

tempton

INTERIM REPORT  
Q2 2022

Tempton Group

## Q2 2022 HIGHLIGHTS

TOTAL INCOME

88.0 m€

GROSS PROFIT

19.5 m€

EBITDA adjusted

2.9 m€

EBITDA

2.0 m€

CONTINUED OUTSTANDING GROWTH  
IN Q2 - ALL-TIME HIGH REVENUE

SIGNIFICANT INVESTMENT INTO  
GROWTH, DIGITALIZATION AND  
PREPARATIONS OF A POSSIBLE  
FUTURE IPO

	Q2 COMPARISON		
	2020	2021	2022
<b>Total income</b>	41.8	79.0	88.0
<b>Gross profit</b>	9.1	17.6	19.5
<b>EBITDA adjusted</b>	-2.0	3.6	2.9
<b>%</b>	-4.8%	4.5%	3.2%

Tempton continues its growth in total income and gross profit in Q2 2022 despite continued or even increasing Corona effects and the the growing impact of the Ukraine crisis on the insofar sensitive German economy and achieves new record sales for Q2. EBITDA adjusted for the costs of preparations of a possible future IPO remains stable at a high level due to strong investments in organic growth and digitization.

In the absence of interesting M&A opportunities that fit Tempton's particular profile, Tempton focuses on organic growth. Tempton is therefore investing massively from its 2022 operating budget in the organic expansion of its branch network and the expansion of business in the Medical, Aviation and white collar divisions. The digitization strategy will also be accelerated in 2022 through high investments.

# DEVELOPMENT TOTAL MARKET GERMANY

## Mid-term development of BC Index Germany Q1 2022 vs. Q2 2022<sup>1</sup>

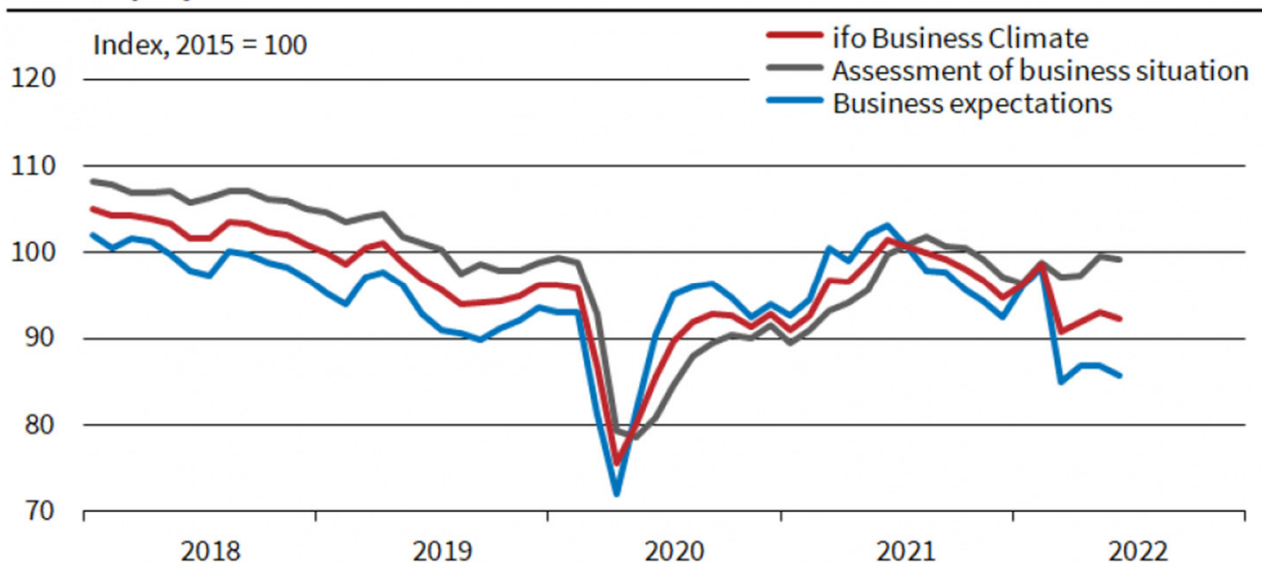


### Note

Looking at the mid-term trend, the ifo Business Climate Index rose from 90.8 points in March 2022 to 92.3 points in June 2022.

