Group management report for the financial year 2022

Tempton Group GmbH
Essen

tempton

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FINANCIAL STATEMENTS

Consolidated statement of financial position of Tempton Group GmbH, Essen

ASSETS	Note	IFRS 31.12.2022 kEUR	IFRS 31.12.2021 kEUR
CURRENT ASSETS		**76,548**	**71,713**
Cash and cash equivalents	II.1	28,899	31,836
Trade receivables	II.2	39,088	33,275
Contract assets	II.3	1,508	1,431
Current income tax receivables	II.4	1,236	644
Other current financial assets	II.5	1,798	1,539
Inventories	II.6	650	774
Other current assets	II.7	3,369	2,214
NON-CURRENT ASSETS		**38,732**	**37,846**
Other intangible assets	II.8	4,394	4,488
Goodwill	II.9	10,646	10,646
Property, plant and equipment	II.10	9,599	9,133
Right-of-use assets	II.11	7,547	7,119
Other non-current financial assets	II.5	4,703	2,341
Deferred tax assets	II.12	1,843	4,119
TOTAL ASSETS		**115,280**	**109,559**

Consolidated statement of financial position of Tempton Group GmbH, Essen

LIABILITIES	Note	IFRS 31.12.2022 kEUR	IFRS 31.12.2021 kEUR
CURRENT LIABILITIES		**50,503**	**46,514**
Current financial liabilities	II.13	175	175
Lease liabilities	II.14	3,412	3,178
Trade payables	II.15	3,100	2,796
Current income tax liablities	II.16	2,132	1,976
Current provisions	II.17	19,867	17,751
Other current financial liabilities	II.18	11,358	10,465
Other liabilites	II.19	10,012	9,831
Contract liabilities	II.3	447	342
NON-CURRENT LIABILITIES		**31,897**	**34,290**
Non-current liabilities	II.13	24,779	26,796
Lease liabilities	II.14	4,033	3,452
Provisions for pensions	II.20	2,300	3,373
Non-current provisions	II.17	224	191
Deferred tax liabilites	II.12	561	478
TOTAL LIABILITIES		**82,400**	**80,804**
SHAREHOLDERS` EQUITY		**32,880**	**28,755**
Share Capital		25	25
Treasury Shares		0	-9
Capital Reserves		2,809	676
Retained Earnings		30,046	28,063
TOTAL LIABILITIES AND SHAREHOLDERS` EQUITY		**115,280**	**109,559**

Consolidated Statement of profit or loss of Tempton Group GmbH, Essen

	Note	2022 kEUR	2021 kEUR
Revenue	**III.1**	**352,480**	**315,152**
Changes in work in progress		0	64
Other operating income	III.3	563	701
Cost of raw materials an supplies		-1,274	-1,496
Cost of purchased services		-9,147	-9,651
Personnel costs	III.4	-290,752	-251,159
Other operating expenses	III.5	-30,867	-24,654
EBITDA		**21,003**	**28,957**
Depreciation and amortization	II.8/10/11	-9,238	-8,895
Operating profit (EBIT)		11,766	20,062
Interest income and similar income	III.6	198	78
Interest expense and similiar expense	III.7	-1,541	-3,641
Income taxes	III.8	-4,018	-5,276
Profit of the Year		**6,405**	**11,223**

Consolidated Statement of comprehensive income of Tempton Group GmbH, Essen

	Note	2022 kEUR	2021 kEUR
Profit of the Year		**6,405**	**11,223**
Items not subsequently reclassified to profit or loss (not recycled)	II.21.5		
Gain (Losses) from the remeasurement of defined benefit plans		850	275
Income taxes relating for the remeasurement of defined benefit plans		-273	-85
Other comprehensive income		577	189
Total comprehensive income		**6,982**	**11,413**
Total comprehensive income attriburtable to owners of the parent		**6,982**	**11,413**

Consolidated Statement of changes in equity of Tempton Group GmbH, Essen

Note:II.21	Share Capital	Treasury Shares	Capital Reserves	Retained Earnings	Total shareholders equity
	kEUR	kEUR	kEUR	kEUR	kEUR
Balance at 1. January 2021	**25**	**-9**	**676**	**16,651**	**17,343**
Profit of the year				11,223	11,223
Other comprehensive income				189	189
Balance at 31. Dezember 2021	**25**	**-9**	**676**	**28,063**	**28,755**
Balance at 1. January 2022	**25**	**-9**	**676**	**28,063**	**28,755**
Profit of the year				6,405	6,405
Distibution				-5,000	-5,000
Contribution		9	2,133	0	2,142
Other comprehensive income				578	578
Balance at 31. Dezember 2022	**25**	**0**	**2,809**	**30,046**	**32,880**

Consolidated Statement of cash flows of Tempton Group GmbH, Essen

Note: IV.1	**2022**	**2021**
	kEUR	kEUR
Profit of the year	6,405	11,223
Depreciations and amortization	9,238	8,895
Change in provisions	1,927	725
Other non-cash (income) expenses	-106	-90
Changes in trade and other receivables, inventories, contract assets and other assets	-6,907	-6,841
Changes in trade payables, contract liablities and other liabilities	1,482	6,603
(Gains) losses from the disposal of intangible assets and property, plant and equipment	7	39
Interest (income) expenses, net	1,342	3,563
Income tax expenses	4,018	5,276
Income taxes paid	-2,365	-2,892
Cash flows from operating activities	**15,041**	**26,501**
Disposal of equipment	1	3
Additions to property, plant and equipment	-2,198	-2,040
Acquisitions of business, net of cash aquired	0	0
Additions to intangible assets	-1,707	-2,565
Additions to assets leased	0	-173
Cash payments to acquire debt instruments	-2,406	
Interest received	42	14
Cash flows from investing activities	**-6,268**	**-4,761**
Issuance of long-term debt	0	25,000
Repayment of long-term debt	0	-30,000
Principal portion of repayment of lease liabilities	-5,411	-4,669
Dividends paid	-5,000	
Interest paid	-1,299	-3,557
Cash flows from financing activities	**-11,710**	**-13,226**
Change in cash and cash equivalents	-2,937	8,514
Cash and cash equivalents at beginning of period	31,836	23,322
Cash and cash equivalents at end of period	**28,899**	**31,836**

Notes to the Consolidated Financial Statements for the 2022 Financial Year

Contents

I. Accounting policies and measurement methods

I.1. Basic accounting information

I.1.1 Information about the company

Tempton Group GmbH and its subsidiaries (hereafter "Tempton", "Tempton Group" or "Group") is one of the largest personnel service providers in Germany. In addition to personnel leasing, Tempton offers its customers solutions for nearly all tasks involving personnel. This includes recruiting personnel (including recruiting processing outsourcing (RPO) services), direct placement, master vendor and on-site management solutions, taking personnel over, providing temporary experts or freelancers as well as outsourcing solutions, technical services and C-level services.

Tempton Group GmbH is headquartered at Schürmannstraße 24, 45136 Essen, Germany. It is registered in the Commercial Register of the District Court of Essen under the registration number HRB 28871. It is the parent company of Tempton Group. The group parent company of Tempton Group GmbH is Dres. Tischendorf Tempton GmbH, Frankfurt am Main.

The consolidated financial statements of Tempton Group for the 2022 financial year were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and were authorized for issue by the Managing Board on 26 April 2023. Tempton Group prepares and reports its consolidated financial statements in Euro (€). Due to rounding, numbers presented may not add up precisely to totals reported.

I.1.2 Accounting policies

IFRS are the standards adopted, issued and published by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) both as adopted in the EU.

Application of new and amended standards

The following newly issued standards, standards endorsed during the reporting year or amended standards or interpretations not yet effective were not applied at the start of the preparation of this set of consolidated financial statements. The future impacts of amendments affecting

Tempton Group on the consolidated financial statements are either still being examined or are not material.

Initial application of standards, interpretations, and amendments in the financial year reported

Regulation	Title	Application	Effect
IAS 37	Amendment: Onerous Contracts: Cost of Fulfilling a Contract Concessions	01/01/2022	No impact
IAS 16	Amendment: Property, Plant and Equipment – Proceeds before intended use	01/01/2022	No impact
IFRS 3	Amendment: Reference to the Conceptual Framework	01/01/2022	No impact
IFRS 1, IFRS 9 and IAS 41	Annual Improvements to IFRS Standards 2018 - 2020	01/01/2022	No impact

Standards, interpretations, and amendments issued, but not yet to be applied

Regulation	Title	Application	Effect
IFRS 17	New standard: Supersedes IFRS 4 Insurance Contracts: Measurement and presentation of insurance liabilities	01/01/2023	No material effect expected
Amendments to IFRS 17	Amends IFRS 17 to address implementation challenges of IFRS 17	01/01/2023	No material effect expected
IAS 8	Amendment: Definition of Accounting Estimates Concessions	01/01/2023	No material effect expected
IAS 1	Amendment: Disclosure of Accounting Policies	01/01/2023	No material effect expected
IAS 12	Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023	No material effect expected
IAS 16	Lease liabilities in a sale and leaseback transaction	01/01/2024	No material effect expected

I.1.3 Acquisition of specific assets from insolvent businesses in 2021 and 2020

In 2020 and 2021, Tempton Group acquired various assets from insolvent personnel service providers. For these acquisitions, there were no purchase price allocations because neither of them satisfied the definition of a business as defined in IFRS 3 as of the acquisition date. As stated in IFRS 3.2b), the individual assets identified for acquisition (including those fulfilling the requirements and recognition criteria for intangible assets as specified in IAS 38) were to be identified and recognised. Both "customer base" and "customer contracts" were identified as assets. The acquisition costs of the individual assets identified at the acquisition date were proportionately allocated on the basis of their relative fair value. For further explanations, refer to Note II.8.2.

I.2. Principles of consolidation

The consolidated financial statements comprise the financial statements of Tempton Group GmbH and its subsidiaries as of the 31 December of each financial year. The financial statements of the subsidiaries were prepared using uniform accounting policies and measurement methods for the same reporting period as the financial statements of the parent company.
The reporting date for all the subsidiaries included in the consolidated financial statements is December 31, of the financial year to be reported.

I.2.1 Subsidiaries

Subsidiaries are the companies controlled by Tempton Group GmbH. Control is defined as the company's ability to control the significant activities of the other entity. Significant activities are those activities affecting the earnings generated by an entity. Subsidiaries are consolidated from the date the parent company can control the subsidiary and ends when control is no longer possible.
Acquisition accounting is applied using the purchase method specified in IFRS 3, under which the acquisition cost of the acquired shares is offset against the proportion of the acquired subsidiary's equity attributable to the parent company at the acquisition date. All identifiable assets, liabilities and contingent liabilities are recognised at fair value and included in the consolidated statement of financial position. If the acquisition cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.
If the fair value of the net assets attributable to the Group is higher than the acquisition cost of the shares, this results in a bargain purchase. If the bargain purchase remains after another review

of the purchase price allocation performed and after determining the fair value of the acquired assets, liabilities and contingent liabilities, it must be recognised in profit or loss.

Intercompany receivables and liabilities of entities consolidated are offset against each other. This also applies to intragroup transactions and to intragroup revenue, income, and expenses. Accordingly, the earnings of the subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the acquisition becomes effective or until the disposal date.

I.2.2 Scope of consolidation

Tempton Group GmbH as the parent company and 12 subsidiaries were included in the consolidated financial statements of Tempton Group as of 31 December 2022 and 2021. The company directly or indirectly holds 100 % of the shares in each of these subsidiaries. The scope of consolidation has remained unchanged compared to the previous year.

The group companies included in the consolidation are the following domestic companies:

Companies included	registrated office	in capital %
Tempton Personaldienstleistungen GmbH	Essen	100.00
Tempton Next Level Experts GmbH	Nuremberg	100.00 [1]
Tempton Outsourcing GmbH	Essen	100.00 [2]
Tempton Outsourcing ES-DOR Betriebsgesellschaft mbH (formely Tempton Outsourcing OT-BUC Betriebsgesellschaft	Essen	100.00 [2]
Tempton Outsourscing TG-Ulm Betriebsgesellschaft mbH (formely Tempton Outsourscing CC-FFB Betriebsgesellschaft	Essen	100.00 [2]
Tempton Outsourcing CN-BUT Betriebsgesellschaft mbH	Essen	100.00 [2]
Tempton Outsourcing TW-KAL Betriebsgesellschaft mbH	Essen	100.00 [2]
Tempton Outsourcing OT-GRE Betriebsgesellschaft mbH	Essen	100.00 [2]
Tempton Technik GmbH	Nuremberg	100.00
Tempton Verwaltungs GmbH	Essen	100.00
Tempton Managed Services GmbH (formely Tempton Kundenservice GmbH)	Essen	100.00
Tempton Personalservice GmbH	Essen	100.00

[1] indirect ownership (The shares are held by Tempton Personaldienstleistungen GmbH, Essen)

[2] indirect ownership (The shares are held by Tempton Next Level Experts GmbH, Nuremberg).

I.3. Presentation of accounting policies

I.3.1 General information

The consolidated financial statements were basically prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration paid in exchange for the asset.
The statement of financial position is presented in accordance with company’s current and non-current assets and liabilities. The statement of comprehensive income is prepared by applying the nature of expense method for calculating the consolidated net profit for the period.

I.3.2 Reporting currency

The consolidated financial statements are prepared in Euro as the Group's transactions are conducted in this currency. Unless stated otherwise, all figures are rounded up or down to thousands of euros in accordance with standard commercial practice. The amounts are stated in Euro (€), in thousands of Euro (€ thousand) or in millions of Euro (€ million).

I.3.3 Intangible assets

Intangible assets not acquired as part of a business combination are initially carried at cost. The cost of an intangible asset acquired in a business acquisition corresponds to its fair value at the acquisition date.
Intangible assets are recognised when it is probable that the future economic benefits attributable to the asset will be received by the entity and the cost of the asset can be reliably measured.
For the purposes of subsequent measurement, intangible assets are recognised at cost less cumulative amortisation and cumulative impairment losses (reported under amortisation). Intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful lives. Scheduled amortisation begins as soon as the intangible asset is brought into operation. The amortisation period and method are reviewed at the end of each financial year. An intangible asset is impaired if the recoverable amount – the higher of fair value less costs to sell and value in use – is lower than the carrying amount.
The Group does not have any intangible assets with indefinite useful lives.
The cost of acquiring new software is capitalised and treated as an intangible asset unless it is an integral part of the associated hardware. Software is amortised on a straight-line basis over a period of three to five years.
Costs incurred to restore or maintain the future economic benefits that the company had originally expected are recognised as an expense.

Gains and losses from disposing intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and they are recognised in profit or loss in the period in which the asset is disposed.

I.3.4 Goodwill

Goodwill from business combinations is the excess of the cost of the business combination over the Group's equity interest at the fair value of the identifiable assets, liabilities, and contingent liabilities of the acquiree.
Goodwill is not amortised but is tested for impairment. In general, an impairment test is performed once a year after the planning has been finalised. Goodwill is then remeasured when an indication exists that the value of a cash-generating unit has decreased. For impairment testing, the goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) of the Group benefiting from the combination starting at the acquisition date. Goodwill is then written down if the recoverable amount of a cash-generating unit is lower than its carrying value. Once recognised, impairment losses are not reversed in future periods.

I.3.5 Property, plant and equipment

Property, plant and equipment is recognised at cost less cumulative depreciation and cumulative impairment losses. The cost of an individual asset of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all direct costs incurred to bring the asset to its location and to put it into operation for its intended use. Subsequent costs, such as servicing and maintenance costs incurred after the non-current asset has been put into operation, are expensed in the period incurred. If it is likely that an expenditure will lead to additional future economic benefits to the company in excess of the originally assessed standard of performance of the existing asset, the expenditure is capitalised and depreciated.
Additions are measured at their fair value calculated at the acquisition date, which is then depreciated over the subsequent periods of the asset's useful life.
Depreciation is calculated on a straight-line basis over the expected useful economic life, assuming a residual value of € 0.00. The following estimated useful lives are applied for individual asset groups:

- Buildings and exterior installations: 5 to 50 years
- Technical equipment and machinery: 1 to 21 years
- Other office equipment: 2 to 23 years

Land is not depreciated.

The useful economic lives, the depreciation method applied in depreciating property, plant and equipment and the residual values are periodically reviewed.
If items of property, plant and equipment are disposed or scrapped, the corresponding costs and the cumulative depreciation are derecognised. The profit or loss resulting from the sale of an asset of property, plant and equipment is determined as the difference between the proceeds from the sale and the carrying amount of the asset and is recognised in profit or loss.

I.3.6 Leasing

All contracts transferring the right to use a specific asset for a period of time in return for consideration are defined as leases. This also applies to contracts that do not expressly describe the transfer of such a right. The Group is a lessee of properties and vehicles.
The Group recognises right-of-use assets for leased assets, and liabilities for the payment obligations entered into for all leases at present value in its consolidated statement of financial position. Lease liabilities include the following lease payments:

- fixed payments, including in-substance fixed payments, less lease incentives to be paid by the lessor;
- variable payments that depend on an index or another specified rate;
- amounts expected to be payable on the basis of residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lessee expects to exercise the option to terminate the lease prior to the end of the lease term.

Lease payments are discounted at the implicit borrowing rate in the lease if this can be readily determined. Otherwise, they are discounted at Group’s incremental borrowing rate. Tempton Group uses the incremental borrowing rate. The incremental borrowing rate is a risk-adjusted interest rate derived for the specific lease term and currency. The credit ratings of the individual member entities of the Group have been considered.
A right-of-use asset is initially measured at cost as of the commencement date of the lease. The right-of-use asset is calculated using the initial measurement of the lease liability plus the lease payments made on or before the commencement date of the lease less any incentives received, initial direct costs incurred by the lessee and an estimate of costs to be incurred by the Group to dismantle and remove the underlying asset, to restore the location site or the underlying asset to

the condition required by the terms of the lease agreement. A right-of-use asset is subsequently measured at cost less cumulative depreciation and adjustments required to remeasure the lease liability upon the occurrence of certain events. A right-of-use asset is depreciated on a straight-line basis over the term of the lease.

For contracts that contain lease and non-lease components, these components are separately evaluated.

Many leases, primarily for property, include extension options. These contractual terms offer the Group flexibility and benefits at inception. When determining the lease term, all facts and circumstances that create an economic incentive to exercise extension options are considered. When determining the term of the lease, such options are only considered if they are reasonably certain to be exercised. The assessment of whether options are reasonably certain to be exercised affects the term of the lease and can therefore have a significant influence on the measurement of lease liabilities and right-of-use assets.

Tempton Group exercised the option under IFRS 16 not to recognise right-of-use assets and lease liabilities for low-value leases (i.e., the value of an underlying asset of € 5 thousand or less at acquisition) and short-term leases (remaining term of twelve months or less). The lease payments associated with these leases are recognised as an expense on a straight-line basis over the term of the lease.

Tempton Group has no investment property.

I.3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of acquisition or production costs. Tempton Group defines qualified assets as construction projects or assets requiring at least twelve months to bring into an operable or sellable condition. Borrowing costs are not recognised in inventories.

I.3.8 Impairment of non-financial assets (including goodwill)

Non-financial assets are tested for impairment when facts or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For impairment testing, the recoverable amount of the asset or the cash-generating unit (CGU) must be determined. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The fair value less costs to sell is defined as the price obtainable from the sale of an asset or CGU between knowledgeable, willing, and independent parties less costs of disposal. The value in use of an asset or CGU is determined by the present value of an estimated anticipated cash flow on the basis of its current use. Tempton generally calculates the value in use. If the recoverable amount falls below the carrying amount, an impairment loss in the amount of the difference is recognised in profit or loss.

The recoverable amount is determined by applying the discounted-cashflow (DCF) model to the extent a fair value measurement is not possible. DCF calculations are used internally and are the basis for deriving 5-year forecasts used in financial planning approved by management. The planning horizon selected reflects the assumptions made about how the market will develop in the short and medium terms. Cash flows exceeding this 5-year period are calculated by applying the appropriate growth rates. The significant assumptions management made in calculating the recoverable amount are explained in Section 4 Material judgements, estimates and assumptions of this chapter.

An adjustment of an impairment recognised in profit or loss in previous years is reversed for an asset (except for goodwill) if there are any indications that the impairment no longer exists or has decreased. The reversal is recognised in other operating income in the consolidated statement of profit or loss. However, the increase in value (or reversal of an impairment) of an asset is only recognised to the extent that it does not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous years (taking depreciation into account).

I.3.9 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

The classification of financial assets on initial recognition is dependent on the characteristics of the contractual cash flows of the financial assets and the Group's business model for managing its financial assets. Except for trade receivables and contract assets which do not contain a significant financing component, the Group initially recognises a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component are initially recognised at the transaction price calculated in accordance with IFRS 15.

To ensure that a financial asset can be classified and measured at amortised cost or fair value through other comprehensive income, cash flows must consist solely of payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the level of the individual financial instrument.

The Group's business model for managing financial assets reflects how an entity manages its financial assets to generate cash flows. Depending on the business model, cash flows are generated from collecting contractual cash flows, from the sale of financial assets or from a combination of both.

