

tempton

INTERIM REPORT Q3 2024

Tempton Group

Q3 2024 HIGHLIGHTS

TOTAL INCOME

108.8 m€

GROSS PROFIT

27.4 m€

EBITDA

3.8 m€

CONTINUED MARKET SHARE
GROWTH, HIGH RESILIENCE

	Q3 COMPARISON		
	2022	2023	2024
Total income	92.6	106.0	108.8
Gross profit	24.2	27.7	27.4
EBITDA	5.9	5.0	3.8
%	6.4%	4.8%	3.5%

In light of the economic downturn, the temporary employment market in Germany reached a historic low of 606,700 temp employees in August 2024, marking an 11.3% decrease from the previous year and a reduction of 118,700 temp employees (16.4%) compared to the same period in 2022.

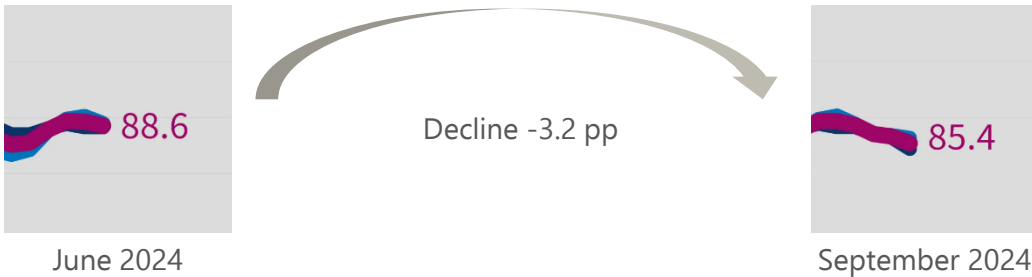
This decline significantly affected both the number of market participants and the economic conditions of the personnel staff leasing business in general. Despite the traditional peak seasonality in the third quarter, many market participants experienced a decrease in economic activity.

Contrary to the overall negative trend in the personnel staff leasing market, Tempton reported reasonable revenue growth and profitability in Q3 2024. Specifically, the company maintained a stable financial position, achieving a gross profit of €27.4 million and increasing total revenue to €108.8 million, which is €2.8 million higher than in Q3 2023.

The strategy Tempton consciously adopted years ago of gaining market share through a growth initiative on the one hand and becoming increasingly efficient and modern through a high degree of digitalisation on the other has clearly proven to be the right one. Even if the overall course of business is certainly not satisfactory, Tempton continues to develop positively against the general market trend and is proving to be resilient.