## Short-term development of BC Index Germany May 22 vs. Jun. 22<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, June 2022.

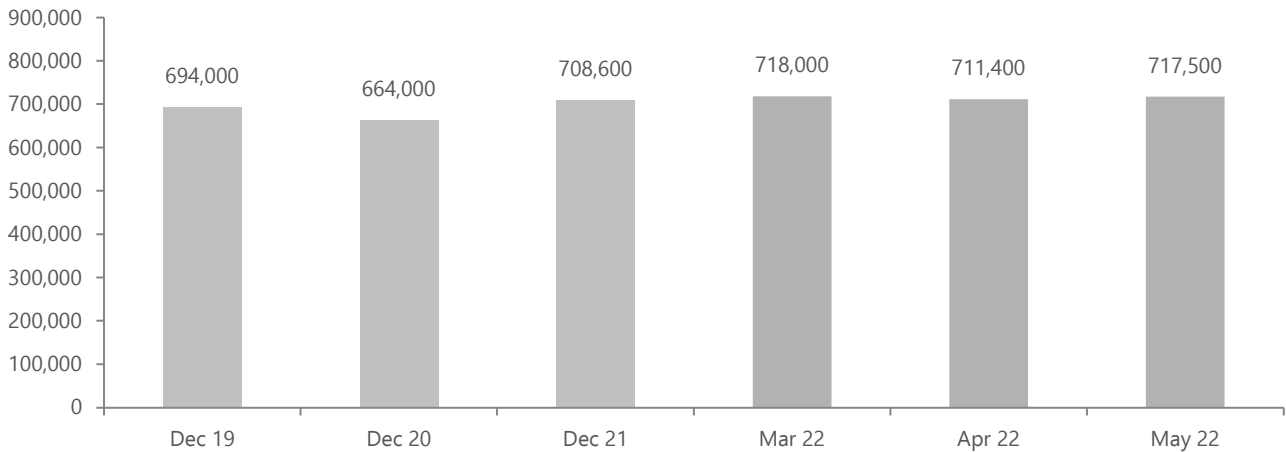
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Sentiment in German business has clouded over. The ifo Business Climate Index fell to 92.3 points in June, down from 93.0 points in May. Companies were somewhat less satisfied with their current business situation. Their expectations turned markedly more pessimistic. The threat of gas shortages is of great concern to the German economy.<sup>1</sup>

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

# DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

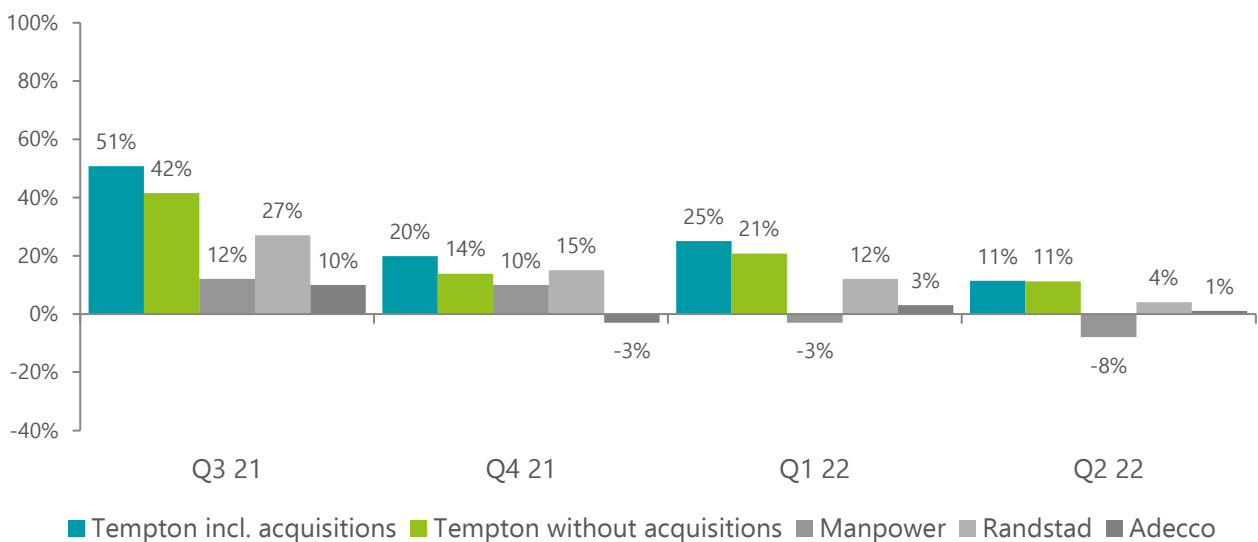
## Temporary Employees Germany<sup>2</sup>



### 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, 7</sup>



### Note

Acquisitions are reported separately for a period of 12 months from the respective closing. Accordingly, only the June 2021 Mondi acquisition is relevant for the Q2 2022 Interim Report.

