

tempton

INTERIM REPORT  
Q3 2022

Tempton Group

## Q3 2022 HIGHLIGHTS

TOTAL INCOME

92.6 m€

GROSS PROFIT

24.2 m€

EBITDA adjusted

6.1 m€

EBITDA

5.9 m€

CONTINUED GROWTH IN Q3 - ALL-TIME HIGH REVENUE

SIGNIFICANT FUTURE DIGITALIZATION INVESTMENT INTO GROWTH AND

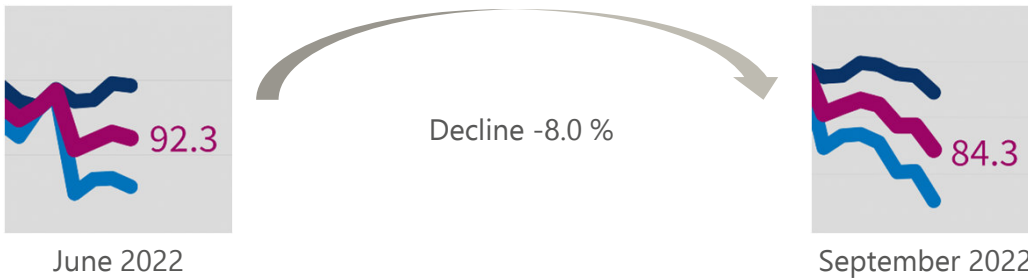
	Q3 COMPARISON		
	2020	2021	2022
<b>Total income</b>	59.2	89.1	92.6
<b>Gross profit</b>	16.3	23.3	24.2
<b>EBITDA adjusted</b>	4.0	7.6	6.1
<b>%</b>	6.8%	8.5%	6.5%

Tempton continues its growth in total income and gross profit in Q3 2022 despite continued Corona effects and the rapidly growing impact of the Ukraine crisis on the insofar sensitive German economy and achieves new record sales for Q3. EBITDA adjusted for the costs of preparations of a possible future IPO remains stable at a high level, even though the third quarter of 2021, which was exceptionally good due to Corona catch-up effects, was not quite matched due to increasing investments in organic growth and digitization in 2021.

Tempton is leveraging its strong financial position to expand and gain further market share in the emerging crisis, driven by the war in Ukraine, rising energy costs and supply chain issues. In the absence of interesting newsworthy M&A opportunities that fit Tempton's particular profile, Tempton focuses on organic growth. Therefore, Tempton is investing massively, as further explained in the notes, from its 2022 operating budget in the organic expansion of its branch network, the scaling of managed services 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 Q2 2022 vs. Q3 2022<sup>1</sup>

