

tempton

INTERIM REPORT
Q4 2023

Tempton Group

Q4 2023 HIGHLIGHTS

TOTAL INCOME

99.9 m€

GROSS PROFIT

21.7 m€

EBITDA

-1.8 m€

EBITDA excluding costs
of growth initiative

1.8 m€

CONTINUED GROWTH

SIGNIFICANT INVESTMENT AS PART
OF GROWTH INITIATIVE

	Q4 COMPARISON		
	2021	2022	2023
Total income	82.3	90.6	99.9
Gross profit	20.5	21.4	21.7
EBITDA	3.3	1.9	-1.8
%	4.0%	2.0%	-1.9%

Tempton continues its growth in total revenue and gross profit in Q4 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.

The growth initiative is showing its successes in terms of headcount. In Q4 2023, Tempton was able to increase the number of employees by 8.3% to 9,350 compared to the same quarter of the previous year. For the third quarter in a row, Tempton has significantly increased its total number of employees compared to the previous year.

Tempton invested, excluding overhead costs, EUR 3.6 million in Q4 2023 (EUR 11.1 million in 2023) as part of its growth initiative. Without this investment in organic growth, EBITDA would have increased by EUR 2.8 million to EUR 17.5 million in 2023. 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 Q3 2023 vs. Q4 2023¹

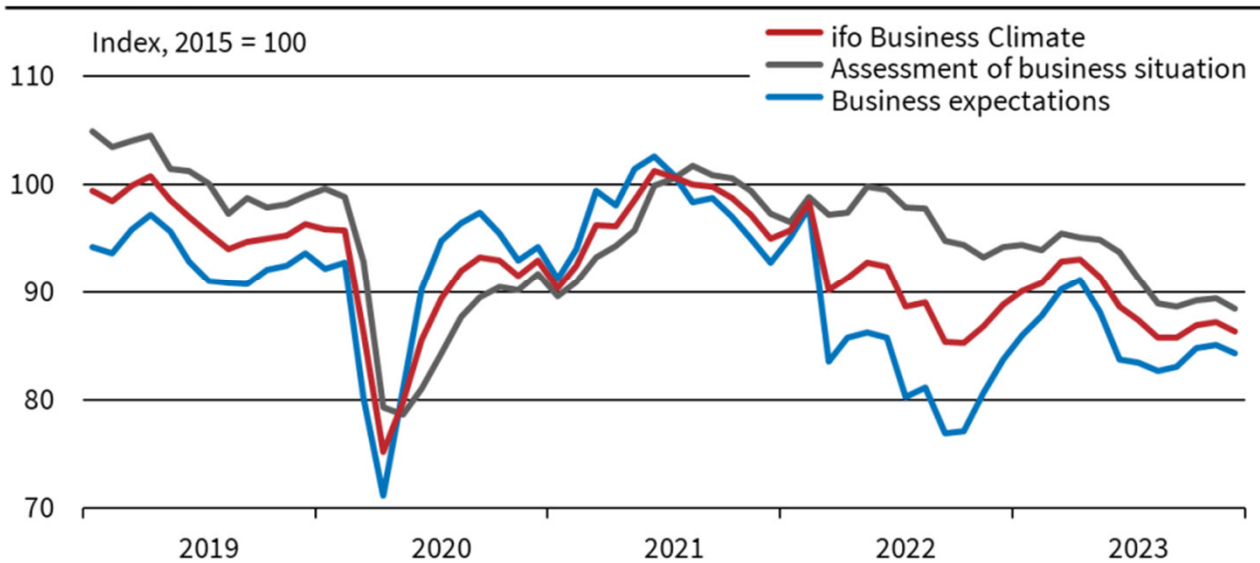


Note

Looking at the mid-term trend, the ifo Business Climate Index rose from 85.7 points in September 2023 to 86.4 points in December 2023.

Short-term development of BC Index Germany Nov. 23 vs. Dec. 23¹

ifo Business Climate Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.

Source: ifo Business Survey, December 2023.

