

tempton

INTERIM REPORT  
Q1 2023

Tempton Group

## Q1 2023 HIGHLIGHTS

TOTAL INCOME

91.8 m€

GROSS PROFIT

22.9 m€

EBITDA

3.7 m€

CONTINUED GROWTH

SIGNIFICANT INVESTMENT AS PART OF GROWTH INITIATIVE

	Q1 COMPARISON		
	2021	2022	2023
<b>Total income</b>	67.1	83.8	91.8
<b>Gross profit</b>	17.1	20.7	22.9
<b>EBITDA</b>	3.5	4.9	3.7
<b>%</b>	5.2%	5.9%	4.0%

Tempton continues its growth in total revenue and gross profit in the first quarter of 2023 despite multi-layered macroeconomic uncertainties. Tempton has already invested EUR 1.7 million (excluding overhead costs) in Q1 2023 as part of its largest organic growth initiative in the history of the company. Without this investment in organic growth, EBITDA would have increased by EUR 0.5 million to EUR 5.4 million in Q1 2023.

Tempton leverages its strong financial position and professional organization to further expand and gain market share. As a result, Tempton is investing a significant part of its operating budget in the organic expansion of its branch network, supported by smaller acquisitions. Tempton also continues to invest in scaling managed services and expanding its medical, aviation and white-collar businesses. In addition, Tempton launched its educational division in Q1 2023 and continues to invest in the further development of its digitalization tools.

# DEVELOPMENT TOTAL MARKET GERMANY

## Mid-term development of BC Index Germany Q4 2022 vs. Q1 2023<sup>1</sup>

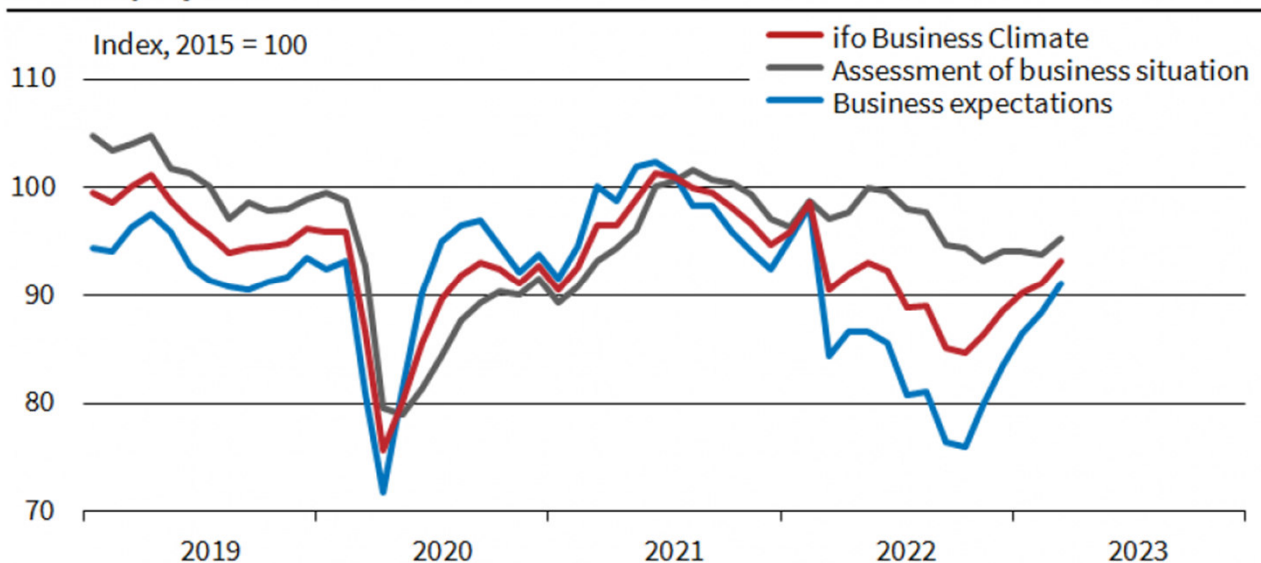


### Note

Looking at the mid-term trend, the ifo Business Climate Index rose from 88.6 points in December 2022 to 93.3 points in March 2023.

