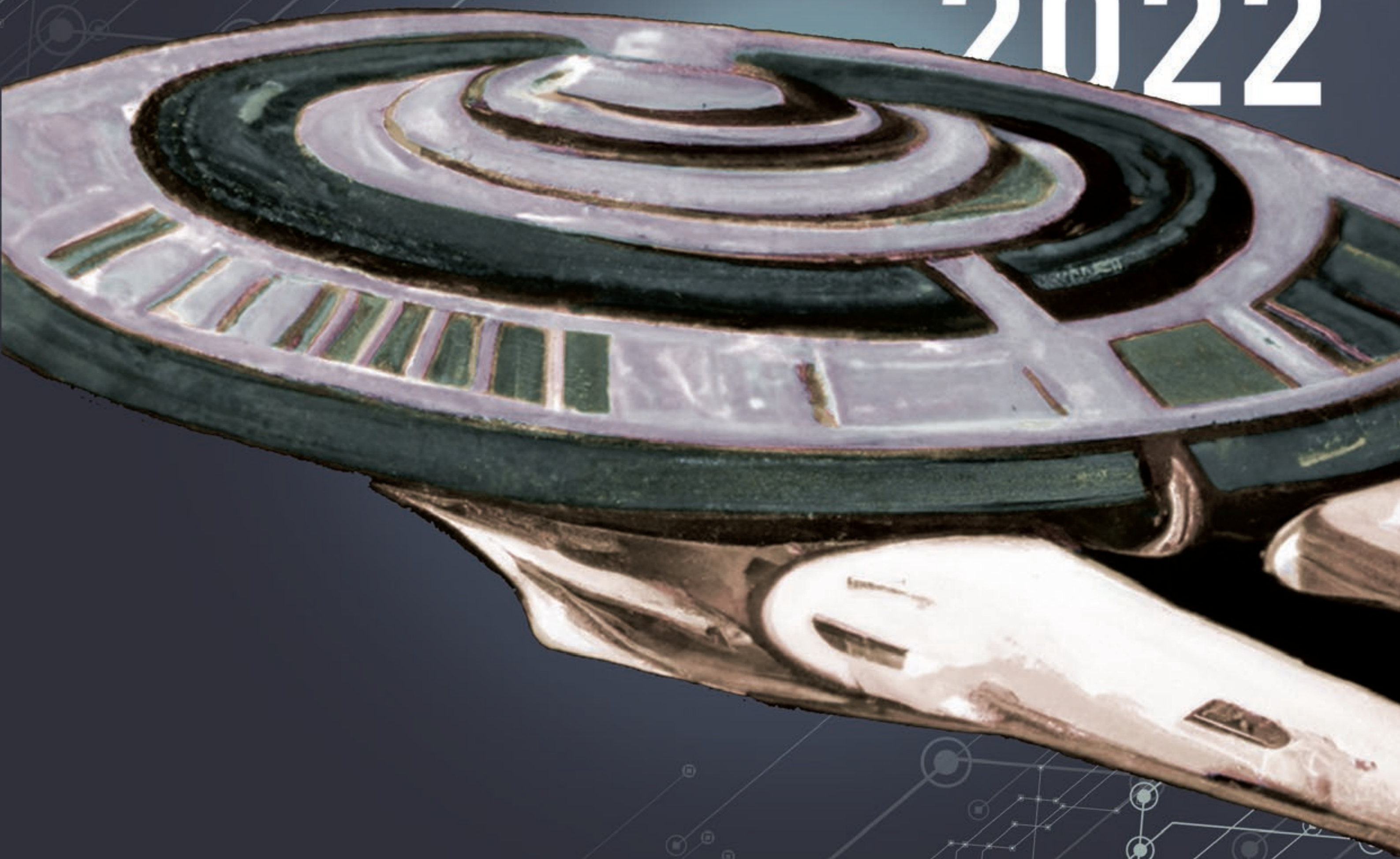
ATOSS ANNUAL REPORT

2022



The dawn of a new era. This is the theme of the ATOSS Annual Report 2022. But how to depict this theme appropriately on the cover page? Everybody is talking about artificial intelligence (AI) right now, so asking an AI to do it seemed the obvious choice. We asked the OpenAI tool DALL•E 2 to interpret "The dawn of a new era" from an artistic point of view. The cover of this annual report symbolizes this new dawn. The way an AI sees it.

The Dawn of a New Era – Are You Coming along for the Journey?!

Let me take up the idea embodied in our cover page. A spaceship as a symbol of a new dawn. Let's take a look at Silicon Valley – specifically, at Apple Park. This complex, somewhat resembling a giant spaceship, is symbolic of a technology boom that made the San Francisco area a magnet for dreamers, visionaries and pioneers. A place that became, and still remains, home to the world's largest corporations – powerhouse of innovation.

A place that has undergone massive change. Hundreds of thousands have left San Francisco and the surrounding area in recent years. House prices are spiraling ever upwards, while homelessness has surged. The deterioration of the social fabric has reached apocalyptic dimensions. And that makes the region unattractive for talent and for companies. Many are relocating their headquarters and moving out of the area in a development that is emblematic of just how fast-moving, how changeable and how fragile today's world is.

The pace of change will continue to build, as the big digitalization push of recent years has clearly demonstrated. We are seeing the beginning of a new era. Those were the words of OpenAI chief executive Sam Altman when Microsoft unveiled the integration of ChatGPT into the Bing search engine.

Change is also leaving its mark on the labor market. The "Great Resignation" in the United States is a prime example that workers' priorities have shifted and issues such as working times and a sense of purpose at work are becoming increasingly crucial.

And now for the positive news: Digitalization, which is advancing continually and faster than ever before, is creating tremendous potential. Companies now need to ensure that they keep up with this pace of change to avoid falling behind their competitors. At the same time, corporate leaders are called upon to reconcile employees' demands for flexibility and choice in how they work with the opportunities that digitalization offers.

At ATOSS, we support you in addressing these challenges and making the vision of balancing profitability and humanity a reality.

Find out more about that in my interview on page 6. I hope you enjoy reading our Annual Report 2022.

Sincerely,

Andreas F.J. Obereder

Consolidated Overview as per IFRS

Year on year comparison in KEUR

	01/01/2022 - 12/31/2022	Proportion of total sales	01/01/2021 - 12/31/2021	Proportion of total sales	Change 2022 to 2021
Sales revenues	113,916	100%	97,066	100%	17%
Software	78,393	69%	65,971	68%	19%
Licenses	12,607	11%	17,177	18%	-27%
Maintenance	31,632	28%	28,934	30%	9%
Cloud & subscription	34,154	30%	19,860	20%	72%
Consulting	28,115	25%	25,243	26%	11%
Hardware	4,476	4%	4,373	5%	2%
Others	2,932	3%	1,481	2%	98%
EBITDA	34,707	30%	31,352	32%	11%
EBIT	30,802	27%	27,244	28%	13%
EBT	29,310	26%	27,706	29%	6%
Net profit	19,377	17%	19,343	20%	0%
Cash flow	26,269	23%	26,284	27%	0%
Liquidity [1/2]	56,827		50,360		13%
EPS in euro	2.44		2.43		0%
Employees [3]	693		630		10%

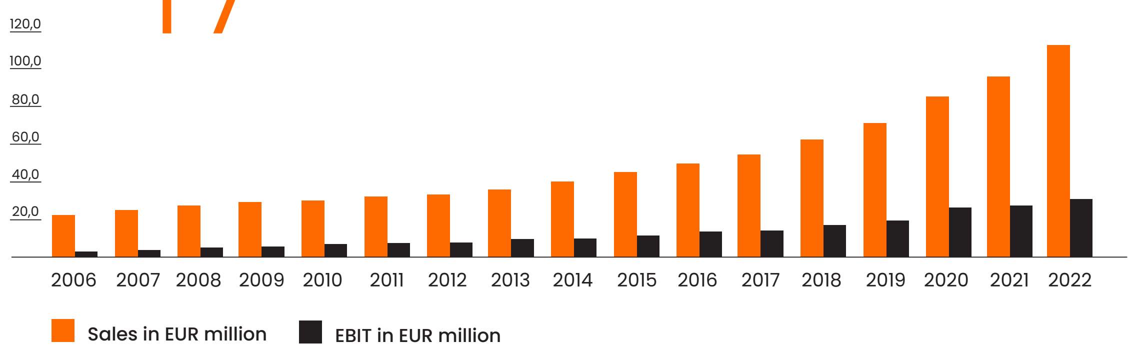
Quarterly comparison in KEUR

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21
Sales revenues	32,033	28,310	27,571	26,002	27,534
Software	22,123	19,738	19,438	17,094	18,922
Licenses	3,651	2,872	4,036	2,048	5,485
Maintenance	8,357	7,906	7,645	7,724	7,334
Cloud & subscription	10,115	8,960	7,757	7,322	6,103
Consulting	7,671	6,632	6,584	7,228	7,200
Hardware	1,388	1,102	915	1,071	1,052
Others	851	838	633	610	361
EBITDA	10,143	8,751	8.833	6,980	9,929
EBIT	9,186	7,763	7,843	6,010	8,678
EBIT margin in %	29%	27%	28%	23%	32%
EBT	8,949	7,927	7,143	5,291	8,936
Net profit	5,628	5,455	4,749	3,545	6,669
Cash flow	1,615	16,534	2,060	6,060	2,249
Liquidity [1/2]	56,827	56,242	40,605	54,709	50,360
EPS in euro	0.71	0.68	0.60	0.45	0.84
Employees [3]	693	679	650	646	630

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

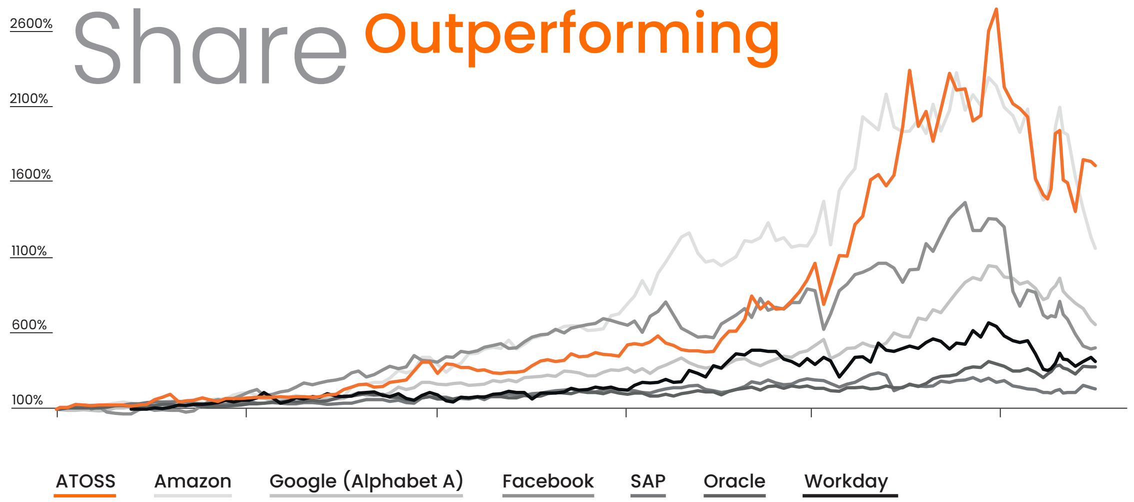
Numbers, Data & Facts

17 record years in a row



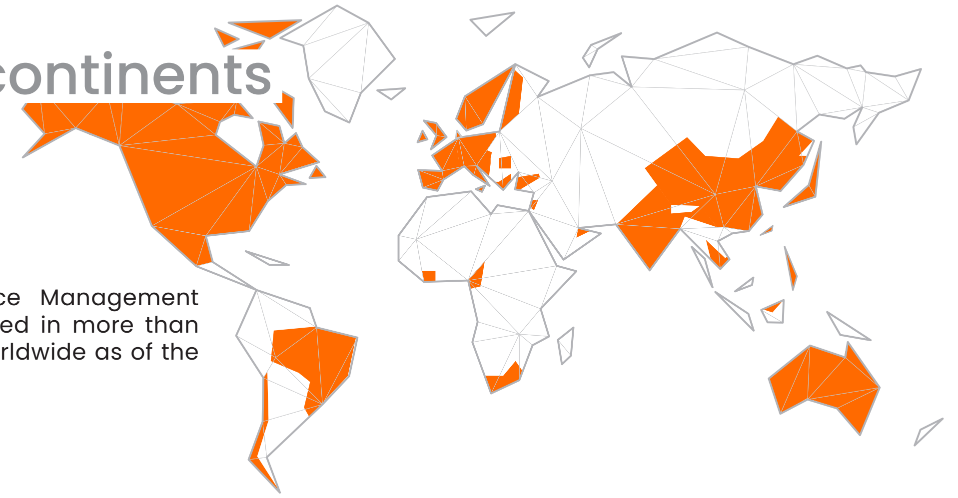
With sales of EUR 113.9 million and an operating result of EUR 30.8 million, ATOSS closed financial year 2022 with a record. It is the 17th record year in succession. Due to the outstanding development in 2022 and the highly gratifying order situation, the Management Board has raised its forecasts for the years 2023-2025.

Share Outperforming



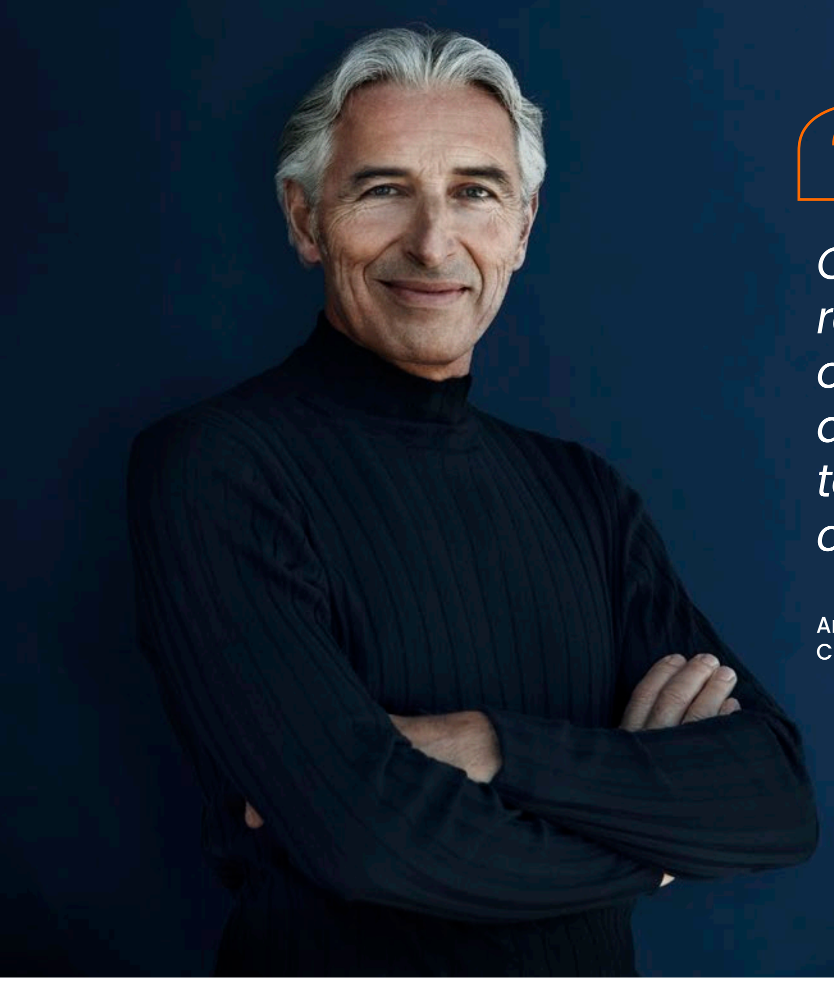
ATOSS share has recorded enormous growth over the past eleven years. At its peak, it recorded an increase in value of over 2500 percent. Compared with major software stocks, a clear outperformance can be seen here until today.

6 continents



ATOSS Workforce Management is being deployed in more than 50 countries worldwide as of the end of 2022.

Contents



> *Corporate leaders must recognize and exploit the opportunities presented by digitalization. Those who fail to do so will not be able to compete in the long-term.*
>
> Andreas F.J. Obereder
> CEO | ATOSS

The Beginning of a New Era

Andreas, "Digitize or Die" was your key message in this space two years ago. Is this still the number one issue for companies?
Let's not kid ourselves: The world has become a more complex place over the past two to three years. We are at a turning point in time that holds substantial strategic challenges for companies - catalyzed by the recent crises. This is evident in the rapid acceleration of digitalization, which has become mandatory in many areas - and has even triggered a five-year leap in development in the world of work. As far as we can estimate as a company, this will continue at breathtaking speed.

Could you have imagined such developments earlier?
It's curious. When I decided to work in the IT world almost four decades ago, I had the strong feeling that a lot was still in its infancy. When I look at the IT world today, I still have that feeling! Measured against what is in store for us in the next few years, we are still at the beginning - at the first move of a chess game. On the positive side, there is great potential ahead of us - and we need to leverage it!

What happens to companies that don't have this willingness to change within them, or can't keep up the pace?
There are developments that cannot be stopped. Take two currently very popular technological trends: cloud computing and artificial intelligence (AI). The company PsiQuantum from Palo Alto, California, has succeeded in increasing computing power by a factor of 50.

In the past, people were proud when computing power doubled every 18 months. When it comes to AI, applications like ChatGPT give us a foretaste of the sheer unimagined possibilities of artificial intelligence. In this new world, it is imperative for every company to tackle the digitalization of all processes. Companies that do not go down this path will damage their profitability in the long run, and this will subsequently threaten their very existence. Once this is understood, the opportunities offered by digitalization can be recognized: They create freedom and make a decisive contribution to economic success and to creating a climate of opportunity in companies.

Do you have a suitable example?
Take HORNBACH Baumarkt AG, ATOSS customer and digitalization champion. While 50 percent of German companies see the shortage of skilled workers as an obstacle to growth and profitability, HORNBACH is on the winning side. With its "working time made to measure" model, the company with over 25,000 employees has managed to offer its employees and applicants enormous flexibility. At the same time, efficiency, effectiveness and, above all, the attractiveness of the company are all on the rise. There can be no better advertisement for a company. However, I must emphasize: Without prior digitalization of processes and first-class workforce management, such a successful program as "working time made to measure" cannot be implemented at all.

What advice do you have for companies about the shortage of skilled workers? Can workforce management solutions be as successful at every company as they are at HORNBACH Baumarkt AG?
The shortage of skilled workers - in fact, we should already be talking about a labor shortage - is a bitter reality and will continue to worsen. There is currently a shortage of eight million workers in the EU - two million in Germany alone, according to a recent survey by the German Chamber of Industry and Commerce (DIHK). That means 100 billion Euros lost value creation potential per year - the damage is enormous.

This situation represents a paradigm shift for every employer ...
The employer market has changed into an employee market. Companies that promote intelligent employee self-autonomy are becoming more attractive to applicants. And this is achieved through the digitalization of processes, greater transparency for employees and tool-supported integration into processes. The fact is, however, that even excellent workforce management cannot solve the problem of a shortage of skilled workers on its own. But it does help companies to position themselves better than the competition. And it helps us as a company to integrate as many people as possible into the world of work through flexible models - we need everyone.

The shortage of skilled workers has already noticeably changed the importance of the HR department for companies. Nevertheless, you say that we are on the verge of a revolution in this area.
Absolutely! To be sure, human resources has long been of great importance. But in recent years, HR has become a strategic partner to management and a differentiator in the fight for talent. Now it's time to take the next steps: Soon, we will see HR applications that rely on artificial intelligence and open up new possibilities with data analytics. This includes, for example, recognizing skills or making forecasts about employee default risks so that preventive measures can be initiated at an early stage. This is human capital management on a completely new level.

What can you imagine by this?
One ATOSS customer, Mainz University Hospital, is a fine example. There, people are already talking about a "weather report for employees" created with our workforce management solutions. The system learns from past data when and how employees have encountered stressful situations. This information, possibly enriched with data from comparable hospitals, is used to anticipate future stresses and to act proactively in planning. In this way, the hospital aims to significantly increase employee satisfaction - especially in the highly sensitive nursing area - and reduce sickness, absenteeism and termination rates. And that, in turn, benefits the patients.

Now, there will be companies that do not want to deal with workforce management neither because of the digitalization wave nor because of the shortage of skilled workers - but at the latest case law forces every company to introduce a system like the one from ATOSS, doesn't it?
You are referring to the case law of the European Court of Justice (ECJ) regarding the obligation to record working hours, which was confirmed for Germany by the Federal Labor Court (BAG). Yes, this effectively forces companies to take this route. But this is - contrary to numerous prejudices - quite simple. For example, a secure, traceable and legally binding working time recording system is ready for use by companies of any size in a very short time via app - with the least amount of effort. Once companies have taken the first step, they quickly realize how easy such digitalized processes are to manage and what other opportunities they open.

For which company size is this particularly relevant?
We offer our solutions for companies with between two and 200,000 employees - we have seen a huge push in 2022, especially among small businesses. The new legislation has led to a doubling of new customers for our Crewmeister solution - we count 8,000 companies here to date.

Is time tracking a purely German issue?
No, the ECJ ruling affects all companies within the EU - and at the same time, it is only one element in the multitude of rules and laws that companies worldwide must comply with when scheduling and recording working hours. Our customer Lufthansa Group, for example, already has over 140 collective agreements. Compliance is an enormous challenge, especially for companies with international operations. That is why we have recently seen an increase in demand for global solutions that enable companies to operate legally compliant workforce management across all international locations.

Do you have an example here as well?
Our customer Barry Callebaut, one of the world's largest chocolate producers, has shown how it's done. Together with us and Accenture, they rolled out the ATOSS solution in 18 countries on four continents in just 24 months. In doing so, we cover the legal requirements from Mexico to the Ivory Coast to the Philippines from our standard.

You named the need for digitalization and the shortage of skilled workers as strategic challenges - both topics that have been with us for some time. What about the major challenges posed by current and future political developments? To what extent can workforce management help here?
We live in volatile - or in other words - uncertain times. High energy prices, disrupted supply chains, rising inflation all threaten productivity and profitability - especially in Europe. It highlights the urgent need to transform our economic area and lead it into a stable future. A key component of this is making companies more flexible. If they can manage the deployment of their staff with pinpoint accuracy and respond flexibly, individually and at very short notice to fluctuations on the supply and demand side, they gain a major competitive advantage.

Which companies are particularly flexible?
Let me give you an example from the DAX. One of our customers, a global manufacturing company, has responded to the high energy costs by shifting some of its production hours to the night, when energy is cheaper. A great idea! But it only works if they can change their entire shift planning at the same time and adapt it to the new conditions - in a cost-optimized way. Without a modern workforce management system, this would be impossible with many thousands of employees.

What do you think it will take to overcome all these challenges?
Courage and a sense of responsibility. Courage to change and progress. As well as the sense of managers that they must lead the way and guide their companies into the future with the help of technology. Then a lot can succeed, even and especially in a crisis. Workforce management has become a topic for top management these days. All the projects I have seen in which management or board members were at the table during planning and implementation have been extremely successful. Their business models have benefited massively and sustainably as a result!

ATOSS has been able to announce record results for 17 years in succession. You are obviously convinced that your company is also equipped to meet these strategic challenges. How do you ensure that ATOSS will continue to make a substantial contribution to the necessary changes at your customers in the coming decade?
Our vision of economic efficiency in combination with humanity has no expiration date. We work every day to ensure that this vision remains a reality in the future. To this end, we invest around 20 percent of our sales each year in expanding our technology leadership. We have more than 300 software developers with an average of ten years of specific workforce management experience. This team focuses exclusively on developing the best solutions to meet our customers' challenges. In doing so, we are now in the home stretch of migrating our solutions and the entire company to cloud-native.

That was certainly a big challenge ...
It was a huge effort over the past few years. But it was necessary to be able to take more than 15,000 existing customers with us into the future. In essence, this transformation will soon be complete, so that we will have additional capacity for new features - for example, in data analytics or true artificial intelligence.

At the same time, we are continuing to drive forward our internationalization to meet customer demand for solutions that can be deployed internationally. We do not do this alone, but in association with a steadily growing partner network with companies such as SAP, Deloitte, Accenture, Delaware and many more.

In your opinion, what is the greatest challenge and the most important asset for the future success of ATOSS Software AG?
We are no different to our customers - the biggest challenge is certainly to lead the people at ATOSS and the processes into a new dimension, a fully digitalized world! However, I am confident that ATOSS can count on employees who not only develop and sell software solutions, but also see a purpose in their work, a real meaning and cause, and pursue it with passion and verve. I can proudly say: This is teamwork at its best!

"Applications like ChatGPT give us a foretaste of the sheer unimagined possibilities of artificial intelligence. In this new world, it is imperative for every company to tackle the digitalization of all processes."

Andreas F.J. Obereder
CEO | ATOSS

Why ATOSS?

25 Years
Anniversary

Lufthansa
Industry Solutions

OBI

New Customer

A Digital Pioneer for 25 Years

Lufthansa Group | Solution **ATOSS Staff Efficiency Suite** | Countries **AT, CH, DE** | Number of employees **109,500**

The Lufthansa Group is a globally operating aviation company. With around 110,000 employees, it plays a leading role in its European home market. The subsidiary Lufthansa Industry Solutions is a service provider for IT consulting and system integration, helping its customers with the digital transformation of their companies. The customer base comprises companies within the Lufthansa Group as well as more than 300 businesses from a wide range of industries. Lufthansa Industry Solutions also supports the operation of the ATOSS Staff Efficiency Suite across the Lufthansa Group. The solution has been in use in the Group for over 25 years.

Why did Lufthansa Group opt for ATOSS Workforce Management at the time and what technological milestones have been reached together?

Lufthansa Group is one of the world's biggest airlines and has thousands of flights and employees to coordinate daily. Efficient workforce scheduling is crucial to ensure that passengers are checked in for flights on time, which thus enhances the customer experience. This is why Lufthansa Group decided more than 25 years ago to replace the old duty scheduling tool and implement a new, modern workforce management system. The ATOSS solution was chosen because, even back then, it could already map the complex collective agreements of an airline company and tackle the challenges of the day-to-day duty scheduling process. We have reached various technological milestones together. Highlights include the upgrading of workforce scheduling with the integration of a preferred duty plan with shift exchange platform in 2012 and the launch of the ATOSS Mobile App in 2013. In taking this step, Lufthansa Group was a digital pioneer and an early adopter of active measures to improve the working conditions of employees.

How is the workforce management used by Lufthansa Group today and what is the biggest benefit?

The Lufthansa Group schedules and manages around 35,000 employees across a range of business areas using the ATOSS Staff Efficiency Suite. The solution ensures efficient workforce scheduling and control across the Lufthansa Group's various countries and companies, including the airlines Lufthansa, SWISS, Austrian Airlines and Lufthansa Cargo. The software is integrated seamlessly into the existing IT landscape of the Lufthansa Group. For example, employee master data is transferred from the SAP HR system via an interface into the ATOSS solution, where it is integrated in the scheduling process.

The "Automatic Duty Plan" module enables personnel deployment to be controlled efficiently and bottlenecks avoided – resulting in higher productivity. The added value here includes better utilization of employee resources and reduced overtime. The ability for employees to access their working time data through self services, either on a desktop or mobile device, has increased transparency enormously. Duty schedules and time balances can be accessed any time, and working times are recorded and holiday or preferred working time requests submitted digitally. Employees can view and edit their working times whenever and wherever they want. This ensures better communication and results in greater flexibility in the scheduling process. Considering the wishes of employees in duty scheduling also results in higher satisfaction and motivation levels within the workforce.

Another plus is the modern and intuitive design of the software interface, which can be easily adapted to meet new time management challenges, such as mapping the workflows needed for the electronic sick leave certificate.

Lufthansa
Industry Solutions

Lufthansa was founded in 1953. Today, the Lufthansa Group is active worldwide, operating several different airlines and generating more than EUR 32 billion in revenues in 2022.

What challenges will be solved in future with workforce management?

One project that Lufthansa Industry Solutions is currently implementing for the Lufthansa Group is the task of updating the ATOSS Mobile App to the new Staff Center Mobile App. Another project, still in the planning stages, concerns the automation of processes and the improvement of data analysis. Looking forward, Lufthansa Industry Solutions is going to be making increasing use of artificial intelligence and machine learning to optimize workforce scheduling and control. Analyzing large volumes of data will enable trends and patterns to be identified that will give rise to more efficient scheduling. Lufthansa Group will continue to work closely with ATOSS in the future in order to continually optimize the solutions and adapt them to the changing requirements. The integration of further interfaces and the adaptation of software to take local circumstances and requirements into account will also play a big role here.

Anything's Doable. Everything's Plannable!

OBI | Solution **ATOSS Retail Solution** | Countries **AT, BA, CH, CZ, DE, HU, IT, PL, SI, SK** | Number of employees **43,000**

OBI is the go-to partner for Do It Yourself (DIY) in Germany and Europe. Unleash your creativity with OBI and design your home and garden yourself. With more than 640 outlets, OBI operates in ten countries and generated total sales of 8.7 billion in the 2021 financial year. Day in, day out, more than 43,000 OBI employees work side by side to make more than 200 million customers happy and satisfied every year. These employees represent the greatest potential for the DIY chain. Commitment, passion, a wealth of ideas and a good understanding of customers' wishes and needs – that's what makes the difference, and that's what makes OBI unique.

From moving home to new decor for their walls or entire construction projects. At OBI, customers will find precisely what they need. At OBI, anything's doable. Some 200 million happy customers a year are living proof.

Why did OBI opt for new workforce management?

