



INTERIM REPORT Q3 2020

TEMPTON Group



Q3 2020 HIGHLIGHTS

TOTAL INCOME

59.2 m€

GROSS PROFIT

16.3 m€

EBITDA

4.0 m€

RECENT ACQUISITIONS

On 1 September 2020, TEMPTON acquired TRIA out of insolvency. TRIA is one of the most renowned German personnel service providers (turnover FY 2019: EUR 90 Million, turnover FY 2020 EUR 35-40 Million). TEMPTON took over TRIA's operational business, which is supported by more than 30 branches. As a result, TEMPTON has risen from 15th place to TOP 10 among the largest German personnel service companies.

CURRENT DEVELOPMENT IFO INDEX

ifo: +8.35%

CURRENT DEVELOPMENT TEMPTON

TEMPTON*: +13.15%

* Total number of employees w/o TRIA

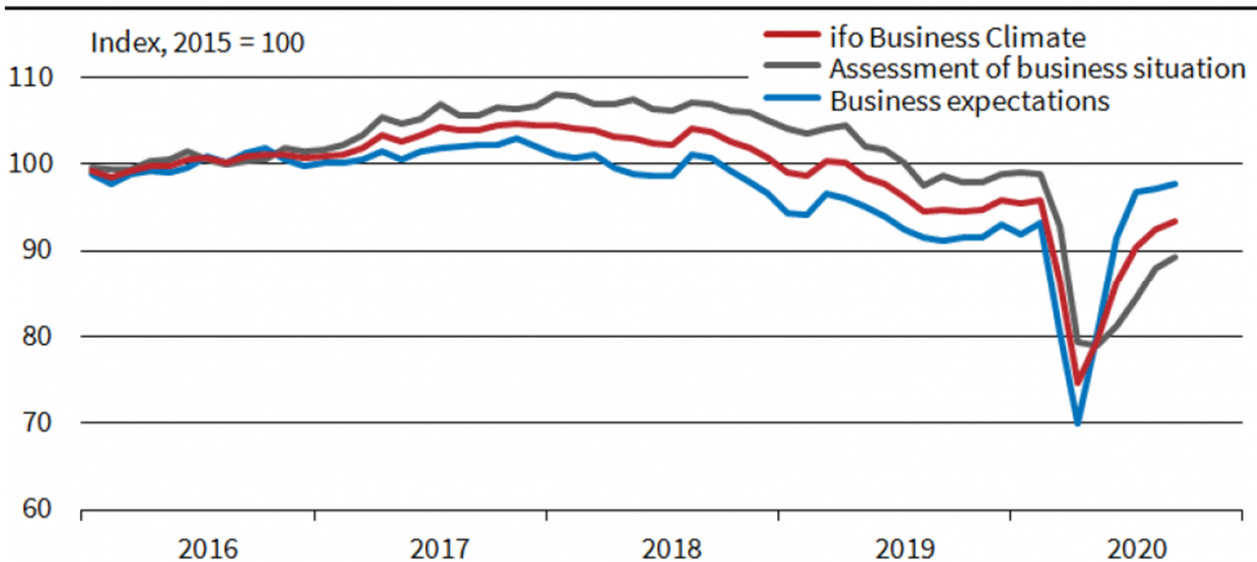
Measured in absolute figures, sales and earnings of TEMPTON (defined as TEMPTON Group GmbH and all legal entities affiliated with TEMPTON Group GmbH within the meaning of Section 17 of the German Stock Corporation Act (AktG)) recovered significantly in the third quarter. The apparent development in the third quarter confirms our chosen strategy of not reducing staff. As planned, TEMPTON has already been able to gain market share in the third quarter. The successful acquisition and integration of TRIA gives an additional push.



DEVELOPMENT TOTAL MARKET GERMANY

Development of Business Climate Index Germany¹

ifo Business Climate Germany^a Seasonally adjusted



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

Source: ifo Business Survey, September 2020.

