilities	1,004,201	2,179,272	5,669,717	8,853,190	8,424,383
Total	**3,383,087**	**2,179,272**	**5,669,717**	**11,232,076**	**10,803,269**

Contractual maturities of financial liabilities in EUR	Up to 3 months	3 months to 1 year	> 1 year	Total contractual cash flows	Carrying amount for liabilities
As of 12/31/2022					
Trade accounts payable	1,743,384	0	0	1,743,384	1,743,384
Lease liabilities	1,055,615	2,011,332	7,449,121	10,516,068	10,250,602
Total	**2,798,999**	**2,011,332**	**7,449,121**	**12,259,452**	**11,993,986**

33. Other current financial liabilities

Other current financial liabilities essentially comprise the following amounts:

EUR	12/31/2023	12/31/2022
Anticipated charges	5,855,921	4,678,801
Total	**5,855,921**	**4,678,801**

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

34. Other current non-financial liabilities

EUR	12/31/2023	12/31/2022
Liabilities for salaries and commissions	15,999,910	13,344,501
Other liabilities	2,171,604	2,503,091
Total	**18,171,514**	**15,847,592**

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 essentially include liabilities for auditing the financial statements and for VAT liabilities.

35. 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	2023	2022
Recognized revenues which were included in the balance of contractual liabilities at the beginning of the period were as follows:		
Maintenance services	216,190	1,280,662
Long-term production orders	809,653	684,908
Cloud	1,704,215	1,499,479
Other	764,779	791,499
Total	**3,494,837**	**4,256,548**

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

EUR	12/31/2023	12/31/2022
Amounts invoiced in advance for maintenance works	25,069	216,190
Amounts invoiced in advance for long-term production orders	1,115,680	1,470,900
Amounts invoiced in advance for cloud orders	1,975,063	1,704,215
Other	616,475	764,779
Total	**3,732,287**	**4,156,084**

The other 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 3,732,287 as of 12/31/2023, the entire balance will be recognized as sales revenue in fiscal 2024.

36. Other provisions

Other provisions comprise the following amounts:

EUR	01/01/2023	Drawn down	Liquidations	Allocations	12/31/2023
Other provisions	71,361	0	0	149,576	220,937
Total	**71,361**	**0**	**0**	**149,576**	**220,937**

Other provisions essentially include the provisions for warranties.

37. Pension provisions

Pension costs were comprised as follows:

EUR	2023	2022
Current service cost	169,239	305,986
Net interest cost	82,424	62,335
Pension expenses	**251,663**	**368,321**

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

For the year 2024 the company expects pension expenses to amount to EUR 54,158.

The obligation translates to the balance sheet as follows:

EUR	12/31/2023	12/31/2022
Defined benefits obligation	6,494,242	7,084,599
Fair value of plan assets	-4,668,006	-4,674,842
Pension provision	**1,826,236**	**2,409,757**

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	2023	2022
Defined benefits obligation as of 01.01	7,084,599	10,670,653
Cost of interest	255,021	106,698
Current service cost	169,239	305,986
Actuarial gains	-1,014,617	-3,998,738
Defined benefits obligation as of 12/31	**6,494,242**	**7,084,599**

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

EUR	2023	2022
Experience-based adjustment	1,472,200	128,418
Changes in financial assumptions	-457,583	3,870,320
Changes in demographic assumptions	0	0
Deviation in actual income from plan assets relative to income calculated at the discount rate	-227,605	74,450
Actuarial gains / losses	**787,012**	**4,073,188**

In respect of gains 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 -329,446 (previous year: EUR -1,298,390). Income tax effects totaling EUR 73,903 (previous year: EUR -24,174) 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	12/31/2023	12/31/2022
Fair value of plan assets effective 01.01	4,674,842	4,317,014
Returns on plan assets calculated at the discount rate	172,597	44,363
Employer's contributions	212,594	239,015
Payments from backing assets	-164,422	0
Actuarial gains and losses	-227,605	74,450
Fair value of plan assets effective 12/31	**4,668,006**	**4,674,842**

The actual return on plan assets in 2023 amounted to EUR -55,008 (previous year: EUR 118,813).

Contributions to the pension plan as from financial year 2024 are expected to total EUR 82,029.

Sensitivity analyses
A rise or fall in essential actuarial assumptions would have affected the cash value of the pension liabilities as of 12/31/2023 as follows:

EUR	Development in pension commitment	
	0.25%	**-0.25%**
Discount interest rate (initially 3.15%)	-259,841	274,822
	0.50%	**-0.50%**
Discount interest rate (initially 3.15%)	-505,673	565,677

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 16.97 years (previous year: 16.32 years). This pension commitment relates to a single person and includes payment of fixed monthly sums with an agreed annual built-in dynamic which are independent of any development in salary.

38. Other non-current provisions

Other non-current provisions include provisions for share-based remuneration to employees and the two members of the Management Board, Pritim Kumar Krishnamoorthy and Christof Leiber amounting to EUR 1,803,276 (previous year: EUR 816,947) as well as provisions for multi-year bonuses paid to the Management Board in an amount of EUR 532,049 (previous year: EUR 367,081).

EUR	01/01/2023	Drawn down	Liquidations	Allocations	12/31/2023
Other provisions	1,184,028	0	0	1,151,297	2,335,325
Total	**1,184,028**	**0**	**0**	**1,151,297**	**2,335,325**

39. Equity

Issued shares in circulation
As of 12/31/2023, 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.

Resolution authorizing the acquisition and utilization of treasury shares including authorization to retire treasury shares acquired and to exclude subscription rights in their use and right to sell on acquisition
At the Annual General Meeting held on 04/29/2022, the company was authorized to acquire treasury shares by 04/28/2027 up to a total of 10 percent of the company's existing share capital at the time of the resolution or – should this figure be lower – at the time when the authorization is exercised. The shares acquired together with other treasury shares held by the company or attributable to the company in accordance with Secs. 71a ff. of the Stock Corporation Act (AktG) must at no time account for more than 10 percent of the share capital. The authorization must not be exercised for trading purposes.

The authorization can be exercised by the company or a companies dependent upon it or in which the company has a majority interest or by third parties acting for their account or for the company's account in whole or in partial amounts, once or several times, in pursuit of one or more purposes.

(Types of acquisition) The shares may be acquired at the Management Board's discretion with the prior approval of the Supervisory Board (1) via the stock market or (2) on the basis of a public purchase offer addressed to all shareholders or a public invitation to all shareholders to submit offers of sale.

(1) If the shares are acquired through the stock market, the purchase price per share paid by the company (excl. ancillary acquisition costs) must not exceed the price determined by the opening auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day by more than 10 percent and must not fall below it by more than 20 percent.

(2) If the shares are acquired by means of a public purchase offer addressed to all shareholders or on the basis of a public invitation to all shareholders to submit offers of sale,
- in the event of a public purchase offer addressed to all shareholders, the purchase price per share offered (excl. ancillary acquisition costs) or
- in the event of a public invitation addressed to all shareholders to submit offers of sale, the limits of the purchase price range defined by the company (excl. ancillary acquisition costs)

must not exceed the average closing price of the company's shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the last five trading days preceding the date of the public announcement of the public purchase offer or public invitation to submit offers of sale by more than 10 percent and must not fall below it by more than 20 percent.

If the definitive price fluctuates substantially after publication of a purchase offer addressed to all shareholders or an invitation to all shareholders to submit offers of sale, the purchase offer or the invitation to submit offers of sale may be adjusted accordingly. In this case, the average closing price of the company's shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange during the last five trading days before the public announcement of the adjustment will be used as the basis.

The volume of the public purchase offer addressed to all shareholders or the public invitation sent to all shareholders to submit offers of sale can be limited. If in the case of a public purchase offer or public invitation to submit offers of sale, the volume of shares tendered exceeds the buyback volume envisaged, the acquisition can be made in proportion to the shares subscribed or offered in each case; shareholders' right to tender their shares in proportion to their share of equity is excluded to this extent. Preferential acceptance of small quantities up to 100 tendered shares per shareholder and commercial rounding to avoid notional fractions of shares can be arranged. Shareholders will have no further rights of tender in this regard. The public purchase offer addressed to all shareholders or the public invitation addressed to all shareholders to submit offers of sale can include further conditions.

(Use of treasury shares) The Management Board is authorized with the prior approval of the Supervisory Board to use the treasury shares acquired on the basis of the authorization pursuant to Clauses 8.1 and 8.2 above for all legally permitted purposes, in particular for the following purposes:

(i) The shares may be retired without the retirement or its execution requiring any further resolution by the Annual General Meeting. They can also be retired in a simplified procedure without reducing the capital by adjusting the pro-rated notional amount of the remaining no par value shares in the company's share capital. If retirement is made by the simplified procedure, the Management Board is authorized to adjust the number of no par value shares in the Articles of Association.

(ii) The shares may be issued to third parties in return for contributions in cash, in order to place the company's shares on a foreign stock exchange where the shares are not yet admitted to trading.

