

tempton

INTERIM REPORT
Q3 2021

TEMPTON Group

Q3 2021 HIGHLIGHTS

TOTAL INCOME

89.1 m€

GROSS PROFIT

23.3 m€

EBITDA

7.6 m€

BEST Q3 IN TEMPTON HISTORY WITH ALL-TIME HIGH REVENUE AND EBITDA

	Q3 COMPARISON		
	2019	2020	2021
Total income	61.8	59.2	89.1
Gross profit	17.1	16.3	23.3
EBITDA	4.8	4.0	7.6
%	7.8%	6.8%	8.5%

BEST YTD IN TEMPTON HISTORY WITH ALL-TIME HIGH REVENUE AND EBITDA

	01-09 COMPARISON		
	2019	2020	2021
Total income	169.2	152.7	235.2
Gross profit	42.2	39.1	57.9
EBITDA	8.1	3.5	14.7
%	4.8%	2.3%	6.2%

TEMPTON seamlessly continues first-class performance in Q3/2021. The third quarter is traditionally a strong quarter in the German personnel services industry. The actual results exceeded this expectation in terms of revenue and earnings. Compared to Q3 2019 (Q3 2020 is not representative due to COVID-19 effects), TEMPTON increased total revenue by 44%, EBITDA by 58%.

DEVELOPMENT TOTAL MARKET GERMANY

Mid-term development of BC Index Germany Q2 2021 vs. Q3 2021¹

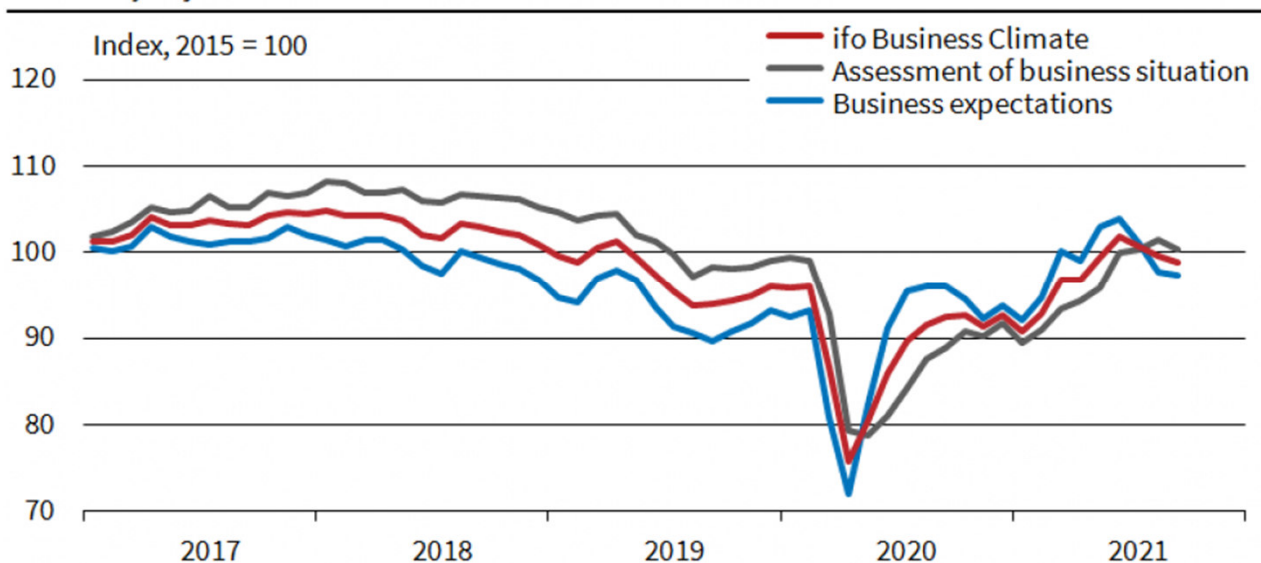


Note

The ifo Business Climate Index declined from 101.8 points in June to 98.8 points in September. Looking at the mid-term trend, the ifo Index has fallen.

Short-term development of BC Index Germany Aug. 21 vs. Sep. 21¹

ifo Business Climate Germany^a Seasonally adjusted



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

Source: ifo Business Survey, September 2021.

