

tempton

Group management report for the financial year 2020

TEMPTON Group GmbH
Essen

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tempton

ANNUAL REPORT

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

Annual consolidated financial statement for the financial year
From 1 January 2020 to 31 December 2020

Group Management Report

Business activities and structure of TEMPTON Group

TEMPTON Group is one of the largest personnel service providers in Germany with consolidated sales of approx. 220 million euros in 2020 and occupies a leading role among them.

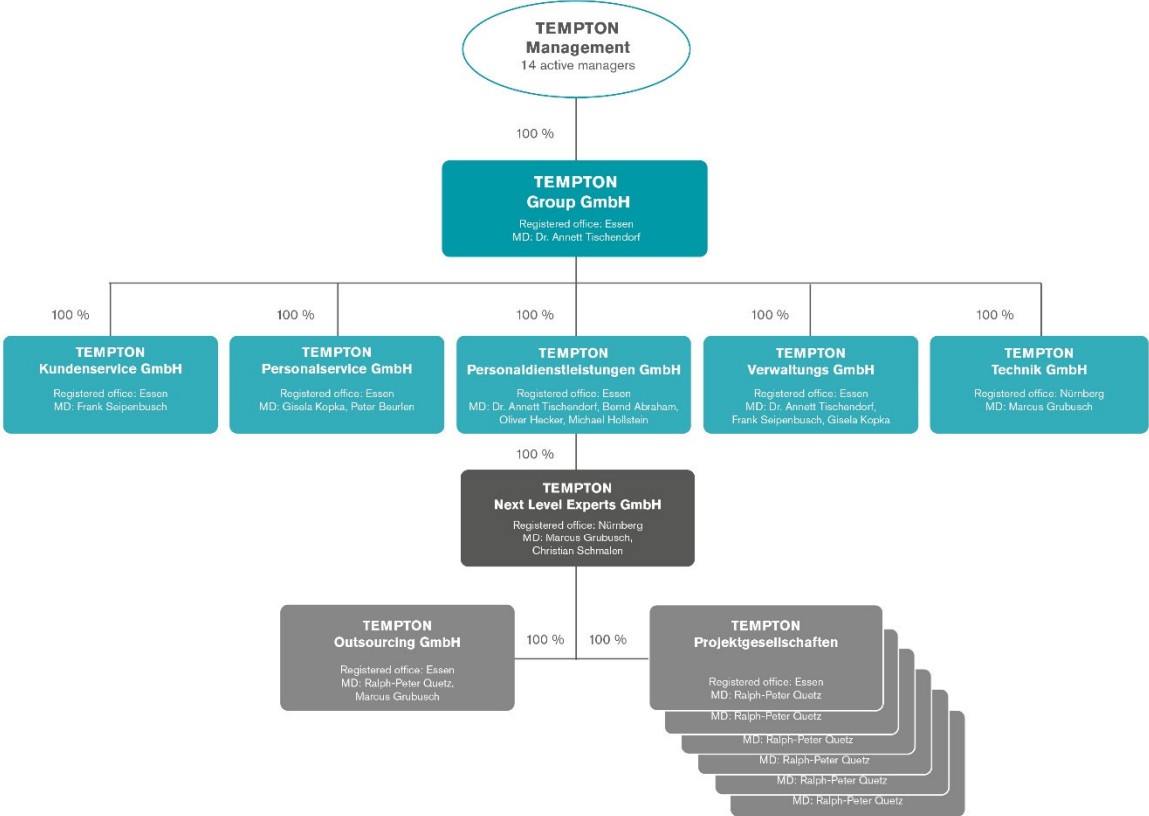
On the one hand, a very broad portfolio of services distinguishes us significantly from other personnel service providers. Beyond personnel leasing, we offer our customers solutions for almost all personnel-driven tasks. This also includes personnel recruitment (including RPO services), direct placement, master vendor and on-site management solutions, the takeover of personnel, the provision of temporary experts/freelancers, outsourcing solutions, technical services and C-level services. On the other hand, we are highly modern, fully funded in all areas and leading in digitalization, which means that our processes are highly 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 8,000 employees throughout Germany in peak times who work at over 130 locations for an active customer base of more than 10,000 companies from almost all sectors - from small and medium-sized companies and businesses to well-known large companies and groups.

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 distinctly 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 more than 90 % of TEMPTON-sales. It is concentrated within TEMPTON Personaldienstleistungen GmbH, TEMPTON Personalservice GmbH, Essen, and for premium services TEMPTON Next Level Experts GmbH, Nürnberg.

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 or for airport operations – through common interest TEMPTON recruits only the best, so that our TEMPTON consultants can select the suitable candidate at any time from about 7,500 active employees hired for flexible customer assignments and annually more than 50,000 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.

Master-vendor and on-site management solutions

If a customer uses several personnel service providers, TEMPTON as a "Master-Vendor" assumes the entire management of all personnel service providers for the customer; from the qualification of new co-suppliers to the on- and offboarding of individual employees. This includes the selection of personnel service providers, the 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.

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 process, 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

TEMPTON plans technical infrastructures for its customers and supports them in the area of engineering and in operations of their information and communication technology.

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 project enterprises.

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 quality assurance and control, logistics services such as commissioning and merchandise management as well as facility and machine operation.

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.

SHARED SERVICES CENTRE

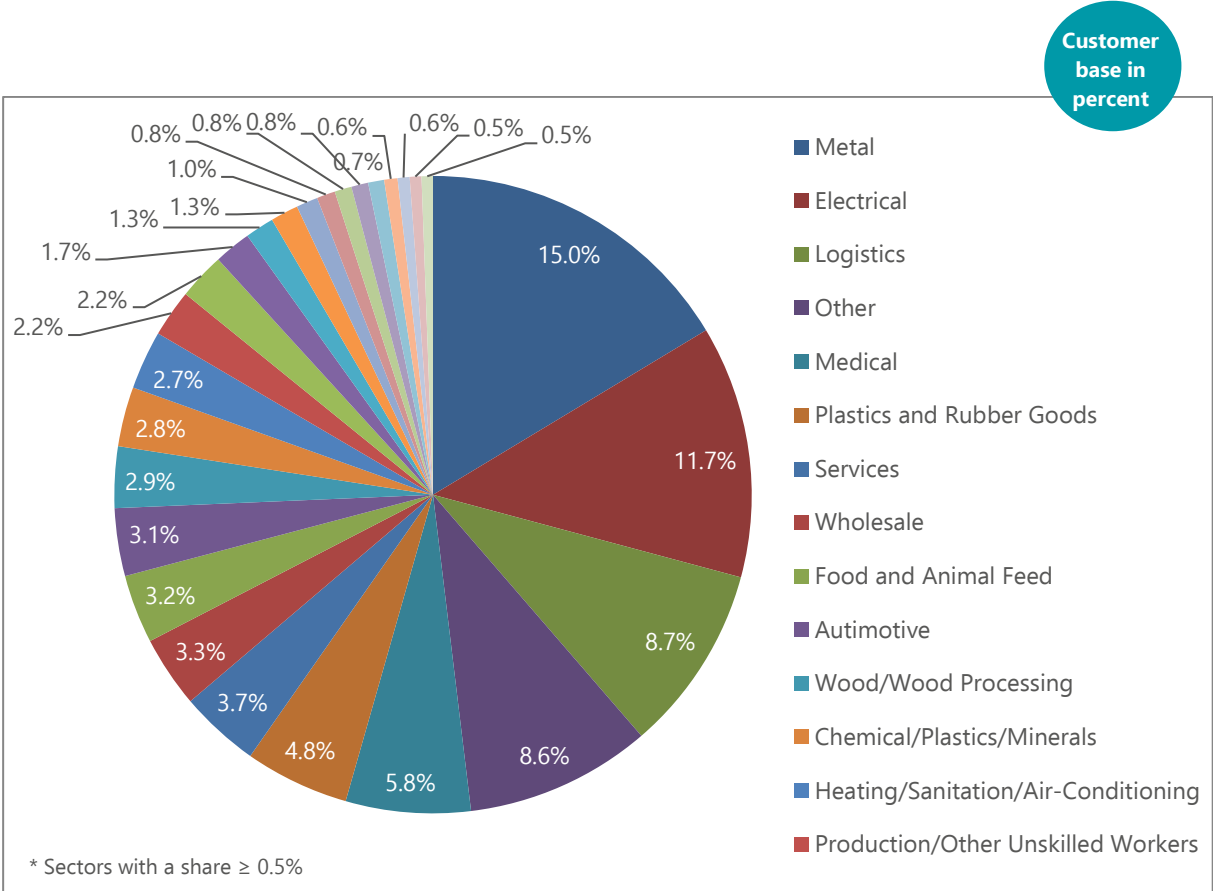
TEMPTON Verwaltungs GmbH and TEMPTON Kundenservice GmbH form the central shared services centre for all operating business divisions of TEMPTON Group with the following central division functions: financial accounting, receivables management, marketing, quality management, controlling, IT, fleet and property management, HR and legal.