DEVELOPMENT TOTAL MARKET GERMANY

Mid-term development of BC Index Germany Q2 2024 vs. Q3 2024¹



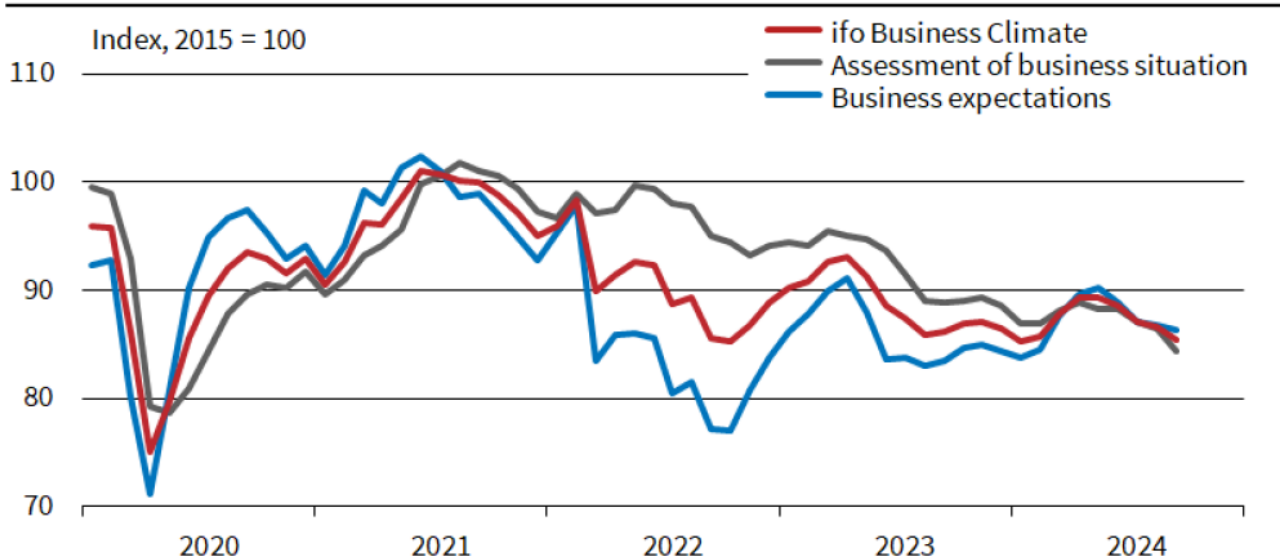
Note

Looking at the mid-term trend, the ifo Business Climate Index declined from 88.6 points in June 2024 to 85.4 points in September 2024.

Short-term development of BC Index Germany Aug. 24 vs. Sep. 24¹

ifo Business Climate Germany^a

Seasonally adjusted



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

Source: ifo Business Survey, September 2024.

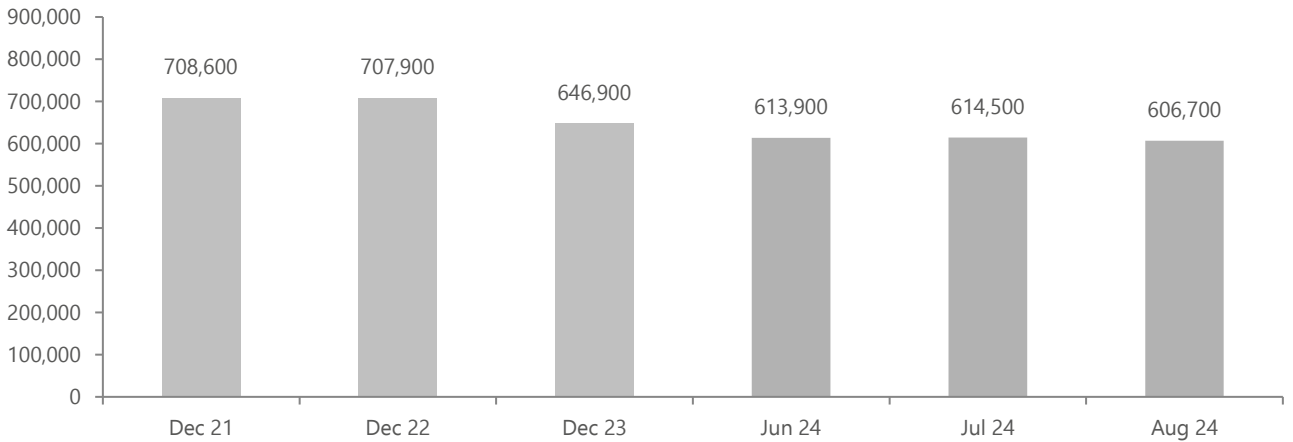
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Sentiment has once again deteriorated at companies in Germany. The ifo Business Climate Index fell in September to 85.4 points, from 86.6 points in August, the fourth decline in a row. The companies were particularly less satisfied with the current business situation. The outlook for the coming months continues to decline. The German economy is coming under ever-increasing pressure.¹

