

tempton

INTERIM REPORT
Q4 2022

Tempton Group

Q4 2022 HIGHLIGHTS

TOTAL INCOME

90.5 m€

GROSS PROFIT

21.7 m€

EBITDA

2.0 m€

CONTINUED GROWTH IN TOTAL INCOME AND GROSS PROFIT

SIGNIFICANT INVESTMENT AS PART OF GROWTH INITIATIVE

	Q4 COMPARISON		
	2020	2021	2022
Total income	69.0	82.3	90.5
Gross profit	18.3	20.5	21.7
EBITDA adjusted	3.3	3.3	2.0
%	4.8%	4.0%	2.2%

Tempton continues its growth in total income and gross profit in the fourth quarter of 2022 despite multilayered macroeconomic uncertainties. EBITDA is slightly negatively affected by Tempton's roll-out of the largest organic growth initiative in the company's history, but remains at a very stable level taking into account the exceptionally good fourth quarter of 2021, which was positively impacted by Corona catch-up effects.

Tempton leverages its strong financial position and professional organization to further expand and gain market share. As a result, Tempton invests a significant part of its operating budget in the organic expansion of its branch network, supported by small takeovers. Tempton also continues investing in scaling managed services and expanding its Medical, Aviation, and White-Collar divisions. In addition, Tempton is currently preparing the launch of its new Educational division in early 2023 and continues to invest in the further development of its digitization tools.

DEVELOPMENT TOTAL MARKET GERMANY

Mid-term development of BC Index Germany Q3 2022 vs. Q4 2022¹

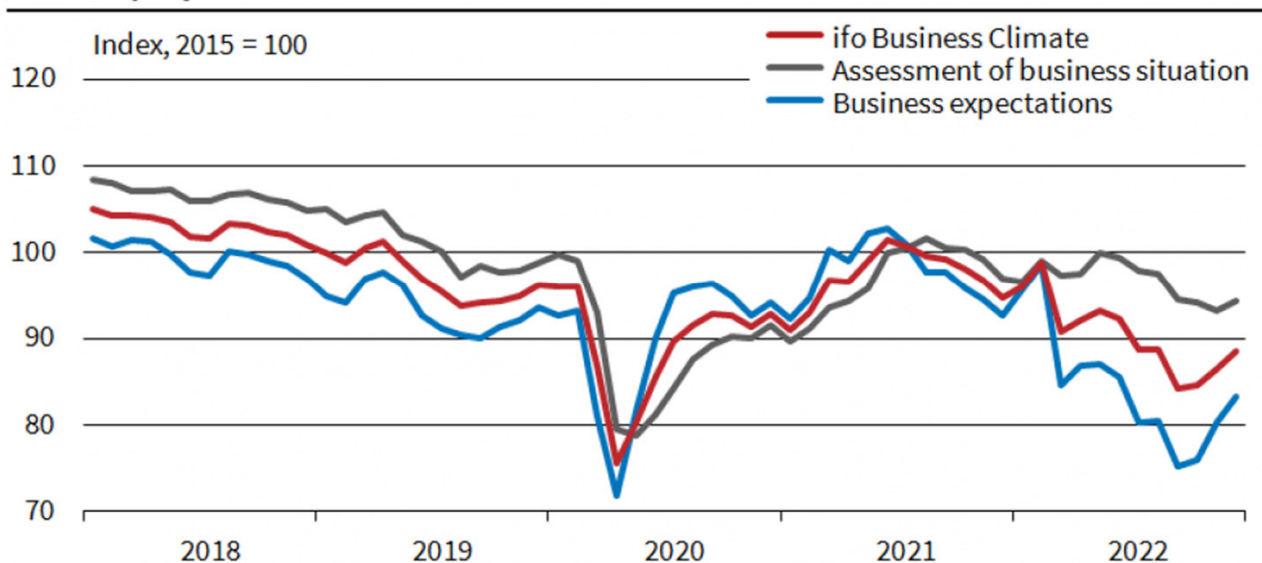


Note

Looking at the mid-term trend, the ifo Business Climate Index rose from 84.3 points in September 2022 to 88.6 points in December 2022.

Short-term development of BC Index Germany Nov. 22 vs. Dec. 22¹

ifo Business Climate Germany^a Seasonally adjusted



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

Source: ifo Business Survey, December 2022.