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

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

<sup>4</sup> <https://www.adecogroup.com/investors/>

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

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

<sup>7</sup> Adecco: The analysis refers to the DACH region.

## KEY FIGURES – GENERAL OVERVIEW

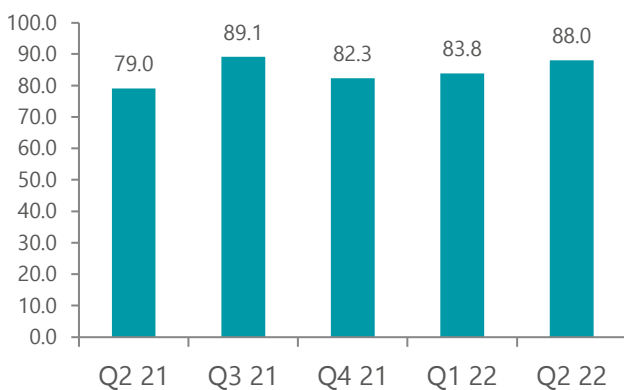
### General note

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).

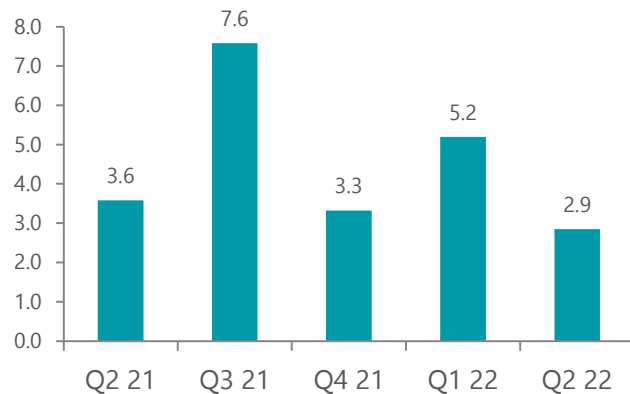
### Key figures

in m€	Q2 22	Q1 22	Q2 21	1-6/2022	1-6/2021
<b>Total income</b>	88.0	83.8	79.0	171.8	146.1
<b>OPEX</b>	86.0	78.9	75.4	164.9	139.0
<b>EBITDA</b>	2.0	4.9	3.6	6.9	7.1
<b>%</b>	2.3%	5.9%	4.5%	4.0%	4.9%
<b>EBITDA adjusted</b>	2.9	5.2	3.6	8.0	7.1
<b>%</b>	3.2%	6.2%	4.5%	4.7%	4.9%

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



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



### Note 1 – Total income

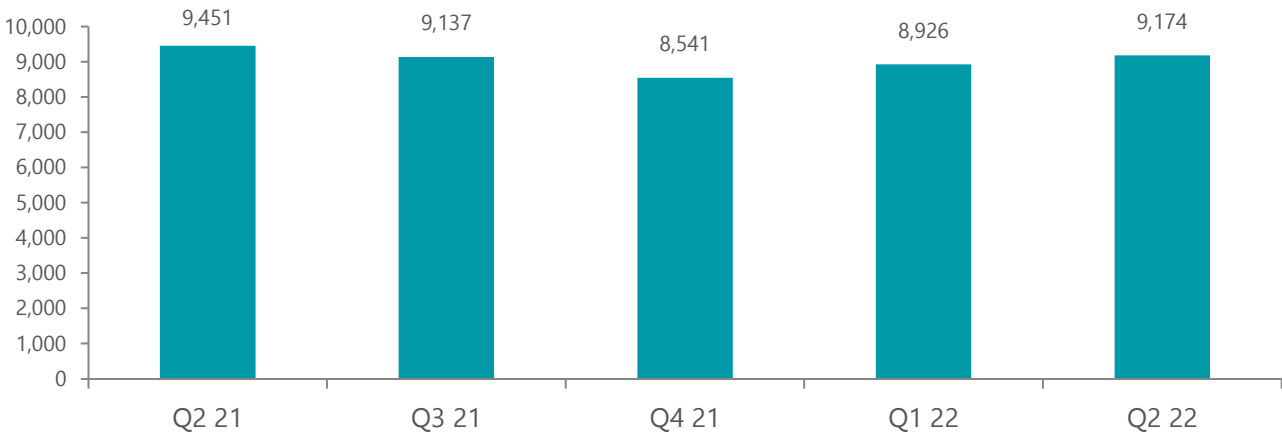
In Q2 2022, Tempton achieved the highest total income for a second quarter in the company's history.

