



face the future

2021 ANNUAL REPORT

ATOSS 

Shaping tomorrow's working environments

In the age of globalization, digitalization and rapid change, everything hinges on flexibility and productivity. The dynamic organizations of tomorrow need to be built upon agile personnel infrastructures, smooth processes and new ways of working. It's crucial to be able to tap the potential of valuable working time to the fullest extent. This is precisely where our strength lies. Today, ATOSS Workforce Management solutions are making significant contributions towards higher value creation and a sharper competitive edge for around 12,000 customers. At the same time, we are enabling employee-centric working time concepts, ensuring greater job satisfaction – in more than 50 countries across the globe.

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

ATOSS | 2021

Consolidated Overview as per IFRS

YEAR ON YEAR COMPARISON IN KEUR

	01/01/2021 -12/31/2021	PROPORTION OF TOTAL SALES	01/01/2020 -12/31/2020	PROPORTION OF TOTAL SALES	CHANGE 2021 TO 2020
SALES	97,066	100%	86,053	100%	13%
SOFTWARE	65,971	68%	56,045	65%	18%
LICENSES	17,177	18%	16,509	19%	4%
MAINTENANCE	28,934	30%	26,600	31%	9%
CLOUD & SUBSCRIPTION	19,860	20%	12,937	15%	54%
CONSULTING	25,243	26%	24,103	28%	5%
HARDWARE	4,373	5%	3,915	5%	12%
OTHERS	1,481	2%	1,989	2%	-26%
EBITDA	31,352	32%	29,759	35%	5%
EBIT	27,244	28%	26,165	30%	4%
EBT	27,706	29%	26,198	30%	6%
NET PROFIT	19,343	20%	17,714	21%	9%
CASH FLOW	26,284	27%	23,206	27%	13%
LIQUIDITY ^{1/2}	50,360		40,488		24%
EPS IN EURO	2.43		2.23		9%
EMPLOYEES ³	630		557		13%

QUARTERLY COMPARISON IN KEUR

	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
SALES	27,534	23,807	22,775	22,951	24,932
SOFTWARE	18,922	16,127	15,562	15,360	16,736
LICENSES	5,485	3,615	3,708	4,369	6,090
MAINTENANCE	7,334	7,517	7,222	6,862	6,868
CLOUD & SUBSCRIPTION	6,103	4,995	4,631	4,130	3,779
CONSULTING	7,200	5,924	5,831	6,288	6,580
HARDWARE	1,052	1,262	1,056	1,003	1,162
OTHERS	361	495	326	299	453
EBITDA	9,929	7,571	6,898	6,953	9,705
EBIT	8,678	6,590	5,815	6,161	8,808
EBIT-MARGIN IN %	32%	28%	26%	27%	35%
EBT	8,936	6,774	5,856	6,139	8,588
NET PROFIT	6,669	4,416	4,113	4,145	5,795
CASH FLOW	2,249	15,981	960	7,094 ⁴	744
LIQUIDITY ^{1/2}	50,360	49,069	33,808	46,567	40,488
EPS IN EURO	0.84	0.55	0.52	0.52	0.73
EMPLOYEES ³	630	612	588	571	557

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 1.67 on 05/05/2021 (KEUR 13,282; previous year: KEUR 10,140) | ³ At the end of the quarter/year | ⁴ Figure corrected in the press release of 07/26/2021 to the press release of 04/26/2021

Development over 16 Record Years

2006 to 2021

+ 375%
Total Sales

+ 443%
Software Sales

+ 409%
Consulting Sales

+ 317%
Investments in R&D

+ 4,742%
EBIT

+ 3,950%
Earnings per Share

+ 9,535
New Customers



Contents

PART I	08	INTERVIEW
	12	BEST PRACTICES
	60	ABOUT US
	74	SUSTAINABILITY REPORT
PART II	104	FINANCIAL REPORT
	108	LETTER TO SHAREHOLDERS
	112	INVESTOR RELATIONS
	116	SUPERVISORY BOARD REPORT
	124	GROUP MANAGEMENT REPORT
	150	CONSOLIDATED BALANCE SHEET
	151	CONSOLIDATED INCOME STATEMENT CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
	152	CONSOLIDATED CASH FLOW STATEMENT
	153	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
	154	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
	220	INDEPENDENT AUDITOR'S REPORT
	228	DECLARATION BY THE LEGAL REPRESENTATIVES
	230	CORPORATE CALENDAR
	231	IMPRINT
	232	LOCATIONS



Shaping the future of work for a post-pandemic world

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

Mr. Obereder, yet another record year – the 16th in a row. How is ATOSS continuously managing to outperform its previous years?

Well, the past two years reveal there's no better alternative than the accelerated digitalization of organizational processes. Digitalization is also one of the most effective ways of compensating for the growing shortage of skilled workers. And workforce management is key to successfully executing on corporate strategies. This shift in priorities is reflected in our results. I'm thrilled, for example, that after 16 record years software license orders – our core business – is up again: by 28 percent.

Skills shortages aren't a new problem. What exactly has changed over the past two years?

For one, that shortage has increased. The last couple of years – whether it's despite or because of the uncertain times – people have been soul searching: What do I want to do? When would I like to work? How would I like to work? In America, there's even the "Big Quit" phenomenon: This refers to masses of people quitting their jobs even if their future's uncertain. They're looking for companies or industries that offer better work-life balance. It's clear to everyone that there's new and better ways to work. Maybe even – that this is a once-in-a-lifetime opportunity. CEOs have to act now:



To stay competitive, companies must offer a modern, attractive, human-centric work environment. This must satisfy the next generations' growing demand for combining work and private life.

Making a company future-ready is about reinventing its business model. And that's about reframing the term "staff" and establishing new management models.

What does reframing the term "staff" actually mean?

This term is outdated. Companies that want future success need to be more agile and flexible. This includes adopting hybrid work models in which, for example, either "staffing" the office or working from home can be done in parallel. McKinsey estimates that 20 to 25 percent of employees in an advanced economy are able to do their job from home three to five days a week. Then there's the more prolific use of temporary "staff". A lot of our European neighbors are way ahead of us here. Temping f.e. is the dominant model for our logistics customers in the Netherlands.

So what goals are companies setting for themselves when it comes to a modern workforce?

It's all about flexibility. The COVID-19 pandemic has shown us how vital it is to be quick and responsive – especially on the supply and demand side. Without maximum flexibility and agility spanning the entire workforce, it's virtually impossible to run a competitive company. And change here is well underway. A few decades ago, "staff" consisted predominantly of FTEs. These days, more than 40 percent of them work part-time, or as temps or freelancers. These new forms of working and work models may give us flexibility, but they come with more complexity on the management and compliance side. Which is exactly where our workforce management solutions come in.

Let me ask you about employee experience. This is huge in the HR community and beyond. So I figure it's on the ATOSS radar as well, right?

You guessed it! You only need to look at our corporate vision to see it in action. It states, among other things, that "we enable people to work more creatively, intelligently and human-centered, revolutionizing the interaction of cost efficiency and humanity." This vision has guided us for three decades already! We didn't call it employee experience at the time, but the topic has always been relevant for us. Now it's relevant for so many more. These days, if you want to remain competitive, it's no longer enough just to optimize revenue, overheads, and service levels. Alongside customer centricity you have to factor in employee satisfaction. For upcoming generations, in particular, this also includes the digital employee experience. It's a huge factor in keeping the workforce happy. And the benefits are immediate and measurable. We experience these positive effects with our customers time and again. It really motivates all of us at ATOSS!

Help me out here: Explain to me how specifically workforce management contributes to employee satisfaction?

To stay competitive, companies must offer a modern, attractive, human-centric work environment. This must satisfy the next generations' growing demand for combining work and private life. And that's exactly where we come in, by enabling them to map flexible work models or involve employees in the planning process. With our App, for example, it's easy to submit shift requests, swap duties among teams, or plan vacation



from the comfort of your own couch or chaise in the Caribbean sun. These factors and many others directly impact employee satisfaction and retention. And it applies just as much to the so-called deskless workforce. Why? Because workforce management software reaches everyone in the company – whether they're in front of the PC, on the assembly line, in the operating room, at the cash register or anywhere else for that matter. Hardly any other software makes such a strong impact on a company – across the entire workforce! And so fast.

Are there any industries that benefit more than others from your solutions?

Not really. I'd say our relevance spans all industries. No matter the size. Of course, particular benefits can be reaped in labor-intensive industries with fluctuating demand. Take retail: Companies such as EDEKA, ALDI SÜD, Douglas or Fressnapf have long benefited from our solutions. And, of course, in the healthcare sector with customers that include Helios, University Medical Center Mainz, the Saarbrücken and Leverkusener hospitals, and the Swiss telemedicine provider Medgate. But we reach far wider: creating measurable value in the industries of logistics, manufacturing, and the service and public sectors with names like Rhenus Logistics, WISAG, thyssenkrupp Packaging Steel, HUK-COBURG and the City of Munich.

You started by stating that – latest since the pandemic – the significance of digitalization is more widely recognized by everyone. Where do we stand on that?

Well, as to whether everyone recognizes that, I can't comment. But I think it's fair to say that fans of pen and ink are dwindling. Awareness is certainly there and most companies have started to digitalize with clear KPIs. This is still only the beginning. According to Bain & Company, only about five percent of all companies worldwide actually achieve their digital goals. Projects are implemented too slowly. And there are more singular lighthouse project successes than there are holistic digital agendas. Yet, investments in a holistic approach pay off. The same study reveals that digital pioneers not only grow around 50 percent faster than the competition but they're also up to 30 percent more profitable.

So you'd say there's still unlocked potential in digitalization?

You bet! You only need to look at the giant technological leaps we're making. These will shape tomorrow. Quantum computers are just one example. Last year, Google was the first to achieve quantum supremacy with its Sycamore processor. This machine needs only 200 seconds to solve a problem that would take a traditional supercomputer 10,000 years to figure out. In the field of data processing, we're on the brink of



Various new forms of working and work models may give us flexibility, but they come with more complexity on the management and compliance side.

a revolution! Of course, it's still in its early pioneering phase. But it's going to open up unimagined possibilities. Ultimately, it will mean we can release the value in all the data we're already collecting today. And use it in a meaningful way.

Mr. Obereder, what else kept ATOSS busy in 2021?

We've made huge progress in implementing our ATOSS2025 strategy. First, there is the move of the entire company towards cloud transformation. This last year alone we invested EUR 16.9 million into the development of our products to be cloud native. And this successful transformation already shows in our bottom line. Over 68 percent of orders in 2021 came for cloud products – a growth of more than 100 percent! Second, our internationalization strategy is well underway with the opening of two new locations in Brussels and Stockholm. Finally, we are also digitalizing our own operations. This culminated last year in the rollout of our new ERP, CRM and HCM systems, among others.

Last year, you announced an expansion of ATOSS partnerships. How's that going?

A lot has happened here as well. On the technology side, we have further expanded the integration of our systems with HCM providers such as SAP or Personio. We have also started to build a partner ecosystem for our service area. This now includes a number of national and international partners who implement and support ATOSS Cloud Solutions for customers. This allows us to accelerate growth without jeopardizing project quality or customer satisfaction.

It sounds like the future's bright...

Sure is! And it's precisely the enormous potential of our company and our business model that makes that the case. I think I speak for myself and the entire team when I say that this inspires us – everyday – to adapt and align to the future.

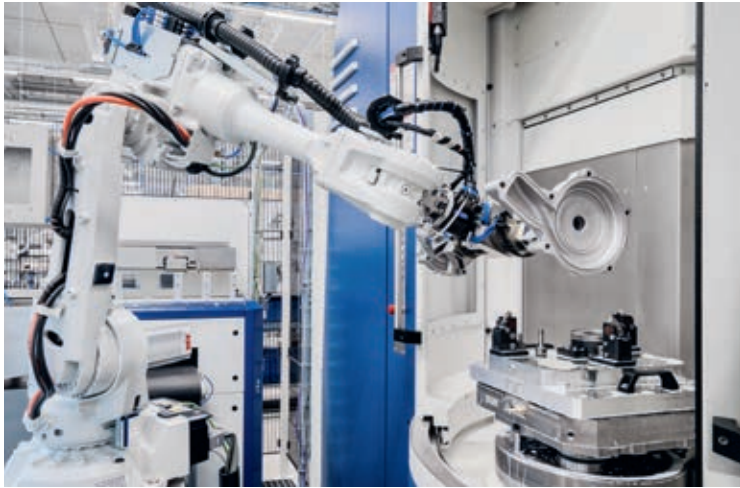
Mr. Obereder. Thanks so much for this interview. Wishing you all the best for a successful 2022!

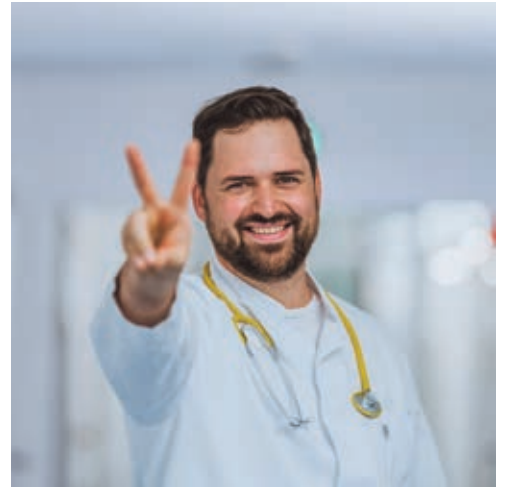


PROF. DR. STEFFEN STRESE

Prof. Steffen Strese is Professor of Innovation Management at the Technical University Dortmund. Prior to this, he was a postdoctoral scholar at RWTH Aachen University and worked as project leader for a top strategic management consulting company. He researches and teaches innovation management and entrepreneurship, is himself a company founder, and consults both established companies as well as startups.

Best Practices





A total of 12,000 companies rely on ATOSS Workforce Management when it comes to their most valuable asset – the people.

Premium shopping

Premium service, a relaxed shopping ambiance, and personal shopping offers are of strategic significance to Austria's most beautiful fashion house. That's why Kastner & Öhler have been working with the ATOSS Retail Solution for many years. The departments manage their teams, replacements, and employees from the staff pool using Automatic Duty Plan – which is cost-effective, customer-centric, and employee-friendly all at the same time. Precise staff demand forecasts are prepared based on past data, sales, and items per cash desk receipt. Planning quality of up to 95 percent is achieved in the process. Even the time required for merchandise presentation is calculated down to the last minute. And it goes without saying that our solution automatically takes account of laws, regulations, and the complex collective agreement for the retail trade. Kastner & Öhler are also responding to the burgeoning online boom by using digital workforce management in their distribution center, ensuring greater flexibility and fast response times. And the next subject is already on the agenda of this innovative company. Our software prepares deployment scenarios for the optimum staffing structure of a branch or department on the basis of the predetermined personnel requirements. This gives recruiters a better idea of the employee profiles – full-time, part-time, qualifications – they have to look for in their new hires. For the shopping world and working environment of tomorrow.

Kastner & Öhler

Retail | Solution **ATOSS Retail Solution** | Country **AT**

At Kastner & Öhler, it's about more than just shopping. The company offers everything fashion and sports lovers desire at the original store, two outlets in Graz, 15 fashion houses, 16 Gigasport branches, and the online shops. Around 2,000 employees throughout Austria epitomize top service, high quality, and fascinating shopping experiences.



We have had a firm grip on HR planning and compliance for many years thanks to workforce management. To the benefit of customers and staff alike. This was confirmed once again in the recent crisis.

MAGISTER REINHARD WITTEICH
HR Management | Kastner & Öhler

Up front and behind the scenes

POIESZ has just been crowned the top supermarket chain in the Netherlands – with a high customer satisfaction score. In order to maintain and improve this high standard over the long term and make optimal use of available working time, POIESZ will be relying on digital workforce management in the future. Our expertise, our references, and the efficiency of the ATOSS Retail Solution convinced management that we are the right partner for the company-wide digitalization project. The goals are clearly defined: greater planning quality, less administration, optimized personnel costs, and higher employee satisfaction. The rollout in the modern distribution center in Sneek is underway and on course to be completed by early summer. Around 1,000 specialist staff will then be scheduled with the pinpoint precision our solution provides. The 69 supermarkets and 68 liquor stores, with around 5,000 employees, will follow before the end of the year. Store managers can look forward to service-oriented planning that automatically takes demand, qualifications, employee preferences, and legal regulations into account. In future, all 6,000 employees will manage their working times and holidays through the Staff Center and our app. Management will benefit from meaningful analyses and greater transparency when it comes to staffing. Workforce management will thus have an impact at every level.

POIESZ Supermarkten

Retail | Solution **ATOSS Retail Solution** | Country **NL**

POIESZ is a genuine institution in the north of the Netherlands. Since its founding in 1923, the family-run company has developed into a chain of 69 supermarkets and 68 liquor stores, with around 6,000 employees. The regionally focused range reflects the company's strong local roots.



Our new workforce management solution gives us the ability to increase employee satisfaction, while optimizing personnel costs at the same time. The solution also provides greater transparency and scope for decision-makers throughout the company.

ALETTA BANNINK
CFO | POIESZ Supermarkten





HORNBAACH

Retail | Solution ATOSS Retail Solution
Countries AT | CH | CZ | DE | LU | NL | RO | SE | SK

Totaling an average store size of over 127,000 square feet and more than 23,000 employees, HORNBAACH is one of the biggest operators of DIY stores and garden centers in Europe. The expanding retail group is currently operating 165 DIY stores and two specialist stores in nine European countries. In total, this amounts to around 21.5 million square feet of retail space.

Managing complexity

At HORNBAACH, innovative working conditions and working time flexibility are already reality. Digital workforce management has helped facilitate this throughout Europe for many years. The ATOSS Retail Solution is deployed in Germany, Luxembourg, the Netherlands, Austria, Romania, Sweden, Switzerland, Slovakia, and the Czech Republic. The solution is easily able to map the wide range of working time models, qualifications, country-specific laws, wage agreements, and regulations. What's more, our solution even mastered the highly complex collective agreements in the retail trade in Austria with ease. There's one clear focus for staff deployment at HORNBAACH: striking a balance between company and employee interests – while delivering top service in store. An agile planning and scheduling process, driven by personnel requirements, ensures that this priority is upheld. Historical customer behavior at a seasonal and weekly level serves as the foundation. A long-term approach is taken to hourly capacities, enabling seasonal peaks to be identified and proactively managed at an early stage. The process makes it easier for staff to balance family and work responsibilities and ensures fairness when assigning shifts. All employees are integrated in the time and attendance management system via the intuitive Staff Center. Field staff can easily access their data by way of the ATOSS app. That's new workforce management par excellence. Across international borders.



Digital workforce management helps us to achieve the optimal balance between the interests of our customers, our employees, and our organization. From a strategic and operational perspective.

KARLHEINZ STEPHAN
HR IT Project Manager | HORNBAACH

The EDEKA difference

With around 900 retail outlets, the EDEKA Group in North Bavaria-Saxony-Thuringia is the region's largest local grocery supplier. Store concepts that meet every customer need include MARKTKAUF, E center, EDEKA, nah & gut, and diska. The regional subsidiary has long drawn on our expertise for workforce management and is constantly expanding the use of the ATOSS Staff Efficiency Suite in retail, logistics, and manufacturing. Now the independent retail store owners can also use the enterprise solution as software-as-a-service. The entire suite is available – from working time management and the app to cost center and qualifications management, right through to workforce forecasting and scheduling. Each store concept is managed using a dedicated client. The trial phase in the first stores is underway. A total of 15,500 employees will be integrated into the solution. With the addition of Minden-Hannover and Hessenring, this means that three regional subsidiaries now offer digital workforce management to their independent merchants as a centralized service. The common goal is to have even greater customer and employee focus.

EDEKA stands for diversity. This is reflected in the structure of the EDEKA Group and in the wide range of challenges relating to working time. And all seven regional subsidiaries have for many years met these challenges with ATOSS. Currently, around 140,000 employees from the EDEKA Group are managed using our solutions. In company-owned stores, administration, affiliated manufacturing and logistics operations, and in independent retail outlets. And the numbers are steadily rising.

EDEKA

Retail | Logistics | Manufacturing | Solution **ATOSS Staff Efficiency Suite**
Country **DE**

Strong together. The EDEKA Group is the cooperative backbone of the brand and is one of Germany's leading grocery retailers. The Group comprises seven regional subsidiaries, 3,600 independent merchants, more than 11,100 stores, and 402,000 employees. Around 45,000 of these staff are employed within EDEKA's regional subsidiary in North Bavaria-Saxony-Thuringia.



Strong competence, professional service, and state-of-the-art software that readily meets the wide range of requirements within our Group. These are the assets that have convinced us of ATOSS, time and time again.

STEFAN BREITNER

Head of HR

EDEKA Group in North Bavaria-Saxony-Thuringia

New workforce management

The online retailer Digitec Galaxus, based in Zurich, is on a red-hot growth track. The company relies on a dynamic organizational structure, a highly flexible, employee-focused approach to working time, and agile processes. And the successful company needs precisely that: in 2021, over 2.3 million users ordered at least one product from Digitec or Galaxus. For all the dynamics, the issue of time recording – a statutory requirement in Switzerland – cannot be ignored. What's more, a major emphasis is placed on transparent working times. That's because management firmly believes that the 2,700 staff should be paid fairly for every minute of time they work. This is where the cloud-based ATOSS Staff Efficiency Suite, with its interface to SAP SuccessFactors, enters the picture. Our enterprise solution provides the necessary flexibility to grow in tandem with the needs of Digitec Galaxus. In 2021, the German Krefeld location was integrated into workforce management. Implementing self services is currently on the agenda. The intuitive Staff Center will make the processes revolving around time recording, time management, and holidays and absences even simpler and more transparent for the entire team. The rollout is underway. Workforce scheduling is also being managed with our solution in the call center in Switzerland and in the ten showrooms from Zurich to Berne and St. Gallen. We provide tailored, efficient shopping experiences across all channels.

Digitec Galaxus

Retail | Solution **ATOSS CLOUD** | Countries **CH | DE | RS**

Together, the two online shops digitec.ch and galaxus.ch make up Digitec Galaxus AG. Digitec is Switzerland's market-leading specialist online retailer for IT, consumer electronics, and telecommunications. Galaxus is Switzerland's biggest online department store, with a constantly growing range of products to meet all kinds of daily and even highly specific needs. Giving customers convenient and pleasurable shopping experiences is the mission of the 2,700 employees.



We operate an agile and fluid organization, with the highest level of flexibility for our team. Our workforce management solution ensures compliance, transparency, and fairness around working time.

THOMAS MATHIS
Product Owner | Digitec Galaxus

Precision planning for safe logistics

Safety and quality are principles the TALKE Group lives by. That also goes for working time processes. Which is why the logistics service provider to the chemical industry chose to implement ATOSS Workforce Management. Around 1,000 employees at TALKE's German sites are currently managed with our enterprise solution. Team members record their times on terminals, in the Staff Center, or for drivers via their truck tachographs. The time data is seamlessly transferred into the ATOSS solution, before being evaluated and passed on to SAP's payroll. The ATOSS Logistics Solution is deployed for planning and scheduling of on site employees and truck drivers, in compliance with all laws, collective agreements, and rules. Drag and drop makes it easy to assign drivers to trucks. Qualifications, such as dangerous goods certification for transporting chemicals, and truck driving licenses are automatically factored into planning. In the next step, TALKE is planning to roll out our solution in Poland. For a safe supply chain and compliant organization of working time.

ALFRED TALKE Logistic Services

Logistics | Solution **ATOSS Logistics Solution** | Country **DE**

With more than 4,600 employees, the TALKE Group is one of the world's leading logistics service providers for the chemical and petrochemical industry. Founded in 1947, the company's core competencies include the transport, storage, and handling of hazardous and harmless materials in all aggregate states. In addition, the logistics specialist offers consulting, design, construction, and implementation of appropriate structures, processes, and systems.



Thanks to our digital workforce management, we are significantly more flexible in shift planning now than we were in the past. Tedious manual processes and sources of error have been banished from our payroll processes.

DÉSIRÉE GEISLER

Teamleader Payroll & Administration | ALFRED TALKE Logistic Services



Just-in-time staff deployment

Zeitfracht's logistics center in Erfurt is one of the largest and most cutting-edge facilities of its kind in Europe. The aim of its recent digitalization project was to upgrade its workforce management to the latest state-of-the-art. Following an exhaustive potential and process analysis, management opted for the cloud-based ATOSS Logistics Solution. The project's objectives were fivefold: uniform planning across the board; fully automated HR processes; better planning quality; less admin; and a reduction in temporary workers. Time and attendance management – including a mobile app – is currently being rolled out, with the introduction of workforce scheduling set to be completed by mid-2022. From then on, Zeitfracht will be planning the shifts of the 1,200 employees at its logistics center just-in-time, using detailed demand analyses that translate to workplace assignments. Automated, rule-based and accurate down to the minute. By deploying the cost center management module, the logistics expert expects to bring greater transparency to its productivity KPIs and be able to spot where action is needed at short notice. At the same time, ATOSS Capacity Planning is intended to further optimize the company's strategic planning. A sophisticated planning scenario, but child's play for our Enterprise Solution, considering that it shows its genuine strength when faced with tough requirements.

Zeitfracht

Logistics | Solution **ATOSS CLOUD24/7** | Country **DE**

Zeitfracht GmbH is part of the Zeitfracht Group, a third-generation family business with more than 6,200 employees. The company provides comprehensive logistics services in book wholesale, media logistics, transport, fulfillment and electronics. Its modern logistics center in Erfurt supplies around a fifth of all goods for the German-language book market.



The ATOSS Logistics Solution is perfect for mapping our complex planning processes. And we're ideally placed to meet future challenges.

WILLIAM MARTICKE
Head of Operations | Zeitfracht



i Hermes Fulfilment

Logistics | Solution ATOSS CLOUD | Country DE

Hermes Fulfilment are the warehousing and returns management specialists for the Otto Group. Working from five locations in Germany, the company takes charge of the entire retail process chain – from orders, warehousing, and parcel distribution to handling returns. To ensure an efficient supply chain, Hermes Fulfilment uses the ATOSS Logistics Solution in the cloud for around 7,000 employees. The rollout to further locations and the introduction of ATOSS Workforce Management in other companies in the Otto Group have already been greenlighted.



Digital workforce management has led to a significant improvement in our structures and processes. We were able to link previously standalone systems of employee master data and attendance and absences planning, creating an end-to-end IT architecture across all departments. The result was a marked improvement in the transparency of available personnel capacity and the management of qualifications, especially on the shop floor. For example, we used qualifications management to implement simple documentation of people's COVID-19 vaccination or negative test status compliant with data protection provisions as a condition for gaining access to the site. The ATOSS solution has become an important management tool – both for day-to-day control and for the long-term scheduling of capacity and administration of qualifications.

KAI TADDICKEN

HR Manager | Hermes Fulfilment



i Stöhr Logistik GmbH

Logistics | Solution ATOSS Time Control | Country DE

With 430,500 square feet of logistics space and 300 vehicles dispatched every day, Stöhr Logistik provides its customers throughout Europe with comprehensive logistics solutions. These include procurement, manufacturing, distribution, warehouse, and transport logistics. The SME employs around 350 staff at five German locations.

Efficient supply chain

For workforce management, Stöhr Logistik relies on ATOSS Time Control. The solution is implemented and supported by our partner, Ringer Zeiterfassung. Today, paper-based systems, manual input and sources of errors due to media gaps are a thing of the past. Time and attendance management for around 250 employees in administration and logistics is handled digitally. Times are recorded and evaluated via PCS terminals, then transferred to the DATEV payroll system. Allowances and expenses are calculated automatically in the process. Holiday requests are placed and approved via workflows. The more efficient processes and reduction in routine administration and payroll tasks saves the company around two working days each month. Documentation of quarantine cases and short-time working arrangements during the coronavirus pandemic has also proceeded smoothly. The logistics management team uses our solution to schedule around 60 specialist staff working in a three-shift system both for Stöhr's logistics and at customers' sites. Temp drivers are managed by the solution as well. An automatic reporting system provides managers with information about the working hours performed, absences, and remaining holidays for their teams. Employees receive their timesheets by e-mail each month. For deskless workers, these are sent to their personal e-mail addresses. The proactive information flow and high transparency level are having a positive impact on job satisfaction. ATOSS Time Control impresses on every level.



Across the company, our solution creates greater transparency, efficiency, and satisfaction revolving around time and attendance management.

LISA KLEIN

Project Manager, Time and Attendance Management
Stöhr Logistik GmbH

Cloud-based planning power

The bilstein group operates in a dynamic market. To stay competitive, the group needs advanced, leading-edge machinery, excellent logistics, and a great deal of flexibility – including in HR processes. And digital workforce management ensures this. Following an intensive selection process, the company’s management opted for the cloud-based ATOSS Manufacturing Solution. The limitless scalability – also internationally – of our enterprise solution and the ability to meet current and future requirements with the standard package particularly impressed the bilstein group. The company now uses the cloud-based solution to manage the working times of around 1,800 employees and external contractors at global headquarters in Ennepetal. Times are recorded using PC or PCS terminals and the team is integrated into working time management processes through the Staff Center. With support from our partner Fourtexx, workforce scheduling is currently being introduced for around 1,000 logistics and manufacturing staff. Planning and scheduling is then handled based on qualifications and demand drivers – completely intuitively with the Flexible Assignment Plan. There are also plans to deploy the solution in future at the innovative new logistics center in Gelsenkirchen. The aim is to facilitate synchronized and agile processes across the entire supply chain.

Ferdinand Bilstein

Manufacturing | Solution **ATOSS CLOUD24/7 Solution** | Country **DE**

Under the umbrella of the bilstein group, Ferdinand Bilstein includes the well-known product brands of febi, SWAG, and Blue Print. In total, the group of companies supplies more than 62,000 different spare parts for professional vehicle repair services and delivers to over 170 countries. The family-run company, headquartered in the German state of North Rhine-Westphalia, has around 2,100 employees.



We are extremely committed to our customers and to providing top-notch service. Digital workforce management provides us with the necessary flexibility to meet these demands in practice – in an even better way, every single day.

