

tempton

INTERIM REPORT  
Q3 2023

Tempton Group

## Q3 2023 HIGHLIGHTS

TOTAL INCOME

**106.0 m€**

GROSS PROFIT

**27.7 m€**

EBITDA

**5.0 m€**

EBITDA excluding costs  
of growth initiative

**8.2 m€**

CONTINUED GROWTH

SIGNIFICANT INVESTMENT AS PART  
OF GROWTH INITIATIVE

	Q3 COMPARISON		
	2021	2022	2023
<b>Total income</b>	89.1	92.6	106.0
<b>Gross profit</b>	23.3	24.2	27.7
<b>EBITDA</b>	7.6	5.9	5.0
<b>%</b>	8.5%	6.4%	4.8%

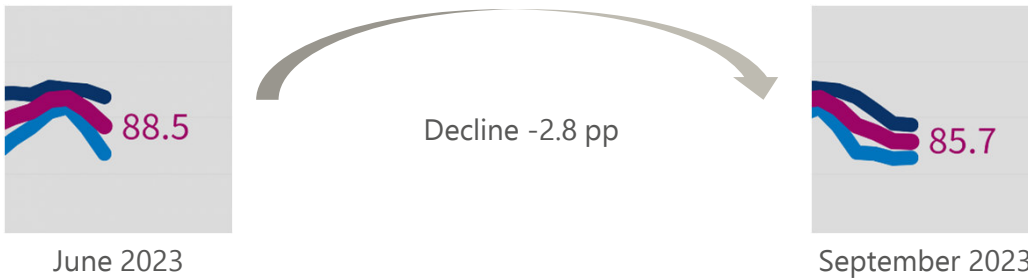
Tempton continues its growth in total revenue and gross profit in the third quarter of 2023 despite multi-layered macroeconomic uncertainties. While the personnel services market in Germany is getting more challenging and many market participants are struggling with declining sales and profits, Tempton specifically uses the opportunity to leverage its solid business performance, its strong financial position and professional organization to gain additional market share.

Therefore, Tempton invested, excluding overhead costs, EUR 3.2 million in Q3 2023 (EUR 7.4 million in the first three quarters of 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 2.7 million to EUR 15.6 million in the first three quarters of 2023, while Q3 would have increased by EUR 2.3 million to EUR 8.2 million.

Significant parts of Tempton's operating budget are being invested in the organic expansion of its branch network, supported by smaller acquisitions. Additionally, Tempton also continues to invest in scaling managed services and expanding its medical, aviation and white-collar businesses. Further, Tempton launched its educational division in 2023 and continues to invest in the further development of its digitalization tools.