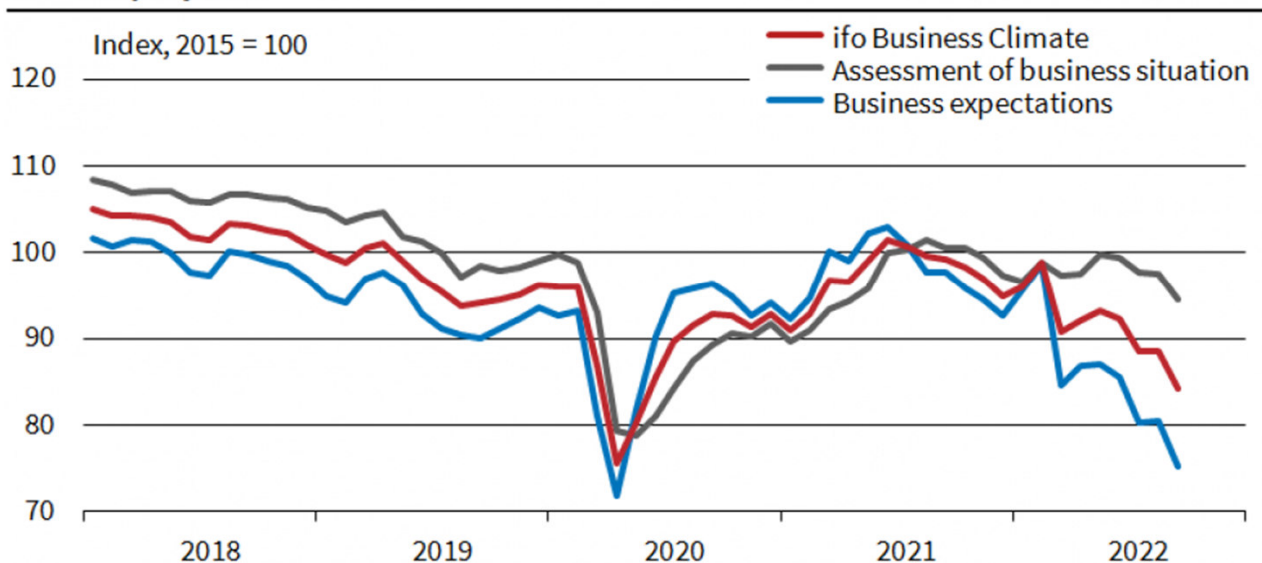


### Note

Looking at the mid-term trend, the ifo Business Climate Index declined from 92.3 points in June 2022 to 84.3 points in September 2022.

## Short-term development of BC Index Germany Aug. 22 vs. Sep. 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, September 2022.

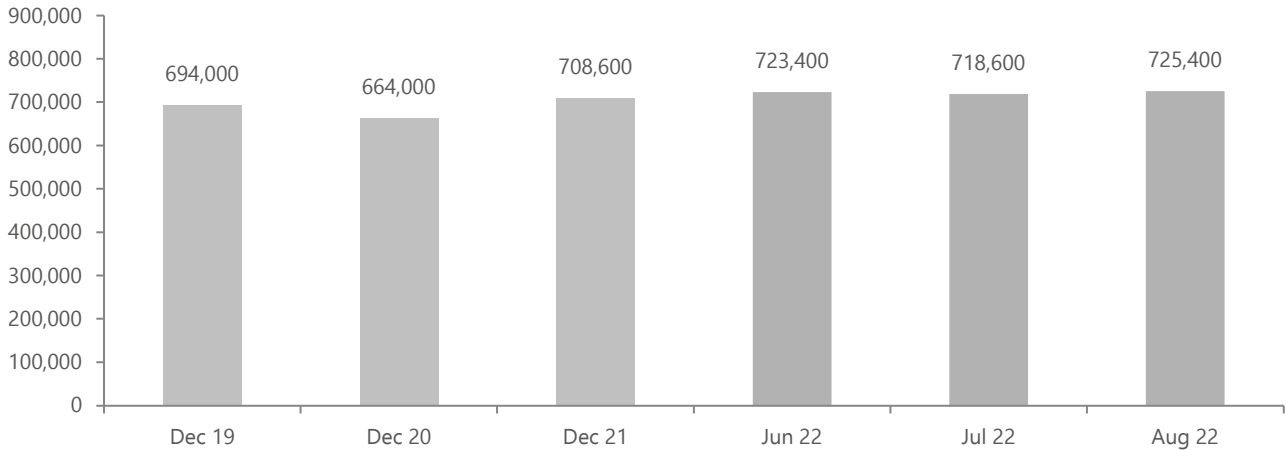
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Sentiment in the German economy has deteriorated considerably. The ifo Business Climate Index dropped to 84.3 points in September, down from 88.6 points (seasonally adjusted) in August. This is its lowest value since May 2020. The decline is affecting all four sectors of the economy. Companies assessed their current business as clearly worse. Pessimism regarding the coming months has grown significantly; in retail, expectations have fallen to a record low. The German economy is slipping into recession.<sup>1</sup>