PHILIPP BECKER

Divisional HR Director, Group HR & Organization | Ferdinand Bilstein

End-to-end transparency in HR

In an extensive digitalization project, HEINZ-GLAS opted for cloud-based ATOSS Workforce Management, including integration with SAP SuccessFactors. The aim of the project was clearly defined: transitioning away from manual workflows, media gaps and time-consuming analyses in favor of an integrated HR solution featuring lean processes and modern time and attendance management. The expertise of our team, the flexibility of our Enterprise Solution and premium certification by SAP impressed across the board. Our close partnership with SAP also proved invaluable while the project was being implemented. Despite an ambitious schedule, the new HR system entered full operation on time, on budget and on scope. Some 1,700 staff in Germany are now integrated into the solution. They rely on the mobile app to manage their working time and have a transparent view of their working time account – 24/7. The company's admin team is also deploying the web-based Staff Center. The 1,500 specialists on the shop floor have their shifts planned in compliance with the relevant rules and legislation based on up-to-the-minute time data. Qualifications and staff requests are all factored into planning and scheduling. Our solution is also on the job managing some 300 temporary staff. With the comprehensive upleveling of the IT setup, HEINZ-GLAS is taking a decisive step toward digital HR – for future-proof working arrangements and even more employee satisfaction.

HEINZ-GLAS

Manufacturing | Solution **ATOSS CLOUD24/7** | Country **DE**

"Addicted to glass". With glassmaking in the family dating back as far as 1523, today the HEINZ-GLAS Group is one of the leading manufacturers of glass flacons and jars for the international perfume and cosmetics industry. The family-run company employs over 3,300 staff and operates in 16 countries around the world.



”

With our end-to-end HR system, we've made our HR processes fit for the future. And we can manage our team on the shop floor more flexibly and efficiently.

MELANIE FIEDLER
Global Head of HR | HEINZ-GLAS



EagleBurgmann

Manufacturing | Solution **ATOSS Manufacturing Solution** | Countries **AT | DE**

With some 6,000 employees in 86 countries, EagleBurgmann ranks as one of the world's leading suppliers of industrial sealing technology. The company's products and services are on the job wherever reliability and safety take priority. This sealing technology expert impresses with superb quality, customer proximity, innovative prowess and a comprehensive portfolio.

Employee experience at the core

EagleBurgmann's motto is "Rely on Excellence". Management also took this as the guiding principle for digitalization. The focus was on modernizing existing IT systems as part of a comprehensive transformation program. No problem for our enterprise solution that has guaranteed modern, flexible time and attendance management at the company since 2006. The modular solution keeps pace with our customers' rising requirements. And they were clearly defined. The challenge was to create a positive employee experience with working time management processes for the entire team. Self services with a fun factor – that's just what our Staff Center has to offer. Around 2,600 employees and managers are now using this intuitive tool at the German branches as well as in Salzburg and Judenburg in Austria. They can quickly and easily access all information and workflows, record their working times, apply for holidays and clock on and off when working from home. The workforce have welcomed the new transparency and simple user interface with open arms. One additional benefit is the saving of over 3,000 hours of working time thanks to digital self services. This is time that the HR Department can now use for activities that add value. Which makes the employee experience all the more fun!



We are pursuing a systematic transformation strategy, which also puts our existing IT architecture under the microscope. With our workforce management solution and the new Staff Center, we are decidedly well positioned for the future in terms of working time.

DR. ANDREAS RAPS
CEO | EagleBurgmann

Worldwide workforce management

In summer 2020, Barry Callebaut launched a global digitalization project, as the sound foundation for future growth. Part of this strategy was to establish viable time and attendance management in the cloud. With interfaces to local payroll systems, KPI reports for management and a friendly employee experience. No problem at all for our international project team or our Enterprise Solution. Preconfiguring all standard requirements globally and producing a localization blueprint are ensuring adherence to this ambitious timetable. With outstanding success: Five countries went live in the first wave, some of them in as little as six months. Meanwhile, ATOSS Workforce Management, integrated in SAP SuccessFactors, is deployed in 18 countries, including Mexico, Singapore, Malaysia, Korea, Philippines, Thailand, the Ivory Coast and Cameroon. Around 6,600 employees are now recording their working time digitally and use the Staff Center for their time related processes. The ATOSS solution is configured to be compliant with country-specific laws and regulations. Barry Callebaut intends to conclude the project with the fifth wave in summer 2023. The result will be standardized, transparent time and attendance management for 7,000 employees in more than 20 countries around the world.

Barry Callebaut

Manufacturing | Solution **ATOSS CLOUD**

Countries **BE | CH | CI | CM | DE | ES | FR | GB | IT | KR | NL | MX | MY | PH | RS | SG | TH | TR**

Headquartered in Zurich, Barry Callebaut is the world's leading manufacturer of high-quality chocolate and cocoa products. Barry Callebaut masters every step along the value chain, from sourcing and processing cocoa beans through to producing the most exquisite chocolates. The business employs around 13.000 staff in 40 countries.



We've placed our trust in ATOSS, as we see globally harmonized time and attendance management as a key cornerstone of our digital HR transformation program.

STEVEN VANDAMME
CIO | Barry Callebaut



On the management agenda

“Beyond 2020” is HeidelbergCement’s consistent transformation strategy. And this includes the digitalization of the employee experience. We use ATOSS CLOUD24/7 to provide the associated workforce management, including time and attendance management, workforce scheduling, and self services. We are currently deploying this solution for around 6,500 employees in Germany and Poland. All employees are being integrated into working time management processes. Digital scheduling and management is also on the job for around 4,900 staff. Regulations, labor agreements (such as for quarrying), and qualifications – such as authorizations for site-specific machinery, first aiders, and fire marshals – are automatically taken into account in the planning and scheduling processes. To date, the The Kurpfalz-beton & Simonis concrete pumps unit, the Lithonplus division, the factories in Poland, and the central administration are already in full operation. That’s a total of more than 3,000 employees. The rollout is underway in other ready-mixed concrete units and sand & gravel factories. Positive effects such as greater fairness and transparency in planning and scheduling, a reduced administrative input, and a greater level of certainty in planning are already measurable. The deployment to further sites, including cement factories in Germany, will be handled by the internal project team. ATOSS Consulting supported the initial implementation phase with professional change management. A proactive communication policy, such as via Yammer posts, articles in the staff newsletter, and video interviews, contributed to the rapid acceptance of the new “MyTime” self service portal. The intuitive Staff Center (Mobile) was also recently added to our app – another milestone on the journey towards an outstanding employee experience.

HeidelbergCement

Manufacturing | Solution **ATOSS CLOUD24/7** | Countries **DE | PL**

HeidelbergCement is one of the world’s largest manufacturers of building materials. The core activities of HeidelbergCement are the production and distribution of cement and aggregates, the two essential raw materials for concrete. A total of 53,000 employees in 3,000 locations in more than 50 countries stand for competence and creativity.

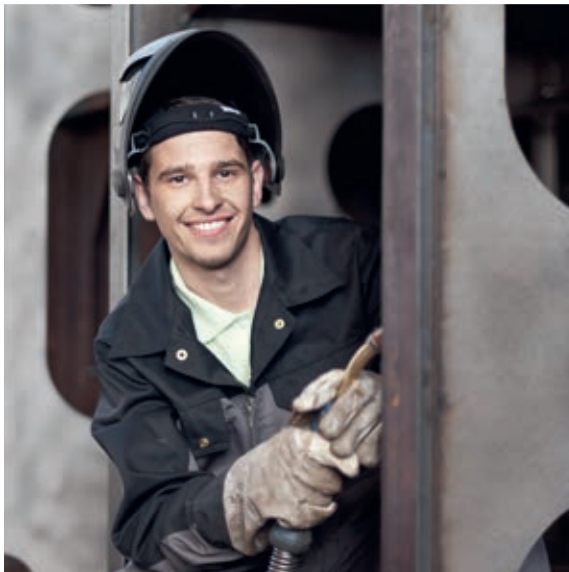


Operational excellence – that’s our aim in workforce management too. With our new solution, we are elevating efficiency and productivity in many areas. At the same time, we are creating greater transparency and fairness for our team.

ARNOLD SPANIER

HDigital – Customer Engagement & Business Systems | HeidelbergCement





i WISAG

Services | Solution **ATOSS Time Control** | Country **DE**

WISAG stands for the highest levels of diversity, commitment, and service. The family-owned company's core line of business is the provision of services in aviation, facility management, and industry. Each day, 50,000 employees carry out high-quality services for their customers in an extremely wide range of sectors. ATOSS Workforce Management is used to handle planning and management activities for more than 20,000 employees.



Efficient, cost-effective staffing processes are a key success factor in the services sector. Digital workforce management makes our HR administration a great deal easier. It gives us scope to focus on what really matters to us: providing excellent services to our customers and an attractive working environment for our employees.

MICHAEL C. WISSER
CEO | WISAG

Working time goes mobile – Europewide

A one-stop shop. UTA Edenred provides customers with optimal all-round service on every European highway. Mobility and flexibility are also important for the company's time and attendance management. That's why UTA Edenred chose to optimize its HR processes and introduce the cloud-based ATOSS Enterprise Solution with Staff Center and app. Given tight project management, the entire German team was integrated in the shortest period of time. Employees in the field can now clock on and off – and make corrections – from their mobile devices. And they have 24/7 access to their working time account. Managers can approve leave requests when they're on the go. In doing so, they can access data about their teams as well as country-specific regulations. A multi-level authorization system protects sensitive data, a feature that also convinced the works council. Management benefits from push notifications. For example, these are issued when breaches of working time legislation are imminent. This creates efficiency, ensures compliance, and eliminates an average of 70 daily inquiries to the HR team. Around 600 employees in Germany, Austria, and Switzerland are now enthusiastic app users. The rollout to a further 15 European countries is already on the agenda. "We simplify mobility" – and at UTA Edenred this also applies to the team.

UTA Edenred

Services | Solution **ATOSS CLOUD24/7**

Countries **AT | CH | DE | 15 other countries in Europe planned**

With more than 600 employees, UTA Edenred has become a leading specialist provider of fleet and mobility solutions for commercial freight and passenger transport in Europe. Thanks to the UTA card system, customers can refuel without cash at over 70,000 acceptance locations in 40 countries while benefiting from a variety of additional road services. These includes everything from breakdown service, to repairs, and on to toll billing.

”

Employees now assume significantly more responsibility for their working time. Managers are supported efficiently in handling administrative tasks for their team. And HR can place renewed and fresh focus on value creating activities. It's a win-win for everyone involved.

MAYLEEN GEISLER

Global Director Human Resources | UTA Edenred





i GVG Glasfaser

Services | Solution ATOSS Time Control | Country DE

High performance is the focus for GVG Glasfaser and its 160 employees. With over 80,000 customers, the company is one of Germany's leading telecommunications providers for direct fiber-optic connections. GVG Glasfaser is committed to improving broadband connectivity, especially in rural areas, and building state-of-the-art infrastructure.

High speed into the future

Whether it's supporting, operating or expanding fiber networks, GVG Glasfaser skillfully, enthusiastically, and dynamically transforms the needs of private and commercial customers into reality. The success of the rapidly growing service provider speaks for itself. In the space of just one year, its number of employees doubled, creating new jobs and the need for optimized processes. As part of a digitalization project, GVG Glasfaser was quick to opt for ATOSS Time Control, our modular and scalable software for recording working times and for workforce scheduling. The enormous benefits soon became apparent. HR management profits from greater transparency, fewer routine tasks, and more efficient processes. Times recorded on the Datafox terminals are automatically evaluated, before being transferred to the DATEV payroll system. For employees, the new solution means more flexibility, participation, and fairness when it comes to organizing working time. Even the use of the gym – which employees are free to use for two hours of working time per month – is managed digitally. Field staff appreciate the convenient app for mobile time recording and request workflows. At the inbound and outbound customer service center, the company relies on ATOSS Time Control to assign its employees to early and late shifts. The next step will also implement a shared desk principle as part of workforce scheduling. We're delighted to support GVG Glasfaser on its fast-track growth course.



Customer satisfaction is a top priority for us. This includes fairness, transparency, and flexibility when it comes to working time. Digital workforce management creates the necessary foundation.

GUDRUN BLASS

Human Resources Division Manager | GVG Glasfaser



City of Regensburg

Public services | Solution **ATOSS Staff Efficiency Suite** | Country **DE**

In Regensburg, history meets innovation: The historic old town is a UNESCO world heritage site. The university city is also a major technology hub and home to Bavaria's busiest inland port. More than 4,500 employees from around 50 different countries look after the interests of the 170,000 residents.

On the road to a digital city

Outstanding service, consistent digitalization – the City of Regensburg sees itself as a modern, service-based enterprise that is readily accessible to the public. In order to realize this vision, the city’s innovative administration team – stationed across 40 agencies and 250 properties – relies on efficient HR processes and efficient handling of valuable working time. Underpinning the city’s approach is our modular enterprise solution, which easily meets the city’s needs in the standard package. Some 210 key users, two power users, and an administrator manage the working times of more than 4,500 people employed in all kinds of jobs and fields – across different sites and in a flexible, secure, and rules-compliant manner. Workforce in the fire department, sewage treatment plant, and vehicle fleet is scheduled on a 24/7 basis – completely intuitively with the Flexible Assignment Plan. Digital planning and control is also used in the libraries, citizens’ offices, temporary vaccination centers, and public order service. Flagship projects include children and young persons’ facilities that record working times on mobile devices, create assignment plans via the software, and coordinate 50 flexible duty plans for each property. Currently, around 1,200 employees are integrated into digital workforce scheduling – and the number is trending upwards. Digitalization is continuing at a consistent pace, with app-based duty scheduling at Regensburg Tourism and the rollout of the intuitive Staff Center and app for all employees to be launched by the end of 2022. This is top quality workforce management, providing an optimal digital employee experience.



Our workforce management solution implements all of our requirements, with no additional programming required for the standard package. Even the highly complex planning for the fire department was not a problem.

Project Head, Workforce Management | City of Regensburg

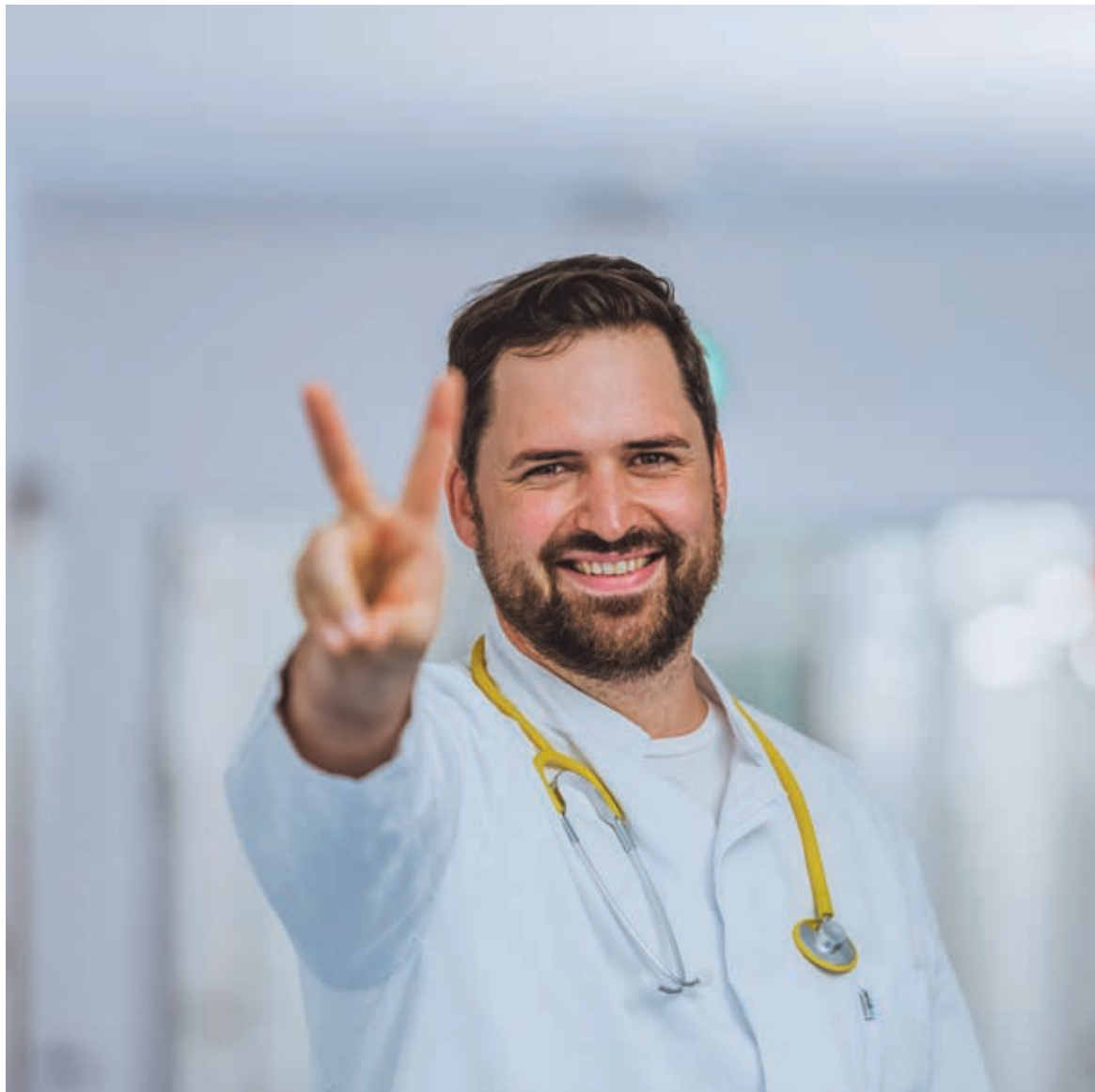
HR management with a broad vision

Paracelsus stands out thanks to its sustainability, reliability, and entrepreneurial approach. That's why the management opted for holistic, digital workforce management rather than a pure duty scheduling tool. Because Paracelsus believes it can only be successful in the long term if it has good products, strong processes, and committed employees. Following pilot projects at the clinic in Hannover's Langenhagen district and at the company's headquarters in Osnabrück, the company largely handled the remainder of the ATOSS Medical Solution's rollout by itself. And very successfully – just two years later, all 19 sites are now fully operational. The high level of standardization in our industry-specific solution and the consistent knowledge building in the internal project team were crucial to the rapid implementation. The ATOSS Medical Solution now forms the basis of strategic duty scheduling. The solution ensures data transparency, rules compliance, and precise accounting throughout the group. If schedule changes occur, the works council is notified via workflows. And Paracelsus Group still has many ambitions. For example, tighter integration of employees via the Staff Center (Mobile) is on the agenda. An interface with the BI tool is also planned. This will allow analyses and evaluations to be expanded and will show where there is room for improvement. The ambitious goal is to achieve centralized, strategic workforce management that balances long-term cost effectiveness, care quality, and humane ways of working.

Paracelsus Group

Healthcare | Solution **ATOSS Medical Solution** | Country **DE**

The Paracelsus Group of Clinics is one of the biggest private healthcare companies in Germany and is owned by the family investment holding company Porterhouse. Its 37 facilities at 19 locations throughout Germany include acute care hospitals, rehabilitation clinics, and outpatient centers. Around 4,600 employees manage over 90,000 inpatient cases each year.



The ATOSS Medical Solution offers us a lot more than duty scheduling. The solution forms the basis for achieving sustainable improvements in HR management across the Group.

MARTIN SCHLIE

Group HR Manager | HR Center Manager | Authorized Representative
Paracelsus Group



Leverkusen Hospital

Healthcare | Solution **ATOSS CLOUD** | Country **DE**

Leverkusen Hospital is an elite regional healthcare provider with facilities for highly sophisticated diagnostics and treatment. More than 2,400 professionals look after patients' concerns in twelve medical departments, centers, and institutes as well as in service areas, subsidiaries, and administration. In terms of time and attendance management, the hospital has been relying on the ATOSS Medical Solution in the cloud for many years.



I can keep a constant eye on my team's working time balances in real time. A traffic light system automatically warns me if there's a risk of the ward incurring overtime or if working time rules are infringed. This means I can respond in good time and adjust the planning. My staff are happy to have reliable, fair organization of their working time. The good thing is that I can easily follow corrections and changes in the duty plan even after approval.

ALMA HASECIC

Ward Manager A1 | Leverkusen Hospital

Digital workforce management delivers efficiency, transparency, and compliance in all things working time. Approvals and applications are clearly archived with a full audit trail, and approval processes transparently documented. Standard reports, e.g., statistics on absences and full-time staff or allowances earned, are available at the touch of a button. Integration with our BI tool provides us with detailed management information. We can be proactive instead of just reactive.

MATTHIAS KLIMKAIT

Nursing Manager | Leverkusen Hospital

Our clear focus across the company is on optimizing processes. With the high personnel costs in hospitals, there's enormous potential here for greater cost effectiveness. The results bear us out. With digital workforce management, we can achieve significant improvements in staff costs and at the same time enhance our attractiveness as an employer thanks to plannable working time.

DETLEF ODENDAHL

Authorized Representative, Division Manager for Law & Human Resources, Clinical Functions
Leverkusen Hospital

Personnel deployment down to the minute – 24/7

Workforce scheduling for emergency paramedics, rescue workers, rescue paramedics, and the deployment of vehicles takes top priority. The Böblingen District Association of the German Red Cross has therefore decided to schedule the deployment of 350 full-time and part-time staff using the ATOSS Staff Efficiency Suite in the future. Efficient, fair, and rules-compliant. That's because the assignment regulations under Sec. 9 of the Rescue Services Act as well as all statutory, collective bargaining, and company specifications can be mapped and monitored one-to-one in our enterprise solution. Digital workflows and real-time account balances ensure that working time, absences, and time corrections can be quickly requested and approved. Allowances for shift work and alternating shifts are calculated automatically. All information is available to planners in real time thanks to the integration of time and attendance management and workforce scheduling. That is a crucial advantage, not just for operational planning but also for daily management. Implementation of the project is running smoothly. With Flexible Assignment Plan, it will soon be possible to allocate a workplace, rescue equipment, and a rescue station to every employee directly. The system automatically sends a warning if there is any risk of rules being breached, e.g., qualification infringements or the over- or understaffing of a vehicle. In the future, teams will receive their duty plans quickly and easily through the app. The next step will be to also schedule vehicles and vehicle changes with the solution. In a planning mission where every minute counts. Round the clock, 365 days a year.



German Red Cross District Association of Böblingen

Healthcare | Solution **ATOSS Staff Efficiency Suite** | Country **DE**

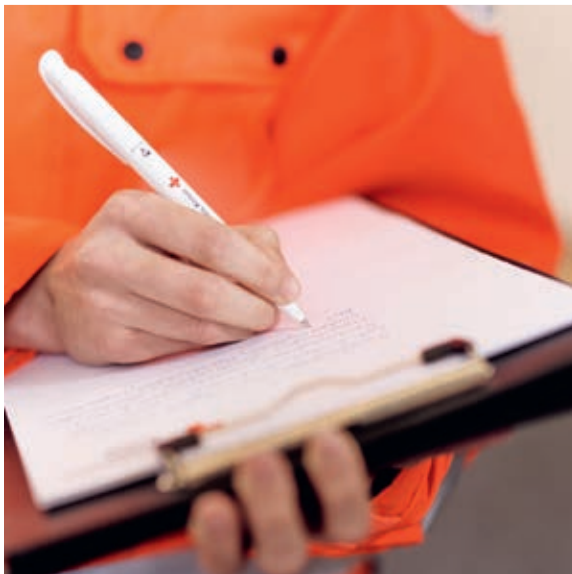
The German Red Cross runs emergency rescue and ambulance services in the district of Böblingen on behalf of the state of Baden-Württemberg. Rescue service vehicles are deployed at the Sindelfingen, Leonberg, Herrenberg, and Malsheim stations. The rescue service with its 350 staff is responsible for a district with around 373,000 residents.



Our staff respond to around 19,500 emergencies and 5,100 emergency doctor call-outs every year. Thanks to our workforce management solution, we have this highly demanding workforce scheduling under control with even greater efficiency – including the complex legal situation and billing processes.

GERHARD FUCHS

Deputy District Manager, Managing Director | German Red Cross Rescue Service





i University Medical Center Mainz

Healthcare | Solution **ATOSS Medical Solution** | Country **DE**

The University Medical Center of the Johannes Gutenberg University Mainz is a hospital of supramaximal care as well as an internationally acclaimed center of science and research. More than 60 clinics, institutions, and departments cover the entire range of modern medicine. The hospital has over 1,600 beds and employs some 8,500 highly qualified staff to care for more than 350,000 inpatients and outpatients every year.

Compliance at the touch of a button

The University Medical Center in Mainz has to cope with heavy fluctuations in patient numbers. For this reason, the hospital has been using the ATOSS Medical Solution to plan the working times of physicians, specialist and functional services, nurses, on-call services, engineers, and administration staff for many years now. Integration with the existing SAP time management solution provides HR and the ward, clinic, and hospital managers with a transparent view of working times, duty plans, and future staffing levels at all times. The solution was a key advantage in the implementation of the PpUGV – regulations governing minimum thresholds for nursing staff in Germany – evidence requirement as it was with relief rates for nurses. Entitlements to compensation under collective agreements for employees are now available in a transparent form. A task force is currently working on the implementation of the new PPR 2.0 regulations. The hospital also relies on the ATOSS Medical Solution to handle complex minimum staffing requirements. Patient-focused personnel deployment that makes efficient use of resources is the management's top priority at present. Based on the Flexible Assignment Plan module, the anesthesia department at the University Medical Center in Mainz assigns its staff to workplaces, on-call services, special services or shifts. In this way, workload fluctuations, which are common in the conservative emergency room, anesthesia, and the operating room, can be absorbed economically and in line with demand. The University Medical Center is a shining example of integrated workforce management and is proving to be a role model for many other major hospitals in Germany.



When it comes to the development of modern services for recording working times, relief rates, and new working time models, we are happy to go for co-creation with ATOSS. Intuitive apps and tools that employees enjoy using are becoming more and more important.

DR. CHRISTIAN ELSNER

Commercial Director | University Medical Center Mainz

Personnel management 4.0?!

Dr. Christian Dohmen and Dr. Peter Brückner-Bozetti
talk about the situation in healthcare

Dr. Christian Dohmen: Dr. Brückner-Bozetti, thanks for taking time to have this conversation with us. Healthcare is experiencing a radical transformation and will have to cope with tremendous challenges in the coming years. The shortage of skilled and specialized staff tops the list. The last two years, in particular, have highlighted how pressured the situation is. Hospitals were only able to cope with the coronavirus crisis with the aid of huge subsidies to help them avoid staff and liquidity bottlenecks. This crisis is drawing to an end now but the next one is already on the doorstep – although this time it's of our own making. For too long, we have looked the other way and failed to take any effective countermeasures because we were out of ideas. What's your view on this dilemma?

Dr. Peter Brückner-Bozetti: One of the core problems in healthcare is managing staff. This is not new. Ten years ago, I had already emphasized that this subject was at an embryonic stage. In many hospitals, the problem remains to date. There is often no manager at board level who is responsible for staff. That makes the subject a sideshow, contrary to what is claimed in public. From year to year, the problem has gradually worsened since no-one took the key area of personnel seriously with regard to the future of healthcare.

Dohmen: Added to this are ever more complex regulatory concepts, some of which take no account of reality. Minimum thresholds for nursing staff, the regulation specifying minimum staffing levels in psychiatric and psychosomatic clinics, or the many rules in collective wage agreements. In addition, there's the PPR 2.0 ruling

defined by the new government in the coalition agreement for calculating nursing staff requirements. This has been developed by the unions together with the German Hospital Federation and the German Nursing Council.

Brückner-Bozetti: Developments like these are a blessing and a curse at the same time. On the one hand, it's all about ensuring a reasonable level of care. And it's wholly legitimate in that context to develop a tool to guarantee minimum staffing levels. On the other hand, we're in a kind of control frenzy that started with the DRG system. And that's counterproductive. For example, the PPP directive with its 90 pages is so detailed that there's very little leeway. If fluctuations occur, facilities face the direct challenge of meeting the minimum requirements and providing evidence that they have done so.

Dohmen: And let's be honest, who even had the time during the pandemic to read these complicated explanations? At least something was achieved by PPR 2.0, namely in the somatic sphere, that the PPP directive lacked – the question of technical feasibility was addressed in time. So there's no complicated legal documentation necessary that would ultimately become unmanageable. And in the specific example of the PPP directive, too little thought was given to practical realities, unfortunately. That's why no-one is able or willing to put it into practice.

Brückner-Bozetti: That's precisely the reason why hospitals need intelligent software solutions to be able to run efficient personnel management. This requires a high level of data transparency and high-quality data. Ideally,



There is often no manager at board level who is responsible for staff. That makes the subject a sideshow, contrary to what is claimed in public.

DR. PETER BRÜCKNER-BOZETTI Managing Director | Forum für Gesundheitswirtschaft



from left DR. PETER BRÜCKNER-BOZETTI | DR. CHRISTIAN DOHMEN | Head of Sales Healthcare & Public Sector | ATOSS

the solution will be precisely tailored to the specific requirements and issues facing clinics today. It must increase management's scope for maneuver.

Dohmen: Besides providing support in coping with everyday complexity, software should also be a means for tackling strategic issues such as the lack of skilled and specialist staff. Removed from any discussion about health policy, and taking patient-centric services as its starting point. That will enable long-term personnel management to be established that gives facilities certainty over their requirements for doctors, nurses, therapists, etc.

Brückner-Bozetti: Strategic personnel management is one aspect. But it's also important to get away from seeing things purely from a business administration perspective. Because even if I know how many staff I need, the market is bare. Competition in the healthcare labor market is predatory. Hospitals are poaching each other's specialists. So why not set up a platform, for

example, to create regional labor markets, collaborate strategically, and conduct joint recruitment? That's been available in other sectors for some time, and we need to seize opportunities like these.

Dohmen: So, we'd have a business level but also a political dimension where the challenge is to make the sector attractive?

Brückner-Bozetti: That's right. And the two have to dovetail. We can only solve the problem in the medium term by combining a business approach with the right structural healthcare policies.

