

tempton

INTERIM REPORT  
Q2 2023

Tempton Group

## Q2 2023 HIGHLIGHTS

TOTAL INCOME

**96.8 m€**

GROSS PROFIT

**20.3 m€**

EBITDA

**-0.5 m€**

EBITDA excluding costs  
of growth initiative

**2.0 m€**

CONTINUED GROWTH

SIGNIFICANT INVESTMENT AS PART  
OF GROWTH INITIATIVE

	Q2 COMPARISON		
	2021	2022	2023
<b>Total income</b>	79.0	88.0	96.8
<b>Gross profit</b>	17.6	19.5	20.3
<b>EBITDA</b>	3.6	2.0	-0.5
<b>%</b>	4.5%	2.3%	-0.5%

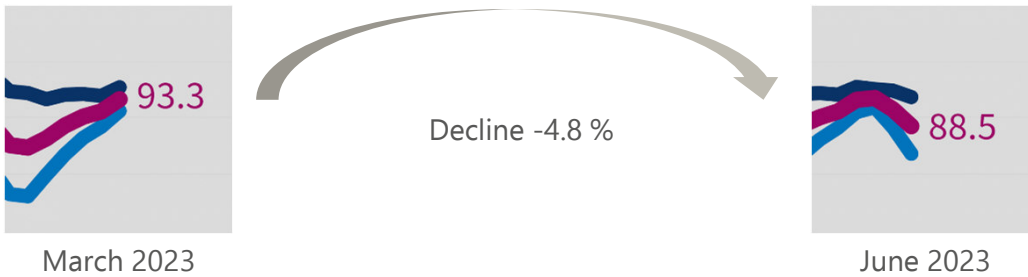
Tempton continues its growth in total revenue and gross profit in the second quarter of 2023 despite multi-layered macroeconomic uncertainties. While the personnel services market in Germany is getting more challenging and many market participants are struggling with declining sales and profits, Tempton 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 2.5 million in Q2 2023 (EUR 4.2 million in the first half 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 0.5 million to EUR 7.4 million in the first half of 2023, while Q2 is stable with EUR 2.0 million at previous year's level.

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 Q1 2023 vs. Q2 2023<sup>1</sup>

