

tempton

INTERIM REPORT Q2 2024

Tempton Group

Q2 2024 HIGHLIGHTS

TOTAL INCOME

101.1 m€

GROSS PROFIT

23.0 m€

EBITDA

0.3 m€

EBITDA excluding
growth initiative

1.4 m€

CONTINUED GROWTH,
HIGH RESILIENCE

GROWTH INITIATIVE IS STARTING TO
PAY OFF

	Q2 COMPARISON		
	2022	2023	2024
Total income	88.0	96.8	101.1
Gross profit	19.5	20.3	23.0
EBITDA	2.0	-0.5	0.3
%	2.3%	-0.5%	0.3%

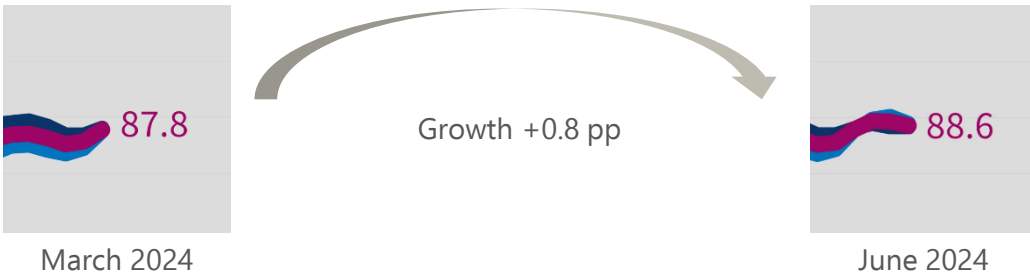
The temporary employment market in Germany continues to shrink due to the general economic downturn. As a result, the number of temporary employees has fallen by 68,000 (-10 %) compared to the same month in 2023 and 30,000 (-5 %) within the first half of 2024. The number of temporary staffing agencies is also continuing to strongly decrease, indicating a continued consolidation of the industry and fueling Tempton's semi-organic growth strategy.

Tempton's strategy of investing in growth and leveraging on its solid operational strength, strong financial position and professional organization to increase its market share is again paying off. In the second quarter of 2024, Tempton was able to offset the slight decline in the number of employees in Q1 2024 and grow by 8.6 % compared to the previous quarter. Through this and additional price increases, Tempton was able to raise total income to EUR 101.1 million and gross profit to EUR 23.0 million.

Based on the order intake and the general economic forecast, we expect the market to stabilize in the next quarter and that we will then be able to convert our additional market share into growth and further improved profitability.