BUSINESS ACTIVITIES AND STRUCTURE OF TEMPTON GROUP

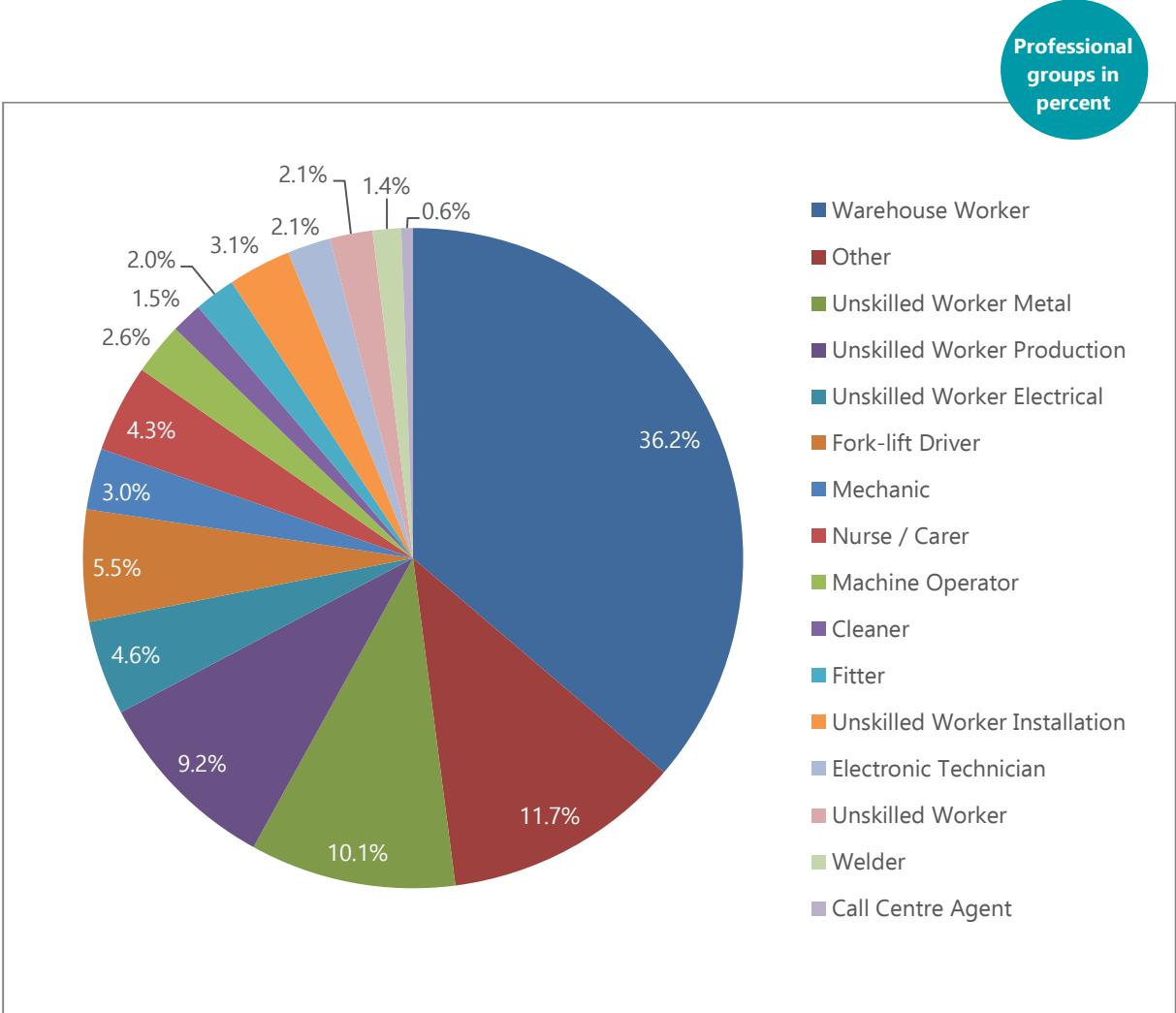
On the one hand, TEMPTON Group offers the classic personnel services in form of personnel leasing, direct placement, personnel recruitment supplemented by master-vendor and on-site management solutions.

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, engineering, aviation as well as its strong business units technology, NEXT Level (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 10,000 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).



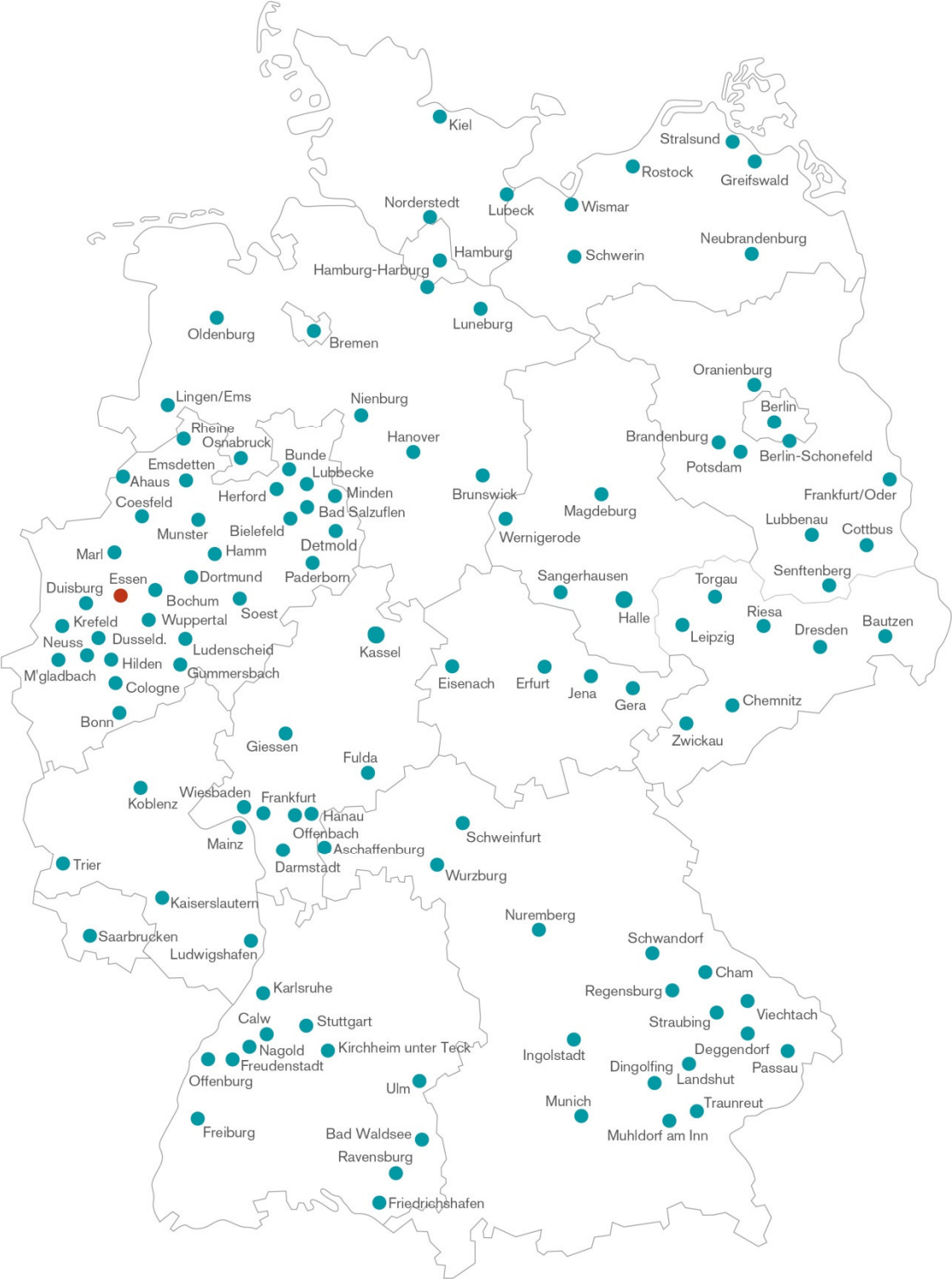
TEMPTON Group has also deliberately not specialised in specific occupational groups, but has as wide split of employees of all conceivable qualification levels and qualifications:



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 a nationwide network of locations with well over 130 branches, which has been growing steadily for years. Accordingly, TEMPTON is available to its customers as a strong partner wherever TEMPTON's customers need it.

TEMPTON Group has an outstanding nationwide network of locations:



Further advantages of 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 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.
- Not without reason TEMPTON is a very popular employer and occupies first place among personnel service providers in Germany in the current evaluation "TOP Employer 2020" of Focus magazine. Among the TOP employers in Germany, TEMPTON ranks 4th. In addition, TEMPTON has one of the most powerful recruiting machines 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 lead. Thus, TEMPTON still has first-class recruiting opportunities despite the generally difficult applicant market. From more than 50,000 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, 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. fully 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 very 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 first-class and 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 is owner-managed, decisive, organized and very 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 corona crisis is an economic shock with a magnitude that dwarfs all crises the world economy has experienced since the Second World War. A comparison to the financial crisis shows that the corona crisis involves more countries, including China, and that the course of events to date has been different.¹ The ifo Business Climate Index collapsed from 96.0 points (seasonally adjusted) in February 2020 to 86.1 points in March 2020. This is the sharpest decline ever recorded in reunified Germany and the lowest figure since July 2009.² The ifo business climate index recovered as the year progressed, until the second Corona wave interrupted the recovery of the German economy with another lockdown (light).