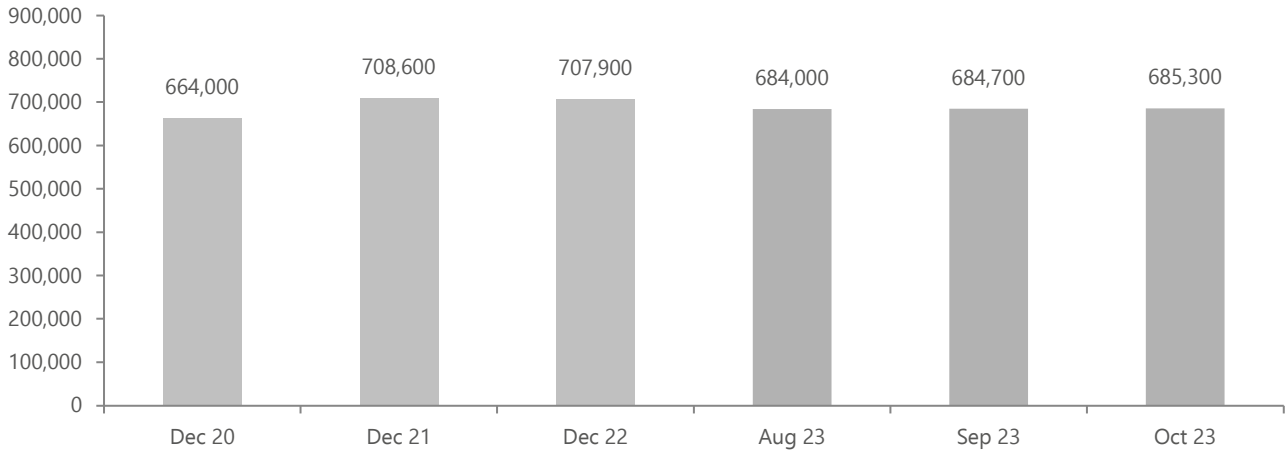
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Sentiment in German business has clouded over. The ifo Business Climate Index fell to 86.4 points in December, down from 87.2 points (seasonally adjusted) in November. Companies were less satisfied with their current business. They were also more skeptical about the first half of 2024. As the year draws to a close, the German economy remains weak.¹

¹ <https://www.ifo.de>

DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

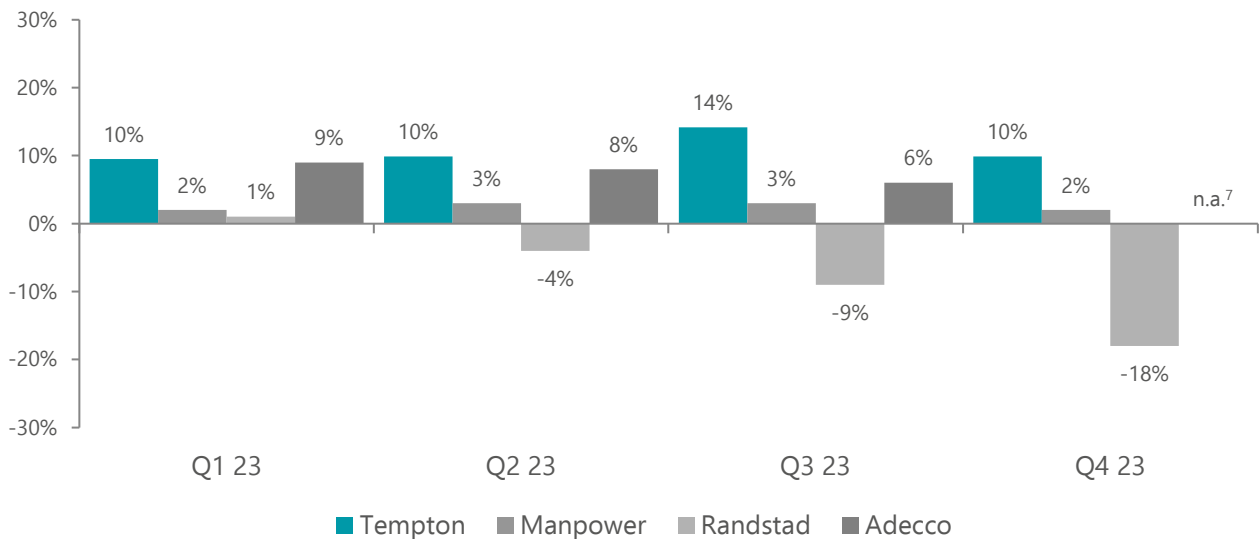
Temporary Employees Germany²



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)^{3, 4, 5, 6, 7}



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

³ Tempton turnover according to internal reporting.