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Sentiment among German managers has further improved: the ifo Business Climate Index climbed to 93.4 points in September, after 92.5 points in August. The companies once again assessed their current situation as better than in the previous month. They also expect their business to recover further. The German economy is stabilizing despite rising infection numbers.¹

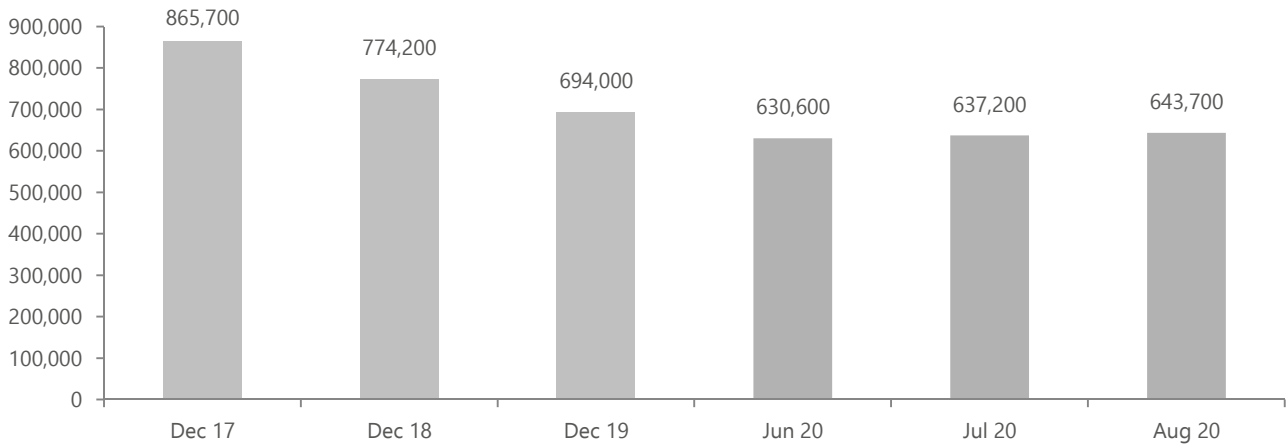
Note



¹ <https://www.ifo.de/en>

DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

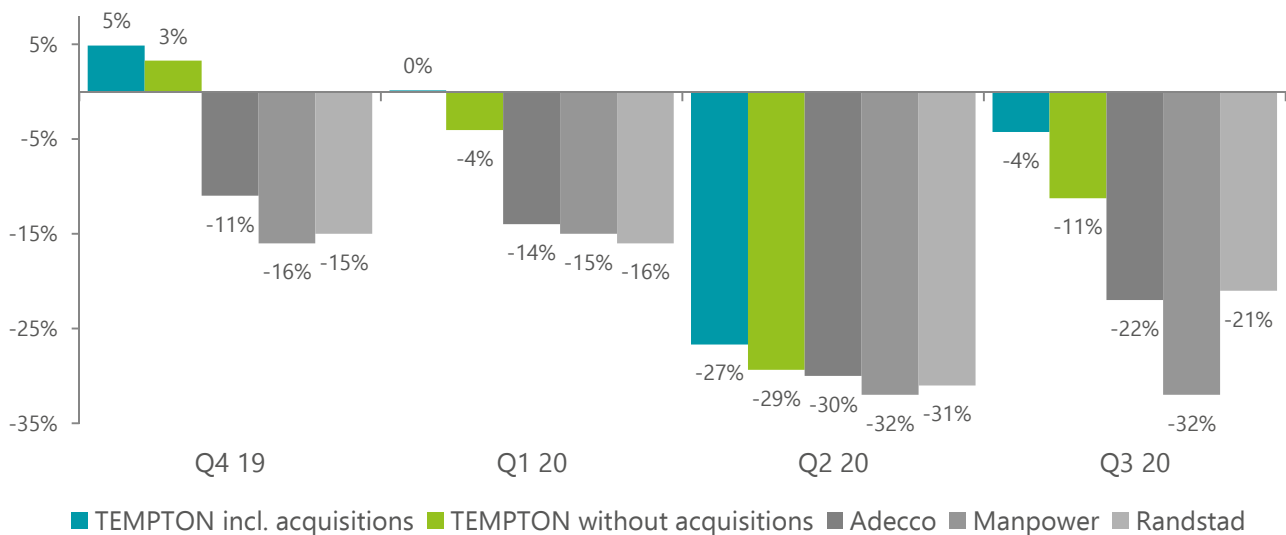
Temporary Employees Germany²



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.

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

³ TEMPTON turnover according to internal reporting.