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

# DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

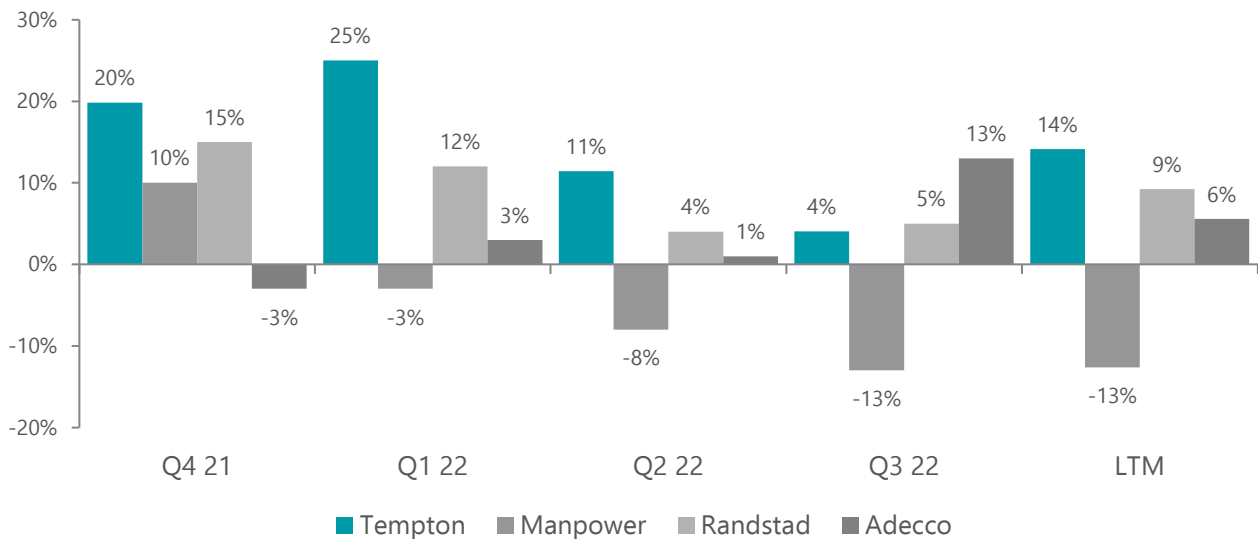
## Temporary Employees Germany<sup>2</sup>



### 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

There are no acquisitions for the interim report Q3 2022. The calculation of LTM values is based on available data and may contain rounding differences.

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

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

<sup>4</sup> <https://www.adecgroup.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

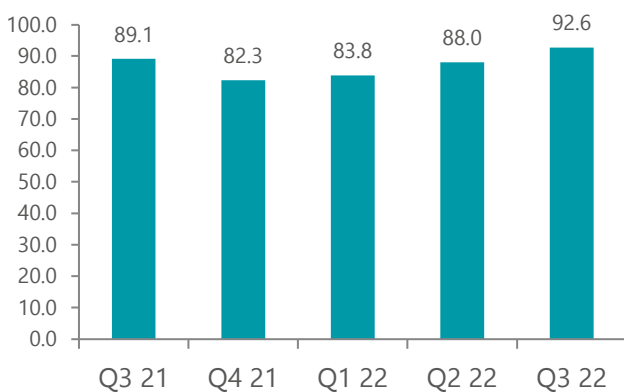
### General note

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).

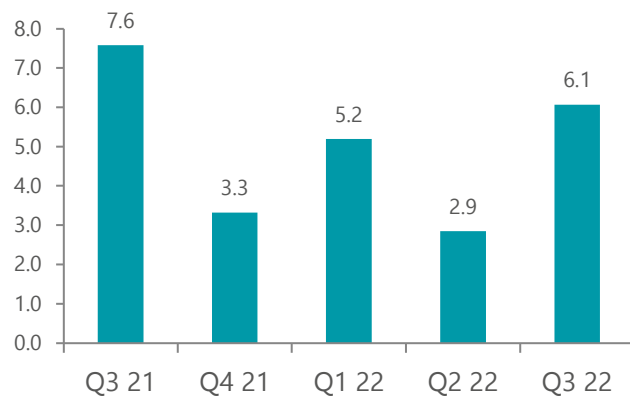
### Key figures

in m€	Q3 22	Q2 22	Q3 21	1-9/2022	1-9/2021
<b>Total income</b>	92.6	88.0	89.1	264.5	235.2
<b>OPEX</b>	86.7	86.0	81.5	251.6	220.5
<b>EBITDA</b>	5.9	2.0	7.6	12.9	14.7
<b>%</b>	6.4%	2.3%	8.5%	4.9%	6.2%
<b>EBITDA adjusted</b>	6.1	2.9	7.6	14.1	14.7
<b>%</b>	6.5%	3.2%	8.5%	5.3%	6.3%