DR. PETER BRÜCKNER-BOZETTI obtained his doctorate at the Chair for Business Administration at the Philipps University of Marburg. He supports research projects on work and personnel management in healthcare companies and he is an Assistant Professor of Healthcare Management.

About us





We are dedicated to shaping viable, future-proof working environments. Our team accepts this challenge with expertise, experience and passion, and breathes life into the ATOSS vision of a human economy – day in, day out.



In our international business, we exceeded our targets in 2021 and have seen significant growth.

DIRK HÄUSSERMANN
Co-CEO | ATOSS

Growth drivers

Dirk, you've been Co-CEO and Member of the Board at ATOSS since April 2021. How have the first nine months been?

Well, they've been unusual – many meetings were initially online only, due to COVID-19, but they had a personal touch all the same. They've also been routine, because like all new employees I went through the standard ATOSS onboarding program. We use this program to introduce our new colleagues to workforce management, our company, and our culture. This is a solid foundation for turning them into workforce management experts in the most efficient way possible.

How did your area of responsibility, international business, fare?

In the international business, we exceeded our targets in 2021 and have seen significant growth. This has come both from the impressive growth of our office in the Netherlands – with a new customer being the super-market chain POIESZ, for example – and from the expansion of customers with international operations, such as Barry Callebaut. At the same time, we have built two new offices in Belgium and Sweden with strong local teams.

That's good news! What's behind this growth?

Generally speaking, international demand is strong because companies in all established markets face the same challenges: They need to digitalize their business models, which includes digitalizing time and attendance management. They also face the ongoing shortage of skilled staff. Thanks to our decades of experience and thousands of satisfied customers in over 50 countries worldwide, we have the necessary credibility and outstanding expertise to meet these challenges. Major IT analyst Gartner says in its "Market Guide for Workforce Management Applications"* that we are the only vendor in Europe that can supply the workforce management market with three solutions – from the smallest company to an international group.

We're seeing progress internationally then. Can you also give us a quick update on partnerships?

Partners are an important foundation for us, including for our internationalization strategy. We make a distinction between technology and implementation partners. When it comes to our technology partners, we have consistently developed the partnership with SAP. We are now the only European business partner



whose workforce management systems are certified by SAP, for both SAP on premises solutions and SAP SuccessFactors, i.e. cloud solutions. Incidentally, we ourselves have also been using SAP SuccessFactors as our HXM system. Personio is another technology partner for which we now offer certified integration. These partnerships facilitate the integration of our leading solutions into HXM environments. This means greater security, lower costs, and better performance for our customers!

What's the situation with our implementation partners?

We've notched up successes there as well over the past year, winning over new partners to implement our solutions. Both at home and abroad. The advantage for our customers is that they gain faster access to the expert knowledge they need. Our partners are expanding their portfolio and benefiting from our marketing success – particularly with new customers. We have stronger consulting capacity in the market and more allies who have an interest in the enduring success of

ATOSS. It's a genuine win-win-win situation! In this respect, I should also mention our long-term reseller partners who provide an ideal complement to our own sales team, particularly with SMEs.

Finally, a look to the future ...

We're going to stay focused on our successful strategy with the pillars of internationalization, the cloud, and digitalization. In 2022, our aim will be to take advantage of investments in the European market to drive our growth, and to tap into additional regional customer segments. Beyond this, we're constantly evaluating in which other countries a local presence could make sense. According to Gartner, over 95 percent of new workforce management contracts will be cloud-based solutions. Today, we already have the ideal solutions and we will work alongside our partners to deploy them with our customers. By doing so, we will create the foundation for the 17th record year for ATOSS in a row.

*Source: Gartner, July 2021, p.14

Artificial Intelligence: from user interface to no interface



Markus, what are the big topics in product management right now? Are there any new trends?

Employee experience is the big buzzword and naturally we, too, have our finger on the pulse of the times. We are working intensively on how we can help companies integrate their employees even better into workforce management processes. Our Staff Center is already beyond compare in terms of the user interface and user experience it offers. And the new Staff Center (Mobile) takes mobile self services into a new dimension of digital employee experience.

Besides employee experience, Artificial Intelligence is another subject that everybody is looking at now. What's the current situation here?

We have been relying on Artificial Intelligence to determine personnel requirements for a long time. Our solution creates intelligent forecasts on the basis of past data, thereby contributing to high-quality planning. In retail, for example, that means sales or customer data, in call centers it comprises call or email volumes, and in distribution it's packages to be picked. Artificial Intelligence can be used to identify outliers in the historical data that



We have been relying on Artificial Intelligence to determine personnel requirements for a long time now.

MARKUS WIESER

Managing Director Product Management | ATOSS

are displayed to the planner to enable them to respond accordingly.

Can you give us a real-life example?

Of course. The Bunting retail group achieves a forecasting accuracy of more than 95 percent in planning and scheduling based on our workforce forecasting. The 11,000 employees in grocery retailing are scheduled at fifteen-minute intervals on the basis of cash desk receipts or data from shopping cart scanners, for example, to take account of customer demand. In combination with our Automatic Duty Plan, the result is planning of the highest quality.

How important is automation in the context of digital workforce management?

Hugely important. Take our task management: There are intelligent algorithms at work in the background here, too, checking vast amounts of data and automating processes. For example, the system issues a warning if workers forget to clock on or off or if there is a risk of the 10-hour limit being exceeded or qualifications expiring. Machines assume tasks that could scarcely be accomplished manually, if at all. This is crucial to ensuring that well-founded decisions are made in the interests of the company and the workforce based on accurate information.

Let's take a look over the technological horizon. Where's the journey taking us?

We're not short of ideas on how to make our portfolio

even more intelligent. To stay on the topic of forecasting, AI can potentially be used to forecast sickness or holiday rates. Thanks to machine learning, the system can recognize patterns in historical data and calculate a rate on its own. In the same way, the precision of personnel requirement prognoses can be further enhanced – with less time and effort expended. In this kind of scenario, AI learns from past data autonomously and with no pre-set rules in order to forecast personnel requirements and determine the ideal staffing level.

That sounds exciting. Will that also affect the way software is operated?

Without a doubt. The traditional user interaction in which users fill in forms in the user interface will be expanded to include the concept of “no user interface”. No user interface describes an approach involving natural language interaction between user and system. So in the future, employees will be able to communicate with the software completely naturally, for instance when applying for leave or reporting in sick. This type of interaction reflects people's natural behavior better than filling in forms, requires no knowledge whatsoever of the system logic, and is based on self-learning AI. The user's intentions, expressed in natural language, are recognized and translated into the correct software functions. Today, these are still futuristic visions, but they will lift the digital employee experience to a whole new level.

Always on!



DR. BORIS BAGINSKI, Director Technology | MATTHIAS RUGE, Director Cloud Operation and Services | ATOSS

Over 70 percent of our new customers opted for ATOSS CLOUD24/7 last year. What do you see as the reason for this?

Boris: The figure is impressive and shows a clear trend. On premises was yesterday. The future is in the cloud. And there are many reasons why opting for ATOSS CLOUD24/7 is exactly the right decision when it comes to workforce management.

Could you give us some insight into this, please? Surely the openness of our systems plays a role?

Matthias: Definitely. We are absolute specialists in our area of expertise – workforce management. When it comes to functional or technical integrations, we adopt a clear best-of-breed approach. The openness of our cloud solutions reflects this strategy. We not only connect

third-party systems to our products but also integrate our solutions into other system landscapes, as in the case of SAP SuccessFactors. Customers such as Grenke, Barry Callebaut, Digitec Galaxus and AMG-Mercedes are already benefiting from such a scenario and from state-of-the-art technology.

You mention “state-of-the-art”. How do we ensure we always have our finger on the pulse of the times?

Boris: We invest very consistently in R&D and consequently in the future of our cloud applications. And we do this because we aim to revolutionize the workforce management market once again as a tech front runner. Our investment activities are proof that we are not resting on our laurels. By the way, according to the EU Industrial R&D Investment Scoreboard, we topped the list



We are investing very consistently in the future of our cloud applications as we aim to revolutionize the workforce management market once again as a tech front runner.

DR. BORIS BAGINSKI
Director Technology | ATOSS

once again in 2021 as the No. 1 European workforce management provider. And we have made a very well thought through decision to run our Cloud services at top providers and hyperscalers. Currently, for example, we are relying on Microsoft.

So, what exactly is a hyperscaler?

Matthias: In principle, these are service providers with worldwide infrastructure and technologies operating according to the most advanced, leading-edge standards. Specifically, they are Microsoft, Amazon and Google. Their infrastructures are state-of-the-art, and always will be – because these providers have the resources, expertise and technology to guarantee precisely that. When our solutions are operated within such an environment, our customers can be confident that their workforce management will achieve maximum performance. Their almost limitless infrastructure resources can easily guarantee the performance, stability, and flexibility of our CLOUD24/7, even when demand is high. And with an excellent service thrown in. To put it in a nutshell: on premises IT is always quickly outdated, whereas hyperscalers' cloud IT is always up to date.

Security also plays a major role here ...

Boris: Of course. Our service providers work according to internationally recognized security standards – which entails GDPR-compliant data processing, documented evidence through certifications, and regular auditing by experts. A good deal of anxiety continues to surround data security issues. But when you think about it realis-

tically: Who, if not these leading providers, can ensure the necessary security within the infrastructure?

This is a valid point. And in the end we install our solution on top?

Matthias: Correct. Our customers benefit from the advantages of hyperscalers, based on the principle of “pay for what you use.” Investment costs transform into ongoing operating costs. And we are the single point of contact, ensuring the smooth operation and monitoring of the customer's workforce management. In addition, the solution always remains absolutely up to date. New functionalities and features are available immediately without users having to worry about them. Always on, and always up to date. That also applies to the subject of security. When the Log4j security flaw came to light in December, we had already protected all our systems before it became a major news story, thanks to our automated processes.

And now a quick look ahead – what's next?

Boris: We are on the way to becoming a committed cloud native with our solution, because we really want to take full advantage of these great new possibilities for us and our customers. And as with every major ATOSS technology transformation over the past 35 years, we are taking all our customers with us on this journey. This is a great challenge that still requires a lot of work and innovation as we progress along our roadmap. However, the answer to your question is straightforward. What's next? The future!

This is how digitalization is having an impact



In 2021, more companies opted for the ATOSS Enterprise Solution than ever before. What are the reasons for this, Thomas?

That's right. Last year, we reached a record number of new customers among SMEs and major corporations. One definite reason for this is that working life has undergone a massive change, not least as a result of the coronavirus, and organizations now have to act. Above all, we are seeing two main trends. Firstly, there is an urgent need to digitalize processes and make them more flexible. This also applies to personnel processes. Secondly, employees' calls for more individual ways of working are growing louder. This is compounded by skills shortages, which have been a problem for companies for some time. Our solutions provide support in all of these challenges.

So workforce management makes organizations more agile?

Yes, agility is needed more urgently today than ever before. Volatility is not a new phenomenon – but the pace of change has increased dramatically again in the last few years. Companies have to adapt to new conditions on the fly and respond rapidly to changes. This requires flexible personnel processes, appropriate working time models, and the right control and steering instruments throughout the company. And that's what digital workforce management delivers.

What's the situation with employees?

Our self services, preferred duty planning, and shift-swapping facilities give people of any occupation more flexibility over when they work. They also benefit from



When you talk about Work 4.0 or New Work today, you're talking about the entire world of work, not just individual occupational groups.

THOMAS KIRN

Executive Managing Director Sales | ATOSS

greater self-determination and fairness in all aspects of working time. This enhances employee satisfaction and lowers employee turnover and sickness rates, making it easier to reconcile family, private life, and work. According to the current Work Trend Index by our partner Microsoft, time flexibility is a relevant factor in deciding for or against an employer, especially for workers on the front line. Companies today are pretty much forced to offer individual working time models if they want to win new talents.

What makes ATOSS solutions so special?

All employees can be integrated into digital workforce management. Our intuitive Self Services and Apps tailored to suit each user's role give the entire workforce access to information and processes around working time. That's regardless of whether they are blue collar or white collar, whether they have an email address or not, or whether they work on a production line or at a supermarket checkout. This contributes to a positive employee experience and offers scope for new work concepts.

Does that mean that digitalization is reaching the entire workforce?

Absolutely! Of course, employees with a computer workstation – information workers – have an advantage in terms of being connected to business processes. But here, too, the coronavirus has shifted the trend. When you talk about Work 4.0 or New Work today, you're talking about the entire world of work, not just individual occupational groups. Thanks to mobile devices, bring-your-own-device concepts, and intuitive business software, the entire workforce can benefit from digitalization.

Can you provide an example?

You can find them in every sector. Our customer Terex Fuchs, for example, has integrated its deskless workforce,

i.e. factory workers without a PC at their workstation, into its working time processes very efficiently. All shop floor workers can use our Staff Center to apply for leave, correct their times, or inquire about their working time and holiday balances in an easy, paperless process. Just by using one of the PC workstations in the break rooms without the need for a company or private email address. Or take Globus, a premium warehouse in Switzerland. Sales and fashion consultants record their times via their digital companion, as they call our app internally, and can see their duty schedules, receive shift offers at short notice, and swap duties on their own initiative.

In this era of skills shortages and demographic change, the optimum use of the valuable resource of working time is now a matter for boardroom discussion ...

That's right. With regard to projects in production, for example, the challenge lies increasingly in securing competitive capabilities over the long term in Germany's high-wage economy. One important aspect is cost- and demand-optimized, flexible personnel deployment factoring in all laws, collective agreements, and regulations – and across departments and facilities.

What's your advice to companies looking to introduce a workforce management solution?

Take a holistic view and use a systematic approach when implementing a project. In order to tap the potential that exists around personnel and working time, you need to examine and rethink all processes in the light of your business model. It is also important to support the introduction with integrated change management. Workforce management can then unleash its full potential and make a measurable contribution to greater cost-effectiveness and productivity – without losing sight of people's interests in the process. And of course, we recommend running it in the cloud – that's the future.

Working with Passion & Purpose

Adina, you were very successful in appointing new staff in 2021 to support the trajectory of our growth. What were the reasons for your success?

Adina: Yes, that's right. We expanded our team in all areas of the business as part of our growth plan. Of course, the fact that we set up local companies in Belgium and Sweden deserves special mention; for us in recruitment this was particularly exciting but also challenging. Besides our excellent team, two initiatives played a decisive part in our success last year. We worked hard on our employer value proposition. This defines our core brand as an employer. In other words, who we are and how we want to be seen. In this context, we often talk of creating a value proposition for our team but also for our candidates in the recruitment process. Our award as a Top Employer also helps us a lot, of course.

Speaking of Top Employer, Henrich, what does this award mean to us?

Henrich: It's hugely important in recruitment, as Adina just said. By the way, we were voted a Top Employer for the third time in a row this year. That's why we call it the "Triple" among ourselves. Even though I'm not a Bayern Munich fan, as a premium provider, we naturally savor the analogy of winning three titles and feel good in such company. But joking aside, the Top Employer Institute validates and certifies the quality of employers. They assess companies' personnel processes, policies, and

corporate culture on the basis of 400 practices in six areas, and benchmark the results against the top performers. And of course, we're delighted that we've established ourselves at Champions League level in the last few years. At the same time, in good ATOSS tradition, this encourages us to take a close look at the areas where we can still get better and seize this potential.

Adina, you mentioned the term value proposition in connection with our brand as an employer. Can you give us a brief outline of what it is?

Adina: Yes, of course. We focused on four areas in order to tease out the core elements of our brand as an employer: the values and principles that ATOSS stands for, the demands of the market, our competition in the employer market, and the lived reality we experience in the company. Two key elements crystallized out of our analysis of these areas: firstly, it is the desire and determination to make genuine contributions to a specialist with outstanding content competence, and a willingness to carry on doing this long term, in other words "passion". And secondly, it is the enthusiasm to identify with the enduring meaningfulness of our work, in other words "purpose". So we combined the two to create the slogan "Working with Passion & Purpose". And from this in turn, we derived a claim which we believe truly reflects who we are: passionate, sustainable, successful. And if you ask me, that makes us highly attractive.



We offer the opportunity to work with passion and a high degree of sustainability on meaningful topics and issues. And to do so in an environment where you're not just a number among countless others but where you can make a personal impact and leave your mark.

HENRICH GÖTZ

Executive Director Human Resources | ATOSS



HENRICH GÖTZ | ADINA HELLRIEGEL Senior Head of Recruiting & Employer Branding | ATOSS

That really does capture our spirit very well ...

Henrich: Exactly. And it's what differentiates us, too. If we look at who we are competing with in the employer market, they are either large, frequently Americanized software companies or start-ups financed by venture capital. We feel that with our positioning, we are able to bridge the gap between the two. We offer the opportunity to work with passion and a high degree of sustainability on meaningful topics and issues. And to do so in an environment where you're not just a number among countless others but where you can make a personal impact and leave your mark. There aren't too many companies that can offer that combination. For us at ATOSS,

that's what our brand as an employer is all about. That fills us with pride, as we have an appealing, highly attractive brand message.

What are you planning to get done in 2022?

Henrich: We will continue to work on our internal digitalization strategy and steadily expand our commitment in the areas of Corporate Social Responsibility (CSR) and Diversity & Inclusion (D&I).

Adina: And I can also promise that we will continue to recruit and fill candidates with enthusiasm for our vision and our brand as an employer.

Our truly unique portfolio

A total of 35 years of solid experience in digital workforce management and around 12,000 successful projects – that’s the intellectual property our customers benefit from, day in, day out. And our relentless specialization has paid off handsomely. Today, ATOSS is positioned as an international workforce management provider fielding a unique portfolio and product suites for all challenges. No scenario is too complex, no company too large or small for us. We have the right answers meeting each and every requirement – from legally compliant time recording and classic time and attendance management, intuitive self services and mobile apps through to precise workforce forecasting, demand-driven workforce scheduling and strategic capacity planning. In the cloud or on premises – we live and breathe workforce management.

This also applies to the refinement of our product suites. After all, we regard the development of software at the highest levels as our continuing obligation. Agile development processes and advanced test procedures ensure a fast time to market. Our solutions impress with their openness and flexibility. The interfaces with SAP systems exemplify these convincing strengths. Without the need for an additional login, the entire scope of ATOSS Workforce Management is readily available to users of SAP SuccessFactors through an ATOSS Connector. Another Connector opens up the full functionality of ATOSS Workforce Scheduling for SAP ERP HCM users – without system boundaries.

Every year around 20 percent of our revenue is committed to R&D. According to the “EU Industrial R&D Investment Scoreboard”, this ranks us once again in 2021 among the top 100 software and IT companies in Europe with the highest investments. Some 200 staff in R&D and Product Management work day by day creating solutions that will stand the test of time.



”

Our innovative strength, formidable development power, and high quality standards are paying off. ATOSS software is state-of-the-art in terms of technology, functionality, and user experience. And we never cease to improve – driving workforce management that generates measurable added value.

Sustainability Report





Creating lasting value. We perceive sustainability as our commitment to achieving our growth targets in line with the needs of employees, society at large, and the environment. We are firmly convinced that responsible conduct and societal acceptance are essential for our success.

1. Sustainability at ATOSS

1.1. About this report

The separate, non-financial Group report (for short: non-financial Group report) of ATOSS Software AG was prepared in compliance with Sec. 315c in conjunction with Secs 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, 2021.

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 management approach and presentation of individual key figures, it relied primarily on the international framework of the Global Reporting Initiative (GRI), as well as the industrial standard of the US Sustainability Accounting Standards Board (SASB) (see also Table in 1.4.).

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

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

External audit of the separate non-financial Group report

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

1.2. Description of the business model

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

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

Entrepreneurial responsibility and sustainability

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

At the same time, ATOSS is making a valuable contribution to a more sustainable world with its workforce management solutions by helping companies to work more creatively, more intelligently and more humanely. ATOSS is thereby revolutionizing the interplay of cost-effectiveness and humanity. Effective, highly efficient digital solutions for demand-optimized workforce scheduling are indispensable for companies, and even more so in times of volatile market movements - as currently demonstrated by the 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 capabilities, 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 since July 2021, underpin the respectful interactions of ATOSS employees in the Group and their daily dealings with external stakeholders.

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 these stakeholders and it values one-on-one conversations. As well as participating in investor conferences, the company also conducts telephone calls and personal 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 2021 financial year, ATOSS Software AG once again 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 virtual analysts' conference at the end of November and various investor conferences, the company made time for its investors in numerous personal conversations.

Feedback was also actively solicited from employees in 2021 in the form of surveys and annual interviews. 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

ATOSS Software AG conducted a materiality analysis for the first time in 2021 in which it explored the non-financial subjects of relevance to the company.

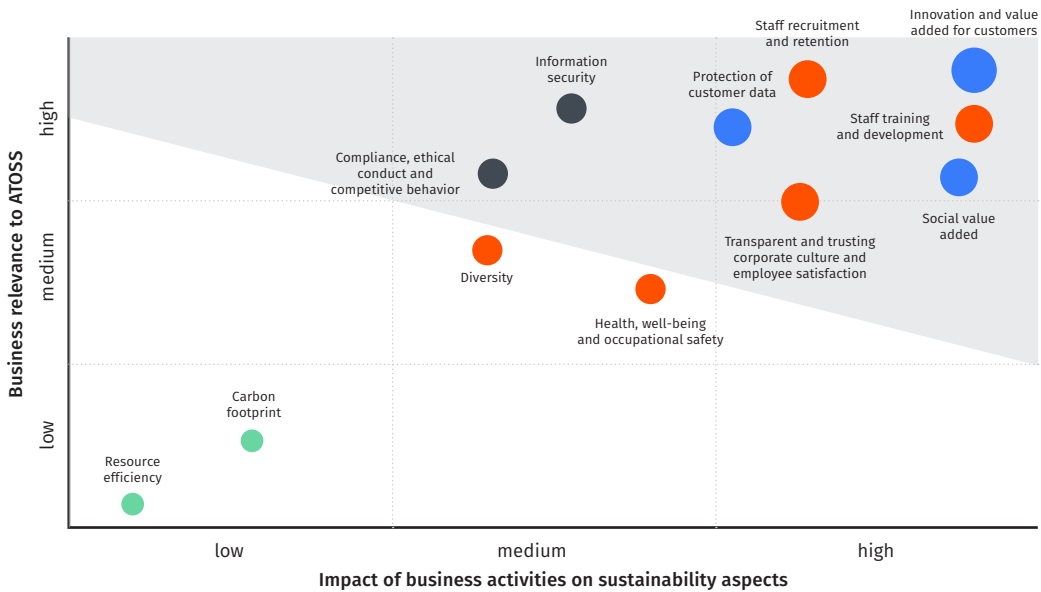
The materiality analysis was conducted in two stages in order to identify the key issues for the non-financial report. In the first stage, qualitative interviews were held with selected, internal stakeholders from departments of ATOSS Software AG of relevance to sustainability. The second stage consisted in preparing a preliminary analysis on the subject of materiality at ATOSS Software AG. This preliminary analysis comprised an evaluation of the GRI's standards for sustainability reporting, the SASB's industry recommendations for software companies as well as the non-financial reporting of other companies in the sector. This process resulted in 12 key subjects for the company (i.e. key with regard to the effect of these subjects on ATOSS Software AG's future growth, earnings and position and/or with respect to the impact of ATOSS' business activities on sustainability aspects). These subjects were then allocated to the 4 spheres of Integrity and Compliance, Customer and Society, Employees and the Environment. Representatives from the departments of Human Resources, Finance, Administration, Legal, Compliance as well as Investor Relations validated the subjects previously identified as part of a joint workshop, and evaluated them with respect to their materiality. The results of the analysis and the main subjects were confirmed by the Management Board. The aspect of "Respect for Human Rights" from the HGB's list of minimum requirements in accordance with Sec. 289c (2) HGB was classified as non-material in the materiality analysis as the activities of ATOSS Software AG have and will continue to have no negative impact on the observance of human rights. Nevertheless, respect for human rights, the rights of children and working rights are covered in detail in the company's Code of Conduct.

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

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

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 greyed-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, the avoidance of critical compliance incidents is given top priority.

The Integrity and Compliance sphere at ATOSS covers the subjects of information security, compliance, ethical conduct and competitive behavior and corresponds to the aspect of combating corruption and bribery in accordance with Sec. 289c (2) No. 5 HGB.

2.1. Concepts and due diligence processes

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 2021 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, the 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.

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 corresponding principles are defined in the Code of Conduct, a written copy of which was sent to all employees by the Management Board in July 2021. 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 and follow it.

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

- **Basic values of ATOSS Software AG:**

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

- **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.

ATOSS Software AG has 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. In 2021, these training sessions covered the areas of occupational health and safety, data protection and information security. With a look to the 2022 financial year, the plan is to also introduce online training on the subjects of the General Equal Treatment Act (AGG) and compliance.

ATOSS Software AG has 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. The Compliance Committee is responsible for implementing and monitoring the compliance program. 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.

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, the implementation of various information security measures was maintained in the whole company in the 2021 financial year. Besides extensive IT control mechanisms and penetration tests, these measures also include the obligatory annual online training of all ATOSS employees on the subject of information security.

Compliance, ethical conduct and competitive behavior

ATOSS offers employees across the Group the option of reporting breaches of the Code of Conduct and/or guidelines implemented in the company anonymously and without fear of repercussions. Two surveys on compliance management were also conducted by the Compliance Management Committee in 2021. No violations of the Code of Conduct or guidelines implemented in the company were reported or became known either through the two surveys or the anonymous whistleblower system.

2.3. Material risks

Risks in the area of information security, compliance, ethical conduct and competitive behavior are presented on the risks and opportunities report in the group management report.

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 customer demands and requirements and finding ways of meeting them. The subject of data protection is growing in significance and is especially important for ATOSS as a technology company. For this reason, the Group also places the most stringent demands on the protection of personal data.

Besides the protection of customer data, the Customers sphere also 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 and due diligence processes

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 respects 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 exercise 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 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.

In addition, ATOSS Software AG has appointed a data protection officer to advise the divisions on data protection. The data protection officer undergoes further training on a regular basis with regard to the latest legislation, case law and the customary implementation of data protection.

An Information Security Management System (ISMS) which includes the regular, structured survey of relevant processes, a procedure for observing statutory requirements on information security, the systematic registration of risks and for deriving and monitoring associated mitigation measures, is currently being set up.

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 expediently incorporate constantly shifting customer demands in its products and processes in the best possible manner. 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 as well as enabling rapid and agile adaptation 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. Moreover, this raises productivity, efficiency and the service level and/or product quality. In this way, companies can respond rapidly to market changes.

Innovative working time concepts also create the platform for a better work-life balance and support effective employer branding – issues 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 have formed part of the remit of the new member of the Management Board and CTO Pritim Kumar Krishnamoorthy since July 1, 2021.

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 this context, ATOSS contributes in many ways, providing value added primarily by creating jobs, through its innovative workforce management solutions, through the taxes it pays as well as its financial support of local associations, clubs and initiatives.

3.2. Results of concepts pursued and key indicators

Protection of customer data

No violations of current data protection laws became known or were uncovered in the 2021 financial year. By according this subject such a high priority, ATOSS Software AG has to date been able to guarantee a high level of data protection at all times. This is also confirmed by the annual external IT and systems audit which verifies the appropriateness of the technical and organizational measures set up with respect to observing the EU-GDPR and the BDSG and which also confirmed a suitable level of data protection in 2021.

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 12,000 customers plan and manage their employees with innovative software solutions from ATOSS. Around 17 percent of Group sales or EUR 16.9 million was spent on refining and further developing ATOSS products and solutions. Overall, 1 major release and 2 minor releases were rolled out. Given the level of its development expenditure, ATOSS is once again ranked among the top 100 European software manufacturers with the highest R&D expenditures in 2021 according to "The 2021 EU Industrial R&D Investment Scoreboard" study; this puts the company at first place among Europe's workforce management software suppliers.

The value added from ATOSS solutions for customers and society was also recently underlined in a study by the newspaper “Die Welt” which counts ATOSS alongside prestigious global enterprises such as Microsoft or Adobe among the companies that are shaping working life and experience in the 21st century. This value added and the high level of customer satisfaction it engenders is also documented by the company’s consistently low churn rate. This rate stood at around 1 percent in 2021 both in Maintenance and in the Cloud where the company is expecting a strong, sustainable boost to growth in the coming years.

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 630 staff of whom 427 are active in Germany as of 12/31/21. Social engagement has always been an important priority for ATOSS. For this reason, the Group has long lent financial support to “Freunde der Pinakothek der Moderne e.V.” (Friends of the Pinakothek of Modern Art) as a member of the Board of Trustees. One cause particularly close to the company’s heart was its contribution to the 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.

3.3. Material risks

Risks in the Customers sphere are outlined in the risks and opportunities report. With regard to the Society sphere (corresponding to the social concerns aspect in accordance with Sec. 289c (2) No. 3 HGB), ATOSS Software AG did not identify any material, reportable risks. Rather, the company sees an opportunity to acknowledge its entrepreneurial responsibility and contribute to economic and social development at its locations as an employer and supplier of innovative software solutions.

4. Employees

The key to success is to attract highly qualified, motivated employees and retain them in 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 the CFO, comprises the key subjects of a transparent, trusting corporate culture. This comprises 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 and due diligence processes

Transparent and trusting corporate culture and employee satisfaction

ATOSS Software AG sets a strong store by a transparent, respectful and trusting corporate culture. Employees represent 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 – and develop their skills and retain them in the company.

In a challenging year for everyone, the five ATOSS values – reliability, credibility, fairness, pleasure in success and 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 (departmental surveys and Pulse Surveys Connect@ATOSS) support the focus of ATOSS human resource management, driving its development by targeting the issues that reflect the company's priorities and strategies.

Diversity and antidiscrimination

The Management Board of ATOSS Software AG regards diversity 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 capabilities as different perspectives are the breeding ground for new ideas. By signing the Diversity Charter in 2021, ATOSS is demonstrably advocating for 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 changing jobs. Gender-specific and ethnic differences do not enter the picture.