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

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

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

⁷ Q4 2023 Results will be published on 29 February 2024, <https://www.adecgroup.com/investors/calendar/>

KEY FIGURES – GENERAL OVERVIEW

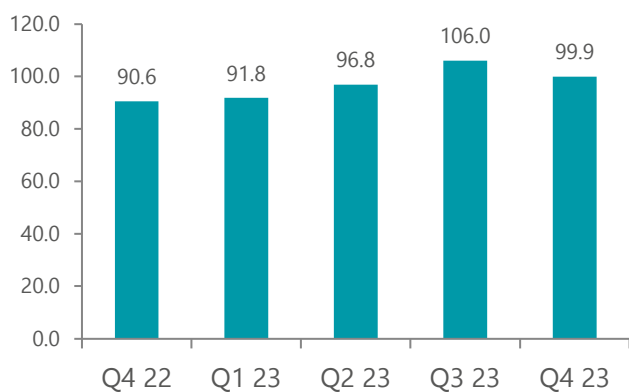
General note

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).

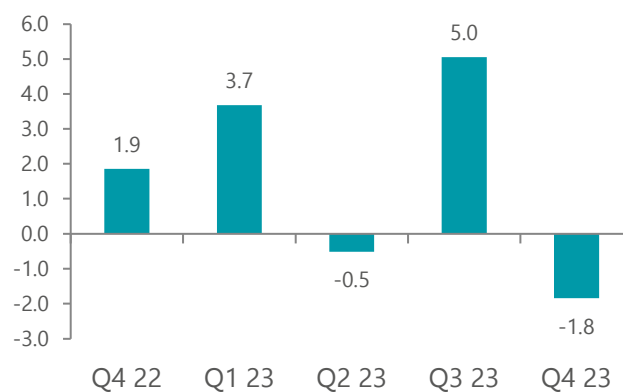
Key figures

in m€	Q4 23	Q3 23	Q4 22	1-12/2023	1-12/2022
Total income	99.9	106.0	90.6	394.5	355.0
Gross profit	21.7	27.7	21.4	92.6	85.8
%	21.9%	26.3%	23.8%	23.6%	24.3%
OPEX	101.8	101.0	88.7	388.2	340.3
EBITDA	-1.8	5.0	1.9	6.4	14.7
%	-1.9%	4.8%	2.0%	1.6%	4.1%

Total income (in m€)^{Note 1}



EBITDA (in m€)^{Note 2}



Note 1 – Total income

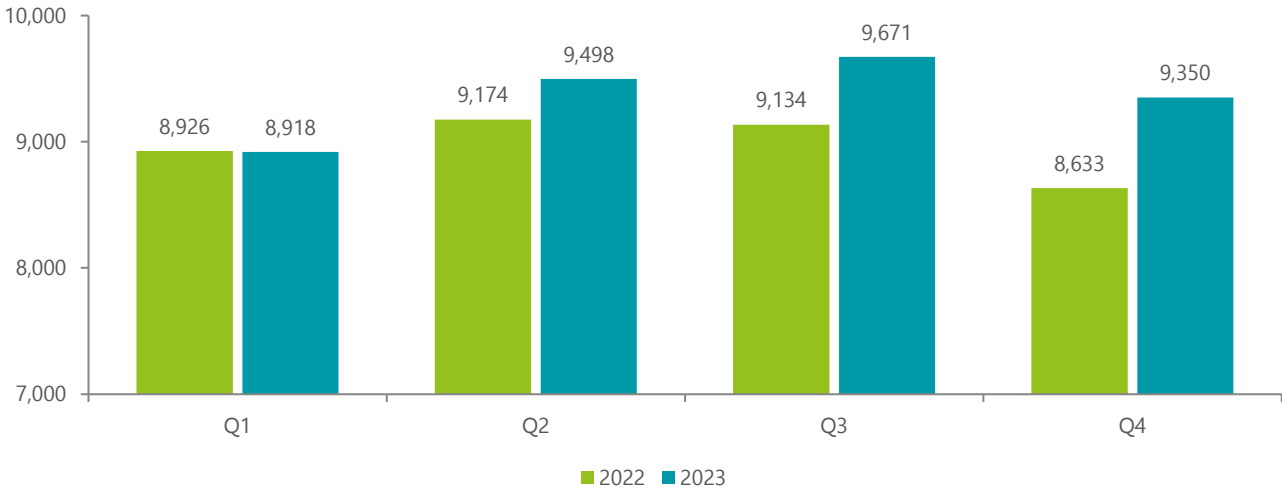
Tempton continues its growth in total revenue in the fourth quarter of 2023 despite multi-layered macroeconomic uncertainties and a stagnating temporary employment market, driven by both price and volume.