(iii) The shares may also be sold in ways other than through the stock exchange or on the basis of an offer to all shareholders if the purchase to be paid in cash is not substantially lower than the market price of the company's already listed shares of essentially the same class. The number of shares sold in this way with the exclusion of subscription rights may not exceed 10 percent of the share capital either when this authorization becomes effective or at the time it is implemented. Other shares issued or sold during the term of this authorization with the exclusion of subscription rights in direct or analogous application of Sec. 186 (3) Sentence 4 AktG must be counted towards the share capital threshold of 10 percent. Shares to be issued to service option and/or conversion rights or obligations under warrant-linked bonds and/or convertible bonds and/or profit participation rights are also to be counted provided such bonds or profit participation rights are issued during the term of this authorization with the exclusion of subscription rights in analogous application of Sec. 186 (3) Sentence 4 AktG.

(iv) The shares may be sold against a contribution in kind, in particular as part of business combinations, for the purpose of acquiring companies, parts of companies, participating interests in companies or other assets or claims to the acquisition of other assets including receivables from the company.

(v) The shares may be used to meet subscription and conversion rights arising due to the exercising of conversion and/or option rights or to meet obligations from convertible bonds and/or warrant-linked bonds issued by the company or a Group company as defined by Sec. 18 AktG in which the company has a direct or indirect majority interest.

(vi) The shares may be used to be issued as part of share participation or other share-based programs to employees of the company or employees of an affiliated company or members of the management of an affiliated company with the proviso that the employment relationship with the company or the board membership or employment relationship with a company affiliated to it must exist at the time of the commitment to issue the shares. The number of shares issued in this way with the exclusion of subscription rights may not exceed a total of 5 percent of the share capital either when this authorization becomes effective or at the time it is implemented.

The aforementioned authorizations may be exercised once or several times, in whole or in part, individually or jointly. The authorizations under (ii), (iii), (iv), (v) and (vi) may also be exercised by dependent companies or companies in which the company holds a majority interest or by third parties acting for their account or for the company's account.

Shareholders' subscription rights to the treasury shares acquired on the basis of these authorizations are excluded insofar as they are used in accordance with the above authorizations under (ii), (iii), (iv), (v) and (vi) in ways other than by selling them on the stock exchange or through a sales offer to all shareholders. In addition, in the event that the treasury shares are sold by means of an offer of sale to all shareholders, the subscription rights of shareholders to fractional amounts may be excluded. However, the authorization to use treasury share with the exclusion of shareholders' subscription rights is limited insofar as after the authorization has been exercised, the total treasury shares used with the exclusion of shareholders' subscription rights together with the number of other shares issued or sold from authorized capital during the term of this authorization with the exclusion of subscription rights or to be issued on the basis of convertible and/or warrant-linked bonds and/or profit participation rights during the term of this authorization with the exclusion of subscription rights, may not exceed 20 percent of the share capital; either the share capital at the time the authorization becomes effective or the share capital at the time this authorization is exercised will be definitive depending on which figure is lower.

Resolution on the creation of new authorized capital with the option to exclude subscription rights at the Annual General Meeting on 04/30/2021

The Management Board was authorized with the approval of the Supervisory Board to increase the share capital once or several times by a total of EUR 1,590,627 (Authorized Capital) by issuing new no-par value bearer shares against cash payments and/or contributions in kind by April 29, 2026. As a general rule, shareholders must be granted subscription rights. Shareholders can also be granted subscription rights in such a way that the new shares are assumed by one or more banks or companies determined by the Management Board as defined by Sec. 186 (5) Sentence 1 AktG with the obligation to offer them for subscription to the shareholders (indirect subscription rights). However, the Management Board was authorized to exclude shareholders' subscription rights with the approval of the Supervisory Board

- in order to exclude fractional amounts from shareholders' subscription rights;
- if the new shares are issued against in-kind capital contributions as part of business combinations or for the purpose of acquiring companies, parts of companies, participations in companies or other assets or claims to the acquisition of other assets including claims against the company;
- if the new shares are issued against cash contributions and the issue price per new share is not substantially below the share price of the company's already listed shares of the same class and rights at the time the issue price is finally defined. The number of shares issued in this way with the exclusion of subscription rights may not exceed a total of 10 percent of the share capital either when this authorization becomes effective or at the time it is implemented. Other shares issued or sold during the term of this authorization with the exclusion of subscription rights in direct or

analogous application of Sec. 186 (3) Sentence 4 AktG must be counted towards the share capital threshold of 10 percent. Shares to be issued to service option and/or conversion rights or obligations under warrant-linked bonds and/or convertible bonds and/or profit participation rights are also to be counted provided such bonds or profit participation rights are issued during the term of this authorization with the exclusion of subscription rights in analogous application of Sec. 186 (3) Sentence 4 AktG;
- to the extent required to grant holders or creditors of warrant-linked bonds and/or convertible bonds with option and/or conversion rights or obligations which have been or will be issued by the company or Group company as defined by Sec. 18 AktG in which the company has a direct or indirect majority holding, the level of subscription rights to new shares to which they would be entitled after exercising option or conversion rights or meeting option exercise or conversion obligations;
- if the new shares are to be issued to employees of the company or employees of a company affiliated with the company or members of the management of a company affiliated with the company as part of share participation or other share-based programs with the proviso that the employment relationship with the company or the board membership or employment relationship with a company affiliated to it must exist at the time of the commitment to issue shares; the contribution to be paid towards the new shares can be covered by the part of net income for the year which the Management Board and Supervisory Board are entitled to allocate to other revenue reserves within the framework permitted by Sec. 204 (3) Sentence 1 AktG. The number of shares issued in this way with the exclusion of subscription rights may not exceed a total of 5 percent of the share capital either when this authorization becomes effective or at the time it is implemented;

and only insofar as the shares issued during the term of this authorization on the basis of this authorization or another authorized capital excluding shareholders' subscription rights against cash contributions and/or contributions in kind do not exceed a total of 20 percent of the share capital, either when this authorization becomes effective or at the time it is implemented. The following shares are to be counted towards this 20 percent threshold:
- treasury shares sold during the term of this authorization excluding subscription rights, as well as
- new shares to be issued on the basis of warrant-linked bonds and/or convertible bonds and/or warrant-linked participatory certificates or convertible participatory certificates issued during the term of this authorization excluding subscription rights.

The Management Board was further authorized with the approval of the Supervisory Board to define the content of the share rights, further details of the capital increase as well as the terms of the share issue and in particular the issue price. In the process, the profit entitlement of the new shares can be structured differently to Sec. 60 (2) AktG; in particular, if permissible in law, the new shares can be endowed with profit entitlement from the beginning of the financial year preceding their issue if at the time the new shares are issued, the Annual General Meeting has not yet adopted any profit appropriation resolution on the profit for that financial year.

The Supervisory Board was authorized to amend the wording of the Articles of Association accordingly after the Authorized Capital has been exhausted or the deadline for using the Authorized Capital has expired.

Resolution on the creation of an authorization to issue warrant-linked bonds and/or convertible bonds with the option to exclude subscription rights at the Annual General Meeting on 04/30/2021

(Authorization period, nominal amount, term, number of shares) The Management Board was further authorized with the approval of the Supervisory Board to issue registered and/or bearer warrant-linked bonds and/or convertible bonds (collectively referred to as "bonds") once or several times with a total nominal value of up to EUR 450,000,000 with or without maturity limits by April 29, 2026, and to grant the holders or creditors of warrant-linked bonds option rights (if applicable also with an obligation to exercise them) or the owners or creditors of convertible bonds conversion rights (if applicable also with a conversion obligation) to shares in the company, together representing up to EUR 1,590,627 of the share capital in accordance with the detailed terms and conditions for warrant-linked or convertible bonds (collectively referred to as "bond conditions").

The bonds can be issued against cash payments but also contributions in kind. Apart from euros, the bonds can also be issued in the legal currency of any OECD country – limited to the corresponding equivalent value in euros. They can also be issued by a Group company based in Germany or abroad as defined by Sec. 18 AktG in which the company has a direct or indirect majority holding; in this case, the Management Board is authorized with the approval of the Supervisory Board to assume the guarantee for the bonds on behalf of the company and to grant to or impose on the holders or creditors of the bonds option or conversion rights (if applicable with an obligation to exercise the option or to convert) to the company's shares.

The individual issues can be divided into fractional bonds with equal rights.

(Subscription rights and exclusion of subscription rights) The shareholders have a basic right of subscription to the bonds. They can also be granted subscription rights in such a way that the bonds are assumed by one or more banks or companies determined by the Management Board as defined by Sec. 186 (5) Sentence 1 AktG with the obligation to offer them for subscription to the shareholders (indirect subscription rights). If the bonds are issued by a Group company as defined by Sec. 18 AktG in which the company has a direct or indirect majority holding, the company must ensure that the shareholders of the company are granted their direct or indirect statutory subscription rights.