# DEVELOPMENT TOTAL MARKET GERMANY

## Mid-term development of BC Index Germany Q2 2023 vs. Q3 2023<sup>1</sup>

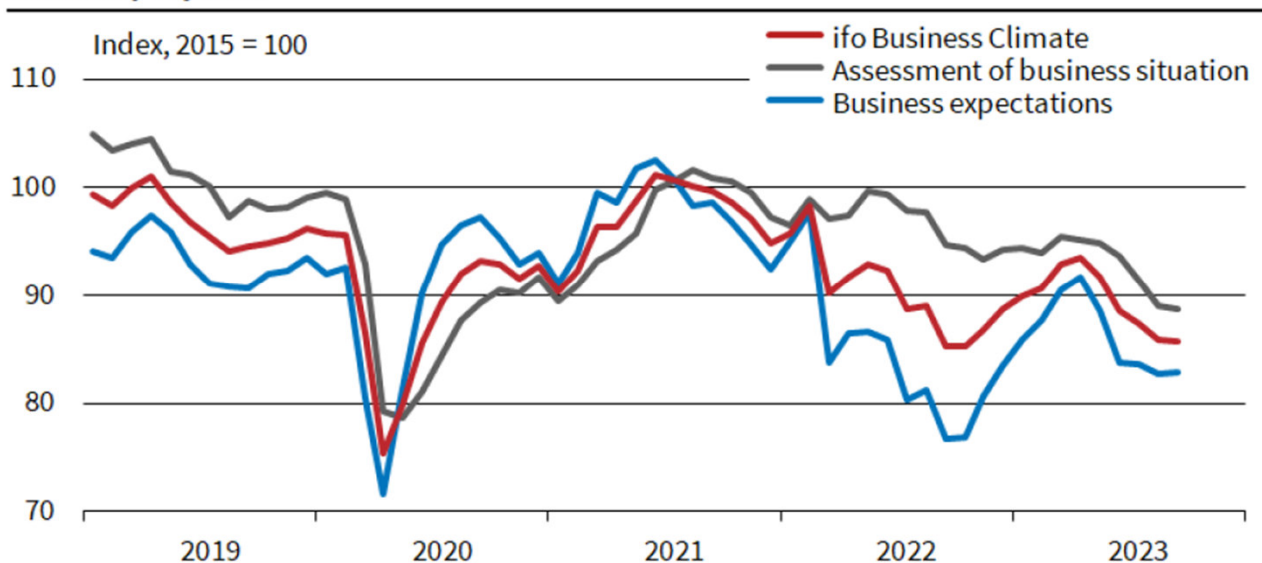


### Note

Looking at the mid-term trend, the ifo Business Climate Index declined from 88.5 points in June 2023 to 85.7 points in September 2023.

## Short-term development of BC Index Germany Aug. 23 vs. Sep. 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, September 2023.

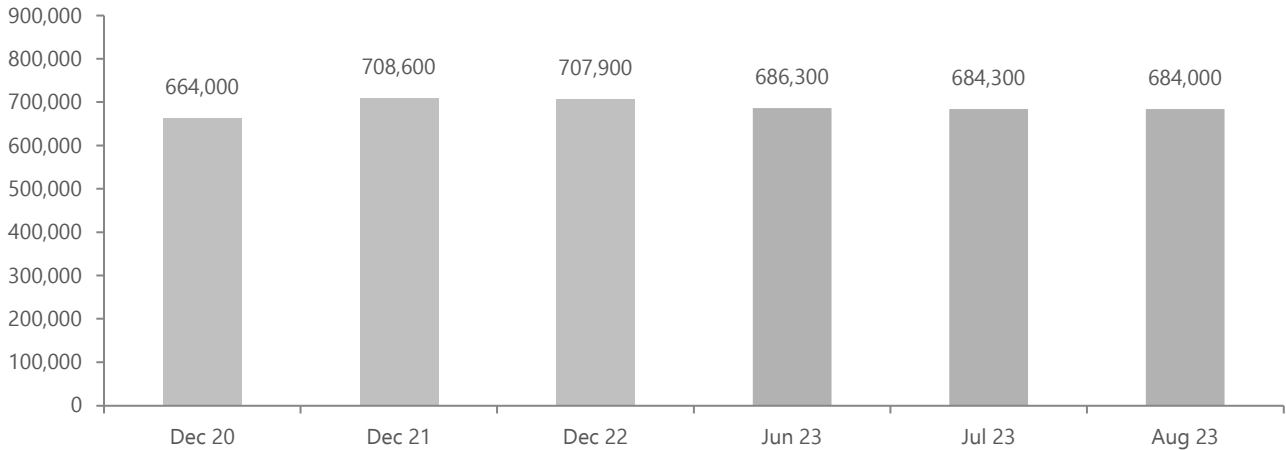
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Sentiment in the German economy remains bleak. The ifo Business Climate Index fell to 85.7 points in September, down from 85.8 points (seasonally adjusted) in August. Once again, companies were less satisfied with their current business situation. However, their pessimism regarding the coming months dissipated slightly. The German economy is trading water.<sup>1</sup>