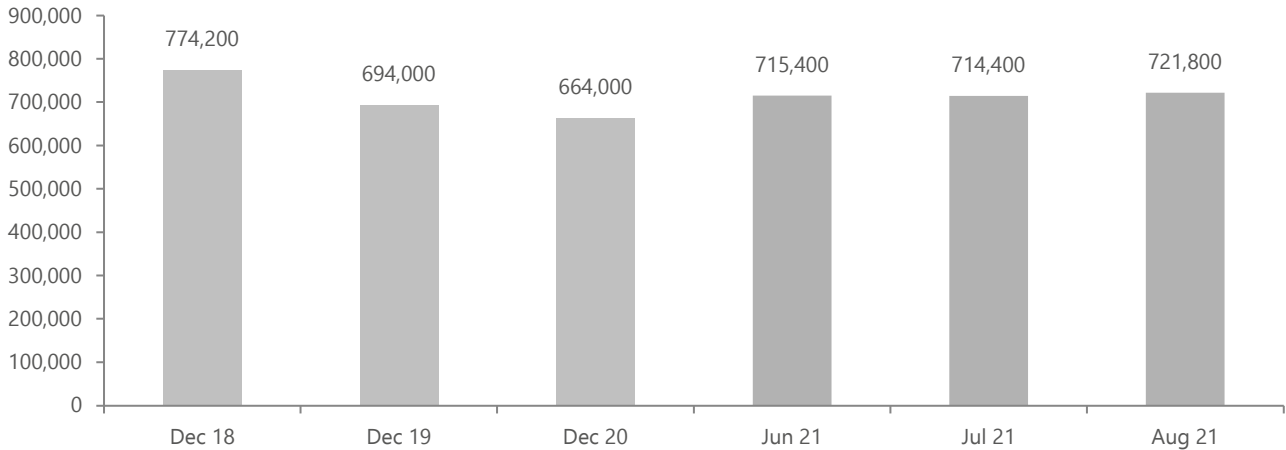
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Sentiment in the German economy has suffered another setback. The ifo Business Climate Index fell from 99.6 points in August (seasonally adjusted) to 98.8 points in September. This is the third consecutive fall. Companies were less satisfied with their current business. They were also more skeptical about the coming months. Problems in the procurement of raw materials and intermediate products are putting the brakes on the German economy. Manufacturing is experiencing a bottleneck recession.¹

¹ <https://www.ifo.de/en>

DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

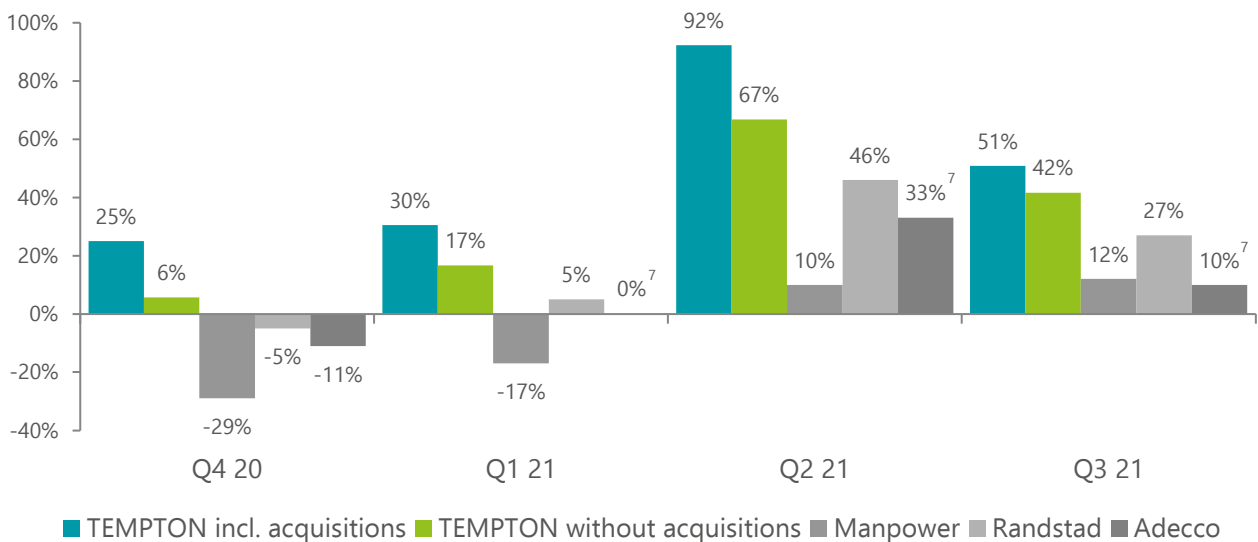
Temporary Employees Germany²



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}



Note

The reporting period for acquisitions is twelve months, which is MONDI for Q3 21.