Overall, this will result in a 5.1 percent drop in economic output in 2020. For the remainder of the forecast period, it was assumed that the infection control measures in place since November will remain in force unchanged until March 2021 and will then be relaxed gradually. Against this background, price-adjusted gross domestic product is expected to grow by 4.2 percent in 2021.³

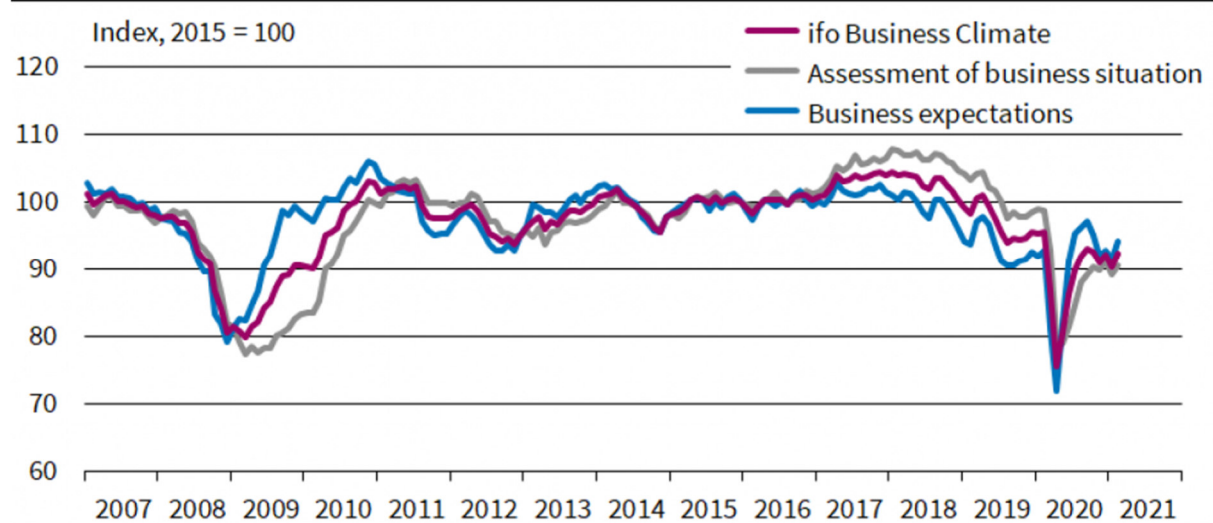
¹ <https://www.ifo.de/en/themen/coronavirus>

² <https://www.ifo.de/en/node/53943>

³ <https://www.ifo.de/en/ifo-forecast/20201216>

ifo Business Climate Germany ^a

Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.

Source: ifo Business Survey, February 2021.

© ifo Institute

The economic output in 2020 was generated on annual average by 44.8 million employed persons with their place of work in Germany. This was 477,000 people or 1.1% fewer than in 2019. Due to the Corona pandemic, the 14-year increase in employment that had even outlasted the financial and economic crisis of 2008/2009 thus came to an end. Particularly affected were marginally employed people as well as the self-employed, while the number of employees subject to social insurance contributions remained stable. The extended regulations on short-time work in particular are likely to have prevented redundancies here.⁴

INDUSTRY-SPECIFIC FRAMEWORK CONDITIONS

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

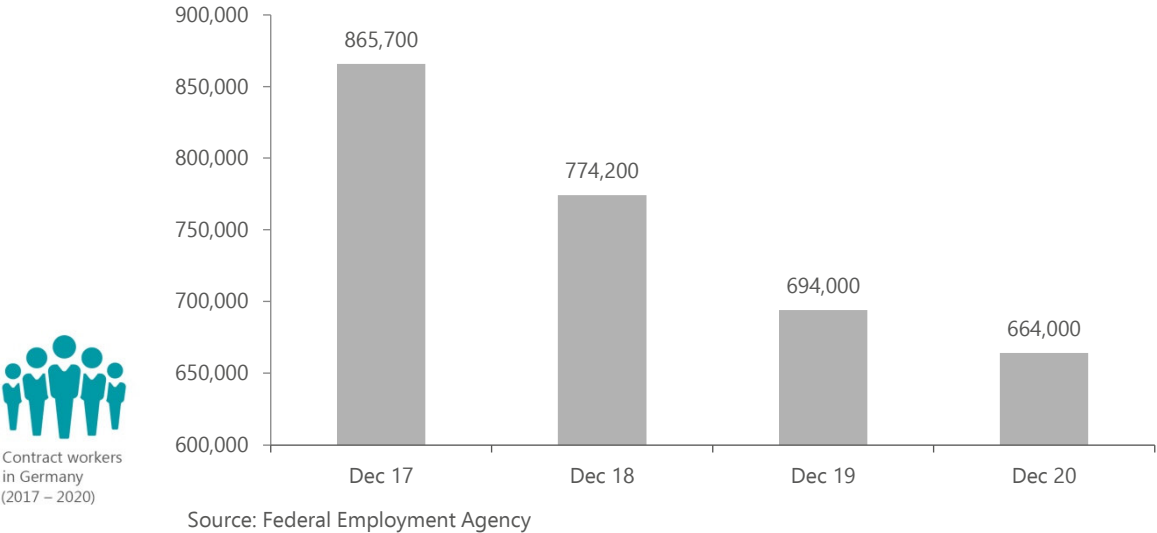
The number of temporary employees has declined continuously since 2017. After a significant decline in 2018 (-91,500 employees), a further decline in 2019 (-80,200 employees), the number of employees in temporary work decreased in 2020 as well (-30,000 employees).

The development from 2018 onwards was triggered by the regulations on Equal Pay and maximum term for temporary staffing, which came into force on 1 April 2017, and also by the

⁴ https://www.destatis.de/EN/Press/2021/01/PE21_020_811.html

general economic slowdown in 2019 as well as the growing crisis within the automotive industry. For 2020, the effect from the Corona crisis was the main factor.

Temporary staff in Germany:



There are essentially no special industry-specific framework conditions for the Outsourcing business unit of TEMPTON Group. According to management estimates, the 2020 financial year represents a one-off exception for customers in the automotive supply industry and the beverage industry segments. In both segments, there were pandemic-related closures of entire plants or entire production facilities, particularly in the 2nd quarter. This led to severe volume reductions at customer companies in the above-mentioned sectors. 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 %).⁵

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

The rapid pace of technological change in the telecommunications sector and the pandemic-related demands on telecommunications infrastructure continue to require high levels of

⁵ <https://www.roedl.de/themen/entrepreneur/2017-02/outsourcing-fakten-mittelstand-international>

investment to expand next-generation network infrastructures and upgrade existing network infrastructure.

According to GSMA Intelligence, mobile operators will invest around US\$1 trillion worldwide in the rollout of 5G networks in the coming years - excluding spectrum. More optical fiber is continuously being upgraded in telecommunications networks.⁶

Demand for fast broadband - fixed and mobile - continues unabated. According to estimates by Analysys Mason, data traffic in the fixed network increased by 26 % worldwide in 2020. In Germany, the average data volume per fixed-network line per month was 168 gigabytes (GB) in the reporting year, according to estimates by Dialog Consult - an increase of 25 percent compared to the previous year. According to Analysys Mason, mobile data traffic will grow by 55 % worldwide in 2020.⁷

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

The ongoing digitization in Germany requires high investments to adapt and expand network infrastructures to current needs. In addition to the expansion of 5G networks that has begun, more fiber optics are continuously being added to (telecommunications) networks, and industry is demanding more connectivity to network machines and production sites and make value chains more efficient.

A particular growth segment in the German telecommunications market is nationwide investment in fiber-optic and copper infrastructure projects. 5G will be an additional driver in the expansion and connection of mobile sites.⁸

For the business areas of TEMPTON Technik GmbH, the ideal conditions exist here to benefit to the maximum 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 - all services that are currently being carried out by TEMPTON Technik GmbH.