Note 2 – EBITDA

Tempton invested, excluding overhead costs, EUR 3.6 million in Q4 2023 (EUR 11.1 million in 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 2.8 million to EUR 17.5 million in 2023, while Q4 would have been stable.

DEVELOPMENT NUMBER OF EMPLOYEES

Total number of employees

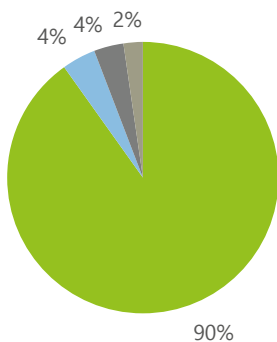


Note

The growth initiative is showing its first successes in terms of headcount. In Q4/2023, Tempton was able to increase the number of employees by 8.3% to 9,350 compared to the same quarter of the previous year. In Q3/2023, the year-on-year increase was 5.8% and in Q1/2023 it was 0%. Overall, 2022 and 2023 show a return to the usual seasonal cycle that was absent in 2020 and 2021 due to the coronavirus crisis and post-COVID effects.

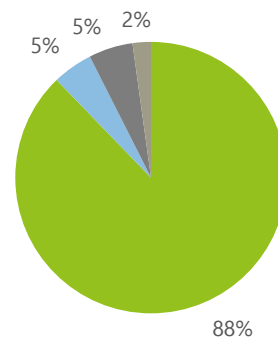
Development Business Segments⁸ Q4 2023

Turnover (percent)



■ Personnel Services
 ■ Next Level
■ Technology
 ■ Outsourcing

Gross profit (percent)

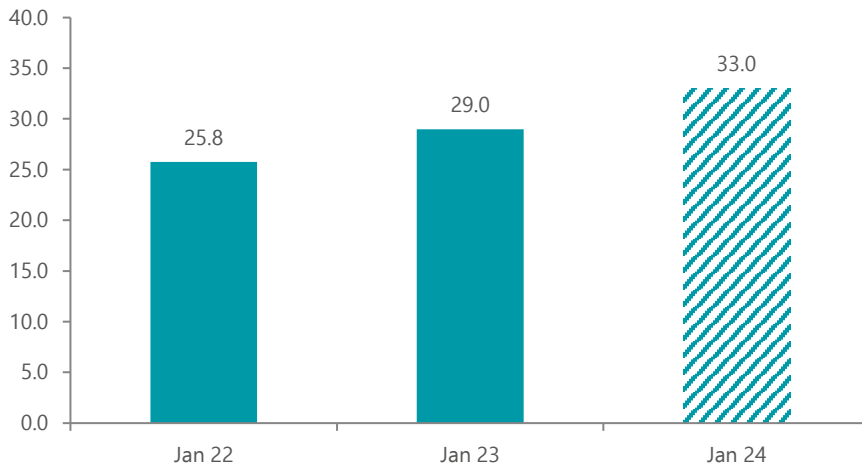


■ Personnel Services
 ■ Next Level
■ Technology
 ■ Outsourcing

⁸ Turnover and gross profit according to internal reporting.