### Note 2 – EBITDA adjusted

EBITDA is adjusted for the costs of preparing for a possible future IPO. These costs were EUR 0.3 million in Q1 2022 and EUR 0.8 million in Q2 2022.

# DEVELOPMENT NUMBER OF EMPLOYEES

## Total number of employees



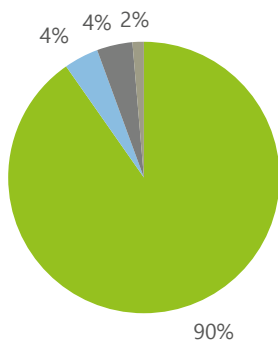
### Note

As planned, the number of employees added through the Mondi acquisition has continuously reduced during Q2 and Q3 2021. This “drain” is common in the industry and comparably low – in particular in a distressed transaction situation as with Mondi.

Excluding the Mondi acquisition, the total number of employees has increased by 3.0% compared to Q2 2021. The total increase of employees to the previous quarter is 2.8%.

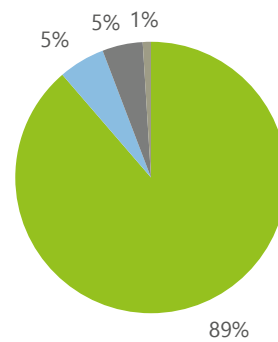
## Development Business Segments<sup>8</sup> Q2 2022

Turnover (percent)



■ Personnel Services ■ Next Level  
 ■ Technology ■ Outsourcing

Gross profit (percent)

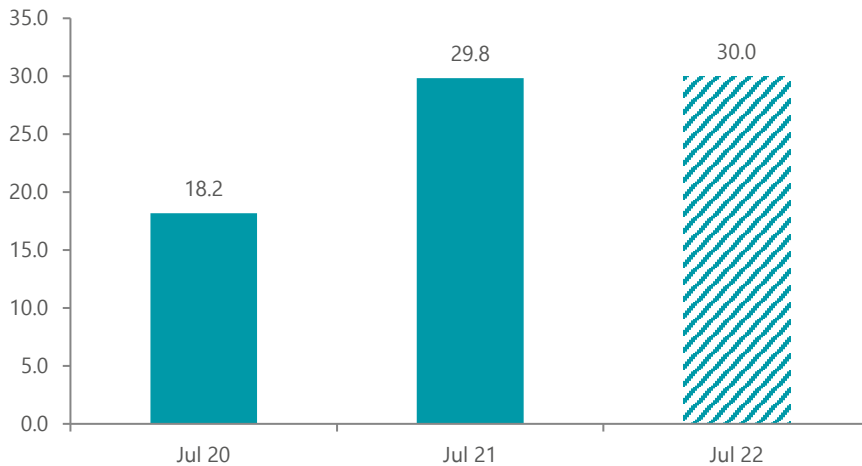


■ Personnel Services ■ Next Level  
 ■ Technology ■ Outsourcing

<sup>8</sup> Turnover and gross profit according to internal reporting.