However, the Management Board was authorized to exclude shareholders' subscription rights with the approval of the Supervisory Board

- in order to exclude fractional shares from shareholders' subscription rights;
- if the bonds are issued against a contribution in kind for the purpose of acquiring companies, parts of companies, participations in companies or other assets or claims to acquire other assets including claims against the company and provided the value of the contribution in kind is commensurate with the value of the bonds; here the theoretical market value of the bonds determined by recognized actuarial methods is definitive;

- if the bonds are issued against cash contributions and the Management Board after due consideration reaches the view that the issue price of the bond is not substantially lower than the theoretical market value determined by recognized actuarial methods. However, this authorization only applies with the proviso that the total number of shares that can be created by exercising bonds issued in accordance with this authorization excluding subscription rights in accordance with Sec. 186 (3) Sentence 4 AktG, does not exceed 10 percent of the share capital either when this authorization becomes effective or at the time it is implemented. Shares issued or sold during the term of this authorization excluding subscription rights in direct or analogous application of Sec. 186 (3) Sentence 4 AktG must be counted towards the share capital threshold of 10 percent. Shares to be issued to service option and/or conversion rights or obligations from warrant-linked and/or convertible bonds and/or participatory certificates are also to be counted provided such bonds or profit participatory certificates are issued during the term of this authorization excluding subscription rights in accordance with Sec. 186 (3) Sentence 4 AktG;
- insofar as this is required to grant the holders or creditors of warrant-linked bonds and/or convertible bonds issued or still to be issued by the company or Group company as defined by Sec. 18 AktG in which the company has a direct or indirect majority interest, subscription rights to the bonds to the extent to which they would be entitled after exercising the option or conversion rights or meeting their obligations to exercise options or convert; and only if the total of new shares to be issued by the company on the basis of such bonds and on the basis of warrant-linked bonds and/or convertible bonds and/or warrant-linked participatory certificates or convertible participatory certificates issued on the basis of another authorization during the term of this authorization excluding subscription rights, does not account for more than 20 percent of the share capital, either when this authorization becomes effective or at the time it is implemented. The following shares are to be counted towards this 20 percent threshold:
- treasury shares sold during the term of this authorization excluding subscription rights, as well as
- shares issued during the term of this authorization from authorized capital excluding subscription rights.

(Option rights and conversion rights) In the event that warrant-linked bonds are issued, one or more warrants are enclosed with each fractional bond entitling the holder or creditor to subscribe to no-par value bearer shares in the company in accordance with the detailed terms and conditions of the warrant to be defined by the Management Board. The warrant terms may stipulate that the option price can be partially or wholly settled by transferring fractional bonds with a cash top-up payment, if applicable. The proportion of the share capital attributable to the shares to be subscribed for each fractional bond must not exceed the nominal amount of the fractional bond. Sec. 9 (1) and Sec. 199 (2) AktG remain unaffected. Insofar as this results in subscription rights to fractional shares, it may be stipulated that such fractional shares can be added up in order to subscribe to whole shares in accordance with the terms of the warrant, if necessary, against a top-up payment.

In the event that convertible bonds are issued, the holders or creditors have the right to convert their fractional bonds to no-par value bearer shares in the company in accordance with the detailed terms and conditions for convertible bonds to be defined by the Management Board. The conversion ratio is calculated by dividing the nominal amount or the issue price of a fractional bond, if lower, by the defined conversion price for one share in the company. The conversion ratio can be designed to be variable. The conversion ratio can be rounded up or down to a whole number; a top-up cash payment can also be defined. Otherwise, allowance can be made for combining fractions and/or compensating them in cash. The proportion of the share capital attributable to the shares to be subscribed for each convertible bond must not exceed the nominal amount of the convertible bond. Sec. 9 (1) and Sec. 199 (2) AktG remain unaffected.

The terms and conditions of the bonds can give the company or Group company issuing the bond the right not to grant new bearer shares in the company in the event that the option is exercised or conversion performed but to pay a monetary amount (incl. a partial amount) for the number of shares otherwise to be supplied to be determined in accordance with (v) below.

The terms of the bond can also provide the company or the Group company issuing the bond with the option to service the warrant-linked bonds or convertible bonds with its own bearer shares – already in existence or to be acquired – in the company or another listed company instead of new bearer shares from conditional capital.

(Exercisable options and conversion rights) The terms and conditions of the bonds can also establish an obligation to exercise options or convert at the end of the term (or at a different point in time) or give the company the right on final maturity of the bonds (this also includes maturity due to termination) to grant the holders or creditors of the bonds in part or in whole shares in the company or another listed company instead of payment of the monetary consideration due. In this case, too, the proportion of the share capital represented by the shares in the company to be issued for each fractional bond must not exceed the nominal amount of the fractional bond. Sec. 9 (1) and Sec. 199 (2) AktG remain unaffected.

(Option price and conversion price) The option price or conversion price for a share must – even in the event of a variable option price or conversion price and subject to the following rule for bonds carrying an obligation to exercise the option or convert the bond, a right of substitution or put option on the part of the issuer of the bonds to supply shares – represent at least 80 percent of the volume-weighted, average share price for the company's stock in the XETRA closing auction (or comparable successor system) on the Frankfurt Securities Exchange, namely

- on the last ten trading days before the day on which the Management Board adopts its final resolution on the issue of warrant-linked bonds and/or convertible bonds, or
- if subscription rights to the bonds are traded, on the days on which the subscription rights are traded with the exception of the final two subscription rights trading days, or if the Management Board conclusively defines the option price or conversion price before subscription right trading begins, in the period corresponding to the bullet point above.

In the case of bonds carrying an obligation to exercise the option or convert, a right of substitution or put option on the part of the issuer of the bonds to supply shares, the option price or conversion price to be defined must either correspond to the above-mentioned minimum price or the volume-weighted, average share price of the company in the XETRA closing auction (or comparable successor system) on the Frankfurt Securities Exchange on the ten trading days before or after the date of the bonds' final maturity, even if the last mentioned average price is below the minimum price stipulated above. In any event, the proportion of share capital represented by the shares in the company to be issued for each fractional bond must not exceed the nominal amount of the fractional bond. Sec. 9 (1) and Sec. 199 (2) AktG remain unaffected.

(Dilution protection) Notwithstanding Sec. 9 (1) AktG, the option price or conversion price can be reduced due to a dilution protection clause to be defined in more detail in the terms and conditions of the bond if the company increases the share capital against cash contributions and/or contributions in kind or from company funds during the option or conversion period while granting subscription rights to its shareholders or issues or guarantees further warrant-linked bonds and/or convertible bonds or participatory certificates and does not grant the holders or creditors of existing option or conversion rights or obligations the level of subscription rights to which they would be entitled after exercising their option or conversion rights or meeting their exercise or conversion obligations. The reduction can also be achieved through the payment of a corresponding amount in cash when option or conversion rights are exercised or exercise or conversion obligations met or by lowering any top-up payment provided for. The terms and conditions of the bond can also provide for an adjustment to option or conversion rights or obligations in the event of a capital reduction or other extraordinary measures or events (e.g. unusually high dividends, control takeover by third parties). In the event of a control takeover by third parties, provision can be made for an adjustment of the option or conversion price in line with market conditions.

(Further details of the issue and structure) The Management Board was authorized with the approval of the Supervisory Board to determine further details of the issue and structure of the bonds or define them with the agreement of the management bodies of the Group company issuing the bonds. This applies in particular to the volume, timing, interest rate, type of interest, issue price, term and denomination, dilution protection provisions as well as the option or conversion period.

Resolution on the creation of Conditional Capital at the Annual General Meeting on 04/30/2021
The share capital will be conditionally increased by up to EUR 1,590,627.00 through the issue of up to 1,590,627 new no-par value bearer shares (Conditional Capital). The conditional capital increase serves to grant option and/or conversion rights or impose option and/or conversion obligations to/on the holders or creditors of warrant-linked bonds and/or convertible bonds (collectively "bonds") issued or guaranteed by the company or Group company as defined by Sec. 18 AktG in which the company has a direct or indirect majority holding by April 29, 2026 on the basis of the authorization adopted by the Annual General Meeting on April 30, 2021 in Item 10 of the agenda. The new shares will be issued at the option or conversion price to be defined in accordance with the authorization on a) above. The conditional capital increase will only be carried out insofar as the bearers or creditors of bonds make use of their option and/or conversion rights or bearers of creditors of bonds under an obligation to exercise their option or convert meet their obligation to exercise or convert or insofar as the company or Group company issuing the bond exercises its option in whole or in part to grant no-par value shares in the company instead of paying the monetary amount due and insofar as no cash settlement is granted or treasury shares or shares in another listed company are used for servicing. The new shares will participate in the profit from the start of the financial year in which they are created through the exercise of option or conversion rights or by meeting obligations to exercise or convert.

The Management Board was authorized to define further details for implementing the conditional capital increase with the approval of the Supervisory Board.

The Supervisory Board was authorized to amend the wording of the Articles of Association in accordance with the relevant issue of subscription shares as well as make all other associated amendments to the Articles only relating to the wording. The same applies in the event that no use is made of the authorization to issue bonds after the authorization period has expired and in the event that the Conditional Capital is not used after expiry of the deadlines for exercising conversion or option rights of for meeting conversion or exercise obligations.