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

# DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

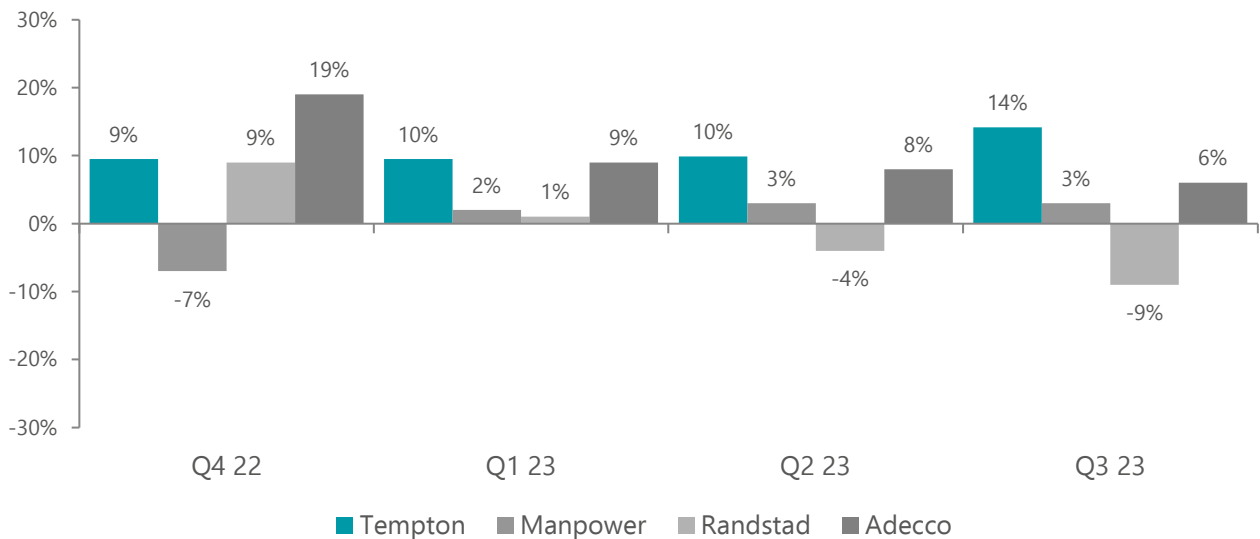
## Temporary Employees Germany<sup>2</sup>



### 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

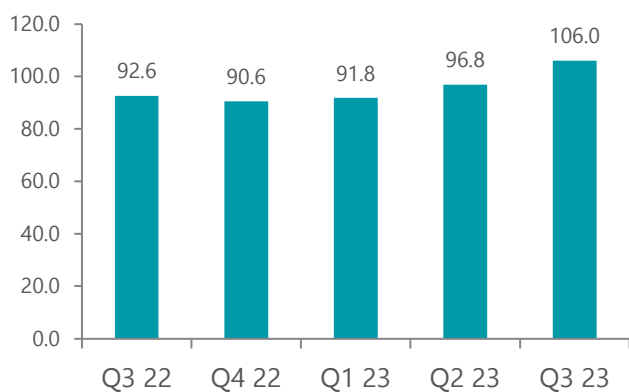
### General note

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).

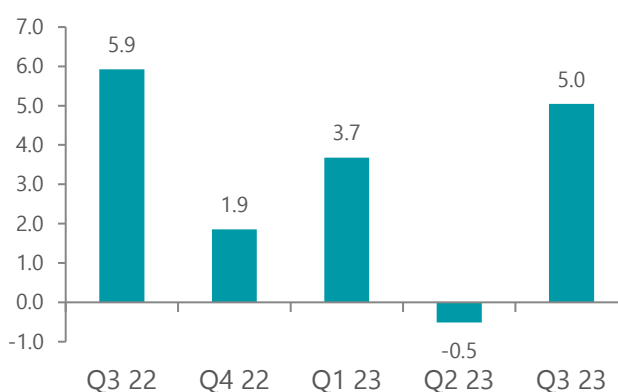
### Key figures

in m€	Q3 23	Q2 23	Q3 22	1-9/2023	1-9/2022
<b>Total income</b>	106.0	96.8	92.6	294.6	264.5
<b>Gross profit</b>	27.7	20.3	24.2	70.9	64.4
<b>%</b>	26.3%	21.2%	26.2%	24.2%	24.5%
<b>OPEX</b>	101.0	97.3	86.7	286.4	251.6
<b>EBITDA</b>	5.0	-0.5	5.9	8.2	12.9
<b>%</b>	4.8%	-0.5%	6.4%	2.8%	4.9%