DEVELOPMENT TOTAL MARKET GERMANY

Mid-term development of BC Index Germany Q1 2024 vs. Q2 2024¹



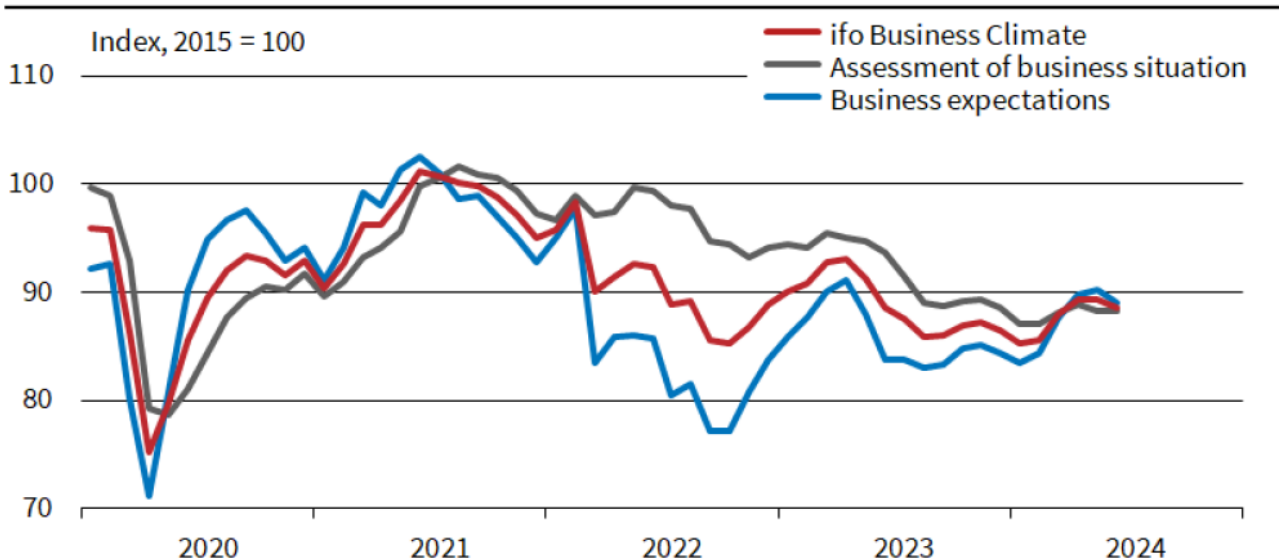
Note

Looking at the mid-term trend, the ifo Business Climate Index rose from 87.8 points in March 2024 to 88.6 points in June 2024.

Short-term development of BC Index Germany May 24 vs. Jun. 24¹

ifo Business Climate Germany^a

Seasonally adjusted



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

Source: ifo Business Survey, June 2024.

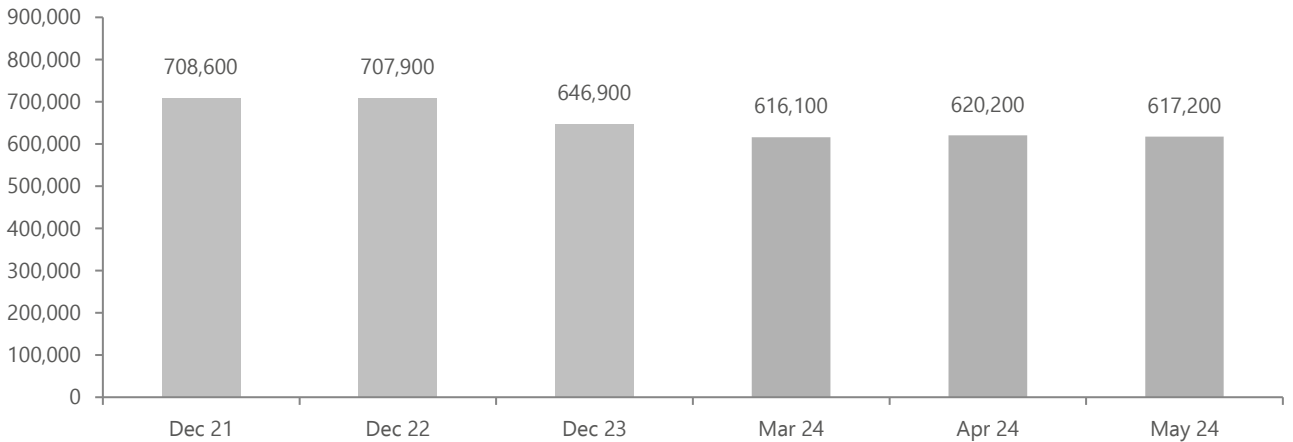
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Sentiment has deteriorated at companies in Germany. The ifo Business Climate Index declined in June to 88.6 points, down from 89.3 points in May. This was due to more pessimistic expectations. However, the assessments of the current situation remained unchanged. The German economy is having difficulty overcoming stagnation.¹