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

³ TEMPTON turnover according to internal reporting.

⁴ <https://www.adecogroup.com/investors/>

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

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

⁷ The analysis refers to the DACH region.

KEY FIGURES – GENERAL OVERVIEW

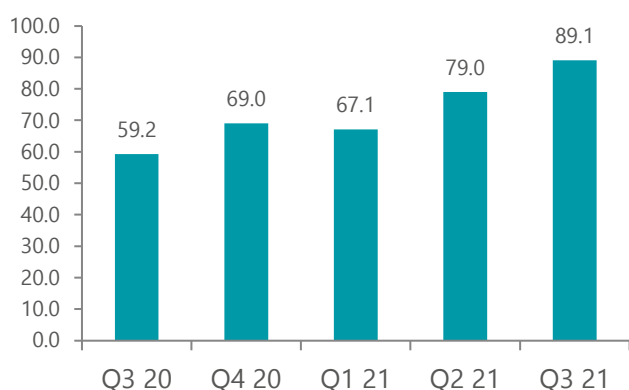
General note

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).

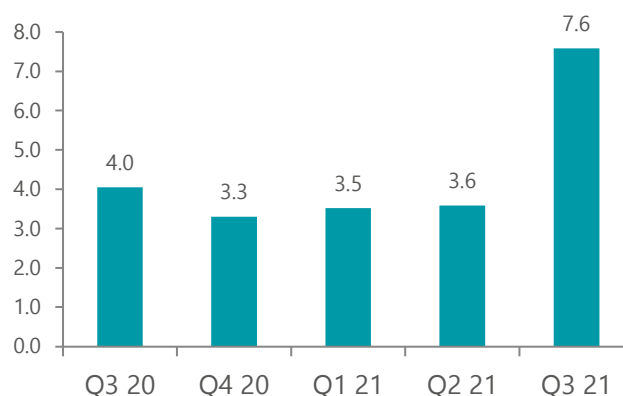
Key figures

in m€	Q3 21	Q2 21	Q3 20	01-09/2021	01-09/2020
Total income	89.1	79.0	59.2	235.2	152.7
OPEX	81.5	75.4	55.2	220.5	149.2
EBITDA	7.6	3.6	4.0	14.7	3.5
%	8.5%	4.5%	6.8%	6.2%	2.3%

Total income (in m€)^{Note 1}



EBITDA (in m€)^{Note 2}



Note 1 – Total income

In Q3 2021, TEMPTON achieved the highest total income for a third quarter in the company's history.

Note 2 - EBITDA

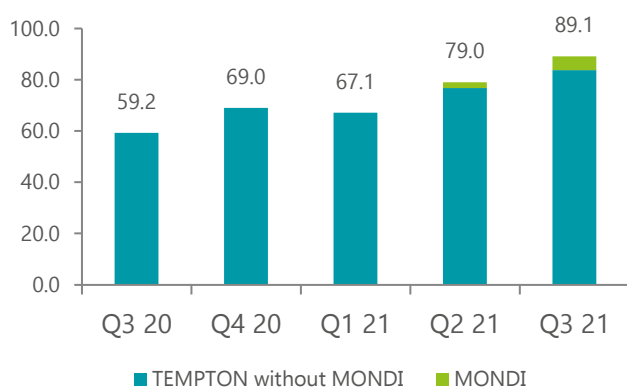
In Q3 2021, EBITDA amounted to 7.6 m€. This corresponds to an increase of 3.6 m€ compared to the previous year. The EBITDA margin of 8.5% (Q3 2019: 7.8%) is an excellent figure.