Anything's doable! Everybody knows the slogan. OBI aims to delight and inspire its customers and empower them to achieve greater things – by demonstrating that DIY is not just some buzzword from the Internet but something real and genuine. For OBI, all of this is doable through creative ideas and dedicated employees. Over the last few years, however, OBI realized that many ideas could only be mapped with great difficulty with the existing workforce management solution. The requirements that a new solution would need to meet were clearly defined: a secure, stable system that facilitates demand-driven, automatic scheduling and the integration of employees – including the connection of over 500 time recording terminals. The aim is to establish a platform for customers to enjoy a completely new shopping experience. With this in mind, the goal is to coordinate the proprietary appointment booking system for customers with the company's workforce scheduling and available resources. Free appointment slots are derived from workforce scheduling data by reporting employees' availabilities to the appointment booking tool. This will ensure that a sufficient number of qualified employees are available on site. In turn, this raises customer satisfaction to a new level and promotes the cost-efficient deployment of staff. Aside from this, the subject of employee satisfaction is top of the agenda, especially in these times of labor shortages. The implementation of modern, flexible working time concepts as embodied by New Work and the digital integration of employees via mobile self services are not just nice-to-have elements but must-haves from OBI's perspective. And so a correspondingly flexible system is needed to deliver that.

Why did OBI opt for ATOSS?

OBI is aware of the complexity of its demands. Implementation is also intended within a challenging timeframe. This can only be accomplished with an experienced, reliable partner. ATOSS was not only able to satisfy the customer with its retail expertise and references but also to meet the requirements of an international approach to the digitalization project. After all, the solution is to be rolled out in Germany as well as in additional countries. By as soon as 2023, over 200 stores in Germany will benefit from the ATOSS solution. The go-live in Austria and two further countries is scheduled for 2024. Our expertise and the speed of implementation are what convinced management. The result will be digital workforce scheduling, fully integrated with working time management. The solution maps many individual works agreements and all country-specific regulations, and also includes company-relevant requirements. Moreover, OBI is involving the workforce in HR processes and shaping their own working time through self services for cell phones and desktops.

Anything's doable. And everything's PLANBAR (plannable), the in-house name for the new workforce management system. OBI is sticking to its company motto and taking a logical step towards the future with digitalization.

Retail

A selection of our customers

The 17 stores of the Bavarian retailer Mücke each offer up to 6,000 sqm of sales space. Good-humored sales assistants are part of the success concept

A Happy Atmosphere Is Something that Can Be Organized

Mücke | Solution **ATOSS Retail Solution** | Countries **DE** | Number of employees **750**

Mücke was founded in Kulmbach in 1954 by Werner and Else Mücke. For over 65 years now, Mücke in Bavaria has stood for brand diversity and stylishness. The company with more than 750 employees showcases fashion for men, women and children across its 17 modern stores with a combined sales floor area of 55,000 sqm. Customers can choose styles from over 500 different brands. In addition to the company's physical stores and outlets, Mücke is also featuring an online shop which is open around the clock and also offers a Click & Collect service.

A happy atmosphere on the shop floor is a key factor in the success of the sales assistants – and a driver of the company's success. Employees need a reason to welcome and advise their customers with a smile on their face. And these smiles are achieved by employees being actively involved in the planning of their working time – and therefore being able to make decisions for themselves. "This individualization, and the fact that it really works for our people individually, is what we understand by New Work," explains Kathrin Schmidt, Managing Director with responsibility for HR, Digitalization and Accounting at the retailer Mücke.

New Work also applies on the sales floor

The term New Work is used to describe the theory that people should have the scope for personal development in their jobs. Employees should be able to find a deeper meaning in their work and align their own interests with the goals of the company. The aim is to enable a more fulfilling work life. So much for theory. For Kathrin Schmidt, though, this theory is something that needs to be implemented in practice, not just for colleagues who work behind a desk but also for

"We cannot digitalize a happy atmosphere, but we can provide employees with all of the tools needed to achieve high satisfaction levels – so that there is a happy atmosphere above all on our sales floors, in our logistics and at our head office."

Kathrin Schmidt
Managing Director HR, Digitalization, Accounting | Mücke

those who have direct contact with customers on a daily basis. "We accommodate the needs of employees as far as we can," emphasizes Schmidt. The retailer learned from employee surveys and appraisal interviews that there was a lot of dissatisfaction in the past about the workforce scheduling – it was the number one issue. Consequently, it was important for Mücke to get employees involved in this. "Today we can say with confidence that our employees can, must and are authorized to participate at any time in the scheduling of their work," explains Schmidt. No one has the right to define why someone else has a preferred time to work and whose case is more important. The bottom line for the company is that a happy atmosphere is something that can be organized and at the same time elevates efficiency across all departments. This is also one of the reasons why Mücke finds recruiting new employees easier than competitors. Word of a good working atmosphere gets around.

Paper-based processes are going digital

The company has a good overview of the annual and seasonal working times of employees and individuals decide for themselves in which periods they want to work more or less. Thanks to ATOSS workforce scheduling, store managers no longer need to consider every day what might be an important reason to allow someone to have time off – or not. This also saves time and a lot of trouble for all involved. Schedulers, too, have more reason to smile at work, given that workforce scheduling ensures that the workforce is deployed efficiently. What is more, numerous time-consuming, paper-based processes have been eliminated. The approval rate for working time applications currently stands at some 90 percent, according to Schmidt. "Workforce scheduling is a very emotional and sensitive topic in retail, because it is almost always the case that you can only lose," explains Schmidt. Employees consider it very important that working time is allocated fairly. The working time of colleagues is sometimes more important than their own working time.

Visibility over sales and footfall

For workforce scheduling, Mücke provides the ATOSS software with the demand drivers such as sales and footfall in the stores, as well as any second jobs that employees have and their preferred times to work. Prior to the scheduling, employees themselves can specify certain times, and other colleagues may also have different plans. The workforce scheduling then allocates shifts based on these parameters. "We cannot digitalize a happy atmosphere, but we can provide employees with all of the tools needed for high satisfaction levels to be reached – so that there is a happy atmosphere above all on our sales floors, in our logistics and in our head office," explains Schmidt.

The MückeApp – everything in your hand

The employees on the sales floors, together with their colleagues in logistics and planning, are quite simply happier. Inside the company, the title of the project is "Let*s smile more than others." Employees can access all of the tools centrally via the MückeApp. The digitalization of processes has helped to raise efficiency and save resources. The company has benefited from greater flexibility and trust as a result. All of the information can be accessed at any time, and this has given everyone involved the transparency they were looking for.

3 questions 3 answers

Versandhaus Walz

Solution **ATOSS Retail Solution** | Countries **AT, CH, DE** | Number of employees **1,100**

Only those who benefit others will be successful themselves. This guiding principle of company founder Alfons Walz has shaped the success story of Versandhaus Walz GmbH for 70 years with the baby-walz, Die moderne Hausfrau and the walzvital brands. The daily priority for the more than 1,000 employees is to meet all customer needs in the best possible way. In Germany and other European countries. We asked Bernd Richter about the contribution digital workforce management makes in this context. Richter heads up Human Resources & Facility Management and has been part of the Walz family since 1993.

How are you using workforce management today?

For the time recording and time and attendance management of our approx. 1,100 employees in Germany, Austria and Switzerland. We also plan the teams in our logistics, the baby-walz stores and our customer services – demand-optimized and partially based on automated processes. Via the Staff Center, all our employees can view the current working time data, make adjustments to their own schedule and record their working time. And with task management we receive proactive and automated messages – for example, if the working time account limit is exceeded or if employees are at risk of exceeding the maximum working time allowed by law.

What is the most significant benefit of your workforce management solution?

Transparency: That's the biggest benefit by far. We now have all information at hand in a quick, up-to-the-minute manner from a single system. In addition, our workload is reduced significantly compared to "before", for example, in the management of absences or workforce scheduling. Manual data maintenance in different systems always entailed a certain potential for errors. As the entire data is processed in real time, the information reaches employees more quickly and more efficiently. You can also submit holiday requests or view duty plans from home, while requests are processed on the same day. This makes things easier for everyone involved.

What future challenges will you be solving with workforce management?

We perceive digitalization as an ongoing project. Which means we will be continuously developing our workforce management. In terms of technology, we will be focusing closely on cloud migration in 2023. The aim here is to further reduce the level of IT administration, among other things. In addition, we are optimizing our workforce scheduling on an ongoing basis – and the rollout in other areas is also on the agenda. Moreover, we will be continuously optimizing our workflows, further advancing process digitalization and making the Staff Center Mobile available for all employees. This will provide us with greater flexibility and will raise acceptance thanks to the user friendliness.

3 questions 3 answers

Hornbach

Solution **ATOSS Retail Solution** | Countries **AT, CH, CZ, DE, LU, NL, RO, SE, SK** | Number of employees **25,000**

HORNBACH ranks as one of the biggest retailers for DIY and garden supplies with 170 stores in nine European countries. This equates to a total retail floor space of around two million square meters and an average store size of approx. 11,800 sqm. In addition to a solid focus on customer satisfaction and high service levels, team spirit and cooperation are of utmost importance. The company places its employees at the heart of everything it does and takes an innovative approach to the organization of working time. We discussed the use of the ATOSS Retail Solution in this context with Jens Steinhorst, HR IT Consultant at HORNBACH.

How are you using workforce management today?

HORNBACH Baumarkt AG is running ATOSS solutions in all of its stores, logistic centers and headquarters in nine countries. In total, that's over 25,000 users in more than 170 locations. A wide range of modules are at work, starting with time management, automated workforce management and on to Staff Center Mobile. The wage systems in all nine HORNBACH regions are linked up with the ATOSS solutions. When choosing a provider, it was important for us to have a standard system group-wide backed by a reliable partner.

What is the most significant benefit of your workforce management solution?

By implementing the solution, we wanted to provide the right balance between customer focus, profitability and employee orientation. The digitalization of processes and workflows significantly reduced manual operations. As a result of the largely automated workforce scheduling, our scheduling is very customer-oriented, more precise and efficient. We have also implemented our New Work models "tailored working time" and "leisure time from salary" and mapped these in the ATOSS solution. This includes workflows, shift models, balances, reports and much more. The employees are involved in the processes via self services and can determine their own working time and preferences based on the shift exchange platforms. We also have a great deal of transparency in terms of time accounts. Errors and breaches of law are minimized by the proactive warnings issued by task management.

What future challenges will you be solving with workforce management?

The current focus is on linking SAP SuccessFactors to our ATOSS solutions so as to create an integrated HR system landscape. We will also continue to optimize our workforce scheduling and want to create even greater flexibility and free scope for employees. We have received the request to enable employee self-planning from many regions.

Logistics

A selection of our customers

Delivering Added Value

DPD Deutschland | Solution **ATOSS Logistics Solution** | Countries **DE** | Number of employees **10,000**

DPD Deutschland operates 79 depots and delivers over 400 million parcels a year. The company has been shipping all its parcels on a climate-neutral basis since 2012.

"As a company, we want to be innovative in all areas. That applies to our workforce management, too. Today, we can give our workforce all the right tools to live up to our claim to be a modern employer. The benefits of this integrated solution – greater transparency, happier employees, efficient planning processes – can be experienced every day."

Dirk Müller
CHRO, CLO | DPD Deutschland

DPD Deutschland is part of the international DPDgroup. The number one in the European parcel market combines innovative technologies with a high level of on-the-ground expertise, providing flexible and convenient services for parcel shippers and receivers. Every day, DPD Deutschland's roughly 10,000 employees embody a corporate culture based on the values of trust, respect, transparency and responsibility as well as openness, solidarity and team spirit. The company offers its employees the greatest possible scope for organizing their own working time.

Ship, receive, return – it's never been easier! As an innovation leader, DPD Deutschland shows how a parcel service can leverage digital opportunities to offer an optimal dispatching and shipping experience. Thanks to digital services, the company is able to offer the greatest possible transparency and flexibility in the shipment of parcels.

It also aims to match this level of innovation in its organization of working time. The company actively supports employees in achieving a work-life balance, facilitating individual, flexible models for organizing their working time. The fully integrated ATOSS Logistics Solution delivers the tools required to enable such models.

A platform for consistent data

Together with integrated working time management and workforce scheduling, the solution delivers the foundation for the modern, forward-looking organization of working time, enabling the company to realize more efficient processes in everyday working life. Today, following the completion of the project scope, the parcel service provider manages working times on one platform and therefore on the basis of uniform data. This is reflected in noticeably enhanced transparency with the result that team leaders can access central overviews on their employees and are working at all times with up-to-date actual figures.

Greater employee satisfaction

Feedback from the workforce today shows how important it was to take the step towards future-proof workforce management. Staff satisfaction has risen significantly. Employees no longer have to submit applications on paper and have all data available at the touch of a button via the Staff Center or the mobile app. They can apply for leave, log times, view their up-to-date working time accounts at any time or prepare monthly journals. While usability is compelling, data reliability is also impressive. The mobile app runs on private devices if employees so wish. Shared workplaces, however, are also available as an alternative means of accessing the tool.

The total automation of the entire workforce management process takes the administrative pressure off staff – while delivering added value that was previously out of reach. The complexity of mapping the multiplicity of collective wage agreements across all facilities and works agreements that have evolved over time has been successfully mastered. Also thanks to the close working relationship between the project teams and dedicated consultations with the works council.

Genuine added value in workforce management

Workforce scheduling is also reaping the rewards. DPD relies on the ATOSS solution to schedule the parcel handling operations in around 60 depots. Forecast parcel volumes are imported by way of an interface. This serves to calculate personnel requirements which shift planners use for their work – this process is subject to continuous optimization and is constantly being refined. The launch of the new digital solution allows the key indicators to be determined in greater detail and ensures the application of a group-wide standard to workforce management. The benefits are tangible. Planning is more accurate, workplaces have been standardized and real-time data are available at all times. Added value that also makes management happy.

Positive feedback from management

Greater transparency is not the only aspect to improve across the board. Working time data are relayed to the internal BI tool by way of an interface and prepared for management. This establishes the groundwork for sound business decisions. After all, workforce management, too, must and should be continuously optimized. This is an ongoing process of transformation and change that has no end date.

Continuous refinements

Connection to the new SAP payroll system by means of a bi-directional interface is currently on the agenda. Conversion to Staff Center Mobile is also in the pipeline. Companies that want to operate and work innovatively will have to be prepared to tread new ground and constantly evolve. For this reason, workforce management, too, remains a process of constant adaptation.

3 questions 3 answers

TBInternational

Solution **ATOSS Time Control** | Countries **DE** | Number of employees **600**

TBInternational is a steadily growing, globally active fashion group and textile producer. The company distributes and produces for more than 20 textile and accessory brands in the streetwear segment and is always in tune with the times and the trends. More than 15,000 retailers who feature the brands worldwide are also convinced of this. They benefit from high availability, dispatch within 24 hours and a wide never-out-of-stock assortment. The fast-growing company relies on ATOSS Time Control for optimized personnel processes. We interviewed Jennifer Herdel, Head of HR, about this.

How are you using workforce management today?

We have around 600 employees currently and are a very dynamic and fast-growing company. We stand for modern technology, high quality and rapid action. Our previous HR management tool and our old time management did not live up to these claims and we were no longer well positioned. For this reason, we opted for a new HR management system in conjunction with ATOSS as a leading time management system. We now have an integrated system environment, because the HR management system, the ATOSS Time Control with time management and workforce scheduling, and payroll are linked by an interface.

What is the most significant benefit of your workforce management solution?

Thanks to the ATOSS Cloud Solution, we have a flexible and above all scalable solution which can grow as we grow. It provides all of the features we need. In particular, the shift planning meets our needs perfectly. The integrated solution saves us considerable time in our day-to-day work and makes internal coordination much easier. The solution is modern and intuitive to use and also supports mobile working perfectly, because it can be accessed easily anywhere. Additional plus points include the increased transparency and the resulting entrepreneurial involvement of our employees. Today, we generate important analyses conveniently at the touch of a button, saving a lot of time.

What future challenges will you be solving with workforce management?

We are currently expanding our six locations in Germany, in both logistics and administration areas. Moreover, new locations are already being planned. Naturally, the ATOSS solution will be used in these locations as well and will provide us with optimal support in working time management and shift planning. We are looking forward to a long and successful working relationship.

3 questions 3 answers

JCL Logistics

Solution **ATOSS Logistics Solution** | Countries **AT, CH, DE, NL** | Number of employees **1,300**

The JCL Group is an owner-operated logistics specialist for leading European brands in the paper, steel, chemical, beverages, furniture and bicycle sectors. The company headquartered in Baar (Switzerland) drives innovation, tradition, mobility and logistics forward with its core products Road & Rail, Air & Ocean, Contract Logistics, Home Delivery You and Customs. Christoph Unger, Head of Digitalization, explains how the innovative company achieves this with workforce management.

How are you using workforce management today?

We first implemented ATOSS in Germany in December 2020. Austria followed in 2021, Switzerland in 2022. We are currently working on its implementation in the Netherlands – so three out of four clients with 1,300 employees are live. As a company, we are constantly looking for new, innovative solutions. In this connection, we have decided to implement central digital workforce management with the goal of a uniform system landscape. In addition to the benefits of integrated time management and workforce scheduling, the Staff Center allows our employees to plan their absence independently and to apply for it directly. An automated interface with our IT system ensures consistent data in real time.

What is the most significant benefit of your workforce management solution?

More efficient processes reduce the workloads in our HR department while saving costs at the same time. We are convinced that a successful future depends on us driving digital solutions forward and focusing more strongly on our environment. So we appreciate the fact that holiday requests can only be submitted digitally and we're saving paper accordingly. We also have much greater transparency. The solution allows us to generate multi-country reports, as we are working with a uniform personnel number logic. This ranges from a general reconciliation with our IT system to more complex reports with holiday/overtime balances by country/location/division.

What future challenges will you be solving with workforce management?

We see great potential in extending the reporting functions with ATOSS as the central system. In order to organize our workforce scheduling even more efficiently, we are considering linking up the solution with our warehouse management system (WMS). We are also interested in the possibility of making personnel planning even more target-oriented by taking the employee qualifications and the shipping volume communicated by the WMS into account. In future, the WMS could also generate long-term shipping volume forecasts, enabling us to manage our personnel requirements more efficiently.

Manufacturing

A selection of our customers

Innovation Born out of Tradition

STIHL | Solution **ATOSS Manufacturing Solution** | Countries **CH, DE** | Number of employees **20,000**

Headquartered in the Swabian town of Waiblingen, STIHL is a German industrial company with operations in over 160 countries. STIHL develops, manufactures and distributes power tools for forestry, garden and landscape maintenance and the construction industry. Founded in 1926, the company has ranked as the world-leading manufacturer of chainsaws since 1971. With STIHL Timbersports, the company also hosts international sports events in a range of forestry disciplines. Digital workforce management features as one of the areas of the company's digital transformation.

Throughout the Group's near-100-year history, STIHL has always impressed as a highly innovative company. This has driven the company's growth from a SMB into a global player – and from a traditional machine manufacturer into a market and technology leader in chainsaws and power tools. As it has grown, one basic aspect has never changed: STIHL is a family-owned company that aims to make life easier for people working with and in nature, while delighting its customers with innovative products. In order to remain true to this standard, the company also invests in innovating its operating processes. When it comes to workforce management, the company relies on the ATOSS Manufacturing Solution for around 7,500 employees in Germany and Switzerland.

Numerous locations – complex collective and works agreements

STIHL is obligated to comply with collective agreements and numerous works agreements, resulting in great complexity. A multitude of varying shift options for the workforce and countless different accounting methods for additional or night shifts are not the exception but the rule for the company's time management administrators. Highly complex, individual payroll accounting is the result. The solution the company used until recently was no longer able to map the complex requirements efficiently enough. And what is more, these systems were hardly fit for the future. All of the relevant processes needed to be optimized.

The step to digital transformation

For STIHL as a manufacturing company, the implementation of new tools entailed, among other things, a significant change in employee workforce scheduling. Several thousand people are employed at the Waiblingen and Weinsheim locations in production or production-related areas. And not only these employees are able to opt for numerous different shift models – STIHL is also offering many flexible part-time models. In addition to the various working time models, collective and works agreements must also be factored in at the different locations.

Innovative customized digital solutions

In workforce scheduling, many different workplace models need to be considered. Work models differ not only in planned working time, working time limits and core times but also in break times. Shift cycles which differ from the usual norm such as night shifts that are pulled forward – all this must be planned. To address such cases, STIHL developed an innovative customized solution in cooperation with ATOSS: specific work models are assigned to every employee in the master data, and these are displayed in the form of tooltips in the planning phase. As a result, the planner can only use the work or shift models available for each employee, which simplifies planning hugely and saves everyone involved a lot of time. In an additional planning screen, employees can also be assigned temporary shift responsibility, if no manager happens to be present. A note of this temporary, additional qualification is made accordingly in the plan and is therefore transparent. At the same time, the corresponding additional pay is generated, which is assigned automatically to the employee. The new self service has also created transparency. Besides the workforce, who now have a better overview of their own working time, figures and values thanks to the Staff Center, managers, too, can gain an overview of their teams and above all identify any potential need for action by way of customized reports – with just a few clicks.

"We are a family-owned company which makes life easier for people working with and in nature and delights its customers with innovative products. Because attractive working conditions are necessary for this, we are investing in, among other things, innovating our processes and building a modern system landscape."

Markus Dörle
Head of Human Resources | STIHL

At the STIHL headquarters in Germany, the second-highest annual production volume in the company's history was achieved in 2021. In order to meet the vibrant demand worldwide, production was running at full capacity at all locations.

Change management with a drive for innovation

Given this high level of complexity, close cooperation with representatives of different departments and the general works council was necessary during the project for its successful implementation. In addition, all employees needed to be familiarized with the new solution in the course of the transformation project: various user groups, such as time administrators and shift planners, were familiarized with the system by way of online training courses. An ATOSS information portal was also developed. More than 80 use cases were turned into short tutorial videos. Furthermore, a set of FAQs with over 80 questions and answers was compiled to accompany the implementation of the workforce management solutions and remains available to employees online at all times should they have any questions.

The implementation of the new solution at the start of 2023 marks by no means the end of STIHL's commitment to innovation: the rollout of the Staff Center Mobile for 600 employees is on the agenda in the near future – marking a further step STIHL will take towards the complete digitalization of its processes. A step that demonstrates once again what it is that makes STIHL different: setting new standards with innovations.

3 questions 3 answers

Vetter

Solution **ATOSS Manufacturing Solution** | Countries **AT, DE** | Number of employees **5,900**

Vetter ranks as one of the world's leading pharma service providers specializing in the aseptic filling and packaging of syringes and other injection systems. The globally active company supports pharmaceutical manufacturers from the early development of new drugs through to supplying markets worldwide. The family business employs 5,900 people, who make important contributions to supplying patients with vital pharmaceutical products. In order to attract and retain highly qualified and talented employees, the company offers attractive conditions. Carla Galster, Team Leader IT for HR & Finance, answers some questions revolving around the contributions of ATOSS workforce management solutions.

How are you using workforce management today?

We have been relying on ATOSS Workforce Management since 2004. In the meantime, we have implemented the working time management, access control and workforce scheduling modules. Duty plans can be generated automatically as and when required. Via the Employee & Manager Self Services (EMS), our employees have been managing their working time and absence themselves for quite some time now. In 2022, the EMS portal was replaced by the Staff Center. Task management and its administration in the dashboard is now digital and much easier. Today, around 5,900 employees are working efficiently with the ATOSS platform at our locations in Germany and Austria. The smooth connection to our Vetter HR system landscape (for example SAP SuccessFactors, SAP HCM) is naturally especially beneficial for us.

What is the most significant benefit of your workforce management solution?

Our employees and managers are now far more autonomous. All the information on working time and absence is available transparently, ensured with the necessary protection of personal data at the same time. Naturally, this is something that our HR team benefits from: We have a significantly reduced administrative workload and greater transparency. Smooth production processes are essential for Vetter. With the ATOSS software we are able to map the complex shift systems with corresponding allowance rules, for night or weekend work, for example. This information is very valuable for us, because the software independently calculates shift allowances, for instance.

What future challenges will you be solving with workforce management?

Like many other companies, we are facing the HR challenges of the future, such as skills shortages and the need for more flexible work practices. And that is not easy in manufacturing. With ATOSS as a specialist by our side, we are able to develop new approaches for more flexible working time models for all employees. The topic of part-time work, particularly in a production environment, is something we are already thinking about today. We also want to unlock further potential in workforce scheduling so that we, with digital support, will be able to plan in line with demand while taking the necessary qualifications into account. Thanks to the Staff Center Mobile App, employees will now be able to access their data whenever and wherever they want to.

3 questions 3 answers

Rügenwalder Mühle

Solution **ATOSS Manufacturing Solution** | Countries **DE** | Number of employees **960**

Rügenwalder Mühle is a family business rooted in a long tradition. The seventh-generation business has been passionate about sausages since 1834. Rügenwalder Mühle has always identified trends at an early stage and acted accordingly. Today, this is reflected in a product range that includes vegan and vegetarian alternatives to meat. The company continues to pursue this forward-looking approach successfully and resolutely. The foundations for this are also provided by a motivated and talented workforce. Naika Pusch, Head of HR Operations, explains workforce management's contribution.

How are you using workforce management today?

We are a high-growth company. The number of people working at Rügenwalder Mühle has increased tremendously in recent years despite the shortage of skilled workers in the industry. Currently, approximately 960 people are working for Rügenwalder Mühle at three locations in Germany – at our headquarters in Bad Zwischenahn, in Hamburg and in Wilhelmshaven. This also makes the management of working time increasingly complex. We have been relying on digital workforce management to do this for years and it is our firm intention to keep extending the use of ATOSS Staff Efficiency Suite. The entire management of working time in our business is performed digitally. From the recording via terminals, to the control of recorded times and on to the automated transfer to our SAP accounting system. Smooth operations are vital for us.

What is the most significant benefit of your workforce management solution?

First and foremost, the transparent, consistent and high-quality processing of working time data is a big plus for us. In addition, the very good working relationship with ATOSS is a key factor. In response to our strong growth, we have just adjusted and changed our working time models for our employees. With the help of ATOSS consultants, our objectives were easily realized while maintaining smooth operations.

What future challenges will you be solving with workforce management?

Rügenwalder Mühle is also impacted by the shortage of skilled workers. Consequently, we need to use our existing resources as best as we can on the one hand, while also making attractive tools available to our employees on the other. As an initial step, we will be implementing the Staff Center this year – something we are very much looking forward to. The resulting transparency gains will make it easier for employees to view their time journals, request holidays and check their status – all digitally and without paper. Ultimately, this will not only save time and costs and free up resources for more value-adding activities, but also boost the satisfaction levels throughout the workforce. Everyone stands to benefit.

Healthcare

A selection of
our customers

Frankfurt University Hospital was founded in 1914 and treats almost 50,000 patients on its wards every year. In addition, around 4,000 students complete their medical training here.

A University Hospital Leading the Way

Frankfurt University Hospital | Solution **ATOSS Medical Solution** | Countries **DE** | Number of employees **7,500**

Health stems from knowledge. Employees at Frankfurt University Hospital operate on this principle. The hospital consists of 33 specialist clinics and more than 20 clinical institutes. This is where teaching, research and patient care come together. The special mission to conduct research and teaching on the basis of excellent patient care, to achieve progress in combating disease and to train the medical personnel of tomorrow is lived and breathed here on a daily basis. Innovation is driven forward in all areas.

Pioneering work means taking the first step. Being driven to change things – ideally for the better. Around 7,500 employees work at Frankfurt University Hospital in the service of patient care, research and teaching. Important pioneering work was accomplished in the last few years – reconciling quality of care with employees' needs. Not just in nursing but also among the medical staff. In the course of an extensive project, the university hospital's human resources department has installed digital workforce management.

Today, the ATOSS Medical Solution ensures efficient, transparent planning for nursing and medical staff and makes it easier for employees to plan all aspects of their working time. "'Has my holiday been approved? Do I get a compensation day? When am I on duty next month?' Thanks to the transparency gained, our employees can now answer all these questions affecting their private lives themselves," says Florian Dietrich, Head of Working Time Management at Frankfurt University Hospital. One reason to take a closer look.

"Our ambition is to take the lead. Particularly when it's about creating an attractive work environment for our staff. With ATOSS, we have not only made staff planning a very convenient process, but we've also created an opportunity to explore entirely new avenues in personnel management. The synergy effects resulting from establishing a creative and trust-based working relationship with ATOSS, and the short response times to requirements that must be continually met – these are crucial for the success of projects in working time management."

Petra Geistberger
Head of the Human Resources Department | Frankfurt University Hospital

Pioneering work to take the pressure off nursing and explore new avenues in physician scheduling

Diversity is common practise in the hospital environment. Focusing keenly on its employees in nursing, Frankfurt University Hospital has decided to pursue approaches to personnel management in relation to patient occupancy severity levels. Together with ATOSS, ideas are being developed that will significantly improve the everyday working life of nursing staff. Duty scheduling for doctors will also be harmonized in order to create a structural, cross-departmental standard that nevertheless leaves sufficient scope for the individuality that every hospital requires. Standard dialogs simplify handling and the real-time mapping of statutory regulations and staffing requirements in the planning process, thus taking transparency to an entirely new level. The option to state preferred shifts digitally achieves flexibility on both sides – for employees and the company alike.

Greater transparency for employees

Besides submitting their preferred shifts, employees can access their working time data and duty plan via the Staff Center, request holidays quickly and easily and record their working times. Transparency has increased tremendously for the entire workforce. When filing a holiday request, for example, employees can see in self services whether colleagues are planning to take time off at the same time. The gains in speed and real-time transparency of the data play a role in elevating user satisfaction. The mobile version of the Staff Center will provide even greater convenience and flexibility.

Making workloads visible

ATOSS Medical Solution is also intended to enable a tailored solution in the context of implementing the collective wage agreement to strengthen commitment to the agreement and ease the burden on staff on the basis of PPR 2.0 and PPP-RL. In its efforts to facilitate requirements-based HR planning, the university hospital has decided to take the lead. It is playing a pioneering role in this system transition and began with technical preparations at an early stage so as to make burdens and workloads visible. Staffing requirements emanating from the Hospital Information System are converted into personnel requirements through an interface in ATOSS Medical Solution, permitting employees to be scheduled as needed for each individual shift. The aim is to be able to adjust the planning in good time to ensure that staffing levels meet requirements and staff are not unduly burdened. In the case that staffing levels are not met, this can cause stress points, which lead to compensation in the form of time off or additional pay or which can be saved up for the future in working time credit accounts.