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

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

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

KEY FIGURES

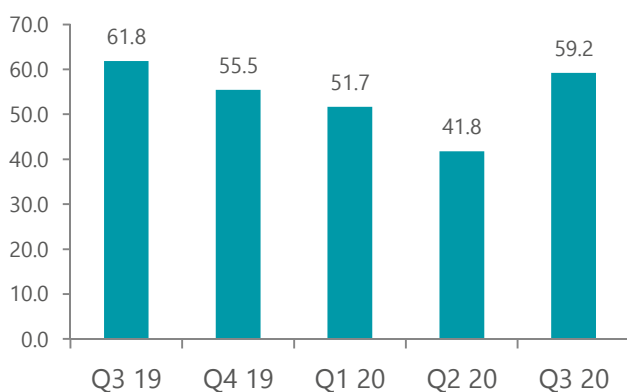
General note

The seasonal fluctuations in the turnover and EBITDA curve are typical for the temporary employment industry (timing of public holidays in the first and second quarter, strong capacity utilization in the third quarter).

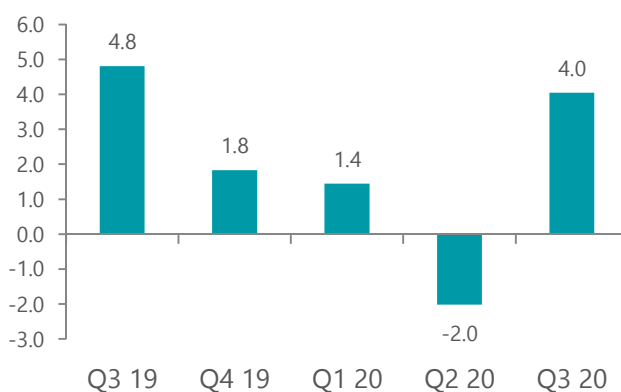
Key figures

in m€	Q3 20	Q2 20	Q3 19	01-09/2020	01-09/2019
Total income	59.2	41.8	61.8	152.7	169.2
OPEX	55.2	43.8	57.0	149.2	161.1
EBITDA	4.0	-2.0	4.8	3.5	8.1
%	6.8%	-4.8%	7.8%	2.3%	4.8%
EBITDA adjusted	4.0	-2.0	4.9	3.5	8.3
%	6.8%	-4.8%	7.9%	2.3%	4.9%

Total income (in m€)^{Note 1}



EBITDA (in m€)^{Note 2}



Note 1 – Total income

The total income recovered significantly in the third quarter. In direct comparison with the previous year, total income decreased by EUR 2.6 million. In direct comparison to the previous quarter, total income increased by EUR 17.4 million.

Note 2 - EBITDA

The EBITDA of the third quarter reflects the continuous normalisation of the business.

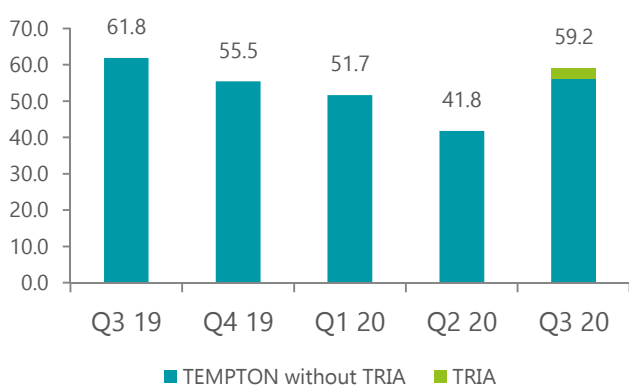


KEY FIGURES WITHOUT TRIA

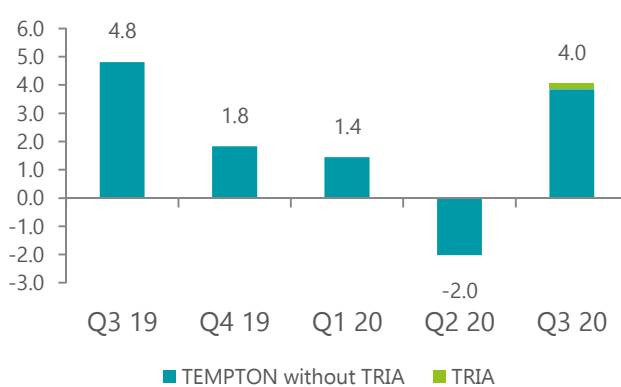
Key figures Q3 2020

in m€	TEMPTON w/o TRIA	TRIA	TEMPTON incl. TRIA
Total income	56.2	3.0	59.2
OPEX	52.4	2.8	55.2
EBITDA	3.8	0.2	4.0
%	6.8%	6.6%	6.8%

Total income (in m€)



EBITDA (in m€)