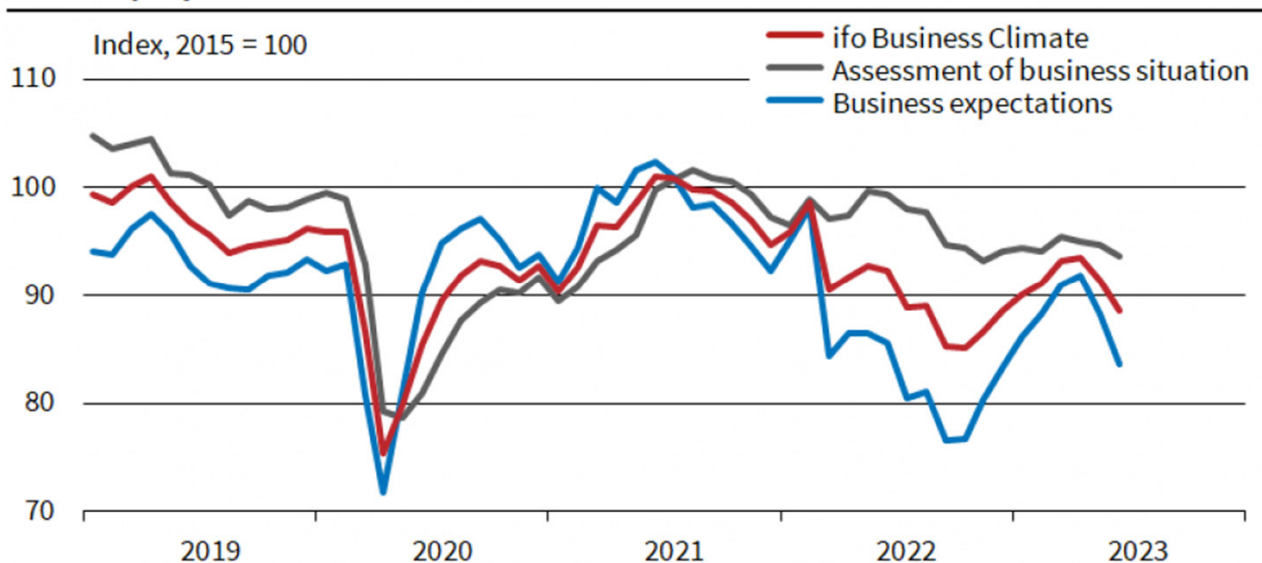


### Note

Looking at the mid-term trend, the ifo Business Climate Index declined from 93.3 points in March 2023 to 88.5 points in June 2023.

## Short-term development of BC Index Germany May 23 vs. Jun. 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, June 2023.

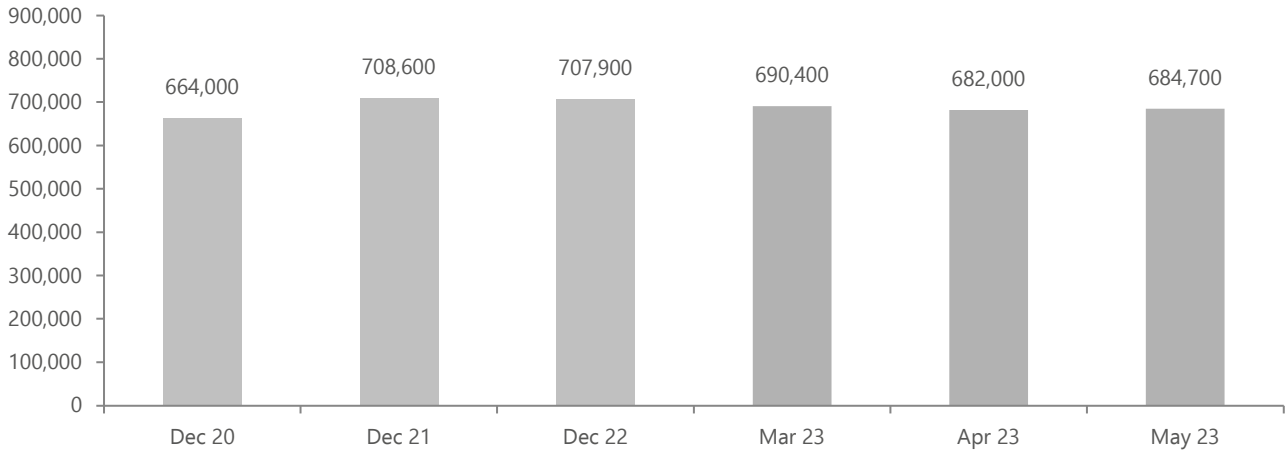
© ifo Institute

Sentiment in the German economy has clouded over considerably. In June, the ifo Business Climate Index fell to 88.5 points, down from 91.5 points in May. Expectations were markedly pessimistic and companies' assessments of their current situations were worse. Above all, the weakness in the manufacturing sector is steering the German economy into turbulent waters.<sup>1</sup>