The IT services industry segment, which is also relevant for TEMPTON Group's **Next Level** business area, declined for the first time since 2009 in 2020 - triggered by the Corona crisis -

⁶ <https://bericht.telekom.com/geschaeftsbericht-2020/lagebericht/wirtschaftliches-umfeld/telekommunikationsmarkt.html>

⁷ <https://bericht.telekom.com/geschaeftsbericht-2020/lagebericht/wirtschaftliches-umfeld/telekommunikationsmarkt.html>

⁸ <http://bericht.telekom.com/geschaeftsbericht-2018/lagebericht/wirtschaftliches-umfeld/telekommunikationsmarkt.html>

with a decline in revenue of -3.2 % compared to the previous year. Many projects - including those of our customers - had to be frozen or postponed due to home office and contact restrictions. Growth was only recorded in the IT hardware market segment. However, this downturn in software and IT services appears to be a one-off, as growth rates of 4.1 % and 1.1 % are already being forecast again for 2021.⁹

AIMS AND STRATEGIES OF TEMPTON GROUP

TEMPTON Group systematically pursues the following aims:

- Assumption of a continuously very active role in the ongoing consolidation of the market for personnel service providers. With the acquisition of the material assets of TRIA Group in September 2020 (following the acquisitions of the material assets of Teilzeit Thiele Group in March 2019 and, in tandem, the material assets of Riedl Personal-Service GmbH & Co. KG and LHP Dienstleistungs- und Bildungsgesellschaft mbH on December 1, 2019), TEMPTON Group has also taken another important step along this path in 2020. TEMPTON Group has a permanently very high level of free cash and cash equivalents, a substantial portion of which is also intended for the financing of potential further acquisitions;
- Completion of the company-wide roll-out of the TEMPTON digitalization tools developed to market maturity at the end of 2019
 - ❖ myTEMPTON App (project management app for employees incl. interfaces to customers and branches),
 - ❖ myTEMPTON Check-in, Skills and Jet (digital applicant registration) and
 - ❖ myTEMPTON Connect (matching platform)

by the end of 2021, thereby further optimizing TEMPTON's core services for the benefit of customers, employees, and applicants;

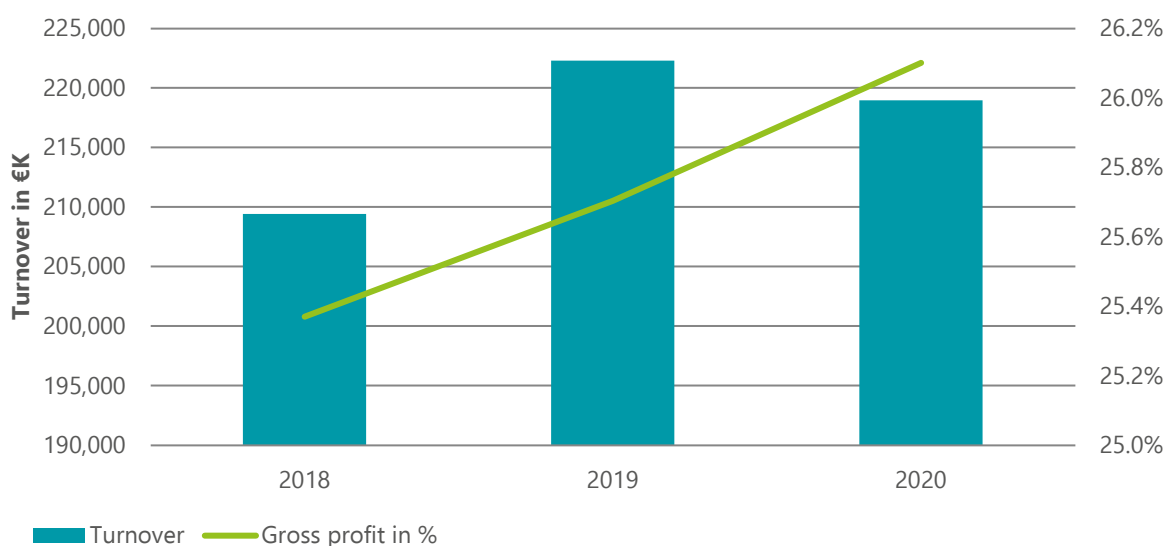
- Steady further expansion of the TEMPTON digitization tools with additional use cases and thus opening up the possibility of market launch of additional very attractive performance optimizations and business models, especially for prospective customers, customers, employees and applicants of TEMPTON;

⁹ <https://de.statista.com/statistik/daten/studie/3017/umfrage/wachstumsraten-in-der-it-branche---zeitreihe/#statisticContainer>

- Significant expansion of business with commercial specialists and executives;
- In the Next Level business unit: Monetization of the IT footprint, which grew strongly in 2020, and interlinking the strong customer base in the commercial and technical business with the IT and engineering departments;
- In the business unit technology: Focus on high-margin business areas such as the entire process of technical connection of telecommunications connections - from coordination to setup to the final business customer connection. Furthermore: expansion of the customer structure into industries that also have network architectures as a basis (electricity grids, gas grids, pipelines, transport networks);
- In the business unit outsourcing: specialisation in the efficient and high-quality solution of specific customer problems in the areas of logistics services, quality management and production;
- Further expansion of the existing position as quality leader;
- Positioning as national champion in the attractive SME submarket;
- Qualified key accounting of the large mid-sized sector.

BUSINESS PERFORMANCE OF TEMPTON GROUP

TEMPTON Group is optimally positioned. In the years since 2013, it has not only done all its essential homework, but has also positioned itself for the future in every respect. Accordingly, TEMPTON Group has developed extremely positively in the financial year 2020 in all key economic ratios.



Assets, liabilities and financial position

TEMPTON Group generated revenues of kEUR 218,973 in the reporting period 2020 (previous year kEUR 222,287) which was below the prognosis of kEUR 240,000. Revenues of kEUR 185,582 (previous year kEUR 191,461) were generated in the reporting period from the provision of temporary staff. Revenues of kEUR 33,391 (previous year kEUR 30,826) were generated from project and work contract business.

Gross profit in the reporting period was 26.13 % (previous year 25.70 %).

The gross profit margin is the ratio of gross profit to revenue. In addition to the cost of materials, the gross profit of TEMPTON Group only includes personnel costs for employees directly related to revenues.

While other operating income remained almost constant at kEUR 2,841 (previous year kEUR 2,972), other operating expenses increased by kEUR 1,317 to kEUR 23,371, in particular due to higher travel and rental expenses. Against the background of the slight decline in revenues and the effects on earnings described above, EBITDA developed to kEUR 6,728 in the reporting period (previous year kEUR 9,386).

Depreciation and amortization increased by kEUR 601 to kEUR 2,841 due to investment activities.

Interest expenses amounted to kEUR 2,107 in the reporting period (previous year kEUR 1,483). The increase is mainly due to interest in connection with the bond issued in October 2019.

Consolidated net income decreased to kEUR 556 (previous year kEUR 4,316).

The balance sheet total amounted to kEUR 81,302 and increased by kEUR 3,873 or +5.00 % compared to the previous year (kEUR 77,429).

In the 2020 financial year, TEMPTON again invested substantially in the future with a total of kEUR 5,784. On one hand, TEMPTON opened a total of five locations to expand its growth base. With the acquisition of the main assets of TRIA Group in September 2020, TEMPTON was able to add a further 15 locations. Furthermore, TEMPTON consistently invested more than kEUR 900 in various digitalization projects (including the group-wide introduction of MS Office 365 incl. TEAMS videoconferencing, myTEMPTON App, myTEMPTON applicant data capture, myTEMPTON Connect). In addition, TEMPTON invested more than kEUR 650 in the expansion of its headquarters (own property) and more than kEUR 1,750 in the CI-compatible equipment of its nationwide network of locations. The TEMPTON Group thus has a headquarter with highly modern and attractive (potential) workplaces for employees and applicants with first-class academy rooms for sales, onboarding and other trainings. The fixed assets of the TEMPTON Group amounted to kEUR 22,546 (previous year kEUR 19,672) on the balance sheet date.

Receivables for deliveries and services amounted to kEUR 25,489 (previous year kEUR 23,243) as of the balance sheet date. The average financial DSO (time between invoicing and actual payment by customers) could be improved to 21.5 days. The achieved value was a further 0.2 days below the previous year (21.7 days in the previous year) and thus at a record-breaking value compared to the industry.

Liquid funds amounted to kEUR 24,152 (previous year kEUR 26,924) on the balance sheet date. Thus, liquid funds accounted for 29.71 % of the balance sheet total as of the balance sheet date.

Provisions amounted to kEUR 21,151 and increased by kEUR 1,646 compared to the previous year (previous year kEUR 19,505). Within the provisions, the personnel provisions changed by kEUR +1,361, the tax provisions by kEUR +190.

Within the liabilities, which increased to kEUR 48,964 (previous year kEUR 46,855), mainly the personnel liabilities increased by kEUR +1,578. Further changes occurred in other liabilities due to increased liabilities to taxes (kEUR +179), credit institutions (kEUR -154) as well as liabilities from supplies and services (kEUR +356).

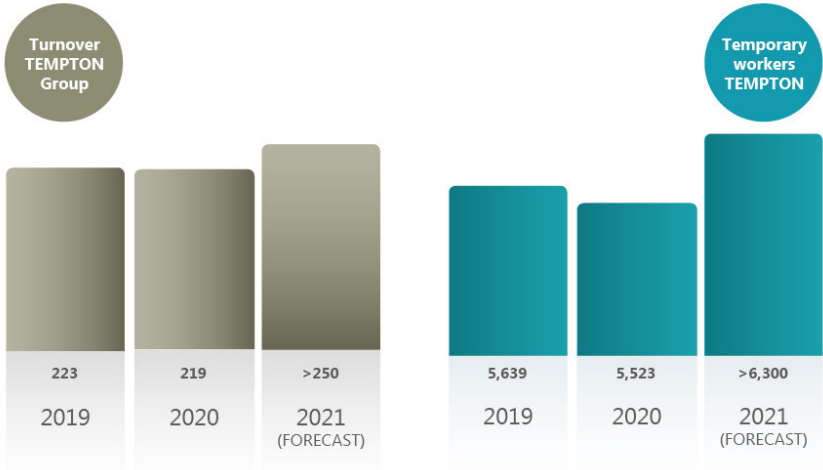
In the reporting year, TEMPTON Group always had sufficient positive cash flow to meet all its payment obligations on time. Unlike a very large number of companies in Germany and, in particular, companies in the temporary staffing sector, TEMPTON Group did not make use of any deferrals of public-law liabilities, even during the Corona pandemic.