¹ <https://www.ifo.de>

DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

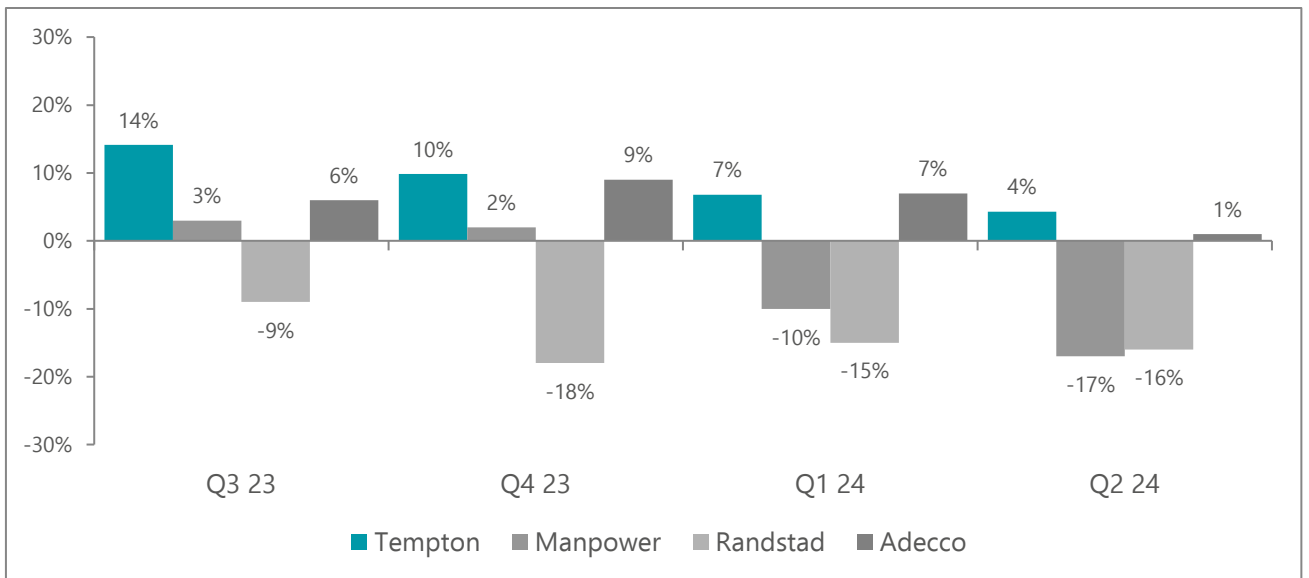
Temporary Employees Germany²



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.adecogroup.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

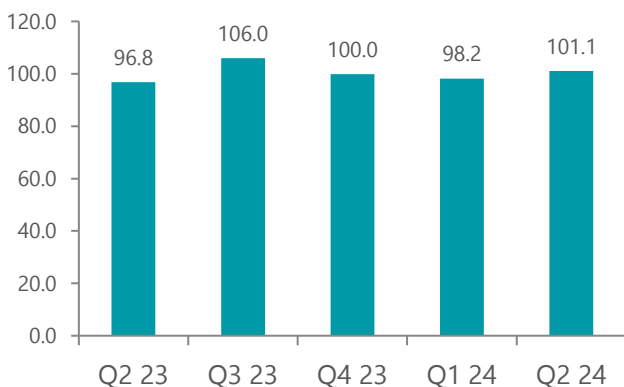
General note

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).

