

tempton

INTERIM REPORT
Q1 2024

Tempton Group

Q1 2024 HIGHLIGHTS

TOTAL INCOME

98.2 m€

GROSS PROFIT

21.1 m€

EBITDA

-0.3 m€

EBITDA excluding
growth initiative

1.2 m€

CONTINUED GROWTH

SIGNIFICANT INVESTMENT AS PART
OF GROWTH INITIATIVE

	Q1 COMPARISON		
	2022	2023	2024
Total income	83.8	91.8	98.2
Gross profit	20.7	22.9	21.1
EBITDA	4.9	3.7	-0.3
%	5.9%	4.0%	-0.3%

The temporary employment market in Germany is currently in sharp decline due to the economic downturn. As a result, the number of temporary workers has fallen by around 80,000 since the beginning of 2023. The number of temporary staffing agencies is also continuing to strongly decrease, indicating a continued consolidation of the industry.

Tempton's strategy of investing in growth and leveraging its solid operational strength, strong financial position and professional organization to increase its market share is paying off. In the first quarter of 2024, Tempton maintained the same number of employees as in the first quarter of 2023, while the total number of temporary employees in Germany has fallen by 10 %. Due to price increases Tempton even managed to increase total income to EUR 98.2 million.

Due to fewer working days and a larger number of public holidays, the first quarter of 2024 is not really comparable with the first quarter of 2023.

Based on the order intake and the general economic forecast, we expect the market to stabilize in mid-2024, at which point we expect to be able to convert our improved market position into additional growth and improved profitability.

DEVELOPMENT TOTAL MARKET GERMANY

Mid-term development of BC Index Germany Q4 2023 vs. Q1 2024¹

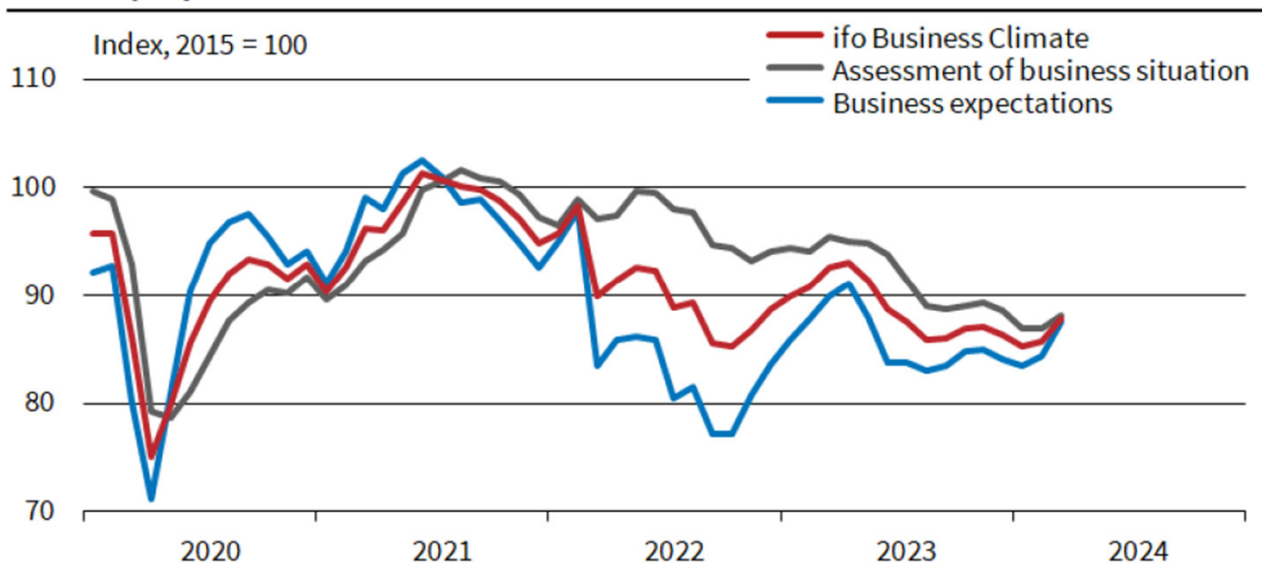


Note

Looking at the mid-term trend, the ifo Business Climate Index rose from 86.4 points in December 2023 to 87.8 points in March 2024.