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 assist and support individual employees and secure the long-term success of the business, but also have a positive effect on society over and beyond the company. Successful company health management boosts the health of employees, reduces the physical and mental stresses and strains of work, while preventing illness and enhancing employees' commitment. Not least, the attractiveness of the employer for employees and applicants also

gains a welcome boost. ATOSS 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 health matters.

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 offerings and the opportunity to train as a first aid officer. There are also fruit and vegetable baskets or vitamin bombs available to employees free of charge for their daily helpings of vitamins.

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.

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.

The demand for flexible employment contracts has exploded recently, not least due to the COVID-19 pandemic. Thanks to its excellent technical infrastructure, ATOSS Software AG was immediately ready to allow all its staff to work from their home offices in 2020 and 2021 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 enabling 50 percent "Work from Home" and 50 percent "Work in the Office".

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

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 explore with their supervisor how they can achieve professional and personal growth

and the opportunities at ATOSS for doing so. Interviews are documented, targets defined and measures derived for the coming year. ATOSS offers an overview of possible further training measures, adapted to fit each department and role, in the shape of the so-called Learning Compass. 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. New joiners to ATOSS undergo an extensive training program in the first few weeks consisting of a mixture of on-site seminars, 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 employee satisfaction

The Management Board announced the ATOSS Code of Conduct in the 2021 financial year in order to foster sustainable development in the ATOSS Group. These behavioral principles help each ATOSS employee to conduct themselves correctly and responsibly and serve as a binding guideline in their everyday professional life throughout the Group. They are complemented by internal guidelines as well as employment contracts.

ATOSS Software AG enjoyed a close, trust-based working relationship with the Works Council in Germany. The measures required as a result of the COVID-19 pandemic were top of the agenda in the 2021 financial year. Here, the company, in close consultation with the Works Council, was able to respond very quickly to the constantly shifting danger. The introduction of new IT systems was a further priority in committees. Negotiations on these issues were concluded on schedule and the corresponding systems implemented.

ATOSS Software AG was awarded with “Top Employer” by the Top Employers Institute for the second time in succession in 2021. This positions the company as one of the best employers in the world. This repeat award to ATOSS of “Top Employer” underlines the high level of contentment and satisfaction that ATOSS employees experience, showing that the Group offers forward-looking refinement, further development and continuous optimization of the working environment. The certification program analyses the personnel strategy in practical employee offerings such as the talent strategy, personnel planning, onboarding, training and manager development as well as career and succession planning and the corporate culture. In addition, ATOSS featured in the LinkedIn Talent Awards for the first time in 2021. This award crowns companies and people that have excelled through their commitment to talent, in creating integrated workplaces, building strong employer brands, promoting learning and development and focusing on employee loyalty. The methodology is based on data analysis by the LinkedIn’s Insights Team which evaluates every company’s usage and commitment data on the LinkedIn platform to find out to what extent they are able to use LinkedIn talent solutions and benefit from a significant effect on their company.

Diversity and antidiscrimination

Various measures were enacted in the 2021 financial year to boost employee diversity such as the introduction of a Diversity Day on which employees were able to learn more about the 33 different nationalities of their fellow colleagues.

In addition, the following demographic and gender-specific employee details have been published for the first time in this non-financial report based on GRI 405-1.

Gender and age group distribution of the Supervisory Board in percentages

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

12/31/2021	<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

12/31/2021	<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

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.

Since the outbreak of the COVID-19 pandemic, all employees in the Group have had the option of working partially or entirely from home. There is also a COVID-19 taskforce which enables the company to respond immediately to global developments, take the necessary safety measures and keep staff informed. Hygiene rules were immediately reinforced in all facilities on the outbreak of the pandemic. Further initiatives covered the organization and free provision of masks and daily self-testing at all ATOSS facilities.

Also during the challenging period when contact was restricted due to the pandemic, ATOSS Software AG was particularly concerned to maintain the health and work-life balance of its employees and make working from home as pleasant as possible. For this reason, new virtual fitness and exercise offers were introduced (e.g. gym passes) and employees were encouraged to use various virtual or online events to nurture social contact (online beverage tasting, pub quizzes, Mystery Coffee).

Staff recruitment and retention

The company succeeded in realizing its plans for staff growth - also in the 2021 financial year thanks to the successful recruitment of employees in all departments of the ATOSS Group.

The Group switched the application process at short notice in response to the COVID-19 pandemic and carried out application interviews online. The onboarding of new members of staff was also largely carried out online.

The staff turnover rate is an important metric for determining employee satisfaction and the attractiveness of ATOSS Software AG for talented individuals and skilled personnel. It is therefore regularly analyzed for the various departments to enable counter-measures to be initiated if the rates are too high.

In addition, the following key indicators on employee recruitment and retention are published for the first time in this non-financial report:

12/31/2021	Employees by gender
Male	366
Female	264
Total	630

12/31/2021	Employees by region
Germany	426
Austria	19
Switzerland	10
Romania	158
Sweden	5
Belgium	2
Netherlands	10
Total	630

Staff training and development

In the context of the COVID-19 pandemic, ATOSS staged all its in-class training offers remotely in order to maintain the personal and professional further training of its employees. In the 2021 financial year, all employees received an assessment of their performance and professional development through the ATOSS Annual Review. The training offerings in 2021 covered a multitude of courses.

The average number of hours spent on training and further education in the 2021 financial year by gender and employee category was as follows:

Category	Average number of hours
Employee category Managers	25
Employee category Staff	46
Sales	56
CSS	20
G&A	14
Marketing	17
PM	47
I&D	76

4.3. Material risks

Material risks

Risks in the Employees sphere can be taken from the risks and opportunities report.

5. Environment

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 complies with all standards and rules of conduct relating to environmental protection and strives to continuously improve its internal eco-footprint. The subject of sustainability in relation to environmental protection lies within the purview of the responsible divisional management board and the CFO, as well as the Human Resources and Facility & Office Management Departments charged with implementation and compliance within Admin.

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 and due diligence processes

Carbon footprint (Scopes 1 and 2)

The priority in the Environment sphere lies in reducing CO₂ emissions as these represent the main ecological impact of ATOSS Software AG. ATOSS Software AG takes responsibility for the environmental impact of its own operations. In ATOSS Software AG's line of business, CO₂ emissions occur primarily due to the energy consumption of buildings, running its own server rooms and the mobility of employees. 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, unscheduled reduction in consumption due to lower use of cars and the cancellation of many business trips. The result was 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, however, the company also sees the coronavirus crisis as an opportunity for greater sustainability. The Group-wide rollout of a new collaboration tool means that the technical structures for new kinds of digital communication are already in place and enjoying successful use.

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 aims to further reduce its carbon footprint in future by making greater use of renewable energies. To this end, it will convert its entire electricity consumption at its Munich headquarters to green electricity from 2022 as this is where the largest electricity consumption currently occurs in the whole Group due to the IT infrastructure. Further offices at home and abroad will follow. Further climate-related projects in the 2022 financial year concern the testing and evaluation of charging infrastructure for electric vehicles at our Group facilities. The company is also committed to achieving 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) – 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. This enables employees in many towns to use the carbon-neutral option of traveling to and from work with both local and long-distance public transport.

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 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. Factoring in the use of renewable energies, 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 is able to ensure lower energy consumption for many of its customers.

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 due attention is paid to sustainability in their procurement. Waste is also generated, consisting principally of obsolete IT hardware from offices and mobile phones which are recycled.

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

5.2. Results of concepts pursued and key indicators

Carbon footprint

Energy consumption

Electricity tops the list 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 consumption¹ at the two largest facilities in Munich and Timisoara (Romania)

Year	Employees	m ²	kWh/year	kWh/m ² /year	kWh/ employee/year
2020 ¹	370	5,992	427,175	71	1,155

¹ The data recorded represent approx. 67 percent of ATOSS Software AG's total usable space in 2020. The data for the 2021 financial year were not yet available due to the early reporting date.

Scope 1 CO₂ emissions

CO₂ emissions from gas consumption at the second largest facility of Timisoara (Romania) – key figures for gas consumption: Direct greenhouse gas emissions¹ of ATOSS Software AG from heating buildings with gas (Scope 1)

Year	Employees	m ³ /year	m ³ / employee/year	t CO ₂ /year	t CO ₂ / employee/year
2020 ^{1/2}	156	17,427	112	35	0.22

¹ Conversion of gas/m³ to tons of CO₂ (by means of CO₂ calculator from klimaneutral-handeln.de).

² The data recorded represent approx. 25 percent of ATOSS Software AG's total usable space. The data for the 2021 financial year were not yet available due to the early reporting date.

Scope 2 CO₂ emissions

CO₂ emissions from electricity consumption – key figures for energy consumption: Indirect, energy-related greenhouse gas emissions¹ of ATOSS Software AG from electricity consumption at its two largest facilities in Munich and Timisoara (Romania) (Scope1)

Year	Employees	m ²	t CO ₂ /year	t CO ₂ / employee/year
2020 ^{1/2}	370	5,992	171	0.46

¹ Conversion of KW/h to tons of CO₂ (by means of CO₂ calculator from klimaneutral-handeln.de).

² The data recorded represent approx. 67 percent of ATOSS Software AG's total usable space. The data for the 2021 financial year were not yet available due to the early reporting date.

Scope 3 CO₂ emissions – CO₂ emissions from business travel

Key figures by means of transport¹: Further indirect greenhouse gas emissions² of ATOSS Software AG from business travel

Year	Flights (t CO ₂)	Rail (t CO ₂)
2021 ²	57	0 ⁴

¹ Key figures based on means of transport booked by all employees in Germany.

² Key figures in accordance with GHGP: GHGP is the "Greenhouse Gas Protocol".

³ The figures shown here are not representative for the CO₂ emissions of ATOSS Software AG, as the restrictions due to the coronavirus pandemic resulted in considerably less business travel.

⁴ Deutsche Bahn has been running all its local and long-distance trains on 100% green electricity (CO₂-free) since 01/01/2020.

Water consumption at the two largest facilities¹ Munich and Timisoara (Romania)

Year	Employees	m ³ /year	m ³ /employee/year
2020 ²	370	2,098	5.67

¹ The data recorded represent approx. 67 percent of ATOSS Software AG's total usable space. The data for the 2021 financial year were not yet available due to the early reporting date.

Resource efficiency

Washable, reusable dishes, cutlery, cups and glasses 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 in order to reuse the respective raw materials. These items are first collected Group-wide 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. In this way, ATOSS Software AG is supporting the circular economy and the associated protection of resources by extending the life cycles of hardware products.

In addition, progress was made on further digitalization projects in Admin in the 2021 financial year, which also contributed to the promotion of paperless processes. For example, customer invoices are now increasingly sent digitally. Various measures for more sustainable printing in the company were also rolled out across the Group: e.g. double-sided printing, greyscale printing.

5.3. Material risks

With regard to the Environment sphere (corresponding to the environmental concerns aspect in accordance with Sec. 289c (2) No. 1 HGB), ATOSS Software did not identify any material risks.

6. Information on the EU Taxonomy Regulation

The EU Taxonomy Regulation is a key element in the European Commission's action plan to direct capital flows towards a more sustainable economy. As a classification system for ecologically sustainable economic activity, 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 in accordance with Sec. 315b (3) HGB, ATOSS Software AG is for the first time reporting on the proportion of its Group sales, capital expenditure (CapEx) and operating expenses (OpEx) to be regarded as taxonomy-eligible for the 2021 reporting period with regard to the first two environmental targets (climate protection and adaptation to climate change) in accordance with Article 8 of the EU Taxonomy Regulation and Art. 10 (2) of the Delegated Act supplementing Article 8 of the EU Taxonomy Regulation.

Our economic activities

ATOSS Software AG has analyzed its economic activities in accordance with the Delegated Act regarding the climate targets in the EU Taxonomy Directive. According to the current definitions in the EU Taxonomy Regulation, however, the company's activities are not to be classified as an ecologically sustainable economic activity. This is due to the fact that 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 staff deployment, its business activities do not fall within the economic activities listed in Annexes I or II of the Delegated Act supplementing the climate targets of EU Taxonomy Regulation and are therefore not taxonomy-eligible.

6.1 ATOSS KPIs

The Key Performance Indicators (KPIs) comprise the Sales KPI, CapEx KPI and OpEx KPI. For the 2021 reporting period, the KPIs must be disclosed with regard to economic activities that qualify and those that do not qualify (Art. 10 (2) of the Delegated Act supplementing Article 8 of the EU Taxonomy Regulation).

As the economic activities of ATOSS as a software company are not covered by the Delegated Act on climate targets, the proportion of taxonomy-eligible economic activities in ATOSS' total sales is 0 percent and consequently associated capital expenditure and operating expenses are also 0 percent. Conversely, the proportion of ineligible economic activities in ATOSS' total sales is 100 percent and consequently associated capital expenditure and operating expenses are also 100 percent.

Moreover, the capital expenditure and operating expenses to be reported also cover any such expenditure resulting from the purchase of products from classifiable economic activities and certain individual measures enabling companies to become low carbon or contribute to reductions in greenhouse gases. No such capital expenditure or operating expenses were incurred in financial year 2021. However, they are planned for financial year 2022.

6.2 Accounting policies

The KPIs are determined in compliance with Annex I of the Delegated Act to Article 8 of the EU Taxonomy Regulation. ATOSS Software determines its taxonomy-eligible KPIs in accordance with statutory requirements and describes its accounting policy in this regard as follows:

Sales KPI

Definition

The proportion of qualifying economic activities in total sales is calculated as the part of net sales generated from products and services in connection with taxonomy-eligible economic activities (numerator) divided by total sales (denominator). The denominator for the sales KPI is based on consolidated net sales in compliance with IAS 1.82(a). Further details on ATOSS' accounting policies for its consolidated net sales can be found in the Notes to the consolidated financial statements in Section II of our Annual Report, Accounting and valuation methods.

Reconciliation

Our consolidated net sales can be checked against our consolidated financial statements, see Income Statement in our Annual Report 2021 ("Sales revenues" item in the P&L).

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

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, we refer to the explanations below.

Total CapEx comprises additions to property, plant and equipment and intangible assets during the financial year before depreciation and amortization and revaluations, including any resulting from revaluations and impairments for financial year 2021 and not including changes to fair value. It comprises additions to fixed assets (IAS 16), intangible assets (IAS 38) and rights to use assets (IFRS 16). You can find further details on our accounting policies with regard to our capital expenditure 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 Changes in fixed assets presented in the Notes to the consolidated financial statements in our Annual Report (Section III. 27) (Total additions (at cost) and rights of use (Section III. 28)).

OpEx KPI

The OpEx KPI is defined as taxonomy-eligible OpEx (numerator) divided by total OpEx (denominator). With regard to the numerator, we refer to the explanations below.

Total OpEx consists of direct, non-capitalized costs relating to research and development, building refurbishment measures, short-term rental contracts, maintenance and servicing as well as all other direct expenses in connection with the ongoing upkeep of tangible assets. These include:

- Research and development expenditure recognized as expenses in the consolidated income statement in the reporting period. It includes all non-capitalized expenses directly allocable to research or development activities in line with the consolidated financial statements (IAS 38.126).
- Maintenance and repair costs as well as other direct expenditure in connection with the daily maintenance of property, plant and equipment assets were determined on the basis of internal maintenance and repair costs allocated to internal cost centers. The corresponding cost items can be found in departmental costs in the income statement.

Remarks on the numerator for the CapEx and OpEx KPIs

As ATOSS Software AG has not identified any taxonomy-eligible economic activities, the company does not recognize any CapEx/OpEx in the numerator of the CapEx and OpEx KPIs relating to assets or processes associated with taxonomy-eligible economic activities.

Only "Category C" CapEx and OpEx can therefore be classified as taxonomy-eligible, i.e. CapEx/OpEx in connection with the acquisition of products or services enabling the company to become low carbon or which lead to greenhouse gas reductions (Section 1.1.2.2. (c) of Annex I of the Delegated Act supplementing Article 8 of the EU Taxonomy Regulation). Here, too, there were no such expenses in financial year 2021. However, they are planned for financial year 2022.

We were not able to take account of the "Draft Commission Notice" published on February 2, 2022. This specifies the definition of investment and operating expenses (Category C of Section 1.1.2.2. or 1.1.3.2. of Annex 1 to the Delegated Act supplementing Article 8 of the EU Taxonomy Regulation). The details required for this will only be collected and verified with the requisite quality control for the coming financial year due to the publication date.

As we state the numerator for all KPIs as zero, there is no risk of double-counting any economic activities.

7. Independent Practitioner’s Report on a Limited Assurance Engagement on Non-financial Reporting¹

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 2021 (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 Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement 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.

¹ 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.

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.

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

- Gain an understanding of the structure of the Group’s sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of material misstatement in the Separate Non-financial Group Report
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report

- Reconciliation of selected disclosures with the corresponding data in the financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Separate Non-financial Group Report

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 2021 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, 25 February 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
German public auditor

ppa. Felix Wandel
German public auditor

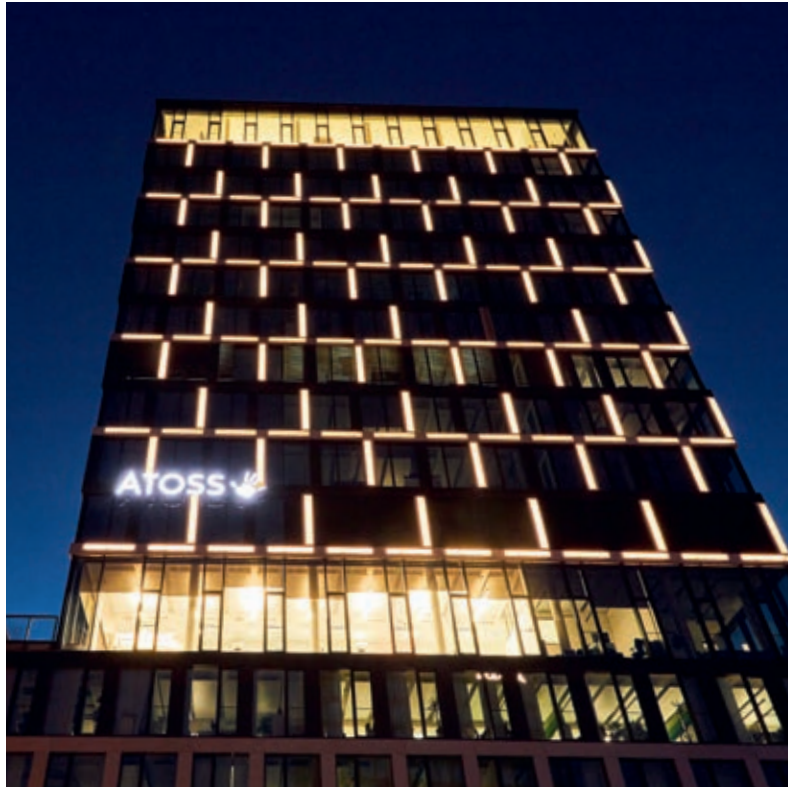
Financial Report



In 2021, we have advanced our strategic growth trajectory at a high level. At the same time, we have set the course for our future successful developments.

CHRISTOF LEIBER
CFO | ATOSS Software AG





Contents

108	LETTER TO SHAREHOLDERS
112	INVESTOR RELATIONS
116	SUPERVISORY BOARD REPORT
124	GROUP MANAGEMENT REPORT
125	COMPANY
125	GROUP BASICS
134	BUSINESS REPORT
137	RISK MANAGEMENT AND CONTROL SYSTEM
146	OTHER DISCLOSURES
147	DIVIDEND DISTRIBUTION
147	OUTLOOK
150	CONSOLIDATED BALANCE SHEET
151	CONSOLIDATED INCOME STATEMENT
	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
152	CONSOLIDATED CASH FLOW STATEMENT
153	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
154	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
155	COMPANY INFORMATION
155	ACCOUNTING AND VALUATION METHODS
178	NOTES TO THE CONSOLIDATED BALANCE SHEET
199	NOTES TO THE CONSOLIDATED INCOME STATEMENT
204	NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
205	OTHER DISCLOSURES
220	INDEPENDENT AUDITOR'S REPORT
228	DECLARATION BY THE LEGAL REPRESENTATIVES
230	CORPORATE CALENDAR
231	IMPRINT
232	LOCATIONS

Letter to Shareholders



ANDREAS F.J. OBEREDER
CEO | ATOSS Software AG

Dear Shareholders,
Customers, Business Partners
and Colleagues,

In financial year 2021, ATOSS Software AG once again maintained its growth trajectory – for a record sixteenth year in succession – and at the same time successfully set the strategic stage for the Group’s enhanced global focus and transformation of its business model with the further expansion of its cloud business.

Excellence in digital workforce management

Since its inception, ATOSS has pursued the goal of improving its customers’ efficiency with innovative solutions, while at the same time boosting the motivation and satisfaction of their employees. ATOSS is acting as a digital pioneer helping other companies to adapt to the growing digitalization of the working environment and use data in a structured manner. Digital workforce management combines cost-efficiency, employee satisfaction, and compliance. ATOSS Workforce Management thereby creates a more sustainable working environment which takes account of all stakeholders’ concerns.

This is being increasingly recognized and given due appreciation in the media. The newspaper DIE WELT, for example, sees us as one of the key players in the design of working environments in the 21st century. We are particularly delighted by this recognition in the global software market as it represents impressive evidence that ATOSS’ aspirations and vision – to design the transformation of the world of work for the benefit of companies, employees and society – are perceived as reality today.

This not only holds true in the home market but also on the global stage. Around 12,000 customers are now planning and managing more than 4 million employees in more than 50 countries with our ATOSS solutions. What’s more, the COVID-19 pandemic has further honed awareness of the significance of digitalization in many sectors and areas of life.

Expansion of the Management Board

ATOSS Software AG is also set up for further growth with the structure of its Management Board. From April 1, we therefore reinforced the Management Board by adding Dirk Häussermann as the new Co-CEO for the areas of globalization and marketing and Pritim Kumar Krishnamoorthy as the new CTO from July 1. Both have many years of experience in the software sector gained with renowned, globally active companies. This new Management Board structure will put us in a position to pack an even more powerful punch in our target markets in order to continue driving our globalization strategy and implementation of cloud transformation on a sustainable basis.

Leading technology and innovation

Our aspiration is to set the bar in the market for workforce management. For example, we are constantly coming up with innovative, customer-oriented solutions that are positioned as “best in class” in the market for workforce management. In the future, we will also be relentless in maintaining our sizable investment to take our technology to the next level. We now have around 200 employees globally working on refining our ATOSS solution suites. In 2021 alone, we invested EUR 16.9 million, equivalent to around 17 percent of our sales revenues, in the development of our products and solutions. According to “The 2021 EU Industrial R&D Investment Scoreboard”, we are ranking among the TOP 100 European software manufacturers with the highest R&D investments and take the number 1 position among European workforce management software suppliers. In the past 21 years we have invested a total of over EUR 150 million in the technology, performance, user-friendliness and scalability of our software. The subject of the cloud enjoys a special technological status in this process.

Prospects for 2022 – the cloud as an engine for growth

The coronavirus pandemic which struck at the start of 2020 proved to be the catalyst for many companies to tackle the subject of digitalization and their own transformation and ramp up their efforts in this regard. Many developments surrounding digitalization and the adoption of new technologies have seen a massive acceleration since then. This is also evidenced by a study by Bitkom Research on behalf of KPMG AG published in summer 2021 according to which 8 out of 10 companies were already drawing computing power from the cloud in 2020. The future of productive applications for companies is therefore in the cloud. This rise in the demand for cloud solutions is reflected in the latest order book figures at ATOSS Software AG at year end and gives us the confidence to invest in our cloud solutions. We expect to see further strong growth momentum from the cloud in the coming years. Combined with the consistently high stability of its successful business model and its excellence in innovation, ATOSS is ideally placed to enjoy profitable growth in the burgeoning market for workforce management solutions in 2022 and beyond and to gain further market share both at home and abroad.

Our thanks go out to our employees, business partners and shareholders

The past year was once again a year of growth for our company, particularly in the order intake. We owe our success first and foremost to our staff with their commitment, skills, and knowledge. We would like to express our thanks to each and every one of our people.

Our thanks are due also to the Supervisory Board for their proactive support at all times and the excellent cooperation in the past year.

And finally to you, our valued shareholders, we would like to express our thanks for your confidence in us and your loyalty.

With best regards



Andreas F.J. Obereder
Chief Executive Officer

Investor Relations

Share price movements 01/2012 – 12/2021



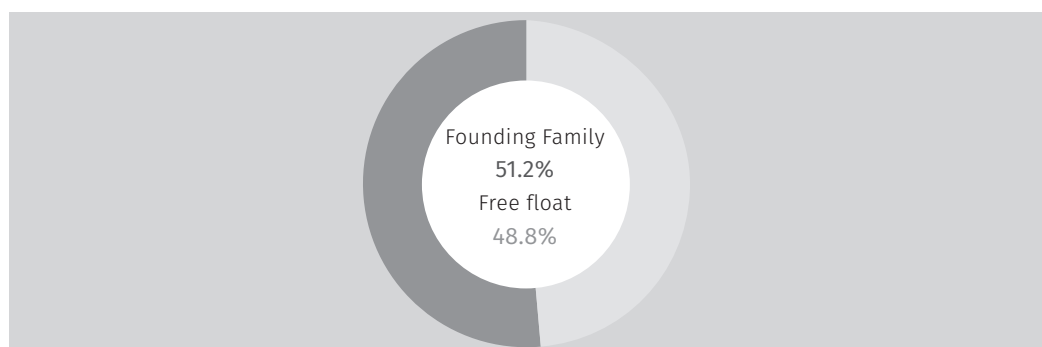
ATOSS stock hits record highs in 2021

On the stock markets, 2021 was a year marked by a strong economic recovery. Although share prices plunged again on German exchanges on the first reports of the Omicron variant, the downturns were not comparable with the sudden collapse triggered by the virus in spring 2020 when Germany's lead index shed almost 40 percent in four weeks. The DAX recovered from the shock of the new coronavirus variant Omicron in the last few weeks of the year, and over the whole year, the index gained around 16 percent. Although this means that Germany's lead index performed worse than the most important US share indices, it nevertheless recorded its ninth annual gain in ten years. Experts are also decidedly optimistic with regard to 2022, while inflation and interest rates trends are provoking uncertainty. Experts are therefore looking with bated breath at the further development of inflation and the reactions of central bank policy. For example, the US Federal Reserve had already signaled by the end of January 2022 that it would soon raise base rates. Consequently, the exchanges are in for an acid test in 2022. In the past, the central bank's policy of liquidity and zero interest rates proved an important catalyst for rising share prices on the markets.

In keeping with the company's own excellent development, ATOSS also succeeded in maintaining the ATOSS stock's impressive performance in the reporting period, ending the year 2021 at another all-time high. The share price peaked at EUR 222.00 (XETRA) on December 13, 2021. At this point, the stock had appreciated by 41 percent. Over the entire year, the price climbed 37 percent. Added to this is a dividend of EUR 1,67. This means that shareholders' total assets increased by 38 percent in 2021. The comparative index DAXsubsector Performance Index only appreciated by 10 percent over the same period and was therefore clearly outperformed.

From a long-term perspective, ATOSS Software AG has also generated extremely gratifying growth for its shareholders. Since 2012, the share price has risen by 2,522 percent (not including special dividends). In the same period, the DAXsubsector Software Performance Index achieved growth of 259 percent.

Shareholder structure



*Direct shareholdings as of 12/31/2021

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 12/31/2021, the following institutional investors hold interests in excess of 3 percent / 5 percent in ATOSS Software AG:

Investor	Shareholding	Threshold exceeded on:
MainFirst SICAV	5.07%	12/16/2014

Capital market-oriented figures

(in EUR, unless otherwise specified)

	2021	2020
Market price at the financial year-end	217.00	158.00
Number of shares 12/31	7,953,136	7,953,136
Market capitalization in EUR millions as of 12/31	1,725.8	1,256.6
Earnings per share in EUR	2.43	2.23

Based on the results for 2021, the average price/earnings ratio amounted to 74.92 with liquidity of EUR 6.33 per share at year-end.

Admission to the SDAX

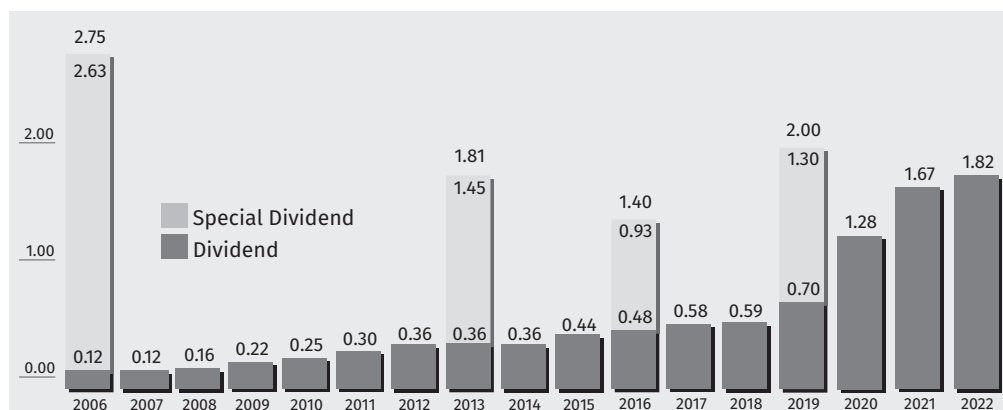
ATOSS Software AG was admitted to the SDAX second line stocks segment at the start of trading on 07/01/2021. Besides the exchange's high transparency requirements, ATOSS thus also meets the crucial criterion regarding its free float market capitalization.

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 record in financial year 2021, with earnings per share of EUR 2.43. In line with its proposed appropriation of net income, the Management Board has submitted a proposal to the Supervisory Board for a standard dividend of EUR 1.82 per share, maintaining its dividend policy. A decision on the appropriation of earnings recommended by the Manage-

ment and Supervisory Boards will be taken at the Annual General Meeting on April 29, 2022. If the Annual General Meeting approves the proposal, the dividend return on the basis of the closing price on 12/30/2021 of EUR 217.00 (XETRA) would stand at 0.8 percent.



