



The following investment case, excerpted from Letter to Partners #29, exemplifies my approach to identifying and evaluating opportunities:

ATOSS Software SE (AOF; DE)

AOF provides cloud-based enterprise software solutions in the HR and Workforce Management space, including time and attendance tracking, employee scheduling, and absence management. Its core market is the DACH region, though international exposure is steadily increasing. In addition, AOF offers *Crewmeister*, a cloud-based solution tailored to smaller companies.

The company is founder-led by CEO Andreas Obereder, who retains a significant ownership stake (c. 21.56%). Private equity firm General Atlantic holds a similar share and is actively involved in shaping the company’s strategic direction. We view this ownership structure as highly aligned with our interests, shaped by best-in-class partners.

AOF’s scalable and already high-margin business model fits squarely within our enterprise software investment framework. It delivers mission-critical services to its customers, benefits from strong network effects and pricing power, and manages substantial volumes of customer data. In 2024, AOF began rolling out its first AI-powered services – five are already live, with more in development. We also understand the company is actively working on agentic AI solutions, which could further enhance its product offering and competitive edge.

Product update
Current AI services portfolio & 2025 pipeline

We initiated the rollout of our first AI services for ASE/S in 2024, with **five services** already in **general availability**.

Service name	Current status	Description
Demand Driver Forecast	General availability since 04/2025	Demand drivers such as customer or patient numbers are analyzed in order to accurately determine personnel requirements based on forecasted work volumes, historical data and budget allowances
Anomaly Detection	General availability since 04/2025	Identifies anomalies using machine learning. Administrators have the opportunity to check and correct data to ensure improved data quality, which serves as the basis for more precise forecasts
Vacation Rate Forecast	General availability since 08/2025	Based on historical vacation data, AI generates vacation rate forecasts that are integrated into the Capacity Planning process, reducing manual effort and boosting the accuracy of long-term workforce planning
Illness Rate Forecast	General availability since 08/2025	Identifies recurring trends and generate accurate forecasts based on historical illness data. Illness rate forecasts are integrated directly into the Capacity Planning workflow, reducing manual effort for the planner
Workforce intelligence	General availability since 08/2025	Delivers workforce insights with dashboards and custom analyses. Users can filter charts, adjust timeframes, set alerts, track trends. Forecasting tools optimize planning and open future benchmarking capabilities.

Next steps: Going forward we plan to expand our ASE/S portfolio with additional AI services and leverage synergies available from ASE/S to extend the AI solutions to the rest of our solution portfolio as well.

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AOF’s growth strategy is focused on accelerating its cloud transformation, aiming to increase its share of recurring revenue from approximately 70% to 75% in the near term. This shift is expected to drive software revenue growth at a CAGR of 16%. Looking further ahead, the company targets more than doubling revenues to around EUR 400 million by 2030, with recurring revenues reaching 80%.

Assuming a 35% EBIT margin, this would translate into EUR 140 million in EBIT by 2030. Investing at today’s enterprise value of approximately EUR 1.6 billion would imply a forward-looking EV/EBIT multiple of around 11.4x. Factoring in a median expected free cash flow of EUR 64 million per annum, the forward EV/FCF multiple would compress to roughly 9.1x by 2030.

Taken together, these projections suggest the potential for annualized returns in the mid-teens to low-twenties percentage range, highlighting the attractive upside for investors entering at the current valuation and remaining invested through the company’s growth trajectory. The company’s strong

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net cash position provides additional upside potential through M&A and capital returns. Given the high resilience of the underlying business, I view this as a very compelling risk-reward opportunity.

In late 2024, I advised the fund to initiate a position in AOF at around EUR 114 per share, and we have since received EUR 2.13 in dividends. Following our initial purchases, the shares rallied to approximately EUR 145. However, the stock subsequently declined to EUR 99 per share after the Q2 results, which showed a slightly faster-than-expected contraction in the legacy licence software business, even as cloud sales continued at a strong pace. Additionally, several customer projects were delayed due to the macroeconomic headwinds previously discussed.

Despite this short-term volatility, I remain confident in the outlook. The company has clear strategic objectives, a strong execution track record, and key new hires expected in Q4 2025, all of which should support improved momentum heading into 2026 and beyond. Further reinforcing our conviction, the founder and CEO recently purchased EUR 6 million worth of AOF shares at EUR 100 per share. With the stock now trading around EUR 110 - very close to our initial entry point when factoring in the dividend received - I believe the risk-reward remains very compelling.

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