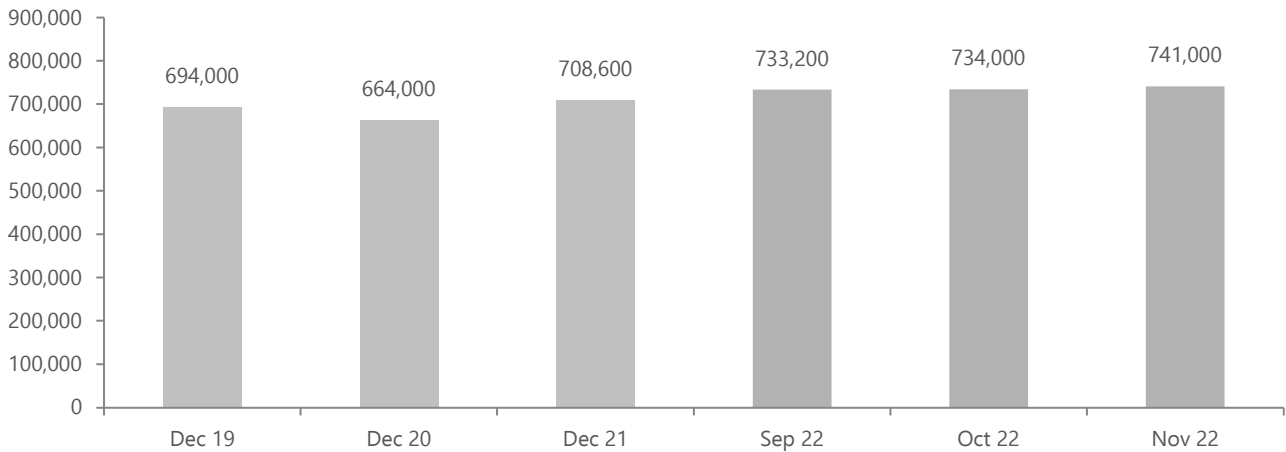
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Sentiment in the German economy has brightened considerably. The ifo Business Climate Index rose to 88.6 points in December, up from 86.4 points (seasonally adjusted) in November. Companies assessed their current situation as better again. This comes on the heels of six consecutive falls in the indicator for the current situation. Expectations also improved noticeably. German business is entering the holiday season with a sense of hope.¹

¹ <https://www.ifo.de/en>

DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

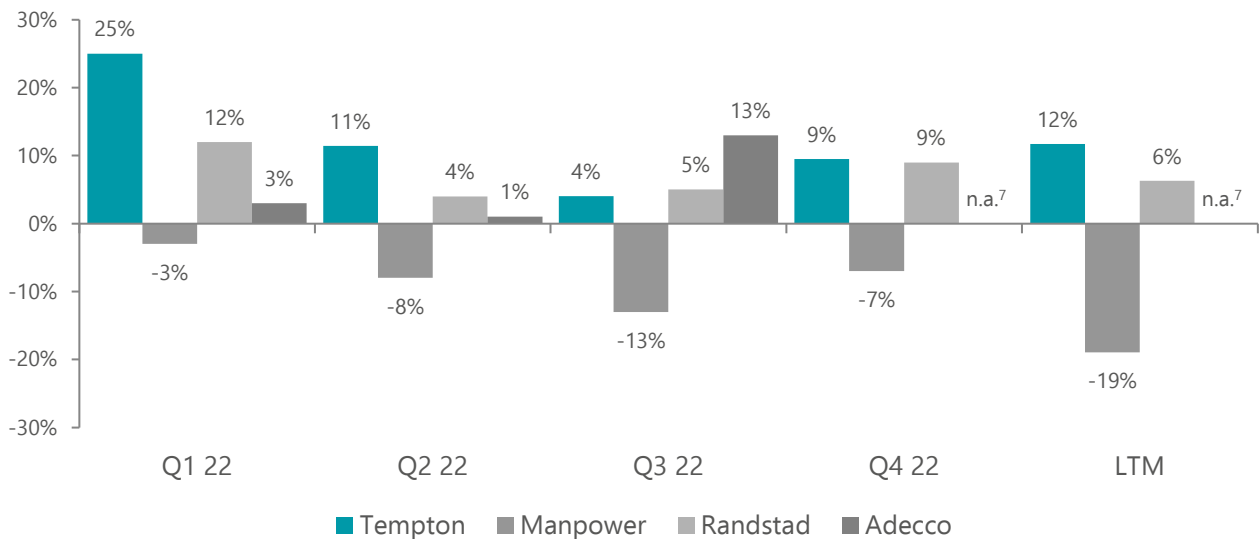
Temporary Employees Germany²



Note

The official labor market data of the Federal Employment Agency (*Bundesagentur für Arbeit*) are usually published with a delay of two to three months.

Exemplary market comparison based on turnover Germany (YoY)^{3, 4, 5, 6}



Note

The calculation of LTM figures is based on available data and may contain rounding differences.

² <https://statistik.arbeitsagentur.de/>

³ Tempton turnover according to internal reporting.