Stand-by pools offer an absence buffer

Stand-by pools represent a further measure for raising flexibility across the entire organization and for offering attractive working times for employee groups with special requirements. Individual working time models and the freedom for staff to choose the hours they work help to cope with short-term and longer-term absences – while factoring in employees' individual needs at the same time.

Pioneering work means taking the first step. Being driven to change things. That's precisely what Frankfurt University Hospital's project team has achieved. For the benefit of patients and employees alike. Pioneering work, which can be a lasting boost to make an entire industry fit for the future.

3 questions 3 answers

Augustinum

Solution **ATOSS Medical Solution** | Countries **DE** | Number of employees **5,500**

Augustinum is an independent and non-profit social enterprise which provides care and space for people in exceptional circumstances: in its facilities for people with disabilities, its own hospital, schools and boarding schools as well as the Augustinum retirement homes. At all times, staff are committed to respecting the sovereignty of the individual and providing care to the highest quality levels. Efficient background processes are essential in maintaining this focus. Managing Director Axel Krieg explains how workforce management helps to achieve this.

How are you using workforce management today?

We have been relying on ATOSS solutions since 2016 and are currently managing around 5,500 employees. At the time we were looking for a powerful system which could grow continuously in line with our requirements. The process optimization with ATOSS Consulting already revealed tremendous potential. For example, we reduced over 4,000 working time models down to 900 – which was a tremendous relief. Today, we use digital workforce management in eight federal states and combine time management and workforce scheduling in a single system. The solution meets all regulatory requirements, for example the employment contract guidelines for diaconal institutions in Bavaria (AVR-Bayern), and actively involves our employees in work processes.

What is the most significant benefit of your workforce management solution?

We benefit tremendously from the integration of time management and duty scheduling, because real-time data is available at all times. We plan around 3,000 employees working in shifts in approx. 500 duty schedules. From outpatient care to retirement homes, kitchens and restaurants all the way through to our hospital. It would not be possible for us to maintain operations without efficient planning. We have also digitalized manual paper processes with the Staff Center, the ATOSS Self Service, and we've improved efficiency and above all achieved greater transparency. Our employees are pleased to have greater self-determination over their working time. This will have a lasting effect on workforce satisfaction.

What future challenges will you be solving with workforce management?

The labor shortages are naturally an issue of vital importance for us as well. We are constantly asking ourselves the question: How can we make the working environment even more attractive for our employees? One measure will be to make the Staff Center available to the whole workforce on private or business mobile phones. Both employees and their managers will then be able to access relevant working time data anywhere and anytime. Holiday requests, account balances and duty schedules will be available and transparent at all times. In this context, we are hearing from the workforce that shift requests and shift swapping are major issues. This has prompted us to look into these matters and assess their implementation accordingly.

3 questions 3 answers

InnKlinikum

Solution **ATOSS Medical Solution** | Countries **DE** | Number of employees **2,700**

Following the merger of the hospitals in the Altötting and Mühldorf districts in 2020, InnKlinikum is by far the largest and most diverse healthcare provider in the Inn-Salzach region. From obstetrics and pediatrics to all medical departments as well as geriatric and palliative care, InnKlinikum, with its 2,700 employees, provides a wide range of medical and care services at its four locations (Altötting, Mühldorf, Burghausen and Haag). CEO Thomas Ewald explains why efficient and modern workforce management is necessary to deliver this.

How are you using workforce management today?

Since the merger of the Mühldorf and Altötting hospitals in 2020, we have been in a state of constant change and in a unique and ongoing transformation process. As a result, the existing systems no longer met the requirements of modern workforce management. This is why we opted for the ATOSS time recording and duty scheduling solutions. Internally, the project is called "InnTime" and the pilot phase with 345 employees was completed at the start of 2023. By May 1, the rollout across all 2,700 employees will have taken place. The requirements for the new system were clearly defined: creating a common standard for positive time recording and duty scheduling in order to advance digitalization in a structured manner, and minimize administrative costs. Duty schedulers will benefit from a user-friendly interface and employees from an intuitive self service portal.

What is the major benefit of your workforce management solution?

Thanks to the active support of our pilot areas and ATOSS Consulting, we were able to achieve our goals. The level of transparency we now have as a result of proactive messages, which ensure that legal parameters and collective agreements are adhered to, enables us to raise the quality of patient care and employee satisfaction. We have also established standards in order to provide proof that legal requirements have been met (for example, the minimum levels for nursing staff defined by the PpUGV regulation and the complex fees of the Operations and Procedures Code). We feel that we are ideally equipped with the new system to meet the challenges of the Hospital Future Act.

What challenges will you be solving in future with workforce management?

For us, the pilot phase is just the start of the joint journey with "InnTime". In the coming weeks and months, we will seek to continually improve our system. This will involve not least the implementation of the Staff Center Mobile App, with which we want to give our employees the opportunity to access their personal time management and duty scheduling data – any time, any place.

Public & Social Services

A selection of our customers

Milestone for Satisfied Employees

City of Munich | Solution **ATOSS Staff Efficiency Suite** | Countries **DE** | Number of employees **43,000**

With more than 43,000 employees working in over 2,000 different facilities, the City of Munich ranks as Germany's largest municipal employer. Together, they ensure that the vibrant world city with a heart, where centuries-old customs and values meet and mingle with progress and innovation, keeps running smoothly. Besides flexible, reliable and safe working practices, empathy towards fellow human beings is also a key priority. This is not only reflected in the openness and cultural diversity within the organization but also in its dealings with the citizens of Munich.

Google, Apple, Microsoft, Oracle. In recent decades the Munich Metropolitan Region has become one of the most attractive technology centers in Germany. Start-ups, SMBs and major corporations are drawn to the Isar Valley. Bavaria's capital city also aspires to be just as attractive as an employer. In our ever more rapidly changing world, the City of Munich has recognized the signs of the times. As an organization known for reliability, job security and flexibility, Germany's biggest municipal employer also thoroughly examined its management and organization of working time more than three years ago.

Manual processes vs. modern employer

Owing to the mainly manual processing by employees and supervisors in offices and HR departments, a high error rate due to transfer mistakes but also the organization's exacting quality requirements with regard to time management, the calls for a digital system were clearly voiced. This state of affairs was in stark contrast to the city's positioning and aspiration to be a modern employer enabling flexible and future-proof working practices.

Fast forward three years. Following a successful organization-wide transformation project, the City of Munich is now in the fast lane. By the end of the year, over 18,000 employees will have moved over to digital workforce management during the course of the current rollout and will be enjoying a wealth of benefits. A milestone on the road to digital city administration. Subsequently, the remaining 25,000 employees will follow.

In cooperation with ATOSS, the City of Munich is fully mapping its demanding and complex requirements with regard to modern time management. From time recording to correct time assessment in accordance with public sector collective bargaining and service agreements, payroll accounting with the SAP payroll system, application and approval procedures, as well as legal, operational and business reports. And project implementation will also fully reflect the demanding data protection standards for public organizations. The high level of simplification and automation will reduce staff workload noticeably while maintaining the existing employee-centric flexibility in the organization of working time. This includes customized working time models and the ability to decide what should happen with every single hour of overtime. Pay it out? Save it up? Today, employees have a tool at hand that gives them the transparency they need to control and actively organize their own working time. And in future they can do this entirely by way of a mobile app.

Digital time management is merely the foundation

The City of Munich regards the app's high usability and good user experience – and in particular its mobile capabilities – as an effective way of becoming a more attractive employer and drawing the attention of young potential applicants.

The digital time management already implemented also provides the foundation for the future integration of duty scheduling into time management, which will be used city-wide across the various different facilities, each with their own individual requirements. This is already a reality for the fire department, while kindergartens, retirement homes, libraries, museums, cemeteries and many other facilities could soon be benefiting from the modern duty scheduling. If the City of Munich keeps its foot to the floor and stays in the fast lane, this vision will soon become a reality. And Germany's biggest municipal employer will become a model example of digital city administration.

"As an employer, the City of Munich is known for reliability, job security and flexibility. We offer versatile workforce scheduling options and work models adapted to various phases in life. For the city administration to be fit for the future, digitalization must continue, and digital workforce management is making an important contribution here. With great pleasure I will be taking the last analog time card together with the time clock to Munich's City Museum."

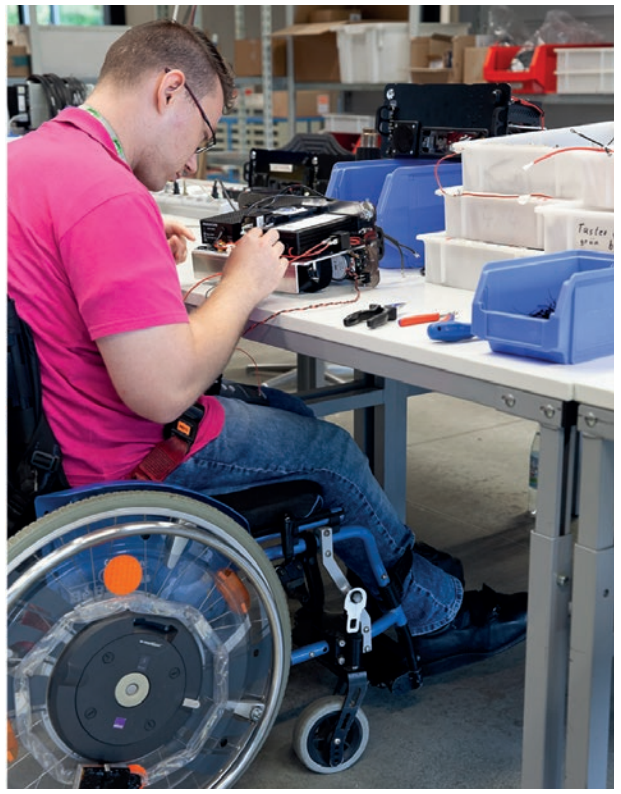
Andreas Mickisch
HR and Organization Officer | City of Munich

The Münchner Kindl (Munich child) towers over the "world city with a heart". It is a symbol of the Bavarian metropolis, which is home to around 1.5 million people.

3 questions 3 answers

Evangelical Foundation Hephata

Solution **ATOSS Medical Solution** | Countries **DE** | Number of employees **4,600**



Hephata is a social and diaconal enterprise which offers a range of services for people with disabilities at numerous locations in the Rhineland region, including residential and care services, as well as work opportunities (workshops for people with disabilities and inclusive enterprises). Hephata is also active in youth welfare and education, and operates two schools for children with special needs and a vocational college. We asked Gerd Neumann, Head of Human Resources, how digital workforce management is at work there.

How are you using workforce management today?

ATOSS Workforce Management has been running with the modules workforce scheduling and time management as well as a payroll interface and a BI interface since 2008. We currently have 2,800 salaried employees in fixed employment, as well as 1,800 members of staff in the workshops for people with disabilities. The Staff Center is available to our staff for submitting requests and for the transparent provision of information. Due to the decentralization across 160 locations, the linking of the departments with overhead and HR is a key factor for effective and efficient HR processes. Personnel costs are the key control factor, accounting for 75 percent of costs. In terms of duty scheduling, we have since 2008 pursued the goal of achieving effective decentralized control in the locations and have involved the employees. Within the flexible system environment, the complex collective bargaining law (Federal Collective Agreement for Public Employees – Church Version, similar to the Collective Agreement for the Public Sector) has been mapped in the ATOSS solution. The duty scheduler is warned by proactive messages in the planning process in order to ensure that the legal parameters are adhered to. The system has been developed continuously and will always be able to keep pace with growing rules and regulations.

What is the most significant benefit of your workforce management solution?

Within the master data maintenance in ATOSS, personnel changes are documented at the earliest possible point in time. The master data recorded is used by way of interface for the management and maintenance of the Active Directory. That is where staff are assigned their system access, authorizations, e-mail addresses, etc. Today, this process is automated. It is the variant capability of the master data management that provides the foundation for this. If a member of staff moves to another department or if their superior changes, the associated authorizations are updated automatically. The interface also provides the basis for maintaining our education portals. The benefits are significant. Including for data protection and data security.

An additional added value that is important to us is the employment documentation in a workshop for people with disabilities, for which we have developed a separate application area. These workshops give people with disabilities the opportunity to work and improve their skills, offering a range of different jobs in areas such as production and services. The positions and workplaces are tailored to the individual's skills and needs and often also include therapeutic and support services. They are part of the inclusion process and help employees to lead as independent and self-determined a life as possible.

The goal of the ATOSS implementation was to document the staff structures and diversity clearly for management control and steering purposes. The 1,800 members of staff are active across more than 400 different working time models, and there is a focus on documenting any absences. In addition, based on the data, the personnel planning of the people working in the respective work units is continuously documented and controlled. And data for invoicing funding agencies is calculated for refinancing via payment types.

This helps us tremendously in our everyday handling. Consider, for example, that lunch planning is also relevant for the organization of a workshop for people with disabilities. For this purpose, the attendances documented in ATOSS are transferred to a third-party system. On this foundation, our staff can choose the meals they would like to have together with the employees. This forward-looking attendance planning is not only efficient but also sustainable, as orders are optimized in line with demand.

What future challenges will you be solving with workforce management?

The introduction of the electronic sick leave certificate on January 1, 2023, represents a major challenge. Absences recorded by payroll accounting need to be reported daily to the systems of the statutory health insurance companies. The payroll interface provides the basis for this with suitably configured datasets. Initial results of the solution developed with Consulting are promising and it will simplify document management and analysis. What's more, it will also optimize the reporting to the health insurance companies. This is a work in progress.

Service Industry

A selection of
our customers

Appreciation, Dedication, Color!

WISAG | Solution **ATOSS Time Control** | Countries **DE** | Number of employees **50,000**

The family business WISAG was founded in 1965 and is one of the leading service companies in Germany today. The company provides aviation, facility and industry services.

WISAG employs around 50,000 people, who deliver a vast array of services across a wide range of industries. The Group provides services for commercial, infrastructural and residential properties as well as for industry and the ground services sector through its three equal companies WISAG Aviation Service Holding, WISAG Facility Service Holding and WISAG Industrie Service Holding. All of the services offered in these sectors are tailored to meet the needs of customers in the given industry. Because this calls for a strong team, the company places a clear focus on the people providing the services, which is also reflected in an awareness of its social responsibility. The company established the "Kiwis" foundation in 2015 to promote educational opportunities for children. WISAG House, a rented hotel in the company's home town of Frankfurt, now offers a temporary home to over 600 women and children who have fled Ukraine.

WISAG means appreciation. WISAG means dedication. WISAG means color. These are the values by which the family business operates. Appreciation embodies the openness, respect and trust of a family. Dedication symbolizes the initiative, hard work and enthusiasm that drives every one of the 50,000 employees. Color stands for

> *Particularly in the complex service sector with its considerable volatility, efficient personnel processes are crucial for success. The flexibility of the ATOSS solution enables us to optimally map our diverse business activities and reduce our administrative workload significantly. We have more time for what really counts: excellent customer service and a modern, attractive working environment for our people.*
>
> Michael C. Wisser
> CEO | WISAG

diversity, creativity and individuality, which form the essence of WISAG. The WISAG values are reflected in the day-to-day work of everyone in the company and the employees who provide services across the wide range of industries. Four business divisions, many companies and a large number of employees – this calls for a dynamic approach in order to create and maintain an attractive working environment, to meet the needs of customers and to be a sustainable business.

Dynamism, flexibility and employee satisfaction

One example of this can be found in the successful negotiations at the end of 2022 for a master agreement on pay and conditions for the WISAG ground services company at Cologne/Bonn Airport. The collective agreement will also apply to WISAG's new operations at Düsseldorf Airport, thus creating an attractive future for the employees at North-Rhine Westphalia's biggest airport. Efficient processes are essential to retain a focus on these aspects and to optimally map the division's dynamic business activities in order to minimize the administrative burden and enable people to add value in their work.

Workforce management for 50,000 employees

ATOSS Time Control is used throughout the Group for working time management. The aviation, facility and industry services divisions with their individual requirements therefore benefit from end-to-end digitalized processes and the flexible solution. The rollout is still ongoing in some subareas of the business, but most of the 50,000 employees are already working productively with the system. Times are recorded via terminals or a specially developed app before being transferred automatically to the ATOSS solution and forwarded to the payroll system. As an employer of tens of thousands of people, WISAG is aware of its special responsibility towards its workforce. This includes not only providing appropriate remuneration – in accordance with the collective agreement wherever possible – but also offering an attractive working environment. "As a modern company, we want to offer a modern work environment. Wherever we can, we enable mobile working, offer development programs for our employees and managers and strive to develop and establish modern and flexible working time models", says Katrin Winter, Director of WISAG Jobs & Careers.

Less administrative burden with automated processes throughout the Group

ATOSS Time Control enables all such measures. Forty different regional and sectoral collective agreements are in force at WISAG, all of which are mirrored in the ATOSS solution. For the security business, there is an individual solution for every German state. Thus, payroll accounting is not only correct but also on time thanks to the automated processes. Digital workforce management is firmly established throughout the Group and has helped to streamline administrative processes and reduce costs markedly. Individual areas of the business such as building cleaning and security also benefit from modern, digital workforce scheduling.

A flexible tool to handle volatility

Fast reaction times, small time windows, efficient workforce scheduling and perfectly coordinated processes – WISAG already has a flexible tool at its disposal to map these requirements and to cope with the considerable volatility in the services sector going forward and meet the company's growth aspirations in the future. So it can always focus on what really matters for a service company: the customers and the workforce.

3 questions 3 answers

Veolia

Solution **ATOSS Staff Efficiency Suite** | Countries **DE** | Number of employees **1,000**

Veolia has been active as a reliable partner to municipalities, industrial companies, retail and private customers in Germany for more than 25 years. With its three divisions Waste Management, Energy Solutions and Water Solutions, the company provides a unique range of environmental services. The Water Solutions division provides drinking water for around 1 million people. In order for the focus to remain firmly on this service, optimized processes need to be running in the background. We asked Frances Lindemann, Head of Personnel at Veolia Wasser Deutschland GmbH, about the added value that workforce management contributes in this context.

How are you using workforce management today?

We have been using ATOSS Staff Efficiency since 2022 and have got around 1,000 employees set up in the solution, all of whom record their working and project times and manage their absences digitally. In addition, data is exchanged constantly with SAP HCM via an interface and we also regularly export recorded project times to S/4 Hana. We reached the limits of our former system, which is why we started to look for a modern solution that provides the flexibility we need. Previously, we did not have data available in real time and did not prepare any analyses until the payroll accounting had been done. Statistics were therefore already outdated the moment they were produced. Today, things are different and we have no regrets about opting for ATOSS.

What is the biggest benefit of your workforce management solution?

Digital workforce management gives us tremendous flexibility and speed in everyday use. For example, we are able to prepare analyses in real time, with the result that managers can generate analyses tailored to their individual needs. Our employees benefit from the very intuitive use and the increased transparency they have over their leave or their working time accounts. Everything is available immediately.

What challenges will you be solving in future with workforce management?

We are constantly optimizing our internal processes and making them more efficient. The ATOSS solution will play an important role in this respect. We will also probably integrate more companies and therefore more employees into the software. And we want to create even greater transparency in the course of the process optimization. The task management module, with its option of proactive warnings, may also prove a great help.

3 questions 3 answers

Markas

Solution **ATOSS Staff Efficiency Suite** | Countries **AT, DE** | Number of employees **10,000**

Markas is a family business that takes care of numerous services. Today, with over 30 years of experience and 10,000 employees, Markas ranks as one of the global leaders in its sector. The company offers large public and private institutions such as hospitals, retirement homes, universities, schools and hotels a broad range of services: from cleaning, group catering, logistics and housekeeping to individual services tailored to the needs of customers. We asked Martin Waltner, Team Leader IT & Project Management, to what extent workforce management is deployed in the process.

How are you using workforce management today?

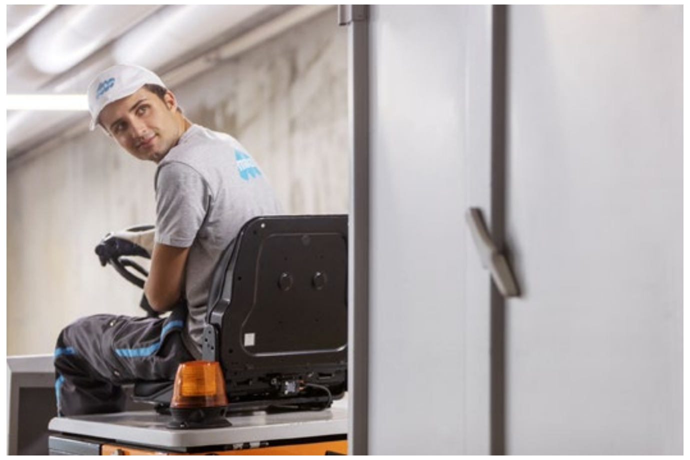
We are currently deploying workforce management for around 450 employees in Germany and as a pilot project in Austria. Some 400 employees are using time recording in Austria and around 50 members of staff in Germany are not just recording their hours with the ATOSS solution but are also scheduled using the same tool. The aim for us as a company was to be able to digitalize the duty scheduling, take the pressure off middle management and quickly retrieve information. A simple, clear tool was also created to make duty scheduling as efficient as possible and respond to potential developments in the facility during any given month.

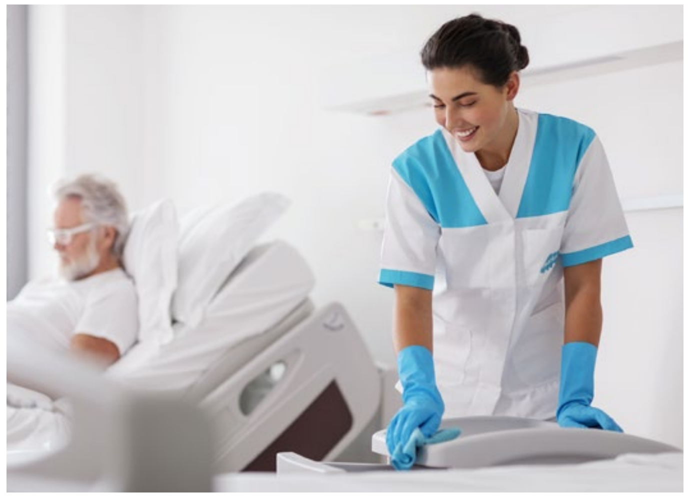
What is the major benefit of your workforce management solution?

We achieve specific added value through the option of responding efficiently in the midst of any period to manage the facilities we manage with the ATOSS Staff Efficiency Suite. Our workforce scheduling also maximizes cost efficiency. In terms of billing, it's not just the surcharges that are automatically generated. The billing process is also automated, which results in faster billing than before.

What challenges will you be solving with workforce management in future?

In future, we aim to look after more facilities by way of the ATOSS solution and also use more modules. Especially the "KPICALC" dialog box, which will enable us to deploy more exact analysis options. In particular, the comparison of demand, hours scheduled and actual hours worked offers us additional potential to make workforce scheduling more cost-efficient. All in all, we will ultimately be managing and organizing around 2,300 employees with ATOSS solutions. We plan to use the software to meet the diverse challenges of workforce scheduling. Especially in the contract cleaning sector where there is increased demand for personnel, efficient workforce scheduling is indispensable in maintaining service quality and meeting the needs of each and every customer.

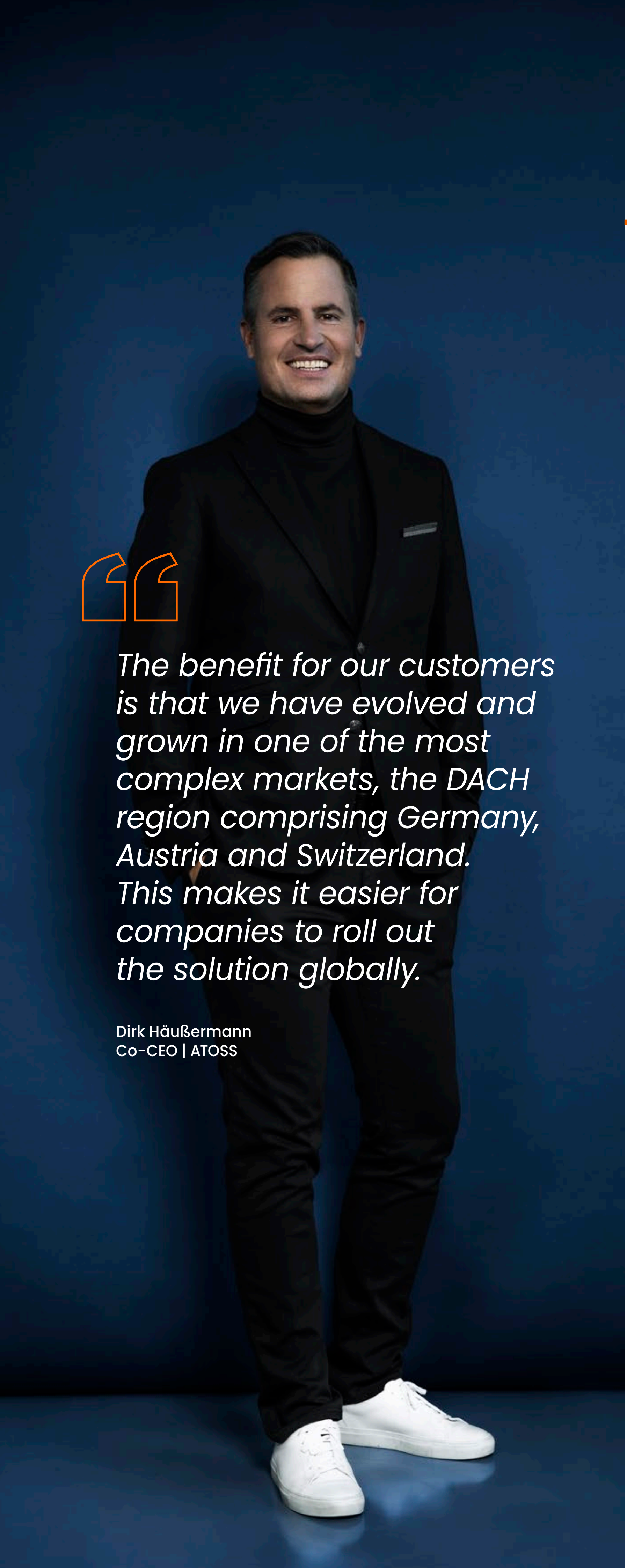




ATOSS Insights

We are empowering the revolution in working environments to the benefit of companies, employees and society. We are paving the way to working lives that are more creative, intelligent and more human. At the same time, we are revolutionizing the interaction of cost efficiency and humanity.

ATOSS Vision
since its foundation



The benefit for our customers is that we have evolved and grown in one of the most complex markets, the DACH region comprising Germany, Austria and Switzerland. This makes it easier for companies to roll out the solution globally.

Dirk Häußermann
Co-CEO | ATOSS

Think Global, Act Local

Dirk, how would you sum up 2022 with regard to the ATOSS globalization strategy?
We had a strong 2022 financial year and managed to significantly exceed our already ambitious international targets. Our order intake grew by well over 100 percent. The segment is incredibly dynamic and demand is higher than ever before! Our thanks therefore go to our international teams - together with our partners, they have succeeded in winning major companies for ATOSS, some of them global operators such as Heineken

What was your success formula?
In our topic, companies are being driven by four challenges: How do I digitalize all my processes? How do I counter the shortage of skilled workers? How do I align my company with volatile markets? How do I ensure compliance in all working time processes? And do it globally. In the past, this was often a locally solved issue. Today, companies expect a global answer, and that's exactly what we deliver. From the cloud, in the standard and demonstrably so, as our global reference customers show.

However, it seems that many companies have not yet realized that workforce management can be standardized globally, have they?
Right. If we look at analysts, such as Gartner, they report that in some markets the topic of workforce management was still seen as partly local. Seemingly, because no provider is yet seen as a true global player. But we have proven many times that this is possible. For chocolate producer Barry Callebaut, we rolled out our cloud solution on four continents in just 24 months and in 18 countries - for example in France, Mexico, South Korea and Ivory Coast. Also for customers such as W.L. Gore, we succeeded in mapping all local requirements from over 20 countries in the cloud as standard. Workforce management goes global - you just have to know how. A huge advantage of ATOSS is that we have evolved and grown in one of the most complex markets, the DACH region comprising Germany, Austria and Switzerland. Over 35 years, we have acquired the know-how that makes our solution unique and globally applicable.

What are the distinguishing features of this know-how?
Our customers appreciate the fact that we offer a standard solution that can be used in very complex markets as well as in simple markets in terms of compliance requirements. Think global - act local, you might say. That sets us apart from other providers, some of them large companies. They often have to tag on extra programming to cover local requirements – this is no longer up to date. It entails risks for the success of the project and often costs a lot of time and significantly more money afterwards. In the cloud, the solution must be simple and it must work everywhere – without annoying, non-upgradeable and future-proof custom programming. That's why our solutions are fully parameterizable and thus flexibly adaptable to customer needs.

You already mentioned our partners. What news are there to report?
In 2022, our partnerships were once again important in expanding our business. We were able to successfully renew our premium certification with SAP last year. Especially with this strong partner at our side, we won some major customers together. In addition, we expanded our partnerships with large consulting and implementation firms such as Deloitte, while consultancies such as Accenture and Delaware also recognized the joint market opportunities. We are looking forward to exciting projects with all our partners, which will certainly also help us to move forward with regard to our internationalization strategy.

Speaking of "act local", Dirk, let's take a look at the SMB market in the DACH region. What can you report here?
In the DACH region, our SMB business had a very strong year. Hats off to all our colleagues for their performance! We were able to post above-average growth here – ATOSS Time Control, our solution for small and medium-sized businesses, was in very strong demand. We can see that demand for a leading workforce management solution exists across the entire market. The new app for ATOSS Time Control, in particular, is proving a top seller, and cloud topics are now mainstream in this market segment, too.

What's the reason for this trend?
All businesses, regardless of their size or sector, need to address the digitalization of the working environment. The shortage of available labor and skills in every segment is also playing a significant role. The ruling of the German Federal Labor Court on the introduction of compulsory time recording, which happens to be mere confirmation of the ruling by the ECJ from 2019, proved to be a catalyst for this development. It's important, however, to realize that our workforce management solution not only enables companies to solve compliance conundrums with respect to legislation but at the same time also gives them the opportunity to optimize their entire business model.