Short-term development of BC Index Germany Feb. 24 vs. Mar. 24¹

ifo Business Climate Germany^a Seasonally adjusted



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

Source: ifo Business Survey, March 2024.

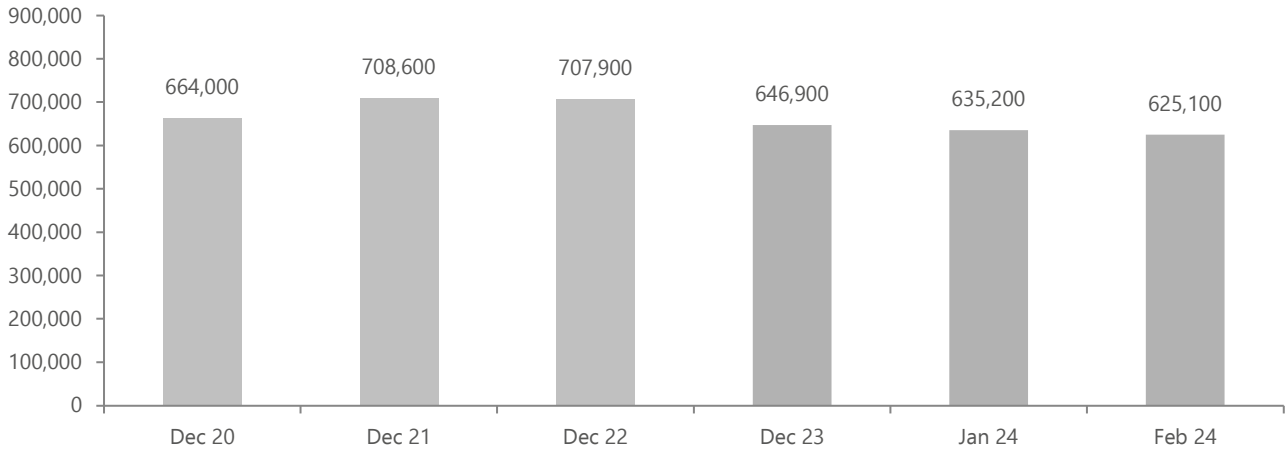
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Sentiment in German companies has improved noticeably. The ifo Business Climate Index rose to 87.8 points in March, up from 85.7 points in February. In particular, companies' expectations turned much less pessimistic. Assessments of the current business situation also improved. The German economy glimpses light on the horizon.¹