OUTLOOK – JANUARY 2024

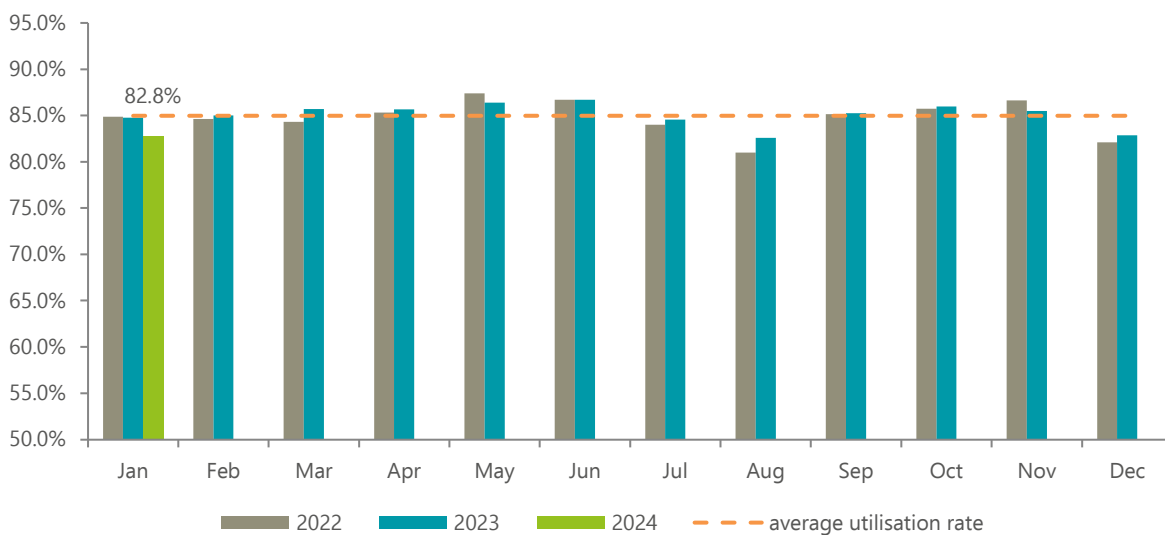
Total income comparison January YoY



Note

The total income expectation for January 2024 is around EUR 33.0 million. This means that total income in January 2024 is EUR 4.0 million higher compared to January 2023 and EUR 7.2 million higher compared to January 2022.

Development of the utilisation rate



COMMENTS RE. FINANCIAL STATEMENTS

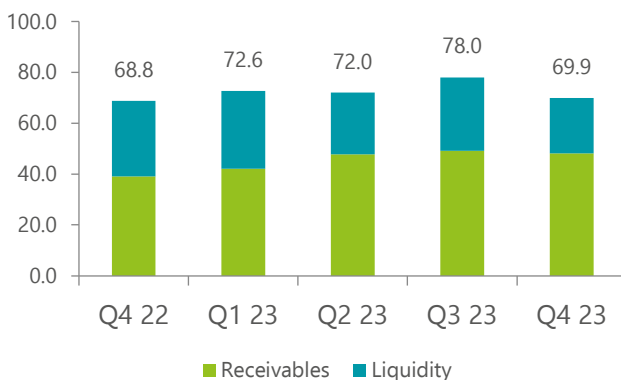
Consolidation

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 28.8 million in Q3 2023 to EUR 21.8 million in Q4 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 48.1 million as of December 31, 2023, compared to EUR 49.2 million as of September 30, 2023.

Liquidity and receivables



COMMENTS RE. FINANCIAL STATEMENTS

Key figures (in m€)