⁴ <https://www.adecgroup.com/investors/>; the analysis refers to the DACH region.

⁵ <https://investor.manpowergroup.com/>

⁶ <https://www.randstad.com/investor-relations/>

⁷ Q4 2022 Results will be published on 28 February 2023, <https://www.adecgroup.com/investors/calendar/>.

KEY FIGURES – GENERAL OVERVIEW

General note

The seasonal fluctuations in the turnover and EBITDA curve are typical for the personnel services industry (timing of public holidays in the first and second quarter, strong capacity utilization in the third quarter).

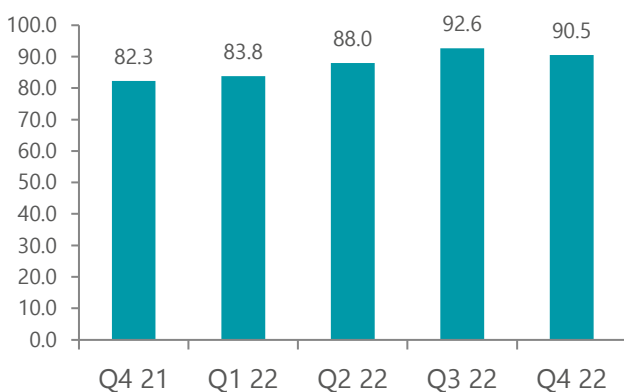
Key figures ^{Note 1}

in m€	Q4 22	Q3 22	Q4 21	1-12/2022	1-12/2021
Total income	90.5	92.6	82.3	355.0	317.4
OPEX	88.6	86.7	75.2	340.2	295.7
EBITDA	2.0	5.9	7.1	14.9	21.8
%	2.2%	6.4%	8.6%	4.2%	6.9%
EBITDA adjusted	2.0	6.1	3.3	16.1	18.0
%	2.2%	6.5%	4.0%	4.5%	5.7%

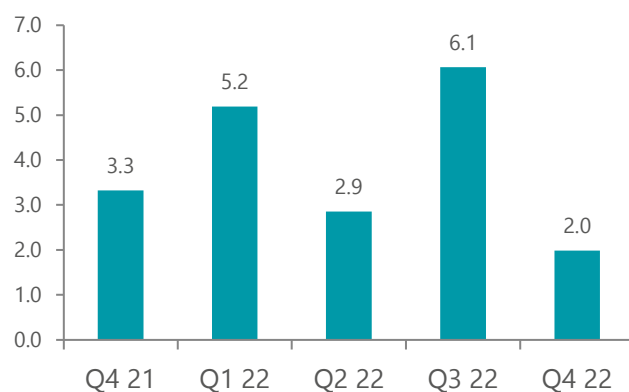
Note 1 – EBITDA

Q4 2021 and cumulative EBITDA 2021 include a positive one-time effect of just under EUR 5.5 million from a change in the payment method for the employers' liability insurance association.

Total income (in m€) ^{Note 2}



EBITDA adjusted (in m€) ^{Note 3}



Note 2 – Total income

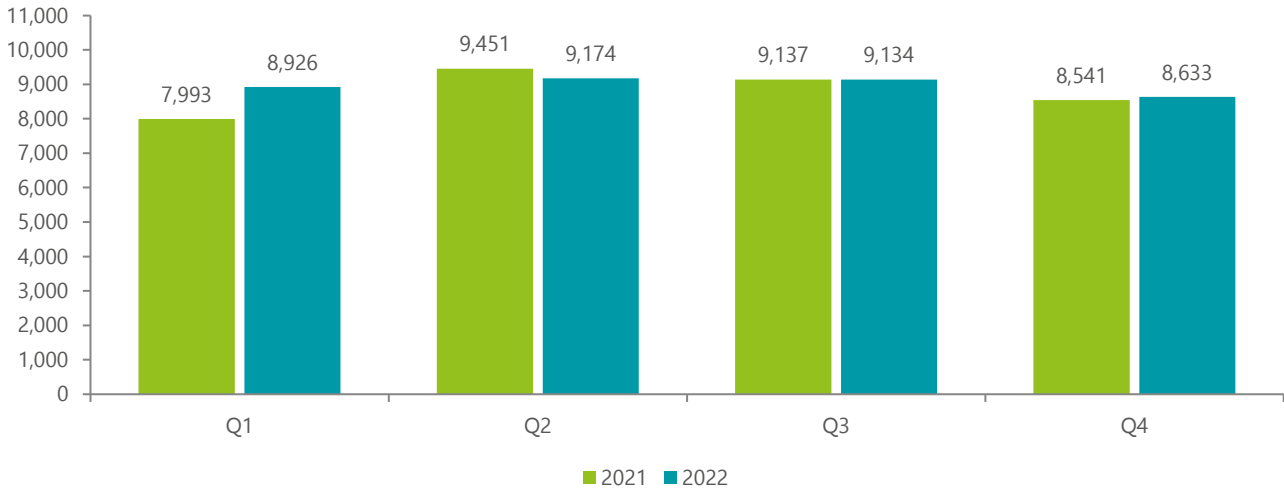
Tempton continues its growth in total income Q4 2022 despite multi-layered macroeconomic uncertainties, though a significant portion of the growth was price-driven.