¹ <https://www.ifo.de>

DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

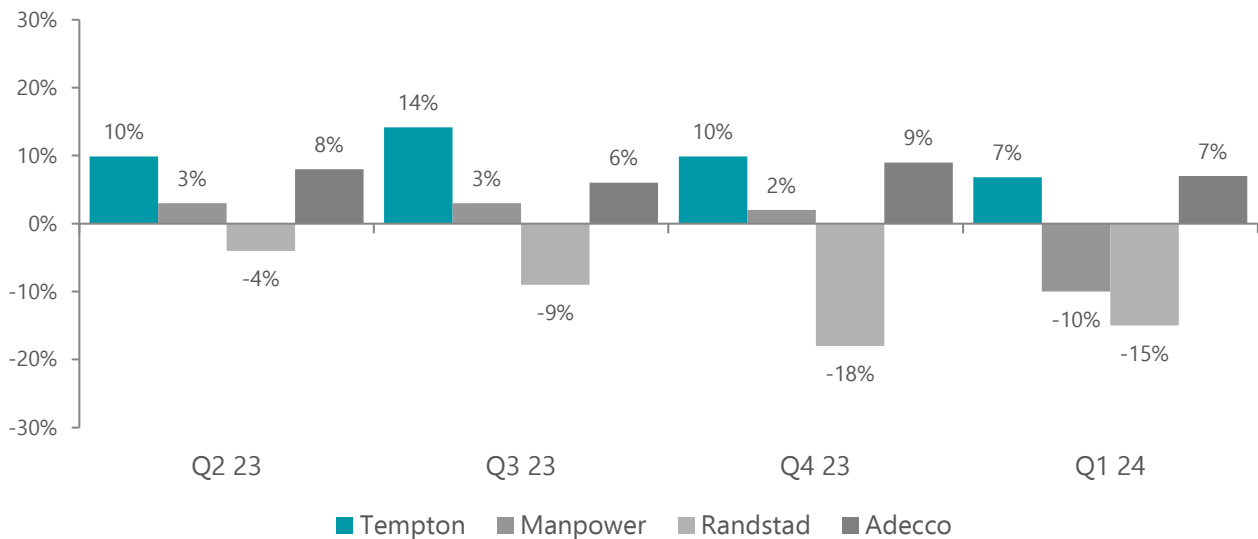
Temporary Employees Germany²



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}



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/>

KEY FIGURES – GENERAL OVERVIEW

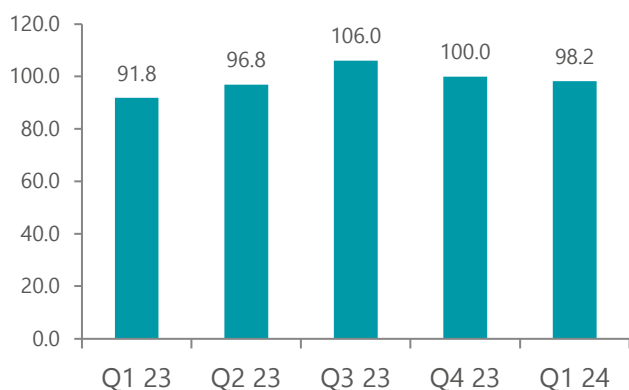
General note

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).

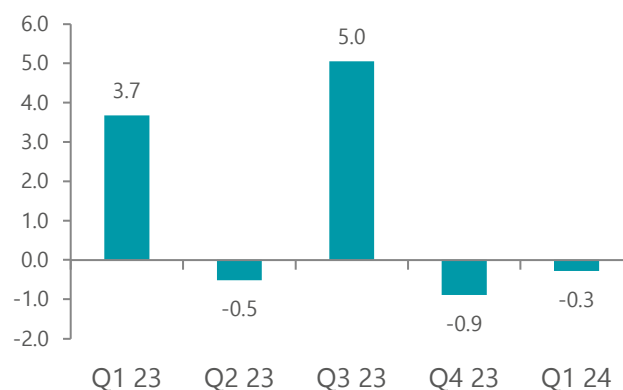
Key figures

in m€	Q1 24	Q4 23	Q1 23	1-3/2024	1-3/2023
Total income	98.2	100.0	91.8	98.2	91.8
Gross profit	21.1	21.9	22.9	21.1	22.9
%	21.7%	22.1%	25.1%	21.7%	25.1%
OPEX	98.5	100.9	88.1	98.5	88.1
EBITDA	-0.3	-0.9	3.7	-0.3	3.7
%	-0.3%	-0.9%	4.0%	-0.3%	4.0%

Total income (in m€)^{Note 1}



EBITDA (in m€)^{Note 2}



Note 1 – Total income

Tempton's strategy of investing in market share is paying off. In the first quarter of 2024, Tempton maintained the same number of employees as in the first quarter of 2023, while the total number of temporary employees in Germany has fallen by 10 %. Due to price increases Tempton even managed to increase total income to EUR 98.2 million.