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

Analysts' rating highlights consistently high growth with impressive cloud developments

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. In the process, the price target for the ATOSS share was increased several times in 2021 by Warburg Research analysts, most recently to EUR 230 on presentation of the provisional figures for the 2021 financial year. Given the slight increase in the forecast for financial year 2022, consistently strong figures and the estimation of highly dynamic growth also over the long term, the Warburg analysts rate the stock a "Buy". The Hauck & Aufhäuser analysts come to the same assessment. After the price target was raised to EUR 204 in July, they, too, have since rated the stock a "Buy", with a price target of EUR 204.

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 2021



MORITZ ZIMMERMANN
Chairman of the Supervisory Board

Dear Shareholders,

The financial year 2021 was once again an extremely successful one for ATOSS Software AG. The consistent, sustained growth trajectory was maintained for the sixteenth time in succession in 2021. 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 2021, 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

Effective March 1, 2021, the Supervisory Board formed an audit committee for the first time in line with the recommendations of the German Corporate Governance Code as amended on December 16, 2019. The members of the audit committee in financial year 2021 were 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.

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 2021

During the reporting period, the Supervisory Board held four ordinary meetings and five extraordinary meeting which were attended by all members of the Supervisory and Management Boards. The newly elected audit committee met for three ordinary meetings in financial year 2021 which were attended by all the Board's audit committee members.

Principal subjects of discussion at the Supervisory Board meeting on February 10, 2021

In the first Supervisory Board meeting of financial year 2021, the Board concerned itself with the resolution for the Management Board's remuneration system and its presentation for approval to the Annual General Meeting on April 30, 2021.

Principal subjects of discussion at the Supervisory Board meeting on February 23, 2021

The focus of the second Supervisory Board meeting was on forming an audit committee including the election of its members and chairman (Klaus Bauer). The audit committee took up its duties effective March 1, 2021. The Supervisory Board's rules of procedure were then redrafted to take account of the audit committee effective March 1, 2021, and the declaration of compliance on the basis of the German Corporate Governance Code as amended on December 16, 2019 updated to reflect the audit committee. At the end of the meeting, the auditors from Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Munich, gave a presentation to the Supervisory Board on the provisional results of their audit of the annual financial statements and consolidated financial statements of ATOSS Software AG and the management reports for financial year 2020. The second meeting of the Supervisory Board ended with an assessment by the Board of the quality of the audit.

Principal subjects of discussion at the Supervisory Board meeting on March 10, 2020

At the third meeting of the financial year 2021, the auditors from Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Munich, gave a presentation to the Supervisory and Management Boards on the scope, focus and results of their audit of the annual financial statements and consolidated financial statements of ATOSS Software AG and the management reports for financial year 2020. The Supervisory Board approved the annual financial statements for the Group and company for financial year 2020 which had been audited and awarded an unqualified audit certificate, and these are now deemed to be adopted. Under item 4 on the agenda, the Supervisory Board subsequently approved the Supervisory Board report for financial year 2020. The discussion also extended to the agenda for the Annual General Meeting on April 30, 2021, which was approved by the Supervisory Board and the Management Board. Furthermore, the Management Board reported on the risk report for the 2nd half of 2020, the current course of business, the latest key financial indicators, and sales developments.

Principal subjects of discussion at the Supervisory Board meeting on March 18, 2021

In the fourth meeting of the Supervisory Board, the Board dealt with the appointment of Mr. Dirk Häussermann as the new Co-CEO of ATOSS Software AG effective April 1, 2021 until March 31, 2024. A further item on the agenda was the resulting change to the Management Board's table of duties.

Principal subjects of discussion at the Supervisory Board meeting on April 30, 2021

This meeting of the Supervisory Board took place following the 2021 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 of discussion at the fifth Supervisory Board meeting were the formation of an audit committee, presentation of the new member of the Management Board, Dirk Häussermann and the Management Board report on sales developments.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on April 30, 2021

At the first ordinary meeting of the audit committee, the committee was constituted and Klaus Bauer elected as its chairman. The Management Board subsequently reported on the current course of business.

Principal subjects of discussion at the Supervisory Board meeting on June 24, 2021

The focus of the sixth meeting of the Supervisory Board was to conclude a Management Board employment contract with Pritim Kumar Krishnamoorthy and his appointment as the new CTO of ATOSS Software AG effective July 1, 2021 until June 30, 2026. Further items on the agenda included the change to the Management Board's table of duties, the extension to the period of office of Christof Leiber (CFO) (effective April 1, 2022 until June 30, 2026), the extension of his contract, and the supplement to the Management Board employment contract of Dirk Häussermann defining multi-year profit share payments and annual targets. At the end of the meeting, the 2020 declaration of compliance was updated on the basis of the German Corporate Governance Code as amended on December 16, 2019.

Principal subjects of discussion at the Supervisory Board meeting on September 15, 2021

The seventh meeting of the Supervisory Board focused on updating the Management Board's rules of procedure and a supplement to the Management Board employment contract of Pritim Kumar Krishnamoorthy defining the modifier target for the single-year profit share payments.

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on September 22, 2021

Before the Supervisory Board meeting on September 22, 2021, the second 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 2022. In addition, the Management Board reported on the risk report for the 1st half of 2021, the status of sustainability reporting for the financial year 2021, and the results of the migration audit by the auditors, Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Munich, as part of this year's introduction of ERP.

Principal subjects of discussion at the Supervisory Board meeting on September 22, 2021

Following the audit committee meeting, the eighth Supervisory Board meeting in financial year 2021 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 meeting of the Supervisory Board's audit committee on December 2, 2021

Before the final Supervisory Board meeting, the third meeting of the Board's audit committee agreed the priorities for the audit of the 2021 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 with the appointment of Klaus Bauer as Financial Accounting Expert and Moritz Zimmermann as Financial Auditing Expert.

Principal subjects of discussion at the Supervisory Board meeting on December 2, 2021

The ninth and final Supervisory Board meeting was devoted to the presentation and adoption of the 2022 Group budgets and planning, a resolution on holding the 2022 Annual General Meeting in virtual form, and the Management Board's report on sales developments. In addition, the Supervisory Board dealt with the report on salary trends in accordance with the German Corporate Governance Code, a resolution for an addition to the letter of appointment for the audit, and supplements to the Management Board employment contracts for Dirk Häussermann, Pritim Kumar Krishnamoorthy, and Christof Leiber with respect to their multi-year targets, single-year targets for 2022 and modifiers regarding their single-year targets.

The 2021 declaration of compliance with the German Corporate Governance Code as amended on December 16, 2019 was also approved at this meeting and published on December 2, 2021, on the company's website (www.atoss.com).

Principal subjects of discussion at the meeting of the Supervisory Board's audit committee on February 24, 2022

The first meeting of the audit committee in 2022 focused on presentation of the provisional results of the audit for the financial year 2021 by the auditors Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers GmbH, Munich. The auditors reported on the main findings of their audit and answered all questions posed by the Supervisory Board. In this context, the Audit Committee dealt with the preliminary review and preparation of the Supervisory Board's decision, in particular with regard to the consolidated and annual financial statements including the management report, the CSR report, and the dependent company report. This was followed by an internal consultation with the auditors. The meeting concluded with the assessment of the quality of the audit by the Audit Committee and the preliminary review of the selection of the auditor, including its independence.

Appointment of auditors and conduct of audit

At the Annual General Meeting of ATOSS Software AG held on April 30, 2021, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Frankfurt am Main (Munich Branch) was elected as auditor for financial year 2021. 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 12/31/2021 as well as the consolidated financial statements and consolidated management report to 12/31/2021 and awarded an unqualified audit certificate on 02/25/2022.

Meeting of the Supervisory Board on March 10, 2022

Audit of the annual financial statements

The Supervisory Board received the annual financial statements, consolidated financial statements and management reports for financial year 2021 from the Management Board for examination after preliminary examination by the Supervisory Board's audit committee in good time prior to the meeting. These documents were examined by members of the Supervisory Board's audit committee and the Supervisory Board itself 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 on March 10, 2022, the Supervisory Board approved the separate non-financial Group report prepared by the Management Board.

Relations with affiliated companies

The auditor also audited the Management Board's report on relations with affiliated companies in accordance with Sec. 312 AktG (dependence report). The auditor awarded this report with the following unqualified audit opinion:

“Following our audit which we performed in accordance with professional standards, we confirm that

1. the actual information given in the report is correct,
2. in the transactions listed in the report, the payments made by the company were not unduly high,
3. no circumstances in the measures listed in the report suggest an assessment other than that reached by the Management Board.”

The dependence report prepared by the Management Board and audited by the auditors together with the audit report on the dependence report were presented to the Supervisory Board, examined in detail at the meeting on March 10, 2022 and discussed with the auditors. After reviewing the dependence report and associated audit report, the Supervisory Board agreed with the result of the dependence report audit and following the final results of its own review, did not raise any objections to the dependence report or the Management Board’s final statement contained in it.

The report by the Supervisory Board for financial year 2021 was also discussed and agreed and the agenda for the Annual General Meeting on April 29, 2022 was approved.

Once again, in financial year 2021, the Management Board and the company’s staff have achieved a genuinely exceptional result. The Supervisory Board would like to thank the Management Board and all employees of ATOSS Software AG for their outstanding dedication and personal commitment with which they have contributed to this highly successful financial year under special circumstances. The ATOSS Group’s growth story can only be continued with their valuable contributions.

Munich, March 2022



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 2021.

Rolf Baron Vielhauer von Hohenhau**Deputy Chairman of the Supervisory Board**

President of the Bund der Steuerzahler in Bayern e.V., Munich.

Baron Vielhauer von Hohenhau holds the following other supervisory and administrative board positions:

- Europäischer Wirtschaftssenat e.V., Munich (Supervisory Board Chairman)
- Member of the Administrative Board of Stadtparkasse 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 2021

1. COMPANY
2. GROUP BASICS
3. BUSINESS REPORT
4. RISK MANAGEMENT AND CONTROL SYSTEM
5. OTHER DISCLOSURES
6. DIVIDEND DISTRIBUTION
7. OUTLOOK
 - Future economic and sector climate
 - Opportunities and risks to future development
 - Future position of the company

1. Company

ATOSS Software AG supplies technical and consulting solutions for professional workforce management and demand-driven workforce 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.

2. Group basics

Economic climate

The coronavirus pandemic continued to have a noticeable effect on worldwide economic growth in 2021. Admittedly private consumption recovered from the 2nd quarter of 2021 onward in the wake of falling new cases and rapid progress with vaccinations; however, increasing supply and capacity bottlenecks have been leading to interruptions in global value chains since the beginning of the year, slowing industrial output in many countries.¹⁾ At the same time, the shortage of raw materials and other goods as well as higher energy prices drove inflation in the Eurozone and the USA to a multi-year high. Uncertainty over the effects of the new Omicron variant of the coronavirus on the economy remains high.²⁾

In Germany, too, economic developments were heavily impacted by the coronavirus pandemic which continues to weigh on the current situation. Following its recovery in the summer months when lockdown measures were eased, the economy is likely to have taken a renewed hit in the winter of 2021/2022 according to current studies.³⁾ Over the year, however, gross domestic product (GDP) is likely to have grown by 2.7 percent according to the first official estimate from the Federal Statistical Office.⁴⁾ Originally, economists had expected an increase of around 4 percent. Experts are currently not expecting a return to pre-crisis levels until the first quarter of 2022. The company's forecast is based on this expectation.

Segmental environment and market background

Against this background, developments in the ICT market in 2021 are particularly noteworthy. The industry association BITKOM, for example, expects growth in the software segment in the year elapsed to come in at 8.0 percent following 5.1 percent in the previous year.⁵⁾

Under these conditions, ATOSS once again managed to maintain its successful streak for the 16th time in succession, thereby outperforming the market. Group sales posted double-digit

¹⁾ German Council of Economic Experts: Annual report 21-22 – Shaping transformation: education, digitalization and sustainability | ²⁾ Kiel Economic Reports No. 85 (2021Q4) Global Economy in Winter 2021 | ³⁾ Deutsche Bundesbank: Monthly report for December 2021 | ⁴⁾ Federal Statistical Office: Press release No. 020 dated January 14, 2022

⁵⁾ BITKOM, ICT market data January 2022

growth of 13 percent, hitting EUR 97.1 million (previous year: EUR 86.1 million). Operating earnings increased to EUR 27.2 million despite considerable investment in the future (previous year: EUR 26.2 million). 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.

The great response to the company's cloud offering is particularly clearly reflected in the order book figures. The dynamic increase in Annual Recurring Revenue (ARR for short) which has again posted a double-digit increase of 77 percent to EUR 23.5 million (previous year: EUR 13.3 million) is to be highlighted here. Furthermore, the company succeeded in significantly expanding the proportion of orders received for Cloud & Subscriptions in total orders for software to 68 percent. By comparison, the share of cloud orders in the 2020 financial year was still languishing at 42 percent. Overall, the company boosted the normalized value of total software license orders received by more than a quarter, with an increase of 28 percent to EUR 38.2 million (previous year: EUR 29.8 million). This order book position creates sales and planning certainty for the near future for the company and all its facilities. What's more, the company's substantial liquidity and good equity ratio provides security for customers, employees and shareholders over and beyond the sound order book.

Positioning of the ATOSS Group

The market 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 SMEs, and major, large-scale companies. Naturally, the competitive pressure is greater in the case of applications that make no more than modest demands on workforce scheduling systems than for complex solutions that 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 a high level of investment security.

When deciding upon a long-term partnership, major, large-scale customers in particular are increasingly focusing on independent companies with a sound financial foundation. A strong equity ratio (ratio of equity to total assets) of 48 percent (previous year: 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 also 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 demand peaks and troughs.

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.

Business development

As in the previous year, the Group regards the key figures of sales and the EBIT margin (operating earnings in relation to sales) as the essential measures of its success. These figures form the basis for the operational and strategic decisions taken by the ATOSS Management Board and constitute the company's most important financial performance indicators. Although cash flow, software 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 entire company.

ATOSS posted sales of EUR 97.1 million in the 2021 financial year (previous year: EUR 86.1 million) and operating earnings (EBIT) of EUR 27.2 million (previous year: EUR 26.2 million). This pleasing growth in sales and earnings can be ascribed to the successful expansion of business volume with new and existing customers at home and abroad, as well as sustainable growth in its cloud business.

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

In 2021, software sales stood at EUR 66.0 million, up 18 percent on the year before (EUR 56.0 million), and thereby equating to 68 percent of total turnover (previous year: 65 percent). Software licenses accounted for sales of EUR 17.2 million (previous year: EUR 16.5 million). The increase is attributable to existing customers extending their licenses, the progress made in projects for major customers and the acquisition of orders from new customers. The largest boost to growth within software revenues came from recurring sales with cloud solutions which jumped by 54 percent to EUR 19.9 million (previous year: EUR 12.9 million). The software maintenance business also enjoyed a successful year, sustaining the consistently positive development of past periods. Sales here rose by 9 percent to EUR 28.9 million (previous year: EUR 26.6 million). Overall, the proportion of recurring revenues in total sales – and thus the central, key factor in the company's future growth – continued to grow in line with the budget and has now exceeded 50 percent (previous year: 46 percent).

Development in consultancy sales

Consultancy sales in 2021 stood at EUR 25.2 million, up by 5 percent over the previous year's figure of EUR 24.1 million. As a result, consultancy accounted for 26 percent of overall sales (previous year: 28 percent).

Development in hardware and other sales

Revenues from the sale of hardware increased by 12 percent in 2021 to EUR 4.4 million (previous year: EUR 3.9 million), equating to 5 percent of overall sales (previous year: 5 percent). Other sales which in particular include consulting services, customer-specific programming services and identification media amounted to EUR 1.5 million, a decline of 26 percent year on year, and equating to 2 percent of overall sales (previous year: 2 percent).

Long-term production orders

As in previous years the company realizes long-term orders in application of the percentage of completion method. In 2021 this applied to 3 orders (previous year: 6) which were realized in accordance with the progress of the project in an amount of EUR 0.5 million (previous year: EUR 3.1 million) on the basis of existing contracts.

Corporate strategy and opportunities

At the heart of our business activities lie the continuous acquisition of new customers and the development of existing customer installations in the fields of time and attendance management and workforce scheduling and deployment. ATOSS posted high rates of growth in both areas in 2021. For example, products incorporating the company's latest generation of software solutions

were placed both with existing customers of major importance, as well as with a large number of new customers. Not least the fact that all products are now available as cloud solutions has opened the door to new customer groups and yielded additional orders. The year 2021 also witnessed the successful implementation of major projects acquired in the preceding year.

The Management Board sees the main opportunities in the following descending order in terms of their significance: We perceive opportunities to continue to develop our business model in particular in the rising demands on companies to increase the flexibility of working hours. Major factors in this regard include: a shortage of skilled staff, demographic considerations, the growing need to boost productivity and the resulting demands of companies for workforce management solutions. As one of the leading workforce management solution providers, we expect to continue profiting from these developments.

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

We perceive further growth opportunities in a dedicated approach to new sectors and in the international deployment of our software solutions, for example by accessing new markets through the formation of new partnerships.

Research and development

It is crucial for ATOSS customers to be able to use our solutions to map and reflect the complex demands 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 marked simplicity of their user interface. These two solutions are a stepping stone for customers using a variety of system environments. As their requirements become more complex in future, they can easily migrate to the ATOSS Staff Efficiency Suite (ASES). Regular release updates ensure that our software solutions are continuously refined. Both software solutions have been available as a server hosting solution (cloud) since 2015.

Our expenditure on research and development in 2021 amounted to EUR 16.9 million (previous year: EUR 14.4 million), The bulk of this figure in the amount of EUR 13.1 million (previous year: EUR 11.4 million) was accounted for by the personnel costs for 225 (previous year: 206) software developers. R&D expenditure as a proportion of overall sales amounted to 17 percent (previous year: 17 percent).

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

Subsidiaries and international business

With the exception of ATOSS Aloud GmbH, all operating subsidiaries recorded positive results in 2021. The proportion of Group sales accounted for by our international business in 2021 amounted to 16 percent (previous year: 14 percent).

Employees, development in personnel

In financial year 2021 the Group employed an average workforce of 600 members of staff (previous year: 537). Of these, 216 (previous year: 196) were employed in product development, 169 (previous year: 161) in consulting, 131 (previous year: 101) in sales and marketing and 84 (previous year: 79) in administration. Personnel costs in 2021 amounted to EUR 47.9 million, some 17 percent higher than the figure of EUR 40.8 million for the preceding year.

On 12/31/2021 the company had no trainees (previous year: 1).

Corporate management and control

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

The company aims to safeguard average sales growth targets in a bandwidth between 13 and 17 percent and an average EBIT margin of 25 to 30 percent.

The company is managed primarily on the basis of a broad system of targets. Company, departmental and individual targets are agreed with almost every member of staff and linked with an appropriate variable salary component, dependent on each employee's level of responsibility. These variable components generally range between 10 percent and 50 percent of the contractually agreed target salary. The company targets are in turn keyed to the relevant scheduled sales and operating profit data for the financial year. Departmental targets take the form of a

uniform table of sales or performance targets dependent on position and responsibility, while individual targets are linked to the performance of each individual employee.

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

Executive bodies

The Supervisory Board in 2021 comprised Moritz Zimmermann as Chairman, Rolf Baron Vielhauer von Hohenhau as Deputy Chairman, and Klaus Bauer. The audit committee newly set up with effect starting March 1, 2021 is chaired by Klaus Bauer.

With effect from April 1, 2021, the Management Board of ATOSS Software AG with Andreas F.J. Obereder as Chairman and Christof Leiber as CFO was expanded to include Dirk Häussermann as the new Co-CEO for the areas of globalization and marketing. Effective July 1, 2021, Pritim Kumar Krishnamoorthy was appointed to the Management Board as CTO for Product Management, Technology & Development and Cloud Operations.

Corporate Governance

Since its flotation, ATOSS Software AG has concerned itself intensively with the subject of corporate governance and the associated statutory regulations. The company has reported regularly since 2001 on its activities in this regard. The company's boards examine developments and changes in the German Corporate Governance Code in particular detail. In contrast to the provisions of the law, however, the Code is not binding in its standardizing effect and in fact allows deviations from its recommendations.

Summarized corporate governance declaration

The summarized corporate governance declaration made by the Management Board pursuant to Sec. 289 f and Sec. 315 d of the German Commercial Code (HGB) is permanently accessible on the company website on the following link:

<https://www.atoss.com/en/company/investor-relations/corporate-governance>

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

The non-financial report pursuant to Secs. 289b (3) and 315 b (3) HGB can be found at <https://www.atoss.com/en/company/investor-relations/reports-publications> as a separate section of the 2021 annual report.

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.

(7) Powers of the Management Board to issue or buy back shares

At the general meeting held on 04/28/2017 the Management Board was further authorized, other than for purposes of trading treasury shares and in consideration of the restrictions imposed by Section 71 (2) of the German Stock Corporation Act, on or before 04/27/2022 to purchase company shares in an amount of up to ten percent of the company's capital stock at the time of the resolution either via the stock market or by means of a public offer to purchase addressed to all company shareholders.

The Management Board was further authorized at the Annual General Meeting on 04/28/2017 without further resolution by a general meeting not only to offer the purchased shares via the stock market or by a public offer to all shareholders, but also to the exclusion of existing shareholders' subscription rights and with the consent of the Supervisory Board

- to issue the shares to third parties in return for contributions in kind, insofar as it is understood to be in the interests of the company to acquire said contributions in kind and insofar as the countervalue per treasury share to be contributed by third parties is not unreasonably low;
- to issue the shares to third parties in return for contributions in cash, in order to place the shares of the company on a foreign stock exchange where the shares are not yet admitted to trading;
- to sell the shares at a cash price which shall not be materially lower than the stock market price of company shares at the time of the sale;
- to use the shares to fulfill option and/or conversion rights arising from convertible bonds, convertible profit share certificates, warrant-linked bonds or other option rights issued by the company or a Group subsidiary.

The Management Board was further authorized at the general meeting on 04/28/2017 to withdraw the treasury shares acquired without further resolution by a general meeting.

The authorizations concerning the use of treasury shares also extend to the use of shares in the company acquired on the basis of previous authorizing resolutions pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act.

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

No material agreements exist which are contingent upon a change of control resulting from a takeover offer. Nor have any agreements been entered into with members of the Management Board or employees regarding compensation in the event that a takeover offer is made.

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

3. Business report

Earnings

The earnings situation in financial year 2021 was principally defined by a 13 percent increase in overall sales revenues (EUR 97.1 million; previous year: EUR 86.1 million). Sales of software in the period from January to December 2021 saw a significant rise of 18 percent, jumping to EUR 66.0 million (previous year: EUR 56.0 million). This equates to a 68 share of overall Group sales (previous year: 65 percent). The greatest boost to growth in software revenues came from cloud solutions with sales from Cloud and Subscriptions increasing by 54 percent to EUR 19.9 million (previous year: EUR 12.9 million). The growth in software maintenance which has been consistently positive for years, also continued. Sales here rose by 9 percent to EUR 28.9 million (previous year: EUR 26.6 million). Overall, recurring sales as a share of total sales increased by a further 4 percentage points to 50 percent (previous year: 46 percent).

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 international expansion of capacity in Sales and the expansion of the Management Board – operating earnings (EBIT) grew by EUR 1.1 million to EUR 27.2 million. The EBIT margin amounts to 28 percent (previous year: 30 percent) and thus remains at a high level.

Earnings before taxes (EBT) were 6 percent higher at EUR 27.7 million (previous year: EUR 26.2 million).

Net income for financial year 2021 amounted to EUR 19.3 million (previous year: EUR 17.7 million), some 9 percent higher than in the year before. Earnings per share increased from EUR 2.23 to EUR 2.43.

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 company has maintained its profitability relative to the previous year and secured a sound financial basis for a long-term strategy which is proving to be correct.

Financial and asset position

The company regards equity as an essential balance sheet item in guarding against economic, sector- and company-specific risks. Consequently, the company's financial strategy is directed towards maintaining a level of equity commensurate with such risks. The intention is to guarantee shareholders an appropriate return on equity and offer customers and suppliers investment security for their software decisions through the medium of long-term partnerships. Here, the ATOSS Group surpassed the budget in the 2021 financial year.

The cash flow from business operations for the period from 01/01/2020 to 12/31/2021 amounted to EUR 26.3 million (previous year: EUR 23.2 million) and was thereby EUR 3.1 million higher than in the year before. Liquidity (cash and cash equivalents) declined from EUR 23,4 million to EUR 20.5 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 40.5 million to EUR 50.4 million. Liquidity per share on 12/31/2021 including these other current and non-current financial assets accordingly stood at EUR 6.33 (previous year: EUR 5.09).

The principal factors which impacted positively on cash flow from operations include net earnings and the formation of miscellaneous liabilities resulting from higher salary and commission entitlements. The main effects reducing cash flow were the rise in trade receivables.

Cash outflows from investment activities in an amount of EUR 13.4 million (previous year: EUR 4.6 million) resulting from disbursements to cover investments in fixed assets in an amount of EUR 1.1 million (previous year: EUR 0.7 million) and payments for the acquisition of financial assets amounting to EUR 14.7 million (previous year: EUR 3.9 million) had a negative effect on liquidity. Payments received from the return on financial assets in an amount of EUR 2.4 million (previous year: EUR 0.0 million) had a positive impact on the cash flow.

The payment of a dividend of EUR 1.67 per share (previous year: dividend of EUR 2,55 per share*) – total amount distributed EUR 13.3 million (previous year: EUR 10.1 million) and the repayment of lease liabilities in an amount of EUR 2.8 million (previous year: EUR 2.6 million) led to a further reduction in liquidity. On the other hand, the sale of 4 percent of the shares in ATOSS Aloud GmbH as part of an employee incentive program provided a cash influx of EUR 0.3 million (previous year: EUR 0.0 million).

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

Property, plant and equipment and intangible assets fell from EUR 4.0 million to EUR 3.8 million.

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

Trade receivables increased from EUR 8.9 million to EUR 11.9 million. The average time to receipt remains low at 34 days (previous year: 31 days).

*The figure for the previous year was adjusted as a result of the stock split carried out in June 2020; rounded to two decimal places

Other current financial assets as of 12/31/2021 amounted to EUR 29.2 million (previous year: EUR 16.4 million) and besides capital assurance claims of EUR 5.4 million (previous year: EUR 5.3 million), this figure also included investment fund deposits approved by the Supervisory Board in an amount of EUR 20.2 million (previous year: EUR 5.3 million), investments in physical gold amounting to EUR 2.0 million (previous year: EUR 1.9 million) or fixed-term deposits in an amount of EUR 1.5 million (previous year: EUR 3.9 million) in line with the company's defined investment strategy.

Valuation of current and non-current gold holdings and investment fund securities at their fair value results in finance income of KEUR 110 (previous year: KEUR 303) and KEUR 250 (previous year: KEUR 30) respectively. The revaluation of a US dollar fixed-term deposit account led to finance income of KEUR 152 (previous year: devaluation of KEUR 203). In addition, income from the valuation of claims relating to capital assurances used as alternative short-term investments was recognized at fair value in the amount of KEUR 114 (previous year: KEUR 63) as financial income. The market value of current and non-current gold holdings on 12/31/2021 stood at EUR 2.8 million (previous year: EUR 2.6 million).

The company is financed through the ongoing cash flow generated from operations. Current liabilities include trade payables in the amount of EUR 1.0 million (previous year: EUR 0.5 million), contractual liabilities in the amount of EUR 4.3 million (previous year: EUR 3.7 million), short-term lease liabilities in the amount of EUR 0.5 million (previous year: EUR 0.3 million), other current financial and non-financial liabilities amounting to EUR 15.9 million (previous year: EUR 12.4 million) as well as tax provisions in the amount of EUR 3.1 million (previous year: EUR 1.7 million). Current liabilities on 12/31/2021 increased to EUR 24.9 million (previous year: EUR 18.8 million). The rise in current liabilities as of 12/31/2021 is mainly due to higher other current non-financial liabilities resulting from a rise in salary and commission commitments and tax liabilities. It remains the company's intention not to incur borrowings to finance business operations.

The miscellaneous current non-financial liabilities relate predominantly to commitments to employees in respect of variable salary components to be disbursed in the following year, as well as other liabilities consisting of turnover tax liabilities. The company had no liabilities denominated in foreign currencies on 12/31/2021, and no bank loans. As before, the company does not intend to use bank loans to finance business operations.

An unsecured credit line in the amount of EUR 0.5 million (previous year: EUR 0.5 million) is in place with the principal bank of the integrated companies which may optionally be used for guarantee purposes or as an overdraft facility. In financial year 2021, an amount of KEUR 287 was used for guarantees (previous year: KEUR 70). As in the previous year, there were no liabilities to banks.

Non-current liabilities essentially include the pension provision in the amount of EUR 6.4 million (previous year: EUR 6.8 million), long-term lease liabilities in the amount of EUR 10.1 million (previous year: EUR 9.9 million) and long-term provisions for share-based remuneration in the amount of EUR 0.5 million (previous year: EUR 0.0 million).

Group equity capital as of 12/31/2021 amounted to EUR 39.4 million (previous year: EUR 32.3 million), resulting in an equity ratio (the ratio of equity to balance sheet total) of 48 percent as of 12/31/2021 (previous year: 48 percent). The return on equity (net earnings vs. equity) as of 12/31/2021 stood at 49 percent (previous year: 55 percent).

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

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

4. Risk management and control system

4.1 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 (IDW PS 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 countermeasures 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.

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 12.0 million.

No new material risks emerged in financial year 2021. 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.

Finally, there is also the possibility that as yet unrecognized and unreported risks may arise which might also have negative effects on business activities. The combination of in principle mutually independent risks may present additional hazards to the company which may amplify one another. ATOSS will therefore continue to constantly monitor its environment and review the effectiveness of measures taken and of the risk management system as a whole. Despite continuous adjustments to the risk management system, it is not possible to quantify either the probability of the described risks occurring or their level of financial impact.

Looking ahead to the coming two years, provided that there is no material change in either the market environment or general economic data, the company anticipates a similar risk structure.