# OUTLOOK – JULY 2022

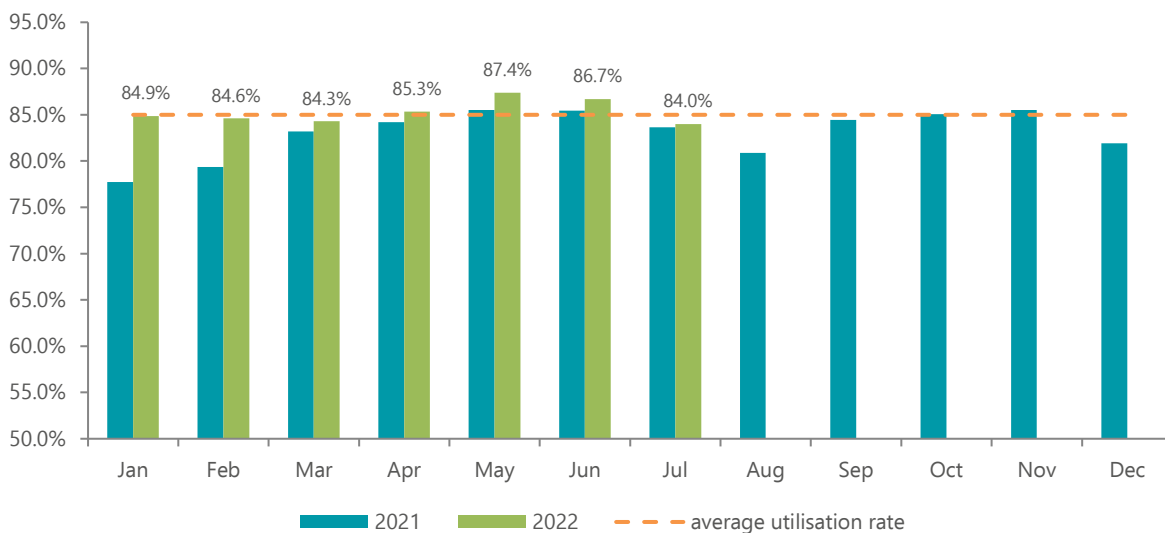
## Total income comparison Jul YoY



### Note

The total income expectation for July 2022 is around 30.0 m€. This means that total income in July is 0.2 m€ higher compared to July 2021 and 11.8 m€ higher compared to July 2020.

## Development of the utilisation rate



# COMMENTS RE. FINANCIAL STATEMENTS

## Consolidation

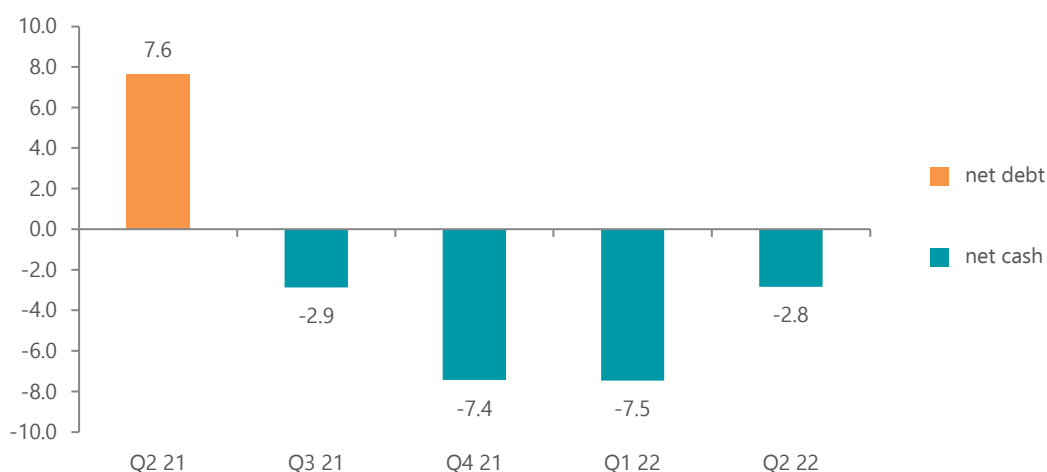
The consolidated balance sheet is composed by combining the individual balance sheets of all subsidiaries included in the consolidated financial statements. Inclusion is based on the principle of full consolidation, i.e. all assets and liabilities of the included companies are adopted in the consolidated 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 decreased from EUR 32.6 million in Q1 22 to EUR 28.0 million in Q2 22. In addition, TEMPTON has liquid receivables of EUR 42.8 million as of June 30, 2022, compared to EUR 39.1 million as of March 31, 2022.

The decline in the cash position is mainly caused by the strong growth and the corresponding increased working capital requirements as well as by the continued high level of investment in expansion and digitization. In addition, contractual payments of sales commissions for the excellent FY 2021, which have become due in Q2 2022 have increased to an all-time high. The one-time liquidity effect from the nationwide change in the payment of contributions (from payment in arrears to payment in advance) to the statutory employers' liability insurance association had an opposite (positive) effect.