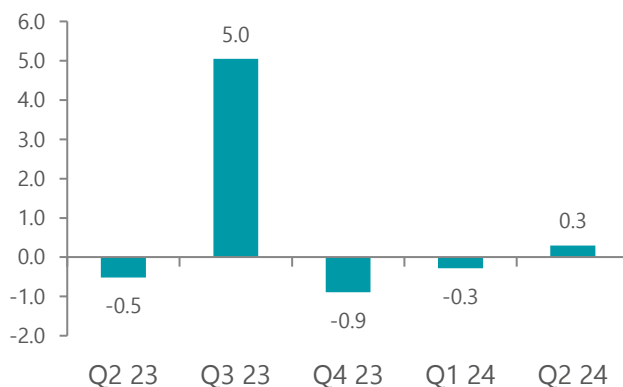
Key figures

in m€	Q2 24	Q1 24	Q2 23	1-6/2024	1-6/2023
Total income	101.1	98.2	96.8	199.3	188.6
Gross profit	23.0	21.1	20.35	44.1	43.2
%	22.9%	21.7%	21.2%	22.3%	23.1%
OPEX	100.8	98.5	97.3	199.3	185.4
EBITDA	0.3	-0.3	-0.5	0.0	3.2
%	0.3%	-0.3%	-0.5%	0.0%	1.7%

Total income (in m€)^{Note 1}



EBITDA (in m€)^{Note 2}



Note 1 – Total income

Tempton's strategy of investing in market share is again paying off. In the second quarter of 2024, Tempton increased its total number of employees by almost 8.6%, while the total number of temporary workers in Germany fell by around 5% in 2024. Due to the latter and price increases, Tempton managed to raise its total income to EUR 101.1 million.

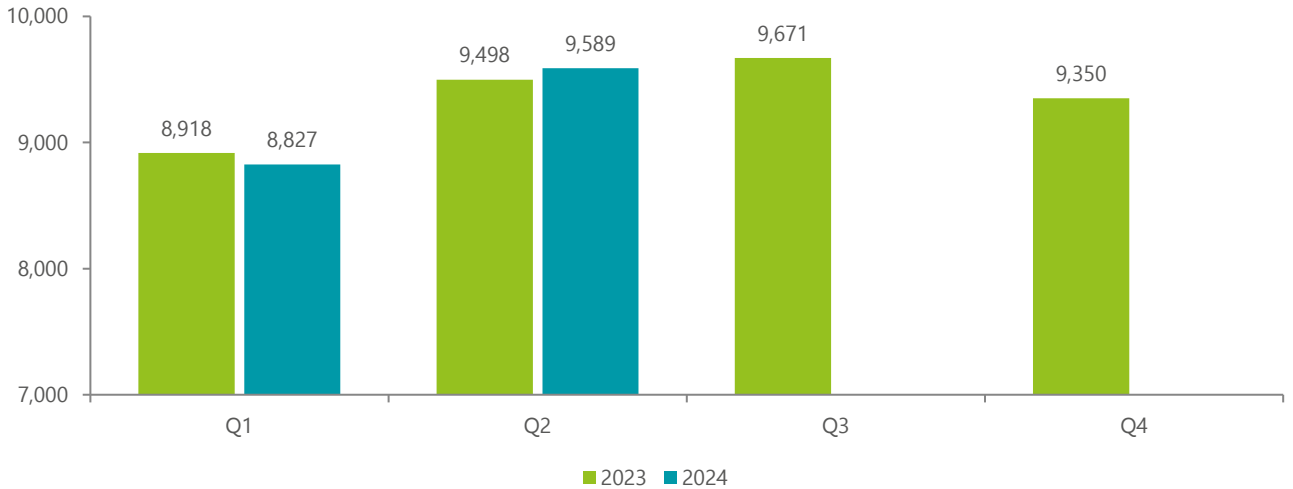
Note 2 – EBITDA

Due to fewer working days and more public holidays, a comparison of the first half of 2024 with the first half of the previous year is only possible to a limited extent.

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 stabilizes.

DEVELOPMENT NUMBER OF EMPLOYEES

Total number of employees

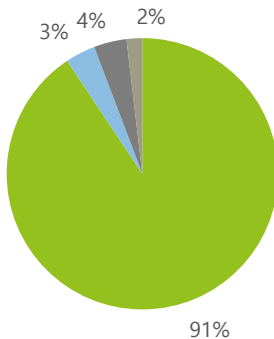


Note

While the temporary employee market in Germany shrank by around 5% compared to 2023, Tempton was able to make up for the slight decline in Q1 2024, grow by 8.6% compared to the previous quarter and by 1% compared to Q2 2023.