Finally, what is your outlook for 2023?
Our globalization strategy is gaining traction and we will further expand our existing markets; we are currently preparing our entry into a further major European country. In the SMB market, we will continue to systematically exploit our opportunities, expand the team and, together with our partners, achieve our 18th record year in succession!

Our cloud-native transformation is one of the foundations for expanding our AI-based services. This enables us to offer use cases with entirely new value creation potential.

Pritim K. Krishnamoorthy
CTO | ATOSS

Progress in Record Time

Pritim, how would you sum up the past twelve months?
We have had an amazing year. 2022 was remarkable for ATOSS, especially from a technological point of view. Our focus last year was on driving and continuing the transformation to cloud-native solutions for all of our products. My team did a phenomenal job here, and I'm proud that today we're well on our way to completing this technology transformation a year earlier than originally planned for 2025. The great collaboration between the technology teams - across all product lines - made the difference in this case. By transforming our services into cloud-native solutions, we are now able to deliver state-of-the-art infrastructure with significantly improved security services as part of our ASES CLOUD 24/7 and ATC CLOUD 24/7 solutions.

What does that mean exactly?
For example, the focus on technology standardization for our ASES solutions has helped us to continue to offer good integration with human capital management solutions in the future. In addition, we were able to successfully recertify our integration with SAP SuccessFactors in October 2022. The ATOSS Staff Efficiency Suite is thus still the only SAP endorsed app for workforce management in Europe!

What do these developments mean for mobile solutions?
Adhering to advanced standards has made our ASES and ATC platforms so robust that we can now offer a significantly improved user experience. We are currently implementing further use cases for the ASES Staff Center Mobile and have already successfully introduced the new ATOSS Time Control Mobile App based on Flutter for the SMB market at the beginning of October 2022. This shows that our switch to the cloud and the development of cloud-native applications came at the right time to be able to continue to implement the growth plans for the entire ATOSS product range and its mobile solutions.

What are the main benefits for our customers resulting from cloud migration?
The most important thing in advance: Even with the switch to cloud-native, the first-class functionality of our solutions remains fully intact. The enormous progress towards cloud-native ensures efficient operation for our customers first and foremost. Standardized updates increase security, which is essential in times of increasing cybercrime. At the same time, we have created a stable framework for ourselves and our customers to be able to use other services available on the market. This allows us to quickly connect and introduce new tools and solutions in the future and, above all, to act independently.

Everyone is talking about artificial intelligence. What can we expect for the future?
Our cloud-native transformation is one of the foundations for further expanding our services in the field of artificial intelligence to offer additional use cases with entirely new value creation potential. Our solutions have delivered many innovations in forecasting and planning over the years with excellent algorithms to ensure smooth operations for our customers. These solutions offer significant advantages in planning and in the use of resources in an efficient and effective manner.

To consistently make use of services in the AI space, we are now focused on setting up frameworks that provide us with a clear path to build, train, validate, and deploy models consistently across products. Our functional depth and the maturity of our solutions to address complex requirements gives us the unique opportunity to identify use cases across our functional pillars so that our customers can be provided with intelligent solutions in close cooperation with us.

Will investments be postponed?
So that we can not only maintain our leading position but expand it further, we continue to invest heavily in research and development - for the benefit of our customers. We are again in the top 100 European software companies with the highest investment in R&D (rank 55) and ranked first among European workforce management software companies. As part of our Agenda 2025 - from a research and development perspective - a large part of our investments are is in the areas of cloud-native transformation and an improved user experience.

In which new areas will additional focus be placed in the future?
Based on our progress, we are considering additional investments in the areas of artificial intelligence and machine learning. We will continue to evaluate all available AI services from hyperscalers and niche providers and then decide if and how to include them in our framework. We open ourselves to the derivation of use cases in our existing pillars of forecasting, scheduling, automation and natural language processing.

Your conclusion?
We are at the beginning of a new era. In the second half of 2023 you will be able to discover concrete new developments.

The ATOSS Secret to Success

Christof, as the CFO, you must be more than satisfied with ATOSS latest figures and the forecasts for the upcoming years – customers and investors as well. What is the secret of your success?
The secret of our success lies partly in our vision. It states as follows: We are empowering the revolution in working environments to the benefit of companies, employees and society. Today, this transformation is more necessary and more radical than ever – and it continues to pick up pace against the backdrop of social and political developments. Our focus here is not on short-term success but on sustainably honing our ability to grow as an organization over the long-term, consistently and successfully. The key element in this process is to anticipate changes.

ATOSS is very familiar with the term Corporate Social Responsibility (CSR) ...
Corporate Social Responsibility is an integral part of ATOSS' vision. The main elements of CSR were already determining factors for us when the company was formed over 35 years ago. Part of our vision is to create a world of work in which everybody benefits sustainably and long-term.

Can you cite a specific example?
Among other things, we perceive it as our responsibility to promote the social, cultural and ethnic diversity of our workforce and to deploy these strengths for the benefit of the company. For us, this diversity means offering a stimulating environment at ATOSS with optimal growth prospects for all employees – regardless of their gender, origin, sexual orientation or other criteria – and constantly refining this work environment. This is crucially important, especially in times of skills shortages – and with regard to ATOSS' long-term, successful, business growth.

To what extent is CSR also important for business growth at ATOSS?
The link between CSR and our business success is directly evident in our cloud strategy. Our target is to generate more than 70 percent of our sales through recurring revenues by 2025. This will also enable us to measure customer satisfaction more accurately and race it consequently. Our operations are also increasingly focused on issues revolving around IT security, data protection and compliance. We already invested in these areas successfully in 2022 – for example with the successful ISO 27001 certification of ATOSS Cloud Solutions – and we will be systematically expanding our commitment.

Is this move into the cloud also a path to greater customer satisfaction for you?
The fundamental challenge is to ensure that our customers can use our products in the way they want to – around the clock, 365 days a year. And cloud technology enables just that. Satisfaction with our products is therefore reflected in our churn rate. It is currently under two percent a year for our Enterprise and SMB Cloud Solutions. This is an excellent figure, but at the same time, it also requires continuous improvement and an uncompromising focus on customers, while maintaining our tremendous pace of growth in the cloud, currently at 70 percent.

How else is an high customer satisfaction reflected in the figures?
Besides the churn rate, customer satisfaction can ultimately be measured by the gratifyingly strong growth of Annual Recurring Revenue (ARR), which is more than 70 percent overall, and by the Net Retention Rate of 127 percent, which reveals whether our existing customers are expanding their cloud solutions. For 2023, we have also resolved to pay greater attention to the Net Promoter Score (NPS). Here, our medium-term target for all our solutions is to achieve an NPS of over 35.

The record results of 2022 would not have been possible without our successful staff recruitment and retention.

Christof Leiber
CFO | ATOSS

How is the cloud transformation impacting ATOSS' other key indicators?
Cloud business is of growing importance to ATOSS, as are the indicators that make this development tangible and offer us pointers as to where we can still improve. Besides ARR and NRR, these indicators include the sustainable rise in the Recurring Revenue Share, which stood at 58 percent in 2022, with a medium-term target of lifting this share to over 70 percent by 2025. Consequently, our business model is becoming increasingly robust, and this gives us numerous opportunities to use innovation to further optimize the efficacy of our solutions in supporting our customers in shaping their respective working worlds.

What is it that makes business success and human diversity inextricably linked?
In a fiercely competitive market for employees we are particularly dependent on recruiting and retaining highly qualified staff. This means we are expanding our recruitment beyond the national labor market – and we have been highly successful in doing so. In the last few years, for example, we have managed to grow the workforce by more than ten percent a year. We employ people from around 40 different countries and our teams are 43 percent female and 57 percent male. The share of female managers in our executive team stands at 29 percent.

What targets has ATOSS set itself in this regard?
By 2027, we will hit our target of 50 percent female and 50 percent male employees at ATOSS, and we will raise the proportion of female managers by more than ten percent. Added to this are further business targets that form the foundation for the sustainability of our operations. With a look to 2025, we are budgeting total sales of 190 million euros. The share of our fast-growing international business (non-DACH countries) will rise to over ten percent, and we are anticipating an EBIT margin of at least 30 percent. We will continue to invest more than 17 percent of our total annual sales revenue in Research & Development, thereby guaranteeing and enhancing the quality and future viability of our solutions. That means we will be further extending our market leadership – and not only in the DACH region (Germany, Austria, Switzerland).

So ATOSS will experience its 18th record year in succession in 2023?
We are convinced that we will not just meet our forecasts – as in the past – but will also be exceeding them once again if we get a little tailwind.

Organizing Change Successfully

ATOSS Consulting | Number of change projects completed **Over 150**

Michael Knoblauch, Executive Director ATOSS Consulting, explains the need to accompany change individually.

"The pace of change has never been this fast, yet it will never be this slow again." Canada's Prime Minister Justin Trudeau put it in a nutshell a few years ago at the World Economic Forum in Davos.

For companies this is a blessing and a curse at the same time. On the one hand, economic opportunities are emerging, while companies face the challenge of accepting and having to respond to ever faster social and economic changes on the other. If you don't get involved, you'll be caught up in these dynamics and, in the worst case, you'll drown. The new possibilities offered by technology are not a panacea. Normally, success depends on technology itself only with 25%; 75 percent of it stems from organization and processes. For company leaders, there are three tasks that are critical for success here.

In times of highly dynamic change, it is important to adjust the speed of adaptation so that everyone is supported in equal measure

1. Creating organizational forms that enable agility

Agile organizations have a competitive advantage, as they are able to adapt to new developments and innovative technologies more quickly. In future, having the agility to reorganize their business will be crucial for the success of companies. Flexibility and dynamism are essential success factors. This requires process landscapes that promote agility and at the same time bring noticeable relief.

2. Change culture

New processes also have to be "lived". To achieve this, a sustained and often challenging development of the organization and corporate culture is called for. This includes organizational transformation measures, the restructuring of duties and responsibilities as well as a cultural evolution that promotes the desire to be dynamic and agile. If everyone pulls in the same direction at all levels of the organization, a company can generate the maximum added value.

Here, it is important that the employees are fully behind the new developments. Obstacles arise when new software is implemented but management continues to use the previous tools. Let's take a new duty scheduling system as an example. Even if only a few do not cooperate with this change and continue to work in old tools and silos, end-to-end optimization will not be possible.

> *Companies have to accept and respond to the ever faster social and economic changes. Those who fall short will get caught up in these dynamics – and will drown in the worst case.*
>
> Michael Knoblauch
> Executive Director ATOSS Consulting

3. Change management

Every change must be accompanied by change management support. In times of skills shortages, it is all the more important that employees are not left behind. This will otherwise result in frustration – and in the worst case resignations. It is important that the individual pace of adaptation to change is always taken into consideration.

Every group of people needs the right level of support. From those who need little to no assistance, to those who need to be supported individually in the change process. The speed of adaptation is just as dynamic as change itself. It is only then that we will create a common foundation for change. And we want to take everyone along with us in a project, regardless of how long it takes.

We must not leave anyone behind in these dynamic times. Companies cannot afford to lose employees now. If we succeed in loyalizing individuals, we will be able to create structures and cultures in which people think in new processes and above all live them holistically. This will give rise to organizations and employees that are resilient to dynamic change in the context of a corporate culture that promotes and supports precisely such strengths.

With all of the dynamic transformation taking place, companies have to ask themselves how much change we can cope with as individuals and as a society. How much dynamic change can our systems and networks support without negative repercussions? What degree of change and speed is sustainable for individuals?

Although there is no general answer to these questions, we help organizations to find the individual path that is right for them and to cope with the major transformation.

Why Does It Make Sense to Promote Culture?

Museums are protected spaces in which people can engage in a relaxed dialog across different cultures and generations. They facilitate inclusion, participation and sharing; they are also places of curiosity and inspiration. So worthy of funding in every respect? One would think so. But in times of major global crises, governments often do not have the money to do so.

As the friends of the largest museum association in Munich, PIN. supports the majority of the museum's exhibitions and educational projects. That would not be possible without the help of companies that are aware of their social responsibility. ATOSS is one such company. It's well known that funding access to art and culture plays a crucial role in shaping and determining a society's identity.

Numerous studies also demonstrate that the range of cultural offerings in a location is a key factor behind high employee satisfaction. Highly qualified specialists desire a stimulating environment – at their workplace as well as where they live. People all round the world – especially children – are well aware of the visionary potential of art as well as the power to bring people together.

"I'd love to sleep here more than any other place," a little girl writes in her museum notebook, for example. For her, the trip to the Pinakothek der Moderne made possible by the educational "PIN.occhio" program funded by PIN. Friends of the Pinakothek der Moderne, enables her to discover art, graphics, architecture and design through play, helping her to shape her very own future. Museums today are livelier than ever.

PIN. Friends of the Pinakothek der Moderne are passionate about promoting contemporary art and making it accessible to a wider public. Left: Katharina von Perfall (Deputy Chair, l.) and Dorothée Wahl (Chair of the Management Board, r.) www.pin-freunde.de

PINAKOTHEK DER MODERNE

The work "Xylon for W. Zimmermann" by the artist André Butzer is a gift from ATOSS Software AG to the Pinakothek der Moderne and can currently be viewed in the exhibition "MIX & MATCH"

Sponsored by ATOSS Software AG: The exhibition MIX & MATCH brings paintings, sculpture, graphics, photography and video art together in themed rooms transcending epochs and media www.pinakothek.de

Sustainability Report

Corporate Social Responsibility is an integral part of ATOSS' vision and has shaped our actions since its foundation. We want to create a world of work in which everybody benefits sustainably and long-term.

Christof Leiber
CFO | ATOSS

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, 2022.

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 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 thus 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 market movements - as currently demonstrated by the ongoing coronavirus pandemic. This is the only way to create transparency and efficiency in the process of managing short-time working, reducing and flexibilizing working time triggered by fluctuations in the utilization of capacity and the gradual resumption of production, distribution and workflows in other sectors under totally new conditions. 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 financial year 2022, ATOSS Software AG created an online area for sustainability (https://www.atoss.com/en/company/sustainability) thereby making our reporting on the sustainability issues "Customers and Society", "Employees", "Integrity and Compliance" as well as "Environmental Protection" even more transparent. Here investors and interested parties can access all the latest data and information in the sphere of sustainability.

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 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 2022 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 themes of significance from ATOSS' perspective in terms of its entrepreneurial responsibility. Besides holding its regular Annual General Meeting at the end of April, participating in a 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 2022, 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) as part of the ATOSS Listening Strategy. 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 2022, to identify all the key circumstances for the non-financial Group report, ATOSS Software AG conducted a review of its materiality analysis prepared in the previous year 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 Sustainability Report). 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 past financial year ATOSS Software AG has not identified 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 2022 in Chapter 3. „Opportunity and Risk Report".

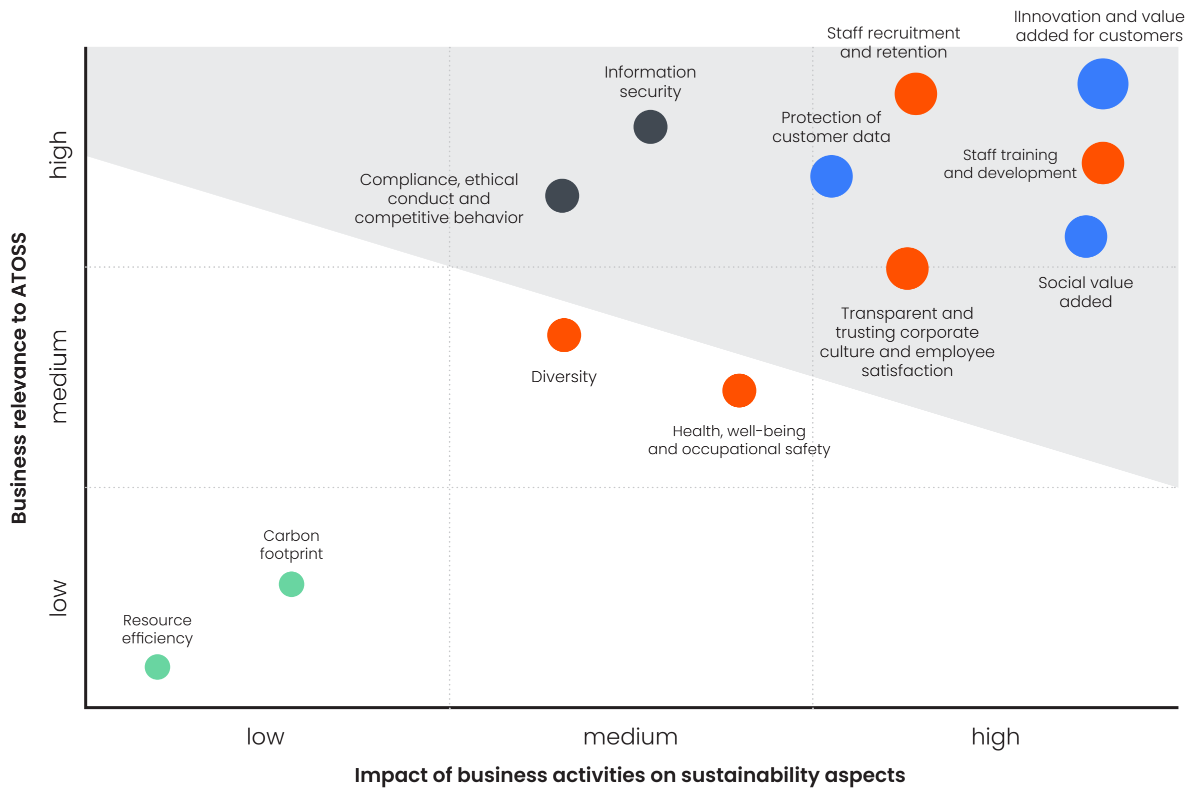
The key subjects identified as part of the materiality analysis and their allocation to ATOSS' four spheres and the aspects required in Sec. 289c (2) HGB are presented in the following overview:

Key subjects	GRI	SASB	SDG's	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	■ (blue)	Combating corruption and bribery (Sec. 289C (2) No. 5 HGB)
Customers and society				
Innovation and value added for customers			■ (red) ■ (green) ■ (gray)	Customer concerns
Social value added			■ (red)	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	■ (red)	Employee concerns (Sec. 289C (2) No. 2 HGB)
Diversity	GRI 102-16, GRI 405, GRI 406		▲ (blue) ■ (red)	Employee concerns (Sec. 289C (2) No. 2 HGB)
Health, well-being and occupational safety	GRI 403		■ (green) ■ (red)	Employee concerns (Sec. 289C (2) No. 2 HGB)
Staff recruitment and retention	GRI 405, GRI 406		▲ (blue) ■ (red)	Employee concerns (Sec. 289C (2) No. 2 HGB)
Staff training and development	GRI 404		▲ (gray) ■ (red)	Employee concerns (Sec. 289C (2) No. 2 HGB)
Environmental protection				
Carbon footprint	GRI 302, GRI 305	SASB TC-SI-130a	▲ (dark) ● (green)	Environmental concerns (Sec. 289C (2) No. 3 HGB)
Resource efficiency	GRI 301, GRI 306	SASB TC-SI-130a	▲ (red) ● (green)	Environmental concerns (Sec. 289C (2) No. 3 HGB)

■ (blue) Peace, justice and strong institutions (No. 16)
■ (red) Decent work and economic growth (No. 8)
▲ (blue) Gender quality (No. 5)
▲ (dark) Affordable and clean energy (No. 7)
▲ (red) Responsible consumption and production (No. 12)
■ (gray) Industry, innovation and infrastructure (No. 9)
■ (green) Good health and well being (No. 3)
▲ (gray) Quality education (No. 4)
● (green) 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 have 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 sabotaging of data. The key measures implemented in 2022 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 this year for the technical security of ATOSS Cloud Operations.

In addition, ATOSS Software AG set itself targets for the future in the sphere of information security for the first time in 2022. The targets for 2023 are as follows:

- 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

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.

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 latest 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:**
  - **Glaubwürdigkeit**: Mit Authentizität, Verantwortungsbewusstsein und Commitment nimmt der Konzern seine Aufgaben wahr.
  - **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 it 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-a-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 2021, ATOSS Software AG introduced 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.

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 future for the first time in 2022. The targets for 2023 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. Results of concepts pursued and key indicators

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 throughout the entire company in the 2022 financial year, in addition to establishing an Information Security Management System (ISMS) that was successfully audited at the end of Q4 2022 as part of ISO 27001 certification. 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.

In 2022, all ATOSS employees once again took part in the annual online training on the subject of information security.

Protection of customer data
No violations of current data protection laws became known or were uncovered in the 2022 financial year. By giving this subject such a high priority, ATOSS Software AG is able to guarantee a high level of data protection at all times.

Compliance, ethical conduct and competitive behavior
ATOSS 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 the first half of 2022. In doing so, ATOSS is providing its employees with a suitable reporting tool already before the EU Whistleblower Directive (Directive (EU) 2019/1937) is incorporated into national law. No violations of the Code of Conduct or guidelines implemented in the company were reported or became known in 2022 either through the new, anonymous whistleblower system nor 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 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 workload 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 also prevent 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.

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 above 70 percent
- Average sales growth of 19%
- Customer growth to 20,000+
- Expansion of international customer base

In addition, the Group is pursuing 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 sales
- Net Promoter Score (NPS) ≥ 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 has also 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. To this end, 2023 will also see the launch of the "ATOSS Impact Day" project on which employees get the chance to support a social or environmental project.

3.2. Results of concepts pursued and key indicators

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 15,000 customers plan and manage their employees with innovative software solutions from ATOSS. Around 17 percent (previous year: 17 percent) of Group sales or EUR 19.1 million (previous year: EUR 16.9 million) was committed to the further development of ATOSS products and solutions in the year 2022. A total of 4 minor releases were rolled out for the ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE) products and 1 major release and 2 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 2022 according to the study, "The 2022 EU Industrial R&D Investment Scoreboard"; this ranking puts the company in first place among Europe's workforce management software suppliers.

The value added provided by ATOSS solutions for customers and society was also underlined in the first quarter by a study commissioned by ATOSS involving existing customers and companies not yet won over as customers by the Group on the subject of "The Future of Workforce Management". According to this study, ATOSS solutions make a demonstrable contribution to greater value added and competitiveness, achieving measurable effects for their customers. Measurable strategic effects resulted primarily in reducing personnel costs, sickness and staff turnover rates as well as over- and understaffing. In addition, a study published in 2021 by the magazine "Die Welt" identifies ATOSS as one of the companies alongside renowned global enterprises such as Microsoft or Adobe that are organizing work in the 21st century. In 2022, ATOSS was also named for the first time by the international market research company Gartner as a representative provider in the European market for workforce management. This value added and the high level of customer satisfaction it engenders are also documented by the company's consistently low churn rate. This rate was around 2 percent both in Maintenance and in the Cloud[1] (previous year: around 1 percent in both cases) where the company is expecting a strong, sustainable boost to growth in the coming years.

In the 2022 financial year, ATOSS Software AG also introduced a further important indicator for measuring customer satisfaction – the so-called Net Retention Rate (NRR). This indicator shows whether the sum of annual recurring revenue (ARR) in a certain twelve-month period has grown or contracted in the same customer group. The Net Retention Rate (NRR)[2] determined by the Group as of 12/31/2022 stood at 130 percent.

To enable the company to better address the needs of its customers in the future as part of existing Customer Experience Management, ATOSS will also record and measure customer satisfaction centrally and by target market with the aid of the customer Net Promoter Score (NPS) from 2023 onward. Corresponding targets have already been decided for this purpose (see Chapter 3.1).

Social value added
As an employer and tax-payer, ATOSS Software AG makes a vital economic contribution at its 14 locations in Germany, Austria, Switzerland, Netherlands, Sweden and Belgium. Across the Group, the company employs 693 staff as of 12/31/22 (previous year: 630 employees) of whom 464 (previous year: 427) in Germany.

Social engagement has always been an important priority for ATOSS. For example, 3 aid transports to the Ukrainian border were organized at short notice by ATOSS employees in 2022 due to the war in Ukraine and supported financially by ATOSS in order to help a Polish orphanage there for Ukrainian child refugees with donations in kind. At the same time, ATOSS employees volunteered to spend a day distributing the food of Münchner Tafel e.V. as part of this year's Corporate Volunteering campaign, and supported the campaign through food donations. One cause particularly close to the company's heart was once again its contribution to this year's Christmas campaign "I make Children's Eyes Shine" in collaboration with KinderuniKlink 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. As part of the "Angels for Souls" campaign, gifts were also collected for children and senior citizens at the Timisoara facility in Romania during Advent. 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.

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

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 and, comprises the key subjects of a transparent, trusting corporate culture as well as employee satisfaction, diversity 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 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, inclusion, innovation, professional development, purpose, recommendation, 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 set itself targets for the future for the first time in 2022. The targets for 2023 are 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

Diversity 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. 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 set itself the following targets in this area for the first time in 2022, to be met by 2027:

- Group-wide gender distribution: 50 percent female / 50 percent male
  (as of 12/31/2022: 43 percent female, 57 percent male)
- Gender distribution among senior executives 40 percent female / 60 percent male
  (as of 12/31/2022: 29 percent female, 71 percent male)
- Gender distribution in management: 30 percent female / 70 percent male
  (as of 12/31/2022: 20 percent female, 80 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 COVID-19 tests, flu vaccinations, massages, health check-ups, counseling offers and the opportunity to train as a first aid officer. There are also fruit and vegetable baskets available to employees free of charge for their daily portion of vitamins.

ATOSS Software AG also set itself the following target in this area in 2022:

- to determine and communicate the Health Culture Index

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. However, thanks to its excellent technical infrastructure, ATOSS Software AG was immediately ready to allow all its staff to work from their home offices in the last three years and bring them back on site when the opportunity arose. 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, a hybrid working time model was introduced in 2021 that permits 50 percent "working from home" and 50 percent "working in the office".

Consequently, ATOSS Software AG is ideally positioned to offer its employees secure jobs with an attractive remuneration and pension package as well as flexible working options in the growth market for workforce management.

In addition, ATOSS Software AG has set itself the following target in the area of staff recruitment and retention for the 2023 financial year:

- to determine and communicate the Working Flexibility Satisfaction Index

Staff training and development

Training sessions and further education play a definitive role in achieving the budgeted sales 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. Results of concepts pursued and key indicators

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 2022 in which 76 percent of all Group employees participated. The Engagement Index stood at 81 percent (previous year: 77 percent) and was calculated on the basis of 3 survey elements, ("I am proud to be part of ATOSS", "ATOSS is a secure, reliable employer for me" and "I would recommend ATOSS to my friends and acquaintances").

ATOSS Software AG was awarded the accolade of Top Employer by the Top Employers Institute for the third time in succession in 2022. This puts 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.

Management continued to enjoy a close, trusting working relationship with the Works Council of ATOSS Software AG in Germany which endured beyond the new elections to the Works Council.

Diversity and non-discrimination
Various measures to promote employee diversity were implemented in the 2022 financial year. For example, a Diversity Day was held again on which the employees were able to learn more about the ATOSS Inclusion Model from the Diversity & Inclusion Team as well as familiarizing themselves with different diversity, equity & inclusion KPIs. A further important milestone was the introduction of a Diversity Policy with which ATOSS intends to underscore its positive approach to diversity, equity & inclusion and create a platform for dealing with diversity within the ATOSS Group. In addition, since this year, a regular Diversity Newsletter has been informing employees about all the measures implemented in the area of diversity & inclusion in this financial year. As part of the newly created "Culture Talk" format, employees are also offered the chance to find out more about the countries, cultures and customs of their foreign colleagues.

To further raise interest in and the attractiveness of ATOSS Software AG as a software company for women, the Group took a stand for the first time at the jobs and career trade fair "herCAREER" in Munich in 2022.

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

Gender and age group distribution of the Supervisory Board in percentages

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

12/31/2021	<30	30-50	>50	Total
Male	0	33	67	100
Female	0	0	0	0
Diverse	0	0	0	0
Total	**0**	**33**	**67**	**100**

Gender and age group distribution of the Management Board in percentages

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

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

Total number of employees by gender

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**

12/31/2021	<30	30-50	>50	Total
Male	104	222	40	366
Female	101	140	23	264
Diverse	0	0	0	0
Total	**205**	**362**	**63**	**630**

As of 12/31/2022, ATOSS Software AG employed 693 staff (previous year: 630) from 40 countries (12/31/2021: 33).

Health, well-being and occupational safety

ATOSS Software AG has a management system for occupational health and safety 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 has organized the following offers: Membership of Gympass with diverse sporting and health offers, various sporting offers (yoga, football), massages, regular check-ups (eye tests, flu vaccinations), Virtual Health Day (workshops on stress management and meditation, sports courses on yoga, functional fitness training, HIIT training and a strong back as well as a webinar on winter blues), online programs to improve sleep patterns and to strengthen mental health or strategies for a healthier lifestyle.

The status and effects of the COVID-19 pandemic on employees and business processes were again intently watched in 2022. Appropriate hygiene rules and the free provision of coronavirus self-tests were maintained in the Group.

The consistently low sickness rate stood at 5 percent as of 12/31/2022 (12/31/2021: 2 percent).

Employee recruitment and retention

The company again succeeded in realizing its plans for staff growth in the 2022 financial year thanks to the successful recruitment of employees in all departments of the ATOSS Group.

In total, ATOSS Software AG took on 176 new employees in 2022 (previous year: 190). The proportion of women among the new recruits stood at 44 percent (previous year: 46 percent).

The staff turnover rate[1] in the 2022 financial year came to 13 percent in total 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 3.8 points (previous year: 3.8) on the German review platform Kununu (the evaluation scale goes from satisfactory (1-2) to very good (4-5)).

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

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

Employees by region	12/31/2022	12/31/2021
Germany	464	426
Austria	20	19
Switzerland	13	10
Romania	173	158
Sweden	6	5
Belgium	6	2
Netherlands	11	10
Total	**693**	**630**

12/31/2022	Male	Female	Diverse	Total
Number of employees taking advantage of parental leave	19	32	0	51
Number of employees returning to their workplace after finishing their parental leave in the reporting period	17	13	0	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	12	6	0	18
Retention rate*:	100%	86%	0%	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.