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

# DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

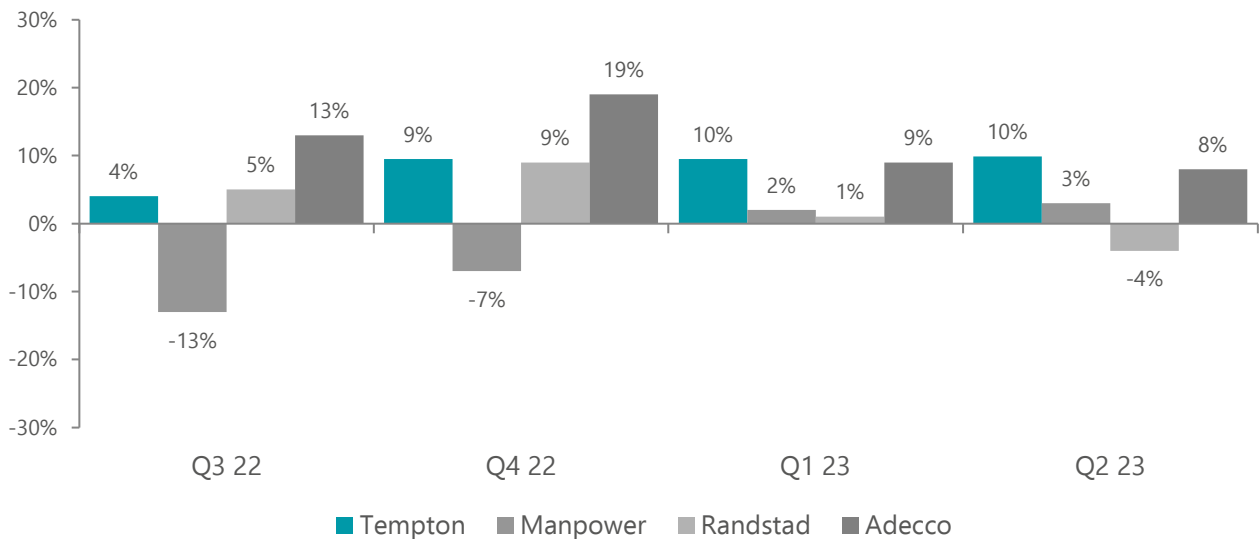
## Temporary Employees Germany<sup>2</sup>



### 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

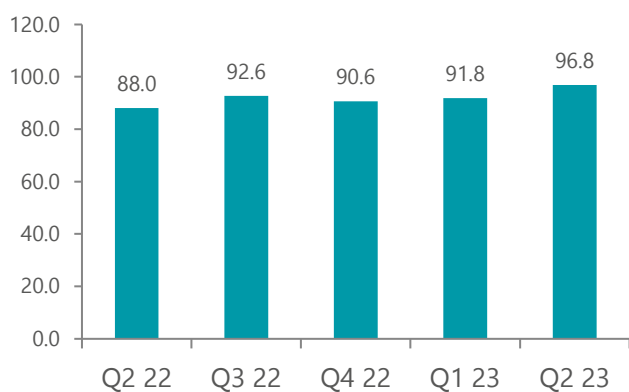
### General note

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).

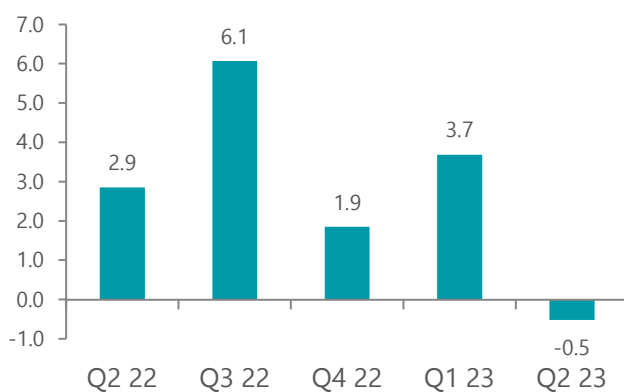
### Key figures

in m€	Q2 23	Q1 23	Q2 22	1-6/2023	1-6/2022
<b>Total income</b>	96.8	91.8	88.0	188.6	171.8
<b>OPEX</b>	97.3	88.1	86.0	185.4	164.9
<b>EBITDA</b>	-0.5	3.7	2.0	3.2	6.9
<b>%</b>	-0.5%	4.0%	2.3%	1.7%	4.0%
<b>EBITDA adjusted</b>	-0.5	3.7	2.9	3.2	8.0
<b>%</b>	-0.5%	4.0%	3.2%	1.7%	4.7%