Probability of occurrence of potential risk

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

Extent of loss entailed in potential risk

Level	
Low	EUR 0 - 0.5 million
Medium	EUR 0.5 - 2.0 million
High	EUR 2.0 - 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 - 12.0 million

Corporate risks:

	Probability of occurrence	Extent of loss	Expected loss value
Economic, political, social risks:			
1) Global, economic and political environment	low	high	monitor
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	medium	observe
Financial risks			
6) Credit risk and counterparty risk	low	high	monitor
7) Liquidity risk	medium	medium	monitor
8) Market risk	medium	high	monitor
Personnel risks			
9) Personnel resources	medium	high	material
IT risks			
10) Cloud operation	low	high	material
11) Cybersecurity and IT security	low	high	material
Operating risks			
12) Strategic risks	medium	high	material
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	medium	observe

Economic, political, social and regulatory risks:**1) Global, economic and political environment (monitor)**

The uncertainties in the global economy and financial markets such as those triggered by the outbreak of the coronavirus pandemic, could have a negative impact on ATOSS Software AG's business activities. In order 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 (monitor)

To manage its credit risks, the company enters into transactions exclusively with creditworthy third parties. All major customers with whom the company wishes to enter into credit-based transactions are subjected to credit checks. In addition, the trade accounts receivable are permanently monitored with the result that the company is not exposed to any significant risk of default. The maximum default risk is limited to the carrying value detailed in the Notes. In the case of the company's other financial assets such as cash and cash equivalents, the maximum credit risk in the event of a counterparty default equates to the carrying value of these instruments.

7) Liquidity risk (monitor)

The company monitors the risk of a liquidity bottleneck on an ongoing basis. The company, however, views the risk concentration of its financial assets and trade receivables with respect to the liquidity risk as low. For example, receivables are due from customers in a variety of sectors, operating in independent markets. The company also invests its available liquidity in

various forms of investment such as gold, securities held as current assets, capital investments with banks and insurance companies and fixed-term deposits, thereby ensuring a broad risk diversification. 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 12/31/2021, the risk at Group level associated with financial assets invested in investment funds amounted at fair value to KEUR 20,214. In the case of financial assets invested in gold, the risk at Group level as of 12/31/2021 amounted at fair value to KEUR 2,757. The Group holds no derivative financial instruments.

The company's equity serves to guard against economic, sector- and company-specific risks. Consequently, the company's financial strategy is directed towards maintaining a level of equity commensurate with such risks. In order to maintain or modify its capital structure, the company can adjust its dividend payments to shareholders, or make a repayment of capital to the shareholders, or issue new shares. As of 12/31/2021 and 12/31/2020 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 loyalizing 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 the cloud infrastructure.

11) Cybersecurity and IT 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.

Operating risks:

12) & 13) Strategic risks and sales 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, harnessing 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 expansion of the business model through additional services and the process of opening up new (geographical) markets come with risks attached. The general risk of these activities failing is minimized by careful planning and close monitoring and management.

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

High growth targets require the winning of major projects and are therefore dependent to a decisive extent on the planning and commitment of highly 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-standing maintenance 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 maintenance revenues are built into the monthly management report package.

17) Risks from exceptional incidents (material)

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

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

18) Other risks (observe)

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

4.2 Risk management system and the accounting process

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

- The company exhibits a clear management, corporate and control structure.
- The functions of the financial accounting, order processing and controlling departments materially involved in the accounting process are clearly separated and responsibilities are unambiguously assigned
- For the purpose of analyzing and managing risk factors that may impinge on earnings, we have integrated the risk management system previously described and established a coordinated planning and control system.
- In order to continuously monitor the development in our assets, financial position and earnings situation, a review is submitted to the management and to the Supervisory Board on a monthly basis.
- Functions and responsibilities are unambiguously assigned in all areas of the accounting process.
- The departments concerned in the accounting process meet both quantitative and qualitative requirements.
- The IT systems employed in connection with the accounting process are protected by security features against unauthorized access.
- The financial systems employed are based on standard software.
- Matters with a material accounting relevance are discussed and clarified at weekly finance meetings.
- Essential accounting-related processes are subject to regular audits. 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 are initiated where necessary within 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 within good time.

5. Other disclosures

5.1 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.

5.2 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>

Name	Transaction	Date of transaction	Number	Price	Disclosed on
Dirk Häussermann	Purchase	04/26/2021	1,000	177.00	04/26/2021
Dirk Häussermann	Purchase	04/26/2021	700	177.00	04/26/2021

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.

6. Dividend distribution

In proposing a dividend, the Management and Supervisory Boards take due account of the need to safeguard the company's financial resources as well as the principle of dividend continuity which requires that the dividend should not be lower than that paid in the previous year and should be increased if it is possible to do so at a distribution ratio of up to 75 percent of consolidated earnings per share. The Management Board proposes to use a sum of EUR 22,522,767 from the unappropriated profit from the 2021 financial year for a dividend payment of EUR 1.82 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 14,474,708 on the share capital entitled to a dividend as of 12/31/2021 amounting to EUR 7,953,136 and profit carried forward of EUR 8,048,059.

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

According to economic experts, the pandemic and supply bottlenecks will continue to depress the economy in 2022 although their significance will steadily diminish. The pace of the global economic recovery slowed markedly in 2021 as a result of new COVID-19 waves and supply chain problems. Although new infection waves are expected in 2022, their economic impact is likely to be less severe with time due to increasing vaccination rates.¹⁾ All in all, the World Bank is forecasting global gross domestic product in 2022 to rise by 4.1 percent according to their study published in January 2022.²⁾ In the Eurozone, too, the recovery will pick up pace again from spring 2022 as soon as the supply bottlenecks gradually resolve, thereby facilitating strong value added growth in manufacturing.¹⁾

With a look to Germany, the economic institutes are also expecting economic output to grow in 2022, boosted primarily by an industrial production backlog and a partial fall in unscheduled, private savings. In its annual report published in December 2021, the German Council of Economic Experts forecasts economic output to rise by 4.6 percent in 2022.³⁾ In its annual projection for 2022, the federal government is expecting price-adjusted gross domestic product to grow by a mere 3.6 percent (2021: 2.7 percent).⁴⁾

¹⁾ Kiel Economic Reports, Global Economy in Winter 2021 | ²⁾ World Bank: Global Economic Prospects, January 2022

³⁾ German Council of Economic Experts: Shaping transformation: Education, digitalization and sustainability

(annual report 2021/2022) | ⁴⁾ Federal Ministry for Economic Affairs and Climate Protection: Annual Economic Report 2022

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 2022 published by the industry association BITKOM in January 2022 is predicting growth in the software segment of 9.0 percent to EUR 32.4 billion.⁵⁾

We also refer to above-mentioned description of opportunities in Section 2, Group basics, and risks in Section 5, Risk management and control system. Clearly distinguished as it is at the level of products and technology, financial stability and sustainability and with first-class references in all relevant markets, ATOSS is well positioned to take advantage of the opportunities that present themselves and convert these into business success. What's more, 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 2022 financial year, we are expecting the record developments to continue with sales of EUR 110 million. At the same time, in financial year 2022, ATOSS intends to increase the level of investment in addressing new markets and associated opportunities for fresh growth in the field of workforce management. Investments are planned in particular in sales and marketing and development. With an overall constant cost structure, the company expects to see an EBIT margin in financial year 2022 of at least 25 percent. After the dividend distribution, ATOSS Software AG, with its balance sheet structure largely unchanged, will continue to enjoy a comfortable equity ratio of over 40 percent and operating cash flows of over EUR 20 million.

In its outlook published in February 2021, ATOSS Software AG forecast sales to increase to over EUR 95 million in fiscal 2021 and an EBIT margin of at least 27 percent. With year-on-year sales growth of 13 percent to EUR 971 million, ATOSS exceeded its forecast made at the start of the year, thanks to winning new customers and the successful realization of major projects. With regard to the EBIT margin of 28 percent, here too the forecast was exceeded, primarily as a result of high productivity.

Munich, 02/25/2021

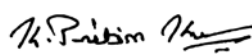
The Management Board



Andreas F. J. Obereder
CEO



Dirk Häussermann
Co-CEO



Pritim Kumar Krishnamoorthy
CTO



Christof Leiber
CFO

⁵⁾ Bitkom: Press conference on 1/11/2022 – Bitkom sector shows stable growth and creates almost 40,000 new jobs

Statement by the authorized representative body

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

Munich, 02/25/2022

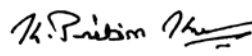
The Management Board



Andreas F. J. Obereder
CEO



Dirk Häussermann
Co-CEO



Pritim Kumar Krishnamoorthy
CTO



Christof Leiber
CFO

CONSOLIDATED BALANCE SHEET AS OF 12/31/2021

Assets (EUR)	Note	12/31/2021	12/31/2020
Non-current assets			
Intangible assets	15, 27	137,501	275,677
Property, plant and equipment	15, 27	3,622,884	3,765,608
Rights of use	23, 28	10,130,888	9,714,401
Capitalized contract costs	29	1,743,638	0
Other non-current financial assets	12, 25, 60	1,335,619	1,338,414
Deferred tax assets	16, 30	922,302	1,579,025
Total non-current assets		17,892,832	16,673,125
Current assets			
Inventories		6,068	3,027
Trade receivables	12, 25, 60	11,944,964	8,861,514
Other current financial assets	25, 60	29,174,895	16,382,953
Other current non-financial assets	26	1,982,511	2,624,217
Cash and cash equivalents	11, 12, 24, 60	20,452,712	23,408,265
Total current assets		63,561,150	51,279,976
Total assets		81,453,982	67,953,101
Equity and liabilities (EUR)			
	Note	12/31/2021	12/31/2020
Equity			
Subscribed capital	39	7,953,136	7,953,136
Capital reserve	39, 54	-291,146	-661,338
Equity deriving from unrealized profits/losses		-2,671,898	-3,089,638
Unappropriated net income	64	34,561,783	28,179,727
Equity attributable to the equity holders of the parent company		39,551,875	32,381,887
Non-controlling interests		-109,013	-69,042
Total equity		39,442,862	32,312,845
Non-current liabilities			
Pension provisions	18, 37	6,353,639	6,838,641
Other non-current provisions	18, 38	517,611	0
Non-current leasing liabilities	23, 28, 59	10,103,743	9,914,645
Deferred tax liabilities	16, 30	172,472	101,897
Total non-current liabilities		17,147,465	16,855,183
Current liabilities			
Trade accounts payable	17, 32, 60	1,044,159	538,817
Contractual liabilities	20, 35	4,257,853	3,723,615
Current leasing liabilities	23, 28, 59	549,790	304,815
Other current financial liabilities	33, 60	3,034,174	2,352,423
Other current non-financial liabilities	34	12,874,809	10,054,047
Tax provisions		3,074,009	1,707,495
Other provisions	18, 36	28,861	103,861
Total current liabilities		24,863,655	18,785,073
Total equity and liabilities		81,453,982	67,953,101

CONSOLIDATED INCOME STATEMENT FROM 01/01/2021 TO 12/31/2021

EUR	Note	01/01/2021 -12/31/2021	01/01/2020 -12/31/2020
Sales revenues	20, 40	97,066,400	86,053,411
Cost of sales	41	-26,219,465	-23,783,415
Gross profit on sales		70,846,935	62,269,996
Distribution costs	42	-18,155,560	-13,892,140
Administration costs	43	-8,284,852	-7,557,556
Research and development costs	22, 44	-16,896,038	-14,449,731
Other operating income	21, 46	97,810	230,384
Other operating expenses	46	-125,756	-181,056
Net impairment on financial assets	46	-239,280	-254,605
Operating profit		27,243,259	26,165,292
Interest and similar income	47	625,176	425,091
Interest and similar expenses	47	-163,047	-392,771
Earnings before taxes		27,705,388	26,197,612
Taxes on income and earnings	16, 30, 48	-8,362,298	-8,483,542
Net income		19,343,090	17,714,070
Attributable:			
Equity holders of the parent		19,343,090	17,714,070
Non-controlling interests:		0	0
Earnings per share (undiluted)		2.43	2.23
Earnings per share (diluted)		2.43	2.23
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 01/01/2021 TO 12/31/2021

EUR	Note	01/01/2021 -12/31/2021	01/01/2020 -12/31/2020
Net income		19,343,090	17,714,070
Components not reallocated in profit and loss			
Profits/losses recognized in equity on the valuation of plan assets	37	56,847	43,136
Tax effects of profits/losses recognized in equity on the valuation of plan assets	37	-18,458	-14,006
Profits/losses recognized in equity on the revaluation of defined benefit pension plans	37	561,753	-92,330
Tax effects of profits/losses recognized in equity on the revaluation of defined benefit pension plans	37	-182,402	29,980
Other comprehensive income		417,740	-33,220
Comprehensive income after taxes		19,760,830	17,680,850

CONSOLIDATED CASH FLOW STATEMENT FROM 01/01/2021 TO 12/31/2021

EUR	Note	01/01/2021 -12/31/2021	01/01/2020 -12/31/2020
Earnings before taxes		27,705,388	26,197,612
Depreciation	27, 28	4,108,488	3,593,639
Interest and similar income	47	-625,176	-425,091
Interest and similar expenses	47	163,047	392,771
Income from the disposal of fixed assets		0	9,104
Non-cash personnel expenses		370,192	0
Change in net current assets			
Trade receivable	25, 60	-3,083,450	-1,146,150
Inventories and other non-financial assets	26	-19,126	-503,443
Capitalized contract costs	29	-1,743,638	0
Other assets		2,755	9,497
Trade accounts payable	17, 32, 60	505,342	-379,461
Other current financial and non-financial liabilities	33,34,60	3,502,513	3,463,083
Other provisions	36, 38	442,611	75,000
Contractual liabilities		534,238	-979,477
Interest received		151,945	107,961
Interest paid		0	-204,149
Income taxes received	30, 48	994,056	543,311
Income taxes paid	30, 48	-6,724,747	-7,549,924
Cash flow generated from operating activities (1)	49	26,284,438	23,204,283
Cash flow from investment activities			
Expenditure for the purchase of tangible and intangible assets	27	-1,094,489	-728,024
Expenditure for the purchase of financial assets		-14,683,545	-3,850,000
Proceeds from the disposal of financial assets		2,350,000	0
Cash flow generated from investment activities (2)	50	-13,428,034	-4,578,024
Cash flow from financing activities			
Redemption element leasing liabilities IFRS 16	23, 28, 59	-2,707,400	-2,479,453
Interest element leasing liabilities IFRS 16	23, 28, 59	-103,552	-121,994
Dividends paid		-13,281,737	-10,140,248
Proceed from the sale of non-controlling interests with no change of control		280,732	0
Cash flow generated from financing activities (3)	51	-15,811,957	-12,741,695
Changes in cash and cash equivalents – total (1) to (3)		-2,955,553	5,884,564
Cash and cash equivalents at the beginning of the period		23,408,265	17,523,701
Cash and cash equivalents at the end of the period		20,452,712	23,408,265

CONSOLIDATED CASH FLOW STATEMENT
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS OF 12/31/2021

EUR	Equity attributable to the properties of the parent company					Total
	Subscribed capital	Capital reserve	Equity deriving from unrealized gains/losses	Unappropriated net income	Non-controlling interests	
Note	39	39, 54	39	39		
01/01/2020	3,976,568	-661,338	-3,056,418	24,582,473	-69,042	24,772,243
Net income				17,714,070		17,714,070
Other comprehensive income			-33,220	0		-33,220
Comprehensive income after taxes			-33,220	17,714,070		17,680,850
Dividend				-10,140,248		-10,140,248
Capital increase from company funds	3,976,568			-3,976,568		0
12/31/2020	7,953,136	-661,338	-3,089,638	28,179,727	-69,042	32,312,845
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

One share represents 1 euro of subscribed capital

Notes to the Consolidated Financial Statements 2021

- I. COMPANY INFORMATION
- II. ACCOUNTING AND VALUATION METHODS
- III. NOTES TO THE CONSOLIDATED BALANCE SHEET
- IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT
- V. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
- VI. OTHER DISCLOSURES

I. Company Information

ATOSS Software AG, Rosenheimerstraße 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 and valuation methods

1. International Financial Reporting Standards (IFRS)

As in the year before, the present consolidated financial statements were prepared for both the parent company and subsidiaries in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as applicable in the EU and with the supplementary provisions of German commercial law applicable pursuant to Sec. 315e (1) of the German Commercial Code (HGB).

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

Standard or Interpretation	Description	For financial years with effect from
Amendments to IFRS 4	Extension to time-limited exemption from application of IFRS 9	01/01/2021
Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16	Reform of interest rate benchmarks – Phase 2	01/01/2021
Amendments to IFRS 16	COVID-19-related rental concessions after June 30, 2021	04/01/2021

Application of the amended Standard had no material impact on Group accounting and did not affect either the presentation of the consolidated financial statements or the net assets, financial position and earnings situation of the Group.

New but not yet mandatory Standards and Interpretations

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

Standard or Interpretation	Description	For financial years with effect from
Amendments to IAS 1	Classification of liabilities as current or non-current incl. deferral of effective date of initial application published in July 2020	01/01/2023
Amendments to IAS 1 and Practice Statement 2	Disclosures on accounting policies	01/01/2023
Amendments to IAS 8	Definition of changes in estimates	01/01/2023
Amendments to IAS 12	Deferred taxes in the context of assets and liabilities arising from a single transaction	01/01/2023
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
Amendments to IFRS 3	Reference to conceptual framework	01/01/2022
IFRS 17	Insurance contracts and amendments to IFRS 17 from June 2020 to defer effective date of initial application	01/01/2023
Amendments to IFRS 17	Initial application of IFRS 17 and IFRS 9	01/01/2023
Annual improvements to IFRS	2018-2020 cycle with amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01/01/2022

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

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

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

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

The **amendments to IAS 1** change the demands on IAS 1 with respect to the disclosure of accounting policies. The amendments replace all instances where the term “significant accounting policies” is used with “material information on accounting policies”. Information on accounting

policies is material if, taken together with other information contained in a company's financial statements, it can be reasonably expected to affect decisions taken by the primary recipients of IFRS financial statements on the basis of these financial statements.

It is further clarified that information on accounting policies in relation to immaterial transactions, other events or conditions is immaterial and thus is not required to be disclosed. Information on accounting policies can be material due to the nature of the related transactions, other events or conditions even if the amounts are immaterial. However, not all information on accounting policies relating to material transactions, other events or conditions is itself material.

The IASB has also prepared guidelines and examples to explain the application of the four-stage process model contained in IFRS Guideline Document 2.

It is mandatory to apply the amendments prospectively to fiscal years beginning on or after 01/01/2023. Earlier application is permissible. Amendments to IFRS Guideline Document 2 contain neither an effective date nor transitional provisions.

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

The **amendments to IAS 8** replace the definition of a change to accounting estimates with a definition of accounting estimates. According to the new definition, accounting estimates are monetary amounts in the financial statements subject to measurement uncertainties.

It is mandatory to apply the amendments for the first time to financial years beginning on or after 01/01/2023, and they apply to changes in accounting policies for accounting estimates made on or after the start of this period. Earlier application is permissible.

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

The **amendments to IAS 12** further limit the scope of the initial recognition exemption for deferred taxes. According to the amendments, a company cannot apply the exemption to transactions which at the same time lead to taxable and deductible temporary differences in the same amount.

Depending on the applicable tax law, identical taxable and deductible temporary differences can arise on the initial recognition of an asset and a liability in a transaction that is not a business combination and has no effect on the accounting profit or taxable profit. This may be the case, for example, on the recognition of a lease liability and the corresponding right of use on the application of IFRS 16 at the start of a lease.

According to the amendments, a company is now obliged to recognize the corresponding deferred tax assets and liabilities although the recognition of a deferred tax asset is subject to the impairment criteria of IAS 12.

It is mandatory to apply the amendments for the first time in financial years beginning on or after 01/01/2023. Earlier application is permissible.

The Management Board does not expect the amendments to have any material impact on the consolidated financial statements as the previous accounting treatment can be retained due to the previous allocation of the tax deduction to the right of use.

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

The costs for test runs to verify whether the asset functions properly, continue to represent an example of directly attributable costs. The amendments now clarify that test runs serve to assess whether the technical or physical performance of the asset is such that it can be used for the production or supply of goods or services, leased to third parties or employed for administrative purposes.

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

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

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

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

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

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

As a result of the **amendments to IFRS 3**, the Standard is updated to reflect the fact that references now relate to the current 2018 conceptual framework for financial reporting. The amendments also include the requirement that in the case of obligations falling within the

ambit of IAS 27, a buyer must apply IAS 37 to establish whether a present obligation exists at the time of acquisition due to past events. In the case of a tax falling within the ambit of IFRIC 21, the acquiring entity will apply IFRIC 21 to determine whether the event giving rise to the liability to pay the tax had occurred by the date of acquisition.

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

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

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

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

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

In June 2020, the IASB published amendments to IFRS 17 to address queries and application problems identified after the publication of IFRS 17. The amendments defer the date of initial application of IFRS 17 (including the amendments) to financial years starting on or after 01/01/2023. At the same time, the IASB published an extension to the temporary exemption from the application of IFRS 9 (amendments to IFRS 4) which extends the defined expiry date of the temporary exemption from the application of IFRS 9 in IFRS 4 to financial years starting on or after 01/01/2023.

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

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

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

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

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

2. Bases for the preparation of the financial statements

The present consolidated financial statements were prepared to 12/31/2021 for the reporting period from 01/01/2021 to 12/31/2021. The fiscal year for all Group companies corresponds to the calendar year. As a general rule, the consolidated financial statements were prepared using the historical cost principle. Exceptions to this rule are current and non-current financial assets which are measured at their fair value.

3. Reporting currency

The present consolidated financial statements were prepared in 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 as follows:

Company	Proportion of Subscribed capital	Equity 12/31/2020 in EUR	Result for the year 2020 in EUR
ATOSS Aloud GmbH, Munich, Germany*	93%	-1,557,329	0
ATOSS CSD Software GmbH, Cham, Germany	100%	3,334,118	1,962,294
ATOSS Software AG, Zurich, Switzerland	100%	491,012	164,122
ATOSS Software Gesellschaft m.b.H., Vienna, Austria	100%	851,515	212,312
ATOSS Software S.R.L., Timisoara, Romania	100%	1,386,472	284,418
ATOSS North America Inc., West Hollywood, USA	100%	6,212	-4,234

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

5. Consolidation principles

The financial statements for subsidiaries are prepared in application of uniform accounting methods for the same reporting period as the financial statements for the parent company. All Group-internal balances, business events, unrealized profits and losses on internal transactions and dividends are eliminated in full.

Capital consolidation of fully consolidated companies was undertaken in accordance with the acquisition method. The recognized values of assets assigned and liabilities accepted representing the acquisition cost of the interest in each relevant company were offset against the equity capital reported by the subsidiary at the time of acquisition.

Should the Group acquire a business, it must assess the appropriate classification and designation of financial assets and assumed debts in compliance with the terms of contract, business circumstances and conditions prevailing at the time of acquisition. This includes the separation of embedded derivatives in underlying contracts.

6. Discretionary decisions, estimates and assumptions of material importance

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

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

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

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

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

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

Estimates are also made in determining sales revenues for long-term production orders. The amount here is dependent upon the anticipated duration of implementation and the resulting proportionate progress of the project. These components are based on information which at the time the financial statements are prepared is in the possession of the consultants deployed and of the management in respect of the services to be provided and the required use of resources. It is therefore to some extent more difficult and more complex to make an estimate in the early stages of a project. Software sales revenues deriving from production orders in work at the end of the reporting period amounted in financial year 2021 to EUR 454,238 (previous year: EUR 1,417,710).

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.

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 Deputy 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

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 12/31/2021 stood at EUR 6,353,639 (previous year: EUR 6,838,641).

Actual figures may deviate from estimates made.

In application of the Group accounting methods, the company has made the following discretionary decisions that materially affect the consolidated financial statements:

Development costs are recognized as expenses in profit and loss. The criteria contained in IAS 38.57 for development costs to be carried as assets are not fulfilled, since the original development of today's products to some extent took place through the medium of customer projects and it is not possible to reliably measure the income achievable in future from the development of individual functions and releases.

7. Distinction between current and non-current classification

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

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

All other assets are classified as non-current.

A liability must be classified as current if:

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

All other liabilities are classified as non-current.

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

8. Currency translation

The functional currency for all Group companies is the euro.

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

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

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

9. Segment reporting

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

The company has only one uniform business segment within the meaning of IFRS 8, which comprises the creation, sale and implementation of software solutions directed towards the efficient deployment of personnel and workforce management. In accordance with the company's

strategy as a provider of end-to-end solutions to issues of time and attendance management and workforce scheduling, these software solutions comprising software licenses, maintenance services, consulting services and the supply of hardware for time recording and access control purposes (merchandise for resale) are offered to customers as integrated packages and exhibit a comparable risk structure. These software solutions are employed both by small and medium-sized companies comprising the SME market and by high-end SMEs 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 distribution costs in the Group's profit and loss statement.

12. Financial assets

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

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

Initial recognition and measurement

Purchases and sales of financial assets which foresee delivery of the asset within a period determined by the regulations or conventions of the market in question (regular way purchases) are recognized on the trade date, that is to say, on the date on which the Group entered into a commitment to buy or sell the asset.

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

Subsequent measurement

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

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

Financial assets measured at amortized cost (debt instruments)

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

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

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

Impairment of financial assets

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

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

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

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

As a matter of principle changes in the carrying value of trade receivables are reduced with the aid of a value adjustment account and the impairment recognized in profit and loss. Should the estimated impairment increase or decrease in subsequent reporting periods as the result of an event which occurs after the impairment has been recognized, the increase or decrease in the previously recognized impairment cost is recognized in profit or loss by adjusting the impairment account. If a derecognized receivable is subsequently considered to be collectable as the result of an event which takes place after derecognition, the corresponding amount is set off directly against net impairment 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.

Financial assets measured at fair value through profit and loss

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

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

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

Derecognition

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

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 of financial instruments traded in active markets (such as listed derivatives and equity instruments) is based on the market price quoted at the end of the reporting period. The quoted market price of financial assets held by the Group equates to the current bid price. These instruments are classified in Level 1.
- Level 2: The fair value of financial instruments not traded in an active market (such as OTC derivatives) is determined by means of measurement techniques which maximize the use of observable market data and minimize that of internal estimates. If all the significant input factors for measuring the fair value of an instrument are observable, the instrument is classified in Level 2.
- Level 3: If one or more of the significant input factors are unobservable, the instrument is classified in Level 3. This applies to unlisted equity instruments.

In the case of assets and liabilities which are repeatedly recognized at fair value in the statements, the Group determines whether there have been any reclassifications between the levels in the hierarchy. It does so by verifying the classification at the end of each reporting period (based on the input factor at the lowest level of overall material importance for the measurement of fair value). In order to fulfill the disclosure requirements for fair value, the Group has defined classes of assets and liabilities based on their nature, features and risks as well as the levels in the measurement hierarchy described above.

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 assets pursuant to IAS 36.

15. Tangible and intangible assets

Tangible fixed assets and intangibles are valued at cost less cumulative scheduled linear depreciation. Assets are depreciated over periods of between 1 and 5 years. By way of exception to the above, leasehold fixtures are depreciated over the term of the lease or over their estimated service life if this is shorter. The business premises acquired in Meerbusch are depreciated over a service life of 33 years. The cost of acquisition is deemed to be the amount paid in cash or cash equivalents to purchase the asset. At the end of the reporting period the company had no intangible assets with an indefinite service life.

Write-downs on tangible fixed assets and intangibles with limited service life are recognized in the income statement under the expense heading which corresponds with the function of the asset.

A tangible fixed asset or intangible is derecognized either when it is disposed of or when there is no economic benefit to be expected from the continuing use or sale of the asset. The profits or losses resulting from the derecognition of the asset are calculated as the difference between the net sale proceeds and the carrying value of the asset and recognized in the income statement in the period in which the asset is derecognized.

Residual values, service lives and methods of depreciation are reviewed at least at the end of each financial year and adjusted as required. Alterations to the method or period of depreciation necessitated by changes in the expected service life or expected consumption of the future economic benefit of the asset are treated as changes in estimates.

16. Taxes

Actual taxes on income

The actual tax refund claims and tax liabilities for current and previous periods are measured at the amount in which a refund is expected from or payment expected to the tax authorities. This amount is in turn calculated on the basis of the tax rates and tax regulations applying on the balance sheet closing date.

Deferred taxes

Tax deferrals are determined in application of the liability method, based on temporary differences existing at the end of the reporting period between the value at which an asset or liability is reported on the balance sheet and its value for tax purposes.

Deferred tax claims are recognized for all tax-deductible temporary differences, unused tax loss carryforwards and unused tax credits in the amount in which taxable income against which tax-deductible temporary differences and unused tax loss carryforwards and tax credits can be offset is likely to be available.

The carrying value of deferred tax claims is reviewed on each balance sheet closing date and reduced accordingly if it is no longer likely that adequate taxable income will be available against which the deferred tax claim might at least in part be offset. Deferred tax claims not carried on balance sheet are reviewed at the end of each reporting period and taken on balance sheet in the amount in which it is now likely that future taxable income will allow the deferred tax claim to be realized.

Deferred tax claims and liabilities are calculated at the tax rates likely to apply in the period in which an asset is realized or a liability satisfied. The tax rates and tax regulations applying on the balance sheet closing date are taken as a basis. Future changes in tax rates must be taken into account on the balance sheet closing date provided that the necessary material conditions for these changes to become effective are fulfilled in the form of legislation.

Deferred taxes relating to items recognized in equity are similarly recognized. Dependent on the underlying business event, these deferred taxes may be recognized either in other income or directly in equity.

Deferred tax claims and deferred tax liabilities are offset against one another provided that the Group has an enforceable claim to set off actual tax refund claims against actual tax liabilities and these relate to income taxes on the same taxable entity, levied by the same tax authority.

Turnover tax

Expenses and assets are generally recognized after deduction of turnover tax. Exceptions apply in the following cases:

- If the turnover tax incurred when assets or services are purchased cannot be reclaimed from the tax authority, the tax paid is recognized as a part of the manufacturing cost of the asset or as part of the expense.
- Receivables and liabilities are reported at an amount including the turnover tax.