Purchases or sales of financial assets requiring a delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised at the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortised cost (debt instruments);
- financial assets at fair value through profit or loss or through other comprehensive income with the reclassification of cumulative gains and losses (debt instruments);
- financial assets at fair value through profit or loss or through other comprehensive income without the reclassification of cumulative gains and losses on derecognition (equity instruments);
- financial assets at fair value through profit or loss;

Financial assets at amortised cost (debt instruments);

Financial assets recognised in Tempton Group’s consolidated financial statements are classified as financial assets at amortised cost except trade receivables within a factoring arrangement that have not been sold at the balance sheet date. The Group measures financial assets at amortised cost when both of the following conditions have been met:

- the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding at specified dates.

Financial assets measured at amortised cost are subsequently measured using the effective interest rate method and tested for impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Group's financial assets measured at amortised cost comprise of trade receivables, contract assets and other financial assets.

Financial assets at fair value through other comprehensive income

Trade receivables under a factoring arrangement that have not been sold at the balance sheet date are classified at fair value through other comprehensive income. The Group measures financial assets at fair value through other comprehensive income when both of the following conditions have been met:

- The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows but also to sell the asset; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding at specified dates.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the right to receive cash flows from the asset has expired;
- the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass – through" arrangement; and either (a) the Group has substantially transferred all the risks and rewards of the asset or (b) the Group has substantially neither transferred nor retained all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has substantially neither transferred nor retained all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In such a case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises impairment for expected credit losses on all debt instruments not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows payable and the total cash flows the Group expects to receive. The cash flows forecast include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages. For financial instruments for which the risk of default has not significantly increased since the initial recognition, a loss allowance is recognised in the amount of the expected cash shortfalls in the event of default within the next twelve months [12-month expected credit loss (ECL)]. For financial assets for which the risk of default has significantly increased since the initial recognition, an entity must recognise the lifetime expected credit losses regardless of when a default event may occur (lifetime ECL).

The Group uses a simplified method for calculating the expected credit losses on trade receivables and contract assets. It does not track changes in credit risks; instead it recognises a loss allowance at the end of each reporting period based on the lifetime ECL. On the basis of its past experience of credit losses, the Group has prepared a matrix that is adjusted for future factors if specific future factors for the borrower and for the economic environment can be determined at reasonable expense.

The Group considers a financial asset to be in default if contractual payments are 120 days past due and if a subsequent detailed review of the debtor does not reveal any other information. Moreover, the Group assumes in certain cases that a financial asset is in default if internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual amounts in full before all credit enhancements held are considered. A financial asset is written down when there is no valid expectation that the contractual cash flows will be collected.

Financial liabilities

Initial recognition and measurement

At initial recognition, financial liabilities are classified either as financial liabilities at fair value through profit or loss, as loans and borrowings, as payables, or as derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are initially recognised at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, contract liabilities, other liabilities, and loans, including overdrafts.

Subsequent measurement

The measurement of financial liabilities is dependent on their classification. However, the Group has no financial liabilities classified at fair value through profit or loss.

Loans and liabilities

After initial recognition, these financial liabilities are remeasured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised using the effective interest rate (EIR) amortisation method.

Amortised cost is calculated by considering any discount or premium at acquisition and fees or costs that are an integral part of the effective interest rate. The EIR amortisation amount is included as finance costs in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is either discharged or terminated or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and is deemed to be a recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Compound financial instruments

The convertible note was converted into ordinary shares on 29 April 2022. The Impact was shown to the treasury shares and the capital reserves.

I.3.10 Derivative financial instruments

The Group does not have derivative financial instruments.

I.3.11 Inventories

Inventories are reported at the lower of cost or net realisable value (less costs necessary to make the sale) by taking their planned use into account. Raw materials, consumables, supplies and purchased goods are measured at cost using the average price method or, if lower, at their market prices at the end of the reporting period. The costs of unfinished work in progress, in addition to the costs of materials used in construction, labour and pro rata material and production overheads, are considered when assuming normal capacity utilisation. Appropriate write-downs were recognised for inventory risks evidenced by obsolescence and reduced usability.

I.3.12 Contract assets and contract liabilities

Refer to the revenue section of this chapter for accounting treatment of contract assets and contract liabilities.

I.3.13 Cash and cash equivalents

Cash and cash equivalents shown in the consolidated statement of financial position comprise of cash on hand and bank balances; they have maturities of up to three months at initial recognition. Cash and cash equivalents are measured at cost.

I.3.14 Provisions

Provisions are reported when the Group has a current (legal or constructive) obligation due to a past event, when it is probable that fulfilment of the obligation will lead to an outflow of resources embodying economic benefits and when the amount of the obligation can be reliably estimated. If the Group expects at least a partial refund of a provision recognised as a liability, the refund is recognised as a separate asset provided receipt of the refund is virtually certain. The expense from recognising the provision is reported in the consolidated statement of profit or loss less the refund.

Provisions are reviewed at the end of each reporting period and adjusted to the current best estimate. The amount of a provision corresponds to the present value of the expenses expected to be incurred to fulfil the obligation. The effect of unwinding of provisions over time is recognised as an interest expense.

I.3.15 Pensions and other post-employment benefits

Defined benefit pension plans are measured in accordance with IAS 19. For defined benefit pension plans, the obligation is recognised in the consolidated statement of financial position as a pension provision. These pension commitments are defined benefit plan commitments and are therefore measured in accordance with actuarial principles using the projected unit credit method. This provision is calculated based on assumptions, such as an expected discount rate, life expectancy, future salary and pension increases. Changes in these assumptions can significantly influence the amount of future pension costs. Pension obligations are calculated based on the biometric accounting principles of the Heubeck 2018G mortality tables.

The defined benefit obligations are partially offset by plan assets.

Pension provisions are valued using the actuarial projected unit credit method as required for defined benefit plans. Such calculations consider both the pensions and the vested benefits known at the reporting date and expected future increases in salaries and pensions. The interest rate used for determining the present value of the obligations is based on the yields on high quality fixed-interest bearing corporate bonds in the relevant currency zone. The income from plan assets and expenses is derived from the accrued interest on the obligations recognised in the financial result. Service costs are classified as personnel costs. Past service costs resulting from a change in the pension plan are recognised in the consolidated statement of comprehensive income in the period of the change. Gains and losses resulting from adjustments and changes in actuarial assumptions are recognised in other comprehensive income and cumulated in equity in the period in which they arise.

Actuarial gains and losses are reported in the consolidated statement of other comprehensive income. The interest expense from discounting pensions is reported in net finance costs.

Defined contribution plans exist in the form of retirement, disability and survivors' benefits, which is based on length of service and salary. The employer's contributions to the statutory pension insurance to be paid in Germany are defined as defined contribution plans. Payments to defined contribution plans in the Group relate to contributions to statutory pension insurance in Germany. Payments for defined contribution pension plans are expensed as incurred.

I.3.16 Revenue recognition

Revenue is recognised based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Revenue is recognised when the customer acquires control of the goods or services. The customer obtains control when the goods and products are delivered or accepted. Revenue from service transactions is only recognised when it is sufficiently probable that the economic benefits associated with the transaction will be remitted to the Group. Service revenue is recognised in the accounting period in which the services in question are rendered, thereby giving the customer the benefit from the completion of the service. An additional requirement to recognise revenue is that a contract with enforceable rights and obligations exists and that, among others, the receipt of consideration is probable – depending on the creditworthiness of the customers. The revenue corresponds to the transaction price that Tempton Group is presumably entitled to receive. If a contract includes several separable goods or services, the transaction price is allocated to the performance obligations of each separate goods or services based on its selling price. Revenue for each service obligation is realised at a point in time or over time.

Revenue generated by the Personnel Services unit

In accordance with IFRS 15, revenue from the Tempton Personnel Services business unit is recognised over time corresponding to the amount of time services are rendered. The basis for services revenue is the hourly rate agreed upon with the customer and the time worked (e.g. hours worked) disclosed on the activity report. Services rendered are invoiced to the customer on a daily or monthly basis. In general, the Personnel Services business unit does not have any contract assets or contract liabilities.

Revenue generated by the Outsourcing unit

In accordance with IFRS 15, revenue from the Tempton Outsourcing business unit is recognised over time corresponding to time worked, which is calculated with the agreed amount per deliverables engagement. The basis for the agreed services regulations is the customer's assignment and performance journal. In general, Tempton will invoice for services generated by the Outsourcing unit on a weekly or monthly basis. As a result, the Outsourcing business unit does not generate any contract assets or contract liabilities.

Revenue generated by the Next Level unit

The Next Level business unit offers human resources consulting, temporary experts / freelancers, engineering and planning services and C-level services. In accordance with IFRS 15, revenue from the Next Level business unit is recognised – except for human resources consulting – over time corresponding to time spent. The basis for determining services rendered is the hourly rate agreed to with the customer and time spent (e.g. hours worked) disclosed in the activity report. Services and other performance obligations rendered are invoiced to the customer on a weekly or monthly basis. Human resources consulting includes recruitment services. The basis for recognising revenue from the human resources consulting business unit are the service contracts executed with the customer. The contracts stipulate that Next Level is entitled to a one time-fee once there is an executed employment contract between the candidate presented and the customer. The agreed fee is recognised as revenue at this point in time. Based on these revenue models, the Next Level business unit does not have any contract assets or liabilities. Contract assets represent Tempton Next Level's claim to consideration from customer contracts. If a contract asset for a project exceeds the customer advances received, it is recognised as a contract asset. Vice versa, amounts are reported under the item contract liabilities.

Revenue in the Technology business unit

In accordance with IFRS 15, revenue from the Tempton Technology business unit is recognised over time since the customers always have control of the assets created or improved. Realisation occurs on the basis of master agreements. The transaction price is allocated to separate performance obligations on the basis of cost estimates. Tempton Technology uses the value of a contract agreed upon with the principal for determining the transaction project price.

Revenue from these projects is recognised over time using the input-oriented method on the basis of work performed to date. The work performed and the corresponding revenues are calculated at the contract level. The time incurred as a percentage of the total project is the best indicator of budget overruns or deviations due to unforeseen circumstances. Work performed will be determined by the system permanently.

Contract assets represent Tempton Technology's claim to consideration from customer contracts. If a contract asset for a project exceeds the customer advances received, it is recognised as a contract asset. Vice versa, amounts are reported under the item contract liabilities.

Payments for Tempton Technology projects are made in accordance with completed performance obligations based on invoices issued.

If it is likely that the cost will exceed the recoverable amount, a provision for onerous contracts is recognised in accordance with IAS 37. This is analysed on a case-by-case basis to recognise the amount required for settling the present obligation under contract. In such cases, impairment is recognised up to the amount of the contract asset or – if the contract asset is exceeded – a provision for onerous contracts is recognised in short-term provisions.

Inventories not yet used in the project but already available are reported separately under inventories. Work completed and invoiced is recognised under trade receivables.

Incremental work in connection with such projects is work that cannot be charged under existing contractual agreements and whose chargeability or acknowledgement has yet to be agreed upon with the principal. While the costs are recognised in profit or loss when incurred, the revenue from incremental work is recognised after the principal's written acknowledgement or if payment for incremental work has been received.

I.3.17 Government grants

Government grants related to assets are deducted from the carrying amount when there is reasonable assurance that

- Tempton will comply with the conditions attaching to them and
- The grants will be received

They are recognized in profit or loss over the life of the depreciable asset as a reduced depreciation expense. If the Group becomes entitled to a grant subsequently, the amount of the grant attributable to prior periods is recognized in profit of loss.

Government grants related to income, i.e. that compensate the Group for expenses incurred, are recognised in profit or loss for the period in which the expenses to be compensated by the grants are also recognized.

I.3.18 Taxes

Current income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount of the tax refund expected to be received from the tax authorities or from the tax payment expected to be made to the tax authorities. The calculation is based on tax rates and tax laws applicable for the entities at the end of the reporting period.

Deferred taxes

In accordance with IAS 12, deferred taxes are recognised for tax loss carryforwards and for temporary differences using the liability method as of the reporting date between the carrying amount of an asset or liability in the consolidated statement of financial position and its tax base. Deferred tax liabilities are recognised for all taxable temporary differences with the exception of deferred tax liabilities from the initial recognition of goodwill or of an asset or liability from a transaction that does not constitute a business combination and does not affect the accounting profit before taxes or the taxable profit as of the transaction date.

Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against which deductible temporary differences and unused tax loss carryforwards and tax credits can be utilised. Deferred tax assets are not recognised from deductible temporary differences due to the initial recognition of an asset or liability from a transaction that does not constitute a business combination and does not influence the accounting profit before taxes or the taxable profit as at the transaction date.

The carrying amount of deferred tax assets is tested at the end of each reporting period and reduced to the extent that it is no longer probable that a sufficient taxable result will be available against which the deferred tax asset can be partially utilised. Unrecognised deferred tax assets are tested at the end of each reporting period and recognised to the extent that it is probable that a taxable result in the future will allow deferred tax assets to be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which an asset is realised or a liability is settled. This is based on the tax rates and tax laws for the entities applicable at the end of the reporting period. Future changes in the tax rates must be considered at the end of the reporting period if the material conditions for validity in a legislative process have been fulfilled.

Deferred taxes are reported as tax income or expense in the consolidated statement of comprehensive income unless they relate to items reported directly in equity, in which case such deferred taxes are reported in other comprehensive income and cumulated in equity. Deferred taxes and tax liabilities are offset against each other if the Group has a legally enforceable right to set off tax assets against tax liabilities and if they relate to income taxes of the same taxable entity levied by the same tax authorities.

I.3.19 Contingent liabilities and contingent assets

Contingent liabilities are either potential obligations that could lead to an outflow of resources but whose existence will be determined by the occurrence or non-occurrence of one or more future events, or current obligations that do not fulfil the criteria for being recognised as a liability. They are disclosed separately in the notes unless the probability of an outflow of resources embodying economic benefits is low. In the current year, contingent liabilities comprise of guarantees and other commitments.

In the context of business combinations, contingent liabilities are recognised in accordance with IFRS 3.23 if their fair value can be reliably determined. Contingent assets are not reported in the consolidated financial statements and are disclosed in the notes when receipt of economic benefits is probable.

I.4. Material judgements, estimates and assumptions

During the preparation of the consolidated financial statements in accordance with IFRS, estimates and assumptions are established. These influence the amounts recognised in assets, liabilities, and financial obligations as of the reporting date and the amounts reported in expenses and income. The actual amounts can differ from such estimates.

Below we explain future assumptions and other key sources of estimation uncertainty at the end of the reporting period resulting in a considerable risk that a major adjustment to the carrying amounts of assets and liabilities may be required during a subsequent financial year.

Impairment of non-financial assets

The Group determines whether there are any indications of non-financial assets that require impairment at the end of each reporting period. Goodwill is tested for impairment at least once a year. Other non-financial assets are tested for impairment when indications exist that the carrying amount is higher than the recoverable amount. To calculate the value in use, management estimates the expected future cash flows of the asset or of the cash-generating unit and selects an appropriate discount rate for determining the present value of such cash flows.

Pension obligations

Obligations from defined benefit plans post-employment are determined using actuarial calculations. The actuarial calculation is based on assumptions regarding discount rates, mortality, and future salary and pension increases. Due to the long-term nature of these assumptions such estimates are subject to significant uncertainty.

Provisions

Provisions are recognised and measured based on an assessment of the probability of future outflow of benefits using data from past experience and circumstances known at the end of the reporting period. The actual obligation can differ from the amounts recognised as provisions.

Deferred tax assets

Deferred tax assets are recognised for all unused tax loss carryforwards and for temporary differences to the extent that it is probable that taxable income will be realised, i.e., the loss carryforwards can actually be used. To calculate deferred tax assets, management makes judgements regarding expected timing and amount of future taxable income and future tax planning strategies. The planning period considered for the probability assessment is determined by the circumstances at the respective member entity of the Group and is generally between one and five years.

Revenue from contracts with customers

The personnel services business unit is the core segment of Tempton Group and accounts for approximately 90 % of Tempton's sales. Revenue generated by personnel services is recognised over time. Significant judgements and allocations are limited due to minimum monthly invoicing of services rendered.

Tempton Technology recognises transaction in accordance with construction contracts over time, for which revenue is recognised on the percentage of completion method requiring estimations for percentages of specific stages of completion. Depending on the assumption applied in determining the percentage of completion, the material estimates comprise the total contract costs, the costs to be incurred until completion, the total contract revenue, the contract risks, and other judgements. The estimates are continuously reviewed by the company's management and adjusted as necessary.

Leasing

Lease accounting involves significant judgements in accordance with IFRS 16 related to real estate leasing agreements, extension options at the end of a base term (including subsequent automatically extending rental periods), which were not included in measuring the leasing liability. Judgement is required as exercising of these options is not reasonably certain. Tempton Group could replace these assets without any significant costs or disruption in operations. After utilisation begins, the probability of exercising such an option would only then be reassessed if a significant event or a significant change in the circumstances occurs that would have an effect on the original assumptions and if such events or changes occurred under the control of the lessee. The Group reassesses the term of the leasing relationship when an option is to be exercised or if the Group had the obligation to evaluate an option to exercise.

For further explanations concerning leasing, refer to the explanations in Note I.3.6 and Note II.14.

II. Notes to the consolidated statement of financial position

II.1. Cash and cash equivalents

Cash and cash equivalents amounted to € 28,899 thousand in 2022 (previous year: € 31,836 thousand) and is comprised of cash in banks and cash on hand for both years. Cash and cash equivalents were classified to the item amortised cost.

II.2. Trade receivables

The carrying amounts of trade and other receivables as of 31 December were determined as follows:

thousands of €	**2022**	**2021**
Trade receivables	39,209	33,312
Less specific valuation allowances	-61	-20
Less expected credit losses	-61	-17
Total	**39,087**	**33,275**

II.2.1 Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recorded at amortised cost except those under a factoring arrangement that have not been sold at the balance sheet date. They are generally due in the short term and are classified as current assets. Trade receivables are initially recognised at the amount of unconditional consideration, as they do not contain significant financing components. The Group holds trade receivables to collect contractual cash flows, and subsequently remeasures amounts to amortised cost using the effective interest method. Trade receivables under a factoring arrangement that have not been sold at the balance sheet date are measured at fair value through other comprehensive income. Details about the Group's impairment policies and the calculation of the loss allowance are disclosed in Note I.3.8.

II.2.2 Income from incoming payments received

In 2022, Tempton received payments for receivables previously written off in an amount of € 27 thousand (previous year: € 44 thousand).

II.2.3 Factoring

For selected customers a portion of the trade receivables were sold as part of a revolving factoring agreement. Tempton Group is solely liable for the legal existence of the receivables sold. The factor bears the risk of the debtor defaulting on the receivables purchased and the line of factoring is limited to a revolving amount of € 7,500 thousand (previous year: € 7,500 thousand). Over the entire year 2022, the volume of pre-financing amounted to € 35,063 thousand (previous year: € 33,774 thousand). As of 31 December 2022, € 3,389 thousand (previous year: € 3,134 thousand) were sold to the factoring company and derecognised. The remaining purchase price was recognised in other financial assets and was due upon receipt of payment, or at the latest upon occurrence of a case of del credere. Trade receivables in an amount of € 2,448 thousand (previous year: € 1,846 thousand) were under a factoring arrangement but not sold at balance sheet date. Those receivables have been valued at fair value.

II.2.4 Fair value of trade receivables

Current receivables are short term in nature and the carrying amounts are considered to be materially consistent with their fair value.

II.3. Contract assets and contract liabilities

The Tempton Group recognised the following assets and liabilities as of 31 December related to contracts with customers:

thousands of €	**2022**	**2021**
Current contract assets	1,509	1,432
Loss allowance	-1	-1
Total contract assets	**1,508**	**1,431**
Total contract liabilities	**447**	**342**

No costs for initiating or fulfilling contracts were recognised as separate assets in the current year (previous year: none). The Group also recognised a loss allowance for contract assets in accordance with IFRS 9. Refer to Note I.3.12 for further information.
increased due to. Contract liabilities for contracts settled increased due to higher prepayments.

II.4. Current income tax receivables

Current income tax receivables as of 31 December are presented as follows:

thousands of €	2022	2021
Corporate income tax	625	311
Trade tax	611	333
Total	**1,236**	**644**

II.5. Other financial assets

Other financial assets as of 31 December are presented as follows:

thousands of €	2022		2021	
	Total	Of which current	Total	Of which current
Fixed-income securities	2,406	0	0	0
Rent security deposits	1,561	290	1,441	183
Claims arising from re-insurance poilicies	1,023	0	1,084	0
Security retention in the course of factoring	494	494	436	436
Claims arising from working time accounts	160	160	160	160
Receivables against Federal Employment Agencies due to short-time work	7	7	7	7
Suppliers with debit balances	131	131	75	75
Insurance reimbursements	27	27	2	2
Call option additional bond	557	557	557	557
Others	136	132	118	118
Total	**6,502**	**1,798**	**3,880**	**1,539**

In line with the previous year, the Group has not impaired any receivables in the current year.

As of the reporting date, there were no indications that the debtor of the other assets would not be able to meet their payment obligations.

Current receivables contained advance payments amounting to € 0 thousand (previous year: € 0 thousand).

II.6. Inventories

thousands of €	2022	2021
Raw materials and supplies	650	685
Work in progress	0	89
Total	**650**	**774**

In 2022, impairments for inventories amounted to € 54 thousand (previous year: € 0 thousand).