	2022	2021
Average remuneration of ATOSS employees on a full-time equivalent basis in Germany (gross)*	80,633	79,581
CEO remuneration in EUR	833,332	794,024
CEO pay ratio (CEO remuneration to the average remuneration of ATOSS employees on a full-time equivalent basis in Germany)	1:10	1:10

* excl. special payments

Staff training and development

Due to the pandemic, ATOSS had already converted its extensive training program to virtual formats in 2020 and continued on this course in 2022 for the protection of its employees. As the pandemic subsided, the number of live training sessions increased again.

The average number of hours spent on training and further education in the 2022 financial year broken down by employee category and department was as follows:

Category	Average number of hours
Employee category Managers	23
Employee category Staff	30
Sales	47
CSS	36
G&A	15
Marketing	18
I&D	21

In the 2022 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 efficient as possible from an ecological perspective. The Group therefore adheres to all 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 CO_2 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, CO_2 emissions occur primarily due to the energy consumption of buildings, running its own server rooms and the mobility of employees. The largest consumption of resources to date is caused by fuel requirements within the ATOSS vehicle fleet. Here, the outbreak of the coronavirus pandemic led to a sudden reduction in consumption due to lower use of cars and the cancellation of many business trips. The consequence continues to be reflected in remote working from home and video calls with staff, customers and partners. The future will show how and to what extent pandemic-related changes in working behavior will be maintained going forward. In this context, the Group still sees the coronavirus crisis as an opportunity for greater sustainability.

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 in 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, it is dependent on the sustainability commitment of its suppliers. Ensuring that the data centers used 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.

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

To complement its existing measures, ATOSS Software AG, for the first time in 2022, set itself the following targets in terms of its carbon footprint (Scopes 1 and 2) to be achieved by 2025:

- 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 our facilities by 2025
  - pilot project for new employees entitled to a company car in 2023: choice of different mobility offers

In order to meet the targets listed, the Group commissioned an energy audit in accordance with DIN EN 16247-1 for the first quarter of 2023. 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.

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 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

Climate change represents a global challenge. The consequences of a change in climatic conditions threaten regional eco systems 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 this reason, ATOSS Software AG will form an environmental task force in 2023 to identify and implement further measures for greater ecological sustainability and climate protection.

5.2. Results of concepts pursued and key indicators

Carbon footprint

Energy consumption

Electricity is in first place in terms of energy sources used. The Group publishes its energy consumption at its two largest facilities for this purpose:

Energy consumption - key figures for electricity consumption[1] at the two largest facilities in Munich and Romania)

Year	Employees	m²	kWh/year	kWh/m²/year	kWh/employee/year
2021[1]	425	5,799	513,856	89	1,209
2020[2]	370	5,992	427,175	71	1,155

1 100 percent of the data at the two facilities in Munich and Timisoara are recorded and they represent approx. 61 percent of the ATOSS Group's total usable space in 2021. The data shown here are not representative of the electricity consumption of ATOSS Software AG in 2021 due to the restrictions of the coronavirus pandemic. Although the office space was used more intensively again by comparison with 2020, the available space was still not fully used in 2021. The data for the 2022 financial year were not yet available due to the early reporting date.
2 100 percent of the data at the two facilities in Munich and Timisoara are recorded and they represent approx. 67 percent of ATOSS Software AG's total usable space in 2020. The data shown here are not representative of the electricity consumption of ATOSS Software AG in 2020 as the office space was not fully utilized due to the restrictions of the coronavirus pandemic.

CO_2-Emissionen nach Scope 1

CO_2 emissions from gas consumption at the second largest facility of Timisoara (Romania)[1] - key indicators for gas consumption: Direct greenhouse gas emissions[2] of ATOSS Software AG from heating buildings with gas (Scope 1)

Year	Employees	m³/year	m³/employee/year	t CO_2/year	t CO_2/employee/year
2021[2/3]	157	143,198	912	315	2.01
2020[2/4]	156	17,427	112	35	0.22

1 Note: The largest facility – the Group headquarters in Munich – uses district heat. The information and evidence required for this on the part of the suppliers cannot yet be made available to us.
2 Conversion of gas/m³ in CO_2 tonnes by means of the CO_2 calculator of your-power.de/co2-rechner and in 2020 using the CO_2 calculator of klimaneutral-handeln.de.
3 100 percent of the data at the Timisoara facility are recorded and they represent approx. 21 percent of the ATOSS Group's total usable space in 2021 The data shown here are not representative of the gas consumption of ATOSS Software AG in 2021 due to the restrictions of the coronavirus pandemic. Although the office space was used more intensively again by comparison with 2020, the available space was still not fully used in 2021. The data for the 2022 financial year were not yet available due to the early reporting date.
4 100 percent of the data at the Timisoara facility are recorded and they represent approx. 25 percent of the ATOSS Group's total usable space in 2020. The data shown here are not representative of the gas consumption of ATOSS Software AG in 2020 as the office space was not fully utilized due to the restrictions of the coronavirus pandemic.

Scope 2 CO_2 emissions

CO_2 emissions from electricity consumption – key figures for energy consumption: Indirect, energy-related greenhouse gas emissions[1] of ATOSS Software AG from electricity consumption at its two largest facilities in Munich and Timisoara (Romania) (Scope1)

Year	Employees	m²	t CO_2/year	t CO_2/employee/year
2021[1/2]	425	5,799	206	0.48
2020[1/3]	370	5,992	171	0.46

1 Conversion of gas/m³ in CO_2 tonnes by means of the CO_2 calculator of your-power.de/co2-rechner and in 2020 using the CO_2 calculator of klimaneutral-handeln.de.
2 100 percent of the data at the two facilities in Munich and Timisoara are recorded and they represent approx. 61 percent of the ATOSS Group's total usable space in 2021. The data shown here are not representative of the electricity consumption of ATOSS Software AG in 2021 due to the restrictions of the coronavirus pandemic. Although the office space was used more intensively again by comparison with 2020, the available space was still not fully used in 2021. The data for the 2022 financial year were not yet available due to the early reporting date
3 100 percent of the data at the two facilities in Munich and Timisoara are recorded and they represent approx. 67 percent of the ATOSS Group's total usable space in 2020. The data shown here are not representative of the electricity consumption of ATOSS Software AG in 2020 as the office space was not fully utilized due to the restrictions of the coronavirus pandemic.

Scope 3 CO_2 emissions - CO_2 emissions from business travel

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

Jahr	Flights (t CO_2)[3]	Rail (t CO_2)[2]
2022[1]	155	0
2021[1]	57	0

1 The figures shown here are not representative for the CO_2 emissions of ATOSS Software AG as there was considerably less business travel both in 2022 and in 2021 due to the restrictions caused by the coronavirus pandemic.
2 Deutsche Bahn has been running all its long-distance trains since 1/1/2020 on 100% green electricity (carbon-free)
3 Air travel by all ATOSS employees across the Group

Water consumption at the two largest facilities[1] Munich and Romania

Year	Employees	m^3/year	m^3/employee/year
2021[1]	425	1,526	3.59
2020[2]	370	2,098	5.67

1 The data registered represent approx. 61 percent of ATOSS Software AG's total usable space in 2021. The data shown here are not representative of the water consumption of ATOSS Software AG in 2021 due to the restrictions of the coronavirus pandemic. Although the office space was used more intensively again by comparison with 2020, the available space was still not fully used in 2021. The data for the 2022 financial year were not yet available due to the early reporting date.
2 The data registered represent approx. 67 percent of ATOSS Software AG's total usable space in 2020. The data shown here are not representative of the water consumption of ATOSS Software AG in 2020 as the office space was not fully utilized due to the restrictions caused by the coronavirus pandemic.

To achieve greater transparency with regard to our own carbon consumption, the Group launched a 6-week Climate Challenge at the start of the year which gave participants the chance to measure their own CO_2 by means of an app and reduce it in their daily lives on the basis of different challenges. A further contribution to reducing carbon emissions was made in the summer by the ATOSS Bike to Work challenge in which ATOSS employees covered a total of 7,471 km by bike cycling to work. Not only did this make a significant contribution to reducing our own carbon emissions, it also gave a lasting boost to the team spirit of the ATOSS community.

Resource efficiency

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

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

By sending most invoices digitally and embracing sustainable print management (centralized printers, double-sided printing, grayscale printing as the default setting), the Group is already making a valuable contribution to greater resource efficiency in the company. Most of the annual Christmas card operation was also replaced for the first time by a digital Christmas mailshot as part of the "ATOSS Goes Green" initiative.

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, it represents an important step towards achieving climate neutrality by 2050 in line with EU targets.

As a company obliged to submit a non-financial Group statement pursuant to Sec. 315b (3) HGB, ATOSS Software AG reports the proportion of its Group sales, capital expenditure (Capex) and operating expenses (Opex) which are to be regarded as eligible or compliant under Article 8 of the EU Taxonomy Regulation with respect to the first two environmental goals (climate protection and adaptation to climate change) for the 2022 reporting period.

Our economic activities

ATOSS Software AG has made a detailed analysis of its economic activities in accordance with the delegated 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 two environmental targets defined by the EU (climate protection, adaptation to climate change). As a supplier of on-premise and cloud software solutions as well as services for professional workforce management and demand-optimized personnel deployment, its business activities do not fall under the economic activities listed in Annexes I and II to the delegated act for both climate goals of the Taxonomy Regulation. The Capex and Opex KPIs report on investments related to the activities of the delegated act on the two climate objectives

6.1 ATOSS KPIs

The key performance indicators ("KPIs") comprise the sales KPI, Capex KPI and Opex KPI. With regard to the 2022 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 do not fall under the delegated act for the climate goals, ATOSS Software AG cannot report a share of sales that is taxonomy-compliant or taxonomy-compliant. 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 investment or operating expenditures that potentially have a significant contribution to climate change adaptation. The eligible investments and operating expenditures relate exclusively to purchased goods and services.

For the 2022 financial year, we have identified activity 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles" as taxonomy-eligible in accordance with the delegated act on climate targets. This includes the capital expenditure for the Group's vehicle fleet (combustion engines, hybrid engines, electric engines), which were accounted for as rights of use in accordance with IFRS 16. A review of the taxonomy conformity of these investments was not possible, as the necessary information and evidence must be provided by the suppliers. We do not have this information at present. Taxonomy-compliant operating expenses could not be identified for the reporting year.

This results in the following key figures in relation to taxonomy capability:

	Proportion of taxonomy-eligible economic activities	Proportion of non-classifiable economic activities
Sales	0%	100%
Capex	34%	66%
Opex	0%	100%

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

6.2 Accounting principles

The KPIs are determined in accordance with Annex I of the delegated act on Article 8 of the EU Taxonomy Regulation. Double counting of individual items is excluded by the use of accounting data. ATOSS Software determines the taxonomy-eligible KPIs in accordance with the legal requirements and describes its accounting policy in this regard 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 policies.

Reconciliation
Our consolidated net sales can be reconciled to our consolidated financial statements, see Profit and Loss statement in our 2022 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). With regard to the numerator, please refer to the explanations below.

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 2022 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 in terms of our investments can be found in the notes to the consolidated financial statements in Section II of our Annual Report accounting policies.

Reconciliation
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 includes:

- 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 on the basis of 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 Template: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substancial contribution criteria						DNSH-criteria („Does not significantly harm“)										
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category "(transitional activity)" (21)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities			%																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		0	0	0	0					N	N						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																	
Total (A.1 + A.2)		0	0														**0**			
B. Taxonomy-non-eligible activities																				
Turnover of Taxonomy-non-eligible activities (B)		113,916,280	100																	
Total (A + B)		**113,916,280**	**100**																	

6.3.2 Template: Proportion of CapEX from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substancial contribution criteria						DNSH-criteria („Does not significantly harm“)										
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category "(transitional activity)" (21)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonimy aligned) (A.1)		0	0	0	0					N	N						0			
A.2 Taxonomy-Eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Activity 6.5 "Carriage by motorbikes, passenger cars and light commercial vehicles".		1,123,757	34																	
CapeEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,123,757	34																	
Total (A.1 + A.2)		1,123,757	34																	
B. Taxonomy-non-eligible activities																	**0**			
CapeEx of Taxonomy-non-eligible activities (B)		2,228,530	66																	
Total (A + B)		**3,352,287**	**100**																	

6.3.3 Template: Proportion of OpEX from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

				Substancial contribution criteria						DNSH-criteria („Does not significantly harm“)										
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaption (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystem (10)	Climate change mitigation (11)	Climate change adaption (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity) (20)	Category "(transitional activity)" (21)
		EUR	%	%	%	%	%	%	%	Y/N	Y/N		Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-eligible activities			%																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0	0	0					N	N						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																	
Total (A.1 + A.2)		0	0														**0**			
B. Taxonomy-non-eligible activities																				
OpeEX of Taxonomy-non-eligible activities (B)		19,098,848	100																	
Total (A + B)		**19,098,848**	**100**																	

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

To ATOSS Software AG, Munich

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 December 2022 (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 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 interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section 6 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 responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement whether 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 6 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.

Independence and Quality Control of the Audit Firm

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 Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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, are 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 6 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.

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 language, which is authoritative. The following text is a translation of the independent practitioner`s report.

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 Company'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 2022 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 6 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.

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, 24 February 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

Financial Report

We will continue to invest consistently in developing our technologies and in so doing set new standards in the market for workforce management. The migration of our solutions and the transition of the business as a whole to a cloud-native company thereby takes on a particular technological significance.

Andreas F.J. Obereder
CEO | ATOSS

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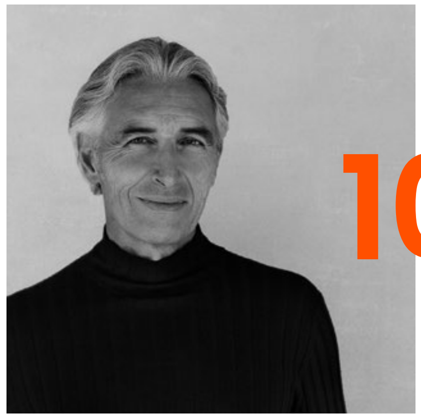


Letter to Shareholders

Dear Shareholders,
Customers and Business Partners,
Colleagues,

I am delighted to inform you that ATOSS Software AG has once again continued its record performance in financial year 2022. Strong orders, a marked increase of 17 percent in turnover, along with the continuous expansion of our cloud business, offer clear proof of our success, as well as of the competitive strength of ATOSS.

Digitization and a shortage of skilled labor present the company with a strategic challenge
In the past two to three years, the world has changed substantially and become more complex. At this moment we find ourselves at a turning point which presents substantial and strategic challenges for businesses. This is evident above all in the headlong acceleration in digitization and the increasing shortage of skilled labor available to corporate employers. The EU, for example, has a shortfall of around eight million workers – of which according to a current DIHK survey, Germany alone accounts for two million. This equates to a loss of potential value added approaching 100 billion euro. In this environment it is imperative for every business – irrespective of industry, sector or size – to prioritize the digitization of its HR processes in order to remain competitive in the marketplace. At the same time, companies must offer their employees a modern, attractive and humane working environment which takes due account of the growing needs of above all the younger generations in terms of the compatibility between work life and private life. New forms of work and work (time) models can create the flexibility companies urgently need, but at the same time add significantly to the complexity of management and compliance. ATOSS workforce management solutions provide companies with an instrument well suited to the flexible, demand-optimized and employee-oriented planning and management of their workforce and in so doing lead to greater profitability and competitiveness.

Leading technology and innovation

Continuous innovation, the most modern technologies and a consistent orientation toward sustainable customer benefits have enjoyed the highest priority at ATOSS since the company was founded 35 years ago, and at the same time form the basis for our outstanding market position. The use of AI (Artificial Intelligence) in our solutions is steadily increasing in significance – and already today in the area of optimized algorithms for forecasting and planning proposals, and in future in other WFM processes as well. For every requirement scenario, every sector and every size of company, we have the right solution. This aspiration is achievable only through continuous investment in research and development. In 2022 alone, we committed EUR 19.1 million, equivalent to around 17 percent of our turnover, to the ongoing technical development of our products with a view to becoming "cloud-native". The major share of this was accounted for by the personnel costs for the over 300 software developers employed by our Group in Germany and abroad. According to "The 2022 EU Industrial R&D Investment Scoreboard" this positions us among the top 100 European software manufacturers with the highest investment in R&D; among European workforce management software providers, we rank as the Number 1. Looking ahead to the future, we will continue to invest consistently in developing our technologies and in so doing set new standards in the market for workforce management. The migration of our solutions and the transition of the business as a whole to a cloud-native company thereby takes on a particular technological significance.

Outlook for 2023

For over 35 years, ATOSS has been revolutionizing the way in which companies work and optimizing their HR processes. In that time the subject of workforce management has consistently expanded its significance and is now more topical than ever. Digital change, the shortage of skilled labor, along with volatile markets, have meanwhile raised the issue of workforce management to the top of the agenda for business leaders. The only companies that will enjoy long-term market success are those that are able to manage their personnel deployments with pinpoint accuracy and respond flexibly and effectively to fluctuations in supply and demand. At the same time, the digitization of HR processes is one of the most effective options to compensate for the increasing shortage of skilled workers. Then add to the equation the increasing legal requirements that companies must accommodate worldwide when planning and recording hours worked. Consider for example the ruling by the European Court of Justice (ECJ) on obligatory work time recording, the implementation of which in Germany was formalized in 2022 by the Federal Labor Court.

Against this background, ATOSS is optimally placed to achieve profitable growth in the burgeoning market for digital workforce management solutions in 2023 and far beyond, and to win a further share of the markets in Germany and abroad. Our sound business model, our financial strength and the high predictability of our revenues, which are even now expanding due to the progress made in our cloud business, provide the ideal foundation.

Thanks to employees, business partners and shareholders

The past year was once again a year of growth for our company. This success can be accounted for in large part by the commitment, skills and knowledge of our over 700 employees. At this juncture, we would like to thank each and every one of them. Our thanks are due also to our Supervisory Board for their at all times proactive support and excellent collaboration over the past year.

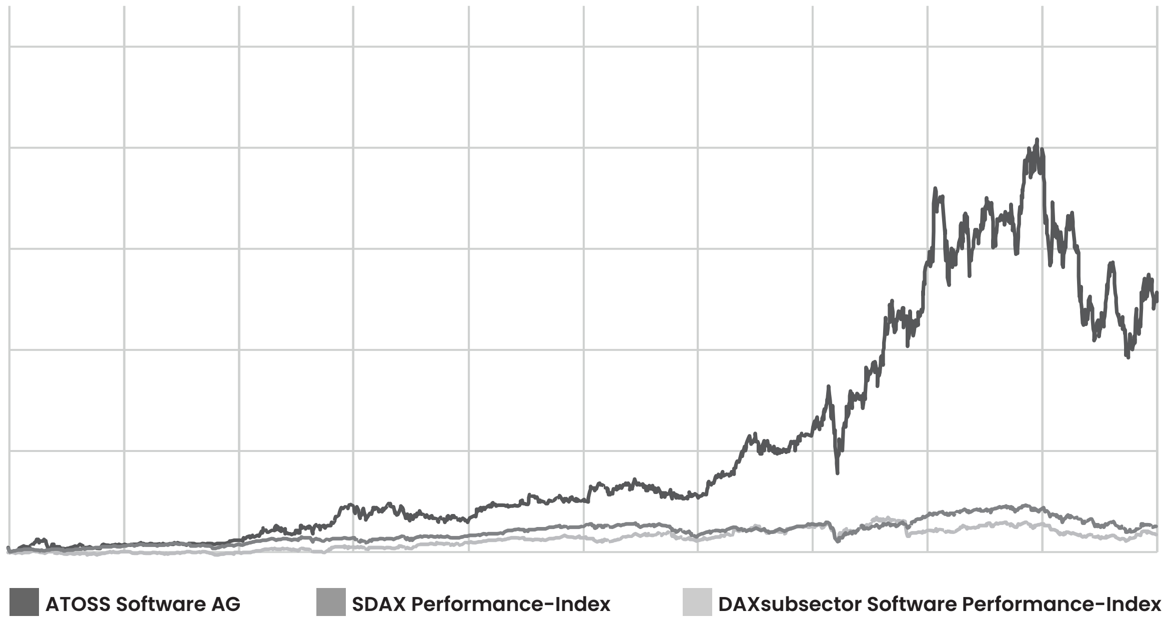
To you, our dear Shareholders, we once again express our thanks for the trust and loyalty you have shown to us. We will continue to keep you up to date with our continuing progress - now and in future.

With best wishes,

Andreas F.J. Obereder
CEO

Investor Relations

Share price movements 01/2013 – 12/2022



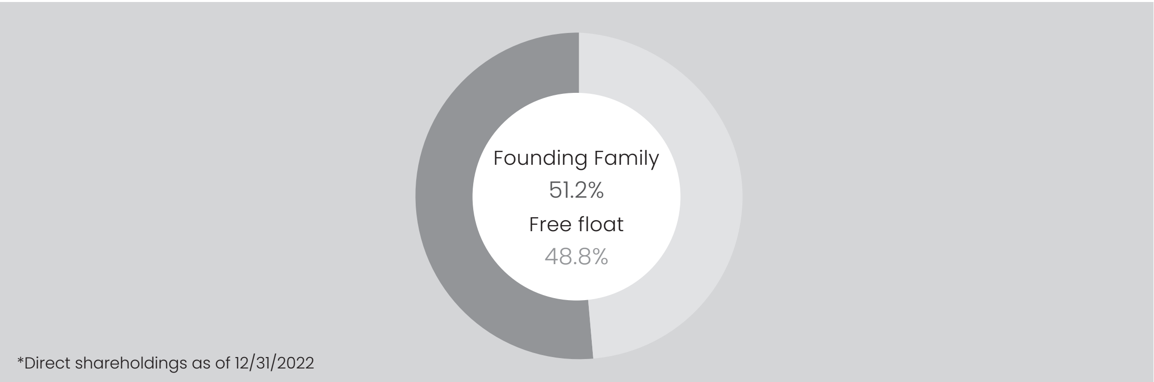
ATOSS on the capital market

Geopolitics and the reversal in interest rate policy had a definitive impact on the stock markets in 2022. After opening close to its all-time high at the start of the year, the German stock market was subjected to enormous pressure in the spring of 2022 as a result of the Russian invasion of Ukraine. The ensuing energy crisis led to a rapid upturn in commodity prices and successive rises in inflation in the Eurozone which reached its highest level since the war when it hit 10.6 percent in October. The price leaps fueled the fears already circulating that the central banks would react to the high rates of inflation by lifting base rates after a long phase of record low rates. This is likely to have heralded the end of the era of cheap money. For example, the US Federal Reserve raised interest rates seven times in the past year and recently signaled that it would be taking further steps on rates. The Fed's base rate is now in a range between 4.25 and 4.50 percent. The ECB proceeded somewhat more cautiously, lifting interest rates four times. Central banks now face the challenge of using interest rate rises to keep spiraling prices in check while at the same time avoiding negative impacts on consumer confidence and the economy.

With the German Stock Index (DAX) down 12 percent including a temporary collapse to under 12,000 points, 2022 is the worst stock exchange year for four years. The international stock markets also saw double-digit losses. The MSCI world index, the benchmark for global market developments, was down by almost 20 percent over the year while the US Stock Index, the Dow Jones, and the Japanese Nikkei Index each lost around 9 percent. The Euro Stoxx 50 lost over 11 percent in the course of the year.

Against this background, the ATOSS share price also fell from EUR 217 at the start of trading on January 3, 2022 to EUR 139.20 on December 30, 2022. Any long-term analysis, however, continues to show the strength of the ATOSS stock: Since 2013, the share price has appreciated by 1,242 percent. Over the same period, the DAX subsector, the Software Performance Index, only managed an increase of 86 percent. The SDAX in which ATOSS Software AG has been listed since July 1, 2021, gained 127 percent in the same period. ATOSS shares have therefore clearly outperformed both indices, growing considerably faster than the market.

Shareholder structure



At year end, the founding family holds 51.18 percent of the shares in ATOSS Software AG. Since December 6, 2012 Mr. Andreas Obereder has held 50.0000025 percent of the shares indirectly via AOB Invest GmbH, of which he is sole owner.

Among the shares in free float, in accordance with voting rights notices available on 12/31/2022, the following institutional investors hold interests in excess of 3 percent in ATOSS Software AG:

Investor	Shareholding	Threshold shift on
Barclays Plc, London	3.52%	11/21/2022
MainFirst SICAV	4.999%	05/11/2022

Capital market-oriented figures

(in EUR, unless otherwise specified)

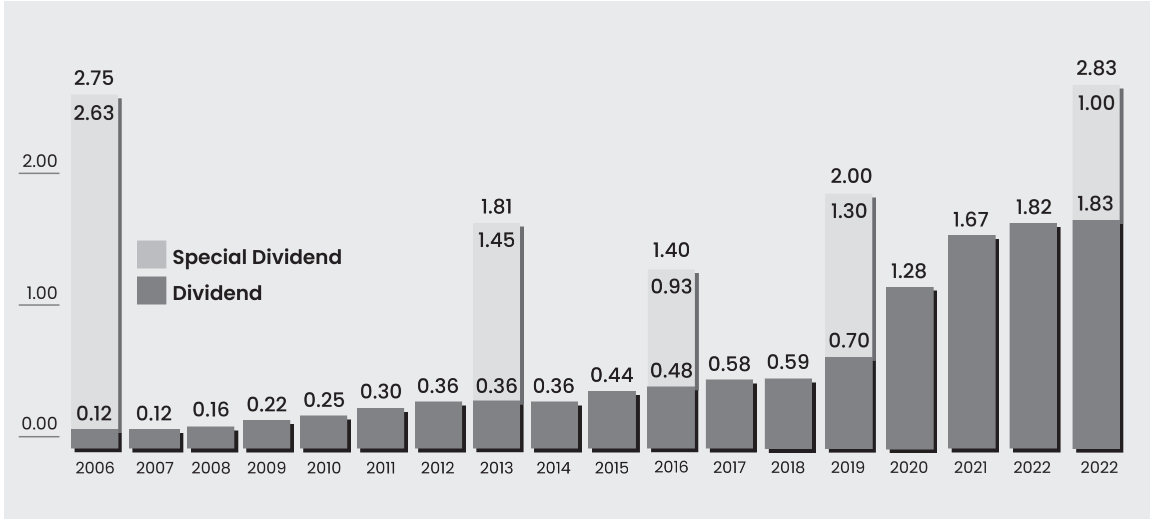
	2022	2021
Market price at the financial year-end	139.20	217.00
Number of shares (Dec. 31)	7,953,136	7,953,136
Market capitalization in EUR millions as of 12/31	1,107.1	1,725.8
Earnings per share in EUR	2.44	2.43

Based on the results for 2022, the average price/earnings ratio amounted to 60 with liquidity of EUR 7.15 per share at year-end.

Dividend policy and dividend

In 2003 ATOSS published the principles of its long-term dividend policy. As in the case of the company's communications with the capital markets, one of the essential goals of this dividend policy was to offer a maximum of dependability. With dividends consistently rising over many years, ATOSS has remained faithful to its principles, offering its shareholders an excellent and reliable return in addition to significant increases in the share price. In addition, financial years 2006, 2013, 2016 and 2019 were capped off with attractive special dividends. In January 2020, the Management Board decided to 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 previous year and should be increased if this is possible with a distribution ratio of 75 percent with respect to consolidated earnings per share.

ATOSS Software AG set a new high in financial year 2022, with earnings per share of EUR 2.44. In line with its proposed appropriation of net income, the Management Board has submitted a proposal to the Supervisory Board for a dividend of EUR 2.83 per share. This distribution includes a dividend of EUR 1.83 per share for the fiscal year as well as a special dividend of EUR 1.00 per share to maintain continuity in the dividend policy. A decision on the appropriation of earnings recommended by the Management and Supervisory Boards will be taken at the Annual General Meeting on April 28, 2023. If the Annual General Meeting approves the proposal, the dividend return on the basis of the closing price on 12/30/2022 of EUR 139.20 (XETRA) would stand at 2.0 percent.



Analysts praise strong growth trajectory with impressive developments in 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.

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

The company's development has been regularly reviewed during the reporting period by analysts at Warburg Research and Hauck & Aufhäuser. The analysts at Warburg Research initially raised their target price for the ATOSS stock twice at the start of the year and then reduced it again due to adjustments to valuation parameters – basically in the discount rate – and the generally poor economic situation in Europe. The price target was increased to EUR 213 on presentation of the provisional figures for financial year 2022. In view of the increase in the company's forecast for financial years 2023 to 2025, the strong figures and the long-term pace of growth which is regarded as high, the stock is rated a "Buy" by the Warburg analysts. The Hauck & Aufhäuser analysts come to a similar assessment. Although the price target of EUR 204 issued after the first three quarters was reduced by the analysts to EUR 191 as a result of the adjustment made to the evaluation parameters (WACC was increased from 6.5% to 7.5% due to the level of interest rates), the stock continues to be rated a "Buy".

The complete analyses 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 2022

Moritz Zimmermann, *Partner of 42CAP Manager has been Chairman of the Supervisory Board of ATOSS Software AG since 2019*

Dear Shareholders,

The financial year 2022 was once again an extremely successful one for ATOSS Software AG. The consistent, sustained growth trajectory was maintained for the seventeenth time in succession in 2022. We have overseen the measures taken and fulfilled all of the tasks incumbent upon us in accordance with the law, the company's articles of association as well as the German Corporate Governance Code and our own rules of procedure. The Board was also integrated into all decisions of a fundamental nature. The Management Board has kept us regularly, fully and promptly informed, verbally and in writing, of all material aspects of the development in business. In particular, this included the current earnings situation, risks and risk management. At no time did we have cause for complaint regarding either the due and proper nature or economic efficiency of the company management.

Decisions made by the Supervisory Board were reached on the basis of extensive reports and proposals by the Management Board. In addition, the Supervisory Board was kept informed, even outside of meetings, of projects and events of material importance or urgency. The 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 2022 there were no conflicts of interest on the part of Management or Supervisory Board members which required immediate disclosure to the Supervisory Board.