Note 3 – EBITDA adjusted

While EBITDA in the previous quarters was adjusted for the costs of a possible IPO, no adjustment was made in Q4 2022. All costs of the growth initiative are fully reflected in the Q4 2022 EBITDA and EBITDA adjusted.

DEVELOPMENT NUMBER OF EMPLOYEES

Total number of employees



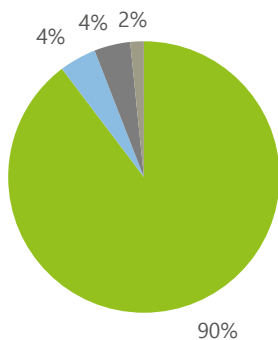
Note

Tempton grows slightly by 1.1 % in headcount in 2022. In Q4, the number of employees decreased slightly due to seasonal factors, but remains above past years levels.

Q2-Q4 2021 reflects both the planned reduction in headcount due to the Mondi acquisition and post-COVID effects. The "drain" after an acquisition is typical in the industry and was comparatively low against the background of an acquisition from insolvency. After adjusting for the outflow from the Mondi acquisition and the post-COVID effects, growth in employees would be significantly higher.

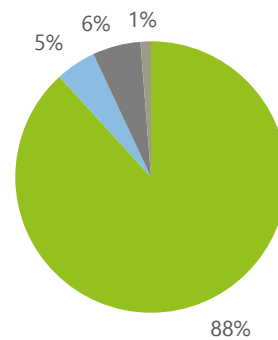
Development Business Segments⁸ Q4 2022

Turnover (percent)



■ Personnel Services
 ■ Next Level
■ Technology
 ■ Outsourcing

Gross profit (percent)

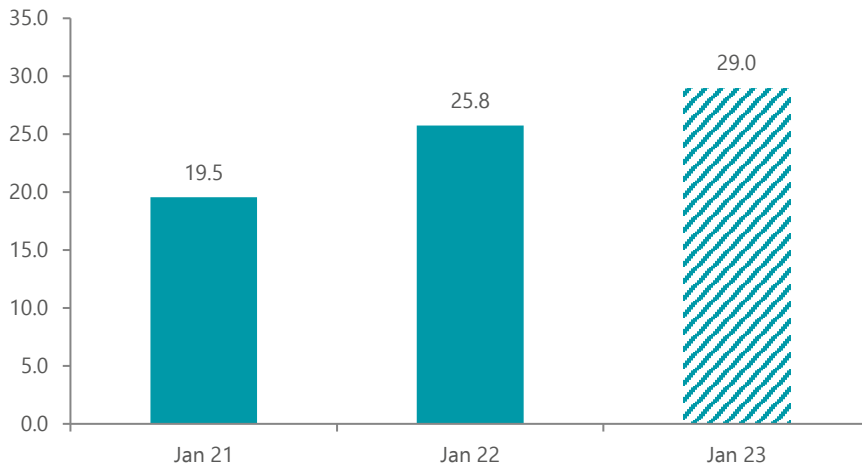


■ Personnel Services
 ■ Next Level
■ Technology
 ■ Outsourcing

⁸ Turnover and gross profit according to internal reporting.