As of the reporting date, there are 7,953,136 shares in circulation (previous year: 7,953,136 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:

	12/31/2023	12/31/2022
Moritz Zimmermann (Chairman of the Supervisory Board)	10,928	10,928
Andreas F.J. Obereder (CEO)	2,385,943	3,976,570
Dirk Häußermann (Co-CEO)	3,400	3,400
Pritim Kumar Krishnamoorthy (CTO)	1,140	1,140
Total	**2,401,411**	**3,992,038**

As of December 31, 2023, the majority shareholder, Andreas F.J. Obereder of Grünwald, Germany, holds 2,385,943 shares representing 30.000028 percent of the shares in ATOSS Software AG via AOB Invest GmbH, Grünwald, Germany in which he owns 100 percent of the shares, following his sale of 1,590,627 shares to General Atlantic Chronos GmbH, Munich, on June 30, 2023.

Capital reserve

As of 12/31/2023 the capital reserve stood at EUR 572,282 (previous year: EUR 202,206). The increase in the capital reserve by EUR 370,076 (previous year: EUR 493,352) results from the share-based remuneration granted to the CEO of ATOSS Software AG, Dirk Häußermann, by AOB Invest GmbH (formerly the ultimate parent company of ATOSS Software AG, Munich) in the form of phantom stock options which are to be classified in accordance with IFRS 2.43B as share-based remuneration settled by equity instruments, the fair value of which on the day of their granting is recognized in the capital reserves over the period in which the related performance is delivered (see also Note 54). The carryforward includes the loss of EUR 661,338 generated in 2012 from the use of treasury shares as part of a convertible bond program of ATOSS Software AG as well as the share of expenses for the share-based remuneration of Dirk Häußermann attributable to fiscal 2021 and fiscal 2022 amounting to EUR 370,192 and EUR 493,352.

Equity deriving from unrealized profits/losses

Equity deriving from unrealized profits / losses in the amount of EUR 641,338 (previous year: EUR -43,833) was accounted for by profits from the revaluation recognized in equity of defined benefit pension plans and the associated tax effects, and a further amount of EUR -31,143 (previous year: EUR 122,559) by losses from the revaluation recognized in equity of the plan assets set up to cover pension commitments.

IV. Notes to the Consolidated Income Statement

40. Sales revenues

The sales revenues were composed as follows:

EUR	2023	2022
Licenses	19,610,104	12,606,664
Maintenance	35,668,548	31,632,343
Cloud & Subscriptions	52,917,932	34,154,018
Total software	**108,196,584**	**78,393,025**
Consulting	33,229,001	28,115,117
Hardware	6,084,034	4,475,674
Other	3,687,987	2,932,464
Total sales revenues	**151,197,606**	**113,916,280**

For long-term production orders, the company realizes revenues 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 revenues under the heading of contractual liabilities that will be implemented in subsequent periods and be realized at that time.

Overall in financial year 2023 an amount of EUR 3,548,569 (previous year: EUR 141,380) 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 2,342,055 (previous year: EUR 26,048).

The company has customers in all branches of industry, as well as in the public sector. In financial years 2023 and 2022 no single customer accounted for a proportion of 10 percent or more of total revenues.

The sales revenues were distributed between product groups as follows:

EUR	2023	2022
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	124,817,328	94,459,226
ATOSS Time Control (ATC)	22,106,479	16,807,560
Crewmeister	4,273,799	2,649,494
Total	**151,197,606**	**113,916,280**

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 efficient 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	2023	2022
Domestic	127,942,528	95,550,698
Abroad	23,255,078	18,365,582
of which Austria	8,964,874	7,167,610
of which Switzerland	5,890,521	5,596,297
of which other countries	8,399,683	5,601,675
Total	**151,197,606**	**113,916,280**

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	2023	2022
Recognition at a certain time	25,694,138	17,431,651
Recognition over a certain period	125,503,468	96,484,629
Total	**151,197,606**	**113,916,280**

41. 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	2023	2022
Material costs (goods for resale)	6,272,998	4,724,001
Material costs (external services)	3,122,873	2,996,904
Personnel costs	19,632,234	18,120,308
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	1,301,317	1,272,002
Overheads	4,287,195	4,088,616
Total	**34,616,617**	**31,201,831**

42. Distribution 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	2023	2022
Distribution personnel costs	20,285,280	17,339,638
Depreciation and amortization of property, plant ,and equipment, intangible assets and rights of use	1,243,281	1,071,749
Distribution overheads	2,197,757	1,201,955
Advertising costs	3,379,090	2,800,848
Total	**27,105,408**	**22,414,190**

43. 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	2023	2022
Staff costs Administration	9,825,002	7,646,979
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	563,354	527,511
Administration overheads	2,656,448	2,244,197
Total	**13,044,804**	**10,418,687**

44. Research and development costs

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

EUR	2023	2022
Research and development personnel costs	18,703,844	15,207,727
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	1,091,129	1,033,958
Research and development overheads	3,833,132	2,814,699
Total	**23,628,105**	**19,056,384**

45. Personnel expenses

EUR	2023	2022
Wages and salaries	57,997,405	49,084,956
Social security contributions and expenditure on retirement pensions and welfare	10,448,954	9,229,696
of which expenditure on retirement pensions and welfare EUR 925,145 (previous year: EUR 734,960)		
Service costs EUR 169,239 (previous year: EUR 305,986)		
Total	**68,446,359**	**58,314,652**

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

Other operating income in the amount of EUR 415,151 (previous year: EUR 389,849) essentially include income from exchange rate differences amounting to EUR 298,268 (previous year: EUR 264,280).

Other operating expenses in an amount of EUR 475,620 (previous year: 278,309) essentially comprise expenses from exchange rate differences in an amount of EUR 311,436 (previous year: EUR 249,961). Net impairments on financial assets relates to trade receivables in the amount of EUR 923,422 (previous year: EUR 134,288).

47. Financial income and expenses

The financial investment income in the amount of EUR 1,818,973 (previous year: EUR 494,378) relates to income from fixed-term deposits in euros in an amount of EUR 791,105, income from investments in endowment insurance policies in an amount of EUR 285,119 (previous year: EUR 73,956), income from the revaluation of a fixed-term deposit accounts in CHF in the amount of EUR 290,870 (previous year: devaluation of EUR 56,662), income from the write-up of the company's gold holdings in the amount of EUR 241,225 (previous year: EUR 199,870), income from the revaluation of investment funds in the amount of EUR 121,740 (previous year: devaluation expenses of EUR 1,764,709) and income from distributions from the investment of cash and cash equivalents in an investment fund amounting to EUR 88,914 (previous year: EUR 71,318).

In 2023 the company recorded financial expenses amounting to EUR 312,134 (previous year: EUR 1,986,614). This essentially concerned finance costs in connection with accounting for lease liabilities under IFRS 16 amounting to EUR 158,976 (previous year: EUR 102,910), the net interest cost deriving from the valuation of pension provisions amounting to EUR 82,424 (previous year: EUR 62,335) and expenses from the devaluation of a fixed-term deposit in USD in the amount of EUR 67,200 (previous year: revaluation of EUR 149,234).

48. Tax charge / tax income

EUR	2023	2022
Current tax charge	16,728,710	9,560,611
Deferred taxes (cf. Note 30)	824,234	372,146
Tax charge	**17,552,944**	**9,932,757**

V. Notes to the Consolidated Statement of Cash Flows

49. Cash flow from operating activities

The cash flow from operating activities for the period from 01/01/2023 to 12/31/2023 amounted to EUR 52,653,659 (previous year: EUR 26,269,022) and was thereby EUR 26,384,637 higher than in the year before.

The principal factors which impacted positively on cash flow from operating activities include net income and the formation of other current financial and non-financial liabilities resulting from higher salary and commission entitlements or anticipated charges. Income tax refunds received for previous years and lower current income tax prepayments also had a positive impact on the cash flow from business operations.

The impact of exchange rate movements on cash and cash equivalents amounted to EUR 223,671 (previous year: EUR 92,572).

The average time to receipt in financial year 2023 was 23 days (previous year: 31 days).

50. Cash flow from investment activities

Cash flow from investments for the period from 01/01/2023 to 12/31/2023 amounted to EUR 10,070,686 (previous year: cash outflow of EUR -2,680,118) and was accordingly EUR 12,750,804 higher than in the year before. It results from the return of investments in financial assets (fixed-term deposits and claims on endowment insurance policies) amounting to EUR 11,942,312 (previous year: EUR 13,433,946). Payments for investments in fixed assets in an amount of EUR 1,871,626 (previous year: EUR 1,017,633) had a negative impact on cash flow from investing activities.

51. Cash flow from financing activities

Cash flow from financing activities for the period from 01/01/2023 to 12/31/2023 amounted to EUR -25,504,624 (previous year: EUR -17,376,510) and was accordingly EUR 8,128,114 higher than in the year before. This resulted from the payment of a dividend of EUR 1.83 per share (previous year: EUR 1.82) as well as a special dividend of EUR 1.00 per share (previous year: EUR 0.00) - total dividend distribution of EUR 22,507,375 (previous year: EUR 14,474,708) - and the repayment of lease liabilities in the amount of EUR 2,997,249 (previous year: EUR 2,901,802).