Supervisory Board committees
ATOSS Software AG has maintained an audit committee since 2021, which in financial year 2022 comprised Mr. Klaus Bauer (Chairman), Mr. Moritz Zimmermann and Rolf Baron Vielhauer von Hohenhau. 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 conferred with the auditor on the progress of the audit on a regular basis and reported to the committee on these discussions. The audit committee also consulted regularly with the auditor without the Management Board.

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 2022
During the reporting period, the Supervisory Board held four ordinary meetings (face-to-face meetings) and one extraordinary meeting (conference call) which were attended by all members of the Supervisory and Management Boards. The audit committee held four ordinary meetings in financial year 2022 (three of which as face-to-face meetings and one as a conference call) 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 24, 2022

The first ordinary meeting of the audit committee in 2022 focused on presentation of the provisional results of the audit of the annual financial statements and consolidated financial statements of ATOSS Software AG and the management reports for the financial year 2021 by the auditors 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 proposed appropriation of profit, the CSR report, the dependent company report and the remuneration report. Internal consultations followed with the auditors within the audit committee. The audit committee subsequently assessed the quality of the audit and conducted a preliminary review of the election of the auditors including their independence as well as an initial examination of non-audit services.

Principal subjects of discussion at the Supervisory Board meeting on March 10, 2022

The Supervisory Board received the annual financial statements, consolidated financial statements and management reports for financial year 2021 from the Management Board for examination in good time prior to its first ordinary meeting after a preliminary review by the audit committee. These documents were examined by members of the Supervisory Board and addressed in full detail at the meeting in the presence of the auditors PricewaterhouseCoopers GmbH.

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

A separate non-financial Group report was prepared for the first time for financial year 2021 in accordance with Secs 315C in conjunction with Secs 289c to 289e HGB and the EU Taxonomy Regulation. In accordance with the recommendation of the audit committee, the Supervisory Board verified pursuant to Secs 170, 171 AktG that the separate non-financial Group report 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 non-financial Group 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 non-financial Group 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, in this meeting, the Supervisory Board approved the separate non-financial Group 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 2021 financial year jointly prepared by the Management Board and Supervisory Board were also approved.

Under item 4 on the agenda, the Supervisory Board adopted the Supervisory Board report for financial year 2021. The discussion also extended to the agenda for the Annual General Meeting on April 30, 2021 which was adopted by the Supervisory Board and the Management Board. Furthermore, the Management Board reported on the current course of business, the latest financial indicators and the progress made on cloud transformation as well as the challenges it poses. The first meeting of the Supervisory Board finished with a report from the Management Board on the status quo and an outlook on the globalization strategy and sales developments.

Principal subjects of discussion at the Supervisory Board meeting on April 29, 2022

This meeting of the Supervisory Board took place following the 2022 Annual General Meeting in Munich which was held virtually. 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, and by the Management Board. The Supervisory Board was also reconstituted at this meeting, with Moritz Zimmermann elected as Supervisory Board Chairman. Rolf Baron Vielhauer von Hohenhau was elected as his deputy. The Supervisory Board 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, the risk report for the 2nd half of 2021, as well as a presentation of sales developments. In addition, the Supervisory Board set out targets for the proportion of women in the Management and Supervisory Boards in accordance with Sec. 111 (5) of the German Stock Corporation Act.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on April 29, 2022

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 as Financial Accounting Expert and Moritz Zimmermann as Financial Auditing Expert.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on September 27, 2022

Before the Supervisory Board meeting on September 27, 2022, 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 and provided an outlook for the planning assumptions for 2023. In addition, the Management Board reported on the risk report for the 1st half of 2022 as well as on the results of the audit for the assessment period 2016-2018.

Principal subjects of discussion at the Supervisory Board meeting on September 27, 2022

Following the audit committee meeting, the third ordinary Supervisory Board meeting in financial year 2022 was held, focusing on status reports from the Management Board on cloud transformation, the globalization strategy and current developments in sales.

Principal subjects of discussion at the Supervisory Board meeting on November 14, 2022

At this meeting, the Supervisory Board focused on the way in which highly confidential information is treated by management bodies.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on December 08, 2022

Before the final Supervisory Board meeting, the fourth ordinary meeting of the Board's audit committee agreed the priorities for the audit of the 2022 annual financial statements and consolidated 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 by confirming and maintaining Klaus Bauer's role as Financial Accounting Expert including his sustainability expertise and Moritz Zimmermann's position as Financial Auditing Expert.

Principal subjects of discussion at the Supervisory Board meeting on December 08, 2022

The fourth and final ordinary Supervisory Board meeting was devoted to the presentation and adoption of the 2023 Group budget by the Management Board, an assessment of the appropriateness of Management Board salaries, a resolution on holding the 2023 Annual General Meeting as a physical event and the Management Board's report on sales developments. The 2022 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/de/unternehmen/investor-relations/corporate-governance).

In addition, the Supervisory Board adopted additions to the targets set for Mr. Häußermann, Mr. Krishnamoorthy and Mr. Leiber with respect to their annual and multi-annual targets and the modifier for 2023.

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

The first ordinary 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 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. The audit committee subsequently assessed the quality of the audit and conducted a preliminary review of the election of the auditors including their independence.

Appointment of auditors and conduct of audit

At the Annual General Meeting of ATOSS Software AG held on April 29, 2022, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Frankfurt am Main (Munich Branch) were elected as auditor for financial year 2022. 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 12/31/2022, as well as the consolidated financial statements and consolidated management report to 12/31/2022 and awarded an unqualified audit certificate on 02/24/2023.

Accounts meeting of the Supervisory Board on March 1, 2023

Audit of the annual financial statements

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 accounts meeting after a preliminary review by the audit committee. 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 and 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 non-financial Group report for the financial year 2022 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 non-financial Group 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 non-financial Group 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 non-financial Group report prepared by the Management Board.

The remuneration report to be jointly prepared by the Management and Supervisory Boards for financial year 2022 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 (dependent company report). 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 dependent company report prepared by the Management Board and audited by the auditors together with the audit report on the dependent company report were presented to the Supervisory Board, examined in detail at the meeting on March 01, 2023 and discussed with the auditors. After reviewing the dependent company report and associated audit report, the Supervisory Board agreed with the result of the dependent company report audit and following the final results of its own review, did not raise any objections to the dependent company report or the Management Board's final statement contained in it.

The report by the Supervisory Board for financial year 2022 was also discussed and agreed and the agenda for the Annual General Meeting on April 28, 2023 was approved.

Once again, in financial year 2022, the Management Board and the company's staff have achieved a truly outstanding result. The Supervisory Board would like to express its thanks to the Management Board and all of the employees of ATOSS Software AG for their exceptional commitment and their contribution to the success of the past financial year, and to signify its particular recognition and appreciation of 17 record years in succession.

Munich, March 2023

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 2022.

Rolf Baron Vielhauer von Hohenhau
Deputy Chairman of the Supervisory Board
President of 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)

Group Management Report

ATOSS workforce management solutions provide companies with an instrument well suited to the flexible, demand-optimized and employee-oriented planning and management of their workforce.

Andreas F.J. Obereder
CEO | ATOSS

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 2022.

The Group Management report prepared by ATOSS Software AG as of December 31, 2022 meets the International Reporting Standards (IFRS) as they are to be applied in the European Union as of December 31, 2022 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), 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. 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 53 percent (previous year: 48 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.

1.3. Management of the company

Executive bodies
The Supervisory Board in financial year 2022 comprised Moritz Zimmermann as Chairman, Rolf Baron Vielhauer von Hohenhau as Deputy Chairman, and Klaus Bauer. The audit committee newly set up since 2021 is chaired by Klaus Bauer.

The Management Board of ATOSS Software AG in financial year 2022 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 Management Board regards the key figures of sales and the EBIT margin (operating earnings in relation to sales) as the essential measures of the success of the Group's overall activities. The company aims to safeguard average sales growth targets of 19 percent and EBIT margins of 27 to 30 percent over the period from 2023 to 2025. These figures form the basis for the operational and strategic decisions taken by the ATOSS Software AG Management Board and constitute the most important financial performance indicators for the ATOSS Group. Although cash flow, software revenues, cloud ARR and the normalized value of software license orders and/or the share of orders received for Cloud & Subscriptions in relation to total orders for software represent further important indicators for the Management Board, they are of lesser relevance with regard to the management of 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 sales and operating profit data for the financial year. Departmental targets take the form of a uniform table of sales or performance targets dependent on position and responsibility, while individual targets are linked to the performance of each individual employee.

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

As in the previous year, the Management Board essentially uses the key indicators of sales 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 constitute the most important financial performance indicators at the level of the individual company ATOSS Software AG (under HGB). Although cash flow, software revenues, cloud ARR and the normalized value of software license orders and/or the share of orders received for Cloud & Subscriptions in relation to total orders for software represent further important indicators for the Management Board (at Group level), they are of lesser relevance with regard to the management of the individual company ATOSS Software AG (under HGB).

1.4. 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 2022. 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.

1.5. 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 shall continue to maintain our substantial commitment to the further development of our products.

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

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

Our fully Java-based package of solutions for software-supported workforce management is suitable for use in a wide range of industries. The ATOSS Startup Edition (ASE) and ATOSS Time Control (ATC) are distinguished by the simplicity of their user interface. These two solutions are a stepping stone for customers using a variety of system environments. As their requirements become more complex in future, they can easily migrate to the ATOSS Staff Efficiency Suite (ASES). Regular release updates ensure that our software solutions are continuously refined. Both software solutions have been available as a server hosting solution (cloud) since 2015.

The Group has been developing its pure cloud solution, Crewmeister, in its subsidiary ATOSS Aloud GmbH since 2016. In addition, the company has adapted the technology platform of ASES and ATC to a cloud architecture. The transformation of ASES and ATC technology to native cloud technology platforms is scheduled to be largely completed in 2024.

Our expenditure on research and development in the ATOSS Group (IFRS) in 2022 amounted to EUR 19.1 million (previous year: EUR 16.9 million). The bulk of this figure in the amount of EUR 15.2 million (previous year: EUR 13.1 million) was accounted for by the personnel costs for 232 software developers. R&D expenditure as a proportion of overall sales amounted to 17 percent at Group level (previous year: 17 percent). At the level of ATOSS Software AG, Munich, (HGB), R&D expenditure in 2022 amounted to EUR 8.2 million (previous year: EUR 7.9 million). As in preceding years, expenditure on research and development is not capitalized, but is instead reported in full as an expense.

2. Business Report

2.1. Economic climate and sector-related conditions

Economic environment

With the Russian invasion of Ukraine, the economic environment darkened significantly, leading to a sharp rise in geopolitical risk and economic uncertainty. While 2022 dawned with the predominant expectation that the global economy would recover further from the negative economic effects of the coronavirus pandemic and once again strong, above-average growth was to be expected, it now has to be assumed that global economic growth will suffer an appreciable decline. The main reasons for this decline are significantly higher energy prices which are adding further fuel to the rise in companies' production costs already evident as well as to consumer price inflation which remains high. The situation is compounded by falling growth in China due to the strict coronavirus containment policy and the stubbornly persistent supply chain bottlenecks associated with it.[1]

Due to its hitherto heavy dependence on Russian gas, Germany is particularly hard hit by the energy crisis.[1] Thanks to additional gas imports from other countries and reduced consumption, it will probably not come to gas shortages in spite of the halt to deliveries from Russia. According to calculations by Deutsche Bundesbank, although the German economy is likely to shrink in the winter of 2022/2023, it is not expected to experience a serious collapse.[2] Full order books in processing industries and catch-up effects after the coronavirus pandemic will probably have bolstered economic growth in Germany in 2022.[1] Over the whole year, gross domestic product (GDP) is expected to have grown by 1.9 percent according to the first official estimate from the Federal Statistical Office.[3]

1 German Council of Economic Experts: Annual report 22-23 – Showing solidarity to overcome the energy crisis, fashioning a new reality
2 Deutsche Bundesbank: Monthly report for December 2022
3 Federal Statistical Office: Press release No. 020 dated January 13, 2023

Segmental environment and market background
Against this background, developments in the ICT market in 2022 are particularly noteworthy. The industry association BITKOM, for example, expects growth in the software segment in the year elapsed to come in at 9.4 percent by comparison with the previous year.[1]

Actual growth of the ATOSS Group in financial year 2022 by comparison with the previous year's outlook
Given the underlying conditions described, the ATOSS Group delivered another resounding success in 2022, maintaining its streak for the 17th time in succession, and once again outperforming the market.

Group sales posted double-digit growth of 17 percent, hitting EUR 113.9 million (previous year: EUR 97.1 million). Group operating earnings increased to EUR 30.8 million despite considerable investment in the future (previous year: EUR 27.2 million). This meant that even the forecast published by the Group in February 2022 for the financial year 2022 with respect to sales increasing to EUR 110 million and an EBIT margin in relation to sales of at least 25 percent was exceeded.

This extraordinary business growth is primarily due to the sustainable expansion of its cloud business and the increasing share of recurring revenues as a direct result as well as to the winning of new customers. As far as the EBIT margin of 27 percent is concerned, the forecast was primarily beaten due to high productivity.

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".

Earnings

Development in software licensing, maintenance and cloud sales, order situation for software licenses and the cloud
Software revenues in 2022 stood at EUR 78.4 million, up 19 percent on the year before (EUR 66.0 million), and thus equating to 69 percent of total sales (previous year: 68 percent). Revenues in Cloud & Subscriptions Division posted particularly strong growth, climbing by 72 percent to EUR 34.2 million (previous year: EUR 19.9 million). With a 30 percent share of total sales (previous year: 20 percent), this Division made the highest contribution to sales in the ATOSS Group for the first time. Together with a 9 percent rise in revenues from software maintenance totaling EUR 31.6 million (previous year: EUR 28.9 million), recurring revenues advanced year-on-year by 35 percent, reaching EUR 65.8 million (previous year: EUR 48.8 million). As a result, the proportion of recurring revenues in total sales – and consequently the central, key factor in the future growth of the ATOSS Group – continued to grow significantly and has now reached 58 percent (previous year: 50 percent).

1 BITKOM, ICT market data January 2023

The great response to ATOSS software solutions is very clearly reflected in the order book figures. For example, the normalized order intake for software licenses increased by 37 percent, rising to a total of EUR 52.3 million (previous year: EUR 38.2 million). Of this figure, EUR 36.5 million (previous year: EUR 26.0 million) - i.e. 70 percent (previous year: 68 percent) of total software orders received - was accounted for by the Cloud & Subscriptions Division. Annual Recurring Revenue (ARR for short), a further key indicator for managing business in the cloud, also increased in 2022 by a significant 74 percent to EUR 41.0 million (previous year: EUR 23.5 million). This order book position creates sales 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 services revenues
Revenues from consulting services in 2022 stood at EUR 28.1 million, up by 11 percent over the previous year's figure of EUR 25.2 million. As a result, consulting accounted for 25 percent of overall sales (previous year: 26 percent).

Development in hardware and other sales revenues
Revenues from the sale of hardware increased by 2 percent in 2022 to EUR 4.5 million (previous year: EUR 4.4 million), equating to 4 percent of overall sales (previous year: 5 percent). Other revenues, the heading under which, in particular, consulting services for process analysis and change management, customer-specific programming services and identification media in particular are booked, amounted to EUR 2.9 million, some 98 percent higher than in the year before. and equating to 3 percent of overall sales (previous year: 2 percent).

Long-term production orders
As in previous years the Group realizes long-term orders in application of the percentage of completion method. In 2022 this applied to 3 orders (previous year: 3) which were realized in accordance with the progress of the project in an amount of EUR 0.1 million (previous year: EUR 0.5 million) on the basis of existing contracts.

Notwithstanding the significant year-on-year increase in expenses – particularly for R&D as part of the continuous refinement of ATOSS software solutions as well as higher personnel costs resulting from its expansion of the sales organization at home and abroad – operating earnings (EBIT) grew by EUR 3.6 million to EUR 30.8 million. The EBIT margin amounts to 27 percent (previous year: 28 percent), and thus lies above the original outlook for fiscal 2022 of at least 25 percent.

Earnings before taxes (EBT) were 6 percent higher at EUR 29.3 million (previous year: EUR 27.7 million). Net income for financial year 2022 amounted to EUR 19.4 million (previous year: EUR 19.3 million). Earnings per share increased from EUR 2.43 to EUR 2.44.

Thanks in particular to its success in winning further new customers, expanding business with existing clients, and the sustainable expansion of its cloud business, notwithstanding the investments in sales and marketing and the continuing high level of expenditure on the development of functionally superior products, the Group has maintained its profitability relative to the previous year and secured a sound financial basis for a long-term strategy which is proving to be correct.

Subsidiaries and international business

With the exception of ATOSS Aloud GmbH, all operating subsidiaries of ATOSS Software AG recorded positive results in 2022. The proportion of Group sales accounted for by our international business in 2022 amounted to 16 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 business operations for the period from 01/01/2022 to 12/31/2022 amounted to EUR 26.3 million (previous year: EUR 26.3 million), unchanged from the previous year. Liquidity (cash and cash equivalents) rose from EUR 20,5 million to EUR 26.8 million. However the position as a whole comprising liquidity and other current and non-current financial assets (e.g. gold, capital assurance claims, investment funds) increased from EUR 50.4 million to EUR 56.8 million. Liquidity per share on 12/31/2022 including these other current and non-current financial assets accordingly stood at EUR 7.15 (previous year: EUR 6.33).

The principal factors which impacted positively on cash flow from operations include net earnings, a reduction in trade receivables and an increase in miscellaneous liabilities resulting from higher salary and commission liabilities and invoices expected. The main effects reducing cash flow stemmed from an increase in capitalized contract costs.

Cash outflows from investment activities in an amount of EUR 2.7 million (previous year: EUR 13.4 million) had a negative effect on liquidity. This was essentially the result of disbursements to cover investments in fixed assets in the amount of EUR 1.0 million (previous year: EUR 1.1 million) and payments for the acquisition of financial assets amounting to EUR 15.1 million (previous year: EUR 14.7 million). Payments received from the return on financial assets in an amount of EUR 13.4 million (previous year: EUR 2.4 million) had a positive impact on the cash flow from investment activities.

The payment of a dividend of EUR 1.82 per share (previous year: dividend of EUR 1,67 per share) – total amount distributed EUR 14.5 million (previous year: EUR 13.3 million) and the repayment of lease liabilities in an amount of EUR 2.9 million (previous year: EUR 2.8 million) led to a further reduction in liquidity.

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

Property, plant and equipment and intangible assets fell from EUR 3.8 million to EUR 3.7 million.

The company's long-term holdings in gold amounting to EUR 0.8 million (previous year: EUR 0.7 million) and deposits paid as part of rental contracts in an amount of EUR 0.5 million (previous year: EUR 0.6 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 decreased from EUR 11.9 million to EUR 10.1 million. The average time to receipt is 31 days (previous year: 34 days).

Other current financial assets and precious metals as of 12/31/2022 amounted to EUR 29.3 million (previous year: EUR 29.2 million) and besides capital assurance claims of EUR 5.5 million (previous year: EUR 5.4 million), this figure also included investment fund deposits approved by the Supervisory Board in an amount of EUR 5.0 million (previous year: EUR 20.2 million), investments in physical gold amounting to EUR 2.2 million (previous year: EUR 2.0 million) and fixed-term deposits (EUR + CHF) in an amount of EUR 16.6 million (previous year: EUR 1.5 million) in line with the company's defined investment strategy.

Valuation of current and non-current gold holdings at fair value results in finance income of TEUR 200 (previous year: TEUR 110). The revaluation of a US dollar fixed-term deposit account led to finance income of TEUR 149 (previous year: devaluation of TEUR 152). In addition, income from the valuation at fair value of claims relating to capital assurances used as alternative short-term investments in the amount of TEUR 74 (previous year: TEUR 114) as well as distributions from the investment of cash and cash equivalents in an investment fund in the amount of TEUR 71 (previous year: TEUR 0) was recognized in financial income. The market value of current and non-current gold holdings on 12/31/2022 stood at EUR 3.0 million (previous year: EUR 2.8 million). The valuation of investment fund securities resulted in finance expenses of TEUR 1,765 (previous year: appreciation of TEUR 250). The devaluation of a CHF fixed-term deposit account led to expenses of TEUR 57 (previous year: TEUR 0).

The ATOSS Group is financed through the ongoing cash flow generated from operations. Current liabilities include trade payables in the amount of EUR 1.7 million (previous year: EUR 1.0 million), contractual liabilities in the amount of EUR 4.2 million (previous year: EUR 4.3 million), short-term lease liabilities in the amount of EUR 0.6 million (previous year: EUR 0.5 million), other current financial and non-financial liabilities amounting to EUR 20.5 million (previous year: EUR 15.9 million) as well as tax liabilities in the amount of EUR 1.5 million (previous year: EUR 3.1 million). Current liabilities on 12/31/2022 increased to EUR 28.6 million (previous year: EUR 24.9 million). The rise in current liabilities as of 12/31/2022 is mainly due to higher other current non-financial liabilities resulting from a rise in salary and commission commitments. It remains the Group's intention not to incur borrowings to finance business operations.

The miscellaneous current non-financial liabilities relate predominantly to commitments to employees in respect of variable salary components to be disbursed in the following year, as well as other liabilities consisting of turnover tax liabilities. The company had no liabilities denominated in foreign currencies on 12/31/2022, and 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 0.5 million) is in place with the principal bank of the integrated companies which may optionally be used for guarantee purposes or as an overdraft facility. As of the closing date, an amount of EUR 0.5 million was used for guarantees (previous year: EUR 0.3 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 2.4 million (previous year: EUR 6.4 million), long-term lease liabilities in the amount of EUR 9.6 million (previous year: EUR 10.1 million) and long-term provisions for share-based remuneration and multi-year bonuses for the Management Board in the amount of EUR 1.2 million (previous year: EUR 0.5 million).

Group equity capital as of 12/31/2022 amounted to EUR 47.6 million (previous year: EUR 39.4 million), resulting in an equity ratio (the ratio of equity to total assets) of 53 percent as of 12/31/2022 (previous year: 48 percent). The return on equity (net earnings vs. equity) as of 12/31/2022 stood at 41 percent (previous year: 49 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 2022 the Group employed an average workforce of 667 members of staff (previous year: 600). Of these, 237 (previous year: 216) in development, 177 (previous year: 169) in consulting, 153 (previous year: 131) in sales and marketing and 100 (previous year: 84) in administration. Personnel costs in 2022 amounted to EUR 58.3 million, some 22 percent higher than the figure of EUR 47.9 million for the preceding year.

As for the previous year, there were no traineeships as of 12/31/2022.

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).

Results of operations

The earnings of ATOSS Software AG in fiscal 2022 are marked by a 19 percent rise in sales to EUR 114.9 million (previous year: EUR 96.6 million). The positive revenues developments in Software maintenance (+9 percent), Cloud & Subscriptions (+66 percent) and Consulting (+5 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 31 percent to EUR 25.6 million (previous year: EUR 19.6 million).

The increase in other operating income is principally due to the release of provisions (TEUR 724) and income from exchange rate differences (TEUR 371).

The rise in personnel expenses results from taking on more staff during the year due to the company's growth. In total, personnel expenses increased by EUR 9.1 million to EUR 44.0 million.

The rise in other operating expenses by EUR 1.5 million to EUR 36.2 million is mainly due to higher expenses for vehicle and travel costs as well as costs for trade fairs, advertising and representation resulting from the gradual resumption of travel and return to live trade fairs following the improvement in the coronavirus situation and the associated easing of coronavirus protection rules.

There was no income in financial year 2022 from distributions by subsidiaries to the parent company (previous year: EUR 4.0 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 1.0 million).

The valuation of investment funds at fair value on 12/31/2022 led to writedowns amounting to EUR 1.2 million (previous year: TEUR 33).

The key indicator for the profitability of ATOSS Software AG, earnings before taxes (EBT), increased by EUR 1.4 million to EUR 26.6 million, thereby failing to match the growth in sales for the reasons described above. As a result, the return on sales relative to operating earnings (EBT) stood at 23 percent, 3 percent below the level for the previous year. Net income for financial year 2022 amounted to EUR 17.7 million (previous year: EUR 18.5 million), some 4 percent lower 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 2022 financial year.

Investments in fixed assets (excl. financial assets) amounted to EUR 0.9 million in 2022 (previous year: EUR 0.9 million).

Trade receivables on 12/31/2022 stood at EUR 7.6 million (previous year: EUR 8.9 million). The average time to receipt is 22 days (previous year: 26 days).

Other assets as of 12/31/2022 amounted to EUR 9.7 million (previous year: EUR 7.7 million) and besides capital assurance claims of EUR 5.5 million (previous year: EUR 5.4 million), they include investments in physical gold amounting to EUR 1.7 million (previous year: EUR 1.7 million). The company did not make any new investments in gold in 2022.

Securities comprise investments investments in investment funds approved by the Supervisory Board. As of 12/31/2022, the securities portfolio stood at EUR 5.0 million (previous year: EUR 19.8 million).

Cash on hand and bank balances amounted to EUR 29.4 million as of 12/31/2022 (previous year: EUR 11.9 million).

The company is financed by cash flow continuously generated. Liabilities include trade payables in the amount of EUR 1.5 million (previous year: EUR 0.8 million) and obligations towards affiliated companies in an amount of EUR 2.5 million (previous year: EUR 4.4 million), down payments received in an amount of EUR 1.6 million (previous year: EUR 1.9 million) as well as other liabilities in an amount of EUR 1.6 million (previous year: EUR 1.5 million). Total liabilities amount to EUR 7.3 million (previous year: EUR 8.6 million). The company had no liabilities denominated in foreign currencies on 12/31/2022, and 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 0.5 million) is in place with the principal bank which may optionally be used for guarantee purposes or as an overdraft facility. As of the closing date, an amount of EUR 0.5 million was used for guarantees (previous year: EUR 0.3 million). As in the previous year, there were no liabilities to banks.

Short-term provisions mainly comprise commitments to employees for variable salary components as well as adequate provisions for expected invoices and vacation commitments.

Deferred income amounting to EUR 1.2 million (previous year: EUR 1.7 million) essentially includes deferred sales revenues.

As of 12/31/2022, the equity of ATOSS Software AG stood at EUR 35.6 million (previous year: EUR 32.4 million) in spite of the dividend distribution totaling EUR 14.5 million made at the beginning of May 2022, and the equity ratio as of 12/31/2022 was 55 percent (previous year: 53 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 financial year 2022, ATOSS Software AG employed an average workforce of 374 members of staff (previous year: 326). Of these, 91 (previous year: 75) in development, 105 (previous year: 96) in consulting, 103 (previous year: 90) in sales and marketing and 75 (previous year: 65) in administration. Personnel costs in 2022 amounted to EUR 44.0 million, some 26 percent higher than the figure of EUR 34.8 million for the preceding year. As for the previous year, there were no traineeships as of 12/31/2022.

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 2023 as the parent company of the ATOSS Group.

For financial year 2023, we expect for ATOSS Software AG as the parent company of the ATOSS Group a sales increase of around 17 percent within a range of +/-3 percent. At the same time, in financial year 2023, ATOSS intends to increase the level of investment in addressing new markets and associated opportunities for fresh growth in the field of workforce management. Investments are planned in particular in sales and marketing. With an overall stable cost structure, the company is assuming a profit margin based on the ratio of pre-tax earnings to sales revenues (on the level of the company under HGB) of approx. 25 percent within a range of +/-3 percent.

Comparison of actual with the forecast performance of ATOSS Software AG

In its outlook for financial year 2022 published in February 2022, ATOSS Software AG forecast a sales increase of around 13 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 2022 with a sharp rise in sales of 19 percent to EUR 114.9 million (previous year: EUR 96.6 million) and pre-tax earnings of EUR 26.6 million (previous year: EUR 25.2 million), ATOSS achieved a profit margin of 23 percent, thereby exceeding or fully meeting its forecast for 2022. With regard to sales, the fact that the target was surpassed is primarily due to the winning of new customers and the successful expansion of the company's cloud business. Consequently, the profit margin achieved is within the target range forecast for 2022 in spite of the lack of distributions from subsidiaries and the writedowns on securities held as current assets.

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 at its disposal an extremely comprehensive and easily comprehended system which meaningfully supports the company's 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

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

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	low	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	low	medium	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	monitor
13) Sales	medium	high	material
14) Consulting	low	medium	observe
15) Partner network	low	medium	observe
16) Technology and products	low	high	monitor
17) Exceptional incidents	low	high	material
18) Other risks	low	high	monitor

Economic, political, social and regulatory risks:

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

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.

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) Credit risk and counterparty 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, claims against insurance companies from capital investments and fixed-term deposits, thereby ensuring a broad diversification of risk. Existing claims arising from capital investments are also held against a reputable German insurance company which was awarded an "A" rating (safe investment) by the international ratings agency S&P Global Ratings. Taken together with its high level of cash and cash equivalents available at short notice and its consistently positive operating cash flow, the company assesses its overall liquidity risk as low.

8) Market risk (monitor)
The market risk is namely the risk that the fair value of or cash flows from a financial instrument may fluctuate as a result of variations in market prices. The investments made by the company in physical gold are susceptible to market price risks arising from uncertainties in the future development in the value of these financial instruments. For this reason, the company manages the market price risk through diversification and by limiting its investments in individual forms of investment and investment securities. All investments in financial assets are also subject to review and approval by the management. 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. These measures also cover the risk of any creeping devaluation of existing deposits and investments with banks as a result of penalty interest and inflation.

As of 12/31/2022, the risk at Group level associated with financial assets invested in investment funds amounted at fair value to TEUR 5,050. In the case of financial assets invested in gold, the risk at Group level as of 12/31/2022 amounted at fair value to TEUR 2,957. The Group holds no derivative financial instruments. In addition, the Group holds investments in US dollars and CHF amounting at fair value to TEUR 2,106 and TEUR 4,062 respectively as of 12/31/2022.

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 12/31/2022 and 12/31/2021 no changes were made in the Group's objectives, policies or procedures.