## Short-term development of BC Index Germany Feb. 23 vs. Mar. 23<sup>1</sup>

### ifo Business Climate Germany<sup>a</sup> Seasonally adjusted



<sup>a</sup> Manufacturing, service sector, trade, and construction.

Source: ifo Business Survey, March 2023.

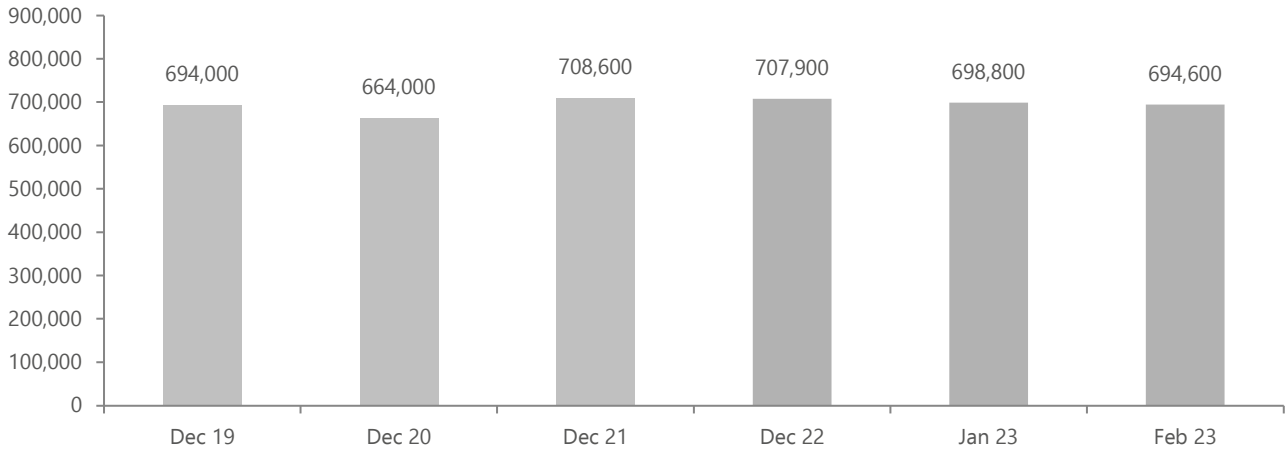
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Sentiment in German business has improved. The ifo Business Climate Index rose to 93.3 points in March, up from 91.1 points in February. This is its fifth consecutive rise. This upward development was driven primarily by business expectations; companies also assessed their current business as somewhat better. Despite turbulence at some international banks, the German economy is stabilizing.<sup>1</sup>

<sup>1</sup> <https://www.ifo.de/en>

# DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

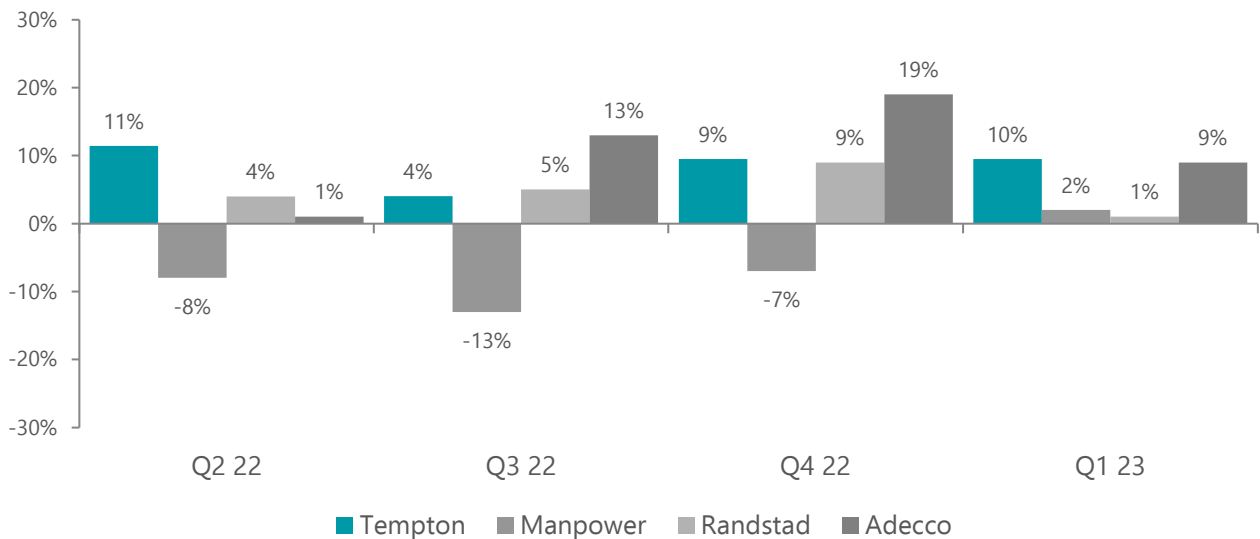
## Temporary Employees Germany<sup>2</sup>