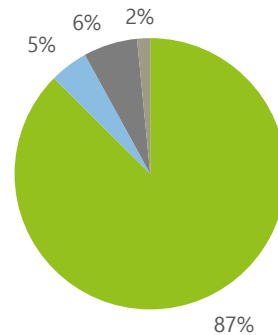
Development Business Segments⁷ Q2 2024

Turnover (percent)



■ Personnel Services
 ■ Next Level
■ Technology
 ■ Outsourcing

Gross profit (percent)

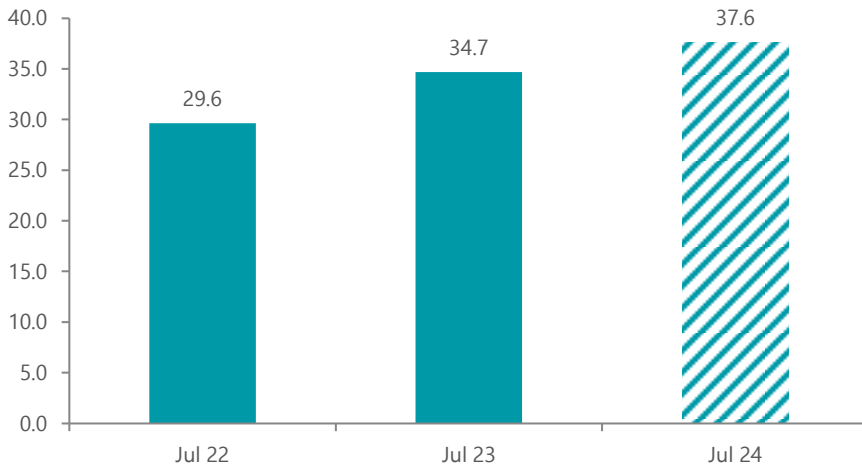


■ Personnel Services
 ■ Next Level
■ Technology
 ■ Outsourcing

⁷ Turnover and gross profit according to internal reporting.

OUTLOOK – July 2024

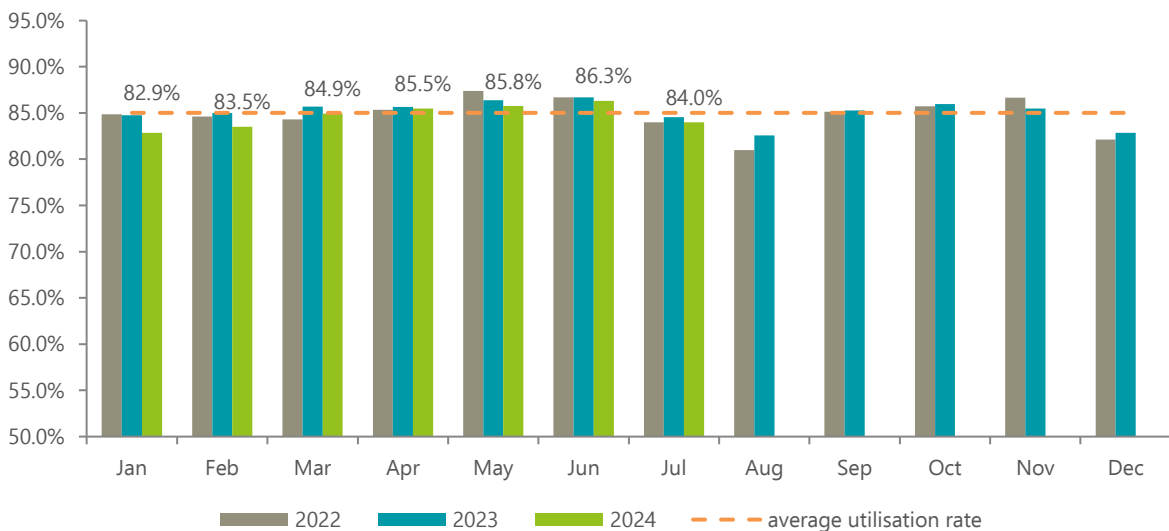
Total income comparison July YoY (in m€)



Note

The total income expectation for July 2024 is around EUR 37.6 million. This means that total income in July 2024 is EUR 2.9 million higher compared to July 2023 and EUR 8.0 million higher compared to July 2022.