Leverage ratio

EBITDA LTM **6.4**

Net Debt

Bond loan 25.2

Own shares -3.3

Bond loan without own shares 21.9

Cash balance 21.8

Net debt **0.1**

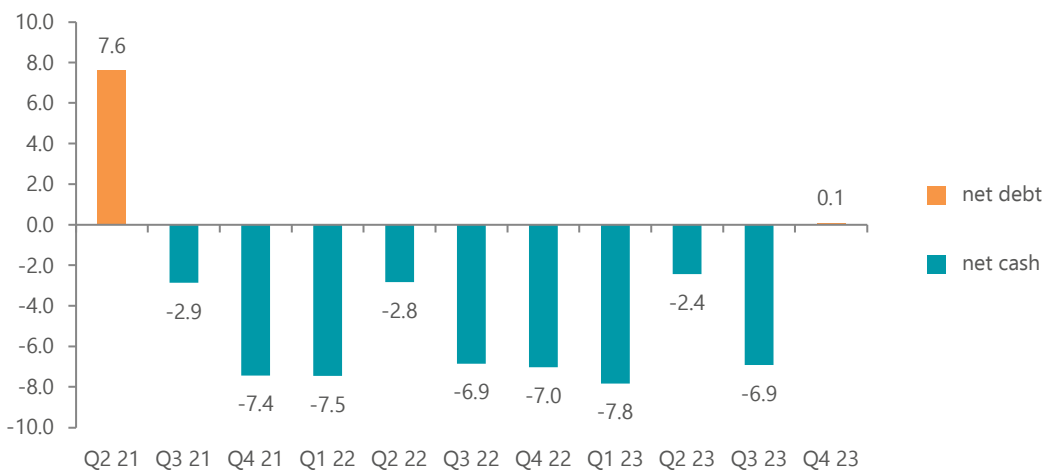
Net Leverage ratio **0.0**

Interest cover ratio

Interest expense 1.5

Interest cover ratio **4.3**

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 ongoing war in Ukraine and the conflict in the middle east, 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, 28.02.2024

Dr. Annett Tischendorf
CEO

Oliver Hecker
CFO

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q4 23	1-12/2023	Q4 22	1-12/2022
Revenues		98,954,449	390,278,616	90,310,436	352,082,002
Change in the inventory of finished goods and work in process		-182,943	601,490	-629,530	153,673
Other operating income		1,140,854	3,645,018	881,340	2,797,669
Total income		99,912,361	394,525,123	90,562,247	355,033,345
Material costs					
costs of raw material, supplies, operating material and acquired goods		267,852	1,309,738	227,343	1,273,644
costs of services acquired		3,355,081	11,731,496	2,904,136	11,423,568
		3,622,932	13,041,234	3,131,480	12,697,212
Personnel costs					
wages and salaries		71,075,005	272,693,598	61,929,185	238,320,746
social security and expenses for old age pensions and support		15,584,789	62,535,744	13,686,549	54,945,122
	1	86,659,794	335,229,341	75,615,734	293,265,868
Depreciation		1,164,880	4,469,907	1,080,300	3,785,011
Other operating expenses	1	11,478,123	39,892,546	9,962,530	34,523,890
Other interest and similar income		177,426	438,786	56,766	59,622
Interest and similar expenses		355,248	1,495,234	321,556	1,390,903
Taxes		-197,045	1,244,600	278,438	1,882,688
Profit after taxes		-2,994,144	-408,953	228,975	7,547,394
Other taxes		4,817	19,267	4,855	19,419
Group annual surplus		-2,998,960	-428,220	224,120	7,527,975
Profit carried forward previous year			25,333,033		22,805,058
Advance distribution			0		5,000,000
Profit carried forward			24,904,814		25,333,033

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 December 2023	31 December 2022
ASSETS			
FIXED ASSETS			
I. Intangible assets			
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values		3,538,551	2,540,094
2. Goodwill		10,426,287	11,518,483
		13,964,838	14,058,578
II. Tangible assets			
1. Real estate, titles to land and buildings including buildings on third party land		4,031,213	3,976,718
2. Technical equipment and machines		35,770	41,043
3. Other plants, office fixtures and fittings		6,829,697	5,390,818
		10,896,680	9,408,579
III. Financial assets			
1. Long term investments		3,151,600	2,405,600
CURRENT ASSETS			
I. Inventories			
		4,601,942	4,024,939
II. Receivables and other assets			
1. Receivables of deliveries and services		48,089,753	39,063,851
2. Other assets		7,250,711	6,860,105
		55,340,463	45,923,955
III. Cash on hand, bank balances			
		21,775,019	29,725,166
PREPAID EXPENSES			
		749,627	952,851
TOTAL ASSETS			
		110,480,170	106,499,669

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
EQUITY			
I. Subscribed capital		25,000	25,000
II. Capital reserves		2,809,192	2,809,192
III. Profit carried forward		24,904,814	25,333,033
		27,739,005	28,167,225
PROVISIONS			
1. Provisions for pensions and similar obligations		3,493,608	3,191,864
2. Provisions for taxes		1,960,343	2,082,055
3. Other provisions		22,413,897	20,021,786
		27,867,848	25,295,705
LIABILITIES			
1. Loans and borrowings		25,151,736	25,174,826
2. Advance payments received on orders		2,423,943	2,992,036
3. Liabilities from supplies and services		3,263,464	3,100,254
4. Other liabilities		23,701,805	21,369,303
		54,540,949	52,636,420
DEFERRED INCOME		332,368	400,319
TOTAL EQUITY AND LIABILITIES		110,480,170	106,499,669