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





## COMMENTS RE. FINANCIAL STATEMENTS

### Key figures (in m€)

#### Leverage ratio

<b>EBITDA adjusted LTM</b>	<b>18.9</b>
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#### Net Debt

Bond loan	25.2
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Cash balance	28.0
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<b>Net debt</b>	<b>-2.8</b>
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<b>Net Leverage ratio</b>	<b>-0.1</b>
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#### Interest cover ratio

Interest expense	2.5
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<b>Interest cover ratio</b>	<b>7.5</b>
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### Main risk factors

Due in particular to its diversified customer structure, Tempton does not currently expect any substantial business risks to materially adversely affect its 2022 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 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, 26.08.2022

Dr. Annett Tischendorf  
CEO

Oliver Hecker  
CFO

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q2 22	1-6/2022	Q2 21	1-6/2021
Revenues		87,327,085	170,202,744	77,787,458	144,057,468
Change in the inventory of finished goods and work in process		80,360	350,818	663,037	919,286
Other operating income		609,670	1,284,003	559,548	1,109,974
<b>Total income</b>		<b>88,017,115</b>	<b>171,837,565</b>	<b>79,010,042</b>	<b>146,086,728</b>
Material costs					
costs of raw material, supplies, operating material and acquired goods		383,575	719,782	403,667	848,481
costs of services acquired		2,798,668	5,907,093	2,559,872	5,383,060
		<b>3,182,242</b>	<b>6,626,875</b>	<b>2,963,539</b>	<b>6,231,540</b>
Personnel costs					
wages and salaries		59,969,338	115,048,426	53,560,307	97,550,224
social security and expenses for old age pensions and support		14,135,043	27,050,236	12,576,811	22,870,901
	1	<b>74,104,381</b>	<b>142,098,662</b>	<b>66,137,117</b>	<b>120,421,125</b>
Depreciation		915,727	1,744,499	864,676	1,659,462
Other operating expenses	1, 2	8,694,915	16,339,061	6,327,978	12,332,453
Other interest and similar income		-1,005	-468	4,216	8,461
Interest and similar expenses		354,544	722,111	536,164	1,060,919
Taxes		316,097	803,037	479,346	907,695
<b>Profit after taxes</b>		<b>448,205</b>	<b>3,502,851</b>	<b>1,705,438</b>	<b>3,481,995</b>
Other taxes		4,855	9,710	4,728	9,456
<b>Group annual surplus</b>		<b>443,350</b>	<b>3,493,142</b>	<b>1,700,710</b>	<b>3,472,540</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 June 2022	31 December 2021
<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		2,243,889	1,805,317
2. Goodwill		12,064,582	12,610,680
		<b>14,308,470</b>	<b>14,415,997</b>
<b>II. Tangible assets</b>			
1. Real estate, titles to land and buildings including buildings on third party land		4,049,232	3,934,022
2. Technical equipment and machines		43,680	46,317
3. Other plants, office fixtures and fittings		5,251,249	4,957,990
		<b>9,344,161</b>	<b>8,938,330</b>
<b>CURRENT ASSETS</b>			
<b>I. Inventories</b>			
		4,298,870	3,906,033
<b>II. Receivables and other assets</b>			
1. Receivables of deliveries and services		42,756,099	33,227,921
2. Receivables from affiliated enterprises		0	0
3. Other assets		6,584,248	5,144,915
		<b>49,340,347</b>	<b>38,372,836</b>
<b>III. Cash on hand, bank balances</b>			
		28,016,559	32,619,433
<b>PREPAID EXPENSES</b>			
		<b>1,093,801</b>	<b>736,656</b>
<b>TOTAL ASSETS</b>			
		<b>106,402,208</b>	<b>98,989,285</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 June 2022	31 December 2021
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>I. Subscribed capital own shares</b>		25,000 0 <b>25,000</b>	25,000 -8,500 <b>16,500</b>
<b>II. Capital reserves</b>		2,809,192	500,000
<b>III. Profit carried forward</b>		26,298,200 <b>29,132,392</b>	22,805,058 <b>23,321,558</b>
<b>PROVISIONS</b>			
1. Provisions for pensions and similar obligations		3,061,763	2,964,378
2. Provisions for taxes		1,752,945	1,975,348
3. Other provisions		18,847,472 <b>23,662,181</b>	17,871,629 <b>22,811,355</b>
<b>LIABILITIES</b>			
1. Loans and borrowings		25,178,125	25,174,826
2. Liabilities due to credit institutions		0	0
3. Advance payments received on orders		3,186,280	2,475,531
4. Liabilities from supplies and services		3,524,539	2,796,423
5. Liabilities due to affiliated enterprises		0	4,590
6. Other liabilities		21,555,593 <b>53,444,537</b>	22,327,423 <b>52,778,794</b>
<b>DEFERRED INCOME</b>		<b>163,098</b>	<b>77,578</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>106,402,208</b>	<b>98,989,285</b>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q2 22	1-6/2022	1-6/2021
Profit for the period (consolidated net income for the financial year)		443	3,493	3,473
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		916	1,744	1,659
Increase/decrease in provisions		-1,217	851	3,368
Other non-cash expenses/income		-35	-81	-117
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		-4,822	-11,717	-15,580
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		1,113	2,890	8,612
Interest expense/interest income		356	899	1,052
<b>Cash flows from operating activities</b>		<b>-3,245</b>	<b>-1,921</b>	<b>2,468</b>
Payments to acquire tangible fixed assets		-1,057	-2,043	-2,929
Interest received		2	6	8
<b>Cash flows from investing activities</b>		<b>-1,055</b>	<b>-2,036</b>	<b>-2,921</b>
Proceeds from equity contributions by shareholders of the parent company		2,142	2,142	0
Proceeds from borrowings		0	0	0
Cash repayments of bonds and borrowings		-2,142	-2,142	0
Interest paid for financial loans and factoring		-323	-648	-944
Change in other financial liabilities		3	3	-5
<b>Cash flows from financing activities</b>		<b>-320</b>	<b>-645</b>	<b>-949</b>
Net change in cash funds		-4,620	-4,602	-1,402
Cash funds at the beginning of period		32,637	32,619	24,177
<b>Cash funds at the end of period</b>		<b>28,017</b>	<b>28,017</b>	<b>22,775</b>