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.

Accordingly, TEMPTON Group has continued to develop positively in all key economic ratios over the course of 2021 to date and continues to grow - even against economic developments and the market.

Development of sales (million euros) and external temporary employees of TEMPTON Group:



The fact that TEMPTON Group, due to its own highly 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.

TEMPTON Group is also expecting a significant improvement in EBITDA compared to the previous year.

Opportunities report

TEMPTON Group sees concrete attractive business opportunities in particular in the ongoing nationwide roll-out of its Office division, which has been meaningfully supplemented by the acquisition of strategically important Office units, as well as in the interaction with the IT/Digital Marketing department (based at TEMPTON Next Level Experts GmbH), which has now been set up nationwide and has grown strongly in 2020, the new key accounting, and in the opportunities offered by the ongoing digitalization strategy (including myTEMPTON App, myTEMPTON Connect).

In light of the fact that TEMPTON Group has come through 2020 very well despite the severe macroeconomic consequences of the COVID-19 crisis, and also in view of the steadily improving vaccination rate in Europe and worldwide, TEMPTON Group no longer sees the COVID-19 pandemic as a relevant risk factor for 2021, but rather as an opportunity. If anything, the COVID-19-related weakening of competition will open up opportunities for TEMPTON Group to further consolidate the market - probably as early as 2021.

Due to the very good know-how available in TEMPTON Outsourcing GmbH in the development of logistics locations, there are very good business opportunities for TEMPTON Outsourcing GmbH in the growing market of online trade. Commissioning and value-added services are primarily outsourced in these market segments. Here TEMPTON Outsourcing GmbH has excellent expertise and first-class references. This strength pays off increasingly in the existing 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 current development of the ITC market, we were able to massively expand our business in the temporary staffing of experts with a leading global provider in the telecommunications industry in the financial year 2020.

For the financial year 2021 we also expect to be able to significantly expand our existing business in the area of temporary experts. Furthermore, we are in very promising negotiations with another well-known multinational telecommunications provider. We expect to conclude a contract short term and to further expand the temporary experts business area long term in the current financial year.

In the data centre business area, i.e. the planning, construction, expansion and relocation of data centres, there are continuously very good business opportunities for TEMPTON Technik GmbH. These opportunities lie increasingly in the expansion, relocation and operation of data centres. We still take a critical stance towards the opportunities in the construction of entire data centres and the necessary network infrastructure in Germany, as no major projects are being implemented in Germany. We currently see greater opportunities not only in the operation but also in the relocation of entire data centres.

Due to the extensive expertise in network infrastructures available at TEMPTON Technik GmbH, we currently see positive effects on the further business development of TEMPTON Technik GmbH due to the expansion of the infrastructure for the provision of the nationwide broadband network, which is being pushed and massively promoted by the government, and the planned expansion of the mobile network to 5G.

Both business areas are not limited to the telecommunications industry but are in demand independently of industry and customers. There are also opportunities as a strategic provider of end-to-end services in the closer integration of TEMPTON Technik GmbH with the other units of the TEMPTON Group.

Risk report

TEMPTON Group is not susceptible to crises. Accordingly, the TEMPTON Group's personnel services business division is not affected by the effects of regulation, i.e. in particular by the consequences of the new Equal Pay regulations (relevant since 1 April 2017) or by the consequences of the new statutory maximum term of temporary staffing (relevant since 1 April 2017). TEMPTON Group also succeeded in almost fully compensating for the negative top-line effects of the Corona downturn in 2020. TEMPTON's strategy of keeping the approximately 600 so-called internal staff fully employed throughout 2020 despite the Corona-related decline in sales and not relying on short-term savings effects in personnel costs has thus proven to be absolutely correct. TEMPTON has gained considerable market share compared to the competition in 2020.

The reasons for this fundamental non-susceptibility to crises are complex:

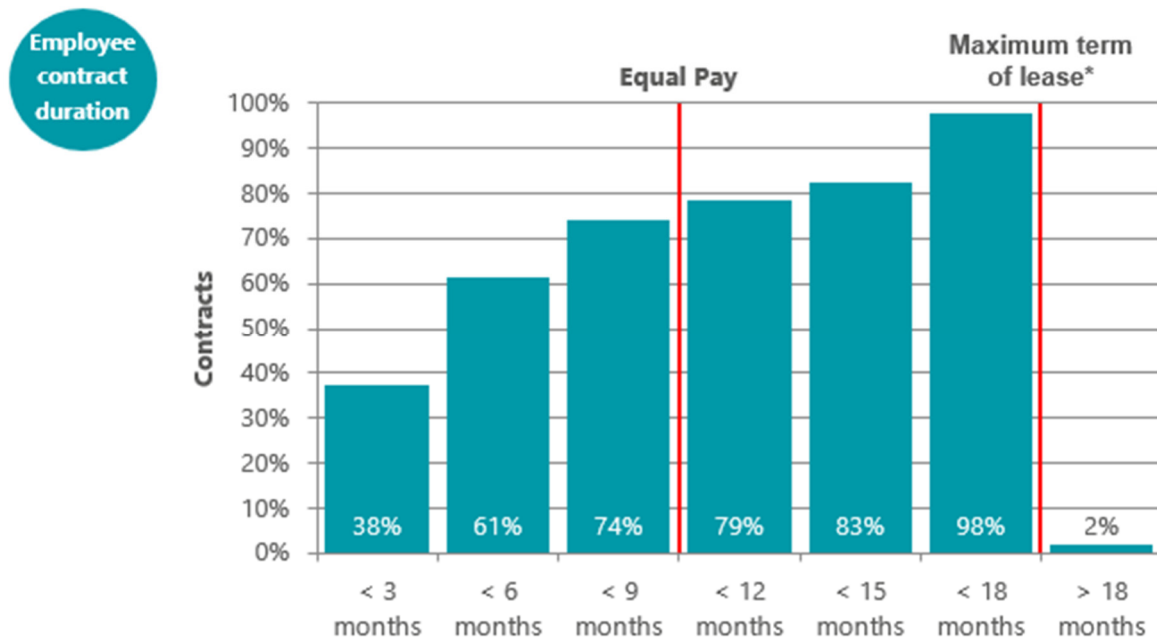
- TEMPTON Group has a maximally diversified customer structure, as can be seen from the chart inserted earlier in this management report, with practically no share in the automotive, utilities and retail sectors currently undergoing upheaval.

- TEMPTON Group has a very large customer base with more than 10,000 active customers, which expands annually by approx. 2,500 customers due to the sales strength, in particular of TEMPTON Personaldienstleistungen GmbH. As can be seen from the following chart, there are practically no cluster risks in the customer structure:



- TEMPTON Group is diversified by its several business units, its specialty divisions and also by its special products. This enables TEMPTON Group not only to balance economic fluctuations and price pressure very well, but also to continuously improve its already good margin quality.
- More than 80 % of the cost base of TEMPTON Group is variable personnel costs. In the event of a substantial economic crisis, which can no longer be compensated solely with the existing high flexibility instruments and sales strength, the statutory, collective bargaining and other labor law provisions applicable to TEMPTON Group enable a cost base reduction practically term congruent.
- TEMPTON Group is very strongly controlled by KPIs, both on the sales side and in general, and has a powerful sales and commercial controlling. As a result, the managers of TEMPTON Group recognize plan deviations and other emerging problems very promptly and respectively take corrective action at an early stage.

- The temporary employment business of TEMPTON Group focuses on filling relatively short-term contracts. As the following chart shows, almost 75 % of the temporary employees of TEMPTON Group are employed for less than 9 months on a customer assignment, and almost no temporary employee on a customer assignment reaches the statutory maximum leasing period:



* 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.

This means that hardly any temporary employee of TEMPTON Group is subject to the new legal regulation.

- TEMPTON Group is very well positioned economically: Its operating business generates a high positive cash flow and it has high, constantly increasing, liquidity reserves.
- In the years since 2014, TEMPTON Group has done all its "homework" to transform itself into a first-class company and is well organized in every respect, both internally and externally. Accordingly, both the management and the more than 600 internal employees of TEMPTON Group can fully concentrate on the operational business, even or especially in difficult times.

TEMPTON Group sees manageable risks for 2021 in the deterioration of customers' creditworthiness and increasing price pressure. TEMPTON Group has of course taken all

necessary precautions to keep these risks well under control. However, as these risks affect the entire personnel services industry, they will also create opportunities for further market consolidation in favor of TEMPTON Group.

Liquidity risks

TEMPTON Group has a very high free liquidity. The management of TEMPTON Group does not currently see any liquidity risks.