### 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)<sup>3, 4, 5, 6</sup>



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

<sup>3</sup> Tempton turnover according to internal reporting.

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

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

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

## KEY FIGURES – GENERAL OVERVIEW

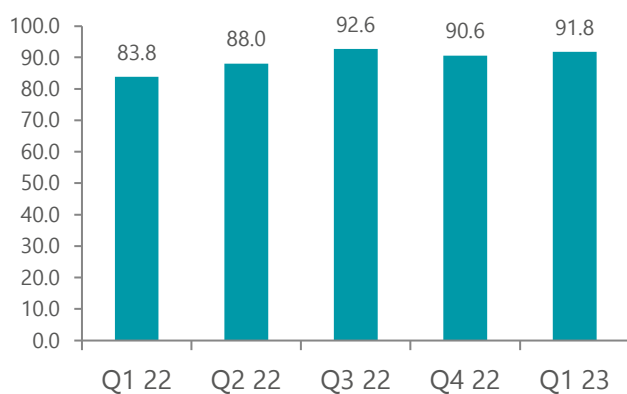
### General note

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).

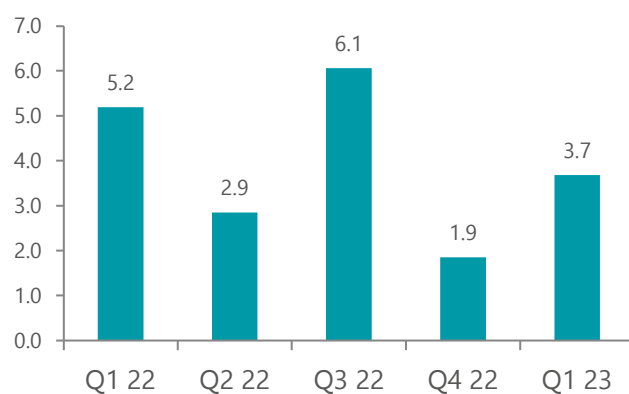
### Key figures

in m€	Q1 23	Q4 22	Q1 22	1-3/2023	1-3/2022
<b>Total income</b>	91.8	90.6	83.8	91.8	83.8
<b>OPEX</b>	88.1	88.7	78.9	88.1	78.9
<b>EBITDA</b>	3.7	1.9	4.9	3.7	4.9
<b>%</b>	4.0%	2.0%	5.9%	4.0%	5.9%
<b>EBITDA adjusted</b>	3.7	1.9	5.2	3.7	5.2
<b>%</b>	4.0%	2.0%	6.2%	4.0%	6.2%