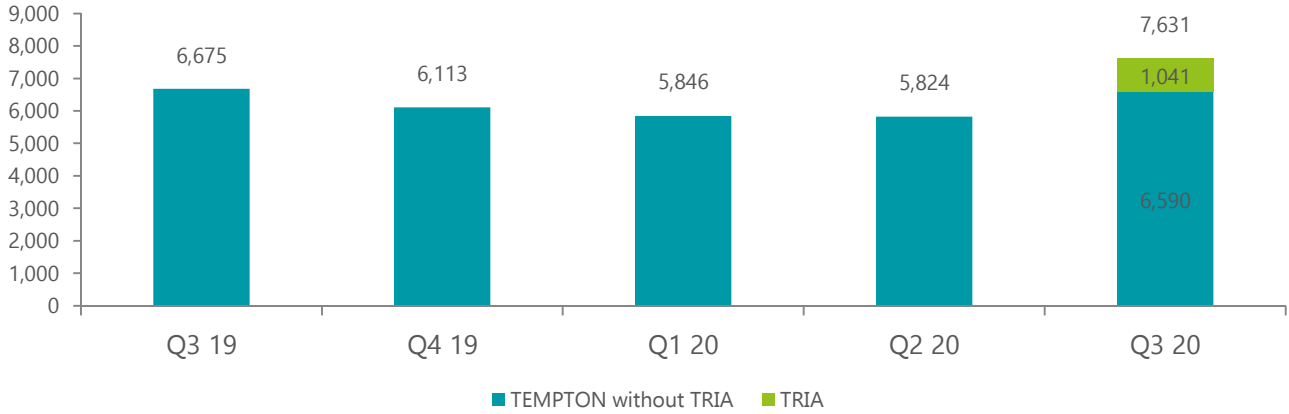
Note

The key figures presented are intended to show how TEMPTON has performed in Q3 2020 without TRIA (date of acquisition: 01.09.2020).



DEVELOPMENT OPERATIONS TEMPTON

Total number of employees

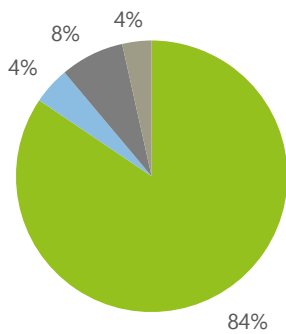


Note

Without TRIA, TEMPTON managed to increase the total number of employees by 13.15%, compared to the previous quarter.

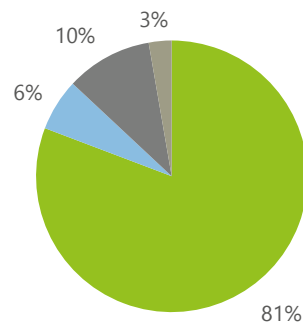
Development Business Segments⁷

Turnover by Business Segment – Q3 20 (Percent)



■ Personnel services ■ Next Level
■ Technical services ■ Outsourcing

Gross profit by Business Segment – Q3 20 (Percent)



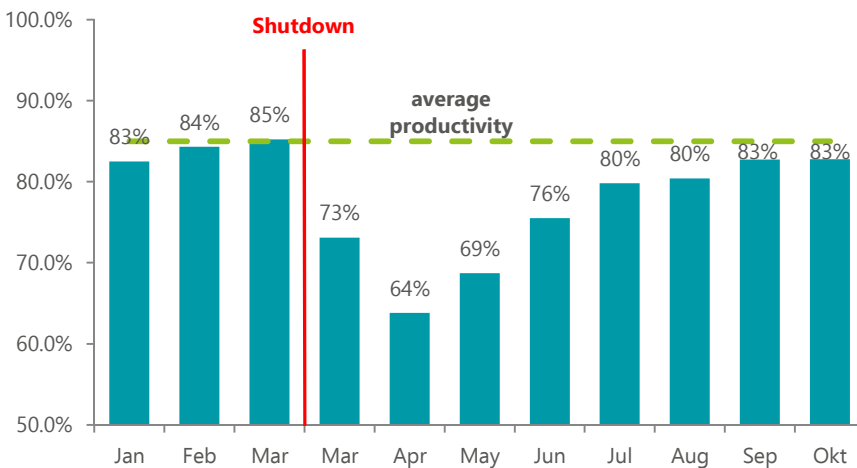
■ Personnel services ■ Next Level
■ Technical services ■ Outsourcing

⁷ Turnover and gross profit according to internal reporting.