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 approx. 2,500 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 management report

This 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, 30 March 2021

TEMPTON Group GmbH
The Management Board

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CONSOLIDATED BALANCE SHEET AND
CONSOLIDATED INCOME STATEMENT

TEMPTON Group GmbH, Essen

Consolidated financial statement for the financial year from 1 January 2020 to 31 December 2020

CONSOLIDATED BALANCE SHEET

ASSETS	31 December 2020		prior year		EQUITY AND LIABILITIES	31 December 2020		prior year	
	€	€	€	€		€	€	€	€
	A. FIXED ASSETS						A. EQUITY		
I. Intangible assets					I. Subscribed capital own shares	25,000.00		25,000.00	
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values	1,582,394.16		1,293,735.50			-8,500.00	16,500.00	-8,500.00	16,500.00
2. Goodwill	12,442,697.34	14,025,091.50	11,658,953.15	12,952,688.65	II. Capital reserves		500,000.00		500,000.00
II. Tangible assets					III. Profit carried forward/losses carried forward		10,063,193.79		9,506,861.41
1. Real estate, titles to land and buildings including buildings on third party land	3,850,579.21		3,387,652.00			10,579,693.79		10,023,361.41	
2. Technical equipment and machines	53,888.00		85,506.00		B. PROVISIONS				
3. Other plants, office fixtures and fittings	4,616,333.50	8,520,800.71	3,245,993.95	6,719,151.95	1. Provisions for pensions and similar obligations	2,717,438.14		2,613,834.11	
B. CURRENT ASSETS					2. Provisions for taxes	2,086,715.74		1,896,680.36	
I. Inventories		1,770,792.87		1,722,095.04	3. Other provisions	16,347,061.93	21,151,215.81	14,994,335.56	19,504,850.03
II. Receivables and other assets					C. LIABILITIES				
1. Receivables of deliveries and services	25,488,759.77		23,243,476.22		1. Loans and borrowings	30,420,000.00		30,420,000.00	
2. Receivables from affiliated enterprises	0.00		27,411.19		2. Liabilities due to credit institutions	66.96		154,243.96	
3. Other assets	6,265,103.94	31,753,863.71	4,832,352.39	28,103,239.80	3. Liabilities from supplies and services	2,334,172.22		1,978,211.50	
III. Cash on hand, bank balances		24,152,034.28		26,924,313.44	4. Liabilities due to affiliated enterprises	4,590.27		4,590.27	
C. PREPAID EXPENSES		1,079,635.59		1,007,331.19	5. Other liabilities	16,205,146.55	48,963,976.00	14,298,220.70	46,855,266.43
		81,302,218.66		77,428,820.07	D. DEFERRED INCOME		607,333.06		1,045,342.20
							81,302,218.66		77,428,820.07

TEMPTON Group GmbH, Essen

Consolidated financial statement for the financial year from 1 January 2020 to 31 December 2020

CONSOLIDATED INCOME STATEMENT

	2020		prior year	
	€	€	€	€
1. Revenues		218,972,756.47		222,286,726.63
2. Decrease/Increase in the inventory of finished goods and work in process		-62,937.88		190,323.69
3. Other operating income		2,840,778.41		2,972,034.46
		221,750,597.00		225,449,084.78
4. Material costs				
a) costs of raw material, supplies, operating material and acquired goods	2,003,565.02		1,080,065.57	
b) costs of services acquired	7,926,048.41	9,929,613.43	6,079,220.08	7,159,285.65
5. Personnel costs				
a) wages and salaries	148,056,687.76		153,091,648.81	
b) social security and expenses for old age pensions and support	33,665,173.90	181,721,861.66	33,758,248.01	186,849,896.82
6. Depreciation				
a) for intangible fixed assets and tangible assets		2,841,366.10		2,240,407.42
7. Other operating expenses		23,370,704.39		22,054,010.33
8. Other interest and similar income		15,562.59		24,540.41
9. Interest and similar expenses		2,107,096.79		1,482,676.88
10. Taxes on income and profit		1,220,030.72		1,352,922.28
11. Profit after taxes		575,486.50		4,334,425.81
12. Other taxes		-19,154.12		-18,729.81
13. Group annual surplus/ annual deficit		556,332.38		4,315,696.00
14. Profit carried forward/losses carried forward		9,506,861.41		5,191,165.41
15. Consolidated balance sheet profit/loss		10,063,193.79		9,506,861.41

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CONSOLIDATED FIXED-ASSET
MOVEMENT SCHEDULE

TEMPTON Group GmbH, Essen

Consolidated financial statement for the financial year from 1 January 2020 to 31 December 2020

CONSOLIDATED FIXED-ASSET MOVEMENT SCHEDULE

	COSTS OF ACQUISITION					AMORTIZATION AND DEPRECIATION					CARRYING AMOUNT	
	As of	Additions	Reclassifications	Retirements	As of	As of	Reclassification	Additions	Retirements	As of	As of	
	1 January 2020				31 December 2020	1 January 2020				31 December 2020	31 December 2020	31 December 2019
	€	€	€	€	€	€	€	€	€	€	€	
I. INTANGIBLE ASSETS												
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values	2,274,267.89	919,727.12	223,572.96	0.00	2,970,422.05	980,532.39	0.00	631,020.96	223,525.46	1,388,027.89	1,582,394.16	1,293,735.50
2. Goodwill	13,428,460.36	1,723,389.96	3,788.30	0.00	15,148,062.02	1,769,507.21	0.00	936,067.93	210.46	2,705,364.68	12,442,697.34	11,658,953.15
	15,702,728.25	2,643,117.08	227,361.26	0.00	18,118,484.07	2,750,039.60	0.00	1,567,088.89	223,735.92	4,093,392.57	14,025,091.50	12,952,688.65
II. TANGIBLE ASSETS												
1. Real estate, titles to land and buildings including buildings on third party land	3,936,044.19	629,344.01	133,851.94	0.00	4,431,536.26	548,392.19	0.00	154,009.80	121,444.94	580,957.05	3,850,579.21	3,387,652.00
2. Technical equipment and machines	363,233.25	0.00	113,280.58	0.00	249,952.67	277,727.25	0.00	31,612.00	113,274.58	196,064.67	53,888.00	85,506.00
3. Other plants, office fixtures and fittings	7,414,187.01	2,511,890.41	1,016,710.37	0.00	8,909,367.05	4,168,193.06	0.00	1,088,655.41	963,814.92	4,293,033.55	4,616,333.50	3,245,993.95
	11,713,464.45	3,141,234.42	1,263,842.89	0.00	13,590,855.98	4,994,312.50	0.00	1,274,277.21	1,198,534.44	5,070,055.27	8,520,800.71	6,719,151.95
	27,416,192.70	5,784,351.50	1,491,204.15	0.00	31,709,340.05	7,744,352.10	0.00	2,841,366.10	1,422,270.36	9,163,447.84	22,545,892.21	19,671,840.60

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CASH FLOW STATEMENT

TEMPTON Group GmbH, Essen

Consolidated financial statement for the financial year from 1 January 2020 to 31 December 2020

CASH FLOW STATEMENT

	2020 k€	Prior year k€
1. Profit for the period (consolidated net income for the financial year)	556	4,316
2. Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs	2,841	2,240
3. Increase/decrease in provisions	1,456	20
4. Other non-cash expenses/income	-76	98
5. Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities	-3,611	-3,686
6. Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities	1,737	1,375
7. Gain/loss on disposal of fixed assets	55	13
8. Interest expense/interest income	2,092	1,458
9. Income tax expense/income	1,220	1,353
10. Income taxes payments	-1,190	-636
11. Cash flows from operating activities	5,080	6,551
1. Proceeds from disposal of intangible fixed assets	13	1
2. Payments to acquire intangible fixed assets	-2,643	-3,139
3. Proceeds from disposal of tangible fixed assets	0	0
4. Payments to acquire tangible fixed assets	-3,141	-2,677
5. Additions of first-time consolidation	0	-34
6. Interest received	15	7
7. Cash flows from investing activities	-5,756	-5,842
1. Proceeds from borrowings	0	30,000
2. Cash repayments of bonds and borrowings	-154	-18,449
3. Interest paid for financial loans and factoring	-1,942	-941
4. Cash flows from financing activities	-2,096	10,610
1. Net change in cash funds	-2,772	11,319
2. Cash funds at the beginning of period	26,924	15,605
3. Cash funds at end of period	24,152	26,924

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CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

TEMPTON Group GmbH, Essen

Consolidated financial statement for the financial year from 1 January 2020 to 31 December 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Parent company						Group Equity	
	subscribed capital			Reserves k€		Group profit earned by the parent company €	Total €	Total €
	subscribed capital €	own Shares €	Total €	Capital reserves €	Total €			
Balance at 01 January 2018	25,000.00	-8,562.00	16,438.00	500,000.00	500,000.00	-1,223,319.44	-706,881.44	-706,881.44
sale of own shares	0.00	62.00	62.00	0.00	0.00	0.00	0.00	62.00
Consolidated net income for the year	0.00	0.00	0.00	0.00	0.00	6,414,484.85	6,414,484.85	6,414,484.85
Balance at 31 December 2018	25,000.00	-8,500.00	16,500.00	500,000.00	500,000.00	5,191,165.41	5,707,665.41	5,707,665.41
sale of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consolidated net income for the year	0.00	0.00	0.00	0.00	0.00	4,315,696.00	4,315,696.00	4,315,696.00
Balance at 31 December 2019	25,000.00	-8,500.00	16,500.00	500,000.00	500,000.00	9,506,861.41	10,023,361.41	10,023,361.41
sale of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consolidated net income for the year	0.00	0.00	0.00	0.00	0.00	556,332.38	556,332.38	556,332.38
Balance at 31 December 2020	25,000.00	-8,500.00	16,500.00	500,000.00	500,000.00	10,063,193.79	10,579,693.79	10,579,693.79

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NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENT

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

Annual consolidated financial statement for the financial year
From 1 January 2020 to 31 December 2020

Notes to the consolidated financial statement

GENERAL INFORMATION

The parent company of the group operates under the name TEMPTON Group GmbH. The consolidated financial statements of TEMPTON Group GmbH, Essen registered with the local court of Essen, HRB 28871, were prepared in accordance with the relevant regulations of the German Commercial Code (Handelsgesetzbuch – “HGB”) and the German Limited Liability Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung – “GmbHG”).