VI. Other disclosures

52. Supervisory Board

In the company's extraordinary General Meeting held on 09/15/2023, the shareholders of ATOSS Software AG resolved under Item 1 of the agenda to expand the Supervisory Board by a fourth member and to amend the company's articles of association accordingly in Sec. 8 (1) and (2). The fourth member of the Supervisory Board – Jörn Nikolay – was delegated to the company's Supervisory Board with effect from 09/27/2023 by AOB Invest GmbH, Grünwald, due to the current ownership structure in accordance with the amended Sec. 8 (2) of the articles of association.

The members of the Supervisory Board are:

Moritz Zimmermann Master of Science in Business Administration	Chairman, Member of the Supervisory Board, Munich General Partner at 42 CAP Manager GmbH, Munich
Rolf Baron Vielhauer von Hohenhau Degree in Business Administration	Deputy Chairman, Member of the Supervisory Board President of the Bund der Steuerzahler in Bayern e.V., Munich.
Klaus Bauer Business graduate	Member of the Supervisory Board and Chairman of the Audit Committee, member of the Advisory Board, Nuremberg
Jörn Nikolay (since 09/27/2023) Degree in Business Administration	Member of the Supervisory Board, Munich

(Delegated to the Supervisory Board of ATOSS Software AG with effect from 09/27/2023 pursuant to right of delegation under the articles of association)

As of 12/31/2023, 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
Jörn Nikolay	NCG – NUCOM GROUP SE, Unterföhring (member of the Supervisory Board) Flix SE, Munich (member of the Supervisory Board) ParshipMeet Holding GmbH, Hamburg (Advisory Board) Chrono24 GmbH, Karlsruhe (Advisory Board) SMG Swiss Marketplace Group AG, Zurich, Switzerland (Management Board)

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

Total remuneration paid to the Supervisory Board of ATOSS Software AG pursuant to Sec. 314 (1) no. 6 HGB in the financial year 2023 amounted to EUR 146,260 (previous year: EUR 138,000) and is composed as follows pursuant to IAS 24.17:

EUR	2023	2022
Short-term benefits		
Compensation pursuant to the Articles of Association	125,260	120,000
Attendance allowances	21,000	18,000
Total	**146,260**	**138,000**

No expenses were incurred in financial year 2023 for consultancy work from members of the Supervisory Board beyond the scope of their Supervisory Board duties (previous year: EUR 0.00).

As of 12/31/2023, there were short-term provisions for Supervisory Board compensation not yet paid to members of the Supervisory Board amounting to EUR 146,260 (previous year: EUR 138,000).

53. Management Board

The members of the Management Board are:

Andreas F.J. Obereder	CEO, entrepreneur, Grünwald
Dirk Häußermann	Co-CEO, BA in Business Management, Leonberg
Pritim Kumar Krishnamoorthy	CTO, Executive MBA, Munich
Christof Leiber	CFO, Solicitor, Munich

Total remuneration paid to the Management Board of ATOSS Software AG pursuant to Sec. 314 (1) no. 6 HGB in the financial year 2023 amounted to EUR 2,742,568 (previous year: EUR 2,390,574) and comprises all fixed, performance-related and share-based remuneration components.

Total remuneration is composed as follows pursuant to IAS 24.17:

EUR	2023	2022
Short-term benefits	2,205,445	1,869,507
Benefits on termination of the contract of employment	282,495	418,954
Other long-term benefits	2,760,299	516,000
Share-based Payment	1,279,374	667,995
Total	**6,527,613**	**3,472,456**

Besides the expenses recognized in the financial year for fixed salaries, single year bonuses and special bonuses, the short-term benefits include insurance premiums paid by the company and benefits in kind from other fringe benefits such as the provision of company cars.

Service costs as per Note 37 are shown in benefits on termination of the contract of employment. In addition, the expenses for benefits after termination of the employment relationship include contributions to the benevolent fund amounting to EUR 108,000 (previous year: EUR 108,000) contributions to direct insurance of EUR 1,752 (previous year: EUR 1,752) and contributions to the pension fund of EUR 3,504 (previous year: EUR 3,216).

Other long-term benefits comprise the expenses recognized in the financial year resulting from multi-year profit-share payments and a one-off, voluntary special payment to Christof Leiber amounting to EUR 2,220,000 which was granted to him on 07/03/2023 by the previous majority shareholder of ATOSS Software AG, AOB Invest GmbH which is controlled by the founder and CEO of ATOSS Software AG, Andreas F.J. Obereder, Grünwald. This payment was in recognition of the considerable contribution made by Christof Leiber as CFO of ATOSS Software AG over the past 24 years, thereby making a decisive contribution to the increase in value of the shares in ATOSS Software AG held by AOB Invest GmbH realized as part of the transaction between AOB Invest GmbH and General Atlantic Chronos GmbH in June 2023.

As a result his contract concluded for the period from 01/01/2019 to 12/31/2023 and extended for a further three years from 01/01/2024, the profit-share payment to the Chief Executive Officer, 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.

The profit share presented on the basis of the Management Board contract concluded for a term of three years with effect from 04/01/2021 for the Co-Chief Executive Officer, Dirk Häußermann, includes entitlements for the achievement of single-year (40 percent) and pro rata multi-year targets (60 percent, three-year target-based profit share). Given that these entitlements are confirmed only after the financial year has ended, actual payments may deviate.

The profit share presented on the basis of the Management Board contract concluded for a term of five years with effect from 07/01/2021 for the Chief Technology Officer, Pritim Kumar Krishnamoorthy, includes entitlements for the achievement of single-year (40 percent) and pro rata multi-year targets (60 percent, three-year target-based profit share). Given that these entitlements are confirmed only after the financial year has ended, actual payments may deviate.

The profit share for the Chief Financial Officer, Christof Leiber, includes entitlements for the achievement of single-year (40 percent) and pro rata multi-year targets (60 percent, three-year target-based profit-share payment). The basis for this is given by the Management Board employment contract dated 06/30/2016 / 07/05/2016 that was redrafted on 06/24/2021 effective 07/01/2021. This contract begins on 07/01/2021 and ends after five years (60 months). 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 2023 deriving from multi-year profit-share payments were calculated on the basis of the estimated achievement of three-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.

As of 12/31/2023, there were short-term other non-financial liabilities for as yet unpaid variable remuneration to members of the Management Board amounting to EUR 270,750 (previous year: EUR 242,128). The long-term provision for as yet unpaid multi-year bonuses amounts to EUR 532,049 (previous year: EUR 367,083).

Restricted Stock Units

ATOSS Software AG also granted the two members of the Management Board, Pritim Kumar Krishnamoorthy and Christof Leiber, share-based remuneration settled in cash. To this end, at the beginning of the agreement in 2021, it granted both members of the Management Board Restricted Stock Units with an equivalent value of EUR 1,000,000 each 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. Both members of the Management Board therefore received 5,785 Restricted Stock Units each. The Restricted Stock Units are only assigned virtually and they entitle the holder, when exercised, to receive a cash payment reflecting growth in the share price of ATOSS Software AG. No actual transfer takes place.

The entire expense recognition period for Restricted Stock Units comprises a period of 60 months beginning at the time the Restricted Stock Units are granted and divided into three installments. 10 percent after 24 months, 20 percent after 48 months, 70 percent after 60 months from the time the Restricted Stock Units were granted.

Valuation approach: The Restricted Stock Units granted are subject to a cap on payment. The value of the cap is deducted from the current share price when the value of the Restricted Stock Units is determined. The cap is valued as a European short call option using the Black Scholes Merton model and market data on the valuation date.

Valuation and grant date: The Restricted Stock Units were granted on 06/24/2021 and valued on this date.

Baseline price: The XETRA closing price of the ATOSS Software AG stock on the relevant valuation date was used as the definitive price for the baseline value of the Restricted Stock Units. On 06/24/2021, this price stood at EUR 176 and on 12/31/2023 at EUR 209 (previous year: EUR 139).

Expected term and exercise price: The vesting period for the Restricted Stock Units is five years, corresponding to the earliest exercise date after the Restricted Stock Units have fully vested. The exercise price of the Restricted Stock Units used to value the cap is 300 percent of the original allocation amount per share of EUR 172.

Expected volatility of the share price: In valuing the Restricted Stock Units, an expected volatility in the ATOSS Software AG share price of 36.56 percent was applied as of 12/31/2023 (previous year: 44.95 percent), calculated as an annualized standard deviation of logarithmic returns from a series of daily closes matching the expected term. As ATOSS Software AG does not have any actively traded options, the expected volatility was based entirely on historical movements in the share price of ATOSS Software AG.