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



### EBITDA (in m€)<sup>Note 2</sup>



### Note 1 – Total income

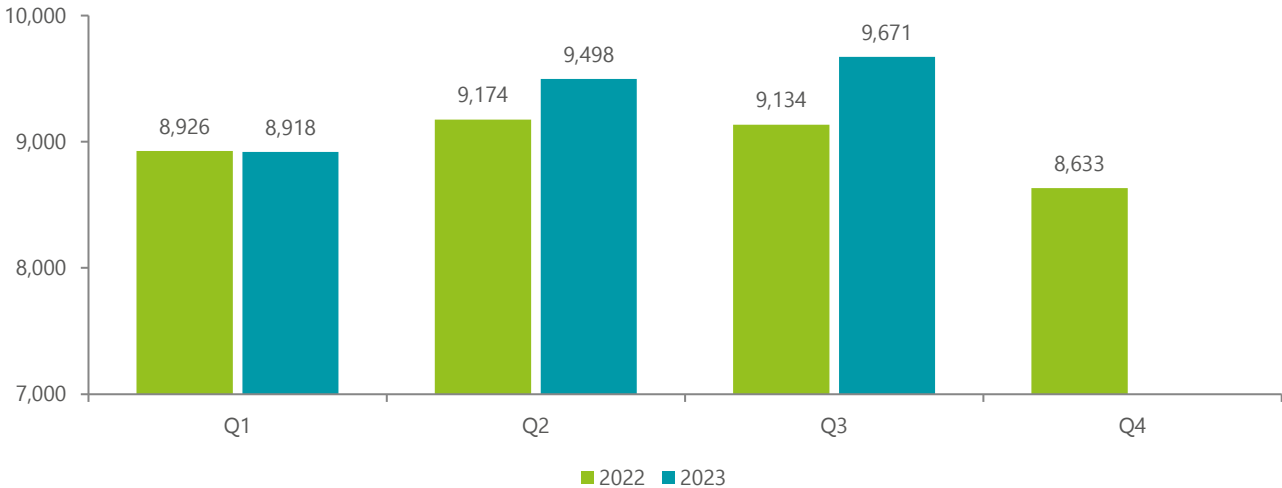
Tempton continues its growth in total income Q3 2023 despite multi-layered macroeconomic uncertainties and stagnating temporary employment market, though a significant portion of the growth was price-driven.

### Note 2 – EBITDA

Tempton invested, excluding overhead costs, EUR 3.2 million in Q3 2023 (EUR 7.4 million in the first three quarters of 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 2.7 million to EUR 15.6 million in the first three quarters of 2023, while Q3 would have increased by EUR 2.3 million to EUR 8.2 million.

# DEVELOPMENT NUMBER OF EMPLOYEES

## Total number of employees

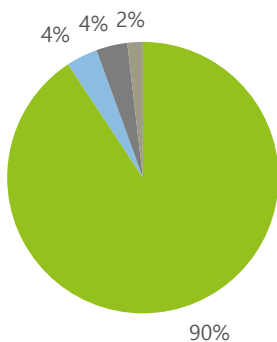


### Note

Tempton was 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. In Q2 2023, the growth initiative is showing first results and Tempton has grown by 3.5% compared to previous year, even though the temp market is stagnant in headcount. In Q3 2023, Tempton expanded this growth in the total number of employees to 5.9 % compared to the same quarter of the previous year. Tempton also expects further growth compared to previous year in Q4 2023.