II.6.1 Allocating costs to inventories

Raw materials and supplies are valued using the weighted average cost method.

II.6.2 Amounts recognised in profit or loss

Inventories expensed during the 2022 reporting year amounted to € 1,274 thousand (previous year: € 1,496 thousand). These were included in the cost of raw materials and supplies.
Inventories written down to the net realizable value amounting to € 10 thousand (previous year: € 0 thousand).

II.7. Other current assets

Other current assets maturing within one year are presented as follows:

thousands of €	2022	2021
Claims for compensation for loss of earnings due to quarantine	2,009	722
Partial purchase price restitution	305	546
VAT receivables	404	340
Claims arising from short-time working allowance	241	303
Prepaid expenses	410	252
Others	0	51
Total	**3,369**	**2,214**

II.8. Other intangible assets

Refer to the statement of changes in non-current assets for information on the development of other intangible assets.

thousands of €	Concessions, industrial property rights and similar rights	Tempton App	Customer base	Customer contracts	Total
Cost					
At 1 January 2021	587	2,383	3,096	489	6,555
Additions	27	1,307	1,049	182	2,565
Disposals	-145	0	0	0	-145
Reclassifications	0	0	0	0	0
At 31 December 2021	469	3,690	4,145	671	8,975
Additions	230	1,478	0	0	1,708
Disposals	-23	0	0	0	-23
Reclassifications	0	0	0	0	0
At 31 December 2022	676	5,168	4,145	671	10,660
Accumulated amortization and impairment losses					
At 1 January 2021	-489	-899	-676	-412	-2,476
Additions (amortization)	-64	-1046	-786	-259	-2,155
Disposals	145	0	0	0	145
Reclassifications	0	0	0	0	0
At 31 December 2021	-409	-1,945	-1,462	-671	-4,487
Additions (amortization)	-93	-879	-829	0	-1,801
Disposals	23	0	0	0	23
Reclassifications	0	0	0	0	0
At 31 December 2022	-479	-2,824	-2,291	-671	-6,265
Net carrying amounts					
At 31 December 2021	60	1,745	2,683	0	4,488
At 31 December 2022	197	2,344	1,854	0	4,395

As of 31 December 2022, no material commitments existed for acquiring any intangible assets (previous year: € 0 thousand). In 2022 and 2021, additions in other intangible assets were acquired separately and there were no expenditures for research and development.
In 2022 and 2021, there were no impairment losses recognised or reversed in profit or loss.

II.8.1 Amortisation methods and useful lives

The Group amortises intangible assets with limited useful lives over the straight-line method over the following periods:

- Patents, trademarks, and licences 3 to 5 years
- IT development and software 3 to 7 years
- Customer contracts and relationships 1 to 5 years

For the Group's impairment policy, refer to Note I.3.3 Intangible assets for the other accounting policies related to intangible assets and to Note I.3.8 Impairment of non-financial assets (including goodwill). Amortisation is included in the statement of profit or loss in "Depreciation and amortisation".

II.8.2 Customer contracts and relationships

Customer contracts were acquired from insolvent personnel service providers in 2021. They were recognised at their fair values at the date of acquisition and were subsequently amortized on a straight-line basis over the estimated useful life of the contracts' projected cash flows.

II.8.3 Significant estimates: useful lives of Tempton APP intangible assets

Tempton has been continuously developing the Tempton APP application under a work contract framework. As of 31 December 2022, the carrying amount of this software was € 2,344 thousand (previous year: € 1,745 thousand). The Group estimates the useful life of the APP software to be at least seven years in line with expected technical obsolescence of such assets. In 2022, due to the review of the useful life of the Tempton APP the expected useful life of the Tempton APP was increased to seven years from five years, because the pattern of the future economic benefits shows a longer flow to Tempton. If the useful life had remained at 5 years, the amortization would have been € 1,933 thousand instead of € 879 thousand. However, the actual useful life may be shorter or longer than seven years, depending on technical innovations and competitor actions. If the useful life were five years, the carrying amount would be € 1,289 thousand as of

31 December 2022. If the useful life were nine years, the carrying amount would be € 3,450 thousand.

II.9. Goodwill

Goodwill amounts to € 10,646 thousand (previous year: € 10,646 thousand) and is fully attributable to personnel services business unit as of 31 December 2022.

II.9.1 Impairment test for goodwill

Goodwill is monitored by management at the operating segment personnel services level. In accordance with IAS 36, goodwill must be tested for impairment on an annual basis. The value of a cash-generating unit is compared to its carrying amount. For the cash-generating unit personnel services, the recoverable amounts determined as of 31 December 2022 and 2021 were estimated to be higher than their carrying values. Thus, no impairment losses have been recognised.
The table below provides an overview of the key factors to determine the recoverable amount of the cash-generating personnel services using the discounted cash flow model. The assumptions presented below were completed for the purpose of the annual impairment test and are very conservative compared with the company's business plan. Impairment risks for goodwill did not arise due to the significant excess of recoverable amount over carrying amount. The forecasts for the annual impairment test were based on past experience, current operating results, external market assumptions and management's assessment of future developments. The development of revenue and the EBIT-margin were based on planning employee capacities calculated in hours and related hourly rates. The long-term growth rate is the average growth rate used to estimate cash flows beyond the budget period. The rates are consistent with long-term inflation expectations. The pre-tax discount rate reflects specific risks relating to the relevant segment.

	2022	2021
Carrying amount Goodwill (thousands of €)	10,646	10,646
Impairment (thousands of €)	0	0
Detailed planning period years	5	5
Annual revenue growth rate (in %)	3.5	1.5
Long term growth rate (in %)	1.5	1.5
EBITDA-Margin (in %)	5.6	5.6
Pre-tax discount rate (in %)	17.05	14.86
Level allocation of input parameters	Level 3	Level 3

Changes in the calculation parameters used for impairment testing may influence the fair values of cash-generating units. A sensitivity analysis was performed for the various cash-generating units with allocated goodwill by applying a 2 percentage points higher discount rate, a decrease in the growth rate of 2 percentage points and a decrease in EBITDA-Margin of 2 percentage points. The result of the sensitivity analysis has not indicated any required impairment losses for 2022 and 2021. The 2022 and 2021 impairment analysis have shown a significant excess of recoverable amount over carrying amount of goodwill.

II.10. Property, plant and equipment

The statement of changes in property, plant and equipment is presented as follows:

thousands of €	Land and buildings	Technical equipment and machinery	Other equipment, operationg and office equipment	Total
Cost				
At 1 January 2021	4,635	250	8,859	13,744
Additions	284	0	1,756	2,040
Disposals	-64	0	-551	-615
Reclassifications	0	0	0	0
At 31 December 2021	4,855	250	10,064	15,169
Additions	306	0	1,892	2,198
Disposals	-13	0	-759	-772
Reclassifications	5	0	50	55
At 31 December 2022	5,154	250	11,246	16,650
Accumulated amortization and impairment losses				
At 1 January 2021	-587	-196	-4,242	-5,025
Additions (amortization)	-172	-8	-1,401	-1,580
Disposals	32	0	538	570
Reclassifications	0	0	0	0
At 31 December 2021	-727	-204	-5,105	-6,036
Additions (amortization)	-179	-5	-1,540	-1,725
Disposals	7	0	757	765
Reclassifications	-5	0	-50	-55
At 31 December 2022	-904	-209	-5,938	-7,051
Net carrying amounts				
At 31 December 2021	4,128	46	4,959	9,133
At 31 December 2022	4,250	41	5,308	9,599

As of 31 December 2022, no material commitments exist for acquiring intangible assets (previous year: € 0 thousand). In 2022 and 2021, there were no impairment losses recognised or reversed in profit or loss.

II.10.1 Non-current assets pledged recognition

Information on non-current assets pledged as collateral by the Group are disclosed in Note II.13.1 and Note II.13.6.

II.10.2 Borrowing costs

The Group recognised borrowing costs relating to qualified assets in the amount of € 0 thousand for the 2021 reporting year and € 0 thousand for the 2022 reporting year. These capitalised borrowing costs were attributed to construction measures for the headquarters in Essen.

II.10.3 Depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less cumulated depreciation. Depreciation was calculated using the straight-line depreciation method to allocate the acquisition cost or remeasured values of the assets, net of their residual values, over their estimated useful lives as follows:

- Buildings: 50 years
- Technical equipment, machinery and other equipment: 1 to 21 years

II.11. Right-of-use assets

II.11.1 Amounts recognised in the statement of financial position

Right-of-use assets capitalised in each asset class as of 31 December 2022 and 2021 is presented as follows:

thousands of €	**2022**	**2021**
Branch office buildings	3,886	4,340
Vehicles	3,661	2,779
Total	**7,547**	**7,119**

Additions to the right-of-use assets amounted to € 6,140 thousand in the 2022 financial year (previous year: € 6,168 thousand).

II.11.2 Amounts recognised in the statement of profit or loss

Depreciation on right-of- use assets in the 2022 and 2021 financial years are presented as follows:

thousands of €	**2022**	**2021**
Branch office buildings	3,501	2,987
Vehicles	2,211	2,167
Total	**5,712**	**5,154**

In 2022 and 2021, there were no impairment losses or reversals recognised in profit or loss.

Furthermore, the statement of profit or loss includes the following amounts related to leases:

thousands of €	**2022**	**2021**
Interest expense (included in finance cost)	68	56
Expense relating to short-term leases liabilities (included in other operating expenses)	453	533
Expense relating to leases of low-value assets that are not shown above as short-term leases liabilities (included in other operating expenses)	70	90
Expenses relating to variable lease payments not included in lease liabilities (included in other operating expenses)	120	130

II.12. Deferred taxes

Deferred tax assets and liabilities from temporary differences as of 31 December 2022 and 2021 are presented as follows:

thousands of €	**2022**	**2021**
Deferred tax assets	1,843	4,119
Deferred tax liabilities	561	478

II.12.1 Deferred tax assets

The statement of financial position is comprised of temporary differences attributable to:

thousands of €	**2022**	**2021**
Pension provisions	305	578
Other intangible assets	648	491
Provisions	24	47
Tax losses	866	3,003
Others	0	0
Total deferred tax assets	**1,843**	**4,119**
Offset of deferred tax liabilities due to offset provisions	0	0
Net deferred tax assets	**1,843**	**4,119**

As of 31 December 2022, deferred tax assets include € 866 thousand (previous year: € 3,003 thousand) related to corporate income tax loss carryforwards of € 4,612 thousand (previous year: € 11,148 thousand) and a trade tax loss carryforwards of € 891 thousand (previous year: € 8,111 thousand). These tax loss carryforwards result from several restructuring measures in 2017. In 2020, the Group concluded that deferred assets are going to be recovered by estimating future taxable income using the business plans and budgets approved by Tempton. The losses may be carried forward indefinitely and do not have an expiration date.

As of 31 December 2022, the Group had corporate tax loss carryforwards amounting to € 5,915 thousand (previous year: € 11,162 thousand). No deferred tax claim were made for corporate tax loss carryforwards of € 1,303 thousand (previous year: € 14 thousand). As of 31 December 2022, trade tax loss carryforwards amounted to € 2,194 thousand (previous year: € 8,161 thousand). No deferred tax claim were made for trade tax loss carryforwards of € 1,303 thousand (previous year: € 50 thousand). Deferred tax asset are not recognised for tax loss carryforwards if the planning calculation does not indicate that the tax loss carryforwards can be offset against taxable profits in the foreseeable future or if there is no operating business. Under the existing legal situation, tax loss amounts can be carried forward indefinitely, provided they are not utilised.

Refer to Note I.3.17 and Note I.4 for information on recognising tax losses and related significant judgements.

II.12.2 Movements of deferred tax assets

The movements of the deferred tax assets in 2022 and 2021 were as follows:

thousands of €	Provisions for pensions	Other	Total
At 1 January 2021	**687**	**6,256**	**6,943**
Charged to profit or loss	-24	-2,715	-2,739
Charged to other comprehensive income	-85	0	-85
At 31 December 2021	**578**	**3,541**	**4,119**
Charged to profit or loss	0	-2,003	-2,003
Charged to other comprehensive income	-273	0	-273
At 31 December 2022	**305**	**1,538**	**1,843**

II.12.3 Deferred tax liabilities

The statement of financial position showed temporary differences attributable to:

thousands of €	2022	2021
Temporary differences from:		
Long-term borrowings	242	272
Property, plant and equipment	50	51
Loss allowance for trade receivables and contract assets	7	15
Plan Assets	44	0
Contract Assets	218	140
Total deferred tax liabilities	**561**	**478**
Offset of deferred tax liabilities due to offset provisions	0	0
Net deferred tax liabilities	**561**	**478**

II.12.4 Movements of deferred tax liabilities

The movements of the deferred tax liabilities were recognised in profit and loss in 2022 and 2021.

II.13. Financial Liabilities

As of 31 December 2022, financial liabilities are as follows:

thousands of €	Current	Non-current	Total
Secured			
Nordic bond	175	24,779	24,954
Total secured borrowings	**175**	**24,779**	**24,954**

As of 31 December 2021, financial liabilities are as follows:

thousands of €	Current	Non-current	Total
Secured			
Nordic bond	175	24,721	24,896
Convertible note	0	2,075	2,075
Total secured borrowings	**175**	**26,796**	**26,971**

II.13.1 Collateralised liabilities and assets pledged as security

On 9 November 2021, Tempton Personaldienstleistungen GmbH issued EUR 25,000,000 senior secured bond which bears interest at a fixed rate of 4.75 % p.a. and matures on 9 November 2026. The obligations of Tempton Personaldienstleistungen GmbH under the bond are guaranteed on a senior basis by the Company, Tempton Next Level Experts GmbH and Tempton Technik GmbH. In addition, in accordance with the terms of the bond, the obligations under the bond are secured by a first-priority security assignment by each of the Companies: Tempton Personaldienstleistungen GmbH, Tempton Next Level Experts GmbH and Tempton Technik GmbH of (i) all its account receivables (other than any receivables being subject to non-recourse factoring), (ii) any claims for re-assignment of account receivables against any factoring company and/or any other claims or receivable against a factoring company which have been assigned to the relevant factoring company for security purposes, and (iii) up until in connection with an initial public offering, claims under current and future intercompany loans granted by it.

The issuance made on 9 November 2021 has refinanced and replaced the € 30,000,000 senior secured bond at an interest rate of 6 % issued by Tempton Personaldienstleistungen GmbH on 9

October 2019. This obligation was guaranteed on a senior basis by Tempton Group GmbH, Tempton Next Level Experts GmbH, Tempton Outsourcing GmbH and Tempton Technik GmbH.
In addition, the obligations under this bond were secured by a first-priority security assignment by each of the Companies: Tempton Personaldienstleistungen GmbH, Tempton Holding GmbH, Tempton Industrial Solutions GmbH and Tempton Outsourcing GmbH of (i) assignment of claims of reassignment of accounts receivables against factoring providers, (ii) security over current and future intercompany loans, (iii) assignment of account receivables (other than any receivables subject to non-recourse factoring) and of (iV) bank accounts . Moreover, the Nordic Bond was secured by pledges over the shares held by Tempton Group GmbH in Tempton Personaldienstleistungen GmbH, Tempton Next Level Experts GmbH, Tempton Holding GmbH, Tempton Technik GmbH and Tempton Outsourcing GmbH.

II.13.2 Compliance with loan covenants

In year 2022 and 2021, Tempton Group was not subject to financial covenants compliance requirements.

II.13.3 Convertible note

Tempton Group GmbH issued a 8,500 convertible note at 5.0 % for € 1,750 thousand on 19 September 2017. The note was convertible into ordinary shares of the entity, at the option of the holder, or repayable by 30 September 2022. The holder converted the note into ordinary shares on 29 April 2022.
The reconciliation to the carrying amounts is as follows:

in TEUR	**Total**
Face value of notes issued	1.750
Equity value of conversion rights	-176
Carrying Amount as of 19 September 2017	**1.574**
Interest expense (2017-2021)	559
Contribution to capital reserves	-2.133
Interest paid	0
Long-term convertible notes as of 31 December 2022	**0**

The initial fair value of the liability portion of the note was determined using a market interest rate for an equivalent non-convertible bond at the issuance date. The liability was subsequently recognised at amortised cost until extinguished on conversion. The remaining proceeds were allocated to the conversion option and recognised in capital reserve, net of income tax, and not subsequently remeasured. The interest expense is calculated using the effective interest rate of 6.7 % to the liability component. As of 31 December 2021, cumulative interest expense was € 501 thousand and carrying amount was € 2,075 thousand.

II.13.4 Fair value

For the majority of the financial liabilities, the fair values were not materially different from their carrying amounts since the interest payables on those borrowings were either close to current market rates or the borrowings were short-term in nature. Material differences were only identified for the following borrowings:

thousands of €	2022		2021	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Nordic bond	24,954	23,175	24,896	25,550
Convertible notes	0	0	2,075	2,187

The Nordic Bond quoted prices in a liquid market are available at the reporting date (Level 1 measurement). For the convertible note quoted prices on liquid markets were not available at the reporting date 2021, but the instrument was measured using other inputs that were observable on the market at the reporting date 2021, consequently a Level 2 measurement was applied.

II.13.5 Risk exposures

Details of the Group's objectives and methods of financial risk management and capital management are explained in Note IV.4.

II.13.6 Maturities

As of 31 December 2022, lliabilities based on carrying amounts mature as follows:

thousands of € 2022	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
Trade payables	3,100	0	0	3,100
Current income tax liabilities	2,132	0	0	2,132
Provisions	19,867	225	0	20,092
Other financial liabilities	11,358	0	0	11,358
Other liabilities	10,012	0	0	10,012
Contract liabilities	447	0	0	447
Lease liabilities	3,412	4,034	0	7,446
Nordic bond	175	24,779	0	24,954
As of 31 December 2022	**50,503**	**29,037**	**0**	**79,540**

As of 31 December 2021, lliabilities based on carrying amounts mature as follows:

thousands of € 2021	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
Trade payables	2,796	0	0	2,796
Current income tax liabilities	1,976	0	0	1,976
Provisions	17,751	191	0	17,942
Other financial liabilities	10,465	0	0	10,465
Other liabilities	9,831	0	0	9,831
Contract liabilities	342	0	0	342
Lease liabilities	3,178	3,452	0	6,630
Nordic bond	175	24,721	0	24,896
Convertible notes	0	2,075	0	2,075
As of 31 December 2021	**46,514**	**30,439**	**0**	**76,953**

In 2022, interest bearing-liabilities were the Nordic Bond and the Convertible note (up to its conversion) with fixed interest rates ranging between 4.75 % p.a. and 6.0 % p.a. (previous year ranging from 4.75 % p.a. and 6.0 % p.a.). The weighted average interest rate for 2022 was 4,75 % p.a. (previous year: 5.77 % p.a.).

II.14. Lease liabilities

As of December 31, 2022 and 2021, total finance lease liabilities are presented as follows:

thousands of €	2022	2021
Branch office buildings	3,933	4,344
Vehicles	3,513	2,286
Total	**7,446**	**6,630**

As of December 31, 2022 and 2021, maturities of the total lease liabilities are presented as follows:

thousands of €	2022	2021
Short term	3,412	3,178
Long term	4,034	3,452
Total	**7,446**	**6,630**

Total cash disbursements for leases (including payments for short-term and low-value leases) amounted to € 5,864 thousand in the 2022 financial year (previous year: € 5,292 thousand).

II.15. Trade payables

Trade payables amount to € 3,100 thousand (previous year: € 2,796 thousand) and are usually paid within 30 days of recognition. The carrying amounts of trade payables were the same as their fair values due to their short-term nature. Customary reservations of ownership exist.

II.16. Current income tax liabilities

The breakdown for current income tax liabilities is as follows:

thousands of €	2022	2021
Corporate income tax	1,105	1,052
Trade tax	1,027	924
Total	**2,132**	**1,976**

II.17. Current and non-current provisions

Provisions were composed of the following changes:

thousands of €	Provisions for personnel costs	Provision for sale and procurement support	Miscellaneous other provisions	Total
As at 1 January 2021	**13,488**	**1,390**	**2,041**	**16,919**
Of which: current	13,488	1,390	1,797	16,675
Addition	12,947	2,359	2,085	17,391
Use	-13,302	-1,390	-1,595	-16,287
Reversal	-60	0	-21	-81
As at 31 December 2021	**13,073**	**2,359**	**2,511**	**17,942**
Of which: current	13,073	2,359	2,319	17,751
Addition	14,330	2,689	1,596	18,615
Use	-12,958	-2,359	-1,084	-16,401
Reversal	0	0	-64	-64
As at 31 December 2022	**14,445**	**2,689**	**2,959**	**20,092**
Of which: current	14,445	2,689	2,734	19,868

An outflow of economic resources for current provisions is expected in the subsequent year.

The provisions for personal costs, which include working-time account and vacation accrual, amounts to € 10,515 thousand (previous year: € 9,741 thousand), provisions for workers´ compensation of € 626 thousand (previous year: € 43 thousand) and other staff-related provisions of € 3,302 thousand (previous year: € 3,289 thousand).