Interest rates used: With regard to the vesting period of five years from the grant date, a continuously rising, risk-free interest rate of 2.19 percent as of 12/31/2023 (previous year: 2.52 percent) was used in the underlying option price model. This risk-free interest rate is derived from the risk-free structure of zero-coupon interest rates determined by the Deutsche Bundesbank on the reference date using the prices of German government bonds in accordance with the Svensson method.

Expected dividend yield: An annual expected dividend yield of 1.56 percent (previous year: 1.24 percent) was used to value the Restricted Stock Units granted.

The average weighted residual term of the Restricted Stock Units granted is 25 months as of 12/31/2023 (previous year: 36 months).

No Restricted Stock Units were exercised in the reporting period and none expired. The fair value of the Restricted Stock Units granted to Pritim Kumar Krishnamoorthy and Christof Leiber totals EUR 1,937,296 on their grant date of 06/24/2021. The carrying amount of other non-current provisions as of 12/31/2023 for both members of the Management Board together is EUR 1,554,166 (previous year: EUR 644,868). The total expense from share-based remuneration recognized in 2023 in personnel expenses for Christof Leiber and Pritim Kumar Krishnamoorthy, amounts to EUR 909,298 (previous year: EUR 174,643).

With regard to the expenditure from share-based remuneration for Dirk Häußermann, see Note 54.

54. Relationships with related parties

Andreas F.J. Obereder

The previous majority shareholder of ATOSS Software AG, AOB Invest GmbH which is controlled by the founder and CEO of ATOSS Software AG, Andreas F.J. Obereder, Grünwald, sold 19.99 percent of its shares (1,590,627 shares) in ATOSS Software AG to the financial investor General Atlantic for a price of EUR 222,687,780 on June 30, 2023. After the sale, AOB Invest GmbH holds a 30.000028 percent stake in ATOSS Software AG. The purchase agreement concluded between General Atlantic and AOB also provides for put options for AOB Invest GmbH and call options for General Atlantic. On exercising its options, General Atlantic would acquire up to a further 5 percent of ATOSS Software AG shares from AOB Invest GmbH. AOB Invest GmbH and General Atlantic have agreed during a four-year standstill period only to sell the majority of their holdings with the approval of the other party in each case. After the share purchase was concluded, ATOSS Software AG held an extraordinary General Meeting on 09/15/2023 in which an amendment to the articles of association was adopted with respect to expanding the company's Supervisory Board from three to four members with AOB Invest GmbH receiving a right of delegation for the appointment of the fourth member of the Supervisory Board. AOB Invest GmbH exercised the agreed right of delegation with effect from 09/27/2023 and delegated Jörn Nikolay to serve on the company's Supervisory Board.

Furthermore, a sublease agreement exists between OF Grundbesitzverwaltungs-GmbH, Grünwald – a company indirectly controlled by the CEO – and ATOSS Software AG. The value of the rental income recognized on standard terms amounts to EUR 11,759 (previous year: EUR 0).

With the exception of the management board contract existing between the company and Andreas F.J. Obereder, the sublease agreement concluded between the company and a company indirectly controlled by Andreas F.J. Obereder as well as the contract concluded between AOB Invest GmbH and Dirk Häußermann with regard to the granting of a long-term incentive as part of his work as Co-CEO for ATOSS Software AG (see below), no reportable transactions took place in our company and/or the company's management bodies with respect to AOB Invest GmbH (former controlling company) or Andreas F.J. Obereder, or any company affiliated with AOB Invest GmbH (former controlling company) or Andreas F.J. Obereder. The company is in no way disadvantaged by the management board contract.

The wife of the Chief Executive Officer provides services to the company. In 2023, the value of the services provided on standard market terms amounted to EUR 7,378 (previous year: EUR 1,500). In addition, the daughter of the Chief Executive Officer is employed on standard market terms. In 2023 the company incurred personnel costs in the amount of EUR 132,029 (previous year: EUR 127,222) for this contract. As of 12/31/2023, there were no short-term provisions for outstanding invoices from the wife of the CEO (previous year: EUR 1,500). There are short-term provisions for as yet unpaid variable remuneration to the daughter of the CEO amounting to EUR 23,272 (previous year: EUR 17,707).

As of 12/31/2023, the close family members of the CEO held the following shares: Ursula Obereder: 27,726 shares (previous year: 27,726 shares); Christopher Obereder: 38,600 shares (previous year: 38,600); Nicola Obereder: 27,672 shares (previous year: 27,672).

Dirk Häußermann
In addition to his agreed management board compensation from the company via AOB Invest GmbH, Grünwald, Germany (formerly the ultimate parent company of ATOSS Software AG, Munich), the Management Board member, Dirk Häußermann, who was appointed as the company's Co-CEO on 04/01/2021 also receives a further variable remuneration component with a long-term incentive effect in the form of phantom stock options in ATOSS Software AG for his work as Co-CEO of the company. For this purpose, a contract was concluded between AOB Invest GmbH and Dirk Häußermann for the granting of a long-term incentive. This agreement gives Dirk Häußermann a direct entitlement to the profit that he would have realized on selling his shares after exercising his stock options (after deducting the initial value as well as any taxes and/or charges). Under the terms of the agreement, AOB Invest GmbH granted Dirk Häußermann 42,000 phantom stock options at a fixed strike price of EUR 130 per share. The phantom stock options are subject to a 5-year vesting period during which the availability of each payout is staggered over time. Dirk Häußermann can only freely dispose of the full payment amount after the 5-year vesting period has elapsed. The first vesting period ends after 24 months with an allocation of 20 percent of the phantom stock options granted, the second vesting period after 36 months with an allocation of a further 20 percent of the phantom stock options granted, the third vesting period after 48 months with an allocation of a further 30 percent of the phantom stock options granted and the fourth vesting period after 60 months with allocation of the last 30 percent of the phantom stock options granted. The phantom options can be exercised in particular on termination of the management board contract or after five years of service for ATOSS Software AG as a member of the Management Board. Phantom stock options can be exercised if an exit event applies provided the minimum increase in the ATOSS share price on the exercise date is at least 30 percent by comparison with the baseline price of EUR 130 (success hurdle). Payment from the share-based remuneration component is determined in accordance with the following formula and limited to a maximum amount of EUR 200 per phantom stock option: number of vested phantom stock options x average value = payout The average value here is defined as the average price per share within a three-month period before the exit event minus EUR 130.

Phantom Stock Options
In accordance with IFRS 2.43B, the phantom stock options granted to Dirk Häußermann are to be classified as share-based remuneration settled by equity instruments, and they are therefore measured at their fair value on the date they are granted and recognized as an increase in capital reserves over the period in which the related service is performed. The entire investment period for the phantom stock options comprises a period of 60 months beginning at the time the phantom stock options are granted and divided into four installments: 20 percent after 24 months, 20 percent after 36 months, 30 percent after 48 months and 30 percent after 60 months from the date on which the phantom stock options were granted. This leads to a phased investment of the phantom stock options granted. The expenses are recognized for each tranche of options granted over the investment period of that tranche.

Valuation approach
The phantom stock options granted represent American style call options which enable Dirk Häußermann to receive a cash amount on exercising the option until the option expires. In view of the fact that the exercise of the option is subject to a hurdle of EUR 169 per share (30 percent appreciation on the issue price of EUR 130 on the grant date of 04/01/2021) and the payout is limited to a maximum of EUR 200 per share, a Monte Carlo model was used to estimate the indicative value of the phantom stock options granted on the grant date.

Valuation and grant date
The valuation and grant date for the phantom stocks agreement was defined as 04/01/2021 in the valuation model.

Baseline price
The XETRA closing price of the ATOSS Software AG stock, adjusted for pro-rated dividends, on the relevant valuation date was used as the definitive price for the underlying share of the phantom stock options. On 04/01/2021 this price stood at EUR 163.

Exercise date, expected term and exercise price
The exercise date for the phantom stocks is five years from the reporting date. Exercise is only possible if the share price rises by at least 30 percent from the grant date on the date of exercise (i.e. share price threshold of at least EUR 169). According to the option agreement, the exercise price of the phantom stocks is EUR 130 for the grant on 04/01/2021.

Expected volatility of the share price
In valuing the phantom stock options, an expected volatility in the ATOSS Software AG stock of 37.9 percent was applied as, calculated as an annualized standard deviation of logarithmic returns from a series of daily closes matching the expected term. As ATOSS Software AG does not have any actively traded options, the expected volatility is based entirely on historical movements in the share price of ATOSS Software AG.

Interest rates used
With regard to the vesting period of five years from the grant date, a continuously rising, risk-free interest rate of -0.66 percent was used in the underlying option price model. This risk-free interest rate was derived from the risk-free structure of zero-coupon interest rates determined by the Deutsche Bundesbank on the reporting date using the prices of German government bonds in accordance with the Svensson method.

Expected dividend yield
An annual expected dividend yield of 0.91 percent was used to value the phantom stock option granted.