# NOTES

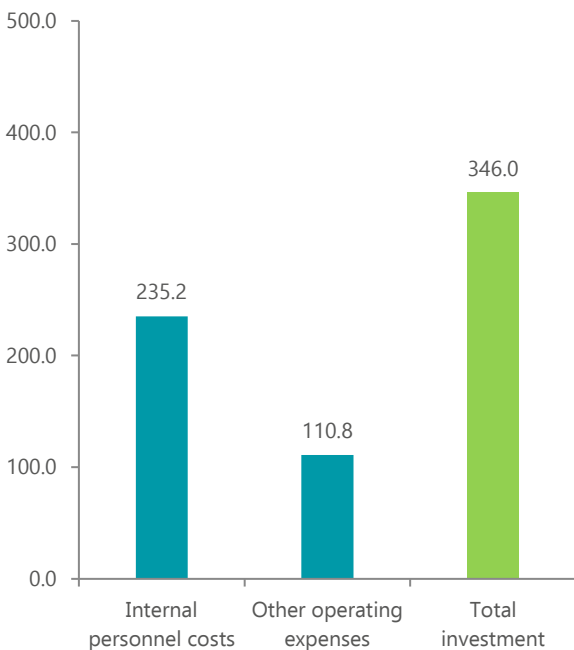
## General

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).

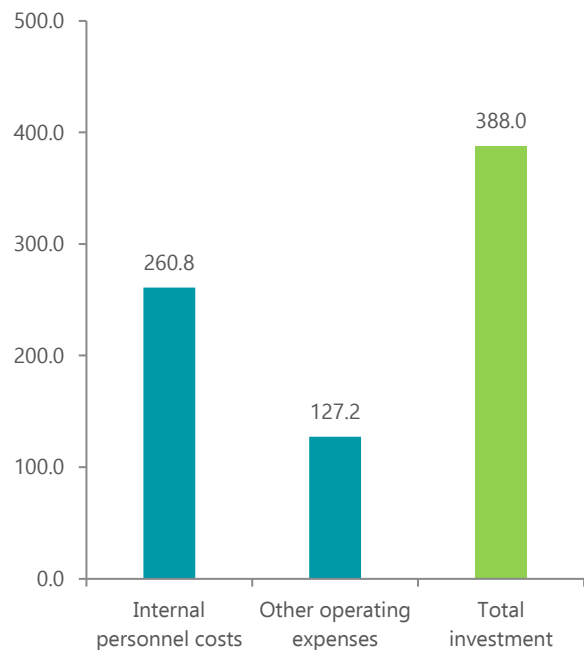
### Note 1 – Investment in the openings of new branches