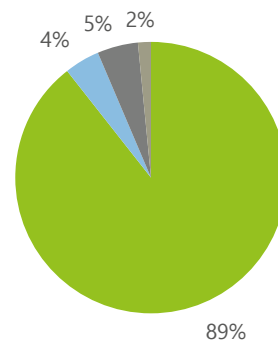
## Development Business Segments<sup>7</sup> Q3 2023

Turnover (percent)



■ Personnel Services 
 ■ Next Level  
■ Technology 
 ■ Outsourcing

Gross profit (percent)

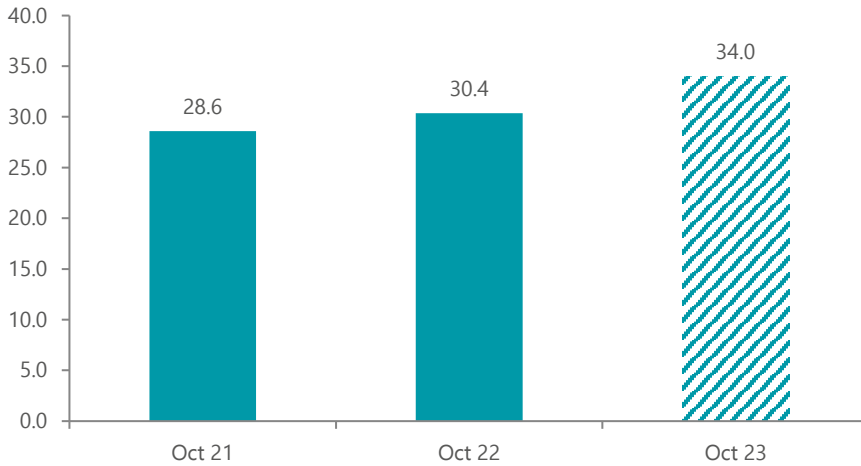


■ Personnel Services 
 ■ Next Level  
■ Technology 
 ■ Outsourcing

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

# OUTLOOK – OCTOBER 2023

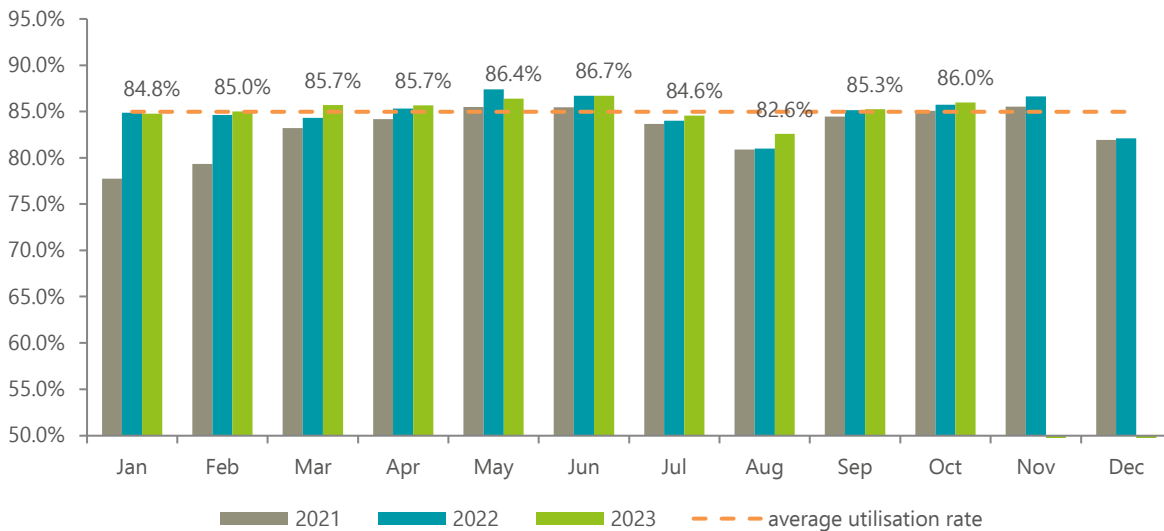
## Total income comparison October YoY



### Note

The total income expectation for October 2023 is around EUR 34.0 million. This means that total income in October 2023 is EUR 3.6 million higher compared to October 2022 and EUR 5.4 million higher compared to October 2021.