### Total income (in m€)<sup>Note 1</sup>



### EBITDA adjusted (in m€)<sup>Note 2</sup>



### Note 1 – Total income

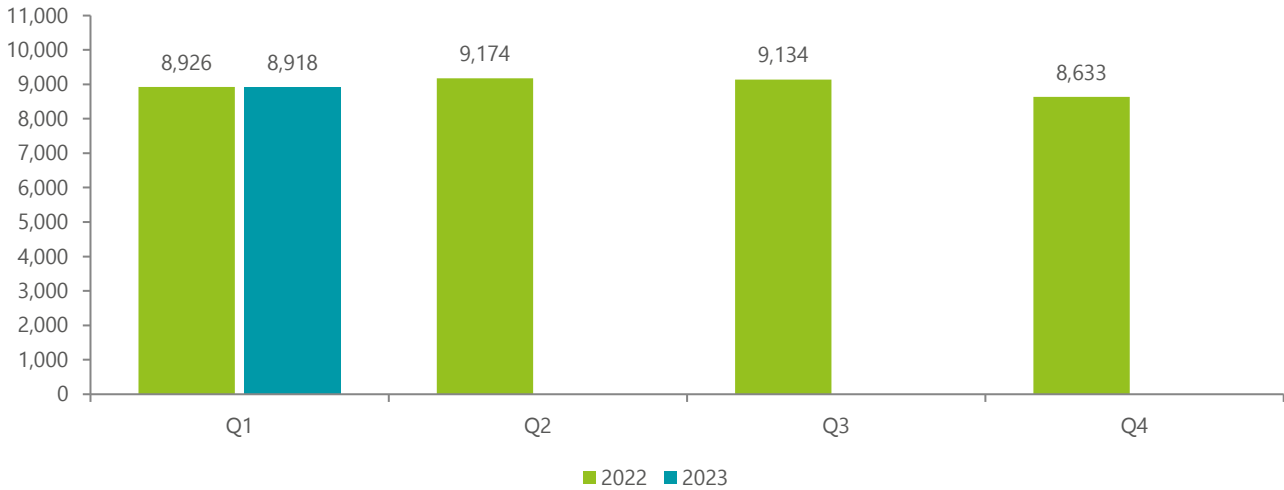
Tempton continues its growth in total income Q1 2023 despite multi-layered macroeconomic uncertainties, though a significant portion of the growth was price-driven.

### Note 2 – EBITDA adjusted

While EBITDA in the previous years was adjusted for the costs of a possible IPO, no adjustment was made in 2023. All costs of the growth initiative are fully reflected in the Q1 2023 EBITDA and EBITDA adjusted.

# DEVELOPMENT NUMBER OF EMPLOYEES

## Total number of employees



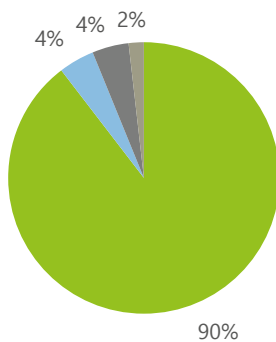
### Note

Tempton is stable in total number of employees despite the absence of COVID catch-up effects in the first quarter of 2023 compared to the previous year.

Tempton also expects growth in the total number of employees again for the remaining quarters due to the strong investment in organic growth.

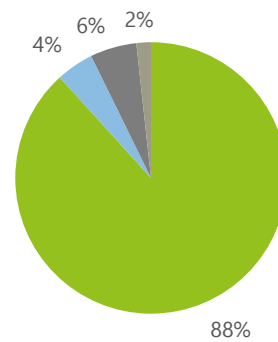
## Development Business Segments<sup>7</sup> Q1 2023

Turnover (percent)



■ Personnel Services ■ Next Level  
 ■ Technology ■ Outsourcing

Gross profit (percent)

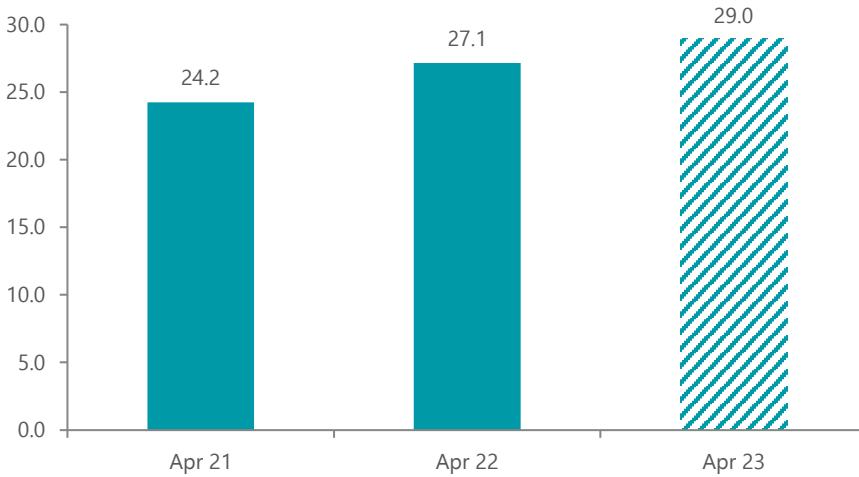


■ Personnel Services ■ Next Level  
 ■ Technology ■ Outsourcing

<sup>7</sup> Turnover and gross profit according to internal reporting.