Tempton is continuing its growth strategy in 2022. Due to the post-Corona catch-up effects and the (positive) one-time liquidity effect from the nationwide change in the payment of contributions (from payment in arrears to payment in advance) to the statutory employers' liability insurance association there are currently no interesting M&A opportunities on the market that fit Tempton's particular profile. Therefore Tempton currently focuses on organic growth and is investing substantially from its operating budget.

#### Q2 2022 (in thousand €)



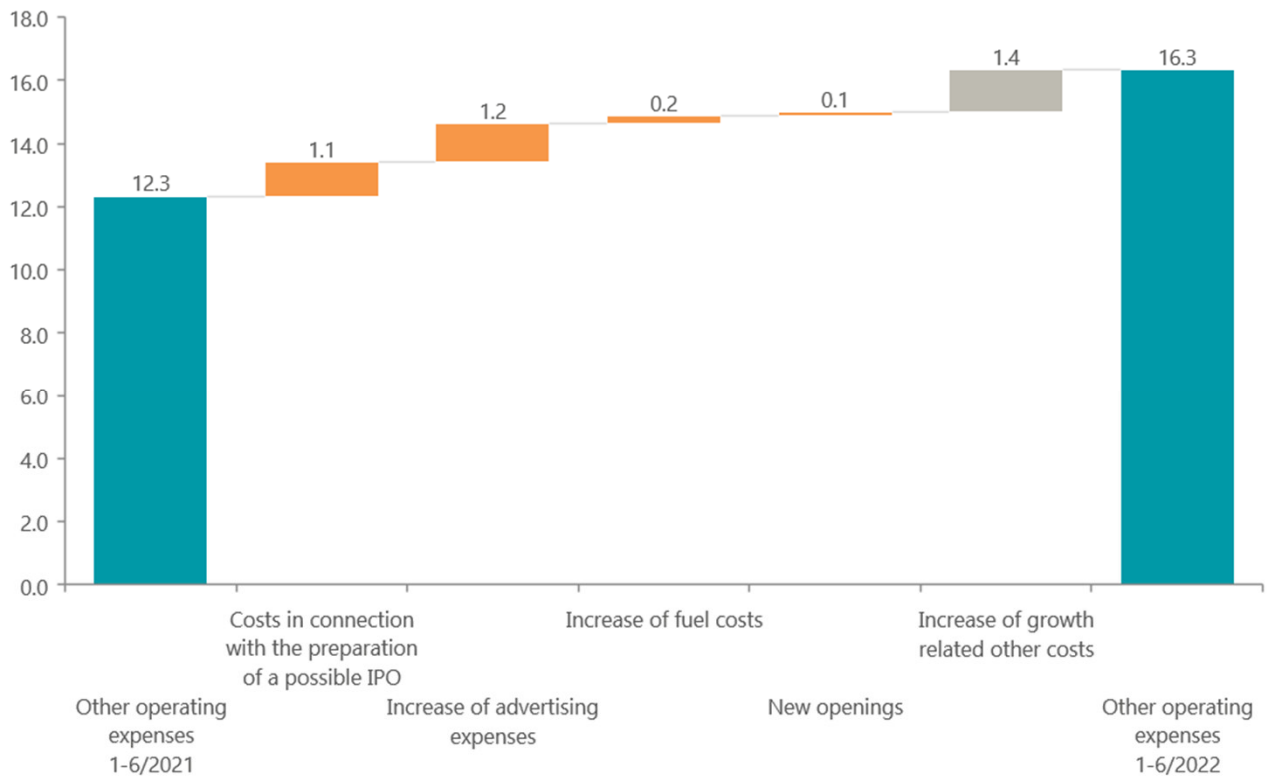
#### 1-6/2022 (in thousand €)





# 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  
Schürmannstraße 24  
45136 Essen

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