## Development of the utilisation rate



# COMMENTS RE. FINANCIAL STATEMENTS

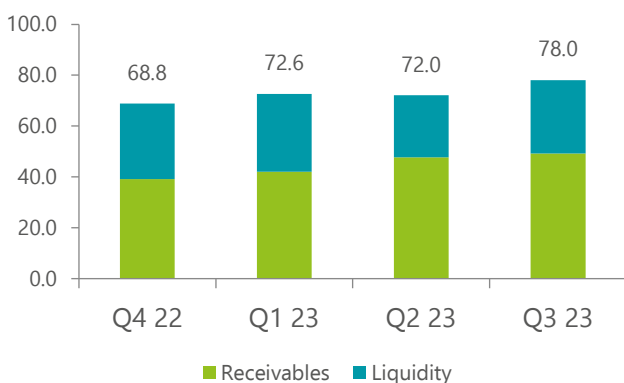
## Consolidation

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 24.3 million in Q2 2023 to EUR 28.8 million in Q3 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 49.2 million as of September 30, 2023, compared to EUR 47.7 million as of June 30, 2023.

## Liquidity and receivables





# COMMENTS RE. FINANCIAL STATEMENTS

## Key figures (in m€)

### Leverage ratio

<b>EBITDA LTM</b>	<b>10.1</b>
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### Net Debt

Bond loan	25.2
Own shares	-3.3
Bond loan without own shares	21.9
Cash balance	28.8

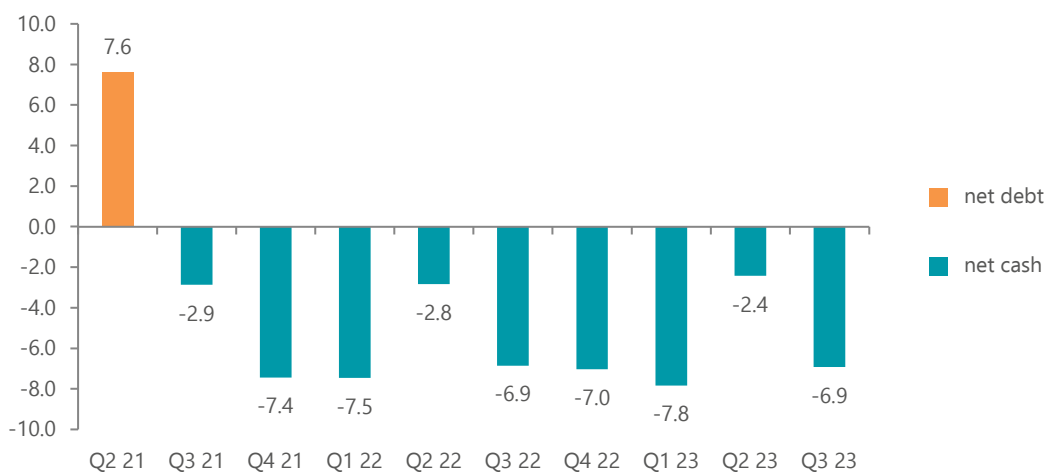
<b>Net debt</b>	<b>-6.9</b>
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<b>Net Leverage ratio</b>	<b>-0.7</b>
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### Interest cover ratio