KEY FIGURES – DETAILED ELEVATION

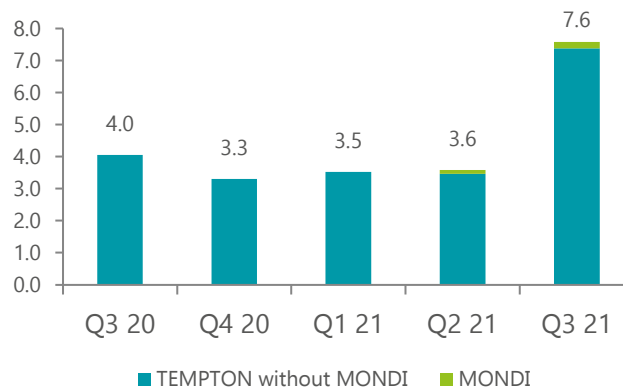
Key figures Q3 2021

in m€	Tempton w/o MONDI	MONDI	Tempton incl. MONDI
Total income	83.7	5.4	89.1
OPEX	76.3	5.2	81.5
EBITDA	7.4	0.2	7.6
%	8.8%	3.8%	8.5%

Total income (in m€)



EBITDA (in m€)

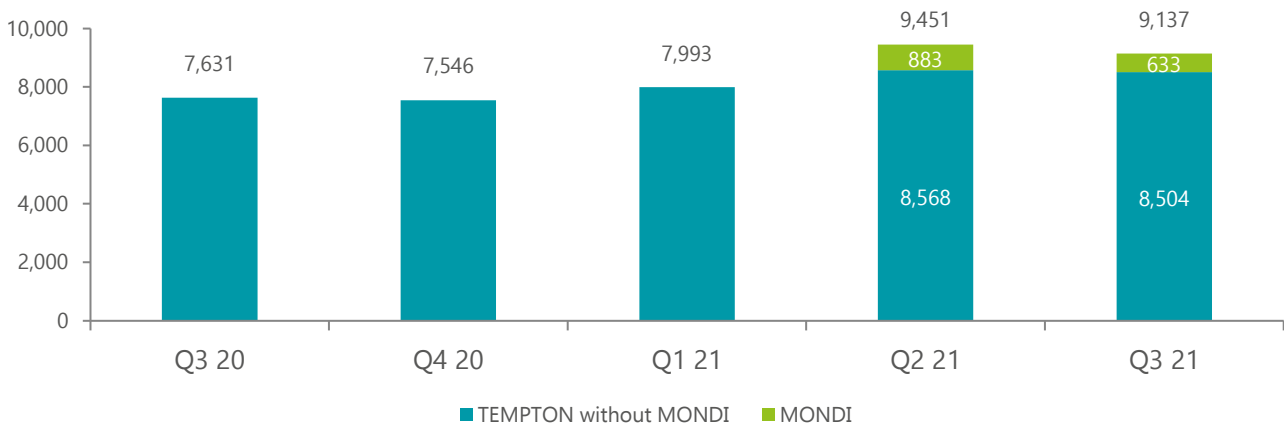


Note

MONDI acquisition was closed on 2 June 2021.

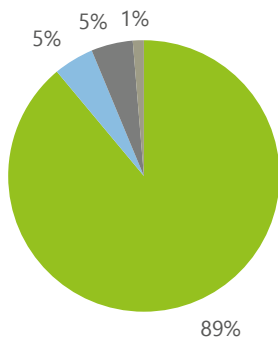
DEVELOPMENT NUMBER OF EMPLOYEES

Total number of employees



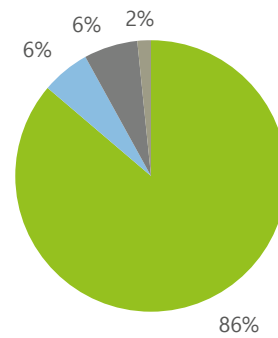
Development Business Segments⁸

Turnover by Business Segment – Q3 21 (percent)



■ Personnel services
 ■ Next Level
■ Technical services
 ■ Outsourcing

Gross profit by Business Segment – Q3 21 (percent)