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



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



### Note 1 – Total income

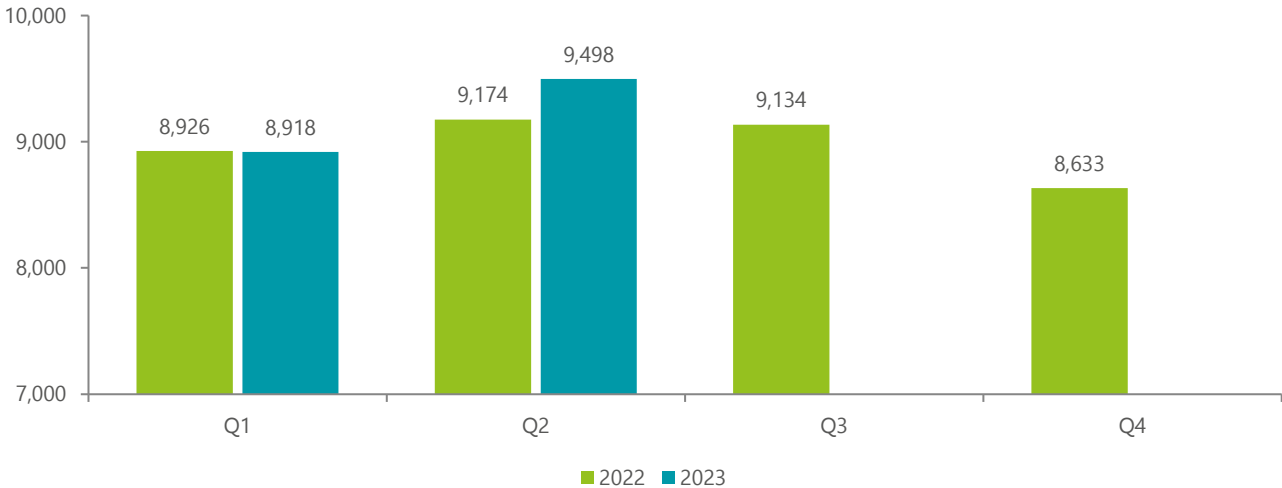
Tempton continues its growth in total income Q2 2023 despite multi-layered macroeconomic uncertainties and stagnating temporary employment market, though a significant portion of the growth was price-driven.

### Note 2 – EBITDA adjusted

In 2023, no adjustments were made. The costs of the growth initiative are fully reflected in EBITDA.

# DEVELOPMENT NUMBER OF EMPLOYEES

## Total number of employees

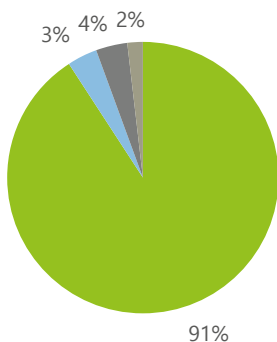


### Note

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 4% compared to previous year and by 7% compared to previous quarter, even though the temp market is stagnant. Tempton also expects further growth in the total number of employees for Q 3 and Q 4 2023.

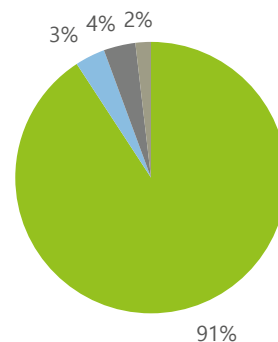
## Development Business Segments<sup>7</sup> Q2 2023

Turnover (percent)



■ Personnel Services 
 ■ Next Level  
■ Technology 
 ■ Outsourcing

Gross profit (percent)