The separate financial statements of the companies included in the consolidated financial statement have been prepared uniformly in accordance with the general valuation provisions of sects. 252 to 256a HGB. The special approach and valuation requirements (sects. 264 to 274 HGB) for corporations were observed. The structure and presentation in the consolidated financial statement are unchanged from the previous year.

The separate financial statements of the included subsidiaries have also been prepared as of the balance sheet date of the parent company.

The consolidated income statement has been prepared using the total cost method pursuant to sect. 275 para. 2 HGB.

The preparation of the financial statement was done on a going concern basis pursuant to sect. 298 para. 1 HGB in connection with sect. 252 para. 1 no. 2 HGB.

CONSOLIDATED COMPANIES

In addition to TEMPTON Group GmbH as the parent company, thirteen domestic companies in which TEMPTON Group GmbH directly or indirectly holds a majority interest have been included in the consolidated financial statement in accordance with sect. 294 para 1 HGB. Two companies were added in the reporting year as a result of incorporations or acquisitions. Two companies were merged with other Group companies and one company was sold and

deconsolidated. There were no significant effects on earnings as a result. TEMPTON Personaldienstleistungen GmbH i. L., Cologne, was not consolidated due to its subordinate role for the Group.

For details in connection with the scope of consolidation, we refer to the list of consolidated and nonconsolidated companies (Annex "List of Shares").

CONSOLIDATED PRINCIPLES

The group balance sheet is prepared by aggregating the balance sheets of all subsidiaries included in the consolidated financial statements. The balance sheets are included by using the principles of the full consolidation method, i.e. all assets and liabilities of the subsidiaries consolidated are included with their full amounts in the consolidated balance sheet, less the consolidation items. TEMPTON Group GmbH directly or indirectly owns 100 % of the shares of the consolidated subsidiaries.

The consolidated income statement is prepared by aggregating the income statements of all subsidiaries included in the consolidated financial statements.

Capital consolidation was carried out in accordance with the revaluation method pursuant to sect 301 para 1 sentence 2 HGB at the respective time of acquisition of the companies.

Movements resulting from intra-group restructuring have been eliminated in consolidation.

The asset differences determined during capital consolidation relate to goodwill and are shown in the corresponding balance sheet item under fixed assets.

Receivables and liabilities between consolidated companies were eliminated.

Intragroup revenue and other intragroup income were offset against the corresponding expenses.

The elimination of intercompany results from intra-group trade relationships was waived as the scope is of minor significance for the assets, earnings and financial position of the group.

INFORMATION ON ACCOUNTING AND VALUATION PRINCIPLES

Intangible assets and property, plant and equipment are carried at cost at the time of transfer of economic or legal ownership and, as far as subject to wear and tear, reduced by scheduled depreciation. The scope of acquisition costs corresponds to sect. 255 para. 1 HGB. Depreciation is carried out on a straight-line basis over the expected useful life (between 3 and 13 years) of the assets. For the acquisition of low-value assets with acquisition costs of between EUR 250.00 and EUR 1,000.00 net each, a collective item was formed in accordance with sect. 6 para. 2a German Income Tax Act (Einkommenssteuergesetz –“**ESTG**”). This collective item is depreciated at 20 % p.a. irrespective of the actual useful life of these assets. The group does not exercise the option under sect. 248 para. 2 sentence 1 HGB and does not capitalize internally generated intangible fixed assets.

The **capitalized goodwill** was recognized with a useful life of 15 years starting from the date of acquisition and amortized accordingly. The extended amortization period of 15 years for goodwill is due to the fact that the business models of the acquired companies are designed for the long term and, in principle, do not provide for any planning to sell individual investments within a shorter period of time. In addition, significant assets and liabilities of insolvent companies were acquired via subsidiaries. After offsetting the assets and liabilities, the remaining acquisition costs (kEUR 1,723) are capitalized as goodwill in the subsidiaries' fixed assets at the time of acquisition and amortized over 15 years.

In **inventories, raw materials, consumables and operating materials** are valued at acquisition cost plus incidental acquisition costs and less reductions in acquisition costs, taking into account the lower of cost or market principle. The acquisition costs are determined by means of moving average values.

Due to reduced usability and low inventory turnover, items of raw materials, consumables and operating materials are depreciated to the lower fair value by means of a days-of-inventory analysis.

Work in progress is valued according to the degree of completion under normal employment at direct costs plus appropriate material and production overheads and the depreciation of fixed assets, insofar as this is caused by production. The principle of loss-free valuation is applied. A fixed value of kEUR 253 (previous year kEUR 134) is reported under

merchandise for some consolidated companies. This relates to personal protective equipment for the employees leased to the hiring companies.

Receivables and other assets as well as **cash and bank balances** are essentially stated at their nominal value in accordance with the lower of cost or market principle. Claims from reinsurance policies were valued based on asset value calculations by insurance companies.

Provisions for pensions and similar obligations are measured using the projected unit credit method (PUC) based on actuarial calculations using Klaus Heubeck's 2018G mortality tables, which take into account a generation-dependent life expectancy. The difference arising from the application of sect. 253 para.2 sentence 1 HGB, which provides for an extension of the period from seven to ten years, amounted to approximately kEUR 324 as of 31 December 2020. The interest rate used to calculate the provision was determined on the basis of a ten-year average. The interest rate used for the discounting is 2.30 %. A rate of 1.50 % is taken into account for annual pension increases, a fluctuation probability has not been applied. Where special-purpose assets pursuant to sect. 246 para 2 HGB exist, the provision is calculated from the balance of the actuarial present value of the obligation and the fair value of the special-purpose assets formed to cover the obligation; the fair value generally corresponds to the market value of the special-purpose assets offset. In the context of the first-time application of BilMoG, the distribution option pursuant to art. 67 para.1 sentence 1 in connection with sect. 75 para. 5 EGHGB was exercised; in determining the difference, the write-up amount from the first-time valuation of the special-purpose assets at fair value was taken into account.

Tax provisions and other provisions account for all identifiable risks and contingent liabilities. The valuation is carried out at the probable settlement amount, considering future price and cost increases. Provisions with a term of more than one year are discounted at the average market interest rate of the past seven years corresponding to their remaining term.

Liabilities are recognized at the settlement amount.

Deferred taxes are calculated in accordance with the provisions of sects. 274, 306 HGB for temporary differences between the commercial and tax valuations of assets, liabilities, provisions and deferred items. Tax loss carryforwards are taken into account in addition to the temporary accounting differences. Deferred taxes are calculated based on the combined income tax rate for all companies included in the consolidated financial statement of

TEMPTON Group GmbH. This currently amounts to 32.45 %. The combined income tax rate includes corporate income tax, trade tax and solidarity surcharge. An overall resulting tax burden would be recognized in the balance sheet as deferred tax liabilities. In the event of a tax relief, no use would be made of the corresponding capitalization option. In the fiscal year under review, deferred tax assets - not shown in the balance sheet - were incurred.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

Fixed assets

The development of the individual fixed asset items and depreciation in the reporting year is shown in the statement of changes in fixed assets.

Inventories

Inventories include raw materials, consumables and operating materials amounting to kEUR 302 (previous year kEUR 282) and unfinished services and goods amounting to kEUR 1,469 (previous year kEUR 1,440).

Receivables and other assets

Other assets with a remaining term of more than one year amount to kEUR 2,943 (previous year kEUR 2,929). The remaining receivables and other assets each have a remaining term of less than one year. Impending defaults were taken into account by means of appropriate individual and lump-sum value adjustments. Other assets include an anticipated amount of kEUR 1,655. This relates to input tax that is deductible in the following year and to short-time allowances.

Trade receivables from third parties were sold at three subsidiaries included in the consolidated financial statements under a factoring agreement, which resulted in a positive cash effect due to shortened terms of receivables. The trade receivables shown in the respective balance sheets relate to the value of the receivables, which is based on different settlement dates between the factor and the company. Since the contract also transferred the risks of recoverability to the factor (genuine factoring), there are no obligations to be reported in the balance sheet from this transfer. Due to the good asset and financial situation of the factoring company there are no significant risks from this financing. On the balance sheet date, an amount of kEUR 2,806 (previous year kEUR 3,194) in trade accounts receivable of the consolidated companies was included in the factoring program (see page 46, "Other

financial obligations"). For the companies of TEMPTON-Group there is a group-wide bad debt insurance.

Deferred items

This item includes expenses entered prior to the balance sheet date provided that they represent expenses for a definite period of time after this date.