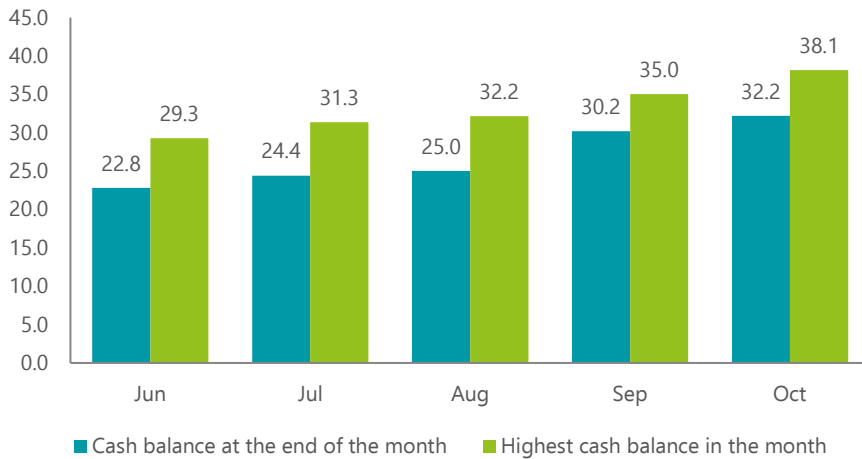


■ Personnel services
 ■ Next Level
■ Technical services
 ■ Outsourcing

⁸ Turnover and gross profit according to internal reporting.

OUTLOOK - OCTOBER

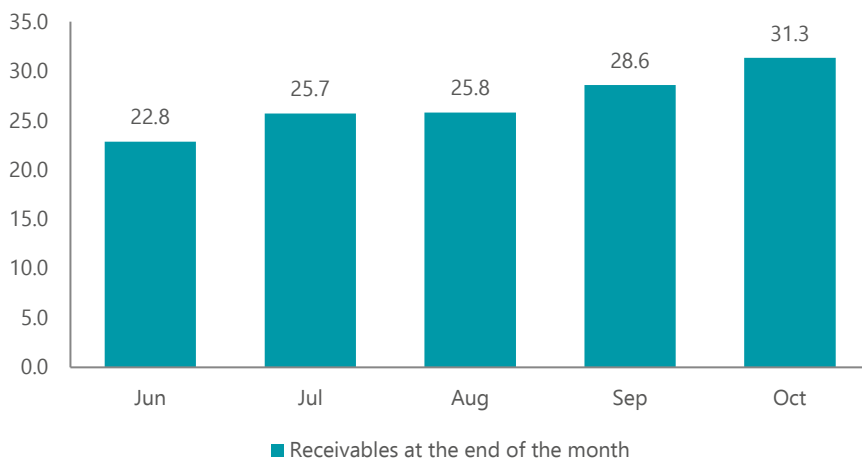
Development of cash balance (in m€)



Note

Liquidity typically fluctuates during the month. At the end of each month, liquidity funds are at their minimum.

Development of receivables (in m€)



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 22.8 million in Q2 21 to EUR 30.2 million in Q3 21.

Key figures (in m€)

Leverage ratio		Interest cover ratio	
EBITDA LTM	18.0	Interest expense	2.2
Net Debt		Interest cover ratio	8.3
Bond loan	27.4		
Cash balance	30.2		
Net debt	-2.9		
Net Leverage ratio	-0.2		

Note

Partial redemption of the bond in the amount of EUR 3,000,000.00 in July.

Main risk factors

In particular due to its diversified customer structure, TEMPTON does not see any significant risks for the remainder of 2021. TEMPTON will be able to compensate well for production losses in the manufacturing industry, which are caused by the current shortage of raw materials and which consequently lead to lower demand for temporary work.

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:

DB2 means earnings before interests, taxes and depreciation (without financing costs for limited factoring on the level of TEMPTON Technik GmbH, TEMPTON Next Level Experts GmbH and TEMPTON Outsourcing GmbH).

GROSS PROFIT means total income after deducting cost of leasing staff and cost of materials.