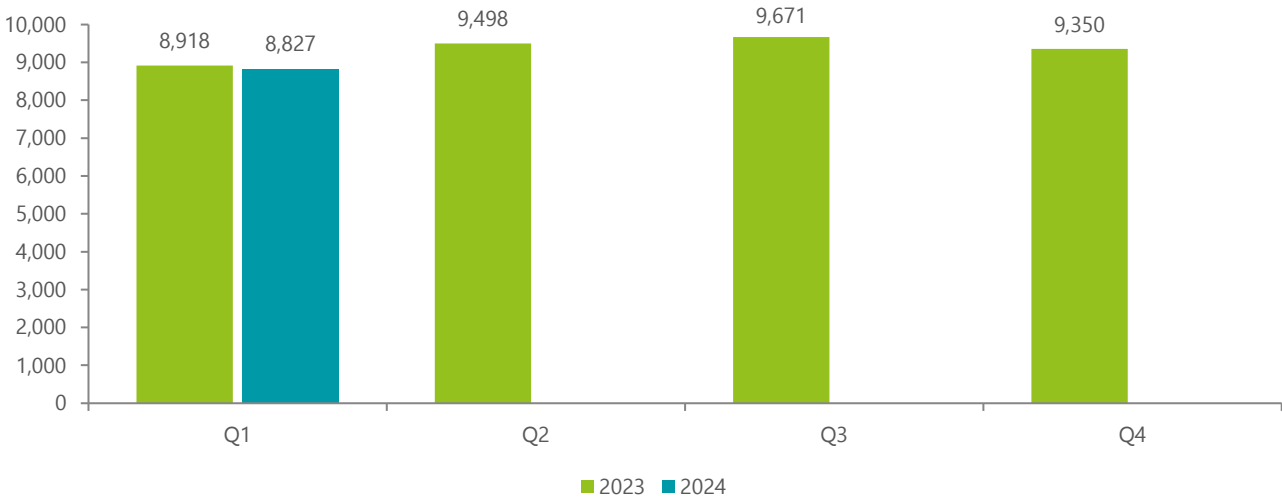
Note 2 – EBITDA

Due to fewer working days and more public holidays, the first quarter of 2024 is not really comparable with the first quarter of 2023.

In addition, the growth initiative is still weighing on earnings, but is leading to significant gains in market share, enabling Tempton to convert its improved market position into additional growth and improved profitability in the second half of the year once the general economic situation stabilises.

DEVELOPMENT NUMBER OF EMPLOYEES

Total number of employees

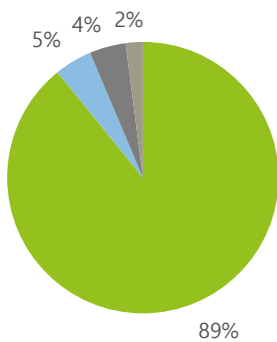


Note

While the temporary employment market shrank by 10% in addition to the usual annual cyclical fluctuations, Tempton was able to compensate for a slight decline in the number of employees in the existing branches through the growth initiative and thus stabilized at the previous year's level.

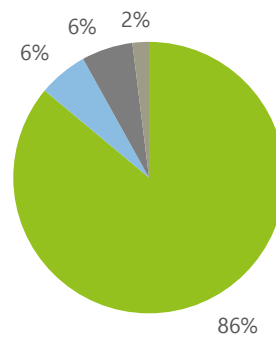
Development Business Segments⁷ Q1 2024

Turnover (percent)



■ Personnel Services ■ Next Level
 ■ Technology ■ Outsourcing

Gross profit (percent)

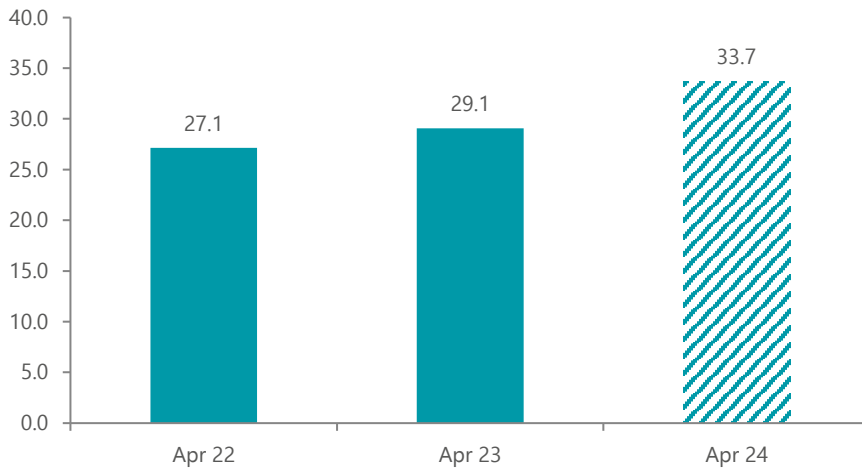


■ Personnel Services ■ Next Level
 ■ Technology ■ Outsourcing

⁷ Turnover and gross profit according to internal reporting.