# OUTLOOK – APRIL 2023

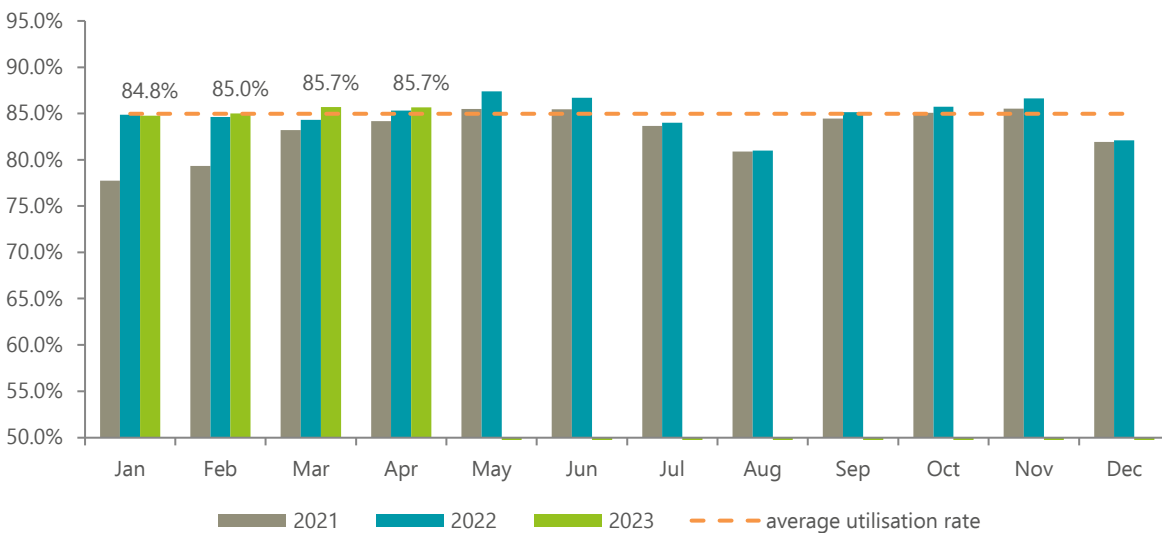
## Total income comparison April YoY



### Note

The total income expectation for April 2023 is around EUR 29.0 million. This means that total income in April is EUR 1.9 million higher compared to April 2022 and EUR 4.8 million higher compared to April 2021.

## Development of the utilisation rate



# COMMENTS RE. FINANCIAL STATEMENTS

## Consolidation

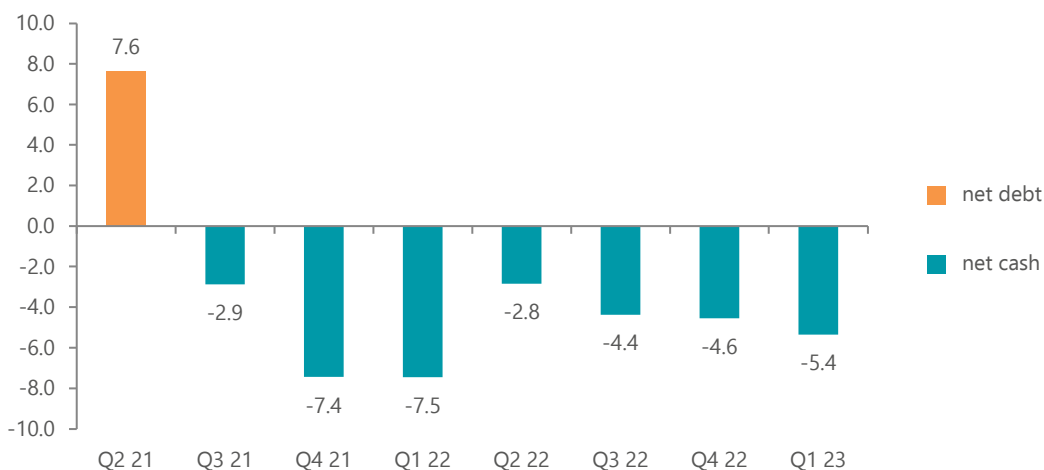
The consolidated balance sheet is composed by combining the individual balance sheets of all subsidiaries included in the consolidated financial statements. Inclusion is based on the principle of full consolidation, i.e. all assets and liabilities of the included companies are adopted in the consolidated 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 increased from EUR 29.7 million in Q4 2022 to EUR 30.5 million in Q1 2023, 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 42.1 million as of March 31, 2023, compared to EUR 39.1 million as of December 31, 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 EUR 35.5 million.