II.18. Other current financial liabilities

Other current financial liabilities are presented as follows:

thousands of €	2022	2021
Short term		
Wages and salaries	10,667	9,960
Trade accounts receivable and receivables from suppliers with debit balances	677	488
Leasing-special payment still to be paid	0	0
Others	14	17
Total	**11,358**	**10,465**

II.19. Other liabilities

Other liabilities are presented as follows:

thousands of €	2022	2021
Short term		
VAT liabilities	5,305	5,841
Liabilities from wage and church taxes	3,779	3,233
Liabilities relating to social security	695	614
Others	232	143
Total	**10,011**	**9,831**

II.20. Provisions for pensions

II.20.1 Defined benefit plans

Tempton does not operate a defined benefit plan. However, resulting from the past, there are occasional defined benefit pension obligations. These occasional defined benefit pension obligations are subject to the same regulatory framework. All of the obligations are final salary pension plans, which provide benefits in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary. Pension payments are generally updated to account for inflation. A number of defined benefit pension obligations are partially funded by plan assets. There are also some unfunded obligations.

Provisions for pension obligations amounted to € 2,300 thousand (previous year: € 3,373 thousand). Tempton has plan assets for reinsurance policies that serve as the pension entitlements of a small number of former employees.

Pension obligations have changed as follows:

thousands of €	**2022**	**2021**
Benefit obligation (DBO) at the beginning of the year	**3,728**	**4,017**
Service costs	20	52
Interest costs	49	26
Benefits paid (act.)	-146	-94
Total	**3,652**	**4,001**
Actuarial gain/(loss)	-850	-273
Benefit obligation (DBO) disclosed at the end of the year	**2,801**	**3,728**

The fair value of plan assets underlying the pension obligations changed as follows:

thousands of €	**2022**	**2021**
Fair value of plan assets as of 1 January	**355**	**347**
Interest income	145	13
Employer contributions	3	3
Employee contributions	0	0
Benefits paid from plan assets in connection with settlements	-9	-10
Other benefits paid from plan assets	0	0
Actuarial gain/(loss)	7	2
Fair value of plan assets as of 31 December	**501**	**355**

The amount of the pension provisions recognised as of the reporting date were as follows:

thousands of €	**2022**	**2021**
Benefit obligation (DBO)	2,801	3,728
Fair value of plan assets	501	355
Net obligation	**2,300**	**3,373**

The following actuarial assumptions were applied:

	2022	**2021**
Actuarial interest rate	3,7% - 4,25%	0,9% - 1,56%
Salary trend	0%	0%
Pension trend	2.50%	1.50%

The expenses and income recognised in profit and loss were as follows:

thousands of €	2022	2021
Addition to provisions (service costs)	20	52
Addition to provisions (interest costs)	49	26
Total	**69**	**78**

The following benefits are expected to be paid in subsequent years based on existing pension obligations:

thousands of €	2022	2021
In the next 12 months	109	234
Between 2 and 5 years	614	600
Between 6 and 10 years	802	772
After 10 years	2,798	2,892
Total expected payments	**4,322**	**4,498**

The expected pension payments from the occasional pension obligations for 2022 amounts to € 109 thousand (previous year: € 234 thousand). The expected contributions to plan assets for 2022 amounts to € 3 thousand (previous year: € 3 thousand).
A sensitivity analysis was performed to evaluate the impact on total pension obligation based on the following assumption changes:

Parameter	Parameter change	Impact on the pension obligation (thousands of €)
Rate of interest	increase by 50 basis points	-1,085
Rate of interest	decrease by 50 basis points	-752
Pension trend	increase by 50 basis points	-772
Pension trend	decrease by 50 basis points	-1,019

The impact of the sensitivity analysis were calculated using the same method for measuring the pension provision on the statement of financial position. The sensitivity analysis was based on the change in the assumptions noted above while all other assumptions remained constant. There could be a correlation between changes in some assumptions.

II.20.2 Defined contribution plans

Amounts recognised as expenses for defined contribution plans are € 21,411 thousand and € 19,160 thousand in fiscal 2022 and 2021, respectively. Payments to defined contribution plans in the Group relate to contributions to statutory pension insurance in Germany.

II.21. Shareholders' Equity

Refer to the statement of changes in consolidated equity for information on the development of equity.

II.21.1 Share capital

In 2022 and 221, Tempton Group’s fully paid-in share capital of € 25 thousand comprised of 25,000 shares.

II.21.2 Treasury Shares

The amount of share capital assigned to treasury shares was € 8,5 thousand as of 31 December 2021. This equates to 34 % of share capital. 8,500 treasury shares were held as of 31 December 2021. The lenders conversion privilege includes 8,500 treasury shares of Tempton Group GmbH. This conversion was exercised on 29 April 2022.
No treasury shares were acquired in the reporting period 2022 and 2021.

II.21.3 Capital reserves

The capital reserve includes adjustments from premiums, the amount allocated to the equity component for convertible note issued by the Group in September 2017 and converted into capital reserves on 29 April 2022 (refer to Note II.13.3) in the amount of 2,634.

II.21.4 Retained Earnings

Retained earnings contain the net profit for the year and accumulated retained earnings from previous years and unappropriated earnings.

II.21.5 Accumulated other comprehensive income

Actuarial gains and losses from defined benefit pension plans are recognised in retained earnings. These changes are presented as follows:

thousands of €	
Status as of 1 January 2021	**-340**
Remeasurements of defined benefit obligations	275
Tax effects	-85
Status as of 31 December 2021	**-150**
Remeasurements of defined benefit obligations	850
Tax effects	-274
Status as of 31 December 2022	**426**

III. Notes to the statement of profit and loss

III.1. Revenue

Revenue amounts to € 352,480 thousand in the 2022 financial year (previous year: € 315,152 thousand).

III.1.1 Disaggregation of revenue from contracts with customers

The Group generated revenue from the transfer of services over time. The following table shows the revenue of the service lines including intercompany revenue:

thousands of €	**2022**	**2021**
Personnel services	317,618	279,992
Next Level	15,154	13,080
Technology	15,023	16,299
Outsourcing	5,226	4,517
Total	**353,021**	**313,888**

Further information on the segment's revenues and the reconciliation to the revenue of the group can be found in Note IV.2. There are no revenues from transactions with a single external customer amounting to 10 percent or more of the Group's revenues.
The Group is domiciled in Germany. Revenue with external customers are almost completely generated in Germany in the 2022 reporting period as well as in the 2021 reporting period.

III.1.2 Revenue recognised in relation to contract liabilities

Contract liabilities result from the "Technology" segment. The following table illustrates the revenue recognised in the current reporting period related to contract liabilities carried forward and related performance obligations that had been realised in a previous year:

thousands of €	**2022**	**2021**
Revenue recognised that was included in the contract liability balance at the beginning of the period	250	211
Revenue recognised from performance obligations satisfied in previous periods	0	0
Total	**250**	**211**

III.1.3 Unrealised total transaction price

The total transaction price attributable to performance obligations that have not been fulfilled at the end of the reporting year amounts to € 14,693 thousand (2021: € 10,420 thousand).
Management expects that 85 % (previous year: 90 %) of the transaction price allocated to unrealised performance obligations as of 31 December 2022 will be recognised as revenue during the subsequent reporting period (€ 12,489 thousand); (previous year: € 9,378 thousand). The remaining 15 % € 2,204 thousand (previous year: 10 % and € 1,042 thousand)) will be recognised in the 2024 financial year. The amounts disclosed above do not include variable consideration.
In general, all contracts are fulfilled in one year or less or are invoiced on a time-incurred basis. As permitted under IFRS 15, the transaction price allocated to these unrealised contracts was not disclosed.

III.2. Material profit or loss items

In 2022, the Group has identified expenses for the IPO planned for 2022 (€ 1,233 thousand) as material profit or loss items in other operating expenses material based on their nature and/or amounts.

In 2021, the Group has identified expenses for the early redemption of the original Nordic Bond (€ 870 thousand; for further explanations refer to Note III.7), as well as expenses from the compounding of the original bond (€ 690 thousand) as material based on their nature and/or amounts.
Furthermore, in 2021, the Group has identified a one-off effect resulting in a relief of € 5,488 thousand. This relief is due to a change in contribution collection procedure of the German Verwaltungs- und Berufsgenossenschaft (VBG) as the Group's statutory accident insurer.

III.3. Other operating income

thousands of €	2022	2021
Income from reversal of provisions	64	81
reversal of impairment	27	94
Income from insurance compensation	35	48
Income from other items	437	478
Total	**563**	**701**

III.4. Personnel costs

The following table shows the breakdown of personnel costs between internal and external employees:

thousands of €	2022	2021
Internal employees	42,876	38,857
External employees	247,877	212,302
Total	**290,753**	**251,159**

Personnel costs include expenses for social security contributions and expenses for social pensions in the amount of € 54,726 thousand (previous year: € 43,220 thousand).
Government grants related to income amounted to € 21 thousand (previous year: € 817 thousand) and were allocated to personnel costs.

III.5. Other operating expenses

thousands of €	2022	2021
Advertising expenses	7,019	4,368
Reimbursement of travel expenses (subsidies for accomodation, travel and meals) for external employees	5,481	5,172
Other vehicle expenses	3,532	2,556
Legal and consulting expenses	3,316	1,782
Office supplies, IT and telecommunication expenses	3,207	2,926
Energy expenses	1,164	954
Other personnel-related expenses	974	1,020
Miscellaneous operating expenses	928	889
Insurance expenses	902	851
Employers´ contribution	712	399
Short term and low value leasing agreements	523	623
Fees and contributions expenses	520	414
Postage expenses	494	491
Reimbursement of travel expenses for internal employees	455	323
Health services expenses	424	625
Cleaning expenses	413	383
Advisory expenses	384	360
Incidental bank charges	268	303
Bad debt and impairment expenses	151	215
Total	**30,867**	**24,654**

III.6. Interest and similar income

thousands of €	2022	2021
Return on plan assets	139	13
Other interest and similar income	60	65
Total	**199**	**78**

Interest income on financial assets are recognized at amortised cost and recorded as other income.

III.7. Interest expenses and similar expense

thousands of €	2022	2021
Nordic Bond	1,245	3,344
Convertible notes	67	130
Pension	49	26
Other interest and similar expenses	180	141
Total	**1,541**	**3,641**

Interest expenses for the Nordic Bond and Convertible notes include interest expenses calculated in accordance with the effective interest method. In 2021, interest expenses for the Nordic Bond also includes expenses for early redemption of the former Nordic Bond (€ 870 thousand; for further explanations refer to Note II.13.1), as well as expenses from the compounding of the former Nordic Bond (€ 690 thousand) within the scope of the effective interest method.

III.8. Income taxes

Details on deferred tax assets and liabilities are disclosed in Note II.12. Deferred taxes. Income tax rate attributed to the parent company was 32.63 % (previous year: 32.63 %).

III.8.1 Income tax expense

The composition of the income tax expense for the financial years 2022 and 2021 is as follows:

thousands of €	2022	2021
Corporate income tax	959	1,164
Trade tax	974	1,244
Deferred taxes	2,085	2,867
Total	**4,018**	**5,276**

The actual income tax expense is reduced due to the utilization of previously unrecognised tax losses in the amount of € 0 thousand (previous year: € 76 thousand).

III.8.2 Reconciliation of income tax expenses to tax payables

The reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rates for 2022 and 2021 financial years were as follows:

thousands of €	2022	2021
Consolidated net profit before income tax	10,423	16,499
Income tax expense	4,018	5,276
Resulting tax rate	**38.55 %**	**31.98 %**

thousands of €	2022	2021
Earnings before taxes (EBT)	10,423	16,499
Applicable (statutory) tax rate	32.63 %	32.63 %
Expected tax expense	**3,401**	**5,384**
Effects of non-deductible expenses and tax-free income	365	230
Taxes relating to other periods	24	-22
Effects due to the use or addition of losses carryforward	-125	-28
Tax effect due to deviations to the expected income tax rate	-71	-220
Permanent differences	0	6
Utilization of loss carryforwards for which no deferred tax assets were recognized in previous years	-4	-76
Losses incurred for which no deferred tax assets were recognized	422	0
Other tax effects	5	2
Resulting tax rate	**4,018**	**5,276**

III.8.3 Amounts recognised directly in equity

As a result of remeasurements of defined benefit obligations and plan assets, the Group derecognised € 273 thousand directly out of retained earnings in 2022; thereof: deferred tax assets amounted € 273 thousand and current taxes amounted € 0 thousand (previous year derecognition out of equity: € 84 thousand; thereof: deferred tax assets amounted € 84 thousand and current taxes amounted minus € 1 thousand).

IV. Other disclosures

IV.1. Notes to the consolidated statement of cash flows

The consolidated statement of cash flows is presented separately. It illustrates the changes in cash and cash equivalents of Tempton Group. The reported cash funds are not subject to any third-party restrictions. The Group made no payments for any extraordinary expenses. Payments for income taxes and interest are reported separately. The consolidated statement of cash flows was prepared in accordance with IAS 7 and breaks down the changes in cash and cash equivalents into cash flows from operating, investing, and financing activities. Cash flows from operating activities are presented using the indirect method.

Cash flows from operating activities – Cash flows from operating activities decreased from € 26,501 thousand to € 15,041 thousand by € 11,460 thousand (previous year: Cash flows from operating activities increased from € 9,776 thousand to € 26,501 thousand by € 16,725 thousand).

Cash flows from investing activities – Cash outflows from investing activities for the 2022 financial year amounted to € -6,268 thousand compared to a cash outflow in previous year that amounted to € 4,761 thousand (previous year: Cash outflows from investing activities for the 2021 financial year amounted to € -4,761 thousand compared to a cash outflow in previous year that amounted to € 6,288 thousand).

Cash flows from financing activities – Cash outflows from financing activities for the 2022 financial year amounted to € -11,710 thousand compared to a cash outflow in previous year that amounted to € 13,226 thousand (previous year: Cash outflows from financing activities for the 2021 financial year amounted to € -13,226 thousand compared to a cash outflow in previous year that amounted to € 6,241 thousand).

The following table shows the changes in liabilities from financing activities:

in thousands €	Non-current financial liabilities	Current financial liabilities	Current lease liabilities	Total
Balance sheet as of 1 January 2021	**31,255**	**420**	**2,597**	**34,272**
Redemption	-30,000	0	0	-30,000
Borrowing	25,000	0	0	25,000
Costs directly attributable to the borrowing	-287	0	0	-287
Payment of accrued interests	0	-420	0	-420
Repayment of lease liabilities	0	0	-2,597	-2,597
Cash effective changes	**-5,287**	**-420**	**-2,597**	**-8,304**
Accrued interests	828	175	0	1,003
New current lease liability	0	0	3,178	3178
Non-cash changes	**828**	**175**	**3,178**	**4,181**
Balance sheet as of 31 December 2021	**26,796**	**175**	**3,178**	**30,149**
Payment of accrued interests	0	-175	0	-175
Repayment of lease liabilities	0	0	-3,178	-3,178
Cash effective changes	**0**	**-175**	**-3,178**	**-3,353**
Accrued interests	116	175	0	291
New current lease liability	0	0	3,412	3,412
Contribution to capital reserves	-2,133	0	0	-2,133
Non-cash changes	**-2,017**	**175**	**3,412**	**1,570**
Balance sheet as of 31 December 2022	**24,779**	**175**	**3,412**	**28,366**

IV.2. Segment Reporting

Tempton's Board of Management, consisting of the chief executive officer / chief financial officer (in personal union) and the chief operating officer, examines the group’s performance from a service line perspective and identified four operating segments of its business, which are distinguished by customers and services:

1. Personnel Services

The personnel services business unit is the core business of Tempton Group and accounts for around 90 % of Tempton's consolidated revenues. It is concentrated within Tempton Personaldienstleistungen GmbH and Tempton Personalservice GmbH, Essen. Personnel services include the following services:

- Personnel leasing
- Direct placement
- Personnel recruitment (including RPO services)
- Managed services, especially master-vendor and on-site management solutions
- Personnel takeover

2. Next Level

The Next Level business unit bundles the premium services of Tempton Group. It is concentrated in Tempton Next Level Experts GmbH and offers the following services:

- Personnel leasing
- Direct placement
- Human resources consulting
- Temporary experts / freelancers
- Engineering and planning services
- C-Level services

3. Outsourcing

The Outsourcing business unit is bundled in Tempton Outsourcing GmbH and various project enterprises. Tempton supports its customers throughout Germany as a comprehensive, certified outsourcing partner and takes over contracts for an entire work process, individual service areas or defined work cycles – temporarily or permanently. Tempton Outsourcing specializes in quality assurance and control, logistics services such as commissioning and merchandise management as well as facility and machine operation.

4. Technology

The technology business unit is concentrated in Tempton Technik GmbH. Tempton Technik GmbH is a professional partner for information and communication technology for almost all renowned manufacturers, service providers and system houses.

All four business segments shown above are reviewed by the Board of Management at regular intervals to monitor allocation of resources and earnings performance. The accounting policies of the segments are basically the same as those applied for external accounting; for details, please refer to note “I. Accounting policies and measurements methods”. Tempton measures the performance of its segments using a segment result measure, which is referred to as “adjusted Contribution Margin” in internal management reporting. The segment result measure “adjusted Contribution Margin” is composed of the profit or loss from operations before interests, taxes and amortisation and depreciation adjusted for non-operating effects. These non-operating effects mainly include effects from factoring fees in profit or loss, expenses in connection with M&A activities (realised and unrealised) and normalisation of one-off effects. In accordance with the segments’ control logic, leases are not capitalised, but instead recognised as periodic expenses and no measurement of pension obligations is carried out in accordance with IAS 19. In addition, in the “Technology” segment, revenue is not recognized for uncompleted projects. Tempton’s management does not receive any further information, such as the segments’ assets on a monthly basis.

The measure of profit or loss for each reportable segment are as follows:

thousands of €		**Net revenue**	**Intersegment revenue**	**Total revenue**	**adjusted EBITDA**
Personnel Services	2022	317,317	301	317,618	13,488
	2021	279,172	820	279,992	14,092
Next Level	2022	14,524	630	15,154	687
	2021	12,915	165	13,080	616
Technology	2022	15,023	0	15,023	1,617
	2021	16,299	0	16,299	2,510
Outsourcing	2022	5,165	61	5,226	146
	2021	4,339	178	4,517	249
Central shared service center/consolidation/other	2022	26	10,545	10,571	104
	2021	0	9,527	9,527	740
Consolidated	2022	0	-11,537	-11,537	0
	2021	0	-10,691	-10,691	0
Total Tempton Group consolidated	2022	352,055	0	352,055	16,042
Total Tempton Group consolidated	2021	312,726	0	312,726	18,207

The item “Central shared service center/consolidation/other” primarily includes costs incurred in connection with central Group functions and immaterial transactions that are not allocated to reportable segments.

The adjusted Contribution Margin for segment reporting was reconciled to the operating profit before income tax as follows:

thousands of €	2022	2021
Total adjusted Contribution Margin according to segment reporting	**16,042**	**18,207**
One-off effect due to a change in German Verwaltungsberufsgenossenschaft (VBG) contribution collcetion procedurec	0	5,488
Expenses in the context of the IPO planned for 2022	-1,200	0
Adjustments arising from different accounting policies in terms of leasing	5,734	5,182
Other adjustments arising from different accounting policies	567	458
Other adjustments	-140	-378
Depreciation and amortization	-9,238	-8,895
Interest income and similar income	198	78
Interest expense and similar expence	-1,541	-3,641
Profit before income tax	**10,422**	**16,499**

There were no impairment charges or other significant non-cash items recognised in 2022 and 2021.

The reportable segment's revenues compared to entity's revenue were reconciled as follows:

thousands of €	2022	2021
Revenue according to segment reporting	**352,055**	**312,726**
Adjustments arising from different accounting policies	425	2,395
Others	0	31
Total of Group's revenue	**352,480**	**315,152**

During the reporting period, the Group operated almost completely in the German market and served domestic customers. Revenue generated from customers outside of Germany remained unchanged at close to 0 %. The Group's non-current assets and net revenue are fully attributable to Germany. Non-current assets are allocated to the regions according to the location of the assets in question, which is Germany. Non-current assets encompass intangible assets, property, plant and equipment, right-of-use assets, capitalised contract costs as well as other non-current assets. Net revenue is allocated according to the location of the respective customers' operations, which is fully located in Germany as well. As segment reporting by geographical region would not provide any additional information beyond that already contained in these consolidated financial statements, segment reporting by geographical region was not reported.

There is no revenue generated from customers in 2022 or 2021 that would exceed the 10 % threshold stated in IFRS 8.34.