OUTLOOK – JANUARY 2023

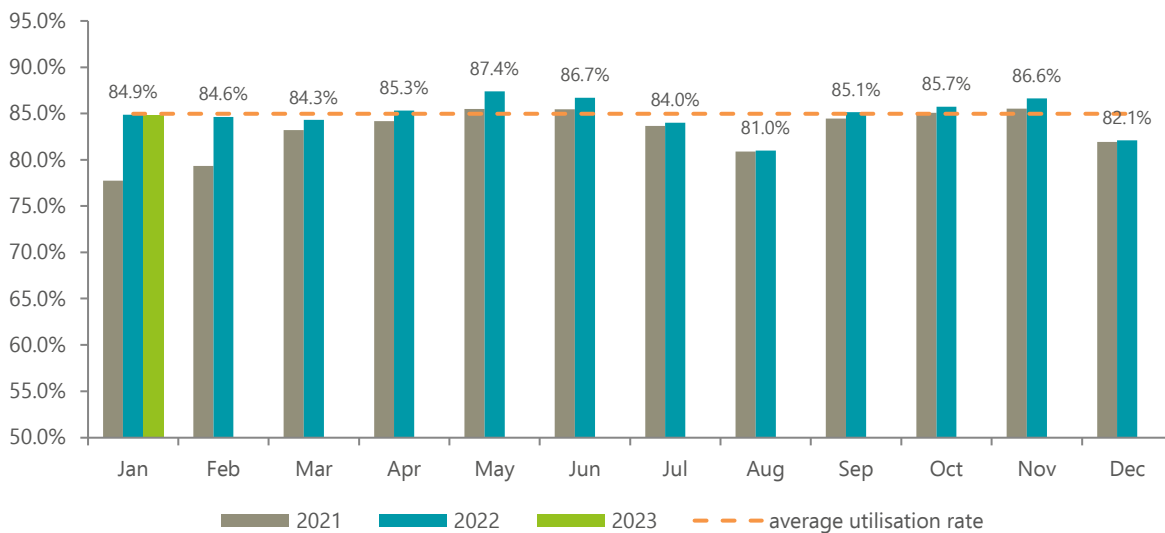
Total income comparison January YoY



Note

The total income expectation for January 2023 is around EUR 29.0 million. This means that total income in January is EUR 3.2 million higher compared to January 2022 and EUR 9.5 million higher compared to January 2021.

Development of the utilisation rate



COMMENTS RE. FINANCIAL STATEMENTS

Consolidation

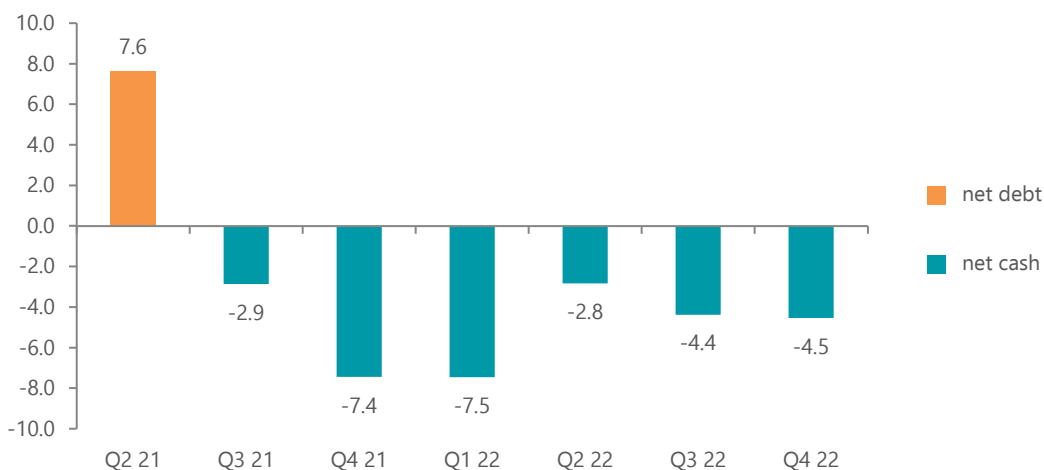
The consolidated balance sheet is composed by combining the individual balance sheets of all subsidiaries included in the consolidated financial statements. Inclusion is based on the principle of full consolidation, i.e. all assets and liabilities of the included companies are adopted in the consolidated balance sheet with their full amount, except for those items that have been consolidated. Tempton Group GmbH directly or indirectly holds 100% of the shares of the consolidated subsidiaries.

Liquidity and cash flow

The cash balance has slightly increased from EUR 29.6 million in Q3 2022 to EUR 29.7 million in Q4 2022, while investing heavily in additional branches, scaling of managed services, expansion of Medical, Aviation and White-Collar divisions, launch of the Educational division and digitization. In addition, Tempton has liquid receivables of EUR 39.1 million as of December 31, 2022, compared to EUR 43.1 million as of September 30, 2022.

As a reflection of its strong economic development and healthy financial position, in Q4 2022 the company distributed a dividend of EUR 5.0 million for the benefit of its shareholders. Without this dividend payment, the cash balance amount to EURO 34.7 million.