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





## COMMENTS RE. FINANCIAL STATEMENTS

### Key figures (in m€)

#### Leverage ratio

<b>EBITDA adjusted LTM</b>	<b>14.4</b>
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#### Net Debt

Bond loan	25.2
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Cash balance	30.5
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<b>Net debt</b>	<b>-5.4</b>
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<b>Net Leverage ratio</b>	<b>-0.4</b>
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#### Interest cover ratio

Interest expense	1.4
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<b>Interest cover ratio</b>	<b>10.4</b>
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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, 26.05.2023

Dr. Annett Tischendorf  
CEO

Oliver Hecker  
CFO

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q1 23	1-3/2023	Q1 22	1-3/2022
Revenues		90,473,559	90,473,559	82,875,659	82,875,659
Change in the inventory of finished goods and work in process		573,226	573,226	270,458	270,458
Other operating income		750,027	750,027	674,333	674,333
<b>Total income</b>		<b>91,796,813</b>	<b>91,796,813</b>	<b>83,820,450</b>	<b>83,820,450</b>
Material costs					
costs of raw material, supplies, operating material and acquired goods		350,337	350,337	336,207	336,207
costs of services acquired		2,750,226	2,750,226	3,108,425	3,108,425
		<b>3,100,563</b>	<b>3,100,563</b>	<b>3,444,633</b>	<b>3,444,633</b>
Personnel costs					
wages and salaries		61,785,430	61,785,430	55,079,088	55,079,088
social security and expenses for old age pensions and support		14,389,477	14,389,477	12,915,193	12,915,193
	1	<b>76,174,906</b>	<b>76,174,906</b>	<b>67,994,281</b>	<b>67,994,281</b>
Depreciation		1,001,955	1,001,955	828,773	828,773
Other operating expenses	1	8,843,242	8,843,242	7,644,147	7,644,147
Other interest and similar income		25,079	25,079	537	537
Interest and similar expenses		371,170	371,170	367,566	367,566
Taxes		407,565	407,565	486,940	486,940
<b>Profit after taxes</b>		<b>1,922,491</b>	<b>1,922,491</b>	<b>3,054,647</b>	<b>3,054,647</b>
Other taxes		4,817	4,817	4,855	4,855
<b>Group annual surplus</b>		<b>1,917,674</b>	<b>1,917,674</b>	<b>3,049,792</b>	<b>3,049,792</b>
Profit carried forward previous year			25,333,033		22,805,058
<b>Profit carried forward</b>			<b>27,250,707</b>		<b>25,854,850</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 March 2023	31 December 2022
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>I. Intangible assets</b>			
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values		2,640,042	2,540,094
2. Goodwill		11,245,434	11,518,483
		<b>13,885,476</b>	<b>14,058,578</b>
<b>II. Tangible assets</b>			
1. Real estate, titles to land and buildings including buildings on third party land		3,956,919	3,976,718
2. Technical equipment and machines		39,725	41,043
3. Other plants, office fixtures and fittings		5,656,377	5,390,818
		<b>9,653,021</b>	<b>9,408,579</b>
<b>III. Financial assets</b>			
1. Long term investments		2,405,600	2,405,600
<b>CURRENT ASSETS</b>			
<b>I. Inventories</b>			
		4,544,373	4,024,939
<b>II. Receivables and other assets</b>			
1. Receivables of deliveries and services		42,062,972	39,063,851
2. Other assets		6,626,596	6,860,105
		<b>48,689,568</b>	<b>45,923,955</b>
<b>III. Cash on hand, bank balances</b>			
		30,531,967	29,725,166
<b>PREPAID EXPENSES</b>			
		<b>1,301,449</b>	<b>952,851</b>
<b>TOTAL ASSETS</b>			
		<b>111,011,455</b>	<b>106,499,669</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 March 2023	31 December 2022
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>I. Subscribed capital</b>		25,000	25,000
<b>II. Capital reserves</b>		2,809,192	2,809,192
<b>III. Profit carried forward</b>		27,250,707	25,333,033
		<b>30,084,899</b>	<b>28,167,225</b>
<b>PROVISIONS</b>			
1. Provisions for pensions and similar obligations		3,267,300	3,191,864
2. Provisions for taxes		2,045,822	2,082,055
3. Other provisions		21,296,670	20,021,786
		<b>26,609,791</b>	<b>25,295,705</b>
<b>LIABILITIES</b>			
1. Loans and borrowings		25,174,826	25,174,826
2. Advance payments received on orders		4,174,804	2,992,036
3. Liabilities from supplies and services		3,161,386	3,100,254
4. Other liabilities		21,375,240	21,369,303
		<b>53,886,257</b>	<b>52,636,420</b>
<b>DEFERRED INCOME</b>		<b>430,508</b>	<b>400,319</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>111,011,455</b>	<b>106,499,669</b>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q1 23	1-3/2023	1-3/2022
Profit for the period (consolidated net income for the financial year)		1,918	1,918	3,050
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		1,002	1,002	829
Increase/decrease in provisions		1,314	1,314	2,068
Other non-cash expenses/income		-21	-21	-46
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		-3,634	-3,634	-6,896
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		1,280	1,280	1,777
Interest expense/interest income		346	346	543
<b>Cash flows from operating activities</b>		<b>2,205</b>	<b>2,205</b>	<b>1,324</b>
Payments to acquire tangible fixed assets		-1,073	-1,073	-986
Interest received		25	25	4
<b>Cash flows from investing activities</b>		<b>-1,048</b>	<b>-1,048</b>	<b>-982</b>
Interest paid for financial loans and factoring		-350	-350	-325
<b>Cash flows from financing activities</b>		<b>-350</b>	<b>-350</b>	<b>-325</b>
Net change in cash funds		807	807	17
Cash funds at the beginning of period		29,725	29,725	32,619
<b>Cash funds at the end of period</b>		<b>30,532</b>	<b>30,532</b>	<b>32,636</b>