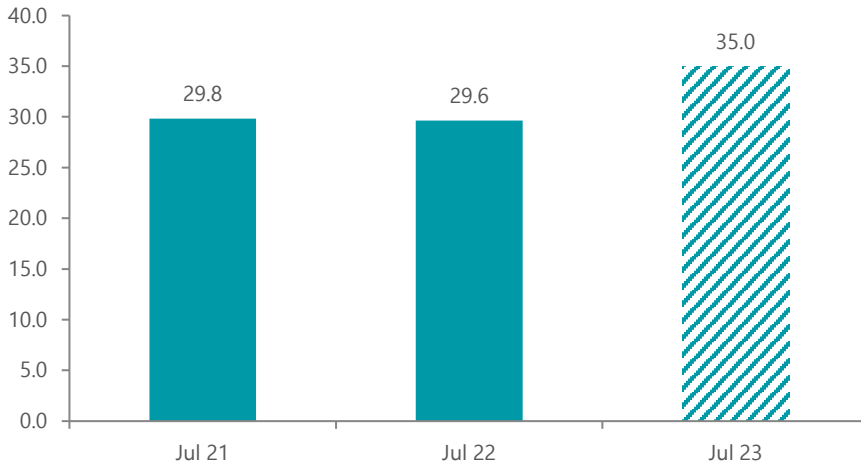


■ Personnel Services 
 ■ Next Level  
■ Technology 
 ■ Outsourcing

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

# OUTLOOK – JULY 2023

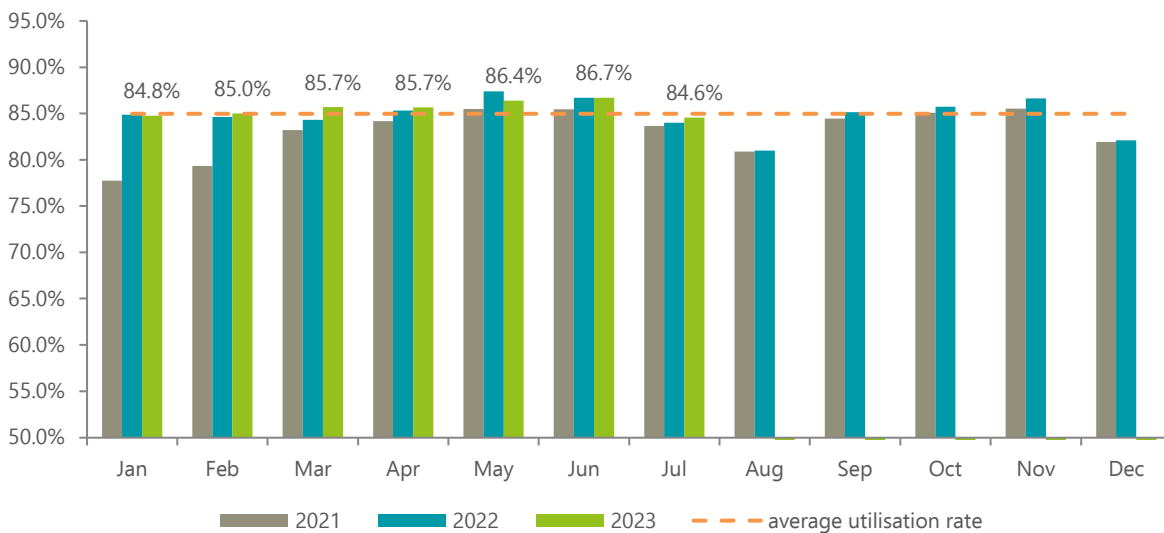
## Total income comparison July YoY



### Note

The total income expectation for July 2023 is around EUR 35.0 million. This means that total income in July is EUR 5.4 million higher compared to July 2022 and EUR 5.2 million higher compared to July 2021.