Development of net debt / net cash (in m€)



COMMENTS RE. FINANCIAL STATEMENTS

Key figures (in m€)

Leverage ratio

EBITDA adjusted LTM	16.1
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Net Debt

Bond loan	25.2
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Cash balance	29.7
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Net debt	-4.5
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Net Leverage ratio	-0.3
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Interest cover ratio

Interest expense	1.4
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Interest cover ratio	11.3
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Main risk factors

Due in particular to its broad services portfolio and its diversified customer structure, Tempton does not currently expect any substantial business risks to materially adversely affect its future performance. Nevertheless, the negative consequences of the Ukraine crisis, in particular increased utility costs and inflation, as well as restrictions on global trade are also impacting Tempton's customers. In particular, reduced purchasing power of end customers, supply chain issues, and production constraints in energy-intensive sectors are leading to significant (sometimes temporary) declines in demand in certain industries. Tempton expects to continue to at least largely compensate for these challenges through its own sales strength and broad-based customer structure. As a general rule, Tempton views its business model as resilient to any economically relevant potential impacts.

Use of Alternative Performance Measures (APM)

Alternative performance measures are performance measures outside of the applicable financial reporting framework (HGB). Financial APMs are intended to enhance comparability of financial performance over time and are frequently used by analysts and investors. APMs may also be used internally as basis for performance related remuneration.

Tempton uses the following APMs:

Tempton defines "gross profit" as revenue, changes in work in progress and other operating income (together "total income") less cost of raw materials and supplies, cost of purchased items and external personnel costs.

Tempton defines "utilisation rate" as the number of external employees engaged at customers divided by the total number of external employees.

Statement from the Board of Directors

The financial statements are, to the best of our knowledge and based on our most elaborated opinion, presented in accordance with generally accepted accounting principles. The information provided in the financial statements give a true and fair view of Tempton and Tempton's assets, liabilities, financial position and result. This interim report provides an accurate view of the development performance and financial position of Tempton.

Essen, 27.02.2023

Dr. Annett Tischendorf
CEO

Oliver Hecker
CFO

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q4 22	1-12/2022	Q4 21	1-12/2021
Revenues		90.310.436	352.082.002	80.467.211	312.757.007
Change in the inventory of finished goods and work in process		-629.530	153.673	879.645	2.004.483
Other operating income		856.102	2.772.431	918.280	2.686.112
Total income		90.537.009	355.008.107	82.265.136	317.447.603
Material costs					
costs of raw material, supplies, operating material and acquired goods		227.343	1.273.644	258.705	1.495.916
costs of services acquired		2.904.136	11.423.568	3.063.466	11.366.403
		3.131.480	12.697.212	3.322.171	12.862.319
Personnel costs					
wages and salaries		62.261.965	238.653.525	54.754.677	209.945.418
social security and expenses for old age pensions and support		13.507.680	54.766.253	6.828.885	43.168.467
	1	75.769.645	293.419.779	61.583.562	253.113.885
Depreciation		1.080.300	3.785.011	1.118.328	3.754.317
Other operating expenses	1, 2	9.652.329	34.213.689	10.261.127	29.692.239
Other interest and similar income		32.498	35.354	2.738	14.046
Interest and similar expenses		357.892	1.427.239	1.221.816	2.869.425
Taxes		252.611	1.856.861	517.156	2.408.688
Profit after taxes		325.251	7.643.670	4.243.715	12.760.776
Other taxes		4.855	19.419	4.728	18.911
Group annual surplus		320.396	7.624.251	4.238.987	12.741.865
Profit carried forward previous year			22.805.058		10.063.194
Advance distribution			5.000.000		0
Profit carried forward			25.429.309		22.805.058

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 December 2022	31 December 2021
ASSETS			
FIXED ASSETS			
I. Intangible assets			
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values		2.540.094	1.805.317
2. Goodwill		11.518.483	12.610.680
		14.058.578	14.415.997
II. Tangible assets			
1. Real estate, titles to land and buildings including buildings on third party land		3.976.718	3.934.022
2. Technical equipment and machines		41.043	46.317
3. Other plants, office fixtures and fittings		5.390.818	4.957.990
		9.408.579	8.938.330
III. Financial assets			
1. Long term investments		2.405.600	0
CURRENT ASSETS			
I. Inventories			
		4.024.939	3.906.033
II. Receivables and other assets			
1. Receivables of deliveries and services		39.125.111	33.227.921
2. Receivables from affiliated enterprises		0	0
3. Other assets		7.063.936	5.144.915
		46.189.047	38.372.836
III. Cash on hand, bank balances			
		29.727.703	32.619.433
PREPAID EXPENSES		1.045.144	736.656
TOTAL ASSETS		106.859.590	98.989.285