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q4 23	1-12/2023	1-12/2022
Profit for the period (consolidated net income for the financial year)		-2,999	-428	7,624
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		1,165	4,470	3,785
Increase/decrease in provisions		-2,678	2,573	2,336
Other non-cash expenses/income		-255	-318	-135
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		1,302	-9,790	-8,244
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		-1,819	1,859	2,718
Interest expense/interest income		177	1,055	1,567
Cash flows from operating activities		-5,107	-579	9,651
Payments to acquire tangible fixed assets		-1,731	-5,606	-3,898
Acquisition of financial assets		0	-746	-2,406
Interest received		177	439	42
Cash flows from investing activities		-1,554	-5,913	-6,261
Proceeds from equity contributions by shareholders of the parent company		0	0	2,142
Cash repayments of bonds and borrowings		0	0	-2,142
Paid dividends to the shareholders of the parent entity		0	0	-5,000
Interest paid for financial loans and factoring		-358	-1,435	-1,298
Change in other financial liabilities		-23	-23	16
Cash flows from financing activities		-381	-1,458	-6,282
Net change in cash funds		-7,042	-7,950	-2,891
Cash funds at the beginning of period		28,817	29,725	32,619
Cash funds at the end of period		21,775	21,775	29,728

NOTES

General

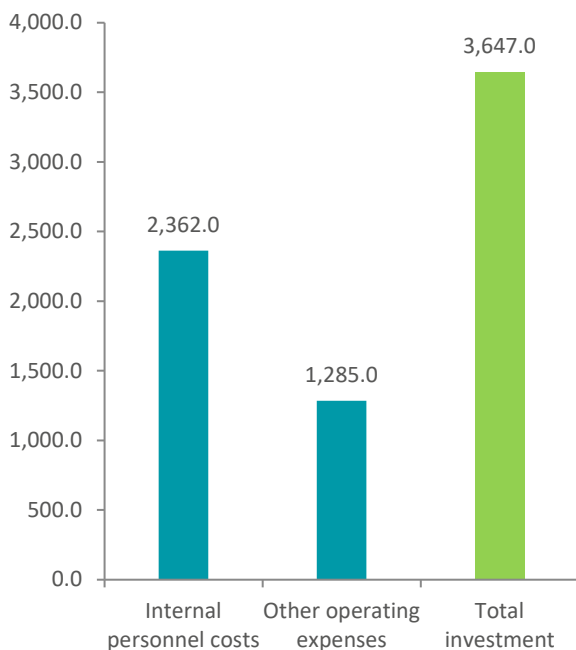
The group parent company operates under the name Tempton Group GmbH. The accounting transactions underlying this interim report comply with German commercial and company law regulations (HGB, GmbHG).

Note 1 - Investment in organic growth

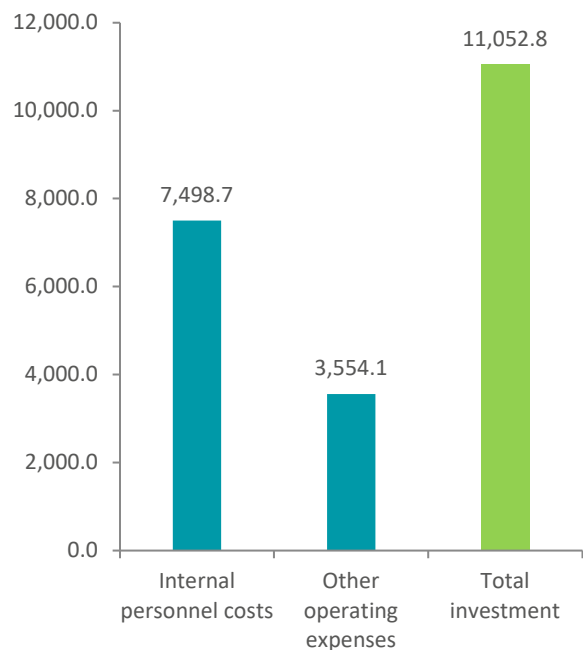
Tempton is not only continuing its outstanding growth strategy, in fact, it is in the middle of its largest organic growth initiative in the company's history. In particular, Tempton is significantly expanding its branch network. The aim is to open up further local and regional markets, thereby creating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

Q4 2023 (in thousand €)



1-12/2023 (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.

Tempton Group
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www.tempton.de