OUTLOOK – April 2024

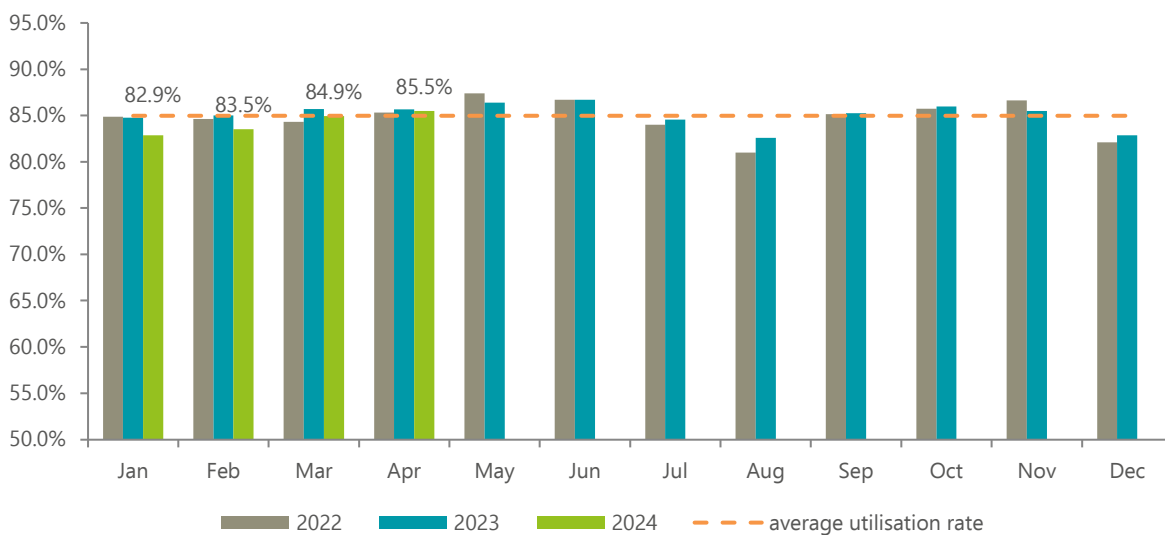
Total income comparison April YoY



Note

The total income expectation for April 2024 is around EUR 33.7 million. This means that total income in April 2024 is EUR 4.6 million higher compared to April 2023 and EUR 6.6 million higher compared to April 2022.

Development of the utilisation rate



COMMENTS RE. FINANCIAL STATEMENTS

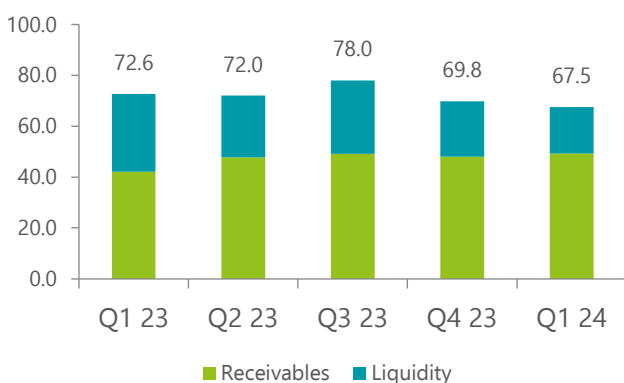
Consolidation

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 21.8 million in Q4 2023 to EUR 18.2 million in Q1 2024, 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 to gain more market share. In addition, Tempton has liquid receivables of EUR 49.3 million as of March 31, 2024, compared to EUR 48.0 million as of December 31, 2023.

Liquidity and receivables



COMMENTS RE. FINANCIAL STATEMENTS

Key figures (in m€)

Leverage ratio

EBITDA LTM **3.4**

Net Debt

Bond loan 25.2
Own shares -3.3
Bond loan without own shares 21.9
Cash balance 18.2