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
EQUITY			
I. Subscribed capital own shares		25.000 0 25.000	25.000 -8.500 16.500
II. Capital reserves		2.809.192	500.000
III. Profit carried forward		25.429.309 28.263.501	22.805.058 23.321.558
PROVISIONS			
1. Provisions for pensions and similar obligations		3.212.635	2.964.378
2. Provisions for taxes		2.049.456	1.975.348
3. Other provisions		19.885.488 25.147.579	17.871.629 22.811.355
LIABILITIES			
1. Loans and borrowings		25.191.319	25.174.826
2. Liabilities due to credit institutions		0	0
3. Advance payments received on orders		2.992.036	2.475.531
4. Liabilities from supplies and services		3.096.610	2.796.423
5. Liabilities due to affiliated enterprises		0	4.590
6. Other liabilities		21.770.942 53.050.908	22.327.423 52.778.794
DEFERRED INCOME		397.603	77.578
TOTAL EQUITY AND LIABILITIES		106.859.590	98.989.285

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q4 22	1-12/2022	1-12/2021
Profit for the period (consolidated net income for the financial year)		320	7.624	12.742
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		1.080	3.785	3.754
Increase/decrease in provisions		-1.114	2.336	1.660
Other non-cash expenses/income		-27	-135	-661
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		3.918	-8.244	-8.436
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		1.825	2.718	8.530
Interest expense/interest income		325	1.567	2.855
Cash flows from operating activities		6.328	9.651	20.445
Payments to acquire tangible fixed assets		-869	-3.898	-4.563
Acquisition of financial assets		0	-2.406	0
Interest received		32	42	13
Cash flows from investing activities		-836	-6.261	-4.549
Proceeds from equity contributions by shareholders of the parent company		0	2.142	0
Proceeds from borrowings		0	0	25.000
Cash repayments of bonds and borrowings		0	-2.142	-30.000
Paid dividends to the shareholders of the parent entity		-5.000	-5.000	0
Interest paid for financial loans and factoring		-331	-1.298	-2.208
Change in other financial liabilities		7	16	-245
Cash flows from financing activities		-5.324	-6.282	-7.453
Net change in cash funds		168	-2.891	8.442
Cash funds at the beginning of period		29.560	32.619	24.177
Cash funds at the end of period		29.728	29.728	32.619

NOTES

General

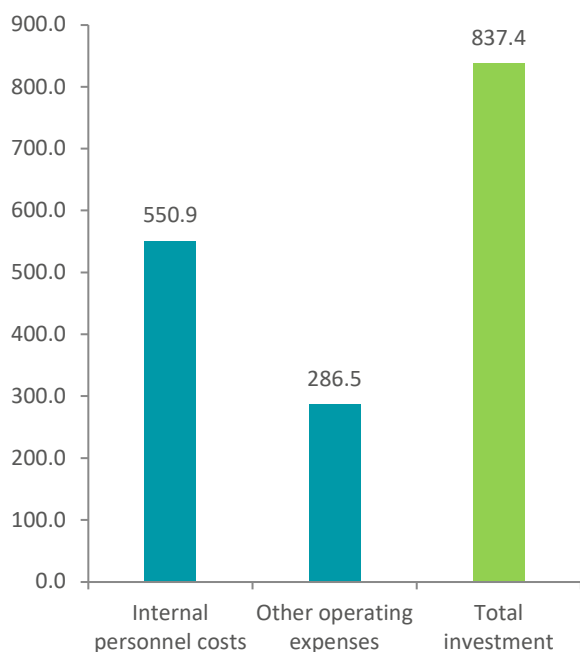
The group parent company operates under the name Tempton Group GmbH. The accounting transactions underlying this interim report comply with German commercial and company law regulations (HGB, GmbHG).

Note 1 – Investment in organic growth

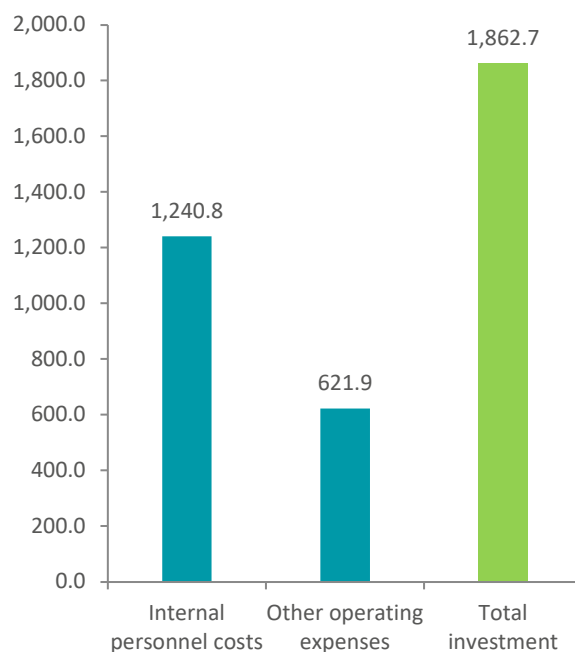
Tempton is not only continuing its outstanding growth strategy, in fact, it is ramping up for the largest organic growth initiative in the company's history. In particular, Tempton is significantly expanding its branch network. The aim is to open up further local and regional markets, thereby creating new growth potential and further increasing the synergy potential inherent in the geographical proximity of branches.