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

Personnel risks:

9) Risks from personnel resources (material)
Recruiting highly qualified employees and tying them long-term and permanently to the company are crucial factors for the success of the entire software sector. Consequently, ATOSS Software AG is facing the challenge of retaining its staff and developing their skills. Otherwise, there is a danger of losing the necessary knowledge, skills and relationships for developing, selling and implementing our innovative software solutions.

IT risks:

10) Risks from operating in the cloud (material)
In the area of cloud solutions, there is a risk that increasing the degree of standardization / automation of cloud service management processes and cloud support for our customers will be unsuccessful. For this purpose, the Group has implemented various measures to expand its cloud product functionalities as well as its cloud service management tools and processes. The Group counters the risk of an insufficient level of 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 its 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 cyber security landscape will be refined, ATOSS Software AG devotes large resources every year to analyze, change and improve its protective measures in the area of cyber security as well as to continue remedying any weaknesses found.

The effectiveness of measures implemented in the areas of cloud operations and cyber security was re-confirmed with the successful conclusion of the audit conducted by DEKRA in December 2022 for ISO 27001 certification 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 cyber security certification. With this certification, ATOSS is laying down an important marker for the documentation of its state-of-the-art processes throughout the Group.

Operating risks:

12) & 13) Strategic risks (monitor) 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 or 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 sales 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.

14) Consulting risks (observe)
One important element of our business is the successful implementation of software and service solutions designed to help our customers reduce complexity and work as efficiently as possible. Through the constant monitoring and supervision of customer projects, the risk of insufficiently satisfying customer requests is adequately minimized in the course of implementation.

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

16) Risks from technology and products (monitor)
There is a basic risk of customers leaving due to poor product quality or late completion of technologies and product developments leading to the loss of long-term 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.

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

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

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 observed" 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 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 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. No new material risks emerged in financial year 2022. The rating of the risk emanating from the global, economic and political environment was upgraded from "monitor" to "material". A risk rating upgrade – from "observe" to "monitor" – was applied to Other risks. Counterparty and liquidity risk, on the other hand, was downgraded from "monitor" to "observe". Strategic risk was also downgraded from "material" to "monitor". 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 systems*

In addition to the internal risk management and control system described in chapter 3.1 (with regard to the accounting process), the Group also has a risk management system and internal control system that goes beyond the accounting process and also includes a compliance management system geared to the Group's risk situation. The internal control system of ATOSS Software AG encompasses all rules within the Group which serve the methodical management of operational, financial and compliance-related risks. These rules may result from published declarations or take the form of guidelines, work instructions or process descriptions. The structure, release, revision and communication of these internal rules follow standardised procedures. Furthermore, all employees of the ATOSS Group are obliged to comply with the ATOSS Code of Conduct within the scope of their duties and activities.

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.

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 in its entirety has not been appropriately set up or is ineffective.

* unaudited

4. Outlook

Global growth prospects deteriorated further at the end of 2022. The Russian invasion of Ukraine is suppressing growth in all regions of the world, driving inflation and exacerbating shortages in individual markets. The decline in growth in China – caused by the real estate crisis there and the strict coronavirus containment policy – is slowing growth even further. The rise in energy prices is the main factor affecting economic growth in Europe and Germany at the moment.[1] Against this background, the World Bank lowered its global growth forecast to 1.7 percent on January 10, 2023, warning of a potential recession.[2] According to the Director of the International Monetary Fund, an economic recovery in China is likely to be single most important factor for global growth in 2023.

The Eurozone, too, is currently on the brink of recession. Although leading indicators have stabilized at a low level in the last few months, shoring up the confidence of companies and consumers, the economic experts at the Kiel Institute for the World Economy (ifw) are only expecting gross domestic product to grow by a mere 0.6 percent in 2023 (following 3.4 percent in 2022 and 5.3 percent in 2021).[3]

For Germany, most economic researchers are no longer expecting a sharp recession. However, the economic outlook for 2023 is expected to be patchy at best. Deutsche Bundesbank, for example, in its monthly report published in December 2022, expects the German economy to shrink by 0.5 percent in 2023.[4] Estimates by the ifo Institute in Munich, calling for a decline of 0.1 percent, are similar.[5]

Significantly stronger growth forecasts are seen in the software industry, however, driven primarily by business in the cloud. For example, the market forecast for the German ICT market in 2023 published by the industry association BITKOM in January 2023 is predicting growth in the software segment of 9.3 percent to EUR 38.8 billion.[6]

Please refer to the description of opportunities and risks given above under 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 2023 financial year, we are expecting the ATOSS Group to maintain its record-breaking trajectory with Group sales of EUR 135 million. At the same time, in financial year 2023, 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 27 percent at Group level in fiscal 2023. 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 25 million.

1 The position of the global economy at the end of 2022 – Schlaglichter der Wirtschaftspolitik Monatsbericht (Highlights of Economic Policy – monthly report 12|22).
2 Worldbank: Global Economic Prospects, January 2023
3 Kiel Economic Reports, Global Economy in Winter 2022
4 Deutsche Bundesbank: Monthly report for December 2022
5 Ifo Institute: ifo Schnelldienst (ifo Express) Special Edition December: Winter 2022 Economic Forecast: Inflation and Recession
6 BITKOM, ICT market data January 2023

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
Mr. Andreas F.J. Obereder of Grünwald, Germany, holds 3,976,570 shares representing 50.0000025 percent of the shares in ATOSS Software via AOB Invest GmbH, Grünwald, Germany in which he owns 100 percent of the shares. Apart from Mr. Andreas F.J. Obereder and AOB Invest GmbH, the company is not aware of any other shareholders with reportable holdings of more than 10 percent of voting rights.

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

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

(6) Statutory regulations and provisions included in the Articles of Association concerning the appointment and dismissal of members of the Management Board and changes to the Articles of Association
Members of the Management Board are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act and Article 6 of the company's Articles of Association.

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

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 company 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 (not operational), ATOSS Software AG also has facilities in Berlin, Frankfurt, Hamburg, Meerbusch, Mettingen, Brussels (Belgium), 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.

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

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

The non-financial Group 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 2022 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 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.
https://www.atoss.com/en/company/investor-relations/news

In financial year 2022 the following reportable transactions were undertaken by board members and disclosed.

Name	Transaction	Date of transaction	Number	Price	Disclosed on
Dirk Häußermann	Purchase	02/09/2022	950	179.8	02/09/2022
Dirk Häußermann	Purchase	02/08/2022	750	171.4	02/09/2022

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

5.6 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 25,754,345 from the unappropriated profit from the 2022 financial year for a dividend payment of EUR 2.83 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 22,507,374.88 on the share capital entitled to a dividend as of 12/31/2022 amounting to EUR 7,953,136.00 and profit carried forward of EUR 3,246,970.59.

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 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 1/1/2022 to 12/31/2022 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, February 24, 2023

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, February 24, 2023

The Management Board

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

Consolidated Balance Sheet as of 12/31/2022

Assets (EUR)	Note	12/31/2022	12/31/2021
Non-current assets			
Intangible assets	15, 27	160,302	137,501
Property, plant and equipment	15, 27	3,585,518	3,622,884
Rights of use	23, 28	9,574,749	10,130,888
Capitalized contract costs	29	4,858,064	1,743,638
Other non-current financial assets and precious metals	12, 25, 60	1,317,666	1,335,619
Deferred tax assets	16, 30	0	922,302
Total non-current assets		**19,496,299**	**17,892,832**
Current assets			
Inventories		0	6,068
Trade receivables	12, 25, 60	10,129,556	11,944,964
Other current financial assets	25, 60	29,294,487	29,174,895
Other current non-financial assets	26	4,662,823	1,982,511
Cash and cas equivalents	12, 24, 60	26,757,678	20,452,712
Total current assets		**70,844,544**	**63,561,150**
Total assets		**90,340,843**	**81,453,982**

Equity and liabilities (EUR)	Note	12/31/2022	12/31/2021
Equity			
Subscribed capital	39	7,953,136	7,953,136
Capital reserve	39, 54	202,206	-291,146
Equity deriving from unrealized profits/losses	37, 39	78,726	-2,671,898
Unappropriated net income	39, 64	39,464,522	34,561,783
Equity attributableto the equity holders of the parent company		**47,698,590**	**39,551,875**
Non-controlling interests		-109,013	-109,013
Total equity		**47,589,577**	**39,442,862**
Non-current liabilities			
Pension provisions	19, 37	2,409,757	6,353,639
Other non-current provisions	19, 38	1,184,028	517,611
Non-current leasing liabilities	23, 28, 32, 59	9,640,601	10,103,743
Deferred tax liabilities	16, 30	944,879	172,472
Total non-current liabilities		**14,179,265**	**17,147,465**
Current liabilities			
Trade accounts payable	17, 32, 60	1,743,384	1,044,159
Contractual liabilities	20, 35	4,156,084	4,257,853
Current leasing liabilities	23, 28, 32, 59	610,001	549,790
Other current financial liabilities	33, 60	4,678,801	3,034,174
Other current non-financial liabilities	34	15,847,592	12,874,809
Tax liabilities		1,464,778	3,074,009
Other provisions	18, 36	71,361	28,861
Total current liabilities		**28,572,001**	**24,863,655**
Total equity and liabilities		**90,340,843**	**81,453,982**

Consolidated Income Statement from 01/01/2022 to 12/31/2022

EUR	Note	01/01/2022 -12/31/2022	01/01/2021 -12/31/2021
Sales revenues	20, 40	**113,916,280**	**97,066,400**
Cost of sales	41	-31,201,831	-26,219,465
Gross profit on sales		**82,714,449**	**70,846,935**
Distribution costs	42	-22,414,190	-18,155,560
Administration costs	43	-10,418,687	-8,284,852
Research and development costs	22, 44	-19,056,384	-16,896,038
Other operating income	21, 46	389,849	97,810
Other operating expenses	46	-278,309	-125,756
Net impairment on financial assets	46	-134,288	-239,280
Operating profit		**30,802,440**	**27,243,259**
Interest and similar income	47	494,378	625,176
Interest and similar expenses	47	-1,986,614	-163,047
Earnings before taxes		**29,310,204**	**27,705,388**
Taxes on income and earnings	16, 30, 48	-9,932,757	-8,362,298
Net income for the year		**19,377,447**	**19,343,090**
Attributable:			
Equity holders of the parent		19,377,447	19,343,090
Non-controlling interests:		0	0
Earnings per share (undiluted)		2.44	2.43
Earnings per share (diluted)		2.44	2.43
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 Comprehensive Income from 01/01/2022 to 12/31/2022

EUR	Note	01/01/2022 -12/31/2022	01/01/2021 -12/31/2021
Net income		**19,377,447**	**19,343,090**
Components not realloccated in profit and loss			
Profits/losses recognized in equity on the valuation of plan assets	37	74,450	56,847
Tax effects of profits/losses recognized in equity on the valuation of plan assets	37	-24,174	-18,458
Profits/losses recognized in equity on the revaluation of defined benefit pension plans	37	3,998,738	561,753
Tax effects of profits/losses recognized in equity on the revaluation of defined benefit pension plans	37	-1,298,390	-182,402
Other comprehensive income		**2,750,624**	**417,740**
Comprehensive income after taxes		**22,128,070**	**19,760,830**

Consolidated Cash Flow Statement from 01/01/2022 to 12/31/2022

EUR	Note	01/01/2022 -12/31/2022	01/01/2021 -12/31/2021
Earnings before taxes		**29,310,204**	**27,705,388**
Depreciation	27, 28	3,905,200	4,108,488
Interest and similar income	47	-494,378	-625,176
Interest and similar expenses	47	1,986,614	163,047
Income from the disposal of fixed assets		2,278	0
Non-cash personnel expenses		493,352	370,192
Change in net current assets			
Trade receivable	25, 60	1,815,408	-3,083,450
Inventories and other non-financial assets	26	-366,681	-19,126
Capitalized contract costs	29	-3,114,426	-1,743,638
Other assets		70,191	2,755
Trade accounts payable	17, 32, 60	699,225	505,342
Other current financial and non-financial liabilities	33,34,60	4,617,410	3,502,513
Other current and non-current provisions	36, 38	708,917	442,611
Contractual liabilities		-101,769	534,238
Interest received	19, 47	71,318	151,945
Interest paid		0	0
Income taxes received	30, 48	87,293	994,056
Income taxes paid	30, 48	-13,421,133	-6,724,747
Cash flow generated from operating activities (1)	**49**	**26,269,022**	**26,284,438**
Cash flow from investment activities			
Expenditure for the purchase of tangible and intangible assets	27	-1,017,633	-1,094,489
Expenditure for the purchase of financial assets		-15,096,431	-14,683,545
Proceeds from the disposal of financial assets		13,433,946	2,350,000
Cash flow generated from investment activities (2)	**50**	**-2,680,118**	**-13,428,034**
Cash flow from financing activities			
Redemption element leasing liabilities IFRS 16	23, 28, 59	-2,798,892	-2,707,400
Interest element leasing liabilities IFRS 16	23, 28, 59	-102,910	-103,552
Dividends paid		-14,474,708	-13,281,737
Proceed from the sale of non-controlling interests with no change of control		0	280,732
Cash flow generated from financing activities (3)	**51**	**-17,376,510**	**-15,811,957**
Changes in cash and cash equivalents – total (1) to (3)		**6,212,394**	**-2,955,553**
Cash and cash equivalents at the beginning of the period		20,452,712	23,408,265
Effects of exchange rate changes on cash and cash equivalents		92,572	0
Cash and cash equivalents at the end of the period	**51**	**26,757,678**	**20,452,712**

Statement of Changes in Consolidated Equity as of 12/31/2022

	Equity attributable to the properties of the parent company					
EUR	Subscribed capital	Capital reserve	Equity deriving from unrealized gains/losses	Unappro-priated net income	Non-controlling interests	Total
Note	39	39, 54	39	39		
01/01/2021	**7,953,136**	**-661,338**	**-3,089,638**	**28,179,727**	**-69,042**	**32,312,845**
Net income				19,343,090		19,343,090
Other comprehensive income			417,740			417,740
Comprehensive income after taxes			**417,740**	**19,343,090**		**19,760,830**
Share based remuneration		370,192				370,192
Dividend				-13,281,737		-13,281,737
Transactions with non-controlling interests				320,703	-39,971	280,732
12/31/2021	**7,953,136**	**-291,146**	**-2,671,898**	**34,561,783**	**-109,013**	**39,442,862**
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**

One share represents 1 euro of subscribed capital.

Notes to the Consolidated Financial Statement

Strong orders, a marked increase of 17 percent in turnover, along with the continuous expansion of our cloud business, offer clear proof of our success, as well as of the competitive strength of ATOSS.

Andreas F.J. Obereder
CEO | ATOSS

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.

II. Accounting Policies

1. 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 2022 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 had no 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
Amendments to IFRS 3	Reference to conceptual framework	01/01/2022
Amendments to IAS 16	Proceeds before intended use	01/01/2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	01/01/2022
Annual improvements to IFRS	(2018-2020 cycle) with amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01/01/2022

Accounting standards issued but not yet to be applied in 2022

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 adopted in EU law in order to become applicable (endorsement). 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 1	Classification of liabilities as current or non-current (January 2020); classification of liabilities as current or non-current – deferral of the date of first application (July 2020); non-current liabilities with covenants (October 2022)	01/01/2024 (not yet endorsed)
Amendments to IFRS 16	Lease liabilities in the event of a sale and leaseback transaction	01/01/2024 (not yet endorsed)
IFRS 17 and amendments to IFRS 17	Deferral of date of mandatory first-time application of the standard for insurance contracts	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 the assets and liabilities arising from a single transaction	01/01/2023
Amendments to IFRS 17	Initial application of IFRS 17 standard for insurance contracts and IFRS 9 - comparative information	01/01/2023

2. 2. Bases for the preparation of the financial statements

The present consolidated financial statements were prepared to 12/31/2022 for the reporting period from 01/01/2022 to 12/31/2022. 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 (smallest consolidated group). Subsidiary companies are fully consolidated from the time of acquisition, that is to say, from the time at which the group acquires control. The parent company is deemed to control a subsidiary when the parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. As a matter of principle, control is exercised through voting rights. Companies cease to be consolidated when the parent company no longer has control. The consolidated financial statements for the largest group of companies are prepared by AOB Invest GmbH, Grünwald, and published in the Federal Gazette.

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

Their annual financial statements have been prepared in accordance with national regulations and reconciled in accordance with IFRS. The latest published figures according to national law are presented below:

Company	**Proportion of Subscribed capital**	**Equity 12/31/2021 in EUR**	**Result for the year 2021 in EUR**
ATOSS Aloud GmbH, Munich, Germany*	93%	-1,557,329	0
ATOSS CSD Software GmbH, Cham, Germany	100%	2,361,189	2,261,487
ATOSS Software AG, Zurich, Switzerland	100%	845,153	307,410
ATOSS Software Gesellschaft m.b.H., Vienna, Austria	100%	584,272	547,936
ATOSS Software S.R.L., Timisoara, Romania	100%	1,768,106	425,184
ATOSS North America Inc., West Hollywood, USA	100%	5,302	-910

* 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 2022 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 production orders. The amount here is dependent upon the anticipated duration of implementation and the resulting proportionate progress of the project. These components are based on information which at the time the financial statements are prepared is in the possession of the consultants deployed and of the management in respect of the services to be provided and the required use of resources. It is therefore to some extent more difficult and more complex to make an estimate in the early stages of a project. Software sales revenues deriving from production orders in work at the end of the reporting period amounted in financial year 2022 to EUR 0 (previous year: EUR 454,238).

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 12/31/2022 stood at EUR 2,409,757 (previous year: EUR 6,353,639).

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. Above all, the political and economic consequences of the Ukraine war may have a major impact on companies. Besides negative effects on sales growth, production processes as well as purchasing and distribution processes, the war may lead to a further increase in inflation rates and in the price of commodities, energy and intermediate goods. All of these factors could lead to serious upheavals in the global economy and on the currency, capital and foreign exchange markets and consequently also affect the investment behavior of ATOSS customers. As a matter of principle, ATOSS Software AG does not maintain any business relationships in Russia or Ukraine. Operations were not significantly affected by the negative macroeconomic and geopolitical risks in financial year 2022. 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. The financial result was negatively impacted by falls on the financial markets as a result of the outbreak of the war in Ukraine and interest rate movements. 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 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

- die Realisierung des Vermögenswerts innerhalb des normalen Geschäftszyklus erwartet wird oder der Vermögenswert zum Verkauf oder Verbrauch innerhalb dieses Zeitraums gehalten wird,
- 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/or incur expenses as part of their business activities, and that financial information is available for these components of the company. Several segments can be aggregated into one segment if the type of products and services, production processes and customers for which the products and services are intended are similar, as well as the sales methods applied, and where they exhibit a significant shortfall relative to the quantitative thresholds for segment formation.

The company has only one uniform business segment within the meaning of IFRS 8, which comprises the creation, sale and implementation of software solutions directed towards the efficient deployment of personnel and workforce management. In accordance with the company's strategy as a provider of end-to-end solutions to issues of time and attendance management and workforce scheduling, these software solutions comprising software licenses, maintenance services, consulting services and the supply of hardware for time recording and access control purposes (merchandise for resale) are offered to customers as integrated packages and exhibit a comparable risk structure. These software solutions are employed both by small and medium-sized companies comprising the SME market and by high-end small businesses and major, large scale customers that comprise the premium market. The choice of software solution is essentially dependent on the specific technical and functional requirements of the individual customer. The company's endeavors in addressing the SME and premium markets differ only in terms of the marketing approach. For this reason, the Management Board manages the company on the basis of key figures for business as a whole. Business activities are not divided into segments, therefore the Group does not prepare segment reports.

10. Cash and cash equivalents

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

11. 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 profit or loss" (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 their fair value. In the case of financial assets measured at their fair value through other comprehensive income for subsequent measurements, the initial measurement includes transaction costs directly attributable to the acquisition of the asset. 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 trade receivables as well as cash and cash equivalents with a term of more than three months.

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 the net impairment loss on financial assets.

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 asset, 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 through profit or loss, 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 to 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. 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 3.6 percent (previous year: 1.0 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 2022 amounted to EUR 302,063 (previous year: EUR 234,918).

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 3,133,430 (previous year: EUR 2,570,997).

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, sales are realized at the time when control of the asset is transferred to the customer.

(b) Provision of services
The Group provides consulting and implementation services. These services are sold either individually in contracts with customers or as a package together with software licenses. However, the company does not in principle offer consulting and implementation services in an overall package together with software licenses at an overall price. Service revenues are measured in consideration of the degree of completion. Where a contract with a customer contains several contractual obligations, pursuant to IFRS 15 the transaction price is apportioned between the individual obligations. This apportionment is based on the ratio of the individual selling prices for goods or services at the time of entry into contract. The individual selling price is the price at which a company would sell goods or services to a customer. In the case of ATOSS this price fundamentally equates to the transaction price, that is to say, the price is in no way influenced by whether the goods or services in question are sold together or individually.

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

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

In the case of long-term production contracts entered into by ATOSS, the third condition for the application of the percentage of completion method is regularly fulfilled. Individual sales components are thus in principle realized continuously in the ratio of the progress of the project services thus far rendered to the anticipated overall volume of services to be provided. The progress of the project is in turn measured on the basis of documentation maintained by the project managers and the overall assessment of the management based on the output-oriented method as per IFRS 15.B14 (a).

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

(c) Maintenance and hotline services

Maintenance and hotline revenues are generally recognized in accordance with the time elapsed and thus in 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

Die 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 12/31/2022, 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 12/31/2022 these liabilities amount to EUR 4,156,084 (previous year: EUR 4,257,853).

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 12/31/2022 to unfulfilled or partially unfulfilled service obligations with an original term of more than 12 months, amounted to EUR 126,366,001. The expected timing of corresponding sales revenue recognition is as follows:

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 are recognized at the time when the leased property is available to the Group for use and accounted for as a right of use and corresponding lease liability.

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	12/31/2022	12/31/2021
Fixed-term deposits (in EUR + USD)	5,606,164	4,269,121
Cash at banks	21,151,514	16,183,591
Total of cash and cash equivalents	**26,757,678**	**20,452,712**

Fixed-term deposits are invested at interest rates of between 0.0 percent and 1.448 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 2022.

Cash and cash equivalents increased by EUR 6,304,966 to EUR 26,757,678 in spite of the negative cash flow from investing activities (EUR 2,680,118) and finance activities (EUR 17,376,510). The increase in cash and cash equivalents is due to the positive operating cash flow (EUR 26,269,022). The negative cash flow from investing activities results from the acquisition of fixed assets (EUR 1,017,633) and the purchase of short-term financial assets in the form of fixed-term deposits (EUR 15,096,431). However, payments received from the return on investments in financial assets (essentially investment funds) in an amount of EUR 13,433,946 had a positive effect on the cash flow from investing activities. The negative cash flow from financing activities is due to the dividend distribution of EUR 14,474,708 carried out at the beginning of May 2022 and the settlement of lease liabilities in an amount of EUR 2,901,801 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 26,757,678 (previous year: EUR 20,452,712).

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	12/31/2022	12/31/2021
Gross receivables	10,482,993	12,244,831
Less impairments	-353,437	-299,867
Net receivables (carrying value)	**10,129,556**	**11,944,964**

These receivables include those relating to long-term production orders in a net amount of EUR 192,965 (previous year: EUR 267,497). On 12/31/2022 there were no receivables with due dates which had been extended (previous year: EUR 0.00). As in the preceding year there were no receivables with a remaining time to maturity of more than one year.

In general, trade accounts receivable are due for payment within 10 days. As of 12/31/2022 writedowns in the amount of EUR 353,437 (previous year: EUR 299,867) were recorded. The writedowns 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	2022	2021
Status 01/01	299,867	116,385
Expense allocations	382,913	320,735
Usage	-82,593	-55,798
Liquidations	-246,750	-81,455
Status 12/31	**353,437**	**299,867**

The company demands no securities from its customers.

The aging report for trade receivables shows the following:

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 amount) in EUR	**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%	

12/31/2021	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 12/31/2021
Gross receivables in EUR	8,713,978	2,625,472	540,817	85,398	105,193	173,973	12,244,831
Adjustment in EUR	0	-13,127	-10,276	-3,415	-99,076	-173,973	-299,867
Net receivables (carrying amount) in EUR	**8,713,978**	**2,612,345**	**530,541**	**81,983**	**6,117**	**0**	**11,944,964**
Expected loss rate	0%	0.5%	1.9%	4%	94%	100%	

Other financial assets and trade receivables were composed as follows:

Other current financial assets and precious metals

EUR	12/31/2022	12/31/2021
Investment funds	5,049,988	20,214,213
Claims on insurance companies	5,489,149	5,415,192
Gold	2,172,080	2,024,720
Fixed-term deposits (EUR + CHF)	16,562,000	1,500,000
Silver	16,500	16,000
Dividend-bearing securities	4,770	4,770
Total of other (current) financial assets and precious metals	**29,294,487**	**29,174,895**

Other non-current financial assets and precious metals

EUR	12/31/2022	12/31/2021
Gold	784,740	732,230
Security deposits	532,926	603,389
Total of other (non-current) financial assets and precious metals	**1,317,666**	**1,335,619**

Valuation of current and non-current gold holdings at fair value results in finance income of EUR 199,870 (previous year: EUR 110,010). In addition, income from the valuation of claims relating to capital assurances used as alternative short-term investments was recognized at fair value in financial income (asset value as of 12/31/2022: EUR 5,489,149; asset value as of 01/01/2022: EUR 5,415,192) in an amount of EUR 73,957 (previous year: EUR 113,558). Distributions from the investment of liquid assets in an investment fund also serving as an alternative short-term investment, resulted in financial income of EUR 71,318 (EUR 0). Financial expenses of EUR 1,764,709 (previous year: appreciation of EUR 249,906) were incurred from the write-down of short-term investment funds to fair value. Expenses from the write-down of a time deposit account in CHF to fair value amounted to EUR 56,662 (previous year: EUR 0).

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 capital sum assurances, the Group applies the asset value (Level 3) as reported annually by the other contracting party. As of 12/31/2022, the maximum default risk equates to the fair value.

26. Other (current) non-financial assets

Other current non-financial assets in an amount of EUR 4,662,823 (previous year: EUR 1,982,511) essentially include deferrals of EUR 1,827,422 (previous year: EUR 1,439,692) as well as receivables from the Tax office relating to advance tax payments in an amount of EUR 2,410,971 (previous year: 293,049).

27. Fixed assets

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

	Acquisition and manufacturing costs					**Cumulative depreciation**				**Net carrying values**	
EUR	01/01/2021	Additions	Transfers	Disposals	12/31/2021	01/01/2021	Additions	Disposals	12/31/2021	12/31/2021	12/31/2020
I. Intangible assets											
Software	621.365	41.048	0	0	662.413	345.688	179.224	0	524.912	137.501	275.677
	621.365	**41.048**	**0**	**0**	**662.413**	**345.688**	**179.224**	**0**	**524.912**	**137.501**	**275.677**
II. Property, plant and equipment											
Land and buildings	2,138,011	0	0	0	2,138,011	636,822	52,580	0	689,402	1,448,609	1,501,189
Technical equipment	79,223	0	0	0	79,223	28,953	14,138	0	43,091	36,132	50,270
Office and business equipment	3,966,515	1,053,440	2,394	0	5,022,349	1,754,760	1,129,446	0	2,884,206	2,138,143	2,211,755
Advance payments and assets under construction	2,394	0	-2,394	0	0	0	0	0	0	0	2,394
	6,186,143	**1,053,440**	**0**	**0**	**7,239,583**	**2,420,535**	**1,196,164**	**0**	**3,616,699**	**3,622,884**	**3,765,608**
Total	**6,807,508**	**1,094,489**	**0**	**0**	**7,901,997**	**2,766,223**	**1,375,389**	**0**	**4,141,612**	**3,760,385**	**4,041,285**

EUR	01/01/2022	Additions	Transfers	Disposals	12/31/2022	01/01/2022	Additions	Disposals	12/31/2022	12/31/2022	12/31/2021
I. Intangible assets											
Software	662,413	116,751	0	0	779,165	524,912	93,950	0	618,863	160,302	137,501
	662,413	**116,751**	**0**	**0**	**779,165**	**524,912**	**93,950**	**0**	**618,863**	**160,302**	**137,501**
II. Property, plant and equipment											
Land and buildings	2,138,011	0	0	0	2,138,011	689,402	58,536	0	747,938	1,390,073	1,448,609
Technical equipment	79,223	0	0	0	79,223	43,091	7,204	0	50,295	28,928	36,132
Office and business equipment	5,022,349	923,884	0	-22,856	5,923,378	2,884,206	893,233	-20,578	3,756,861	2,166,517	2,138,143
Advance payments and assets un-der construction	0	0	0	0	0	0	0	0	0	0	0
	7,239,583	**923,884**	**0**	**-22,856**	**8,140,612**	**3,616,699**	**958,973**	**-20,578**	**4,555,094**	**3,585,518**	**3,622,884**
Total	**7,901,997**	**1,040,635**	**0**	**-22,856**	**8,919,776**	**4,141,612**	**1,052,923**	**-20,578**	**5,173,957**	**3,745,820**	**3,760,385**

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.

28. Leases

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

EUR	12/31/2022	12/31/2021
Rights of use		
Buildings	8,329,044	9,177,349
Vehicles	1,245,705	953,539
Total	**9,574,749**	**10,130,888**

EUR	12/31/2022	12/31/2021
Lease liabilities		
Short-term	610,001	549,790
Long-term	9,640,601	10,103,743
Total	**10,250,602**	**10,653,533**

Allocations to rights of use in the 2022 financial year amounted to EUR 2,333,655 (previous year: EUR 3,819,951). Disposals amount to EUR 37,517 (previous year: EUR 670,365).

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

EUR	2022	2021
Depreciation of usage rights		
Buildings	2,050,694	1,983,580
Vehicles	801,583	749,519
	2,852,277	**2,733,099**
Interest expense (recognized under finance costs)	**102,910**	**110,182**
Expenses for short-term leases	**382,670**	**272,669**

Total cash outflows for leases in 2022 amounted to EUR 2,901,801 (previous year: EUR 2,810,952).