Development of the utilisation rate



COMMENTS RE. FINANCIAL STATEMENTS

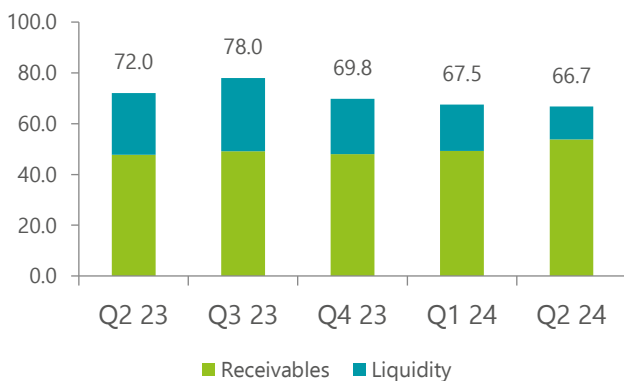
Consolidation

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 18.2 million in Q1 2024 to EUR 12.9 million in Q2 2024, while continuously investing 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. Due to the exceptionally high number of public holidays in Q2 2024, there was a further cash outflow that affected the entire personnel services industry equally. In addition, Tempton has grown liquid receivables of EUR 53.8 million as of June 30, 2024, compared to EUR 49.3 million as of March 31, due to expanding revenues.

Liquidity and receivables (in m€)



COMMENTS RE. FINANCIAL STATEMENTS

Key figures (in m€)

Leverage ratio

EBITDA LTM **4.2**

Net Debt

Bond loan 25.2
Own shares -3.3
Bond loan without own shares 21.9
Cash balance 12.9

Net debt **9.0**

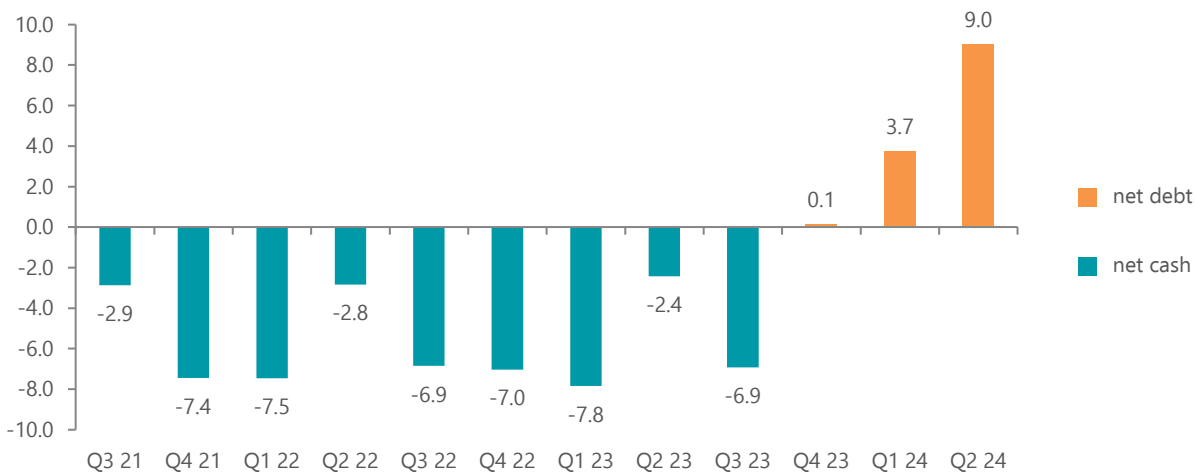
Net Leverage ratio **2.2**

Interest cover ratio

Interest expense 1.5

Interest cover ratio **2.8**

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 overall negative sentiment throughout the German economy and 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, 23.08.2024