Net debt **3.7**

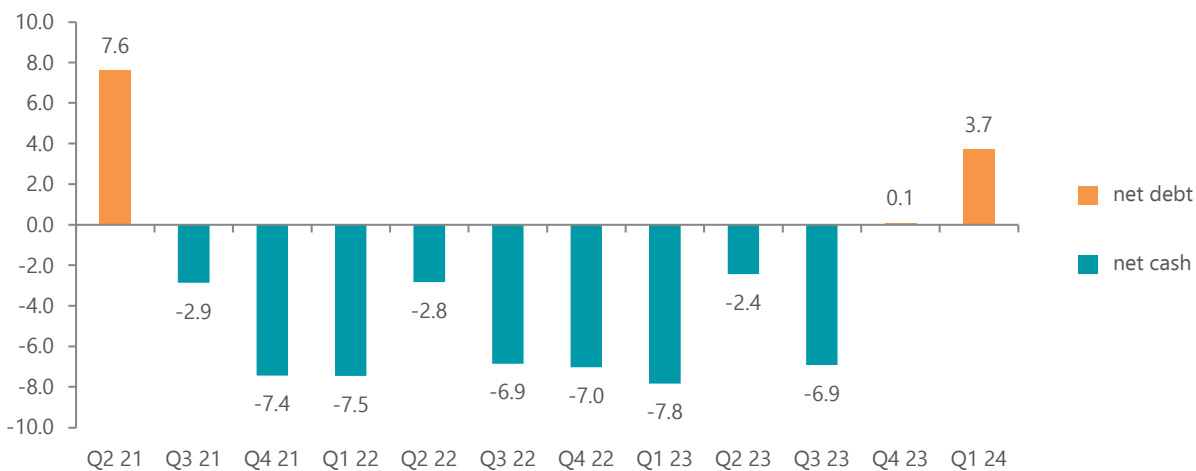
Net Leverage ratio **1.1**

Interest cover ratio

Interest expense 1.5

Interest cover ratio **2.2**

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, 29.05.2024

Dr. Annett Tischendorf
CEO

Oliver Hecker
CFO

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q1 24	1-3/2024	Q1 23	1-3/2023
Revenues		97,318,420	97,318,420	90,473,559	90,473,559
Change in the inventory of finished goods and work in process		-55,407	-55,407	573,226	573,226
Other operating income		920,969	920,969	750,027	750,027
Total income		98,183,982	98,183,982	91,796,813	91,796,813
Material costs					
costs of raw material, supplies, operating material and acquired goods		227,211	227,211	350,337	350,337
costs of services acquired		3,809,403	3,809,403	2,750,226	2,750,226
		4,036,614	4,036,614	3,100,563	3,100,563
Personnel costs					
wages and salaries		69,010,330	69,010,330	61,785,430	61,785,430
social security and expenses for old age pensions and support		15,991,304	15,991,304	14,389,477	14,389,477
	1	85,001,634	85,001,634	76,174,906	76,174,906
Depreciation		1,424,660	1,424,660	1,001,955	1,001,955
Other operating expenses	1	9,424,429	9,424,429	8,843,242	8,843,242
Other interest and similar income		85,490	85,490	25,079	25,079
Interest and similar expenses		367,557	367,557	371,170	371,170
Taxes		577,911	577,911	407,565	407,565
Profit after taxes		-2,563,333	-2,563,333	1,922,491	1,922,491
Other taxes		5,171	5,171	4,817	4,817
Group annual surplus		-2,568,505	-2,568,505	1,917,674	1,917,674
Profit carried forward previous year			26,047,231		25,333,033
Profit carried forward			23,478,726		27,250,707

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 March 2024	31 December 2023
ASSETS			
FIXED ASSETS			
I. Intangible assets			
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values		3,601,594	3,538,551
2. Goodwill		10,153,237	10,426,287
		13,754,831	13,964,838
II. Tangible assets			
1. Real estate, titles to land and buildings including buildings on third party land		3,985,227	4,031,213
2. Technical equipment and machines		34,451	35,770
3. Other plants, office fixtures and fittings		6,680,282	6,830,234
		10,699,961	10,897,217
III. Financial assets			
1. Long term investments		3,151,600	3,151,600
CURRENT ASSETS			
I. Inventories			
		4,524,334	4,601,942
II. Receivables and other assets			
1. Receivables of deliveries and services		49,279,747	48,040,861
2. Other assets		8,269,198	7,676,806
		57,548,945	55,717,668
III. Cash on hand, bank balances			
		18,171,145	21,775,019
PREPAID EXPENSES			
		1,111,493	745,357
TOTAL ASSETS			
		108,962,309	110,853,642

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	31 March 2024	31 December 2023
EQUITY AND LIABILITIES			
EQUITY			
I. Subscribed capital		25,000	25,000
II. Capital reserves		2,809,192	2,809,192
III. Profit carried forward		23,478,726	26,047,231
		26,312,918	28,881,423
PROVISIONS			
1. Provisions for pensions and similar obligations		3,258,564	3,208,403
2. Provisions for taxes		1,778,472	1,974,558
3. Other provisions		24,481,623	21,961,726
		29,518,659	27,144,687
LIABILITIES			
1. Loans and borrowings		25,174,826	25,174,826
2. Advance payments received on orders		2,246,665	2,423,943
3. Liabilities from supplies and services		4,052,692	3,202,736
4. Other liabilities		21,395,621	23,693,658
		52,869,805	54,495,164
DEFERRED INCOME		260,927	332,368
TOTAL EQUITY AND LIABILITIES		108,962,309	110,853,642