The reference date value for the phantom stock options granted is recognized over the entire investment period for each installment payment, beginning on the date on which Dirk Häußermann joined the company on 04/01/2021 until the end of the investment period. Total expenses for the phantom stock options over the entire investment period amount to EUR 1,636,206 and correspond to the fair value at the time they are granted. Total expenses for the share-based remuneration of Dirk Häußermann attributable to fiscal 2023 amounted to EUR 370,076 (previous year: EUR 493,352). See also comments in Note 65 with regard to the remuneration of Dirk Häußermann from the granting of virtual stock options. Report on events after the balance sheet date

In the 2023 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 52 (Supervisory Board) or Note 37 (Pension provisions) or exceed existing terms of employment.

55. Employees

As of 12/31/2023 the company employed 775 persons (previous year: 693), and across the Group there were an average of 747 staff employed (previous year: 667). Excluding trainees and temporary staff, the average number of staff employed stood at 709 (previous year: 632).

The quarterly average number of employees was as follows:

	2023	2022
Sales and marketing	177	153
Consulting	175	177
Development	283	237
Administration	112	100
Total	**747**	**667**
Of which trainees	0	0
Of which temporary staff	38	35
Plus members of the Management Board	4	4

56. Share-based Payment

Besides the two members of the Management Board listed in Note 53, ATOSS Software AG also granted share-based remuneration to further individual employees in 2021 and 2023 which is settled in cash. To this end, it granted the beneficiary employees Restricted Stock Units with an equivalent value of EUR 950,000 based on the average share price of the ATOSS Software AG stock at the time of the Xetra closing auction during the three months before the contractual start of the agreement. A total of 5,223 Restricted Stock Units were thus granted. The Restricted Stock Units are only allocated virtually. No actual transfer takes place.

Restricted Stock Units
The Restricted Stock Units are only allocated virtually and they entitle the holder, when exercised, to receive a cash payment reflecting growth in the share price of ATOSS Software AG which is therefore reported as share-based remuneration with cash settlement in accordance with IFRS 2.30. The Restricted Stock Units are measured at the fair value of the liability on each reporting date and reported in the balance sheet under other provisions. The entire vesting period for Restricted Stock Units comprises a period of 56-60 months beginning at the time the Restricted Stock Units are granted and divided into three installments: 10 percent after 20-24 months, 20 percent after 44-48 months, 70 percent after 56-60 months from the start of the contract.

Valuation approach: The Restricted Stock Units granted are subject to a cap on payment. The value of the cap is deducted from the current share price when the value of the Restricted Stock Units is determined. The cap is valued as a European short call option using the Black Scholes Merton model and market data on the valuation date.

Valuation and grant date: The Restricted Stock Unit agreements were granted and valued between September and November 2021 and November 2023.

Baseline price: The XETRA closing price of the ATOSS Software AG stock on the relevant valuation date was used as the definitive price for the baseline value of the Restricted Stock Units. On 12/31/2023 this price stood at EUR 209 (previous year: EUR 139).

Expected term and exercise price: The vesting period for the Restricted Stock Units on the date they are granted is five years, corresponding to the earliest exercise date after the Restricted Stock Units have fully vested. The exercise price of the Restricted Stock Units used to value the cap is 300 percent of the original allocation amount per share of EUR 172 for the Restricted Stock Units granted in 2021 and EUR 213 for the Restricted Stock Units granted in 2023.

Expected volatility of the share price: In valuing the Restricted Stock Units, an expected volatility in the ATOSS Software AG share price of 36.56 percent was applied as of 12/31/2023 (previous year: 44.95 percent) for the Restricted Stock Units granted in 2021 and 41.17 percent for the Restricted Stock Units granted in 2023, calculated as an annualized standard deviation of logarithmic returns from a series of daily closes matching the expected term. As ATOSS Software AG does not have any actively traded options, the expected volatility was based entirely on historical movements in the share price of ATOSS Software AG.

Interest rates used: With regard to the vesting period of five years from the grant date, a continuously rising, risk-free interest rate of 2.19 percent as of 12/31/2023 (previous year: 2.52 percent) was used for the Restricted Stock Units granted in 2021 and 1.87 percent for the Restricted Stock Units granted in 2023. This risk-free interest rate is derived from the risk-free structure of zero-coupon interest rates determined by the Deutsche Bundesbank on the reference date using the prices of German government bonds in accordance with the Svensson method.

Expected dividend yield: An annual expected dividend yield of 1.56 percent (previous year: 1.24 percent) was used to value the Restricted Stock Units granted.

As of 12/31/2023, the average remaining term of the Restricted Stock Units granted is 25 months (previous year: 36 months) for the Restricted Stock Units granted in 2021 and 52 months for the Restricted Stock Units granted in 2023.

No Restricted Stock Units were exercised in the reporting period. Restricted Stock Units amounting to EUR 53,234 (previous year: EUR 0) expired in 2023. The carrying amount of the liability for all employees falling under this share-based remuneration is EUR 249,109 as of 12/31/2023 (previous year: EUR 172,079). Total expenses from share-based remuneration recognized in personnel costs amounts to EUR 77,031 in 2023 (previous year: EUR 124,693).

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 2023 they amount to EUR 201,050 (previous year: EUR 188,097).

57. Auditors' fees

The total fees paid to the auditor under Sec. 314 (1) No. 9 of the German Commercial Code (HGB) for the audit of the financial statements conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch office, and companies affiliated to it, were recognized as expenses as follows:

EUR	2023	2022
Auditing services for annual financial statements	199,983	182,506
Other assurance services	44,805	40,788
Tax advisory services	0	0
Other services	0	0
Total of fees	**244,788**	**223,294**

The fee for auditing services related to the auditing of the consolidated financial statements and the individual financial statements of ATOSS Software AG including an audit of the ESEF documents and a formal audit of the remuneration report. Other assurance services relate to the audit of the non-financial report for the financial year 2023.

No further remuneration was paid to the auditors under Sec. 314 (1) No. 9 HGB.

58. 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 the location of the particular company and facility. The agreements also in some cases include price adjustment clauses on standard market terms.

The financial obligations in respect of rents and lease payments for the coming financial years were composed as follows as of 12/31/2023:

EUR	Rents for premises	Other rents and lease payments
2024	2,070,005	1,439,460
2025 to 2028	4,763,753	1,363,272
post 2028	0	0
Total	**6,833,758**	**2,802,732**

The overall costs of all rental and lease agreements in financial year 2023 amounted to EUR 3,456,765 (previous year: EUR 3,337,857).

59. Objectives and methods of managing financial risk

The Group is exposed to various financial risks: market risk, credit risk and liquidity risk. 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.

Capital control

The company regards equity as an essential management parameter in guarding against economic, sector- and company-specific risks. Consequently, the company's financial strategy is directed towards maintaining a level of equity commensurate with such risks. The equity ratio as of 12/31/2023 amounts to 54 percent (previous year: 53 percent).

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 12/31/2023 and 12/31/2022 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 held by the Group 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 and precious metals 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 and precious metals 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 5,171,729 (previous year: EUR 5,049,988). 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 +/-1,292,933 (previous year: EUR +/-1,262,497).

In the case of gold, the risk on the closing date amounted at fair value to EUR 3,198,045 (previous year: EUR 2,956,820). 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 +/-319,805 (previous year: EUR +/-295,682).

The Group has fixed-term deposit accounts denominated in US dollars and CHF. As of the closing date, the fair value of the US dollars reported in cash and cash equivalents was EUR 2,032,933 (previous year: EUR 2,106,164). 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 +/-203,293 (previous year: EUR +/-210,616). As of the closing date, the fair value of the CHF reported in cash and cash equivalents in 2023 was EUR 4,319,600 (previous year: EUR 4,062,000). A fall or rise of 10 percent in the price of the CHF as a consequence of changes in market conditions would impact Group earnings in the amount of EUR +/-431,960 (previous year: EUR +/-406,200).

These sensitivity analyses each relate to the situation as of 12/31/2023.

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 2023 or 2022, 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. In the case of banks, only contracting parties with a good, independent rating are accepted. 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 25. 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.

All debt instruments in a company measured at amortized cost and at fair value through other comprehensive income, are deemed to be "associated with low default risk"; the default risk is thus assumed to be low.