Dr. Annett Tischendorf
CEO

Oliver Hecker
CFO

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q2 24	1-6/2024	Q2 23	1-6/2023
Revenues		100,568,774	197,887,193	95,959,654	186,433,213
Change in the inventory of finished goods and work in process		-427,624	-483,030	58,064	631,290
Other operating income		957,488	1,878,457	789,451	1,539,478
Total income		101,098,638	199,282,620	96,807,169	188,603,982
Material costs					
costs of raw material, supplies, operating material and acquired goods		285,778	512,989	285,054	635,391
costs of services acquired		2,932,327	6,741,729	2,568,796	5,319,022
		3,218,104	7,254,718	2,853,850	5,954,413
Personnel costs					
wages and salaries		70,955,898	139,966,228	68,926,252	130,711,682
social security and expenses for old age pensions and support		16,310,505	32,301,809	16,092,108	30,481,585
	1	87,266,403	172,268,037	85,018,361	161,193,267
Depreciation		993,079	2,417,739	1,091,213	2,093,168
Other operating expenses	1	10,319,601	19,744,031	9,451,419	18,294,661
Other interest and similar income		107,556	193,045	110,605	135,685
Interest and similar expenses		369,196	736,752	391,999	763,169
Taxes		445,142	1,023,053	405,078	812,643
Profit after taxes		-1,405,332	-3,968,665	-2,294,145	-371,654
Other taxes		5,171	10,342	4,817	9,633
Group annual surplus		-1,410,503	-3,979,008	-2,298,962	-381,288
Profit carried forward previous year			26,047,231		25,333,033
Profit carried forward			22,068,223		24,951,745

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 June 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		3,719,995	3,538,551
2. Goodwill		9,880,188	10,426,287
		13,600,183	13,964,838
II. Tangible assets			
1. Real estate, titles to land and buildings including buildings on third party land		3,988,495	4,031,213
2. Technical equipment and machines		33,352	35,770
3. Other plants, office fixtures and fittings		6,717,191	6,830,234
		10,739,038	10,897,217
III. Financial assets			
1. Long term investments		3,151,600	3,151,600
CURRENT ASSETS			
I. Inventories			
		4,059,608	4,601,942
II. Receivables and other assets			
1. Receivables of deliveries and services		53,830,132	48,040,861
2. Other assets		8,079,254	7,676,806
		61,909,386	55,717,668
III. Cash on hand, bank balances			
		12,862,513	21,775,019
PREPAID EXPENSES		1,197,714	745,357
TOTAL ASSETS		107,520,041	110,853,642

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 June 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		22,068,223	26,047,231
		24,902,415	28,881,423
PROVISIONS			
1. Provisions for pensions and similar obligations		3,308,725	3,208,403
2. Provisions for taxes		1,878,185	1,974,558
3. Other provisions		21,958,384	21,961,726
		27,145,294	27,144,687
LIABILITIES			
1. Loans and borrowings		25,174,826	25,174,826
2. Advance payments received on orders		2,821,606	2,423,943
3. Liabilities from supplies and services		4,012,694	3,202,736
4. Other liabilities		23,248,477	23,693,658
		55,257,604	54,495,164
DEFERRED INCOME		214,727	332,368
TOTAL EQUITY AND LIABILITIES		107,520,041	110,853,642