The amount of turnover tax refunded by or remitted to the tax authority is recognized in the consolidated balance sheet under other non-financial assets – or other non-financial liabilities.

17. Financial liabilities

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

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. 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 1.0 percent (previous year: 0.8 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. These contributions in financial year 2021 amounted to EUR 234,918 (previous year: EUR 199,843).

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 2,570,997 (previous year: EUR 2,195,037).

For the valuation methods of the restricted stock units and phantom stock options, please refer to notes 53, 54 and 56.

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

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 12/31/2021, 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 12/31/2021 these liabilities amount to EUR 4,257,853 (previous year: EUR 3,723,615).

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.

21. Other operating income and expenses and interest earnings

Other operating income is recognized provided that it is probable that the economic benefit will accrue to the Group and the amount of income can be reliably determined, irrespective of the time payment is made.

Interest earnings are recognized when the interest arises, or in the case of all financial instruments valued at amortized cost, at the effective interest rate. They are reported in profit and loss as a component of financial income.

22. Expenditure on research and development

Development costs are generally recognized as expenses in profit and loss. The criteria of IAS 38.57 are typically not met as employees only introduce minor updates or improvements to individual areas of the programs distributed by the company on an ongoing basis. Insofar as these adjustments relate only to the requirements of one individual customer, the corresponding expense is attributed to the relevant customer project. With regard to performance, the improvement of the existing product architecture forms one of the main areas on which the company's development work is focused. Given that this work serves to support the continuing

development of existing software versions, and insofar as the independent use or sale thereof would not be possible without the historical underlying basic product, it is not possible for us to identify independent future economic benefits.

23. Leasing

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

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

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

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

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

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

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

The Group is exposed to possible future increases in variable lease payments arising from a change to an index or interest (rate). Any such potential changes in the lease payments are not reflected in the lease liability until they take effect. As soon as changes to an index or interest (rate) affect the lease payments, the lease liability is adjusted to fit the right of use. Lease

payments are divided into principal and interest. The interest portion is recognized in profit or loss over the term of the lease resulting in each period in a steady interest rate for the period on the residual amount of the liability.

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

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

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

Payments for short-term leases of vehicles and leases for assets of low value are recorded as expenses in profit and loss on a straight line basis. Lease contracts with a term of up to 12 months are regarded as short-term leases. Assets of low value comprise IT equipment.

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

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

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

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

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

III. Notes to the Consolidated Balance Sheet

24. Cash and cash equivalents

EUR	12/31/2021	12/31/2020
Fixed-term deposits	4,269,121	11,811,040
Cash at banks	16,183,591	11,597,225
Total of cash and cash equivalents	20,452,712	23,408,265

Fixed-term deposits are invested at interest rates of between 0.0 percent and 0.12 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 2021.

Despite a year-on-year rise in the operating cash flow, cash and cash equivalents fell by EUR 2,955,553 from EUR 26,284,438 (previous year: EUR 23,204,283) to EUR 20,452,712. The decline in cash and cash equivalents is due to the negative cash flows from investment activities (EUR 13,428,034) as well as financing activities (EUR 15,811,957). The negative cash flow from investing activities results from the acquisition of fixed assets (EUR 1,094,489) and the purchase of short-term financial assets in the form of investment funds (EUR 14,683,545). However, payments received from the return on investments in financial assets in an amount of EUR 2,350,000 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 13,281,737 carried out at the beginning of May 2021 and the settlement of lease liabilities in an amount of EUR 2,810,952 in accordance with IFRS 16. The sale of 4 percent of the shares in ATOSS Aloud GmbH as part of an employee incentive program led to an increase in the cash flow from financing activities of EUR 280,732.

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 20,452,712 (previous year: EUR 23,408,265).

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	12/31/2021	12/31/2020
Gross receivables	12,244,831	8,977,899
Less impairments	-299,867	-116,385
Net receivables (carrying value)	11,944,964	8,861,514

These receivables include those relating to long-term production orders in a net amount of EUR 267,497 (previous year: EUR 74,005). On 12/31/2021 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 12/31/2021 writedowns in the amount of EUR 299,867 (previous year: EUR 116,385) were recorded. Since financial year 2020, writedowns of trade receivables have been calculated using the expected loss model as part of the simplified approach.

The value adjustment account developed as follows:

EUR	2021	2020
As of 01/01	116,385	201,423
Expense allocations	320,735	120,836
Usage	-55,798	-87,085
Liquidations	-81,455	-118,789
As of 12/31	299,867	116,385

The company demands no securities from its customers.

The aging report for trade receivables shows the following:

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

EUR	12/31/2021	12/31/2020
Investment funds	20,214,213	5,282,828
Claims on insurance companies	5,415,192	5,301,635
Gold	2,024,720	1,943,720
Fixed-term deposits	1,500,000	3,850,000
Silver	16,000	0
Dividend-bearing securities	4,770	4,770
Total of other (current) financial assets	29,174,895	16,382,953

Other non-current financial assets

EUR	12/31/2021	12/31/2020
Gold	732,230	703,220
Security deposits	603,389	635,194
Total of other (non-current) financial assets	1,335,619	1,338,414

Valuation of current and non-current gold holdings and investment fund securities at their fair value results in finance income of EUR 110,010 (previous year: EUR 303,290) and EUR 249,906 (previous year: EUR 30,311) respectively. In addition, income from the valuation of claims relating to capital assurances and fixed-term deposits both used as alternative short-term investments was recognized at fair value as financial income in an amount of EUR 113,558 (previous year: EUR 62,865) and EUR 151,541 (previous year: EUR 618) respectively.

The fair value of financial assets in the case of dividend-bearing securities, holdings in gold, fixed-term deposits and fund investments is measured on the basis of stock market prices on active markets (Level I). In order to calculate the fair value of claims on capital sum assurances, the Group applies the repurchase value (Level 3) as calculated by the other contracting party. As of 12/31/2021, the maximum default risk equates to the fair value.

26. Other (current) non-financial assets

Other current non-financial assets in the amount of EUR 1,982,511 (previous year: EUR 2,624,217) essentially include deferrals of EUR 1,439,692 (previous year: EUR 1,311,028).

27. Fixed assets

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

EUR	Acquisition and manufacturing costs		
	01/01/2020	Additions	Transfers
I. Intangible assets			
Software	2,660,200	176,314	0
	2,660,200	176,314	0
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	512,054	0	0
Office and business equipment	8,050,845	553,210	5,006
Advance payments and assets under construction	8,900	-1,500	-5,006
	10,709,810	551,710	0
Total	13,370,010	728,024	0
EUR	01/01/2021	Additions	Transfers
I. Intangible assets			
Software	621,365	41,048	0
	621,365	41,048	0
II. Property, plant and equipment			
Land and buildings	2,138,011	0	0
Technical equipment	79,223	0	0
Office and business equipment	3,966,515	1,053,440	2,394
Advance payments and assets under construction	2,394	0	-2,394
	6,186,143	1,053,440	0
Total	6,807,508	1,094,489	0

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED BALANCE SHEET

		Cumulative depreciation				Net carrying values		
Disposals	12/31/2020	01/01/2020	Additions	Disposals	12/31/2020	12/31/2020	12/31/2019	
2,215,149	621,365	2,295,587	264,637	2,214,536	345,688	275,677	364,613	
2,215,149	621,365	2,295,587	264,637	2,214,536	345,688	275,677	364,613	
0	2,138,011	578,892	57,930	0	636,822	1,501,189	1,559,119	
432,831	79,223	445,609	11,101	427,757	28,953	50,270	66,446	
4,642,546	3,966,515	5,608,687	785,202	4,639,129	1,754,760	2,211,755	2,442,158	
0	2,394	0	0	0	0	2,394	8,900	
5,075,377	6,186,143	6,633,188	854,233	5,066,886	2,420,535	3,765,608	4,076,622	
7,290,526	6,807,508	8,928,775	1,118,871	7,281,422	2,766,222	4,041,285	4,441,235	
Disposals	12/31/2021	01/01/2021	Additions	Disposals	12/31/2021	12/31/2021	12/31/2020	
0	662,413	345,688	179,224	0	524,912	137,501	275,677	
0	662,413	345,688	179,224	0	524,912	137,501	275,677	
0	2,138,011	636,822	52,580	0	689,402	1,448,609	1,501,189	
0	79,223	28,953	14,138	0	43,091	36,132	50,270	
0	5,022,349	1,754,760	1,129,446	0	2,884,206	2,138,143	2,211,755	
0	0	0	0	0	0	0	2,394	
0	7,239,583	2,420,535	1,196,164	0	3,616,699	3,622,884	3,765,608	
0	7,901,997	2,766,223	1,375,389	0	4,141,612	3,760,385	4,041,285	

28. Leases

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

EUR	12/31/2021	12/31/2020
Rights of use		
Buildings	9,177,349	8,600,063
Vehicles	953,539	1,114,338
Total	10,130,888	9,714,401
Lease liabilities		
Short-term	549,790	304,815
Long-term	10,103,743	9,914,645
Total	10,653,533	10,219,460

Allocations to rights of use in the 2021 financial year amounted to EUR 3,819,951 (previous year: EUR 1,304,544). Disposals amount to EUR 670,365 (previous year: EUR 0).

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

EUR	2021	2020
Depreciation right of use		
Buildings	1,983,580	1,751,016
Vehicles	749,519	723,752
	2,733,099	2,474,768
Interest expense (recognized under finance costs)	110,182	121,949
Expenses in connection with leases of low-value assets not included in the a.m. short-term leases	272,669	168,578

Total cash outflows for leases in 2021 amounted to EUR 2,810,952 (previous year: EUR 2,601,447).

29. Capitalized contract costs

EUR	12/31/2021	12/31/2020
Capitalized contract costs	1,743,638	0
Total	1,743,638	0

As of 12/31/2021, the carrying amount of the contract costs first capitalized in 2021 was EUR 1,743,638 (previous year: EUR 0). The costs of initiating the contract essentially comprise sales commissions to employees and third party vendors in direct and indirect sales channels as part of the cloud subscription business. In total, capitalized contract costs of EUR 109,571 (previous year: EUR 0) 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 liabilities	
	2021	2020	2021	2020
Assets				
Long-term production orders	0	0	299,489	519,176
Non-current financial assets	0	0	106,166	101,897
Current financial assets	0	0	235,135	131,208
Rights of use	0	0	3,289,500	3,154,267
Capitalized contract costs	0	0	566,159	0
Pension provision (plan assets)	0	0	32,464	14,006
Liabilities				
Pension provisions	1,945,426	2,100,772	0	0
Liabilities for AGM expenses	43,818	43,818	0	0
Lease liabilities	3,426,619	3,253,091	0	0
	5,415,863	5,397,681	4,528,913	3,920,553
of which long-term	5,193,528	5,254,890	3,815,772	3,171,358
of which short-term	222,335	142,791	713,140	749,195
	5,415,863	5,397,681	4,528,913	3,920,553

Deferred tax assets and tax liabilities of EUR 4,356,440 (previous year: EUR 3,818,657) were netted.

Since the 2019 assessment period, there has been a fiscal union for income tax purposes between ATOSS Software AG as the controlling company and its subsidiary ATOSS Aloud GmbH as the controlled company. The Group has taxable loss carry-forwards in the amount of EUR 1,582,328 (previous year: EUR 1,582,328) for which no deferred taxes have been capitalized. The 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 2021. 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 2021 amount to EUR 3,661,644 (previous year: EUR 4,550,327).

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

EUR	2021	2020
Earnings before taxes	100%	100%
Trade tax	-16.64%	-16.64%
Corporation tax at 15.00 % on taxable profits	-15.00%	-15.00%
Solidarity surcharge of 5.50 % on corporation tax	-0.83%	-0.83%
Nominal proportion of earnings taxed	67.53%	67.53%
Computed tax rate	32.47%	32.47%

The tax rates for subsidiary companies amounted in Austria to 25 percent, in Switzerland to 24.8 percent and in Romania to 16 percent. The tax rate for the Dutch facility is 19 percent. The US subsidiary is not yet operational. The translation from the expected group tax charge to the actual tax charge as per IAS 12.81 is illustrated as follows:

EUR	2021	2020
Pre-tax earnings as per IFRS	27,705,388	26,197,612
Expected tax charge (2021: 32.47%; 2020: 32.47%)	-8,995,939	-8,506,365
Non-deductible operating expenses	-58,920	-29,578
Tax refunds / payment of tax arrears for previous years	375,502	-114,544
Lower tax rates at Group companies and branches	330,202	231,232
Trade tax add-backs	-45,780	-33,745
Interests as per Sec. 8b KStG	-70,240	0
Tax losses not previously recognized but now used to reduce the actual tax charge	0	215,329
Miscellaneous	102,877	-245,871
Actual Group tax charge	-8,362,298	-8,483,542

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 512,000 (previous year: EUR 512,000) is in place with the principal bank of the integrated companies which may optionally be used for guarantee purposes or as an overdraft facility. In financial year 2021, an amount of EUR 286,577 was used for guarantees (previous year: EUR 70,047). As in the previous year, there were no liabilities to banks.

32. Financial liabilities

As of 12/31/2021, the contractual maturities of non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities in EUR	Up to 3 months	3 months to 1 year	Over 1 year	Total contractual cash flows EUR	Carrying amount Liabilities EUR
As of 12/31/2021					
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

Contractual maturities of financial liabilities in EUR	Up to 3 months	3 months to 1 year	Over 1 year	Total contractual cash flows EUR	Carrying amount Liabilities EUR
As of 12/31/2020					
Trade accounts payable	538,817	0	0	538,817	538,817
Lease liabilities	639,594	1,683,551	8,291,566	10,614,711	10,219,460
Total	1,178,411	1,683,551	8,291,566	11,153,528	10,758,277

33. Other current financial liabilities

Other current financial liabilities essentially comprise the following amounts:

EUR	12/31/2021	12/31/2020
Anticipated charges	3,034,174	2,352,423
Total	3,034,174	2,352,423

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

34. Other current non-financial liabilities

EUR	12/31/2021	12/31/2020
Liabilities for salaries and commissions	11,076,833	8,881,797
Miscellaneous liabilities	1,797,976	1,172,250
Total	12,874,809	10,054,047

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	2021	2020
Recognized revenues which were included in the balance of contractual liabilities at the beginning of the period were as follows:		
Maintenance services	581,859	1,127,290
Long-term production orders	1,551,738	1,900,823
Cloud	572,498	847,169
Miscellaneous	440,915	512,898
Total	3,147,010	4,388,180

The contractual liabilities were composed as follows:

EUR	12/31/2021	12/31/2020
Amounts invoiced in advance for maintenance works	1,280,662	581,859
Amounts invoiced in advance for long-term production orders	684,908	1,922,592
Amounts invoiced in advance for cloud orders	1,499,479	572,498
Miscellaneous	792,804	646,666
Total	4,257,853	3,723,615

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 4,257,853 as of 12/31/2021, the entire balance will be recognized as sales revenue in fiscal 2022.

36. Other provisions

Other provisions comprise the following amounts:

EUR	01/01/2021	Drawn down	Liquidations	Allocations	12/31/2021
Other provisions	103,861	0	75,000	0	28,861
Total	103,861	0	75,000	0	28,861

Other provisions essentially include the provisions for warranties.

37. Pension provisions

Pension costs were comprised as follows:

EUR	2021	2020
Current service cost	318,391	312,804
Net interest cost	53,750	65,296
Pension expenses	372,141	378,100

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 2022 the company expects pension expenses to amount to EUR 368,321.

The obligation translates to the balance sheet as follows:

EUR	12/31/2021	12/31/2020
Defined benefits obligation	10,670,653	10,827,403
Fair value of plan assets	-4,317,014	-3,988,762
Pension provision	6,353,639	6,838,641

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	12/31/2021	12/31/2020
Defined benefits obligation as of 01/01	10,827,403	10,319,088
Cost of interest	86,612	103,181
Current service cost	318,391	312,804
Actuarial losses / gains	-561,753	92,330
Defined benefits obligation as of 12/31	10,670,653	10,827,403

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

EUR	2021	2020
Experience-based adjustment	138,887	190,508
Changes in financial assumptions	422,866	-282,838
Changes in demographic assumptions	0	0
Deviation in actual income from plan assets relative to income calculated at the discount rate	56,847	43,136
Actuarial losses / gains	618,600	-49,194

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 -182,401 (previous year: EUR 29,980). Income tax effects totaling EUR -18,458 (previous year: EUR -14,006) 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	12/31/2021	12/31/2020
Fair value of plan assets effective 01.01	3,988,762	3,669,649
Returns on plan assets calculated at the discount rate	32,862	37,885
Employer's contributions	238,543	238,092
Actuarial profits and losses	56,847	43,136
Fair value of plan assets effective 12/31	4,317,014	3,988,762

The actual return on plan assets in 2021 amounted to EUR 89,709 (previous year: EUR 81,021).

Contributions to the pension plan in financial year 2022 are expected to total EUR 238,543.

Sensitivity analyses

A rise or fall in essential actuarial assumptions would have affected the cash value of the pension liabilities as of 12/31/2021 as follows:

EUR	Development in pension commitment	
	0.25%	-0.25%
Discount interest rate (initially 1.0%)	-498,702	532,076
	0.50%	-0.50%
Discount interest rate (initially 1.0%)	-966,472	1,100,188

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

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:

EUR	01/01/2021	Drawn down	Liquidations	Allocations	12/31/2021
Other provisions	0	0	0	517,611	517,611
Total	0	0	0	517,611	517,611

39. Equity

Issued shares in circulation

As of 12/31/2021, 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.

On 04/29/2021, ATOSS Software AG, Munich sold 4 percent of its shares in ATOSS Aloud GmbH, Munich with economic effect from January 1, 2021 ("economic effective date") for EUR 280,732. The carrying amount of the 3 percent, non-controlling interests in ATOSS Aloud GmbH as of 01/01/2021 amounted to EUR -69,042. The Group recognized a decrease in its non-controlling interests in an amount of EUR 39,971 and an increase in the equity attributable to the owners of the parent company of EUR 320,703.

Resolution on the creation of new authorized capital with the option to exclude subscription rights at the Annual General Meeting on 04/30/2021

The Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital up to a total of EUR 1,590,627.00 by way of issuing new no-par value bearer shares against contributions in cash or contributions in kind on one or more occasions until 04/29/2026 (Authorised Capital). Generally, the shareholders are to be granted a subscription right. The subscription right can also be granted to the shareholders in such a way that the new shares are taken over by one or more credit institutions or companies within the meaning of Section 186 (5) sentence 1 AktG named by the Management Board with the obligation to offer them to the shareholders for subscription (indirect subscription right). However, the Management Board is authorised to exclude shareholders' subscription rights with the approval of the Supervisory Board

- in order to exclude fractional amounts from the shareholders' subscription rights;
- if the new shares are issued in return for contributions in kind in connection with mergers or for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets or claims for the acquisition of other assets, including claims against the Company;
- if the new shares are issued in return for contributions in cash and the issue price per new

share is not significantly lower than the stock market price of the Company's shares of the same class and rights already listed at the time when the issue price is finally determined. The number of shares issued in this way, with the exclusion of subscription rights may not exceed a total of 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares issued or sold during the term of this authorisation with the exclusion of subscription rights in direct or analogous application of Section 186 (3) sentence 4 AktG are to be counted towards the maximum limit of 10% of the share capital. To be counted towards are also shares to be issued for the purpose of servicing option and/or conversion rights or obligations under bonds with warrants and/or convertible bonds and/or profit participation rights, provided that such bonds or profit participation rights are issued during the term of this authorisation with the exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 AktG;

- to the extent necessary to grant holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights or obligations, which have been or will be issued by the Company or a group company of the Company within the meaning of Section 18 AktG in which the Company directly or indirectly holds a majority interest, subscription rights to new shares to the extent to which they would be entitled after exercising the option or conversion rights or after fulfilling option exercise or conversion obligations;
- if the new shares are to be issued to employees of the Company or employees of an enterprise affiliated with the Company or members of the management of an enterprise affiliated with the Company within the framework of share participation or other share-based programmes, whereby the employment relationship with the Company or the board relationship or employment relationship with an enterprise affiliated with the Company must exist at the time of the commitment to issue the shares; to the extent permitted by Section 204 (3) sentence 1 AktG, the contribution to be made regarding the new shares may be covered by the portion of the net profit for the year which the Management Board and the Supervisory Board may allocate to other revenue reserves in accordance with Section 58 (2) AktG. The number of shares issued in this way with the exclusion of subscription rights may not exceed a total of 5% of the share capital, neither of the share capital at the time this authorisation becomes effective nor at the time it is exercised;

and only to the extent that the shares issued during the term of this authorisation on the basis of this authorisation or another authorised capital with the exclusion of shareholders' subscription rights against contributions in cash and/or in kind do not exceed a total of 20% of the share capital, neither of the share capital at the time this authorisation becomes effective nor at the time it is exercised. The following shall be counted towards the above 20% limit

- treasury shares sold during the term of this authorisation with the exclusion of subscription rights, and
- new shares to be issued on the basis of bonds with warrants and/or convertible bonds and/or participatory rights with warrants and/or convertible participatory rights issued during the term of this authorisation with the exclusion of subscription rights.

The Management Board was authorised, subject to the approval of the Supervisory Board, to determine the content of the share rights, the further details of the capital increase and the terms and conditions of the share issue, in particular the issue price. In this context, the profit entitlement of the new shares may also be structured deviating from Section 60 (2) AktG; to the extent permitted by law, the new shares may, in particular, also carry a profit entitlement from the beginning of the financial year preceding their issue if, at the time of the issue of the new shares, a resolution on the appropriation of profits has not yet been adopted by the general meeting in respect of the profits of this financial year.

The Supervisory Board was authorised to amend the wording of the Articles of Association accordingly after the Authorised Capital has been utilised or after the deadline for the utilisation of the Authorised Capital has expired.

Resolution on the creation of an authorization to issue warrant-linked bonds and/or convertible bonds with the option to exclude subscription rights at the Annual General Meeting on 04/30/2021

(Authorisation period, nominal amount, term, number of shares) The Management Board is authorised, with the approval of the Supervisory Board, to issue on one or on more occasions registered and/or bearer bonds with warrants and/or convertible bonds (collectively also “Bonds”) with a total nominal amount of up to EUR 450,000,000.00 with or without a limited term until 04/29/2026, and to grant the holders or creditors of bonds with warrants option rights (also with an exercise obligation, if applicable) or the holders or creditors of convertible bonds conversion rights (also with a conversion obligation, if applicable) to shares of the Company representing a total share of up to EUR 1,590,627.00 in the share capital, in accordance with the terms and conditions of the bonds with warrants or convertible bonds (together also referred to as the “terms and conditions of the Bonds”).

The Bonds may be issued for payment in cash but may also be issued for payment in kind. In addition to euros, the Bonds may also be issued in the legal currency of an OECD country, subject to a limit of the corresponding equivalent value in euros. They may also be issued by a group company of the Company within the meaning of Section 18 AktG with its registered office in Germany or abroad, in which the Company directly or indirectly holds a majority interest; in this case, the Management Board is authorised, subject to the approval of the Supervisory Board, to assume the guarantee for the Bonds on behalf of the Company and to grant the holders or creditors of the Bonds option or conversion rights (including, where applicable, option exercise or conversion obligations) regarding shares in the Company or to impose such conditions on them.

The individual issues may be divided into partial Bonds with equal rights.

(Subscription rights and exclusion of subscription rights) Generally, the shareholders are entitled to a subscription right regarding the Bonds. They may also be granted in such a way that the Bonds are taken over by one or more credit institutions or companies within the meaning of Section 186 (5) sentence 1 AktG named by the Management Board with the obligation to offer them to the shareholders for subscription (indirect subscription right). If the Bonds are issued by a group company of the Company within the meaning of Section 18 AktG in which the Company directly or indirectly holds a majority interest, the Company must ensure the granting of the direct or indirect statutory subscription right for the shareholders of the Company.

However, the Management Board is authorised to exclude shareholders' subscription rights with the approval of the Supervisory Board

- in order to exclude fractional amounts from the shareholders' subscription rights;
- if the Bonds are issued in return for payment in kind for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets or claims to the acquisition of other assets, including receivables against the Company, and provided that the value of the contribution in kind is in reasonable proportion to the value of the Bonds; the theoretical market value of the Bonds to be determined in accordance with recognised methods of financial mathematics shall be decisive in this respect;
- if the Bonds are issued in return for cash and the Management Board, after due examination, comes to the conclusion that the issue price of the Bonds is not materially lower than their theoretical market value determined in accordance with generally accepted methods of financial mathematics. However, this authorisation shall only apply subject to the condition that the number of shares that may be created by exercising Bonds issued under this authorisation with the exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG does not exceed a total of 10% of the share capital, neither of the share capital at the time this authorisation becomes effective nor at the time it is exercised. Shares issued or sold during the term of this authorisation with the exclusion of subscription rights in direct or analogous application of Section 186 (3) sentence 4 AktG are to be counted towards this maximum limit of 10% of the share capital. To be counted towards are also shares to be issued to service option and/or conversion rights or obligations arising from convertible bonds and/or bonds with warrants and/or profit participation rights, provided that these Bonds or profit participation rights are issued during the term of this authorisation on the basis of another authorisation with the exclusion of subscription rights in accordance with Section 186 (3) sentence 4 AktG;
- to the extent necessary to grant the holders or creditors of bonds with warrants and/or convertible bonds issued or to be issued by the Company or a group company of the Company within the meaning of Section 18 AktG in which the Company directly or indirectly holds a majority interest subscription rights to the Bonds, to the extent to which they would be entitled after exercising the option or conversion rights or fulfilling option exercise or conversion obligations;

and only if the total of the new shares to be issued by the Company on the basis of such Bonds and on the basis of bonds with warrants and/or convertible bonds and/or participatory rights with warrants and/or convertible participatory rights issued on the basis of another authorisation during the term of this authorisation with the exclusion of subscription rights does not account for more than 20% of the share capital in total, neither of the share capital at the time

this authorisation becomes effective nor at the time it is exercised. The following shall be counted towards the above 20% limit

- treasury shares sold during the term of this authorisation under exclusion of subscription rights, and
- shares issued during the term of this authorisation from authorised capital with the exclusion of subscription rights.

(Option and conversion rights) In the event that bonds with warrants are issued, one or more warrants shall be attached to each partial Bond, entitling the holder or creditor to subscribe to no-par value bearer shares of the Company in accordance with the more detailed terms and conditions of the option to be determined by the Management Board. The terms and conditions of the option may provide that the option price may also be satisfied in whole or in part by way of transfer of partial Bonds and, if applicable, an additional cash payment. The pro rata amount of the share capital attributable to the shares to be subscribed for each partial Bond may not exceed the nominal amount of the partial Bond. Section 9 (1) and Section 199 (2) AktG remain unaffected. To the extent that subscription rights to fractions of shares arise, it may be provided that such fractions may be added up to subscription rights regarding whole shares in accordance with the terms and conditions of the option, if necessary for additional payment.

In the event that convertible bonds are issued, the holders or creditors shall be granted the right to convert their Bonds into no-par value bearer shares of the Company in accordance with the terms and conditions of the convertible bonds to be determined by the Management Board. The exchange ratio is calculated by dividing the nominal amount or the issue amount below the nominal amount of a partial Bond by the fixed conversion price for one share of the Company. A provision may be made for the exchange ratio to be variable. The exchange ratio may be rounded up or down to a whole number; furthermore, an additional payment to be made in cash may be specified. Moreover, a provision may be made for peaks to be combined and/or compensated in cash. The pro rata amount of share capital represented by the shares to be subscribed for via each convertible bond may not exceed the nominal amount of the convertible bond. Section 9 (1) and Section 199 (2) AktG remain unaffected.

The terms and conditions of the Bonds may provide for the right of the Company or the group company issuing the Bonds, as the case may be, not to grant new bearer shares in the Company in the event of the exercise of the option or conversion, but to pay (also in part) a cash amount to be determined for the number of shares otherwise to be delivered in accordance with (v) below.

The terms and conditions of the Bonds may also provide that the bonds with warrants or convertible bonds may, at the option of the Company or the group company issuing the Bond, be serviced with already existing or to be acquired treasury shares of the Company or another listed company instead of with new bearer shares from conditional capital.

(Option exercise and conversion obligation) The terms and conditions of the Bonds may also establish an option exercise or conversion obligation at the end of the term (or at another point in time) or provide for the right of the Company to grant the holders or creditors of the Bonds shares in the Company or another listed company in whole or in part instead of payment of the cash amount due upon final maturity of the Bonds (this also includes maturity due to termina-

tion). In this case, too, the proportionate amount of the share capital represented by the shares in the Company to be issued for each partial Bond may not exceed the nominal amount of the partial Bond. Section 9 (1) and Section 199 (2) AktG remain unaffected.

(Option and conversion price) The option or conversion price to be fixed in each case for a share must - also in the case of a variable option or conversion price and subject to the following provision for Bonds with an option exercise or conversion obligation, a substitution right or a tender right of the issuer of the Bonds for the delivery of shares - amount to at least 80% of the volume-weighted average stock exchange price of the Company's share in the XETRA closing auction (or a comparable successor system) on the Frankfurt Stock Exchange, as follows

- on the last ten trading days prior to the date of the final resolution by the Management Board regarding the issue of the bonds with warrants and/or convertible bonds or
- if subscription rights to the Bonds are traded, on the days of subscription rights trading with the exception of the last two trading days of subscription rights trading, or, if the Management Board finally determines the option or conversion price prior to the start of subscription rights trading, in the period pursuant to the above indent.

In the case of Bonds with an option exercise or conversion obligation, a substitution right or a tender right of the issuer of the Bonds for the delivery of shares, the option or conversion price to be determined must be at least equal to either the above-mentioned minimum price or the volume-weighted average stock exchange price of the shares of the Company in the XETRA closing auction (or a comparable successor system) on the Frankfurt Stock Exchange on the ten trading days before or after the day of the final maturity of the Bonds, even if the last-mentioned average price is below the above-mentioned minimum price. In any case, the pro rata amount of the share capital represented by the shares of the Company to be issued for each partial Bond may not exceed the nominal amount of the partial Bond. Section 9 (1) and Section 199 (2) AktG remain unaffected.