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



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



### Note 1 – Total income

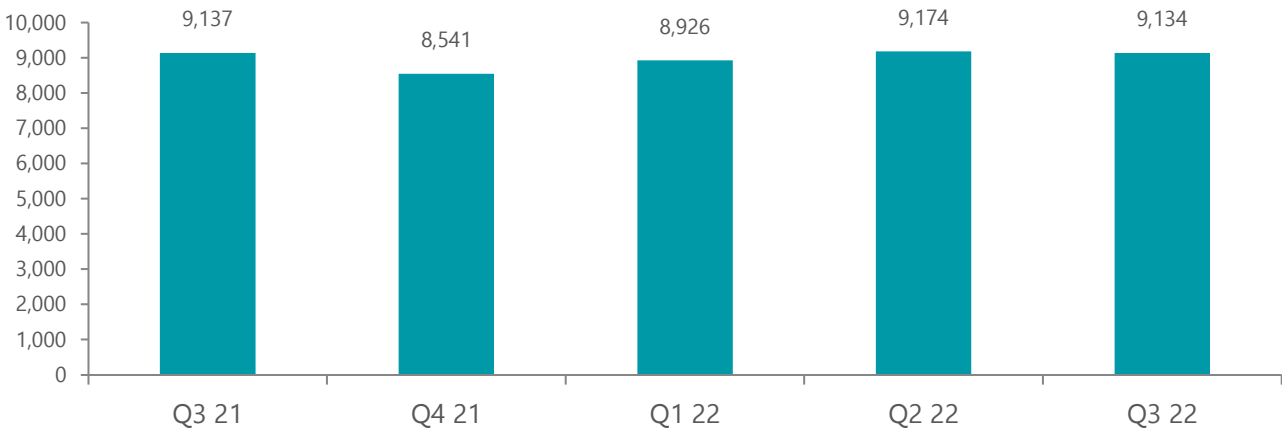
In Q3 2022, Tempton achieved the highest total income for a third quarter in the company's history.

### Note 2 – EBITDA adjusted

EBITDA is adjusted for the costs of preparing for a possible future IPO. These costs amounted to EUR 0.1 million in Q3 2022.

# DEVELOPMENT NUMBER OF EMPLOYEES

## Total number of employees



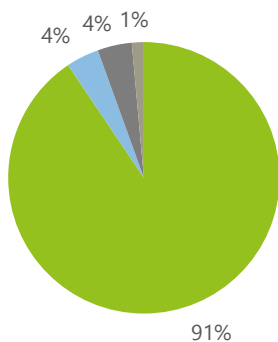
## Note

Following the planned reduction in the number of employees as a result of the 2021 Mondi acquisition, the number of employees is again developing constantly upwards. The "drain" after an acquisition is typical for the industry and has been comparatively low against the background of an acquisition from insolvency.

Excluding the Mondi acquisition, the total number of employees increased by 3.7% compared to Q3 2021.

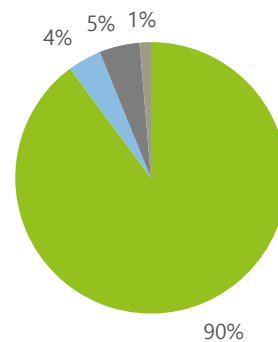
## Development Business Segments<sup>8</sup> Q3 2022

Turnover (percent)



■ Personnel Services ■ Next Level  
 ■ Technology ■ Outsourcing

Gross profit (percent)