Interest expense	1.5
<b>Interest cover ratio</b>	<b>6.9</b>

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



## COMMENTS RE. FINANCIAL STATEMENTS

### 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, 28.11.2023

Dr. Annett Tischendorf  
CEO

Oliver Hecker  
CFO

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q3 23	1-9/2023	Q3 22	1-9/2022
Revenues		104,890,954	291,324,167	91,568,822	261,771,566
Change in the inventory of finished goods and work in process		153,142	784,432	432,385	783,203
Other operating income		964,685	2,504,163	632,326	1,916,329
<b>Total income</b>		<b>106,008,781</b>	<b>294,612,762</b>	<b>92,633,533</b>	<b>264,471,098</b>
Material costs					
costs of raw material, supplies, operating material and acquired goods		406,495	1,041,887	326,519	1,046,301
costs of services acquired		3,057,394	8,376,416	2,612,339	8,519,432
		<b>3,463,889</b>	<b>9,418,302</b>	<b>2,938,857</b>	<b>9,565,733</b>
Personnel costs					
wages and salaries		70,906,911	201,618,593	61,343,135	176,391,561
social security and expenses for old age pensions and support		16,469,370	46,950,955	14,208,338	41,258,573
	1	<b>87,376,281</b>	<b>248,569,548</b>	<b>75,551,472</b>	<b>217,650,134</b>
Depreciation		1,211,860	3,305,028	960,212	2,704,712
Other operating expenses	1	10,119,762	28,414,423	8,222,298	24,561,360
Other interest and similar income		125,676	261,360	3,324	2,856
Interest and similar expenses		376,817	1,139,986	347,237	1,069,347
Taxes		629,002	1,441,645	801,212	1,604,249
<b>Profit after taxes</b>		<b>2,956,845</b>	<b>2,585,191</b>	<b>3,815,568</b>	<b>7,318,419</b>
Other taxes		4,817	14,450	4,855	14,564
<b>Group annual surplus</b>		<b>2,952,029</b>	<b>2,570,741</b>	<b>3,810,713</b>	<b>7,303,855</b>
Profit carried forward previous year			25,333,033		22,805,058
<b>Profit carried forward</b>			<b>27,903,774</b>		<b>30,108,913</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 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		2,943,009	2,540,094
2. Goodwill		10,699,336	11,518,483
		<b>13,642,346</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		3,991,327	3,976,718
2. Technical equipment and machines		37,088	41,043
3. Other plants, office fixtures and fittings		6,365,915	5,390,818
		<b>10,394,331</b>	<b>9,408,579</b>
<b>III. Financial assets</b>			
1. Long term investments		3,151,600	2,405,600
<b>CURRENT ASSETS</b>			
<b>I. Inventories</b>			
		4,743,980	4,024,939
<b>II. Receivables and other assets</b>			
1. Receivables of deliveries and services		49,156,119	39,063,851
2. Other assets		7,012,802	6,860,105
		<b>56,168,920</b>	<b>45,923,955</b>
<b>III. Cash on hand, bank balances</b>			
		28,816,908	29,725,166
<b>PREPAID EXPENSES</b>			
		<b>1,080,910</b>	<b>952,851</b>
<b>TOTAL ASSETS</b>			
		<b>117,998,995</b>	<b>106,499,669</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 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>		27,903,774	25,333,033
		<b>30,737,966</b>	<b>28,167,225</b>
<b>PROVISIONS</b>			
1. Provisions for pensions and similar obligations		3,418,172	3,191,864
2. Provisions for taxes		2,698,270	2,082,055
3. Other provisions		24,428,872	20,021,786
		<b>30,545,314</b>	<b>25,295,705</b>
<b>LIABILITIES</b>			
1. Loans and borrowings		25,174,827	25,174,826
2. Advance payments received on orders		3,520,061	2,992,036
3. Liabilities from supplies and services		3,594,403	3,100,254
4. Other liabilities		24,070,590	21,369,303
		<b>56,359,881</b>	<b>52,636,420</b>
<b>DEFERRED INCOME</b>		<b>355,835</b>	<b>400,319</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>117,998,995</b>	<b>106,499,669</b>

# CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q3 23	1-9/2023	1-9/2022
Profit for the period (consolidated net income for the financial year)		2,952	2,571	7,304
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		1,212	3,305	2,705
Increase/decrease in provisions		3,295	5,251	3,451
Other non-cash expenses/income		-21	-63	-108
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		-880	-11,092	-12,162
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		-538	3,678	893
Interest expense/interest income		251	878	1,242
<b>Cash flows from operating activities</b>		<b>6,271</b>	<b>4,528</b>	<b>3,325</b>
Payments to acquire tangible fixed assets		-1,550	-3,875	-3,029
Acquisition of financial assets		0	-746	-2,406
Interest received		126	261	10
<b>Cash flows from investing activities</b>		<b>-1,424</b>	<b>-4,359</b>	<b>-5,425</b>
Proceeds from equity contributions by shareholders of the parent company		0	0	2,142
Cash repayments of bonds and borrowings		0	0	-2,142
Interest paid for financial loans and factoring		-356	-1,077	-968
Change in other financial liabilities		0	0	10
<b>Cash flows from financing activities</b>		<b>-356</b>	<b>-1,077</b>	<b>-958</b>
Net change in cash funds		4,491	-908	-3,059
Cash funds at the beginning of period		24,326	29,725	32,619
<b>Cash funds at the end of period</b>		<b>28,817</b>	<b>28,817</b>	<b>29,560</b>



# NOTES

## General

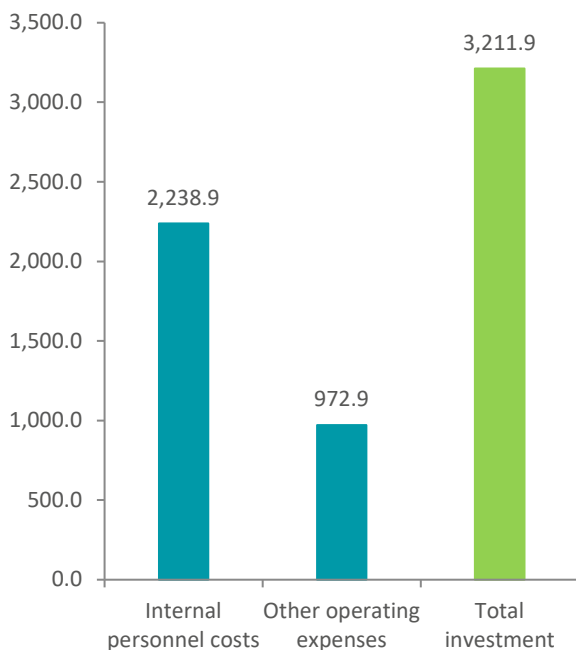
The group parent company operates under the name Tempton Group GmbH. The accounting transactions underlying this interim report comply with German commercial and company law regulations (HGB, GmbHG).

## Note 1 - Investment in organic growth

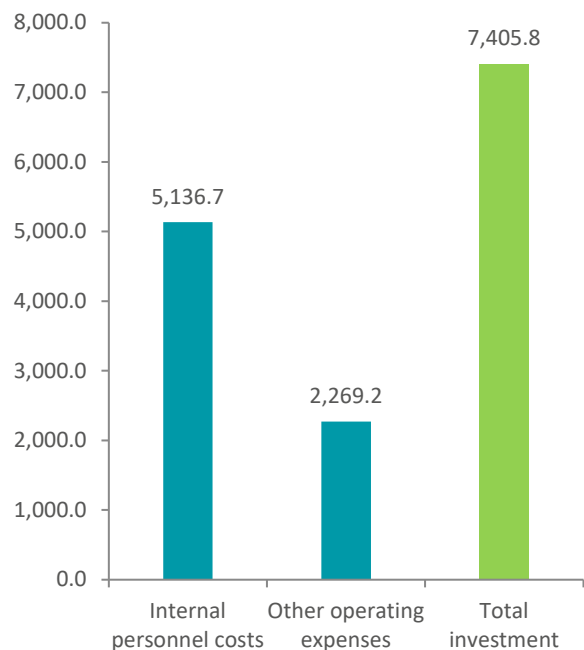
Tempton is not only continuing its outstanding growth strategy, in fact, it is ramping up for the largest organic growth initiative in the company's history. In particular, Tempton is significantly expanding its branch network. The aim is to open up further local and regional markets, thereby creating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

Q3 2023 (in thousand €)



1-9/2023 (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 9,500 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)