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q2 24	1-6/2024	1-6/2023
Profit for the period (consolidated net income for the financial year)		-1,410	-3,979	-381
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		993	2,418	2,093
Increase/decrease in provisions		-2,373	1	1,956
Other non-cash expenses/income		-16	-33	-42
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		-3,982	-6,102	-10,212
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		2,342	645	4,216
Interest expense/interest income		262	544	627
Cash flows from operating activities		-4,184	-6,506	-1,743
Payments to acquire tangible fixed assets		-878	-1,895	-2,325
Acquisition of financial assets		0	0	-746
Interest received		108	193	136
Cash flows from investing activities		-770	-1,702	-2,935
Interest paid for financial loans and factoring		-354	-704	-721
Cash flows from financing activities		-354	-704	-721
Net change in cash funds		-5,308	-8,912	-5,399
Cash funds at the beginning of period		18,171	21,775	29,725
Cash funds at the end of period		12,863	12,863	24,326

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).

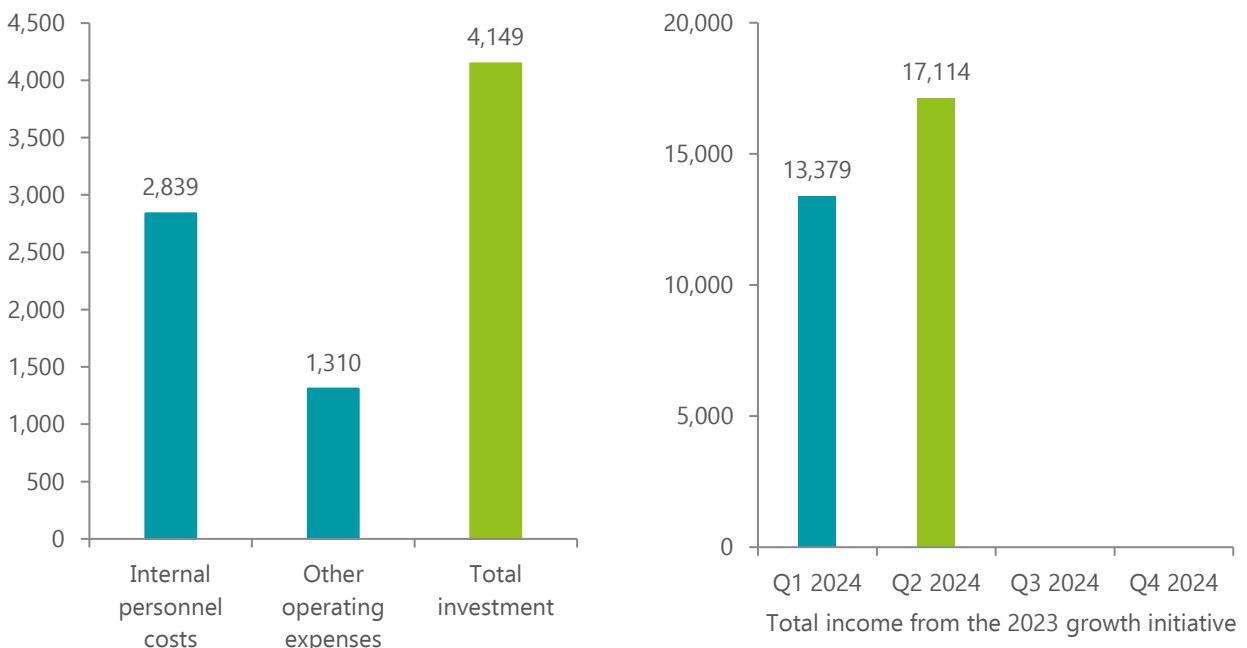
Note 1 - Investment in organic growth

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, at the cost of the temporary decline in profitability Tempton is positioning itself ever more broadly and gaining additional stability in addition to 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 is gaining momentum, thus avoiding extraordinary investment.

The growth initiative itself is already showing significant success. The additional branches contributed EUR 17.1 million of Revenue in Q2 2024, while the structural costs of the new branches amounted to EUR 4.1 million in Q2 2024.

Q2 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 11,500 corporate clients in many different industries rely on us to provide them with attractive HR solutions of every kind.

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