At the same time, Tempton is positioning itself ever more broadly and gaining additional stability in addition to profitability and market share. To this end, Tempton is specifically expanding its Aviation, Medical and White-Collar divisions. For 2023, Tempton has already prepared the launch of its new Education division for the first quarter of 2023. By leveraging the existing infrastructure from the Medical division, the new Education division will quickly gain momentum and avoid extraordinary investment.

Q4 2022 (in thousand €)

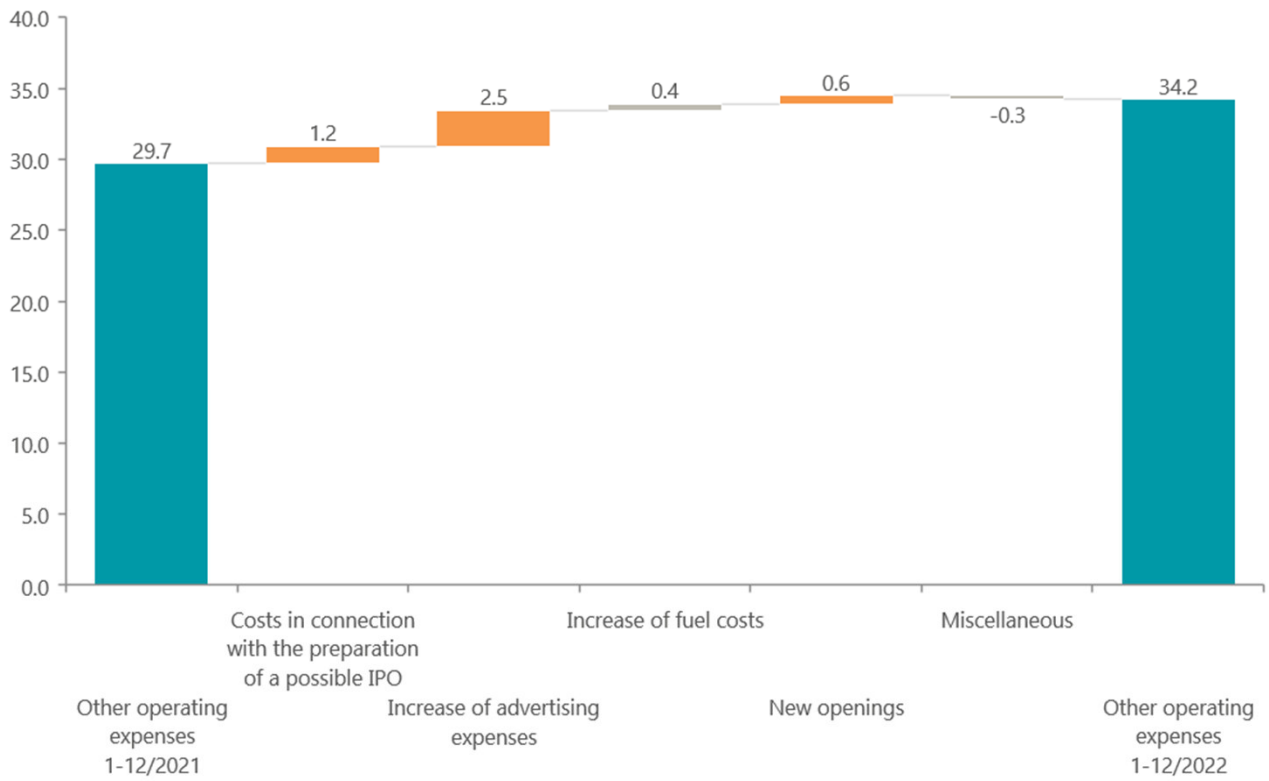


1-12/2022 (in thousand €)



NOTES

Note 2 – Other operating expenses bridge (in m€)



ABOUT TEMPTON

With headquarters in Essen, Tempton is one of Germany's leading and fastest-growing HR service providers. We currently operate almost everywhere in Germany with offices in more than 140 locations, regularly employing at the peak more than 9,000 motivated members of staff. Offering secure and attractive workplaces to people with vastly different qualifications – from skilled manual workers to highly qualified interim managers – is what motivates us. Our exceptionally positive corporate development is based on highly digitalized processes and innovative product strategies. Today over 10,000 corporate clients in many different industries rely on us to provide them with attractive HR solutions of every kind.

Tempton Group
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www.tempton.de