Liquidity risk

Liquidity risk represents the inability to meet financial obligations such as servicing debt. The only liquidity risk for the Group due to arises from lease liabilities and trade accounts payable as it has no borrowings. 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

	01/01/2023	Cash changes	Non-cash changes due to new lease contracts	Non-cash changes due to the compounding of lease liabilities	12/31/2023
Long-term lease liabilities	9,640,601	-2,572,646	889,512	139,880	8,097,348
Short-term lease liabilities	610,001	-424,604	122,542	19,096	327,035
Liabilities from financing activities	**10,250,602**	**-2,997,250**	**1,012,054**	**158,976**	**8,424,383**

	01/01/2022	Cash changes	Non-cash changes due to new lease contracts	Non-cash changes due to the compounding of lease liabilities	12/31/2022
Long-term lease liabilities	10,103,743	-2,532,334	1,967,903	101,289	9,640,601
Short-term lease liabilities	549,790	-369,468	428,058	1,621	610,001
Liabilities from financing activities	**10,653,533**	**-2,901,802**	**2,395,961**	**102,910**	**10,250,602**

60. 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 12/31/2023	Recognized value in balance sheet pursuant to IFRS 9		Fair value
			Amortized cost	Fair value through P/L	
Assets					
Cash and cash equivalents	AC*	64,201,070	64,201,070		64,201,070
Trade receivables	AC*	10,430,392	10,430,392		10,430,392
Other non-current financial	AC*	484,601	484,601		484,601
Other current financial assets	FVP/L*	4,770		4,770	4,770
Investments in investment funds	FV/PL (FK)*	5,171,729		5,171,729	5,171,729
Fixed-term deposits	AC*	10,000,000	10,000,000		10,000,000
Liabilities					
Trade accounts payable	FLAC*	2,378,886	2,378,886		2,378,886
Other current financial liabilities	FLAC*	5,855,921	5,855,921		5,855,921

	Measurement categories pursuant to IFRS 9	Carrying amount as of 12/31/2022	Recognized value in balance sheet pursuant to IFRS 9		Fair value
			Amortized cost	Fair value through P/L	
Assets					
Cash and cash equivalents	AC*	26,757,678	26,757,678		26,757,678
Trade receivables	AC*	10,129,556	10,129,556		10,129,556
Other non-current financial	AC*	532,926	532,926		532,926
Other current financial assets	FVP/L*	5,493,919		5,493,919	5,493,919
Investments in investment funds	FV/PL (FK)*	5,049,988		5,049,988	5,049,988
Fixed-term deposits	AC*	16,562,000	16,562,000		16,562,000
Liabilities					
Trade accounts payable	FLAC*	1,743,384	1,743,384		1,743,384
Other current financial liabilities	FLAC*	4,678,801	4,678,801		4,678,801

*AC: financial assets measured at amortized cost; FLAC: financial liabilities measured at amortized cost; FV/PL: financial assets and liabilities measured at fair value through profit and loss;
**previous year adjusted

61. German Corporate Governance Code

The Management and Supervisory Boards of ATOSS Software AG issued a declaration regarding the German Corporate Governance Code on 12/7/2023. The full text of the declaration pursuant to Sec. 161 of the German Stock Corporation Act (AktG) is available on the Internet at https://www.atoss.com/en/company/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.

62. Notifiable participating interests

In the financial year 2023, the company received the following notifications regarding changes in participating interests pursuant to Secs. 33 ff. of the German Securities Trading Act (WpHG):

On 01/03/2023, the shareholding of Barclays Plc., London, Great Britain, fell below the voting rights threshold of 3 percent of the share capital of ATOSS Software AG as a result of the sale of shares and amounted to 1.07 percent at this time.

On 02/23/2023, the shareholding of MainFirst SICAV, Strassen, Luxembourg, fell below the voting rights threshold of 3 percent of the share capital of ATOSS Software AG as a result of the sale of shares, and amounted to 2.70 percent at this time.

On 06/30/2023, the shareholding of AOB Invest GmbH, Munich, fell below the voting rights threshold of 50 percent of the share capital of ATOSS Software AG as a result of the sale of shares, and amounted to 30.000028 percent at this time. On the same day, the shareholding of General Atlantic Chronos GmbH, Munich, exceeded the voting rights threshold of 15 percent of the share capital of ATOSS Software AG as a result of the purchase of shares, and amounted to 19.99 percent at this time. The company also received voting rights notifications from GASC MGP LLC, Wilmington, Delaware, USA, on 06/15/2023 and 06/30/2023 with respect to call and put options with an exercise right from 06/30/2023 onwards. Further details on this in Note 54 below.

Since 06/30/2023, AOB Invest GmbH, Grünwald, has held a voting rights share of 30.000028 percent of the share capital of the company, and General Atlantic Chronos GmbH, Munich, a voting rights share of 19.99 percent.

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

63. Adoption of the consolidated financial statements

The present annual financial statements were passed on 02/23/2024 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 03/08/2024.

64. Appropriation of net income

The Management Board proposes to use a sum of EUR 40,953,560 from the unappropriated profit from the 2023 financial year for a dividend payment of EUR 3.37 per dividend-bearing share and to carry the remaining net income 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 26,802,068 on the share capital entitled to a dividend as of 12/31/2023 amounting to EUR 7,953,136.00 and profit carried forward of EUR 14,151,492.

65. Report on events after the balance sheet date

The Management Board contract of Dirk Häußermann who has been responsible for the Globalization and Marketing departments as the Co-CEO of ATOSS Software AG since April 2021, ends on 03/31/2024.

As of 12/31/2023, Dirk Häußermann has a vested claim against AOB Invest GmbH, Grünwald, for 28 percent of the 42,000 phantom stock options contractually granted to him as a result of the agreement concluded with AOB Invest GmbH, Grünwald, for the granting of long-term incentives in the form of phantom stock options (see Note 54 Relationships with related parties), after 33 months have elapsed since the beginning of his Management Board contract with ATOSS Software AG. As a result of Dirk Häußermann's departure before the end of the agreed vesting period totaling 60 months, part of the claims from the grant of this long-term incentive have expired (60 percent = 25,200 phantom stock options). This will result in income of EUR 573,861 in financial year 2024.

There were no further significant events after the reporting date.

Munich, 02/23/2024

The Management Board

Andreas F.J. Obereder
CEO

Dirk Häußermann
Co-CEO

Pritim Kumar Krishnamoorthy
CTO

Christof Leiber
CFO

Independent Auditor's Report

To ATOSS Software AG, München

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, München, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of ATOSS Software AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023.

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 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, 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.

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") 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 ap-propriate 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 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated fi-nancial statements as a whole, and in forming our audit opinion thereon; we do not provide a sepa-rate 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 generated revenue amounting to EUR 151.198 thousand in total in the financial year from a variety of different services offered. These include selling software licenses to end customers and resellers, providing technical and other services, and 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. Against the background of the different service offerings and the associated complexity of revenue recognition in relation to the timing and amount of revenue recognized, the recognition of revenue was of particular significance for our audit.

2. As part of our audit, we assessed, among other things, the appropriateness and effectiveness of the established internal control system of the Group with regard to the complete and correct recognition of revenue, including the IT systems used. In this context, we also assessed the consistency of the procedures used to recognize revenue. On that basis, in order to audit revenue, we selected, among other things, individual transactions with customers on a sample basis and inspected and assessed underlying documents (such as orders, delivery documentation, invoices and payment records). Our audit procedures also included inspecting significant 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, including through the use of analytical audit procedures. We also verified whether revenue had been appropriately allocated to the correct periods or deferred. We were able to satisfy ourselves that the implemented systems, processes, and controls are appropriate overall and that the estimates and assumptions made by the executive directors with respect to revenue recognition are sufficiently documented and substantiated.

3. The Company's disclosures on revenue are contained in the notes to the consolidated financial statements under II. Accounting policies: 20. Revenue from contracts with customers, and IV. Notes to the consolidated income statement: 40. Revenue.

Other Information

The executive directors are responsible for the other information. The other information comprises the section „Description of the main features of the internal control system" of the group management report as an unaudited part of the group management report.

The executive directors are responsible for the other information.

The other information furthermore comprises

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial report to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group manage-ment 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 mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 controls.

- 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 man-agement 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 state-ments, 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, actions taken to eliminate threats or safeguards applied.

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

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

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the electronic file ATOSS Software AG_KA+KLB_ESEF-2024-02-23.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 for-mat”). In accordance with German legal requirements, this assurance work extends only 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 these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the „Report on the Audit of the Consolidated Financial Statements and on the Group Management Report“ above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the „Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents“ section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

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 rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 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 supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work 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 work. 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 opinion.

- Obtain an understanding of internal control relevant to the assurance work 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 opinion 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 in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering 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) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor by the annual general meeting on 28 April 2023. We were engaged by the supervisory board on 28 April 2023. We have been the group auditor of the ATOSS Software AG, München, without interruption 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).

Reference to an other Matter – use of the Auditor’s Report

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB” and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the Engagement
The German Public Auditor responsible for the engagement is Sebastian Stroner.

Munich, February 23, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Sebastian Stroner	ppa. Johanna Schano
German public auditor	German public auditor

Declaration by the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group. The Group are presented in such a way that a true and fair view is given and that the material opportunities and risks of the expected development of the Company are described.

Munich, February 23, 2024

The Management Board

Andreas F.J. Obereder	**Dirk Häußermann**	**Pritim Kumar Krishnamoorthy**	**Christof Leiber**
CEO	Co-CEO	CTO	CFO

Corporate Calendar

01/31/2024
Press release announcing preliminary results for 2023

03/11/2024
Publication of the annual report for 2023

03/11/2024
Balance sheet press conference

04/25/2024
Publication of the 3-monthly financial statements

04/30/2024
Ordinary annual general meeting 2024

07/24/2024
Press release announcing the 6-monthly financial statements

08/12/2024
Publication of the 6-monthly financial statements

10/23/2024
Publication of the 9-monthly financial statements

11/25/2024
ATOSS at the German Equity Forum

Imprint

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