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, 17.11.2021

Dr. Annett Tischendorf
CEO

Frank Seipenbusch
CFO

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q3 21	01-09/2021	Q3 20	01-09/2020
Revenues		88,232,327	232,289,796	58,509,285	150,540,759
Change in the inventory of finished goods and work in process		205,553	1,124,839	186,373	349,148
Other operating income		657,858	1,767,832	553,358	1,795,182
Total income		89,095,739	235,182,467	59,249,016	152,685,089
Material costs					
costs of raw material, supplies, operating material and acquired goods		388,731	1,237,211	487,414	1,845,997
costs of services acquired		2,919,877	8,302,937	2,082,852	5,240,137
		3,308,608	9,540,148	2,570,266	7,086,134
Personnel costs					
wages and salaries		57,640,517	155,190,741	38,272,276	102,318,529
social security and expenses for old age pensions and support		13,468,682	36,339,583	8,760,856	23,390,376
		71,109,199	191,530,323	47,033,132	125,708,906
Depreciation		976,527	2,635,989	748,491	1,991,197
Other operating expenses		7,099,464	19,431,112	5,596,193	16,418,993
Other interest and similar income		2,848	11,309	2,168	10,615
Interest and similar expenses		586,690	1,647,609	557,457	1,600,502
Taxes		983,838	1,891,533	486,879	1,155,469
Profit after taxes		5,034,261	8,517,061	2,258,766	-1,265,496
Other taxes		4,728	14,184	4,791	14,372
Group annual surplus/ annual deficit		5,029,533	8,502,877	2,253,975	-1,279,869

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 2021	31 December 2020
ASSETS			
FIXED ASSETS			
I. Intangible assets			
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values		1,789,074	1,567,226
2. Goodwill		13,756,321	12,728,236
		15,545,395	14,295,463
II. Tangible assets			
1. Real estate, titles to land and buildings including buildings on third party land		3,941,803	3,850,579
2. Technical equipment and machines		47,690	73,094
3. Other plants, office fixtures and fittings		4,721,409	4,595,722
		8,710,902	8,519,395
CURRENT ASSETS			
I. Inventories			
		3,007,393	1,651,793
II. Receivables and other assets			
1. Receivables of deliveries and services		40,281,473	25,582,313
2. Receivables from affiliated enterprises		0	11,045
3. Other assets		4,962,184	5,793,748
		45,243,657	31,387,106
III. Cash on hand, bank balances			
		30,248,233	24,177,034
PREPAID EXPENSES			
		1,035,956	1,141,793
TOTAL ASSETS			
		103,791,535	81,172,584

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 2021	31 December 2020
EQUITY AND LIABILITIES			
EQUITY			
I. Subscribed capital		25,000	25,000
own shares		-8,500	-8,500
		16,500	16,500
II. Capital reserves		500,000	500,000
III. Profit carried forward/losses carried forward		18,566,071	9,912,418
		19,082,571	10,428,918
PROVISIONS			
1. Provisions for pensions and similar obligations		2,945,269	2,908,601
2. Provisions for taxes		3,839,744	2,093,986
3. Other provisions		23,272,088	16,078,938
		30,057,101	21,081,525
LIABILITIES			
1. Loans and borrowings	1	27,378,500	30,420,000
2. Liabilities due to credit institutions		0	67
3. Liabilities from supplies and services		2,344,092	2,282,948
4. Liabilities due to affiliated enterprises		4,590	4,590
5. Other liabilities		23,934,780	16,347,202
		53,661,963	49,054,808
DEFERRED INCOME		989,900	607,333
TOTAL EQUITY AND LIABILITIES		103,791,535	81,172,584

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q3 21	01-09/2021	01-09/2020
Profit for the period				
(consolidated net income for the financial year)		5,030	8,503	-1,280
Depreciation, amortisation and write-downs				
of fixed assets/reversals of such write-downs		977	2,636	1,991
Increase/decrease in provisions		5,538	8,906	643
Other non-cash expenses/income		-99	-216	-170
Increase/decrease in inventories, receivables				
for deliveries and services and other assets				
not related to investing or financing activities		872	-14,708	-4,533
Increase/decrease in liabilities from supplies				
and services and other liabilities				
not related to investing or financing activities		-490	8,122	663
Interest expense/interest income		584	1,636	1,590
Cash flows from operating activities		12,411	14,879	-1,095
Payments to acquire tangible fixed assets		-1,417	-4,346	-4,027
Interest received		3	11	7
Cash flows from investing activities		-1,414	-4,336	-4,020
Proceeds from borrowings		0	0	0
Cash repayments of bonds and borrowings		-3,000	-3,000	-154
Interest paid for financial loans and factoring		-487	-1,431	-1,427
Change in other financial liabilities		-37	-42	0
Cash flows from financing activities		-3,524	-4,472	-1,581
Net change in cash funds		7,473	6,071	-6,696
Cash funds at the beginning of period		22,775	24,177	26,924
Cash funds at the end of period		30,248	30,248	20,228

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 – Loans and borrowings

Partial redemption of the bond in the amount of EUR 3,000,000.00 in July.

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.

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