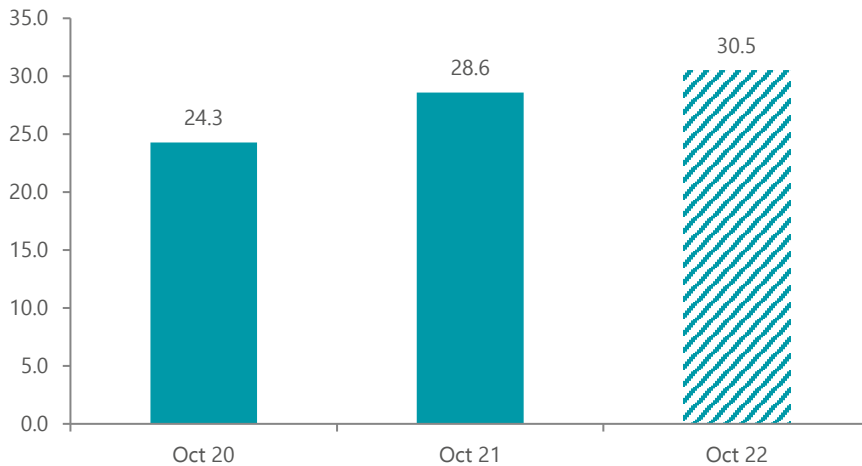


■ Personnel Services ■ Next Level  
 ■ Technology ■ Outsourcing

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

# OUTLOOK – OCTOBER 2022

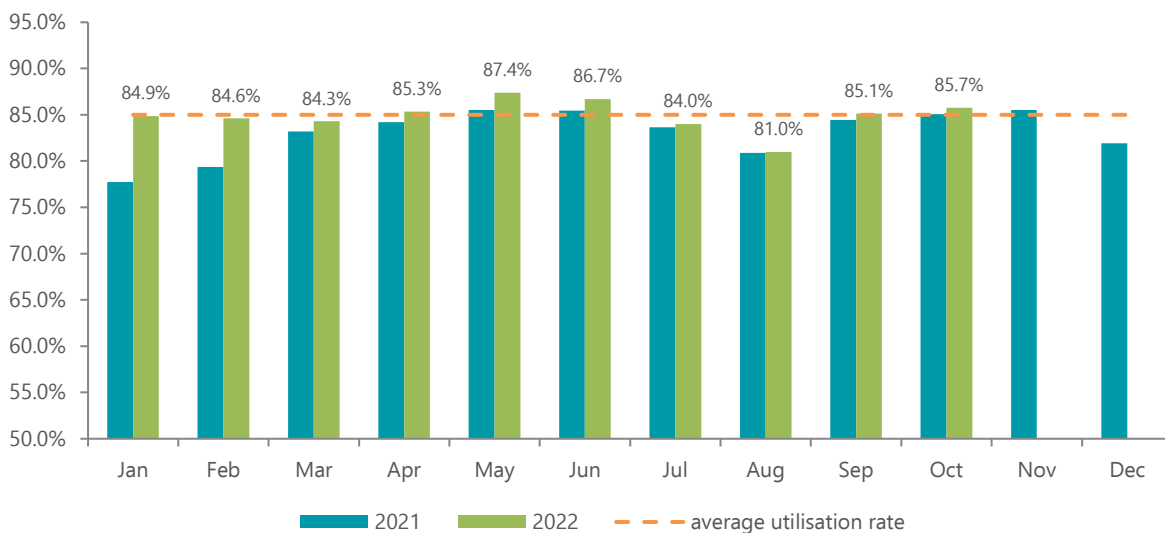
## Total income comparison October YoY



### Note

The total income expectation for October 2022 is around EUR 30.5 million. This means that total income in October is EUR 1.9 million higher compared to October 2021 and EUR 6.2 million higher compared to October 2020.

## Development of the utilisation rate



# COMMENTS RE. FINANCIAL STATEMENTS

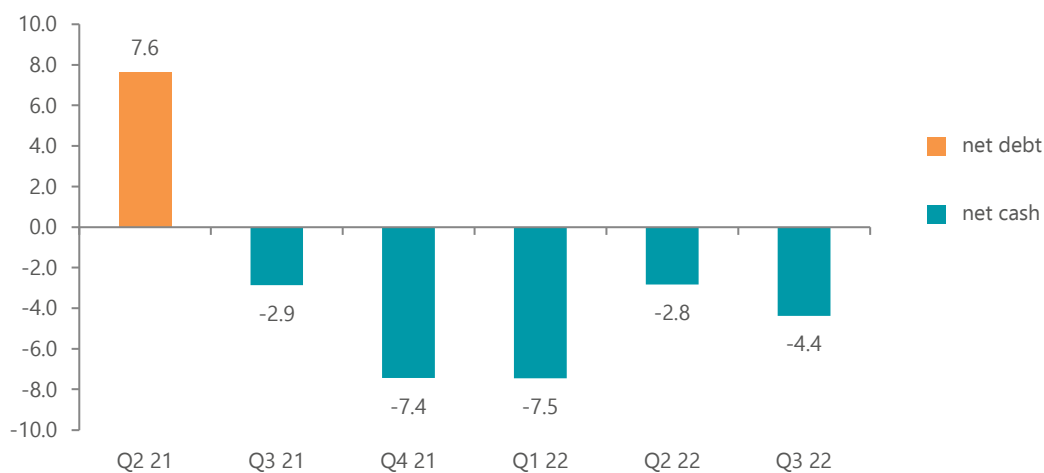
## Consolidation

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 increased from EUR 28.0 million in Q2 22 to EUR 29.6 million in Q3 22, while investing heavily in additional branches, scaling of managed services, expansion of Medical, Aviation and white collar divisions and digitization and after acquiring part of its bond. In addition, Tempton has liquid receivables of EUR 43.1 million as of September 30, 2022, compared to EUR 42.8 million as of June 30, 2022.