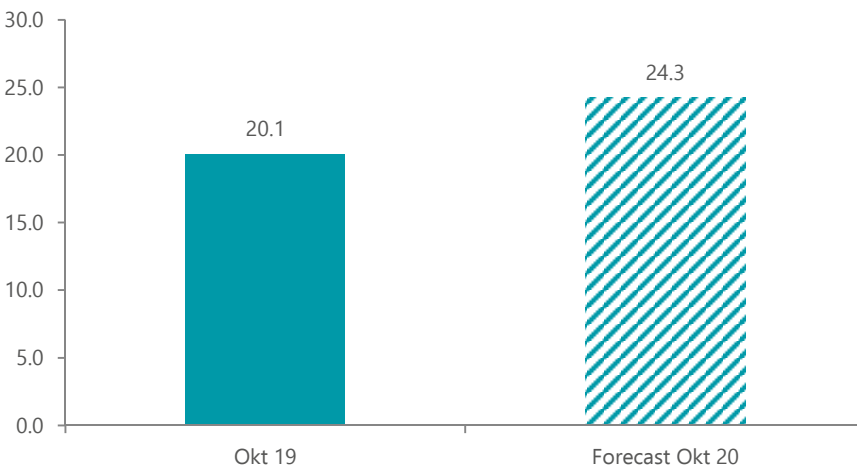
OUTLOOK

Despite the fact that the number of infections in Germany is on the rise again, TEMPTON has not yet felt any negative effects on the demand side. In direct comparison to the same quarter of the previous year, we currently expect significant growth in sales and earnings. Additional earnings potential lies in the fact that productivity has not yet fully returned to a normal state.

Development of productivity



Turnover comparison October YoY



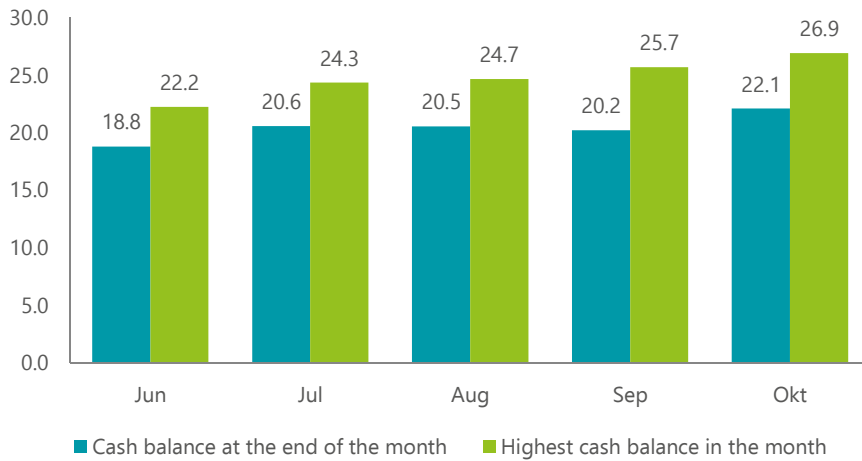
Note

Compared to last year, we expect a turnover of EUR 24.3 million for this October, resulting in a growth of EUR 4.2 million.



OUTLOOK

Development of cash balance



Note

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



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 18.8 million in Q2 20 to EUR 20.2 million in Q3 20.

Key figures (in m€)

Leverage ratio

EBITDA LTM	5.3
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Net Debt

Bond loan	30.4
Cash balance	20.2

Net debt	10.2
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Net Leverage ratio	1.9
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Interest cover ratio

Interest expense	2.2
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Interest cover ratio	2.4
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Main risk factors

At a cursory glance, the great uncertainty as to how the (negative) economic effects of COVID-19 will turn out for the rest of 2020 and over the course of 2021 surely represents the main risk factor currently. However, a longer reverberation of the COVID-19 effects would also give TEMPTON the opportunity for further active market consolidation.