# NOTES

## General

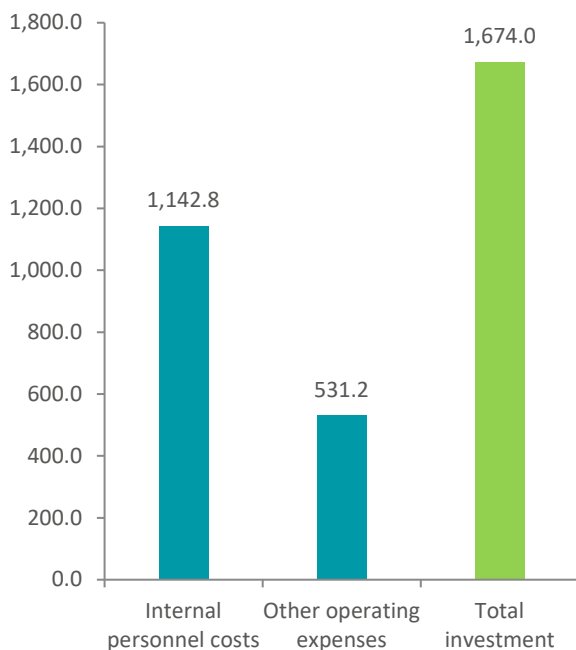
The group parent company operates under the name Tempton Group GmbH. The accounting transactions underlying this interim report comply with German commercial and company law regulations (HGB, GmbHG).

### 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 launched its new Educational division. By leveraging the existing infrastructure from the Medical division, the new Education division will quickly gain momentum and avoid extraordinary investment.

### Q1 2023 (in thousand €)





## 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 150 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.

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[www.tempton.de](http://www.tempton.de)