29. Capitalized contract costs

EUR	12/31/2022	12/31/2021
Capitalized contract costs	4,858,064	1,743,638
Total capitalized contract costs	**4,858,064**	**1,743,368**

As of 12/31/2022, the carrying amount of the capitalized contract costs was EUR 4,858,064 (previous year: EUR 1,743,368). The costs of initiating the contract comprise sales commissions to employees (EUR 1,784,801) and third party vendors/partners (EUR 3,073,263) in direct and indirect sales channels as part of the cloud subscription business. In total, capitalized contract costs of EUR 557,606 (previous year: EUR 109,571) were 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 liabilties	
	2022	2021	2022	2021
Assets				
Long-term production orders	0	0	39,298	299,489
Non-current financial assets	0	0	119,293	106,166
Current financial assets	0	0	135,567	235,135
Rights of use	0	0	3,108,921	3,289,500
Capitalized contract costs	0	0	1,525,432	566,159
Pension provision (plan assets)	0	0	56,638	32,464
Liabilities				
Pension provisions	668,081	1,945,426	0	0
Liabilities for AGM expenses	43,818	43,818	0	0
Lease liabilities	3,328,370	3,426,619	0	0
Total	**4,040,269**	**5,415,863**	**4,985,149**	**4,528,913**
of which long-term	3,798,384	5,193,528	4,625,276	3,815,772
of which short-term	241,885	222,335	359,873	713,140
Total	**4,040,269**	**5,415,863**	**4,985,149**	**4,528,913**

Deferred tax assets in an amount of EUR 4,040,269 were netted against deferred tax liabilities in an amount of EUR 4,985,149.

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 2022. 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 2022 amount to EUR 5,239,075 (previous year: EUR 3,661,644).

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

EUR	2022	2021
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 25 percent, in Switzerland to 25 percent and in Romania to 16 percent. The tax rate for the Dutch facility is 15 percent, for the Belgian facility 25 percent and for the Swedish facility 20 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	2022	2021
Pre-tax earnings pursuant to IFRS	**29,310,204**	**27,705,388**
Expected tax charge (2022: 32.47%; 2021: 32.47%)	-9,517,023	-8,995,939
Non-deductible operating expenses	-71,147	-58,920
Tax refunds / payment of tax arrears for previous years	-87,337	375,502
Lower tax rates at Group companies and branches	234,292	330,202
Trade tax add-backs	-54,338	-45,780
Interests as per Sec. 8b KStG	0	-70,240
Tax effect of an employee option plan that is not deductible (taxable) in the calculation of taxable income	-160,191	-120,201
Miscellaneous	-277,013	223,078
Actual Group tax charge	**-9,932,757**	**-8,362,298**

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 512.000) is in place with the principal bank of the integrated companies which may optionally be used for guarantee purposes or as an overdraft facility. In financial year 2022, an amount of EUR 535,577 was used for guarantees (previous year: EUR 286,577). As in the previous year, there were no liabilities to banks.

32. Financial liabilities

As of 12/31/2022, 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 amounts of 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**

Contractual maturities of financial liabilities in EUR	Up to 3 months	3 months to 1 year	> 1 year	Total contractual cash flows	Carrying amounts of liabilities
As of 12/31/2021					
Trade accounts payable	1,044,159	0	0	1,044,159	1,044,159
Lease liabilities	699,184	1,944,443	8,807,882	11,451,509	10,653,533
Total	**1,743,343**	**1,944,443**	**8,807,882**	**12,495,668**	**11,697,692**

33. Other current financial liabilities

Other current financial liabilities essentially comprise the following amounts:

EUR	12/31/2022	12/31/2021
Anticipated charges	4,678,801	3,034,174
Total	**4,678,801**	**3,034,174**

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

34. Other current financial liabilities

EUR	12/31/2022	12/31/2021
Liabilities for salaries and commissions	13,344,501	11,076,833
Miscellaneous liabilities	2,503,091	1,797,976
Total	**15,847,592**	**12,874,809**

The liabilities for salaries and commissions include claims deriving from variable salary components arising in the reporting period but not disbursed until the following year, as well as wage tax liabilities and provisions for vacation commitments. Other liabilities comprise essentially turnover tax liabilities.

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	2022	2021
Recognized revenues which were included in the balance of contractual liabilities at the beginning of the period were as follows:		
Maintenance services	1,280,662	581,859
Long-term production orders	684,908	1,551,738
Cloud	1,499,479	572,498
Miscellaneous	791,499	440,915
Total	**4,256,548**	**3,147,010**

The contractual liabilities were composed as follows:

EUR	12/31/2022	12/31/2021
Amounts invoiced in advance for maintenance works	216,190	1,280,662
Amounts invoiced in advance for long-term production orders	1,470,900	684,908
Amounts invoiced in advance for cloud orders	1,704,215	1,499,479
Miscellaneous	764,779	792,804
Total	**4,156,084**	**4,257,853**

The miscellaneous contractual liabilities stated here include sums invoiced in advance for hotline services as well as for software, hardware and services yet to be supplied. The company assumes that of the contractual liabilities amounting to EUR 4,156,084 as of 12/31/2022, the entire balance will be recognized as sales revenue in fiscal 2023.

36. Other provisions

Other provisions comprise the following amounts:

EUR	01/01/2022	Drawn down	Liquidations	Allocations	12/31/2022
Other provisions	28,861	0	0	42,500	71,361
Total	**28,861**	**0**	**0**	**42,500**	**71,361**

Other provisions essentially include the provisions for warranties.

37. Pension provisions

Pension costs were comprised as follows:

EUR	2022	2021
Current service cost	305,986	318,391
Net interest cost	62,335	53,750
Pension expenses	**368,321**	**372,141**

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 2023 the company expects pension expenses to amount to EUR 270,786.

The obligation translates to the balance sheet as follows:

EUR	12/31/2022	12/31/2021
Defined benefits obligation	7,084,599	10,670,653
Fair value of plan assets	-4,674,842	-4,317,014
Pension provision	**2,409,757**	**6,353,639**

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

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

EUR	12/31/2022	12/31/2021
Defined benefits obligation as of 01/01	10,670,653	10,827,403
Cost of interest	106,698	86,612
Current service cost	305,986	318,391
Actuarial gains	-3,998,738	-561,753
Defined benefits obligation as of 12/31	**7,084,599**	**10,670,653**

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

EUR	2022	2021
Experience-based adjustment	128,418	138,887
Changes in financial assumptions	3,870,320	422,866
Changes in demographic assumptions	0	0
Deviation in actual income from plan assets relative to income calculated at the discount rate	74,450	56,847
Actuarial losses / gains	**4,073,188**	**618,600**

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 -1,298,390 (previous year: EUR -182,401). Income tax effects totaling EUR -24,174 (previous year: EUR -18,458) 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	12/31/2022	12/31/2021
Fair value of plan assets effective 01.01	4,317,014	3,988,762
Returns on plan assets calculated at the discount rate	44,363	32,862
Employer's contributions	239,015	238,543
Actuarial profits and losses	74,450	56,847
Fair value of plan assets effective 12/31	**4,674,842**	**4,317,014**

The actual return on plan assets in 2022 amounted to EUR 118,813 (previous year: EUR 89,709).

Contributions to the pension plan in financial year 2023 are expected to total EUR 239,015.

Sensitivity analyses

A rise or fall in essential actuarial assumptions would have affected the cash value of the pension liabilities as of December 31, 2022 as follows:

EUR	Development in pension commitment	
	0.25%	**-0.25%**
Discount interest rate (initially 3.6%)	-294,599	311,919
	0.50%	**-0.50%**
Discount interest rate (initially 3.6%)	-573,032	642,401

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 16.32 years (previous year: 19.5 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 816,947 (previous year: EUR 517,611) as well as provisions for multi-year bonuses paid to the Management Board in an amount of EUR 367,081 (previous year: EUR 0):

EUR	01/01/2022	Drawn down	Liquidations	Allocations	12/31/2022
Other provisions	517,611	0	0	666,417	1,184,028
Total	**517,611**	**0**	**0**	**666,417**	**1,184,028**

39. Equity

Issued shares in circulation

As of 12/31/2022, 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 until 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 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%. 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 4/30/2021

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 4/30/2021

(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 amounts 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 Stock 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 4/30/2021
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:

	12/31/2022	12/31/2021
Moritz Zimmermann (Chairman of the Supervisory Board)	10,928	10,928
Andreas F.J. Obereder (CEO)	3,976,570	3,976,570
Dirk Häußermann (Co-CEO)	3,400	1,700
Pritim Kumar Krishnamoorthy (CTO)	1,140	1,140
Total	**3,992,038**	**3,990,338**

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

Capital reserve

As of 12/31/2022 the capital reserve stood at EUR 202,206 (previous year: EUR -291,146). The increase in the capital reserve by EUR 493,352 (previous year: EUR 370,192) results from the share-based remuneration granted in 2021 to the CEO of ATOSS Software AG, Dirk Häußermann, by AOB Invest GmbH (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 amounting to EUR 370,192.

Equity deriving from unrealized profits/losses

Equity deriving from unrealized profits / losses in the amount of EUR -43,833 (previous year: EUR -2,744,181) was accounted for by losses from the revaluation recognized in equity of defined benefit pension plans and the associated tax effects, and a further amount of EUR 122,559 (previous year: EUR 72,283) by gains from the revaluation recognized in equity of the plan assets set up to cover pension commitments.

IV. Notes to the Consolidated Income Statement

40. Sales revenues

The sales revenues were composed as follows:

EUR	2022	2021
Licenses	12,606,664	17,176,505
Maintenance	31,632,343	28,934,442
Cloud	34,154,018	19,859,566
Total software	**78,393,025**	**65,970,513**
Consulting	28,115,117	25,242,829
Hardware	4,475,674	4,372,548
Miscellaneous	2,932,464	1,480,510
Total sales revenues	**113,916,280**	**97,066,400**

For long-term production orders, the company realizes sales in accordance with the project progress as per IFRS 15. The revenues are realized in accordance with milestones reached. The value is measured by the ratio of finalized milestones to the remaining contractual works. A project schedule is prepared for each long-term order. Deferrals which include both amounts invoiced in advance for long-term production orders as well as maintenance services are used to demarcate sales under the heading of contractual liabilities that will be implemented in subsequent periods and be realized at that time.

Overall in financial year 2022 an amount of EUR 141,380 (previous year: EUR 483,439) 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 26,048 (previous year: EUR 207,949).

The company has customers in all branches of industry, as well as in the public sector. In financial years 2022 and 2021 no single customer accounted for a proportion of 10 percent or more of total sales.

The sales revenues were distributed between product groups as follows:

EUR	2022	2021
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	94,459,226	81,560,541
ATOSS Time Control (ATC)	16,807,560	13,823,509
Crewmeister	2,649,494	1,682,350
Total	**113,916,280**	**97,066,400**

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	2022	2021
Domestic	95,550,698	81,940,439
Abroad	18,365,582	15,125,961
of which Austria	7,167,610	6,787,243
of which Switzerland	5,596,297	4,315,172
of which other countries	5,601,675	4,023,546
Total	**113,916,280**	**97,066,400**

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	2022	2021
Recognition at a certain time	17,431,651	21,908,610
Recognition over a certain period	96,484,629	75,157,790
Total	**113,916,280**	**97,066,400**

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	2022	2021
Material costs (goods for resale)	4,724,001	3,828,877
Material costs (external services)	2,996,904	2,147,460
Personnel costs	18,120,308	15,604,668
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	1,272,002	1,288,277
Overheads	4,088,616	3,350,183
Total	**31,201,831**	**26,219,465**

42. Distribution costs

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

EUR	2022	2021
Distribution personnel costs	17,339,638	13,478,124
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	1,071,749	1,129,028
Distribution overheads	1,201,955	1,502,891
Advertising costs	2,800,848	2,045,517
Total	**22,414,190**	**18,155,560**

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	2022	2021
Administration personnel costs	7,646,979	5,658,141
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	527,511	525,802
Administration overheads	2,244,197	2,100,909
Total	**10,418,687**	**8,284,852**

44. Expenditure on research and development

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

EUR	2022	2021
Research and development personnel costs	15,207,727	13,141,510
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	1,033,958	1,165,381
Research and development overheads	2,814,699	2,589,147
Total	**19,056,384**	**16,896,038**

45. Personnel expenses

EUR	2022	2021
Wages and salaries	49,084,956	40,826,142
Social security contributions and expenditure on retirement pensions and welfare	9,229,696	7,056,301
of which expenditure on retirement pensions and welfare EUR 734,960 (previous year: EUR 579,378).		
Service costs EUR 305,986 (previous year: EUR 318,391)		
Total	**58,314,652**	**47,882,443**

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

Other operating income in an amount of EUR 389,849 (previous year: EUR 97,810) essentially includes income from exchange rate differences amounting to EUR 264,280 (previous year: EUR 83,919).

Other operating expenses in an amount of EUR 278,309 (previous year: 125,756) essentially comprise expenses from exchange rate differences in an amount of EUR 249,961 (previous year: EUR 123,164). Net impairments on financial assets relate to trade receivables in the amount of EUR 134,288 (previous year: EUR 239,280).

47. Financial income and expenses

The financial investment income of EUR 494,378 (previous year: EUR 625,176) relates to income from the write-up of the company's gold holdings in the amount of EUR 199,870 (previous year: EUR 110,010), income from the revaluation of a fixed-term deposit in US dollars in the amount of EUR 149,234 (previous year: EUR 151,541), income from the valuation of claims relating to capital assurances in the amount of EUR 73,956 (previous year: EUR 113,558) as well as income from distributions from the investment of cash and cash equivalents in an investment fund amounting to EUR 71,318 (EUR 0).

In 2022 the company recorded financial expenses amounting to EUR 1,986,614 (previous year: EUR 163,047). This essentially concerned expenses from the devaluation of investment funds amounting to EUR 1,764,709 (previous year: EUR 0), finance costs in connection with the recognition of lease liabilities under IFRS 16 amounting to EUR 102,910 (previous year: EUR 110,182) the net interest expense from the valuation of pension provisions amounting to EUR 62,335 (previous year: EUR 53,750) and expenses from the devaluation of a fixed-term deposit in CHF in the amount of EUR 56,662 (previous year: EUR 0).

48. Tax charge / tax income

EUR	2022	2021
Current tax charge	9,560,611	7,835,860
Deferred taxes (cf. Note 30)	372,146	526,438
Tax charge	**9,932,757**	**8,362,298**

V. Notes to the Consolidated Statement of Cash Flows

49. Cash flow from business operations

The cash flow from business operations for the period from 01/01/2022 to 12/31/2022 amounted to EUR 26,269,022 (previous year: EUR 26,284,438) and was thereby EUR 15,416 lower than in the previous year.

The principal factors which impacted positively on cash flow from operations included net earnings, a reduction in trade receivables and an increase in miscellaneous current financial and non-financial liabilities resulting from higher salary and commission liabilities and invoices expected. The main effects reducing cash flow stemmed from an increase in capitalized contract costs.

The impact of exchange rate movements on cash and cash equivalents amounted to EUR 92,572 (previous year: EUR 151,541).

The average time to receipt in financial year 2022 was 31 days (previous year: 34 days).

50. Cash flow from investment activities

Cash outflow from investments for the period from 01/01/2022 to 12/31/2022 amounted to EUR – 2,680,118 (previous year: EUR -13,428,034) and was accordingly EUR 10,747,916 lower than in the year before. This was essentially the result of disbursements to cover investments in fixed assets in the amount of EUR 1,017,633 (previous year: EUR 1,094,489) and payments for the acquisition of financial assets amounting to EUR 15,096,431 (previous year: EUR 14,683,545). Payments received from the sale of financial assets in an amount of EUR 13,433,946 (previous year: EUR 2,350,000) had a positive effect on the cash flow from investing activities.

51. Cash flow from financing activities

Cash outflow from finance activities for the period from 01/01/2022 to 12/31/2022 amounted to EUR –17,376,510 (previous year: EUR –15,811,957) and was accordingly EUR 1,564,553 higher than in the year before. This resulted from the payment of a dividend of EUR 1.82 per share (previous year: dividend of EUR 1.67 per share - total amount distributed EUR 14.474.708 (previous year: EUR 13,281,737) and the repayment of lease liabilities in the amount of EUR 2,901,802 (previous year: EUR 2,810,952).

VI. Other Disclosures

52. Supervisory Board

Member of the Supervisory Board are:

Moritz Zimmermann
Master of Science in Business Administration

Chairman, Member of the Supervisory Board, Munich

Rolf Baron Vielhauer von Hohenhau
Dipl. Kaufmann

Deputy Chairman,
Member of the Supervisory Board
President of the Bund der Steuerzahler
in Bayern e.V., Munich

Klaus Bauer
Member of the Supervisory Board
and Advisory Board

Member of the Supervisory Board and
Chairman of the Audit Committee, Member of the
Advisory Board, Nuremberg

As of 12/31/2022, members of the Supervisory Board hold further supervisory board briefs with the following companies:

Rolf Baron Vielhauer von Hohenhau

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

Klaus Bauer

Schwanhäußer Industrie Holding GmbH & Co. KG, Heroldsberg; Schwanhäußer Grundbesitz Holding GmbH & Co. KG, Heroldsberg

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

Total remuneration paid to the Supervisory Board of ATOSS Software AG pursuant to Sec. 314 (1) no. 6 HGB in the financial year 2022 amounted to EUR 138,000 (previous year: EUR 138,000) and is composed as follows pursuant to IAS 24.17:

EUR	2022	2021
Short-term benefits		
Compensation pursuant to the Articles of Association	120,000	120,000
Attendance allowances	18,000	18,000
Total	**138,000**	**138,000**

No expenses were incurred in financial year 2022 for consultancy work from members of the Supervisory Board beyond the scope of their Supervisory Board duties (previous year: EUR 0.00).

As of 12/31/2022, there were short-term financial liabilities for Supervisory Board compensation not yet paid to members of the Supervisory Board amounting to EUR 138,000 (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 2022 amounted to EUR 2,390,574 (previous year: EUR 3,883,397) and comprises all fixed, performance-related and in the previous year share-based remuneration components.

Total remuneration is composed as follows pursuant to IAS 24.17:

EUR	2022	2021
Short-term benefits	1,869,507	1,589,155
Benefits on termination of the contract of employment	418,954	324,511
Other long-term benefits	516,000	381,300
Share-based Payment	667,995	808,857
Total	**3,472,456**	**3,103,823**

Besides the expenses recognized in the financial year for fixed salaries and single year 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 after termination of the employment relationship. 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 81,000), contributions to direct insurance of EUR 1,752 (previous year: EUR 1,752) and contributions to the pension fund of EUR 3,216 (previous year: EUR 3,216).

Other long-term benefits comprise the expenses from multi-year bonuses recognized in the financial year.

As a result of the extension of his contract effective 01/01/2019 for a further five years, the profit-share payment to the Chief Executive Officer, Mr. Andreas Obereder, includes entitlements for the achievement of single-year (40 percent) and pro rata multi-year targets (60 percent, three-year target-based profit share payment). Given that these entitlements are confirmed only after the financial year has ended, actual payments may deviate.

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, Mr. 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, Mr. 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, Mr. Christof Leiber, includes entitlements for the achievement of single-year (40 percent) and pro rata multi-year targets (60 percent, three-year target-based profit-share payment). The basis for this is given by the Management Board employment contract dated 06/30/2016 / 07/05/206 that was redrafted on 06/24/2022 effective 07/01/2021. This contract begins on 07/01/2021 and ends after 5 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 2022 deriving from multi-year profit-share payments were calculated on the basis of the estimated achievement of 3-year targets. Part-amounts are disbursed by way of advance payments. The actual multi-year profit share payment entitlement may vary dependent on the extent to which targets are achieved over the overall period.

As of 12/31/2022, there were short-term miscellaneous non-financial liabilities for as yet unpaid variable remuneration to members of the Management Board amounting to EUR 242,128 (previous year: EUR 489,716). The long-term provision for as yet unpaid multi-year bonuses amounts to EUR 367,083 (previous year: EUR 0).

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 12/31/2022 at EUR 139 (previous year: EUR 217).

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 44.95 percent was applied as of 12/31/2022 (previous year: 38.6 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 2.52 percent as of 12/31/2022 (previous year: –0.53 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 1.24 percent was used to value the Restricted Stock Units granted (previous year: 0.91 percent).

The average weighted residual term of the Restricted Stock Units granted is 36 months as of 12/31/2022 (previous year: 48 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 12/31/2022 for both members of the Management Board together is EUR 644,868 (previous year: EUR 470,225). The total expense from share-based remuneration recognized in personnel expenses for Christof Leiber and Pritim Kumar Krishnamoorthy, amounts to EUR 174.643 (previous year: EUR 438,665).

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

With the exception of the contract existing between the company and Mr. Andreas F.J. Obereder, there were no reportable transactions events at ATOSS Software AG in relation to AOB Invest GmbH (controlling company) and Mr. Andreas F.J. Obereder, or any company affiliated with AOB Invest GmbH (controlling company) or Mr. Andreas F.J. Obereder. The company is in no way disadvantaged by the management board contract.

The wife of the Chief Executive Officer provides services to the company. In 2022, the value of services provided on standard market terms amounted to EUR 1,500 (previous year: EUR 1,560). In addition, the daughter of the Chief Executive Officer is employed on standard market terms. In 2022 the company incurred personnel costs in the amount of EUR 127,222 (previous year: EUR 76,506) for this contract. As of 12/31/2022, there are short-term provisions for outstanding invoices from the wife of the Chief Executive Officer totaling EUR 1,500 (previous year: EUR 1,560) and short-term provisions for as yet unpaid variable remuneration to the daughter of the Chief Executive Officer amounting to EUR 17,707 (previous year: EUR 13,259).

As of 12/31/2022, 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 shares); Nicola Obereder: 27,672 shares (previous year: 27,672 shares).

Dirk Häußermann
In addition to his agreed management board compensation from the company via AOB Invest GmbH, Grünwald, Germany (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 stock 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 in the 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 2022 amounted to EUR 493,352 (previous year: EUR 370,192).

In the 2022 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 12/31/2022 the company employed 693 persons (previous year: 630). The average for the year was 667 (previous year: 600); excluding the Management Board, trainees and interns and temporary staff, the average number of employees was 628 (previous year: 570).

The quarterly average number of employees was as follows:

	2022	2021
Sales and marketing	153	131
Consulting	177	169
Development	237	216
Administration	100	84
Total	**667**	**600**
Of which trainees	0	0
Of which temporary staff and interns	35	27
Of which Management Board members	4	3

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 which is settled in cash. To this end, it granted the beneficiary employees Restricted Stock Units with an equivalent value of EUR 700,000 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 4,051 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 56-58 months beginning at the time the Restricted Stock Units are granted and divided into three installments: 10 percent after 20-22 months, 20 percent after 44-46 months, 70 percent after 56-58 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.

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 12/31/2022 this price stood at EUR 139 (previous year: EUR 217).

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.

Expected volatility of the share price: In valuing the Restricted Stock Units, an expected volatility in the ATOSS Software AG share price of 44.95 percent was applied as of 12/31/2022 (previous year: 38.6 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 2.52 percent as of 12/31/2022 (previous year: −0.53 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 1.24 percent was used to value the Restricted Stock Units granted (previous year: 0.91 percent).

The average remaining term of the Restricted Stock Units granted as of 12/31/2022 is 36 months (previous year: 48 months).

No Restricted Stock Units were exercised in the reporting period and none expired. The carrying amount of the liability for all employees falling under this share-based remuneration as of 12/31/2022 is EUR 172,079 (previous year: EUR 47,386). Total expenses from share-based remuneration recognized in personnel costs amounts to EUR 124,693 (previous year: EUR 47,386).

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 2022 they amount to EUR 188,097 (previous year: EUR 137,922).

57. Auditors' fees

The total fees paid to the auditor under Sec. 314 (1) No. 9 HGB for the audit of the financial statements conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch office, or companies affiliated to it, were recognized as expenses as follows:

EUR	2022	2021
Auditing services for annual financial statements	182,506	168,850
Other assurance services	40,788	39,140
Tax advisory services	0	23,983
Other services	0	6,795
Total of fees	**223,294**	**238,948**

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 2022.

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 various locations. The agreements also in some cases include price adjustment clauses on standard market terms. The financial obligations in respect of rents and lease payments for the coming financial years were composed as follows as of 12/31/2022:

EUR	Rents for premises	Other rents and lease payments
2023	2,050,448	1,060,292
2024 to 2027	6,692,162	616,136
post 2027	140,823	0
Total	**8,883,433**	**1,676,428**

The overall costs of all rental and lease agreements in financial year 2022 amounted to EUR 3,337,857 (previous year: EUR 2,960,929).

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 12/31/2022 amounts to 53 percent (previous year: 48 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 12/31/2022 and 12/31/2021 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 5.049.988 (previous year: EUR 20,214,212). 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 +/-1,262,497 (previous year: EUR +/-5,053,553).

In the case of gold, the risk on the closing date amounted at fair value to EUR 2,956,820 (previous year: EUR 2,756,950). 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 +/-295,682 (previous year: EUR +/-275,695).

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 2,106,164 (previous year: EUR 1,962,581). 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 +/-210,616 (previous year: EUR +/-196,258). As of the closing date, the fair value of the CHF reported in other current financial assets and precious metals was EUR 4,062,000 (previous year: EUR 0). 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 +/-406,200 (previous year: EUR +/-0).

These sensitivity analyses each relate to the situation as of 12/31/2022.

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 2022 or 2021, 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:

	01/01/2022	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**

	01/01/2021	Cash changes	Non-cash changes	12/31/2021
Long-term lease liabilities	9,914,645	-2,367,588	2,556,686	10,103,743
Short-term lease liabilities	304,815	-443,364	688,339	549,790
Liabilities from financing activities	**10,219,460**	**-2,810,952**	**3,245,025**	**10,653,533**

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 12/31/2022	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 assets	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

	Measurement categories pursuant to IFRS 9	Carrying amount as of 12/31/2021	Recognized value in balance sheet pursuant to IFRS 9		Fair value
			Amortized cost	Fair value through P/L	
Assets					
Cash and cash equivalents	AC*	20,452,712	20,452,712		20,452,712
Trade receivables	AC*	11,944,964	11,944,964		11,944,964
Other non-current financial assets **	AC*	603,389		603,389	603,389
Other current financial assets**	FVP/L*	5,419,962		5,419,962	5,419,962
Investments in investment funds**	FV/PL (FK)*	20,214,213		20,214,213	20,214,213
Fixed-term deposits**	AC*	1,500,000		1,500,000	1,500,000
Liabilities					
Trade accounts payable	FLAC*	1,044,159	1,044,159		1,044,159
Other current financial liabilities	FLAC*	3,034,174	3,034,174		3,034,174

* 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 12/08/2022. 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 2022, the company received the following notifications regarding changes in participating interests pursuant to Secs. 33 ff. of the German Securities Trading Act (WpHG):

On 11/21/2022, the shareholding of Barclays Plc, London, Great Britain, exceeded the voting rights threshold of 3 percent of the share capital of ATOSS Software AG as a result of the purchase of shares and amounted to 3.52 percent at this time.

On 10/11/2022, the shareholding of Invesco Ltd, Hamilton, Bermuda, 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 2.91 percent at this time.

On 10/11/2022, the shareholding of AIM International Mutual Funds (Invesco International Mutual Funds), Wilmington, Delaware, USA, 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 2.89 percent at this time.

On 05/11/2022, the shareholding of MainFirst SICAV, Strassen, Luxembourg, fell below the voting rights threshold of 5 percent of the share capital of ATOSS Software AG as a result of the sale of shares, and amounted to 4.999273242655 percent at this time.

On 01/26/2022, the shareholding of AIM International Mutual Funds (Invesco International Mutual Funds), Wilmington, Delaware, USA, exceeded the voting rights threshold of 3 percent of the share capital of ATOSS Software AG as a result of the purchase of shares and amounted to 3.04 percent at this time.

On 1/26/2022, the shareholding of Invesco Ltd., Hamilton, Bermuda, exceeded the voting rights threshold of 3 percent of the share capital of ATOSS Software AG as a result of the purchase of shares, and amounted to 3.05 percent at this time.

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

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 02/24/2023 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 03/01/2023.

64. Appropriation of net income

The Management Board proposes to use a sum of EUR 25,754,345 from the unappropriated profit from the 2022 financial year for a dividend payment of EUR 2.83 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 22,507,375 on the share capital entitled to a dividend as of 12/31/2022 amounting to EUR 7,953,136.00 and profit carried forward of EUR 3,246,971.

65. Report on events after the balance sheet date

There were no significant events after the reporting date.

Munich, February 24, 2023

The Management Board

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

Independent Auditor’s Report

To ATOSS Software AG, Munich

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of ATOSS Software AG, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of ATOSS Software AG, which is combined with the Company’s management report, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of the section “Description of the main features of the internal control system” of the group management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with 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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the section referred to above.

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 appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

1. Revenue recognition

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

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

Hereinafter we present the key audit matter:

1. Revenue recognition

1. The ATOSS Group generated revenue amounting to EUR 113,916 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 other information comprises further

- 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 management report and our auditor's report

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

In connection with our audit, our responsibility is to read the other information 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 management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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-2023-02-24.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance 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 2022 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 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents
The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings 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:

- iIdentify 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 29 April 2022. We were engaged by the supervisory board on 29 April 2022. We have been the group auditor of the ATOSS Software AG, Munich, 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 24, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Sebastian Stroner German public auditor	ppa. Johanna Schano 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 24, 2023

The Management Board

Andreas F.J. Obereder
CEO

Dirk Häußermann
Co-CEO

Pritim Kumar Krishnamoorthy
CTO

Christof Leiber
CFO

Corporate Calendar

01/31/2023
Press release announcing preliminary results for 2022

03/10/2023
Publication of the annual report for 2022

07/10/2023
Balance sheet press conference

04/25/2023
Publication of the 3-monthly financial statements

04/28/2023
Ordinary annual general meeting 2023

07/24/2023
Press release announcing the 6-monthly financial statements

08/11/2023
Publication of the 6-monthly financial statements

10/23/2023
Publication of the 9-monthly financial statements

11/27/2023
ATOSS at the German Equity Forum

Imprint

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