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, 20.11.2020

Dr. Annett Tischendorf
CEO

Frank Seipenbusch
CFO



CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q3 20	01-09/2020	Q3 19	01-09/2019
Revenues		58,509,285	150,540,759	60,964,508	167,284,401
Change in the inventory of finished goods and work in process		186,373	349,148	261,834	353,409
Other operating income		553,358	1,795,182	617,168	1,541,427
Total income		59,249,016	152,685,089	61,843,510	169,179,237
Material costs					
costs of raw material, supplies, operating material and acquired goods		487,414	1,845,997	343,872	772,073
costs of services acquired		2,082,852	5,240,137	1,692,220	4,585,685
		2,570,266	7,086,134	2,036,092	5,357,758
Personnel costs					
wages and salaries		38,272,276	102,318,529	40,322,803	114,845,583
social security and expenses for old age pensions and support		8,760,856	23,390,376	9,025,559	25,958,256
		47,033,132	125,708,906	49,348,362	140,803,839
Depreciation		748,491	1,991,197	606,282	1,596,042
Other operating expenses		5,596,193	16,418,993	5,651,031	14,966,387
Other interest and similar income		2,168	10,615	1,961	22,136
Interest and similar expenses		557,457	1,600,502	309,131	903,554
Taxes	1	486,879	1,155,469	9,789	521,324
Profit after taxes		2,258,766	-1,265,496	3,884,784	5,052,471
Other taxes		4,791	14,372	5,108	13,622
Group annual surplus/ annual deficit		2,253,975	-1,279,869	3,879,676	5,038,850



CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 2020	31 December 2019
ASSETS			
FIXED ASSETS			
I. Intangible assets			
1. Concessions, industrial property rights acquired for a consideration as well as licenses to such rights and values		1,492,834	1,293,736
2. Goodwill		12,460,114	11,658,953
		13,952,948	12,952,689
II. Tangible assets			
1. Real estate, titles to land and buildings including buildings on third party land		3,769,675	3,387,652
2. Technical equipment and machines		75,992	85,506
3. Other plants, office fixtures and fittings		3,908,751	3,245,994
		7,754,418	6,719,152
CURRENT ASSETS			
I. Inventories			
		1,986,301	1,722,095
II. Receivables and other assets			
1. Receivables of deliveries and services		26,612,116	23,243,476
2. Receivables from affiliated enterprises		27,100	27,411
3. Other assets		5,447,565	4,832,352
		32,086,781	28,103,240
III. Cash on hand, bank balances			
		20,228,573	26,924,313
PREPAID EXPENSES			
		1,292,240	1,007,331
TOTAL ASSETS			
		77,301,261	77,428,820



CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 2020	31 December 2019
EQUITY AND LIABILITIES			
EQUITY			
I. Subscribed capital own shares		25,000 -8,500 16,500	25,000 -8,500 16,500
II. Capital reserves		500,000	500,000
III. Profit carried forward/losses carried forward		8,226,993 8,743,493	9,506,861 10,023,361
PROVISIONS			
1. Provisions for pensions and similar obligations		2,774,498	2,613,834
2. Provisions for taxes		1,899,021	1,896,680
3. Other provisions		15,474,436 20,147,954	14,994,336 19,504,850
LIABILITIES			
1. Loans and borrowings		30,420,000	30,420,000
2. Liabilities due to credit institutions	2	0	154,244
3. Liabilities from supplies and services		2,099,808	1,978,212
4. Liabilities due to affiliated enterprises		4,590	4,590
5. Other liabilities		15,083,315 47,607,713	14,298,221 46,855,266
DEFERRED INCOME		802,100	1,045,342
TOTAL EQUITY AND LIABILITIES		77,301,261	77,428,820



CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q3 20	01-09/2020	01-09/2019
Profit for the period (consolidated net income for the financial year)		2,254	-1,280	5,039
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		748	1,991	1,596
Increase/decrease in provisions		3,847	643	728
Other non-cash expenses/income		-109	-170	-133
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		-7,362	-4,533	-7,222
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		4,457	663	3,359
Interest expense/interest income		555	1,590	881
Cash flows from operating activities		4,390	-1,095	4,249
Payments to acquire tangible fixed assets		-2,469	-4,027	-4,227
Interest received		2	7	5
Cash flows from investing activities		-2,467	-4,020	-4,223
Proceeds from borrowings		0	0	0
Cash repayments of bonds and borrowings		-51	-154	-6,900
Interest paid for financial loans and factoring		-448	-1,427	-753
Change in other financial liabilities		30	0	0
Cash flows from financing activities		-469	-1,581	-7,653
Net change in cash funds		1,454	-6,696	-7,627
Cash funds at the beginning of period		18,774	26,924	15,605
Cash funds at end of period		20,228	20,228	7,978



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 – Taxes

The change results from the current tax valuation.

Note 2 - Liabilities due to credit institutions

Full repayment of the remainder of the previous real estate financing as of 30.09.2020.



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 130 locations, regularly employing more than 8,000 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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