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q1 24	1-3/2024	1-3/2023
Profit for the period (consolidated net income for the financial year)		-2,569	-2,569	1,918
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		1,425	1,425	1,002
Increase/decrease in provisions		2,374	2,374	1,314
Other non-cash expenses/income		-17	-17	-21
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		-2,120	-2,120	-3,634
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		-1,697	-1,697	1,280
Interest expense/interest income		282	282	346
Cash flows from operating activities		-2,322	-2,322	2,205
Payments to acquire tangible fixed assets		-1,017	-1,017	-1,073
Interest received		85	85	25
Cash flows from investing activities		-932	-932	-1,048
Interest paid for financial loans and factoring		-350	-350	-350
Cash flows from financing activities		-350	-350	-350
Net change in cash funds		-3,604	-3,604	807
Cash funds at the beginning of period		21,775	21,775	29,725
Cash funds at the end of period		18,171	18,171	30,532

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).

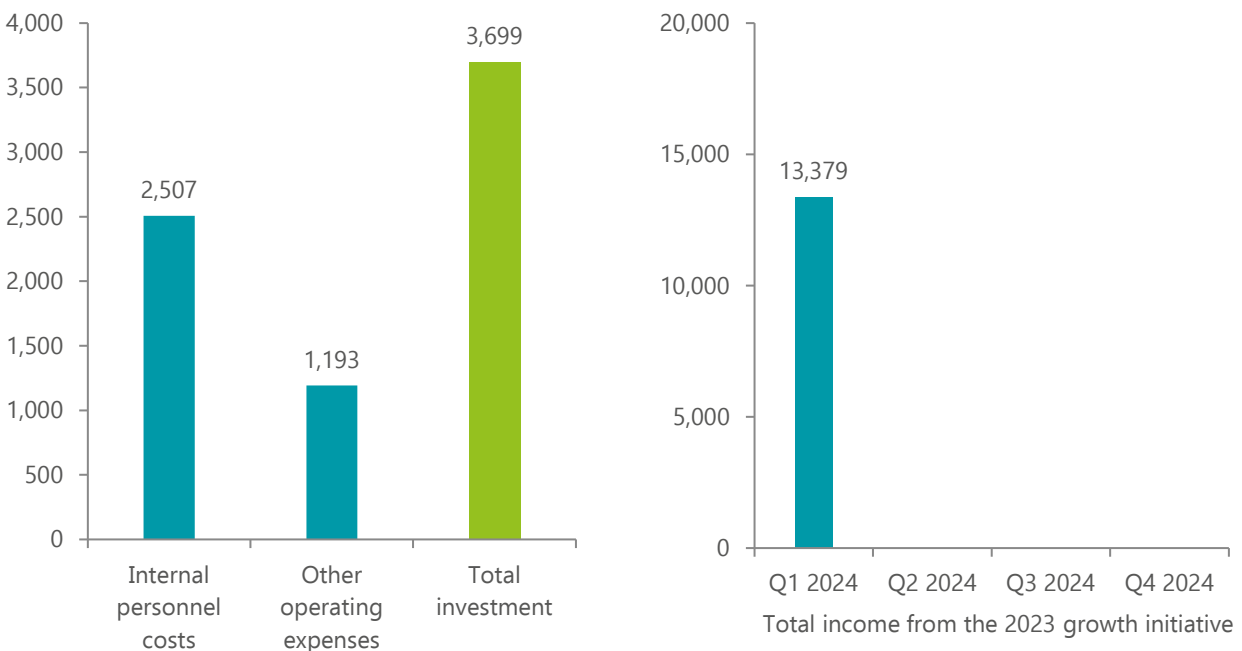
Note 1 - Investment in organic growth

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 in 2023 significantly expanded 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.

The growth initiative itself is already showing significant success. The additional branches contributed EUR 13.4 million of Revenue in Q1 2024, while the structural costs of the new branches amounted to EUR 3.7 million in Q1 2024.

Q1 2024 (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 200 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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