IV.3. Additional disclosures on financial instruments

Financial instruments as of the end of the 2022 reporting period is presented as follows:

thousands of €	Classification under IFRS 9	Carrying amount	Fair Value
Assets			
Trade receivables	AC	36,640	36,640
Trade receivables under a factoring arrangement	FVOCI	2,448	2,448
Other financial assets	AC	3,306	3,306
Cash and cash equivalents	AC	28,899	28,899
Liabilities			
Current financial liabilities - Nordic Bond	FLaC	175	175
Non Current financial liabilities - Nordic Bond	FLaC	24,779	23,000
Non Current financial liabilities - Convertibel notes	FLaC	0	0
Trade payables	FLaC	3,100	3,100
Other current financial liabilities	FLaC	11,358	11,358
Aggregated according to category			
Assets	AC	68,845	
	FVOCI	2,448	
Liabilities	FLaC	39,412	

Financial instruments as of the end of the 2021 reporting period is presented as follows:

thousands of €	Classification under IFRS 9	Carrying amount	Fair Value
Assets			
Trade receivables	AC	31,429	31,429
Trade receivables under a factoring arrangement	FVOCI	1,846	1,846
Other financial assets	AC	2,970	2,880
Cash and cash equivalents	AC	31,836	31,836
Liabilities			
Current financial liabilities - Nordic Bond	FLaC	175	175
Non Current financial liabilities - Nordic Bond	FLaC	24,721	25,375
Non Current financial liabilities - Convertibel notes	FLaC	2,075	2,187
Trade payables	FLaC	2,796	2,796
Other current financial liabilities	FLaC	10,465	10,465
Aggregated according to category			
Assets	AC	66,145	
	FVOCI	1,846	
Liabilities	FLaC	40,232	

The fair value of financial instruments for which the carrying amount is a reasonable approximation of fair value is not separately disclosed.

Cash funds, trade receivables and other financial assets are short term in nature. Their carrying amounts at the end of the reporting period approximate their fair value.

Trade payables and other financial liabilities are short-term; the carrying amounts recognised approximate their fair values.

For the Nordic Bond, quoted prices in a liquid market are available. The quote price at the reporting date was used for measurement (Level 1 measurement). For the Convertible notes, quoted prices on liquid markets are not available at the reporting date, but the instrument can be measured using other inputs that are observable on the market at the reporting date, a Level 2 measurement is applied.

IV.4. Objectives and methods of financial risk management and capital management

Tempton Group is exposed to various financial risks, such as credit risk and liquidity risk noted below. Tempton Group is operating solely in the sales and the procurement business areas in Germany. Thus, material foreign currency exchange risk does not exist. The risk of interest rate changes was not identified since financing is only provided at fixed interest rates. Risk management for credit risk and liquidity risk is performed by CEO and COO. They identify, assess and mitigate financial risks in close cooperation with the Group’s operating units. Appropriate changes are made to processes in response to changes in the risk assessment. The overriding aim of Tempton's financial risk management and capital management is to reduce the financial risk through structured actions.

IV.4.1 Credit risk

Credit risk is managed at the Group level. Credit risks arise from cash and cash equivalents, current financial assets, trade receivables and other receivables. Customer risks are systematically recorded, analysed and managed in the respective subsidiary, whereby both internal and external information sources are used. The maximum credit risk was reflected by the carrying amounts of the financial assets recognised in the statement of financial position. For some trade receivables and contract assets, the group may obtain security in the form of collateral and guarantees which can be called upon if the counterparty is in default. No other collateral or other credit enhancements exist that would affect the credit risk from financial assets. However, the Group has a default insurance for substantially all of its trade receivables.
For banks and financial institutions, only a minimum rating of ‘A’ assessed by independent rated parties are accepted.
The Group does not invest in debt instruments so there are no investment risk exposures.

IV.4.1.1 Impairment of financial assets

The Group has two types of financial assets subject to the expected credit loss model:

- Trade receivables
- Contract assets with contracts relating to Tempton Technik GmbH

There is no material impairment risk for other financial assets. In 2022 and 2021, there were no material impairment losses related to trade receivables (2022: € 68 thousand; 2021: € 213 thousand) and no impairment losses related to contract assets.

IV.4.1.2 Trade receivables and contract assets

The Group applies the simplified approach, as specified in IFRS 9, for measuring expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets were grouped according to shared credit risk characteristics and the number of days past due. The contract assets related to uninvoiced work in progress have substantially the same risk characteristics as trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are also a reasonable approximation of the loss rates for contract assets.

The expected loss rates were based on the payment profiles of sales over a period of 12 months before 31 December 2022 or 1 January 2022, respectively, and on the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identified the number of days of outstanding receivables and adjusted the historical loss rates based on the expected changes in these factors. On that basis, the loss allowances as of 31 December 2022 and 2021 are presented as follows for both trade receivables and contract assets:

2022

thousands of €	Current	More than 1 day past due	More than 30 days past due	More than 91 days past due	More than 181 days past due	Total
Expected loss rate	0.02%	0.45%	1.50%	2.66%	2.67%	
Gross carrying amount – trade receivables	31,309	6,428	1,002	124	285	39,148
Gross carrying amount – contract assets	1,508	0	0	0	0	1,508
Loss allowance	**5.95**	**28.70**	**15.00**	**3.30**	**7.60**	**60.55**

2021

thousands of €	Current	More than 1 day past due	More than 30 days past due	More than 91 days past due	More than 181 days past due	Total
Expected loss rate	0.05%	0.05%	0.05%	0.47%	0.47%	
Gross carrying amount – trade receivables	27,750	4,732	575	102	154	33,313
Gross carrying amount – contract assets	1,432	0	0	0	0	1,432
Loss allowance	**14.6**	**2.4**	**0.29**	**0.48**	**0.7**	**18**

The loss allowances for trade receivables and contract assets as of 31 December 2022 and 2021 were reconciled to the opening loss allowances as follows:

thousands of €	Contract assets		Trade receivables	
	2022	2021	2022	2021
Opening loss allowance at 1 January	0	0	20	50
Increase in loan loss allowance recognised in profit or loss during the year			41	20
Receivables written off during the year as uncollectible	0	0	0	-50
Closing loss allowance as of 31 December	**0**	**0**	**61**	**20**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of more than 120 days past due and if a subsequent detailed review of the debtor does not reveal any other information.

Impairment losses on trade receivables and contract assets were presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off were credited against the same line item.
As of the balance sheet date, there are no indications that the debtors of the trade receivables and contract assets presented will not meet their payment obligations.

IV.4.1.3 Derivative Financial instruments

Derivative financial instruments were not used for mitigating risk since Tempton Group is not exposed to any market risks such as changes in interest rates or foreign currency exchange risks.

IV.4.2 Capital risk management

The primary aim of the Group's capital management is to ensure that the Group maintains its ability to repay its debts and the substance of its finances are preserved.

Key financial indicator for capital management is the debt-to-equity ratio. The net financial liabilities, comprising financial liabilities (see Note II.13) and cash and cash equivalents (see Note II.1) are considered in relation to the Group's equity (see Note II.21).

The debt-to-equity ratio as of the reporting dates 31 December 2022 and 2021 are as follows:

thousands of €	2022	2021
Non-current financial liabilities	24,779	26,796
Current financial liabilities	175	175
Financial liabilities	**24,954**	**26,971**
Cash and cash equivalents	28,899	31,836
Net financial liabilities	**-3,945**	**-4,865**
Equity	32,880	28,755
Debt-to-equity ratio	**n.a.**	**n.a.**
Equity	32,880	28,755
Total assets	115,280	109,559
Equity-to-capital ratio	**28.52%**	**26.25%**
Debt capital	82,400	80,804
Total assets	115,280	109,559
Debt-to-capital ratio	**71.48%**	**73.75%**

IV.4.3. Liquidity risk

Liquidity risk describes the risk that the Group may be unable to meet its payment obligations on maturity. The high level of cash and cash equivalents means there is a low liquidity risk from financial liabilities. In general, the Group and its subsidiaries manage liquidity risks by maintaining adequate reserves, continuously monitoring forecast and actual cash flows, and coordinating the maturity profiles of financial assets and liabilities. To ensure that Tempton Group can settle its debts at all times, a liquidity reserve in the form of cash was provided (free liquidity). Due to the strong cash flow position and comfortable liquidity situation of the Group, no liquidity risks were recognised. This even leads to the non-necessity to maintain overdraft facilities.

IFRS 7 also requires a maturity analysis for financial liabilities. The following maturity analysis shows how the undiscounted cash flows in connection with the liabilities as of 31 December 2022 affected the future liquidity situation of the Group.

thousands of €	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
Trade payables	3,100	0	0	3,100
Provisions	19,867	225	0	20,092
other financial liabilities	11,358	0	0	11,358
Other liabilities	10,012	0	0	10,012
Contract liabilities	447	0	0	447
Lease liabilities	3,412	4,034	0	7,446
Nordic bond	175	24,779	0	24,954
Convertible notes	0	0	0	0
As of 31 December 2022	**48,371**	**29,038**	**0**	**77,409**

Maturity analysis for financial liabilities as of 31 December 2021 is presented as follows:

thousands of €	Up to 1 year	More than 1 year and up to 5 years	Over 5 years	Total
Trade payables	2,796	0	0	2,796
Provisions	17,751	3,373	0	21,124
Other liabilities	9,831	0	0	9,831
Contract liabilities	342	0	0	342
Lease liabilities	3,178	3,452	0	6,630
Nordic bond	175	25,000	0	25,175
Convertible notes	2,114	0	0	2,114
As of 31 December 2021	**36,188**	**31,825**	**0**	**68,013**

If the contract partner can call a payment at different points in time, the liability relates to the earliest possible maturity date. The cash flows of financial and lease liabilities consist of their undiscounted interest and principal payments.

IV.5. Relationship with related parties

IV.5.1 Executive bodies

Mrs. Dr. Annett Tischendorf, registered managing director of Tempton Group GmbH.

IV.5.2 Executive body remuneration

By respective application of the provision of sect. 286 para. 4 HGB, the remuneration of Chief Executive Officer was not disclosed in accordance with sect. 314 para. 1 no. 6 HGB.

IV.5.3 Related party transactions

Parties are considered to be related if they have the ability to control Tempton Group or exercise significant influence over its financial and operating decisions.

IV.5.3.1 Related persons

The group parent company of Tempton Group GmbH is Dres. Tischendorf Tempton GmbH, Frankfurt am Main.

The Tempton Group also reports on transactions with related parties in accordance with IAS 24. Related parties are entities and natural persons as defined by IAS 24, Tempton identified the Chief Executive Officer of Tempton Group GmbH (management director), and the Chief Operating Officer, and their relatives, the group parent company and the subsidiaries of Tempton Group GmbH as related parties.

IV.5.3.2 Key management personnel compensation

Key management personnel compensation was as follows:

thousands of €	**2022**	**2021**
Short term employee benefit	907	771
Total	**907**	**771**

IV.5.3.3 Transaction with other related parties

Transactions with other related parties were as follows:

thousands of €	**2022**	**2021**
Compensation for other services	360	360
Total	**360**	**360**

Transactions between Tempton Group and the group parent company did not take place.

IV.5.3.4 Outstanding balances

Of the above-mentioned amounts, the following balances are outstanding at the end of the reporting period:

thousands of €	2022	2021
Current payabales		
Key management personnel	267	242
Other related parties	36	36
Total	**303**	**278**

Provisions for doubtful debts related to the amount of outstanding balances and expense recognised with respect to bad debts due from related parties were nil in 2022 and 2021.

IV.5.3.5 Subsidiaries

Interests in subsidiaries are set out in note I.2.2. Subsidiaries are considered to be related entities irrespective of whether they are included in the consolidated financial statements. Transactions between the parent company and its subsidiaries were eliminated in consolidation and are not shown in this note or were of subordinate significance and typical for the industry.

IV.6. Employees

The breakdowns of the number of employees in the 2022 and 2021 financial year are as follows:

	2022 Headcount	2021 Headcount
External employees	8,144	7,954
Internal employees	823	796
Total	**8,967**	**8,750**

IV.7. Auditor's fees

The breakdown of the auditor's fees recognised in the 2022 and 2021 financial years are as follows:

thousands of €	2022	2021
Audit services	375	135
Tax consulting services	145	66
other assurance services	16	0
Total	**536**	**201**

The increase of auditor`s fee in terms of audit services from 2021 to 2022 is due to the planned IPO for 2022.

IV.8. Events after the end of the reporting period

No events of significance occurred after the close of the financial year as of 31 December 2022 and 2021.

IV.9. Other financial liabilities and contingent liabilities

The maximum amount of other undiscounted financial liabilities and contingent liabilities is listed in the following table:

thousands of €	2022	2021
up to one year	2,479	1,674
more than one year and up to five years	2,281	1,335
Over five years	87	8
Total	**4,847**	**3,017**

The majority of operating leases were recognised as right-of-use assets and lease liabilities. Exceptions were made for vehicles that can be returned daily (short-term leases), leases for low-value assets and variable lease payments. Other leasing financial liabilities contain of ancillary rental expenses for leased office space leased as well as for IT-infrastructure. Immaterial purchase commitments primarily involved software and hardware.

Essen, 26 April 2023

tempton

ANNUAL REPORT

Tempton Group GmbH, Essen
Registered with the local court of Essen, HRB 28871

Group Management Report for the financial year
From 1 January 2022 to 31 December 2022

Business activities and structure of Tempton Group

Tempton Group is one of the largest personnel service providers in Germany with consolidated sales of approx. 352 million euros in 2022 and occupies a leading role among them.

On the one hand, a very broad portfolio of services distinguishes us significantly from most other personnel service providers. Beyond personnel leasing, we offer our customers solutions for almost all personnel-driven tasks. This also includes personnel recruitment (including RPO services), direct placement, managed services, including master vendor and on-site management solutions, the takeover of personnel, the provision of temporary experts/freelancers, outsourcing solutions, technical works and services as well as C-level services. On the other hand, we are highly modern, funded in all areas and leading in digitalization, which means that our processes are efficient, cost-effective and offer a high level of service for customers and employees and applicants.

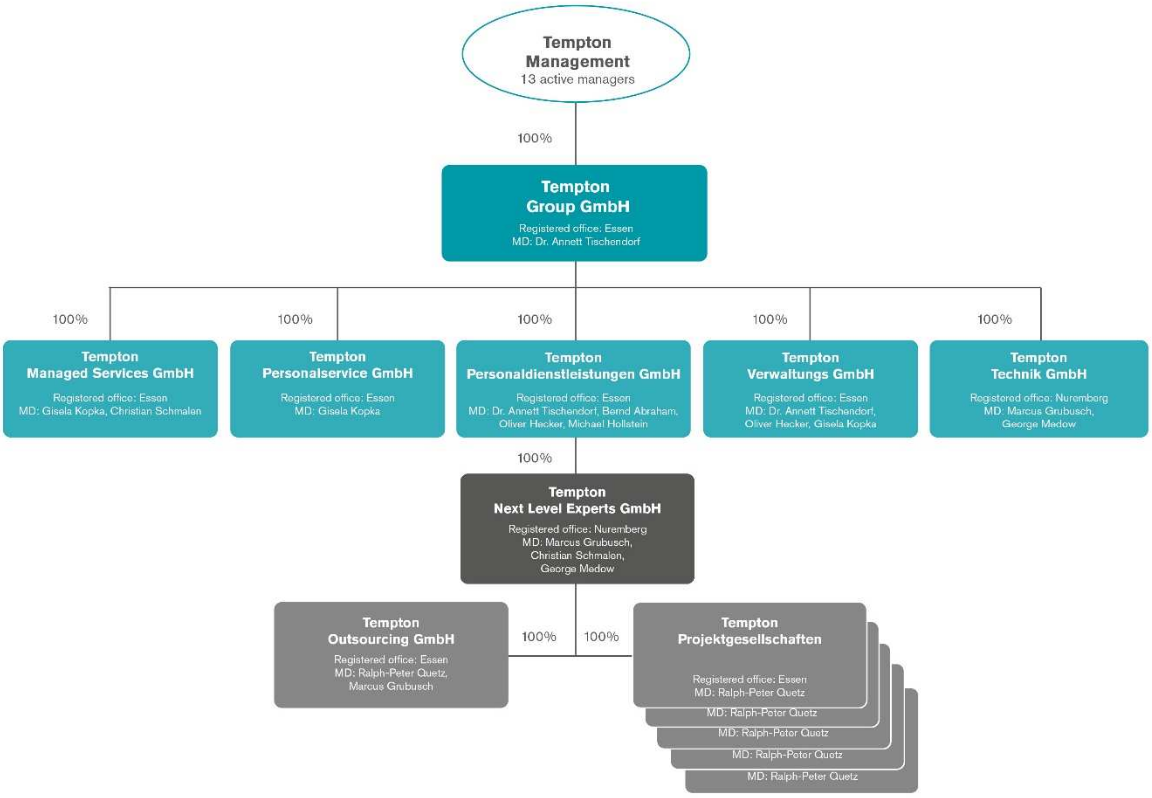
Tempton emerged in 2007 from the merger of medium-sized personnel service companies and thus combines the expertise of several decades. Today, Tempton employs more than 9,000 employees throughout Germany in peak times who work at over 150 branches for an active customer base of more than 11,000 companies from almost all sectors - from small and medium-sized companies and businesses to well-known large companies and groups.

In 2022 Tempton launched the largest growth initiative in the company's history. In particular, Tempton is expanding its branch network from 150 to 200 branches by the end of 2024 as part of this growth initiative. Tempton has already fully completed the preparations necessary for a smooth and efficient roll-out in 2023, in particular in 2022 the market and location analysis, Recruitment of internal branch personnel has also already begun in 2022. As a result, at the time of issuing the annual financial statements, more than 25 branches are already in the process of being opened. 16 branches were already opened in the first quarter of 2023.

Tempton is owner-managed and is owned by the operational management - all dedicated, modern and highly educated leadership personalities who together not only command more than 100 years of know-how in the personnel services industry, but also digitalization expertise and distinctive transaction and capital market experience.

Tempton Group is divided into four separate business units: Tempton personnel services, Tempton Next Level, Tempton outsourcing and Tempton technology. The Tempton Next Level business unit bundles the premium services of Tempton Group.

Tempton Group is structured as follows:



BUSINESS UNIT PERSONNEL SERVICES

The personnel services business unit is the core business area of Tempton Group and accounts for about 90 % of Tempton-sales. It is concentrated within Tempton Personaldienstleistungen GmbH, Tempton Personalservice GmbH, Essen, and for premium services Tempton Next Level Experts GmbH, Nuremberg.

Personnel leasing

Tempton promptly provides its customers with employees of almost all qualifications and for every field of activity within the scope of personnel leasing. Whether industrial-technical employees, commercial personnel, engineers and service-technicians, IT, ITC and digital marketing experts, employees in the health sector, in education or for airport operations – through common interest Tempton recruits only the best, so that our Tempton consultants can select the suitable candidate from a steadily growing pool of currently more than 8,000 active employees hired for flexible customer assignments and annually more than 150,000 applicants.

Direct placement

Tempton supports its customers as a direct recruitment agency in order to stay one step ahead in the "war for talents". To achieve this, Tempton not only has access to an extensive pool of more than 50,000 current applicants and employees but is also extraordinarily successful with a direct approach due to state-of-the-art and sophisticated recruiting methods and presents customers with suitable candidates for their vacancies following a precise pre-selection. In doing so, Tempton acts as a link between its customers and applicants or employees through its skilled job placement service services.

Personnel recruitment (including RPO services)

If a customer wants to outsource its own personnel recruitment, Tempton operates the management of the job application process for the customer based on flat rates - from job advertisements to hiring. In addition to the pure service, Tempton customers also benefit from purchasing advantages for job advertisements.

Managed services -Modular-vendor management solutions

If a customer uses several personnel service providers, Tempton assumes the entire management of all personnel service providers for the customer as a “Master Services Provider” with IT-backup; from the integration into the customer's internal workflows, the qualification of new co-suppliers to the on- and offboarding of individual employees. This includes the selection of personnel service providers, the identification and recruitment of the required temporary staff, the initial training and smooth integration of the temporary staff as well as the complete administrative process up to the exit- or takeover management. Tempton customers thus enjoy the advantages of a direct contact for all temporary staffing matters, a standardization of contracts and pricing models, a uniform handling of all personnel leasing or placement processes, and relief from administratively burdensome activities. Tempton offers its managed services in customized software-supported modular packages; as a classic Master Vendor with a main supplier, in the proprietary partner management system for optimized supplier performance, or as a Neutral Vendor.

Personnel takeover

If a customer has permanent or temporary personnel overcapacity, but understandably either does not want to dismiss its employees at all or, if possible, does not want to pay them through the full notice period, Tempton offers a reliable, uncomplicated and socially acceptable solution with the "Personnel takeover": Tempton takes over employees of customers by mutual agreement if or as long as the customer cannot employ them. During this time, Tempton then assigns the transferred employees either permanently or, at the customer's request, only temporarily to other companies. In the case of a temporary assignment, the customer has the option of reverting to its experienced employees at short notice as soon as its personnel requirements change.

BUSINESS UNIT NEXT LEVEL

The NEXT LEVEL business unit bundles the premium services of Tempton Group. It is concentrated within Tempton Next Level Experts GmbH.

Human resources consulting

Tempton consults its clients by way of human resources consulting in their search and selection of experts and executives. Through intensive consulting and tailor-made active sourcing strategies, we find exactly the expert or executive that our client companies need. In addition to the pure search processes, this also includes the design and implementation of assessment and selection measures, advice and support for onboarding, advice on personnel marketing and other strategic and conceptual issues relating to personnel recruitment.

Temporary experts / Freelancer

If customers need professional support for process optimization or the implementation of special projects, Tempton helps them by deploying individual technical or commercial experts or entire teams of experts - on a temporary basis. Temporary work thus becomes either professional temporary work or professional work.