Equity

The changes and composition in group's equity are shown in the statement of changes in equity.

Subscribed capital

The fully paid-up share capital of the group parent company amounts to EUR 25,000.00 as of the balance sheet date. The group parent company holds own shares in the amount of EUR 8,500.00. This corresponds to 34 %.

Capital reserves

As in the previous year, the capital reserves amount to EUR 500,000.00.

Provisions

The **values for pensions** included in the provisions were uniformly reported throughout the group at the values indicated for the PUC method. The recovery of the difference between the balance sheet value as of 31 December 2009 and the opening balance sheet value as of 1 January 2010 in accordance the PUC method was spread over 15 years according to the option right. The difference existing as of 31 December 2020 amounts to kEUR 109. The difference for the changed interest term from seven to ten years amounts to kEUR 324 in the reporting period. This value is subject to a distribution ban. Insofar as the reinsurance values for the corresponding pension obligations fulfilled the requirements, these were offset against the provision value. In accordance with sect. 246 para. 2 sentence 2 HGB, pension provisions of kEUR 347 (previous year kEUR 340) were offset against the asset value of the reinsurance policies in the same amount as of 31 December 2020, which corresponds to the fair value. Expenses and income amounting to kEUR 86 were offset.

The main items included in **other provisions** are provisions for working time accounts and vacation amounting to kEUR 7,475 (previous year kEUR 6,351), for the employers' liability insurance association amounting to kEUR 3,575 (previous year kEUR 3,534) and for personnel costs amounting to kEUR 2,694 (previous year kEUR 2,949). A consolidated subsidiary has

formed a lump-sum warranty provision (kEUR 49) for possible warranty obligations from invoiced projects.

Deferred tax assets result from different valuations under commercial and tax law of pension provisions and other provisions as well as the consideration of tax loss carryforwards. In exercising the existing option, deferred taxes are not recognized due to the existing excess of assets.

Liabilities

The remaining terms of the liabilities as of 31 December 2020 are:

balance sheet items	remaining term			As of 31.12.2020 (py) k€
	<1 year k€	>1 year k€	noting the amount >5 years k€	
Loans and borrowings	420 (420)	30,000 (30,000)	0 (0)	30,420 (30,420)
Liabilities due to credit institutions	0 (154)	0 (0)	0 (0)	0 (154)
Liabilities from supplies and services	2,334 (1,978)	0 (0)	0 (0)	2,334 (1,978)
Liabilities due to affiliated enterprises	4 (4)	0 (0)	0 (0)	4 (4)
Other liabilities	14,180 (12,361)	2,026 (1,938)	0 (0)	16,206 (14,299)
- noting the amount for taxes	5,180 (4,678)	0 (0)	0 (0)	5,180 (4,678)
- noting the amount for social insurance	389 (624)	0 (0)	0 (0)	389 (624)
	16,938 (14,917)	32,026 (31,938)	0 (0)	48,964 (46,855)

In the fall of 2019, TEMPTON Personaldienstleistungen GmbH issued a listed bond. The liabilities of the bond including accrued interest not yet due amounted to kEUR 30,000 as of the balance sheet date. The issue of the bond achieved stable long-term financing on the one hand, and on the other hand the bond provides TEMPTON Personaldienstleistungen GmbH with the necessary scope to continue to actively participate in market consolidation by acquiring competitors.

The bond is secured by share pledges, global assignments, account pledges and guarantees in the amount of EUR 30,000 plus all interest and other incidental costs not yet due as of the balance sheet date. The companies of TEMPTON Group are predominantly guarantors for these bond liabilities.

INFORMATION ON THE INCOME STATEMENT

Revenue in the reporting period of kEUR 185,582 (previous year kEUR 191,461) was generated by the provision of temporary staff, of which kEUR 783 (previous year kEUR 147) was generated abroad. Income of kEUR 33,391 (previous year kEUR 30,826) was generated from project business, with the foreign share amounting to kEUR 871 (previous year kEUR 472).

Other operating income in the amount of kEUR 2,841 includes as the largest individual item, income from other compensation in kind. Income relating to other periods totaled kEUR 329 (previous year kEUR 376) and includes, inter alia, income from the release of provisions and reimbursements from service charge settlements.

The personnel expenses were reduced by the reimbursements from short-time allowances.

Expenses for pensions in the group amount to kEUR 163 (previous year kEUR 234).

Depreciation includes scheduled reductions in fixed assets from the current financial year.

Other operating expenses of kEUR 23,371 primarily include travel expenses, rental expenses, vehicle costs, advertising expenses, communication costs and consulting costs. Other operating expenses include prior-period expenses in the amount of kEUR 536 (previous year kEUR 282), which mainly consist of subsequent payments from service charge settlements.

Interest expenses of kEUR 77 (previous year kEUR 87) resulted from the compounding of interest on pension provisions. In the year under review, kEUR 27 (previous year kEUR 27) is included for the reversal of the difference between the balance sheet value as of 31 December 2009 and the opening balance sheet value as of 1 January 2010 in accordance with the PUC method; this corresponds to 1/15 of the difference. The interest expense is reported in the financial result.

Currency conversions are carried out at the average spot exchange rate applicable on the date of accrual. In 2020, no currency conversions had to be carried out.

OTHER INFORMATION

Other financial obligations

The group has financial obligations from various rental, maintenance and service agreements in the following financial year with a total value of kEUR 10,290. The various agreements end over a period from January 2021 to May 2027.

In order to optimize the tied total capital and increase liquidity, investments are partly financed by leasing.

During the reporting period, some group companies transferred receivables for deliveries and services to a third parties. As a result, the incoming payments of the partially long payment terms could be improved considerably. As the risks of collectability were also transferred to the purchaser by the agreement (genuine factoring), there are no obligations to be recognized from this transfer.

Derivative financial instruments

No derivative financial instruments such as swaps existed in the reporting year.

Employees

In the reporting year, an average of 5,998 external and 701 internal employees were employed by the companies of the TEMPTON-Group.

Related enterprises and persons

The transactions of the Group parent company and its subsidiaries with related enterprises and persons were conducted at arm's length.

Other

The fees for auditing services (kEUR 135) and tax advisory services (kEUR 104) charged by the Group in the financial year from 1 January to 31 December 2020 by the group auditor BDO AG Wirtschaftsprüfungsgesellschaft amount to kEUR 239 in total.

Comments on the consolidated cash flow statement

The cash flow statement for the reporting year and the previous year was determined based on DRS 21. As in the previous year, financial funds consist of cash and bank deposits.

The managing directors of the group parent company were:

- Mrs. Dr. Annett Tischendorf, managing director, TEMPTON Group GmbH

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

The managing director Dr. Annett Tischendorf is exempt from the restrictions of sect. 181 1st and 2nd alt. German Civil Code (*Bürgerliches Gesetzbuch – "BGB"*).

Proposed appropriation of earnings and group parent company

The annual result (kEUR -22) of TEMPTON Group GmbH will be carried forward to new account.

The group parent company of TEMPTON Group GmbH is Dres. Tischendorf UG (haftungsbeschränkt), Frankfurt am Main.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events of special significance occurred after the close of the fiscal year on 31 December 2020.

Essen, 30 March 2021

TEMPTON Group GmbH
-The Management Board-
Dr. Annett Tischendorf

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LIST OF INVESTMENTS

TEMPTON Group GmbH, Essen

**Annual consolidated financial statement for the reporting year
from 1 January to 31 December 2020**

List of investments

Companies included	registered 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 CC-BNA Betriebsgesellschaft mbH	Essen	100.00	2)
TEMPTON Outsourcing CC-LILA Betriebsgesellschaft mbH	Essen	100.00	2)
TEMPTON Outsourcing CC-FFB Betriebsgesellschaft mbH	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 Kundenservice GmbH	Essen	100.00	
non-included companies			
TEMPTON Personaldienstleistungen GmbH i. L.	Cologne	100.00	3)

¹⁾ indirect shareholding (The shares are held by TEMPTON Personaldienstleistungen GmbH, Essen.)

²⁾ indirect shareholding (The shares are held by TEMPTON Next Level Experts GmbH, Nuremberg.)

³⁾ indirect shareholding (The shares are held by TEMPTON Technik GmbH, Nuremberg.)

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INDEPENDENT AUDITOR'S REPORT

Consolidated financial statements,
group management report
and independent auditor's report
for the financial year
from 1 January 2020 to
31 December 2020
of
TEMPTON Group GmbH
Essen

INDEPENDENT AUDITOR'S REPORT

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

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 31 December 2020, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2020 to 31 December 2020 and notes to the consolidated financial statements, including a the presentation of the recognition and measurement policies. In addition, we have audited the group management report of TEMPTON Group GmbH for the financial year from 1 January 2020 to 31 December 2020.

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 requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of its financial performance for the financial year from 1 January 2020 to 31 December 2020 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 management report.

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 the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles,

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 controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

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 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 for one resulting from error, as fraud may involve collusion, forgery, and 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 German Legally Required Accounting Principles.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and 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.

Munich, 23 April 2021

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Frank Werner
Wirtschaftsprüfer
(German Public Auditor)

signed Uwe Braunschläger
Wirtschaftsprüfer
(German Public Auditor)

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