## Development of the utilisation rate



# COMMENTS RE. FINANCIAL STATEMENTS

## Consolidation

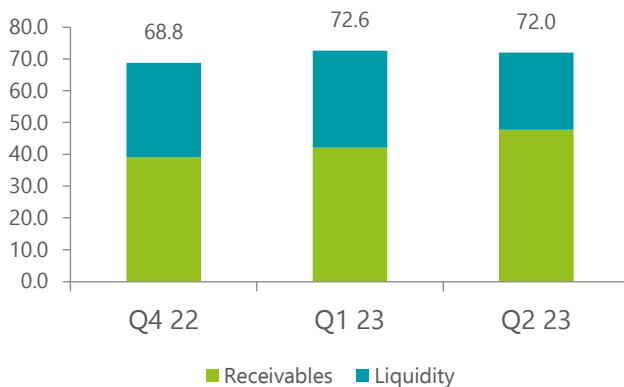
The consolidated balance sheet is composed by combining the individual balance sheets of all subsidiaries included in the consolidated financial statements. Inclusion is based on the principle of full consolidation, i.e. all assets and liabilities of the included companies are adopted in the consolidated 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 decreased from EUR 30.5 million in Q1 2023 to EUR 24.3 million in Q2 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 47.7 million as of June 30, 2023, compared to EUR 42.1 million as of March 31, 2023.

As a reflection of its strong economic development and healthy financial position, in Q4 2022 the Tempton Group GmbH distributed a dividend of EUR 5.0 million for the benefit of its shareholders. Without this dividend payment, the cash balance would amount to EUR 29.3 million.

## Liquidity and receivables





# COMMENTS RE. FINANCIAL STATEMENTS

## Key figures (in m€)

### Leverage ratio

**EBITDA adjusted LTM** **11.1**

### Net Debt

Bond loan 25.2

Own shares -3.3

Bond loan without own shares 21.9

Cash balance 24.3

**Net debt** **-2.4**

**Net Leverage ratio** **-0.2**

### Interest cover ratio

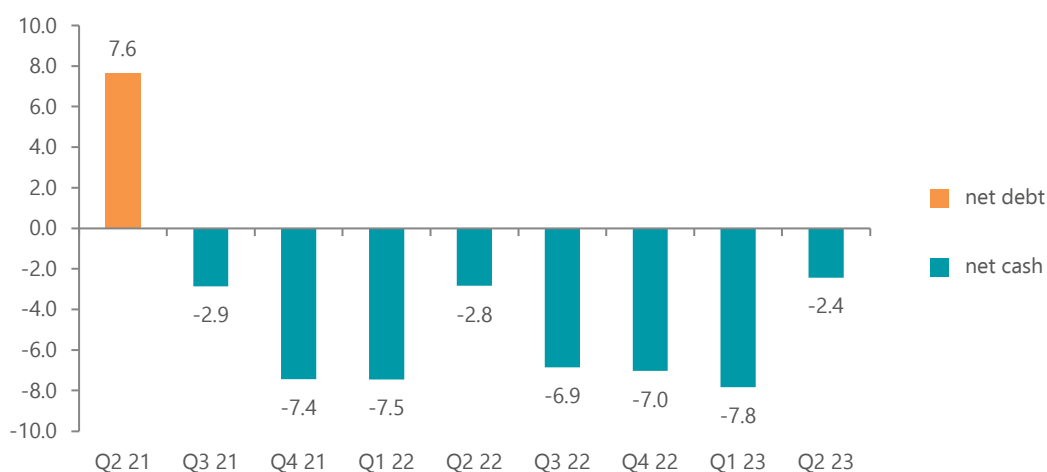
Interest expense 1.4

**Interest cover ratio** **7.7**

## Note

On April 14, 2023 Tempton bought back a nominal amount of EUR 800,000 of the existing bond. Following this buy back, Tempton holds a total nominal amount of EUR 3,280,000 of the bond.