Engineering and planning services

In the field of engineering and information and telecommunications technology, Tempton provides its customers with technical planning, implementation, documentation and maintenance of technology infrastructures from a single source.

C Level services

Tempton offers its customers the staffing of the entire chain of C-level services from a single source: tailor-made interim solutions at top management and executive level, the deployment of temporary experts and the outsourcing of specialists in the process and production environment. The focus of Tempton rests on technically experienced managers, as they are sought in production, IT / ITC and cross-company for change management. In addition, we also provide our customers with CFOs for the commercial area.

BUSINESS UNIT OUTSOURCING

The Outsourcing business unit is bundled in Tempton Outsourcing GmbH and various operating companies.

Tempton supports its customers throughout Germany as a comprehensively certified outsourcing partner and takes over in contracts for work entire processes, individual service areas or defined work cycles - temporary or permanently. Tempton Outsourcing specializes in logistics services such as commissioning, packaging, value-added services, warehouse management, facility and machine operations as well as quality assurance and control,.

Based on more than 20 years of experience, Tempton enables its customers to achieve significantly higher efficiency and higher productivity at predictable material costs.

BUSINESS UNIT TECHNOLOGY

The business unit technology is concentrated within Tempton Technik GmbH.

Tempton Technik GmbH is a professional partner for information and communication technology for almost all renowned manufacturers, service providers and system houses.

DIGITALIZATION TASK FORCE

With its own highly qualified in-house digital unit, Tempton retains a strong market position and a truly unique selling proposition. The Tempton Group has been investing in digital and efficient business processes for years. To this end, Tempton was the first personnel service provider in the German market to successfully introduce an employee app (my- Tempton App), which can be used to record hours, view pay slips and exchange assignment data live. At the same time, Tempton has succeeded in connecting a significant number of customers to its own customer portal, which is gradually undergoing an eCommerce upgrade in order to further scale the company's business. In addition, Tempton is deliberately digitizing all relevant core business processes in order to further increase the efficiency of the already lean administration and to focus internal personnel resources entirely on sales, recruiting and matching; and here, precisely on the tasks where people make the difference. In addition to its own developments my Tempton Skills and my Tempton Connect, which are already fully in use, Tempton is currently introducing the high-powered and modern Microsoft Business Central as an ERP system and is establishing Power-BI as a central controlling tool.

SHARED SERVICES CENTRE

Tempton Verwaltungs GmbH and Tempton Managed Services GmbH form the central shared services centre for all operating business divisions of Tempton Group.

Tempton Verwaltungs GmbH encompasses the central division functions: financial accounting, receivables management, marketing, quality management, controlling, IT, fleet and property management, HR and legal.

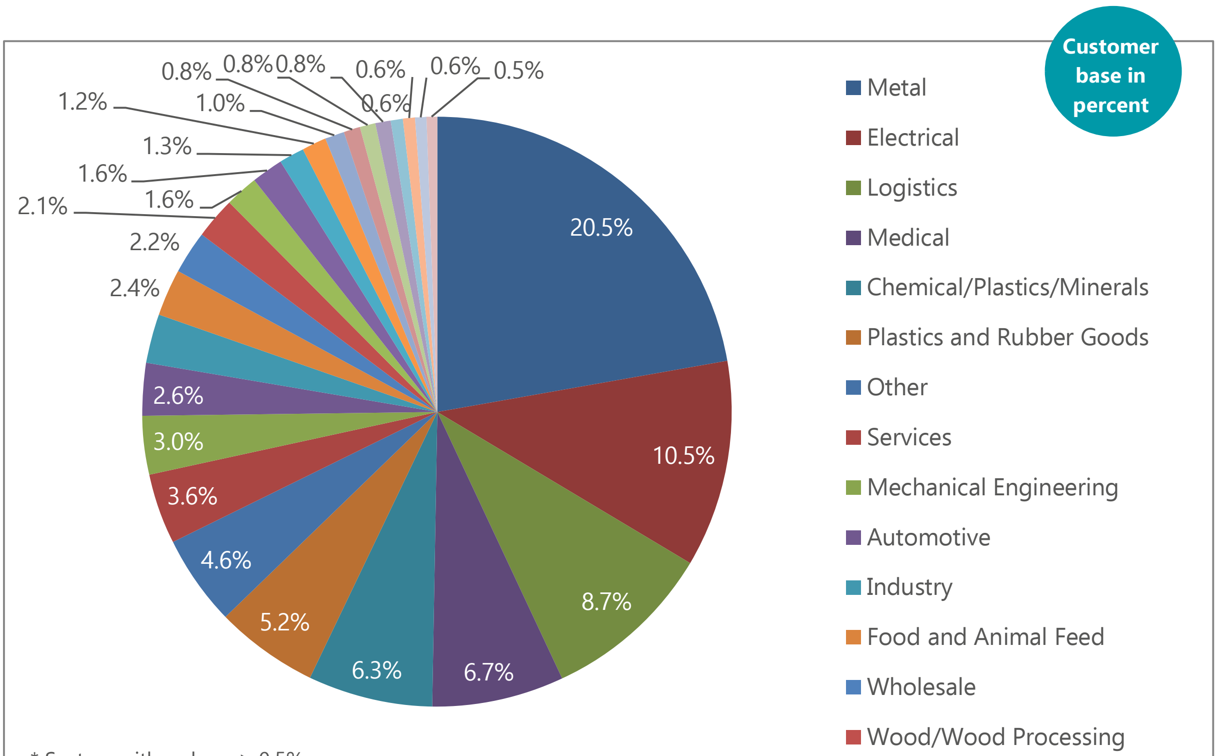
Tempton Managed Services GmbH acts as a shared service centre for all Tempton companies with regard to managed services. It thus supports the operating companies with the design, sales, implementation and execution of master vendor and on-site and near-site projects. Here, professional sales support is provided with customer-specific concepts, our modular system of managed services is tailored to the customer, service and consulting for the right vendor management software is provided, and co-supplier management is carried out. In addition, project managers at Tempton Managed Services implement customer-specific workflows and processes and provide customized support for customer projects. Fiduciary financial services are also provided as part of the above-mentioned projects, and billing is processed vis-à-vis co-suppliers and customers.

BUSINESS ACTIVITIES AND STRUCTURE OF TEMPTON GROUP

On one hand, Tempton Group offers the classic personnel services in form of personnel leasing, direct placement, personnel recruitment as well as managed services, including master-vendor and on-site management solutions.

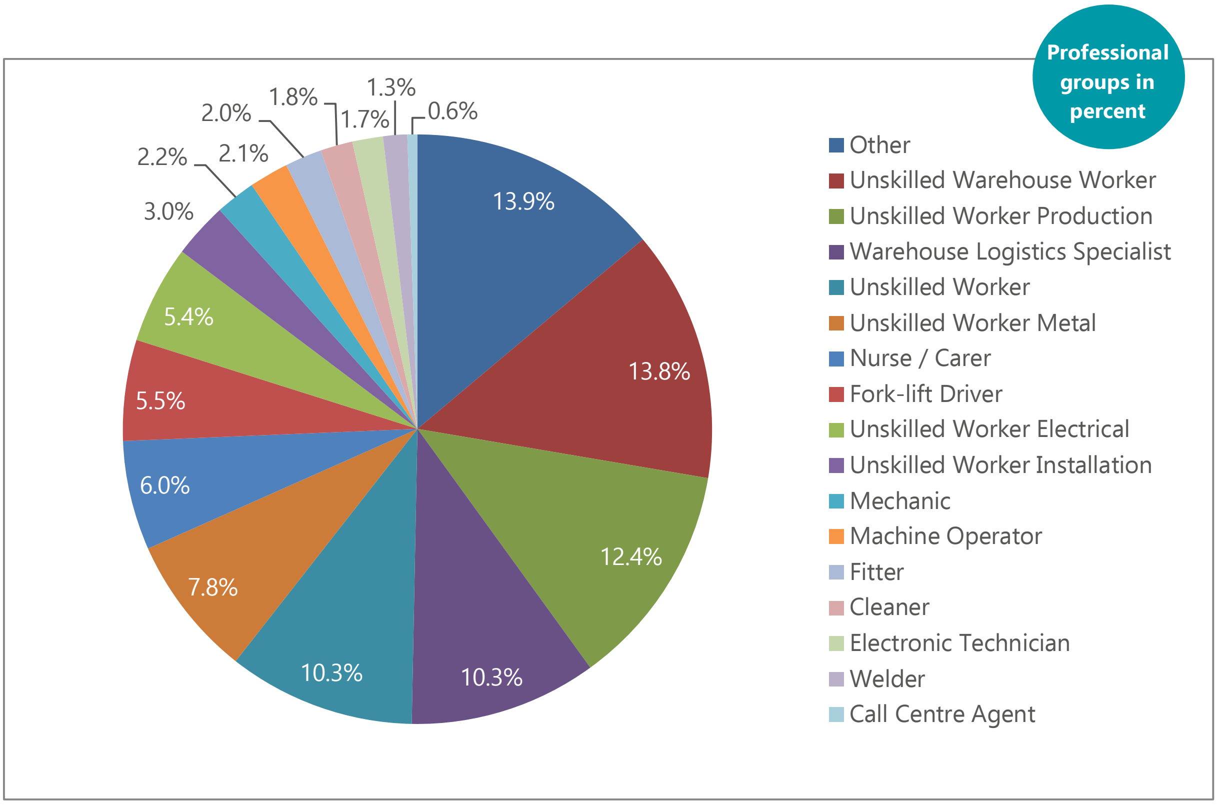
On the other hand, however, Tempton Group clearly differentiates itself from its competitors both through its special products personnel takeover, temporary experts and C-level services and through its attractive specialist areas medical, office, aviation as well as its strong business units technology, NEXT Level (engineering, ITC, IT, digital marketing) and outsourcing. There are also high market entry barriers for competitors.

Tempton Group is consciously not sector-focused but, as shown in the following overview, serves the widest possible customer spectrum with an attractive customer base of more than 11,000 active customers, whose number increases annually (for the benefit of Tempton Group, the automotive customer spectrum does not include automobile manufacturers or 1st tier suppliers and, as far as can be seen, no suppliers of components for the powertrain).



* Sectors with a share ≥ 0.5%

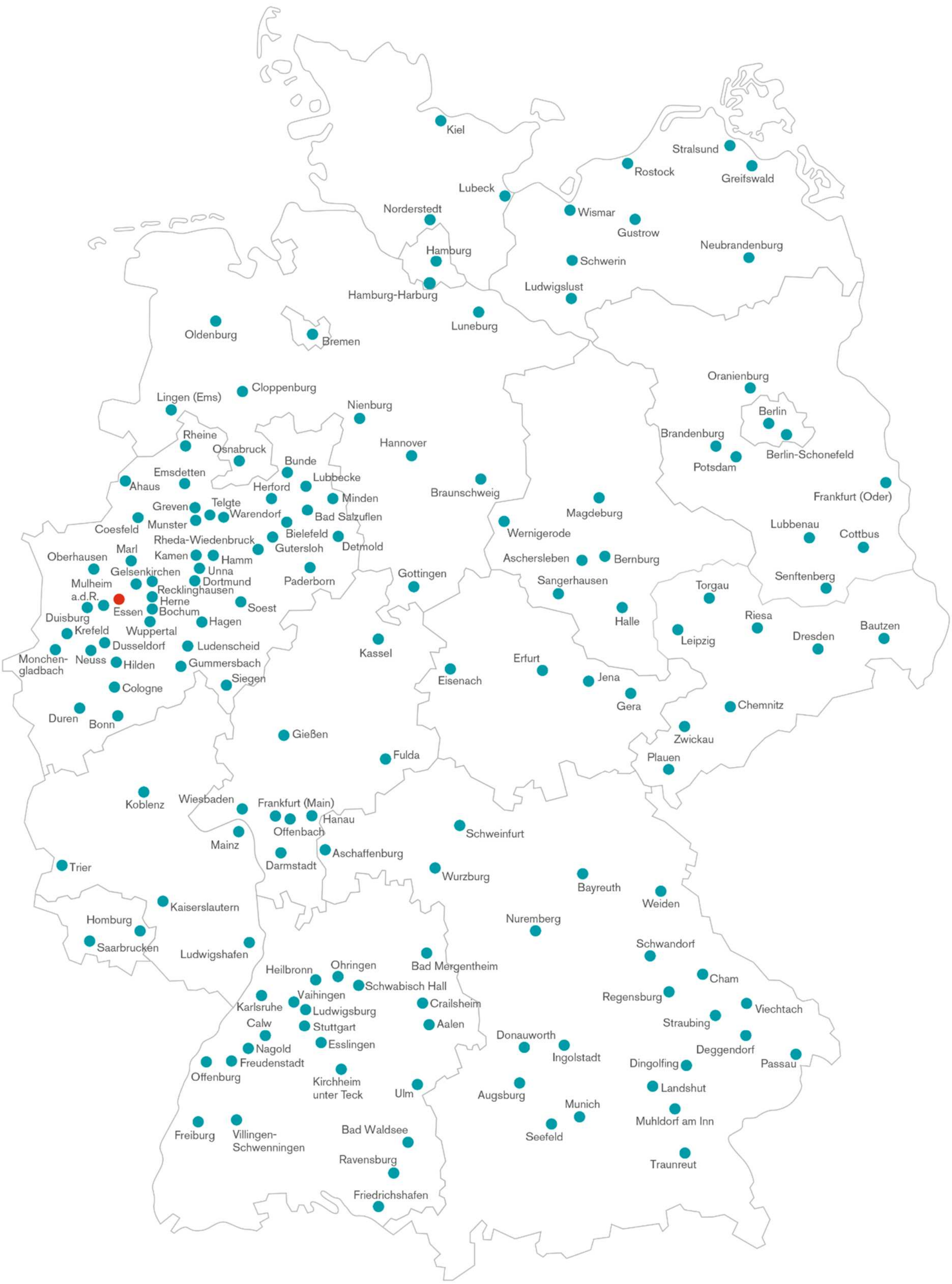
Tempton Group has also deliberately not specialised in specific occupational groups, but has a very wide split of employees of all conceivable qualification levels and qualifications:



This makes Tempton Group a full-service provider with maximum independence from economic cycles, offering its customers personnel-driven services and work services for any requirement.

In addition, Tempton has, as the following graphic shows, an outstanding, nationwide network of locations with currently over 150 branches, which has been growing steadily for years and which will be expanded to about 200 branches in 2023. Accordingly, Tempton takes a leading position in Germany and is thus available to its customers nationwide as a strong partner where Tempton's customers need it.

Tempton locations:



The advantages for a cooperation with Tempton Group are especially the following unique selling propositions:

- Tempton has one of the broadest product ranges among all personnel service providers. This means that Tempton is not only a powerful partner for its customers when good personnel is required, but also for personnel reductions and for almost all tasks of personnel administration with appropriately tailored products.

- Tempton has one of the densest branch networks of all personnel service providers in Germany. This offers three major advantages. For one, Tempton can provide its customers with staff mostly from several branches simultaneously, i.e. satisfy customer needs better and faster than most of its competitors. Furthermore, Tempton has nearly nationwide local recruiting coverage, which significantly improves Tempton 's recruiting options in the current labour shortage. Moreover, Tempton realizes significant synergies by enabling the exchange of internal personnel across branches.

- Tempton has a high and comprehensive level of digitization not only in the operational processes towards employees, but also in the operational processes towards customers and in its own internal administrative processes.

- Not without reason Tempton is a very popular employer and occupies third place among personnel service providers in Germany in the current evaluation "TOP Employer 2022" of Focus magazine. Among the TOP employers in Germany, Tempton ranks 12th. In addition, Tempton has a powerful recruiting machine in the German market due to its size alone, its more than 30 years of market experience, its state-of-the-art technical infrastructure as well as its strong social media presence and digitization level. Thus, Tempton still has first-class recruiting opportunities despite the generally difficult applicant market. From more than 150,000 applicants per year, we recruit only the best, so that our Tempton consultants can consistently select the most suitable personnel from more than 10,000 employees and current applicants for our customers or for the personnel-driven services offered by Tempton.

- Tempton is economically extremely stable and successful. As a result of the issue of a listed, fixed-interest bond (Nordic bond), Tempton has a high level of free liquidity at its disposal, combined with sustainable financing, and a professional organization, also from an investor relations point of view. As a result, Tempton's customers and other contractual partners do not have any subsidiary liability or other risks arising from their cooperation with Tempton.

- Tempton very much appreciates its customers and all its other contractual partners. As a result, working with Tempton is pragmatic and uncomplicated in every aspect, even in situations where you may not have the same opinion.

- Tempton is very investive, i.e. funded in all areas and state-of-the-art. This can be seen in the equipment of all its branches and headquarters, in all IT systems and hardware in use as well as in the training of all its employees. Tempton's business processes are already digitized to a high degree. The cooperation with Tempton - both from the customer’s viewpoint and from the viewpoint of other contractual partners and last but not least from the viewpoint of employees and applicants - is thus characterised by high efficiency performance and degree of service.

- Tempton has a powerful and professional central organisation, including a precise payroll accounting system, its own training academy, its own quality management and audit department, its own legal department and modern work safety. For our customers, this translates positively into the fact that Tempton always and in every respect complies with all regulatory requirements linked by the legislator to the personnel leasing permit, and that Tempton's customers can rely on this.

- Tempton technology is a highly professional one-stop solution as a technology partner with a nationwide service and material supply network of maximum importance for customers.

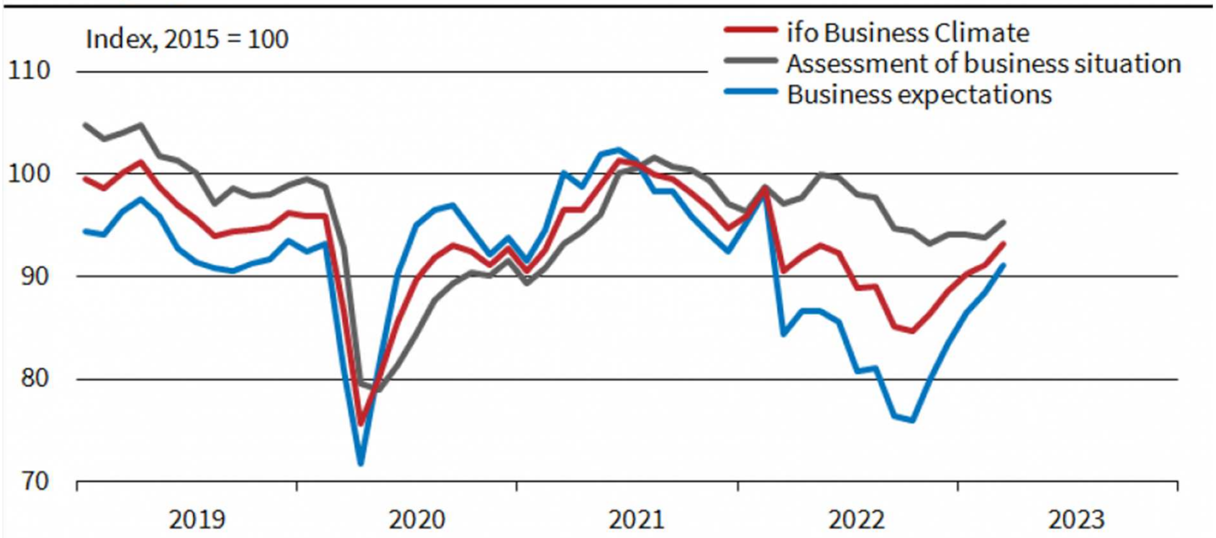
- Tempton is owner-managed, decisive, organized and sustainable in everything that Tempton does. Commitments by Tempton are therefore reliable and customers, other contractual partners, employees and applicants have constant points of contact with decision-making powers at Tempton.