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





## COMMENTS RE. FINANCIAL STATEMENTS

### Key figures (in m€)

#### Leverage ratio

<b>EBITDA adjusted LTM</b>	<b>17.4</b>
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#### Net Debt

Bond loan	25.2
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Cash balance	29.6
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<b>Net debt</b>	<b>-4.4</b>
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<b>Net Leverage ratio</b>	<b>-0.3</b>
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#### Interest cover ratio

Interest expense	2.3
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<b>Interest cover ratio</b>	<b>7.6</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, 29.11.2022

Dr. Annett Tischendorf  
CEO

Oliver Hecker  
CFO

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q3 22	1-9/2022	Q3 21	1-9/2021
Revenues		91,568,822	261,771,566	88,232,327	232,289,796
Change in the inventory of finished goods and work in process		432,385	783,203	205,553	1,124,839
Other operating income		632,326	1,916,329	657,858	1,767,832
<b>Total income</b>		<b>92,633,533</b>	<b>264,471,098</b>	<b>89,095,739</b>	<b>235,182,467</b>
Material costs					
costs of raw material, supplies, operating material and acquired goods		326,519	1,046,301	388,731	1,237,211
costs of services acquired		2,612,339	8,519,432	2,919,877	8,302,937
		<b>2,938,857</b>	<b>9,565,733</b>	<b>3,308,608</b>	<b>9,540,148</b>
Personnel costs					
wages and salaries		61,343,135	176,391,561	57,640,517	155,190,741
social security and expenses for old age pensions and support		14,208,338	41,258,573	13,468,682	36,339,583
	1	<b>75,551,472</b>	<b>217,650,134</b>	<b>71,109,199</b>	<b>191,530,323</b>
Depreciation		960,212	2,704,712	976,527	2,635,989
Other operating expenses	1, 2	8,222,298	24,561,360	7,099,464	19,431,112
Other interest and similar income		3,324	2,856	2,848	11,309
Interest and similar expenses		347,237	1,069,347	586,690	1,647,609
Taxes		801,212	1,604,249	983,838	1,891,533
<b>Profit after taxes</b>		<b>3,815,568</b>	<b>7,318,419</b>	<b>5,034,261</b>	<b>8,517,061</b>
Other taxes		4,855	14,564	4,728	14,184
<b>Group annual surplus</b>		<b>3,810,713</b>	<b>7,303,855</b>	<b>5,029,533</b>	<b>8,502,877</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 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		2,378,929	1,805,317
2. Goodwill		11,791,533	12,610,680
		<b>14,170,462</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		4,013,861	3,934,022
2. Technical equipment and machines		42,362	46,317
3. Other plants, office fixtures and fittings		5,452,064	4,957,990
		<b>9,508,286</b>	<b>8,938,330</b>
<b>III. Financial assets</b>			
1. Long term investments	3	2,405,600	0
<b>CURRENT ASSETS</b>			
<b>I. Inventories</b>			
		4,688,454	3,906,033
<b>II. Receivables and other assets</b>			
1. Receivables of deliveries and services		43,095,711	33,227,921
2. Receivables from affiliated enterprises		0	0
3. Other assets		6,473,064	5,144,915
		<b>49,568,775</b>	<b>38,372,836</b>
<b>III. Cash on hand, bank balances</b>			
		29,560,197	32,619,433
<b>PREPAID EXPENSES</b>		<b>920,215</b>	<b>736,656</b>
<b>TOTAL ASSETS</b>		<b>110,821,988</b>	<b>98,989,285</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 2022	31 December 2021
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>I. Subscribed capital own shares</b>		25,000	25,000
		0	-8,500
		<b>25,000</b>	<b>16,500</b>
<b>II. Capital reserves</b>		2,809,192	500,000
<b>III. Profit carried forward</b>		30,108,913	22,805,058
		<b>32,943,105</b>	<b>23,321,558</b>
<b>PROVISIONS</b>			
1. Provisions for pensions and similar obligations		3,137,199	2,964,378
2. Provisions for taxes		2,161,605	1,975,348
3. Other provisions		20,963,063	17,871,629
		<b>26,261,867</b>	<b>22,811,355</b>
<b>LIABILITIES</b>			
1. Loans and borrowings		25,184,722	25,174,826
2. Liabilities due to credit institutions		0	0
3. Advance payments received on orders		3,197,846	2,475,531
4. Liabilities from supplies and services		3,047,586	2,796,423
5. Liabilities due to affiliated enterprises		0	4,590
6. Other liabilities		20,037,710	22,327,423
		<b>51,467,864</b>	<b>52,778,794</b>
<b>DEFERRED INCOME</b>		<b>149,152</b>	<b>77,578</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>110,821,988</b>	<b>98,989,285</b>

# CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q3 22	1-9/2022	1-9/2021
Profit for the period (consolidated net income for the financial year)		3,811	7,304	8,503
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		960	2,705	2,636
Increase/decrease in provisions		2,600	3,451	8,906
Other non-cash expenses/income		-27	-108	-216
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		-444	-12,162	-14,708
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		-1,997	893	8,122
Interest expense/interest income		343	1,242	1,636
<b>Cash flows from operating activities</b>		<b>5,245</b>	<b>3,325</b>	<b>14,879</b>
Payments to acquire tangible fixed assets		-986	-3,029	-4,346
Acquisition of financial assets	3	-2,406	-2,406	0
Interest received		3	10	11
<b>Cash flows from investing activities</b>		<b>-3,389</b>	<b>-5,425</b>	<b>-4,336</b>
Proceeds from equity contributions by shareholders of the parent company		0	2,142	0
Proceeds from borrowings		0	0	0
Cash repayments of bonds and borrowings		0	-2,142	-3,000
Interest paid for financial loans and factoring		-320	-968	-1,431
Change in other financial liabilities		7	10	-42
<b>Cash flows from financing activities</b>		<b>-313</b>	<b>-958</b>	<b>-4,472</b>
Net change in cash funds		1,543	-3,059	6,071
Cash funds at the beginning of period		28,017	32,619	24,177
<b>Cash funds at the end of period</b>		<b>29,560</b>	<b>29,560</b>	<b>30,248</b>

# NOTES

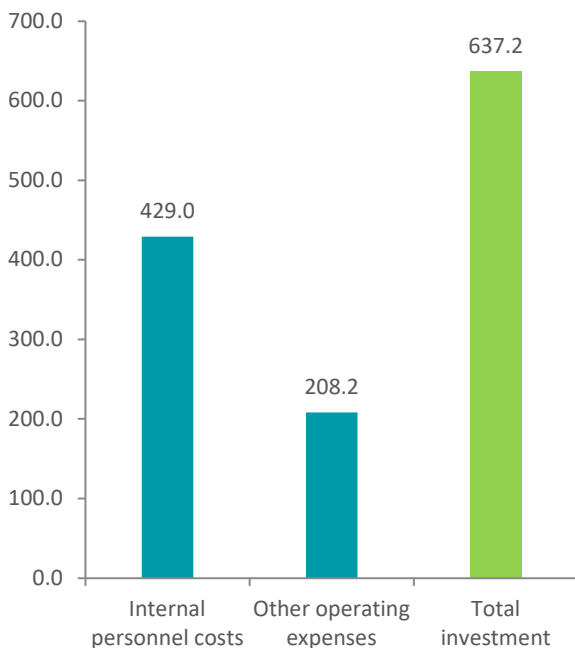
## General

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).

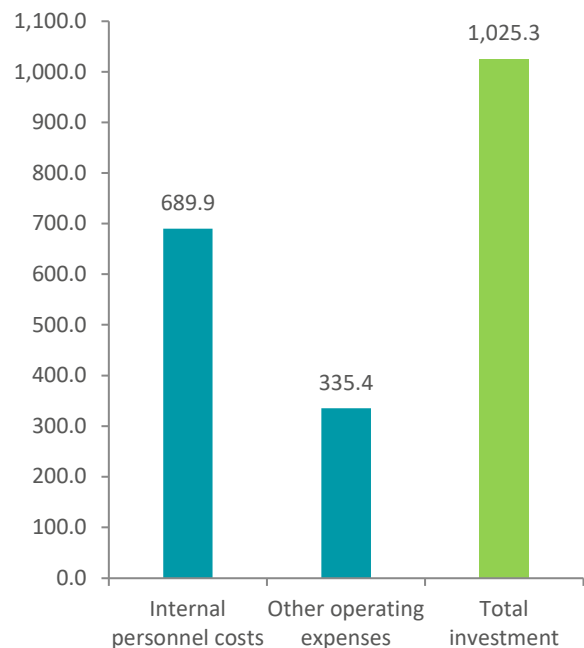
### Note 1 – Investment in organic growth