## 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, 25.08.2023

Dr. Annett Tischendorf  
CEO

Oliver Hecker  
CFO

## CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q2 23	1-6/2023	Q2 22	1-6/2022
Revenues		95,959,654	186,433,213	87,327,085	170,202,744
Change in the inventory of finished goods and work in process		58,064	631,290	80,360	350,818
Other operating income		789,451	1,539,478	609,670	1,284,003
<b>Total income</b>		<b>96,807,169</b>	<b>188,603,982</b>	<b>88,017,115</b>	<b>171,837,565</b>
Material costs					
costs of raw material, supplies, operating material and acquired goods		285,054	635,391	383,575	719,782
costs of services acquired		2,568,796	5,319,022	2,798,668	5,907,093
		<b>2,853,850</b>	<b>5,954,413</b>	<b>3,182,242</b>	<b>6,626,875</b>
Personnel costs					
wages and salaries		68,926,252	130,711,682	59,969,338	115,048,426
social security and expenses for old age pensions and support		16,092,108	30,481,585	14,135,043	27,050,236
	1	<b>85,018,361</b>	<b>161,193,267</b>	<b>74,104,381</b>	<b>142,098,662</b>
Depreciation		1,091,213	2,093,168	915,727	1,744,499
Other operating expenses	1	9,451,419	18,294,661	8,694,915	16,339,061
Other interest and similar income		110,605	135,685	-1,005	-468
Interest and similar expenses		391,999	763,169	354,544	722,111
Taxes		405,078	812,643	316,097	803,037
<b>Profit after taxes</b>		<b>-2,294,145</b>	<b>-371,654</b>	<b>448,205</b>	<b>3,502,851</b>
Other taxes		4,817	9,633	4,855	9,710
<b>Group annual surplus</b>		<b>-2,298,962</b>	<b>-381,288</b>	<b>443,350</b>	<b>3,493,142</b>
Profit carried forward previous year			25,333,033		22,805,058
<b>Profit carried forward</b>			<b>24,951,745</b>		<b>26,298,200</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 June 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		2,767,582	2,540,094
2. Goodwill		10,972,385	11,518,483
		<b>13,739,967</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		3,956,261	3,976,718
2. Technical equipment and machines		38,407	41,043
3. Other plants, office fixtures and fittings		5,964,373	5,390,818
		<b>9,959,040</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>			
		4,688,977	4,024,939
<b>II. Receivables and other assets</b>			
1. Receivables of deliveries and services		47,701,189	39,063,851
2. Other assets		7,382,877	6,860,105
		<b>55,084,066</b>	<b>45,923,955</b>
<b>III. Cash on hand, bank balances</b>			
		24,326,245	29,725,166
<b>PREPAID EXPENSES</b>			
		<b>1,340,662</b>	<b>952,851</b>
<b>TOTAL ASSETS</b>			
		<b>112,290,558</b>	<b>106,499,669</b>

# CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 June 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>		24,951,745	25,333,033
		<b>27,785,937</b>	<b>28,167,225</b>
<b>PROVISIONS</b>			
1. Provisions for pensions and similar obligations		3,342,736	3,191,864
2. Provisions for taxes		2,550,975	2,082,055
3. Other provisions		21,357,691	20,021,786
		<b>27,251,402</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		4,133,418	2,992,036
3. Liabilities from supplies and services		3,513,560	3,100,254
4. Other liabilities		24,027,556	21,369,303
		<b>56,849,360</b>	<b>52,636,420</b>
<b>DEFERRED INCOME</b>		<b>403,859</b>	<b>400,319</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>112,290,558</b>	<b>106,499,669</b>

# CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q2 23	1-6/2023	1-6/2022
Profit for the period (consolidated net income for the financial year)		-2,299	-381	3,493
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		1,091	2,093	1,744
Increase/decrease in provisions		642	1,956	851
Other non-cash expenses/income		-21	-42	-81
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		-6,578	-10,212	-11,717
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		2,936	4,216	2,890
Interest expense/interest income		281	627	899
<b>Cash flows from operating activities</b>		<b>-3,948</b>	<b>-1,743</b>	<b>-1,921</b>
Payments to acquire tangible fixed assets		-1,252	-2,325	-2,043
Acquisition of financial assets		-746	-746	0
Interest received		111	136	6
<b>Cash flows from investing activities</b>		<b>-1,887</b>	<b>-2,935</b>	<b>-2,036</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		-371	-721	-648
Change in other financial liabilities		0	0	3
<b>Cash flows from financing activities</b>		<b>-371</b>	<b>-721</b>	<b>-645</b>
Net change in cash funds		-6,206	-5,399	-4,602
Cash funds at the beginning of period		30,532	29,725	32,619
<b>Cash funds at the end of period</b>		<b>24,326</b>	<b>24,326</b>	<b>28,017</b>



# NOTES

## General

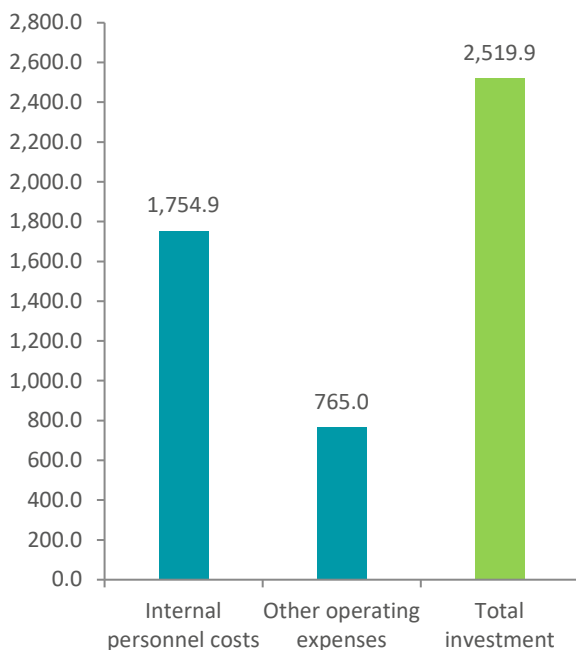
The group parent company operates under the name Tempton Group GmbH. The accounting transactions underlying this interim report comply with German commercial and company law regulations (HGB, GmbHG).

## Note - Investment in organic growth

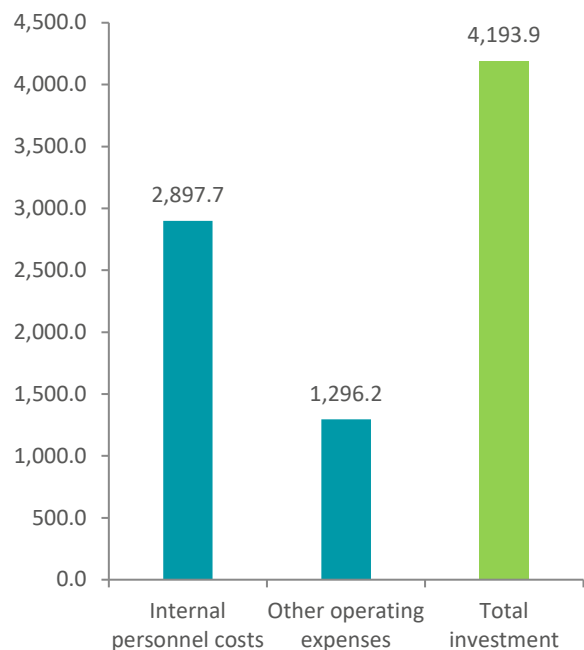
Tempton is not only continuing its outstanding growth strategy, in fact, it is ramping up for the largest organic growth initiative in the company's history. In particular, Tempton is significantly expanding its branch network. The aim is to open up further local and regional markets, thereby creating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

Q2 2023 (in thousand €)



1-6/2023 (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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