(Protection against dilution) Notwithstanding Section 9 (1) AktG, the option or conversion price may be reduced on the basis of an anti-dilution clause in accordance with the more detailed provisions of the Terms and Conditions of the Bonds if, during the option or conversion period, the Company increases the share capital from company funds or issues or guarantees further bonds with warrants and/or convertible bonds or profit participation rights while granting subscription rights to its shareholders in return for contributions in cash and/or in kind and the holders or creditors of existing option or conversion rights or obligations are not granted subscription rights to the extent that they would have them after exercising the option or conversion rights or fulfilling an option exercise or conversion obligation. The reduction may also be effected by payment of a corresponding amount in cash upon the exercise of the option or conversion right or fulfilment of an option exercise or conversion obligation or by way of reduction of any additional payment provided for. The terms and conditions of the Bonds may also provide for an adjustment of the option or conversion rights or obligations in the event of a capital reduction or other extraordinary measures or events (such as unusually high dividends, acquisition of control by third parties). In the event of control being acquired by third parties, an adjustment of the option or conversion price in line with market conditions may be provided for.

(Further details of the issue and features) The Management Board is authorised, subject to the approval of the Supervisory Board, to determine the further details of the issue and features of the Bonds or to determine such details in agreement with the governing bodies of the group company issuing the Bonds. This applies in particular regarding the volume, timing, interest rate, type of interest, issue price, term and denomination, anti-dilution provisions and the option or conversion period.

Resolution on the creation of Conditional Capital at the Annual General Meeting on 04/30/2021

The share capital is conditionally increased by up to EUR 1,590,627.00 by issuing up to 1,590,627 new no-par value bearer shares (Conditional Capital). The Conditional Capital increase serves to grant or impose option and/or conversion rights or obligations on the holders or creditors of bonds with warrants and/or convertible bonds (together "Bonds") which are issued or guaranteed by the Company or a group company within the meaning of Section 18 AktG in which the Company directly or indirectly holds a majority interest by 29 April 2026 on the basis of the authorisation granted by a resolution of the general meeting on 30 April 2021 concerning agenda item 10. The new shares will be issued at the option or conversion price to be determined in each case in accordance with the authorisation under a) above. The Conditional Capital increase shall only be implemented to the extent that the holders or creditors of Bonds exercise option and/or conversion rights or holders or creditors of Bonds who are obliged to exercise options or to convert fulfil their option exercise or conversion obligations or to the extent that the Company or the group company issuing the Bond exercises an option to grant no-par value shares in the Company in whole or in part instead of the payment of the cash amount due and to the extent that in each case no cash settlement is granted or treasury shares or shares in another listed company are used for servicing. The new shares participate in profits from the beginning of the financial year in which they are created through the exercise of option or conversion rights or the fulfilment of option exercise or conversion obligations.

The Management Board was authorised, subject to the approval of the Supervisory Board, to determine the further details of the implementation of the Conditional Capital increase.

The Supervisory Board was authorised to amend the wording of the Articles of Association in accordance with the respective issue of subscription shares and to make all other related amendments to the Articles of Association that only affect the wording. The same applies in the event of a non-utilisation of the authorisation to issue Bonds after the expiry of the authorisation period and in the event of a non-utilisation of the Conditional Capital after the expiry of the deadlines for exercising option or conversion rights or for fulfilling option exercise or conversion obligations.

At the Annual General Meeting held on 04/28/2017, the company was authorized, other than for purposes of trading in treasury shares and in consideration of the restrictions imposed by Section 71 (2) AktG, on or before 04/27/2022 to purchase shares in the company in an amount of up to ten percent of the company's share capital at the time of the resolution either via the stock market or by means of a public offer to purchase addressed to all company shareholders.

The Management Board was further authorized at the Annual General Meeting on 04/28/2017 without further resolution by a general meeting not only to use the shares acquired via the stock market or by a public offer to all shareholders, but also to the exclusion of existing shareholders' subscription rights and with the consent of the Supervisory Board, for the purpose of

- issuing them to third parties in return for contributions in kind, insofar as it is understood to be in the interests of the company to acquire said contributions in kind and insofar as the countervalue per treasury share to be contributed by third parties is not unreasonably low;
- issuing them to third parties in return for contributions in cash, in order to place the shares of the company on a foreign stock exchange where the shares are not yet admitted to trading;
- selling them at a cash price which shall not be materially lower than the stock market price of company shares at the time of the sale;
- using them to fulfill option and/or conversion rights arising from convertible bonds, convertible profit share certificates, warrant-linked bonds or other option rights issued by the company or a Group subsidiary.

The Management Board was further authorized at the Annual General Meeting on 04/28/2017 to withdraw the treasury shares acquired without further resolution by a general meeting.

The authorizations concerning the use of treasury shares also extend to the use of shares in the company acquired on the basis of previous authorizing resolutions pursuant to Sec. 71 (1) No. 8 AktG.

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:

	12/31/2021	12/31/2020
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)	1,700	0
Pritim Kumar Krishnamoorthy (CTO)	1,140	0
Total	3,990,338	3,987,498

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 12/31/2021 the capital reserve stood at EUR -291,146 (previous year: EUR -661,338). The increase in the capital reserve of EUR 370,192 results from the share-based remuneration granted 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 included the loss of EUR 661,338 made in 2012 from the use of treasury shares as part of a convertible bond program of ATOSS Software AG.

Equity deriving from unrealized profits/losses

Equity deriving from unrealized profits / losses in the amount of EUR -2,744,181 (previous year: EUR -3,123,532) 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 72,283 (previous year: EUR 33,894) 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	2021	2020
Licenses	17,176,505	16,508,814
Maintenance	28,934,442	26,599,959
Cloud	19,859,566	12,936,683
Total software	65,970,513	56,045,456
Consulting	25,242,829	24,103,251
Hardware	4,372,548	3,915,307
Miscellaneous	1,480,510	1,989,397
Total sales revenues	97,066,400	86,053,411

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 2021 an amount of EUR 483,439 (previous year: EUR 3,113,826) 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 207,949 (previous year: EUR 1,299,656).

The company has customers in all branches of industry, as well as in the public sector. In financial years 2021 and 2020 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	2021	2020
ATOSS Staff Efficiency Suite (ASES) and ATOSS Startup Edition (ASE)	81,560,541	72,022,834
ATOSS Time Control (ATC)	13,823,509	13,059,275
Crewmeister	1,682,350	971,302
Total	97,066,400	86,053,411

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 and sectors. 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	2021	2020
Domestic	81,940,439	74,002,235
Abroad	15,125,961	12,051,076
of which Austria	6,787,243	5,354,902
of which Switzerland	4,315,172	3,759,994
of which other countries	4,023,546	2,936,180
Total	97,066,400	86,053,411

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	2021	2020
Recognition at a certain time	21,908,610	20,780,618
Recognition over a certain period	75,157,790	65,272,793
Total	97,066,400	86,053,411

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	2021	2020
Material costs (goods for resale)	3,828,877	4,291,968
Material costs (external services)	2,147,460	1,374,806
Personnel costs	15,604,668	13,806,395
Scheduled depreciation of property, plant and equipment, intangible assets and rights of use	1,288,277	1,126,831
Overheads	3,350,183	3,183,415
Total	26,219,465	23,783,415

42. Distribution costs

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

EUR	2021	2020
Distribution personnel costs	13,478,124	10,083,004
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	1,129,028	987,539
Distribution overheads	1,502,891	929,360
Advertising costs	2,045,517	1,892,237
Total	18,155,560	13,892,140

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	2021	2020
Administration personnel costs	5,658,141	5,568,917
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	525,802	459,909
Administration overheads	2,100,909	1,528,730
Total	8,284,852	7,557,556

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	2021	2020
Research and development personnel costs	13,141,510	11,371,891
Depreciation and amortization of property, plant and equipment, intangible assets and rights of use	1,165,381	1,019,336
Research and development overheads	2,589,147	2,058,504
Total	16,896,038	14,449,731

45. Personnel expenses

EUR	2021	2020
Wages and salaries	40,826,142	35,158,077
Soziale Abgaben und Aufwendungen für Altersversorgung und Unterstützung	7,056,301	5,672,130
of which expenditure on retirement pensions and welfare EUR 579,378 (previous year: EUR 531,801)		
Service costs EUR 318,391 (previous year: EUR 312,804).		
Total	47,882,443	40,830,207

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

Other operating income essentially comprises income from exchange rate differences in the amount of EUR 83,919 (previous year: EUR 100,133) and income from the liquidation of miscellaneous liabilities and provisions in the amount of EUR 2,648 (previous year: EUR 76,485).

Other operating expenses essentially comprise expenses from exchange rate differences in the amount of EUR 123,164 (previous year: EUR 171,817). Net impairments on financial assets relates to trade receivables in the amount of EUR 239,280 (previous year: EUR 254,605).

47. Financial income and expenses

The financial investment income in the amount of EUR 625,176 (previous year: EUR 425,091) relates essentially to income deriving from the valuation of investment funds in the amount of EUR 249,906 (previous year: EUR 30,311), income from the revaluation of a fixed-term deposit in US dollars in the amount of EUR 151,541 (previous year: devaluation of EUR 203,309), income from the valuation of claims relating to capital assurances in the amount of EUR 113,558 (previous year: EUR 62,865) as well as income from the write-up of the company's gold holdings in the amount of EUR 110,010 (previous year: EUR 303,290).

In 2021 the company recorded financial expenses amounting to EUR 163,047 (previous year: EUR 392,771). This essentially concerned finance costs in connection with accounting for lease liabilities under IFRS 16 amounting to EUR 110,182 (previous year: EUR 121,948) and the net interest cost deriving from the valuation of pension provisions amounting to EUR 53,750 (previous year: EUR 65,296).

48. Tax charge / tax income

EUR	2021	2020
Current tax charge	7,835,860	8,329,756
Deferred taxes (cf. Note 30)	526,438	153,786
Tax charge	8,362,298	8,483,542

V. Notes to the Consolidated Statement of Cash Flows

49. Cash flow from operating activities

The cash flow from operating activities for the period from 01/01/2021 to 12/31/2021 amounted to EUR 26,284,438 (previous year: EUR 23,204,283) and was thereby EUR 3,080,155 higher than in the year before.

The principal factors which impacted positively on cash flow from operations include net earnings and the formation of miscellaneous liabilities resulting from higher salary and commission entitlements. Effects that reduced cash flow derived primarily from a rise in trade receivables.

The average time to receipt in financial year 2021 was 34 days (previous year: 31 days), and may continue to be regarded as very low.

50. Cash flow from investment activities

Cash flow from investments for the period from 01/01/2021 to 12/31/2021 amounted to EUR -13,428,034 (previous year: EUR -4,578,024) and was accordingly EUR 8,850,010 higher than in the year before. This was essentially the result of disbursements to cover investments in fixed assets in the amount of EUR 1,094,489 (previous year: EUR 728,024 million) and payments for the acquisition of financial assets amounting to EUR 14,683,545 million (previous year: EUR 3,850,000). Payments received from the return on financial assets in an amount of EUR 2,350,000 had a positive effect on the cash flow from investing activities.

51. Cash flow from financing activities

Cash flow from financing activities for the period from 01/01/2021 to 12/31/2021 amounted to EUR -15,811,957 (previous year: EUR -12,741,695) and was accordingly EUR 3,070,262 higher than in the year before. This resulted from the payment of a dividend of EUR 1.67 per share (previous year: dividend of EUR 2.55 per share) - total amount distributed EUR 13.281.737 (previous year: EUR 10,140,248) and the repayment of lease liabilities in the amount of EUR 2,810,952 million (previous year: EUR 2,601,447). The sale of 4 percent of the shares in ATOSS Aloud GmbH as part of an employee incentive program amounting to EUR 280,732 provided a cash influx.

VI. Other disclosures

52. Supervisory Board

The members 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 Degree in Business Administration	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 Member of the Supervisory Board Audit Committee, Member of the Advisory Board, Nuremberg

As of 12/31/2021, 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 Stadtparkasse Augsburg
Klaus Bauer	Schwanhäußer Industrie Holding GmbH & Co. KG, Heroldsberg; Schwanhäußer Grundbesitz Holding GmbH & Co. KG, Heroldsberg

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

The total remuneration of the Supervisory Board of ATOSS Software AG pursuant to Section 314 (1) No. 6 of the German Commercial Code (HGB) amounted to EUR 138,000 in financial year 2021 (previous year: EUR 105,000) and, in accordance with IAS 24.17, breaks down as follows:

EUR	2021	2020
Services due in the short term		
Compensation pursuant to the Articles of Association	120,000	90,000
Attendance allowance	18,000	15,000
Total	138,000	105,000

No expenses were incurred in financial year 2021 for consultancy work from members of the Supervisory Board beyond the scope of their Supervisory Board duties (previous year: EUR 0.00).

As of 12/31/2021, there were short-term provisions for Supervisory Board compensation not yet paid to members of the Supervisory Board amounting to EUR 138,000 (previous year: EUR 108,167).

53. Management Board

The members of the Management Board are:

Andreas F.J. Obereder	CEO, entrepreneur, Grünwald
Dirk Häussermann (since 04/01/2021)	Co-CEO, BA in Business Management, Leonberg
Pritim Kumar Krishnamoorthy (since 07/01/2021)	CTO, Executive MBA, Munich
Christof Leiber	CFO, Solicitor, Munich

The total remuneration of the Management Board of ATOSS Software AG pursuant to Section 314 (1) No. 6 HGB amounted to EUR 3,883,397 in financial year 2021 (previous year: EUR 1,282,528) and includes all non-performance-related, performance-related and share-based remuneration components.

In accordance with IAS 24.17, total compensation is composed as follows:

EUR	2021	2020
Short-term benefits	1,589,155	1,089,223
Post-employment benefits	324,511	274,092
Other long-term benefits	381,300	193,305
Share-based payment	808,857	0
Total	3,103,823	1,556,620

In addition to the expenses recognized in the financial year for fixed salaries and single-year profit share payment short term benefits include insurance premiums paid by the company and the benefit in money's worth of other ancillary items such as the provision of company cars.

With regard to the expenses incurred in 2021 for post-employment benefits for the CEO, we refer to notes 19 and 37. In addition, the expenses for post-employment benefits include contributions to the provident fund in the amount of EUR 81,000 (prior year: EUR 36,000), contributions to direct insurance in the amount of EUR 1,752 (prior year: EUR 1,752) and contributions to the pension fund in the amount of EUR 3,216 (prior year: EUR 3,216).

Other long-term benefits relate to expenses recognized in the financial year for multi-year profit-share payment.

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 presented 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 / 07/05/2016 that was redrafted on 06/24/2021 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 2021 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 12/31/2021 current provisions for variable compensation not yet paid to members of the Management Board amounted to EUR 489,716 (previous year: EUR 295,989). The provisions for single-year and multi-year profit-share payment not yet paid amount to EUR 190,545 and EUR 333,221, respectively.

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, 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.

The Restricted Stock Units granted to Pritim Kumar Krishnamoorthy replace a share-based remuneration with cash settlement granted in the previous year. The virtual stock options are therefore reported as a modification of an existing share-based commitment. In the previous year, expenses totaling EUR 31,560 were recognized for the old plan.

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 12/31/2021 at 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 stock of 38.6 percent was applied as of 12/31/2021, 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 - 0.53 percent as of 12/31/2021 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 0.91 percent was used to value the Restricted Stock Units granted.

The average weighted residual term of the Restricted Stock Units granted is 48 months as of 12/31/2021.

No Restricted Stock Units were exercised in the reporting period and none expired. The fair value of the Restricted Stock Units granted to Mr. Pritim Kumar Krishnamoorthy and Mr. Christof Leiber totals EUR 1,937,296 on their grant date of 06/24/2021 (EUR 968,648 per member of the Management Board). The carrying amount of other non-current provisions as of 12/31/2021 for both members of the Management Board together is EUR 470,225 (previous year: EUR 31.560).

Total expenses from share-based remuneration for Mr. Christof Leiber and Mr. Pritim Kumar Krishnamoorthy recognized in personnel costs amounts to EUR 438,665 (previous year: EUR 31,560).

Regarding the expense from share-based compensation for Mr. Dirk Häussermann, see Note 54.

54. Business relations with closely related persons

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 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 2021, the value of services provided on standard market terms amounted to EUR 1,560 (previous year: EUR 2,500). In addition, the daughter of the Chief Executive Officer is employed on standard market terms. In 2021 the company incurred personnel costs in the amount of EUR 76,506 (previous year: EUR 71,652) for this contract. As of 12/31/2021, there are short-term provisions for outstanding invoices from the wife of the Chief Executive Officer totaling EUR 1,560 (previous year: EUR 2,500) and short-term provisions for as yet unpaid variable remuneration to the daughter of the Chief Executive Officer amounting to EUR 13,259 (previous year: EUR 8,250).

As of 12/31/2021, the close family members of the CEO held the following shares: Ursula Obereder: 27,726 shares (previous year: 507,726 shares); Christopher Obereder: 38,600 shares (previous year: 38,600 shares); Nicola Obereder: 27,672 shares (previous year: 27,672 shares). Mrs. Ursula Obereder sold 480,000 shares on 02/25/2021.

Dirk Häussermann

In addition to his agreed management board compensation from the company, the Management Board member, Dirk Häussermann, who was appointed as the company's Co-CEO on 04/01/2021 also receives via AOB Invest GmbH, Grünwald, Germany (ultimate parent company of ATOSS Software AG, Munich) 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 in particular be exercised at the end of the management board contract or after five years' 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. The total expense for share-based payment for Mr. Dirk Häussermann accounted for in financial year 2021 stood at EUR 370,192.

In the 2021 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 12/31/2021 the company employed 630 persons (previous year: 557). The average for the year was 600 (previous year: 537); excluding the Management Board, trainees and interns and temporary staff, the average number of employees was 570 (previous year: 508).

The quarterly average number of employees was as follows:

	2021	2020
Sales and marketing	131	101
Consulting	169	161
Development	216	196
Administration	84	79
Total	600	537
Of which trainees	0	2
Of which temporary staff and interns	27	25
Of which Management Board members	3	2

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 12/31/2021 this price stood at 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 stock of 38.6 percent was applied as of 12/31/2021, 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 - 0.53 percent as of 12/31/2021 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 0.91 percent was used to value the Restricted Stock Units granted.

The average remaining term of the Restricted Stock Units granted is 48 months as of 12/31/2021.

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 is EUR 47,386 as of 12/31/2021. Total expenses from share-based remuneration recognized in personnel costs amount to 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 2021 they amount to EUR 137,922 (previous year: EUR 11,310).

57. Auditors' fees

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

EUR	2021	2020
Auditing services for annual financial statements	168,850	108,319
Other assurance services	39,140	0
Tax advisory services	23,983	23,967
Other services	6,795	9,000
Total of fees	213,948	141,286

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 2021. The tax advisory services relate to consulting services in connection with the preparation of transfer pricing documentation. Other services were incurred for consulting services in connection with cloud ISO certification. No further remuneration was paid to the auditors under Sec. 285 No. 17 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 12/31/2021:

EUR	Rents for premises	Other rents and lease payments
2022	2,069,974	1,012,906
2023 to 2026	7,008,215	1,407,863
post 2026	1,383,831	0
Total	10,462,020	2,420,769

With regard to the rented Group office space in Munich, there is an option to extend for a further 5 years once the fixed contractual term of 5 years has expired. The rental payments associated with the extension option amount to EUR 5,147,595. The overall costs of all rental and lease agreements in financial year 2021 amounted to EUR 2,960,929 (previous year: EUR 3,190,274).

59. Objectives and methods of managing financial risk

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

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

The company regards equity as an essential management parameter in guarding against economic, sector- and company-specific risks. Consequently, the company's financial strategy is directed towards maintaining a level of equity commensurate with such risks.

Capital control

The Group manages its capital structure and makes adjustments in consideration of changes in the economic climate. In order to maintain or modify its capital structure, the Group can adjust its dividend payments to shareholders, or make a repayment of capital to the shareholders, or issue new shares. As of 12/31/2021 and 12/31/2020 no changes were made in the Group's objectives, policies or procedures. Further information on how the capital structure of the Group is managed is contained in the Management Report.

The principle financial liabilities of which the Group avails itself are trade accounts payable. The main purpose of these financial liabilities is to finance the business activities of the Group.

The Group has various financial assets at its disposal such as trade accounts receivable, financial assets and cash and cash equivalents (incl. fixed-term deposits). The essential risks deriving from the financial assets comprise market, liquidity and credit risks.

Market risk

The market risk is deemed to be material with regard to financial assets measured at fair value through profit or loss. The market risk is namely the risk that the fair value of or cash flows from a financial instrument may fluctuate as a result of variations in market prices. The investments made by the Group in physical gold are susceptible to market price risks arising from uncertainties in the future development in the value of these financial instruments.

The Group limits its exposure to market price risk by restricting the volumes allocated to individual forms of investment. Moreover the company does not invest its available liquidity in speculative forms of investment. The Group's investment strategy is oriented towards preserving value and safeguarding against inflation in the long term. The Group management and Supervisory Board regularly receive reports on the development in financial assets available for sale. All decisions concerning investments in financial assets are reviewed and approved by the company management.

As of the balance sheet closing date, the risk associated with financial assets invested in investment funds amounted at fair value to EUR 20,214,212 (previous year: EUR 5,282,828). 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 +/-5,053,553 (previous year: EUR +/-1,320,707).

In the case of financial assets invested in gold, the risk on the closing date amounted at fair value to EUR 2,756,950 (previous year: EUR 2,646,940). 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 +/-275,695 (previous year: EUR +/-264,694).

The Group has a fixed-term deposit account denominated in US dollars. As of the closing date, the fair value of the US dollars reported in cash and cash equivalents was EUR 1,962,581 (previous year: EUR 1,811,040). 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 +/-196,258 (previous year: EUR +/-181,104).

These sensitivity analyses each relate to the situation as of 12/31/2021.

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 2021 or 2020, nor will it do so in future.

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

Credit risk

To manage its credit risks the Group enters into transactions exclusively with creditworthy third parties. All customers with whom the Group wishes to enter into credit-based transactions are subjected to credit checks. In addition, the trade accounts receivable are permanently monitored with the result that the Group is not exposed to any significant risk of default. The maximum default risk is limited to the carrying value detailed in Note 24. In the case of the Group's other

financial assets such as cash and cash equivalents, the maximum credit risk in the event of a counterparty default equates to the carrying value of these instruments. There were no significant risk clusters.

Liquidity risk

In addition in order to continuously monitor the risk of a liquidity shortage, the Group prepares liquidity forecasts with a fixed planning horizon of one year. The Group assesses the concentration of risk in connection with other financial assets as low. Receivables are due from customers in a variety of sectors, operating in independent markets. The Group also invests its available liquidity in various forms of investment such as gold, investment funds, capital investments with insurance companies and fixed-term deposits.

Changes to liabilities from financing activities

	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 12/31/2021	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	FVthP/L*	1,335,619		1,335,619	1,335,619
Other current financial assets	FVthP/L*	29,174,895		29,174,895	29,174,895
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

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

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

61. German Corporate Governance Code

The Management and Supervisory Boards of ATOSS Software AG issued a declaration regarding the German Corporate Governance Code on 12/02/2021. 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 2021, the Company received the following notifications of changes in shareholdings pursuant to Secs. 33 et seq. WpHG were received:

On 02/25/2021, Ms. Ursula Obereder, Grünwald, sold 6.04 percent of the voting rights in the share capital of ATOSS Software AG and now holds 0.35 percent of the voting rights in the share capital.

On 02/02/2021 the share of voting rights in the share capital of ATOSS Software AG fell below 5 percent as a result of the sale of shares by Investmentaktiengesellschaft für langfristige Investoren, TGV, Bonn, Germany, and on this date stood at 4.41 percent.

On 02/04/2021 the share of voting rights in the share capital of ATOSS Software AG fell below 3 percent as a result of the sale of shares by Investmentaktiengesellschaft für langfristige Investoren, TGV, Bonn, Germany, and on this date amounted to 2.76 percent.

Since 12/06/2012, AOB Invest GmbH, Grünwald, Germany, has held a 50.0000025 percent share of voting rights in the company's share capital.

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

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 02/25/2022 by the Management Board and submitted to the Supervisory Board, which may make alterations to the said statements up to and including the time of the Supervisory Board meeting to adopt the accounts on 03/10/2022.

64. Appropriation of net income

The Management Board proposes to use a sum of EUR 22,522,767 from the unappropriated profit from the 2021 financial year for a dividend payment of EUR 1.82 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 14,474,708 on the share capital entitled to a dividend as of 12/31/2021 amounting to EUR 7,953,136 and profit carried forward of EUR 8,048,059.

65. Report on events after the balance sheet date

There were no significant events after the reporting date.

Munich, 02/25/2022

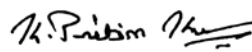
The Management Board



Andreas F. J. Obereder
CEO



Dirk Häussermann
Co-CEO



Pritim Kumar Krishnamoorthy
CTO



Christof Leiber
CFO

INDEPENDENT AUDITOR'S REPORT

To ATOSS Software AG, 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, München, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of ATOSS Software AG for the financial year from 1 January to 31 December 2021.

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 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance

with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and 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 2021. 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 97,066 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 statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 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 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, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

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-2022-02-25.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 2021 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 (10.2021)) 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 noncompliance 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 Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 30 April 2021. We were engaged by the supervisory board on 30 April 2021. We have been the group auditor of the ATOSS Software AG, München, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – 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, 25 February 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Sebastian Stroner
Wirtschaftsprüfer

Johanna Schano
Wirtschaftsprüfer

DECLARATION BY THE LEGAL REPRESENTATIVES

We hereby give an assurance to the best of our knowledge and belief that in accordance with the applicable reporting standards the consolidated annual financial statements and consolidated management report for ATOSS Software AG and the annual financial statements and management report for ATOSS Software AG, Munich, each convey an impression of the net asset, financial position and earnings situation of the Group and of ATOSS Software AG which accords with the true fact; and that the development in business including the results and the situation of the Group and of the company are so described in the consolidated management report and in the management report for ATOSS Software AG, Munich, as to convey an impression which likewise accords with the true facts; and that the essential opportunities and risks associated with the anticipated development of the Group and of ATOSS Software AG are so described.

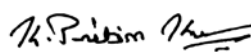
Munich, February 25, 2022



Andreas F. J. Obereder
CEO



Dirk Häussermann
Co-CEO



Pritim Kumar Krishnamoorthy
CTO



Christof Leiber
CFO

Corporate Calendar

01/31/2022

Press release announcing preliminary results for 2021

03/11/2022

Publication of the annual report for 2021

03/11/2022

Balance sheet press conference

04/26/2022

Publication of the 3-monthly financial statements

04/29/2022

Ordinary annual general meeting 2022

07/25/2022

Press release announcing the 6-monthly financial statements

08/12/2022

Publication of the 6-monthly financial statements

10/24/2022

Publication of the 9-monthly financial statements

11/28-30/2022

ATOSS at the German Equity Forum

Imprint

RESPONSIBLE

ATOSS Software AG
Rosenheimer Straße 141 h | 81671 Munich | Germany
T +49 89 4 27 71 0 | F +49 89 4 27 71 100
internet@atoss.com | www.atoss.com

INVESTOR RELATIONS

ATOSS Software AG | Christof Leiber | investor.relations@atoss.com

PHOTOGRAPHY

ATOSS Software AG
Customers of ATOSS Software AG

P. 01 © Tigran Tsitoghdzian | Mirror Painting

P. 17 © POIESZ Supermarkten B.V. | Jurjen Backer Dirks

P. 23 © Thomas Kunz

P. 25 © www.talke.com

P. 27 © Zeitfracht GmbH

P. 28 © Hermes Germany

P. 33 © bilstein group

P. 41 © HeidelbergCement AG

P. 42 © Christian Schlueter

P. 45 © www.banczerowski.com

P. 48 © Stadt Regensburg | Stefan Effenhauser

P. 55 © Fotografie Dietmar Strauß, Besigheim

P. 56 © Universitätsmedizin Mainz | Peter Pulkowski

DESIGN

designfactory-munich.de



Locations



ATOSS Software AG
Rosenheimer Straße 141 h | 81671 Munich | Germany
T +49 89 4 27 71 0 | F +49 89 4 27 71 100
internet@atoss.com | www.atoss.com

REPRESENTATIONS GERMANY

BERLIN ATOSS Software AG | Kurfürstendamm 21 | 10719 Berlin
DÜSSELDORF ATOSS Software AG | Robert-Bosch-Straße 14 | 40668 Meerbusch
FRANKFURT ATOSS Software AG | Campus Carré | Herriotstraße 8 | 60528 Frankfurt/Main
HAMBURG ATOSS Software AG | Osterbekstraße 90 b | 22083 Hamburg
OSNABRÜCK ATOSS Software AG | Westerkappelner Straße 26 | 49497 Mettingen
STUTT GART ATOSS Software AG | Bertha-Benz-Platz 1 | 70771 Leinfelden-Echterdingen/Stuttgart

REPRESENTATIONS EUROPE

BRUSSELS ATOSS Software AG | Rue aux Laines 70 Wolstraat | 1000 Brussels | Belgium
STOCKHOLM ATOSS Software AG | Vasagatan 7 | 111 20 Stockholm | Sweden
UTRECHT ATOSS Software AG | Newtonlaan 115 | 3584 BH Utrecht | Netherlands

AFFILIATED COMPANIES GERMANY

CHAM ATOSS CSD Software GmbH | Rodinger Straße 19 | 93413 Cham
MUNICH ATOSS Aloud GmbH | Rosenheimer Straße 141 h | 81671 Munich

AFFILIATED COMPANIES EUROPE

VIENNA ATOSS Software Ges.m.b.H. | Ungargasse 64-66 / Stiege 3 / Top 503 | 1030 Vienna | Austria
ZURICH ATOSS Software AG | Luggwegstrasse 9 | 8048 Zurich | Switzerland
TIMISOARA SC ATOSS Software SRL | Calea Torontalului 69 | Timisoara 300668 | Romania

ATOSS.COM