GENERAL ECONOMIC CONDITIONS

The overall economic situation in Germany in 2022 was primarily dominated by the consequences of the war in Ukraine, which included extreme energy price increases. This was compounded by exacerbated material and supply bottlenecks, a massive increase in prices for other goods such as food, as well as the shortage of skilled workers and the ongoing Corona pandemic, although this eased over the course of the year. Despite these continuing difficult conditions, the German economy held up well overall in 2022. According to initial calculations by the Federal Statistical Office (*Destatis*), price-adjusted gross domestic product (GDP) rose by 1.9 % year-on-year in 2022. Adjusted for calendar effects, growth amounted to 2.0 %. Compared with 2019, the year before the Corona pandemic, price-adjusted GDP was 0.7 % higher. The German economy thus continued to recover from the severe downturn in the first Corona crisis year.[1]

The ifo Institute has confirmed its economic forecast for 2023 and 2024. This sees Germany's economic output this year remaining at roughly the same level as last year (−0.1 percent). While consumer-related industries suffer from high inflation and are shrinking, manufacturing activity will support growth. The economy is then expected to grow more strongly next year, by 1.7 percent. "After a further 0.2 percent decline in gross domestic product in the first quarter, the economy will recover in the further course of the year. Starting mid-year at the latest, rising real wages will support Germany's domestic economy," says ifo economic researcher Timo Wollmershäuser.[2]

ifo Business Climate Germany[a]
Seasonally adjusted



[a] Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, March 2023.
© ifo Institute

In 2022, economic output was generated by an average of 45.6 million workers based in Germany. This was 1.3 % or 589,000 more people than in the previous year and more than ever

[1] https://www.destatis.de/DE/Presse/Pressekonferenzen/2023/bip2022/statement-bip.pdf
[2] https://www.ifo.de/en/press-release/2023-03-15/german-economy-stagnate-2023

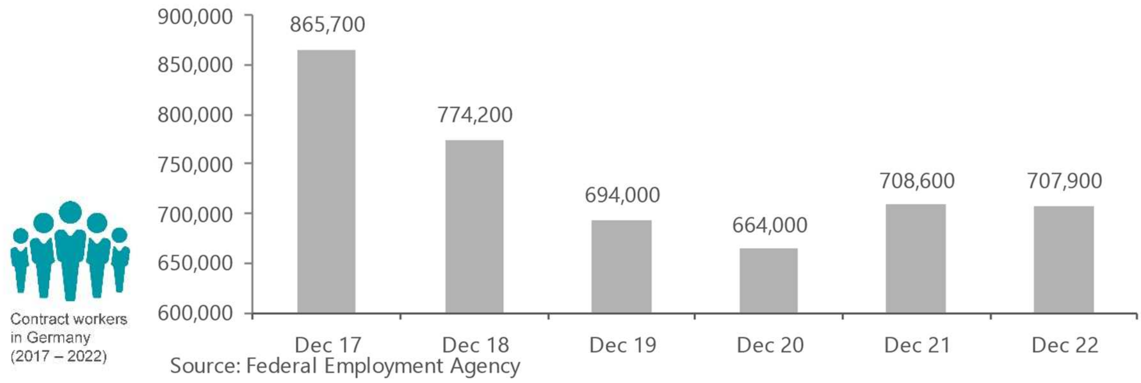
before in Germany. A look at the economic sectors shows that the increase in employment took place almost exclusively in the service sectors: As in the previous year, the largest increases in employment in 2022 were in information and communications (+4.9 %) and in public services, education, health (+1.6 %), which employs more than a quarter of all workers. There was also significant growth in employment in trade, transport, hotels and restaurants (+1.8 %) and in business services (+1.4 %). However, this did not compensate for the employment losses of the two previous years. This applies all the more to the manufacturing sector, where the number of employees rose by only 0.3 % in 2022. In the construction sector, there was again a small increase in employment of 0.5 % despite a shortage of skilled workers.[3]

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

For the typical **personnel services** of Tempton Group, the industry-specific conditions of the temporary employment industry are relevant.

The number of temporary employees has declined continuously since 2017 and has been at a stagnant, slightly downward trending level in recent years, with Tempton steadily gaining market share.

Temporary staff in Germany:



Source: Federal Employment Agency

Overall, the number of temporary employees in 2022 remained almost constant compared to the previous year (-700 employees).

There are essentially no industry-specific framework conditions for the **Outsourcing** business unit of Tempton Group. According to management estimates, the 2022 financial year was

[3] https://www.destatis.de/DE/Presse/Pressekonferenzen/2023/bip2022/statement-bip.pdf

especially for customers in the automotive supply industry characterized by supply constraints. In this segment, there were severe volume reductions.

Companies see motives for outsourcing in the globalization and internationalization of their business model (19 %) and the shortage of skilled personnel in Germany (19 %). Increasing pressure to innovate (17 %) is seen as a cause of increased outsourcing.

The main goals here are profitability and cost reduction (58 %), availability of resources (38 %), compensation for a lack of internal know-how (38 %), faster project implementation (27 %) or additional (human) resources (26 %).[4]

For the business unit **technology** of Tempton Group, the industry-specific framework conditions of the telecommunications market are particularly relevant.

The ongoing technological change in the telecommunications sector and the demands on telecommunications infrastructure due to ongoing digitization require continuously high levels of investment to expand next-generation network infrastructures and upgrade existing network infrastructure. The average mobile data volume per user rose further to 5.7 gigabytes per month in 2022. The average data volume per connection and month generated via gigabit-capable connections continued to grow by around 11 percent.

Investments in telecommunications equipment grew by 7.4 % to around EUR 11.6 billion in Germany in 2022.[5]

Demand for fast broadband - fixed and mobile - continues unabated. According to estimates by Analysys Mason, data traffic in the fixed network increased by 25 % worldwide in 2021. According to Analysys Mason, mobile data traffic will grow by 37 % worldwide in 2021.[6]The data volume processed via fixed networks in Germany increased by 21 percent in 2022, reaching around 275 GB per month per broadband line.[7] The data volume processed via mobile communications in Germany will increase by 47 percent to 11.2 billion GB in 2022.[8] According to the Federal Network Agency (*Bundesnetzagentur*), the number of broadband lines in

[4] https://www.roedl.de/themen/entrepreneur/2017-02/outsourcing-fakten-mittelstand-international
[5] https://www.roedl.de/themen/entrepreneur/2017-02/outsourcing-fakten-mittelstand-international
[6] https://bericht.telekom.com/geschaeftsbericht-2021/lagebericht/wirtschaftliches-umfeld/telekommunikationsmarkt.html
[7] https://www.vatm.de/wp-content/uploads/2021/10/VATM_TK-Marktstudie_281021_f.pdf
[8] https://www.vatm.de/wp-content/uploads/2021/10/VATM_TK-Marktstudie_281021_f.pdf (Seite 24)

Germany increased to 38.1 million by the end of 2022. For 2023 and the following years a massive further increase of broadband lines is expected.

Tempton Technik GmbH will also benefit from the lasting constantly high investment volume, especially in fiber optic and copper infrastructure projects in Germany.

The fast-ongoing digitization in Germany requires high investments to adapt and expand network infrastructures to rising needs. In addition to the accelerated expansion of 5G antennas, continuous investments are also being made in fiber optics for connecting base stations. Industry needs stable 5G connections to interconnect machines and production sites and to make value chains more efficient.[9]

For the broadly diversified business areas of Tempton Technik GmbH, the ideal conditions exist here to benefit from the very favorable general conditions; the increase in data volumes always goes hand in hand with adjustments in the software systems, streamlining and rebuilding of the infrastructures, new set-ups and new developments as well as the dismantling of old equipment - all services that are currently being rendered by Tempton Technik GmbH.

The IT services industry segment, important for the **Next Level** business division of Tempton Group, repeatedly developed positively in 2022 with a 5.5 % growth. IT services will remain an important growth driver in 2023 as well. The key topics are cloud services, AI and platforms. In the IT hardware segment, growth in 2022 declined from 11.8 % in 2021 to 5.4 % due to ongoing supply chain disruptions and strong inflation.

The engineering and ICT services divisions remain important growth drivers in the Next Level business unit. Further growth was generated thanks to diversification into a wide range of sectors, such as electromobility, data centers and renewable energies, as well as telecommunications, in particular the further expansion of 5G and fiber-optic infrastructure. In addition, we continue to see high demand for qualified specialists and managers in the area of employee leasing and placement as well as in the area of freelancing.[10]

[9] http://bericht.telekom.com/geschaeftsbericht-2018/lagebericht/wirtschaftliches-umfeld/telekommunikationsmarkt.html
[10] https://www.bitkom.org/Marktdaten/ITK-Konjunktur/ITK-Markt-Deutschland.html

AIMS AND STRATEGIES OF TEMPTON GROUP

Tempton Group systematically pursues the following aims:

- Assumption of a continuously active role in the ongoing consolidation of the market for personnel service providers. With the acquisition of the operative business of a number of smaller personnel service providers, like MANO Arbeitnehmer-Überlassungsgesellschaft mbH and VD Personaldienst GmbH in 2022, and until March 2023 also of ZeitPlan GmbH, JOBPOWER Dortmund Personaldienstleistungen GmbH as well as Preussen Personal AG (following the acquisition of the material assets of Teilzeit Thiele Group in March 2019, the synchronized acquisitions of the material assets of Riedl Personal-Service GmbH & Co. KG and LHP Dienstleistungs- und Bildungsgesellschaft mbH on 1 December 2019, as well as the acquisition of the material assets of TRIA Group in September 2020 and Mondi Group in June 2021), Tempton Group has also taken further important steps along this path in 2022. Tempton Group has a permanently high level of free cash and cash equivalents, a substantial portion of which is also intended for the financing of potential further acquisitions;

- Continuous further development of Tempton digitization tools

  - myTempton App (Digital assignment control for employees, customers, administration)
  - myTempton Check-in (Digital applicant data capture)
  - myTempton Skills (Digital skill analysis)
  - myTempton Jet (Digital applicant data management) and
  - myTempton Connect ("Office on the road", matching platform)

  thereby further optimizing Tempton's core services for the benefit of customers, employees, and applicants;

- Expansion of the business model through additional cutting-edge digitization use cases for prospective customers, customers, employees and applicants of Tempton;

- Expansion of the successful Medical, Aviation and Office divisions across the whole of Germany and gaining additional market share in these segments;

- Establishment of an additional high-margin Education division as a spin-off from the Medical division, which has already developed the education market for Tempton in recent years;

- Nationwide roll-out and strategic expansion of key account structures successfully introduced in pilot regions to win high quality, high margin volume business;

- Scaling of the successfully realigned managed services business with the Tempton-Partner management system, which is unique in the industry and combines the advantages of Neutral and Master Vendor systems for customers and is synonymous in the market with optimum supplier performance;

- In the Next Level business unit: Monetization of the Engineering footprint, which grew strongly, and further interlinking the strong customer base in the commercial and technical business with the IT and engineering departments for example, by significantly expanding the branch network in structurally strong regions;

- In the Technology business unit: Taking over the installation and commissioning of complex technical infrastructures as an experienced turn-key partner, providing support in planning and operation, organizing the roll-out, and providing project and site management. Expansion and strengthening of the Data Centre and FTTx business areas. For over 25 years, we have been supporting our customers very successfully in the implementation of complex projects in the field of information and telecommunications technology (ICT) with individual services and the right personnel. In the future, we will continue to expand and utilize this expertise in the growth areas of data centres and FTTx;

- In the business unit Outsourcing: specialisation in the efficient, productive and sustainable solution of specific customer problems in the areas of logistics services, production and quality management;

- Further expansion of the existing position as one of the quality leaders;

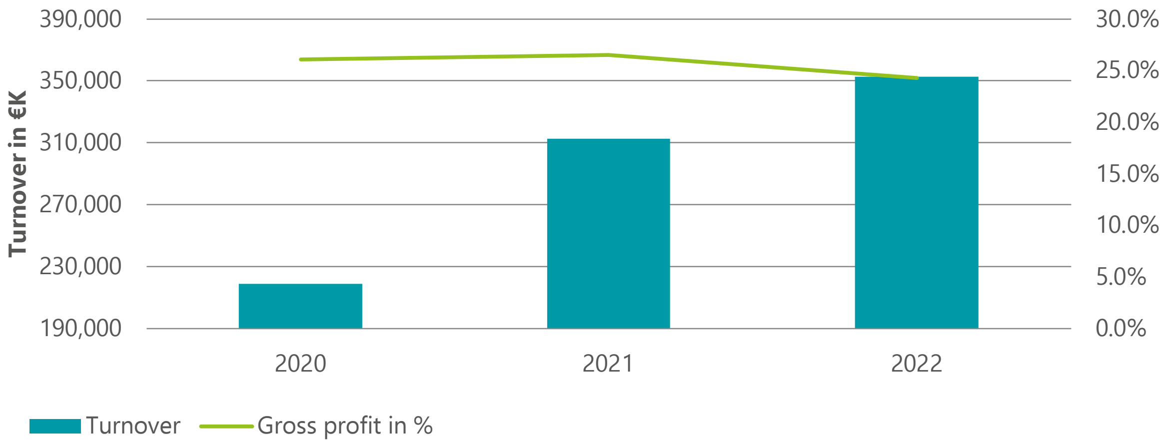
- Positioning as national champion in the attractive SME submarket.

BUSINESS PERFORMANCE OF TEMPTON GROUP

In the financial year 2022, Tempton Group has once again achieved extremely positive results in the key financial performance indicators of consolidated revenue, consolidated gross profit margin and consolidated EBITDA.

With revenues of kEUR 352,480 (previous year: kEUR 315,152) Tempton exceeded the management's forecast revenue greater than approximately kEUR 350,000 in the financial year 2022. The only minimal (positive) deviation of the actually achieved revenues from the planned revenues shows Tempton's high planning accuracy, even in highly volatile times.

Group EBITDA in the reporting period amounted to kEUR 21,003. Adjusted for the investment for the expansion campaign which started in 2022 (kEUR +1,863) as well as the costs for the preparation of an IPO (kEUR +1,233), adjusted EBITDA amounted to kEUR 24,099 and was thus above the adjusted previous year's EBITDA of kEUR 23,469 (previous year's EBITDA kEUR 28,957 less special effect of VBG kEUR -5,488) as well as above the forecast EBITDA (kEUR 23,469). On an adjusted basis, this corresponds to an EBITDA increase of kEUR +630 or 2.68 %.



Assets, liabilities and financial position

Basis of the annotations are the consolidated financial statements in accordance with IFRS as of 31 December 2022.

Earnings

kTEUR	2022	2021
Revenue	352,480	315,152
Changes in work in progress	0	64
Other operating income	563	701
Cost of raw materials and supplies	-1,274	-1,496
Cost of purchased services	-9,147	-9,651
Personnel costs	-290,752	-251,159
Other operating expenses	-30,867	-24,654
EBITDA	**21,003**	**28,957**
Depreciation and amortization	-9,238	-8,895
Operating profit (EBIT)	**11,766**	**20,062**
Interest income and similar income	198	78
Interest expense and similiar expense	-1,541	-3,641
Income taxes	-4,018	-5,276
Profit of the Year	**6,405**	**11,223**

Revenue (financial performance indicator) increased by kEUR 37,328 or 11.8 % from kEUR 315,152 in the financial year 2021 to kEUR 352,480 in the financial year 2022. Tempton Group's revenue growth in the financial year 2022 compared to the financial year 2021 was driven to a significant extent by price increases successfully implemented in the market and otherwise by organic growth and continued strong sales activities.

The following table shows the sales revenues of the individual business areas:

Changes in inventories of work in progress decreased through complete accounting by kEUR 64 from kEUR 64 during the previous year to kEUR 0 in the financial year 2022.

Other operating income decreased by kEUR 138 or 19.7 % from kEUR 701 in the financial year 2021 to kEUR 563 in the financial year 2022, which is mainly due to lower income from the release of provisions.

The cost of materials decreased by kEUR 222 or 14.8 % from kEUR 1,496 in the financial year 2021 to kEUR 1,274 in the financial year 2022. The decrease in the cost of materials in the financial year 2022 compared to the financial year 2021 is mainly due to the realisation of projects with lower input requirements in the Technology business unit.

The cost of purchased services fell from kEUR 9,651 in the financial year 2021 by kEUR 504 or 5.2 % to kEUR 9,147 in the financial year 2022, which is primarily due to a reduced use of external services in the Next Level business unit and to a lesser extent in the Technology business unit.

Personnel expenses increased significantly by kEUR 39,593 or 15.8 % to kEUR 290,752 (previous year: kEUR 251,159), mainly due to higher wage expenses because of tariff raises and the increased number of employees (non-financial performance indicator) as a result of the very good order situation. Nevertheless, the increase in the number of employees was lower than forecast. The increase in personnel expenses of Tempton Group in the 2022 financial year is mainly due to an increase in external personnel costs (kEUR 35,575), which was primarily caused by increased personnel service activities, and to a lesser extent to an increase in internal personnel costs (kEUR 4,019), which was caused by operational growth.

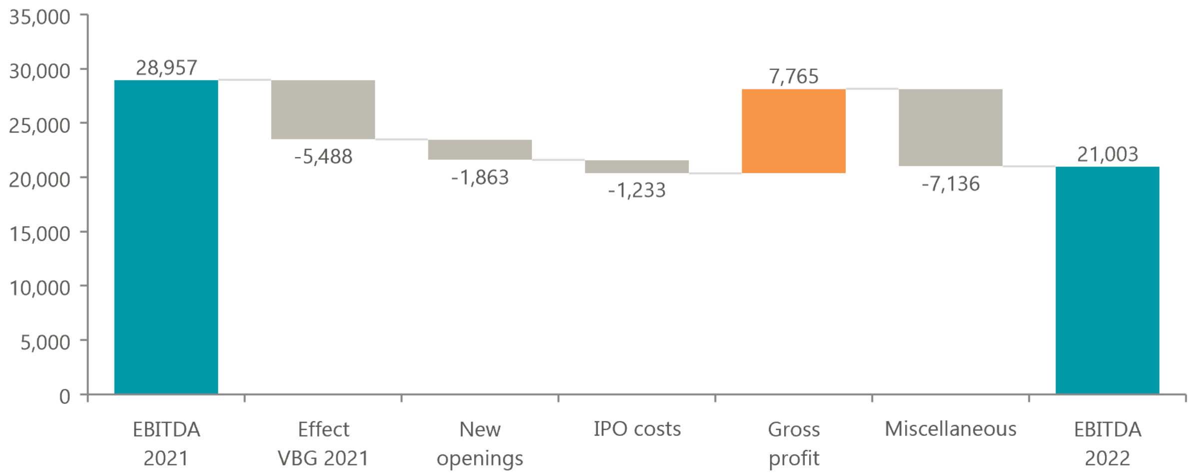
The gross profit margin (financial performance indicator) in the reporting period was at 24.32 % and thus below the level for the same period of the previous year (26.51 %). This meant that the gross profit margin of approx. 25.00 % desired by the management for the financial year 2022 was practically achieved.

The gross profit margin is the ratio of gross profit to sales revenue. In addition to the cost of materials, Tempton Group only takes into account personnel costs for employees directly related to the generation of revenue ("external employees") in the gross profit.

Other operating expenses increased by kEUR 6,213 or 25.2 % from kEUR 24,654 in the financial year 2021 to kEUR 30,867 in the financial year 2022. The increase in other operating expenses in the financial year 2022 compared to the financial year 2021 is primarily due to increased business activities, in particular the increase in advertising expenses (kEUR +2.651), legal and consulting costs because of the planned IPO (kEUR +1,534), other vehicle expenses (kEUR +976) and office supplies, IT and telecommunications expenses (kEUR +281).

Against the backdrop of the significant increase in energy prices, especially in 2022, the goal of environmental protection and sustainability, which Tempton Group has been emphasising for years, is becoming even more important. The minimum standards therefore include complying with the customary and (inter)nationally applicable laws, norms, standards and regulations, preventing environmental pollution and conserving natural resources. We are constantly striving to make our everyday life more sustainable, which is why, for example, we obtain our electricity from renewable energy sources, have optimised the property of the headquarters in Essen with the latest heating technology, photovoltaics and other energy-related measures, and are increasingly using electric vehicles in our fleet.

The following drivers influenced the development of EBITDA (financial performance indicator) in the reporting year compared to the previous year:



Depreciation and amortisation increased by kEUR 343 from kEUR 8,895 to kEUR 9,238 in 2022, in particular due to investments in the development of the digitisation projects.

Interest expenses and similar expenses fell from kEUR 3,641 in the previous year by kEUR 2,100 or 57.7 % to kEUR 1,541 in the 2022 financial year. The decrease in interest expenses and similar expenses in the reporting year is mainly due to the absence of the one-time expenses for the voluntary early repayment of the listed Nordic Bond 2019 in the amount of kEUR 870 in the previous year.

Income taxes decreased by kEUR 1,258 from kEUR 5,276 in the previous year to kEUR 4,018 in the financial year 2022. The change in income taxes in the financial year 2022 compared to the financial year 2021 is mainly due to a lower taxable income.

The consolidated net profit for the year decreased by kEUR 4,818 to kEUR 6,405 (previous year: kEUR 11,223).

Net Assets

kEUR	31.12.2022	31.12.2021
Current assets	**76,548**	**71,713**
Cash and cash equivalents	28,899	31,836
Trade receivables	39,088	33,275
Contract assets	1,508	1,431
Current income tax receivable	1,236	644
Other current financial assets	1,798	1,539
Inventories	650	774
Other current assets	3,369	2,214
Non-current assets	**38,732**	**37,846**
Other intangible assets	4,394	4,488
Goodwill	10,646	10,646
Property, plant and equipment	9,599	9,133
Right-of-use-assets	7,547	7,119
Other non-current financial assets	4,703	2,341
Deferred tax assets	1,843	4,119
Total assets	**115,280**	**109,559**

The net assets of Tempton Group in the reporting period were characterized by the increase in the balance sheet total (kEUR +5,721 or +5.22 %) to kEUR 115,280. Structurally, Tempton Group's asset situation improved significantly compared to the previous year due to the consolidated net profit.

As a result of the positive business development, current assets increased by kEUR 4,835 or 6.74 % from kEUR 71,713 in the previous year to kEUR 76,548 in the reporting year, mainly due to an increase in trade receivables by kEUR 5,813 to kEUR 39,088 and an increase in other assets by kEUR 1,155 to kEUR 3,369.

The average calculated DSO (time between invoicing and actual payment by customers) was again maintained in the reporting year and thus remains unchanged at 24.2 days (previous year 24.2 days). The achieved level is therefore still the best in the industry.