Tempton is 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 newsworthy M&A opportunities on the market that fit Tempton's particular profile. As a result, Tempton is currently focused on organic growth by expanding its branch network, growing its medical, aviation and white collar divisions, and scaling its managed services. Therefore, Tempton is making significant investments from its operating budget.

#### Q3 2022 (in thousand €)



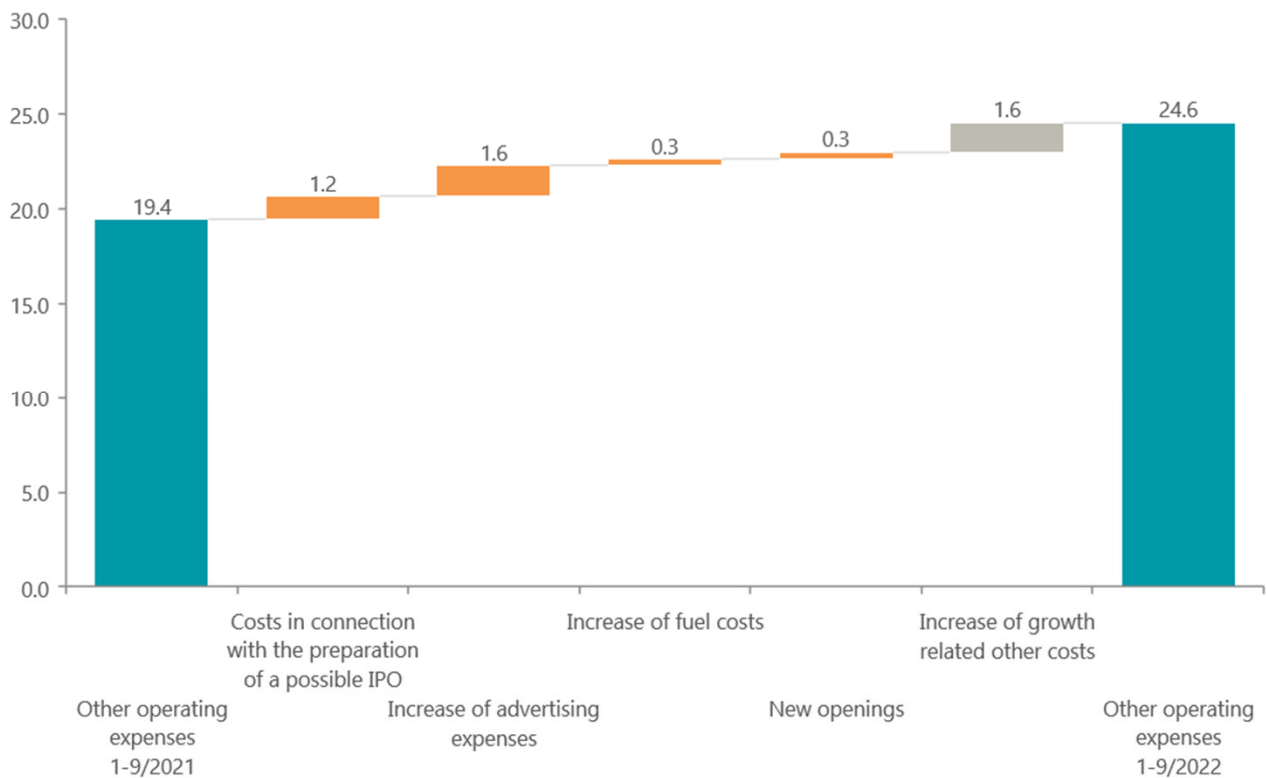
#### 1-9/2022 (in thousand €)





# NOTES

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



## Note 3 – Long term investments / Acquisition of financial assets

Due to its strong liquidity position, Tempton has acquired parts of the bond in an amount of EUR 2.4 million.

## 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)