Non-current assets increased from kEUR 37,846 as of 31 December 2021 by kEUR 886 or 2.34 % to kEUR 38,732 as of 31 December 2022, primarily due to a kEUR +2,362 increase in other financial assets as well as an increase in property, plant and equipment (kEUR +466) and an increase in rights to use assets (kEUR +428). Deferred tax assets decreased by kEUR -2,276 to kEUR 1,843 in the reporting year due to utilization. Other financial assets increased mainly due to the acquisition of treasury shares in the Nordic Bond, the increase in property, plant and equipment resulted primarily from the expansion of Tempton's network of locations, and the increase in rights to use assets resulted from an increased number of leased company cars.

In the 2022 financial year, Tempton again invested substantially in the future with a total of kEUR 3,906.

kEUR	31.12.2022	31.12.2021
Current liabilities	**50,503**	**46,514**
Current financial liabilities	175	175
Lease liabilities	3,412	3,178
Trade payables	3,100	2,796
Current income tax liabilities	2,132	1,976
Current provisions	19,867	17,751
Other current financial liabilities	11,358	10,465
Other liabilities	10,012	9,831
Contract liabilities	447	342

kEUR	31.12.2022	31.12.2021
Non-current liabilities	**31,897**	**34,290**
Non-current financial liabilities	24,779	26,796
Lease liabilities	4,033	3,452
Provisions for pensions	2,300	3,373
Non-current provisions	224	191
Deferred tax liabilities	561	478
Total liabilities	**82,400**	**80,804**
Shareholders' equity	**32,880**	**28,755**
Share capital	25	25
Treasury Shares	0	-9
Capital Reserves	2,809	676
Retained Earnings	30,046	28,063
Total liabilities and shareholders' equity	**115,280**	**109,559**

Current liabilities increased by kEUR 3,989 from kEUR 46,514 in the previous year to kEUR 50,503 in the reporting year, which is mainly attributable to an increase (kEUR +2,116) in other current provisions (primarily because of increased provisions for personnel costs, such as collective bargaining leave entitlements, employers' liability insurance association and commissions, in accordance with the greater volume of business), an increase (kEUR +893) in other current financial liabilities and an increase (kEUR +304) in trade payables and leasing liabilities (kEUR +234).

Non-current liabilities decreased by kEUR 2,393 or 6.98 % from kEUR 34,290 as of 31 December 2021 to kEUR 31,897 as of 31 December 2022, mainly due to the decrease in financial liabilities by kEUR 2,017 from kEUR 26,796 to kEUR 24,779. By exercising the option of a convertible bond against granting of shareholder rights, the convertible bond (kEUR 2,133) which had been carried as a liability until the conversion date was transferred to the capital reserve, which reduced the long-term financial liabilities accordingly.

Equity increased from kEUR 28,755 in the previous year by kEUR 4,125 or 14.35 % to kEUR 32,880 in the year under review, which is mainly due to an increase in retained earnings (kEUR +1,983) and an increase in capital reserves (kEUR +2,133).

Financial situation

kEUR	31.12.2022	31.12.2021
Profit of the year	6,405	11,223
Depreciation and amortisation	9,238	8,895
Change in provisions	1,927	725
Other non-cash (income) expenses	-106	-90
Changes in trade and other receivables, inventories, contract assets and other assets	-6,907	-6,841
Changes in trade payables, contract liabilities and other liabilities	1,482	6,603
(Gains) losses from the disposal of intangible assets and property, plant and equipment	7	39
Interest (income) expenses, net	1,342	3,563
Income tax expenses	4,018	5,276
Income taxes paid	-2,365	-2,892
Cash flow from operating activities	**15,041**	**26,501**
Disposal of equipment	1	3
Additions to property, plant and equipment	-2,198	-2,040
Additions to intangible assets	-1,707	-2,565
Additions to assets leased	0	-173
Cash payments to acquire debt instruments	-2,406	0
Interest received	42	14
Cash flow from investing activities	**-6,268**	**-4,761**
Issuance of long-term debt	0	25,000
Repayment of long-term debt	0	-30,000
Principal portion of repayment of lease liabilities	-5,411	-4,669
Dividends paid	-5,000	0
Interest paid	-1,299	-3,557
Cash flow from financing activities	**-11,710**	**-13,226**
Change in cash and cash equivalents	**-2,937**	**8,514**
Cash and cash equivalents at beginning of the period	**31,836**	**23,322**
Cash and cash equivalents at end of year	**28,899**	**31,836**

In the reporting year, Tempton Group had a very positive cash flow. Accordingly, Tempton was not only able to meet all payment obligations on time at all times, but also financed a distribution to the shareholders of kEUR +5,000 from the cash flow.

The operating cash flow changed from a cash inflow of kEUR 26,501 in the financial year 2021 to a cash inflow of kEUR 15,041 in the financial year 2022, mainly due to a lower net profit, a decrease in other payables and other financial liabilities, and a decrease in interest expense and income tax expense. However, these effects were partially offset, mainly by the changes in provisions as well as depreciation and amortization in the 2022 financial year.

The investment cash flow increased by kEUR -1,507 to kEUR -6,268 compared to the previous year (kEUR -4,761), mainly due to investments in financial assets.

The financing cash flow shows an outflow of funds of kEUR -11,710, which is made up of payments of leasing liabilities, which increased by kEUR +742 to kEUR 5,411, and interest paid, which decreased by kEUR -2,258 to kEUR 1,299. In addition, a distribution to the shareholders in the amount of kEUR +5,000 (previous year kEUR 0) was made for the first time.

Overall, Tempton Group has a negative cash flow of kEUR -2,937 in the reporting year.

The Group's financing consists of its high equity of kEUR 32,880 or 28.52 % of the balance sheet total (including cash and cash equivalents of kEUR 28,899 or 25.07 % of the balance sheet total) and financing in the form of a listed bond (Nordic Bond), which bears a fixed interest rate of 4.75 % per year, matures on 9 November 2026 and has the option to increase the volume up to kEUR 75,000.

Tempton Group uses off-balance sheet transactions to optimize its financing structure. These include the partial use of factoring in the Technology, Next Level and Outsourcing business areas for certain (major) customers with extended payment terms typical for the industry, which do not fit into the payment term corridor issued by Tempton as a cap vis-à-vis the customer base.

Summary assessment

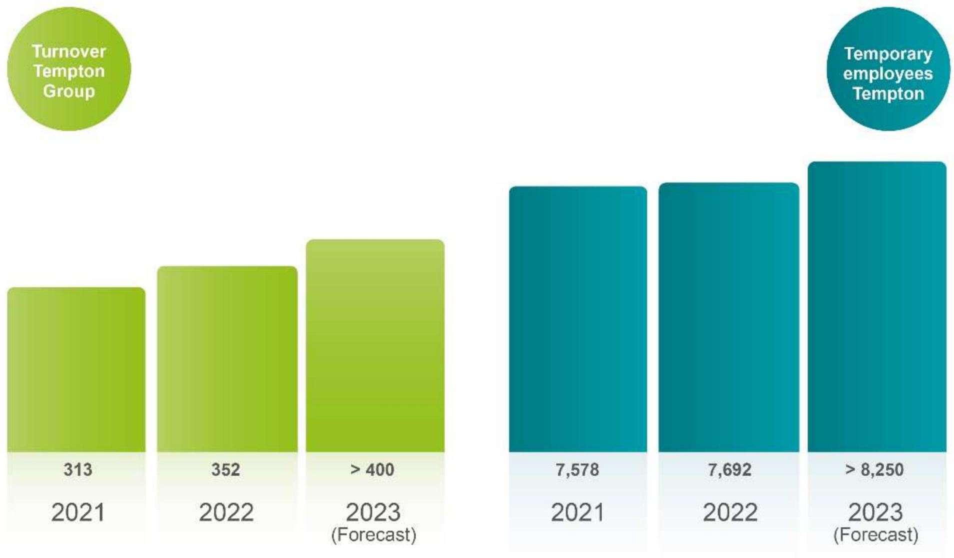
In the financial year 2022, taking into account the special effects in the previous year and the massive investment in digitization and growth, Tempton Group was able to significantly exceed the level of the year 2021 in almost all key figures. This also applies to the number of employees (non-financial performance indicator), which also increased significantly. Overall, the management is very satisfied with the business performance in the financial year 2022.

Forecast report

Tempton Group is optimally positioned. It has not only done all its essential homework since 2013 but has also positioned itself for the future in every respect. The medium to long-term goals pursued by the management of Tempton Group were consistently achieved in the financial year 2022, confirming the good development in sales, gross profit margin and EBITDA compared to previous years.

Accordingly, Tempton Group has continued to develop positively over the course of 2023 to date and continues to grow.

Development of sales (million euros) and temporary employees of Tempton Group[11]:



The fact that Tempton Group, due to its own qualified digital unit, is in the top group of the personnel service provider market in terms of digitization as well and is investing here substantially, will further improve the market position of Tempton Group in the future. For the financial performance indicators for 2023, Tempton Group expects another significant increase (sales) or a continued stable development of approx. 24.00 % (gross profit margin) compared to the level of the past financial year. For the EBITDA, Tempton Group expects, despite an enormous organic growth initiative and the continuous investments in digitization, for 2023 that this will come in slightly above the level of the past financial year (kEUR 21,003).

[11] The data refers to temporary employees of Tempton Personaldienstleistungen GmbH, Essen as part of Tempton Group.

Opportunities report

Tempton Group sees concrete attractive business opportunities in particular in the ongoing nationwide roll-out of its of its specialist divisions Medical, Aviation and Office, the continuously growing key accounting and managed services provider business, in the establishment of a new specialist division Education, in the opportunities of the ongoing digitization strategy (among others myTempton App, myTempton Check-in, myTempton Skills, myTempton Jet, myTempton Connect) as well as in the interaction with the IT,Digital Marketing and Engineering departments (based at Tempton Next Level Experts GmbH), which have now been set up nationwide and have further grown in 2022.

In addition to these forward-looking initiatives, Tempton is deliberately focusing on growing its core business as well. With the largest organic growth initiative in the company's history, Tempton is deliberately focusing on shortening the distances for applicants and customers and opening 40 additional branches in 2023 in addition to expanding the specialist business. In doing so, Tempton is deliberately using its operational strength to gain further market share and is thus primarily driving regional and local competitors out of the market.

Since Tempton Group has a consistently high level of free cash and cash equivalents, a substantial portion of which is also allocated to financing potential further acquisitions, there is also the intention and the opportunity to further consolidate the market through targeted acquisitions. To this end, Tempton relies on its integration experience and is continuously being refined at the highest level with each acquisition.

Due to the good know-how available in Tempton Outsourcing GmbH in the development of locations for logistics services, there are very good business opportunities for Tempton Outsourcing GmbH in the growing market of online trade. Commissioning, packaging, value-added services and increasingly return management are primarily outsourced in these market segments. Here Tempton Outsourcing GmbH has excellent expertise and first-class references. This strength pays off increasingly in existing and over the long-term stable customer relationships, but also in the acquisition of new customers.

Due to Tempton Next Level Experts GmbH's extensive expertise in taking on complex technical projects and the further positive development of the ITC market, we also expect for the financial year 2023 to be able to significantly expand our existing business and new business in the areas of temporary experts as well as planning, documentation and maintenance.

At Tempton Technik GmbH, we are convinced that, against the background of upcoming innovations and market developments, we can master the challenges and exploit the opportunities with our technical expertise and professional positioning. In addition to the ever-progressing increase in demand for telecommunications services, we see an accelerating decline in the traditional landline business and a high and further increasing demand for mobile services. In addition to rising demand for faster connectivity and higher data volumes, the roll-out of broadband will continue to have a high priority. This also means that an ever-increasing volume of data has to be processed, evaluated and stored. Tempton Technik GmbH will benefit greatly from this development with the further expansion and strengthening of the data centre business area.

In the 2023 financial year, Tempton Technik GmbH will also continue to steadily expand its very good customer base and continue to expand its service portfolio into promising areas.

Risk report

The following risks are listed in descending order of severity for the current year 2023.

- For several years, German politicians have been discussing the strain on the social system caused by employee leasing in the care sector. Since the personnel service providers often offer significantly better working conditions than the client companies, the client companies and thus also the social system are additionally burdened, according to the argumentation of various stakeholders, including the Federal Minister of Health Lauterbach. After all attempts to contain the situation, in particular the pilot project to ban the use of temporary workers in the care sector in Berlin, failed, this discussion has fallen silent in recent years. Now the discussion has flared up again in relation to care for the elderly. We are taking this risk very seriously, especially for our successful Medical division, and are strengthening our sales activities very specifically in the area of hospitals and university clinics, which are not yet affected by the current discussion. In addition, Tempton is diversifying further and is developing the specialist area of education from the existing medical business, which is not affected by such discussions at all. Overall, internal resources can be directed to other business areas with little effort in the unlikely event of a ban on personnel services in the field of care. If, as is currently also being discussed in very concrete terms, there is a cap on the assumption of costs for employee leasing in nursing care for the elderly, we expect a short-term negative effect on demand, but this will be offset in the medium and long term by the redistribution of costs for the economically existentially necessary care staff within the elderly care homes.

- Overall, Tempton does not consider the widely discussed shortage of skilled workers or the so-called "workerlessness"[12] as a relevant business risk but has rather adjusted to it and sees this shortage of potential employees as an opportunity to distinguish itself even further from the competition and to gain further market shares thanks to its excellent recruitment strategies and sophisticated recruitment tools.

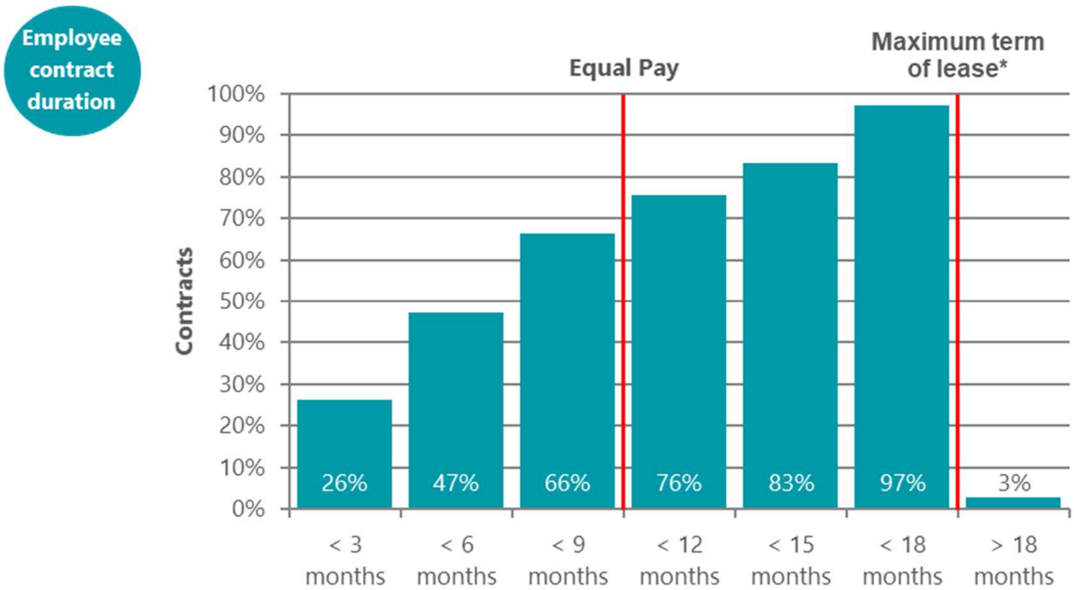
- Tempton also sees no significant risk in the various geopolitical risk factors and the increasingly volatile economic situation in Germany, which is manifested above all through severe supply chain problems and the associated production downtimes and delivery problems which occur at short notice. It demonstrates once again the importance of Tempton's sales strength and the industry mix that distinguishes Tempton in the market and has successfully carried it through the past crises despite the "indicator industry".

- Tempton-Group has a very large customer base with more than 11,000 active customers. Due to its sales strength - Tempton -Group acquires more than 3,500 new customers annually - Tempton -Group is not only able to compensate for customer losses, but also to actively optimise this customer base on a permanent basis with regard to margin, employee satisfaction in customer assignments and default risk on the customer side. As can be seen from the following chart, cluster risks in our sales revenues in the 2022 financial year, broken down by highest-revenue customers, in the customer structure are practically non-existent:

[12] The great workerlessness - Why a shrinking population threatens our prosperity and what we can do about it, Sebastian Dettmers, Münchner Verlagsgruppe GmbH, June 2022

- The fear of a new mass unemployment due to the crisis-related downturn of the German economy does not pose a significant risk for the industry and Tempton at present either. The number of employees subject to social security contributions is currently at a peak and the demographic development will lead to a dramatic decrease in the potential workforce in the next five to seven years. Thus, a real reduction in the demand for labour, both for executives and professionals, as well as for unskilled workers, is very unlikely. There will very likely continue to be an increase in the volatility of demand. However, this does not mean a risk for Tempton with its broad customer, industry and qualification mix, but rather an opportunity compared to other competitors.

- Even the regulatory framework, which has become much stricter in recent years (maximum duration of temporary employment, equal pay), does not pose a relevant risk for Tempton. Tempton Group focuses on filling relatively short-term contracts meaning that, as the following chart shows, almost 70 % of the temporary employees of Tempton Group are employed for less than 9 months on a customer assignment, and almost no temporary employees on a customer assignment reach the statutory maximum leasing period. Tempton Group is very well positioned within the scope of the existing regulatory framework:



* Maximum duration of contract period restricted to 18 months since reform of the AÜG (German Temporary Employment Act) took effect on 1 April 2017. Individual industry collective-bargaining agreements however allow for divergencies.

- Tempton has been actively addressing the issue of IT security for years. Due to the increasing digitisation of business processes in internal and external communication, the Tempton Group is also confronted with information security risks. Therefore, Tempton works exclusively with certified partners and relies on the German market leader for its data centres. These so-called Tier 3 data centres use redundant components and multiple active and passive supply paths. This makes the system error-tolerant and maintenance is also possible during operation. Data centres in quality level 3 also increase their fail-safety through multiple fire compartments. Overall, a data centre at quality level 3 achieves an availability of 99.98 percent with a downtime of 1.6 hours per year. In addition, Tempton is currently further increasing security within the framework of an adapted disaster recovery concept that will reduce possible downtimes after various cyberattacks to up to 15 minutes. Within the framework of these concepts, Tempton continuously invests in a variety of further measures to keep the IT landscape state-of-the-art and to counter hacker attacks, the failure of the Internet or the energy supply as well as attacks by malware (viruses or trojans).

- Tempton also mitigates the risks of deterioration in the creditworthiness of some customers, in particular due to increased energy prices, rising interest rates and / or disrupted supply chains, through the widespread use of trade credit insurance.

Liquidity risks / Risks arising from financial instruments
Tempton Group has a high free liquidity. Liquidity risk is countered by ongoing liquidity planning and strict cash management. The management of Tempton Group therefore does not see any apparent liquidity risks and there are also no risks from receivables or other financial instruments.

Liability and default risks
The Tempton Group has integrated a standardized insurance program so that it has adequate insurance cover for such risks. This program also includes receivables bad debt insurance.

Customer developments, customer losses or order initiations
Since 2015, Tempton Group has been transformed into a powerful sales and marketing organization. Accordingly, Tempton Group gains more than 3,500 new customers per year in the personnel services business area, the core area of Tempton Group, which always overcompensates for possible customer losses. In particular, Tempton Personaldienstleistungen GmbH is in no way dependent on individual customers or specific orders. In general, Tempton Group does not accept orders that would in any way force Tempton Group to modify

its existing high-performance organization. In particular for Tempton Personaldienstleistungen GmbH certain customers or orders are of no particular importance.

The business units Outsourcing and Technology have a healthy mix of long-term framework agreements (more often even with the guarantee of minimum volumes), medium-term projects and projects on a short-term basis. Although possible project postponements and abruptly ending projects cannot be completely ruled out, the very good customer contacts and the very good networking within the industries with relevant experts are a certain guarantee that impending customer and order losses can be identified in good time.

Research and development

As a service provider, Tempton Group has no research and development activities.

Internal control system

Tempton Group has a functioning internal control system in place. The controls are carried out by the various specialist departments as well as by a permanent team of auditors.

General note on the group management report

This group management report contains prognostic statements and information that are based on the economic and financial conditions currently known and the resulting expectations of management.

Essen, 26 April 2023

Tempton Group GmbH
The Management Board
Dr. Annett Tischendorf

tempton

INDEPENDENT AUDITOR’S REPORT

Note: This is a convenience translation of the German original. Solely the original text in German is authoritative.

INDEPENDENT AUDITOR'S REPORT

To Tempton Group GmbH, Essen

AUDIT OPINIONS

We have audited the consolidated financial statements of Tempton Group GmbH, Essen, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2022 to December 31 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the group management report of Tempton Group GmbH for the financial year from January 1, 2022 to December 31, 2022.

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 § 315e (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 December 31, 2022 and of its financial performance for the financial year from January 1, 2022 to December 31, 2022, and

— the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 (3) 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 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in compliance with these requirements. 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.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS 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 (1) HGB and that the consolidated financial statements in compliance with those requirements give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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 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 the risk of not detecting a material misstatement 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 (1) HGB.
— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with 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.

Stuttgart, April 27, 2023

Braunschläger

Wirtschaftsprüfer (German Public Auditor)

Gebert

Wirtschaftsprüfer (German Public Auditor) www.tempton.de