¹ <https://www.ifo.de>

DEVELOPMENT TEMPORARY EMPLOYMENT MARKET

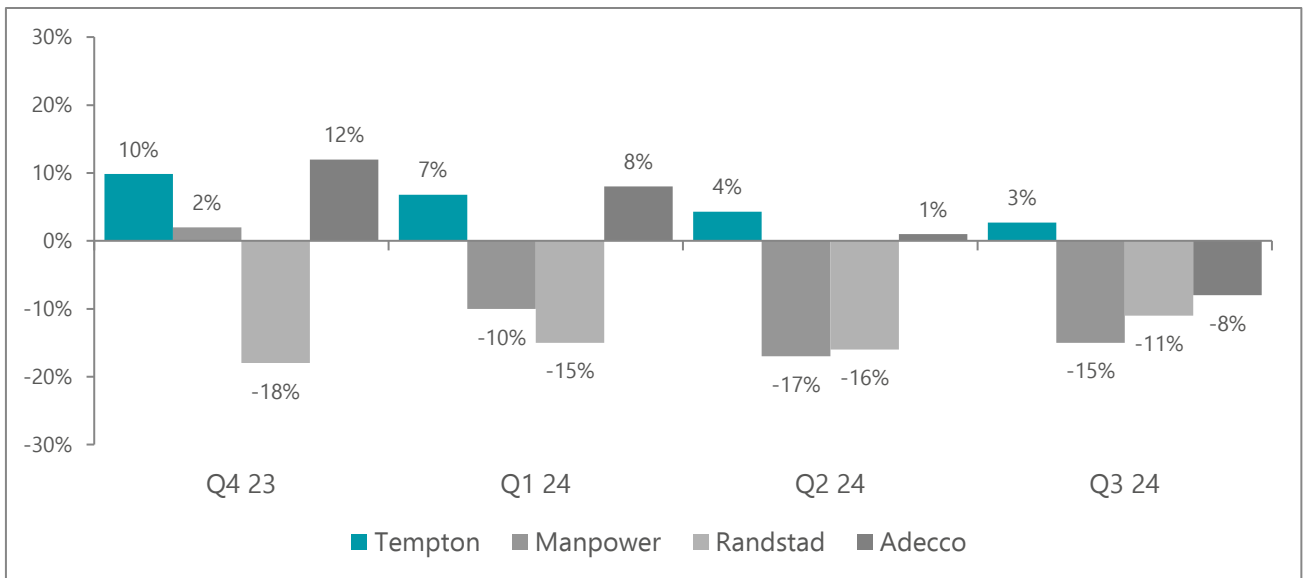
Temporary Employees Germany²



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/>

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

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

KEY FIGURES – GENERAL OVERVIEW

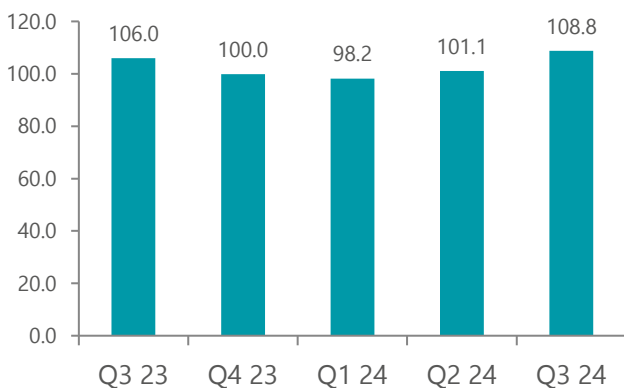
General note

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).

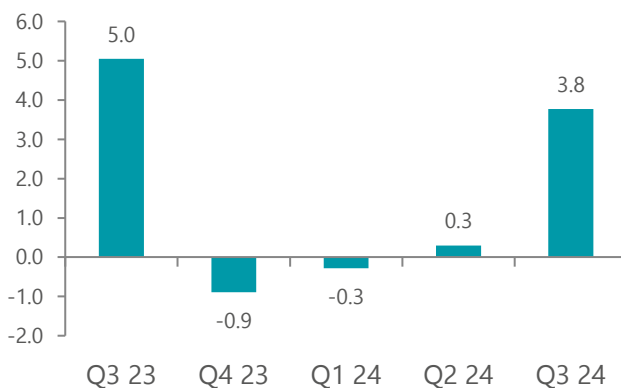
Key figures

in m€	Q3 24	Q2 24	Q3 23	1-9/2024	1-9/2023
Total income	108.8	101.1	106.0	308.1	294.6
Gross profit	27.4	23.0	27.7	71.5	70.9
%	25.4%	22.9%	26.3%	23.4%	24.2%
OPEX	105.0	100.8	101.0	304.3	286.4
EBITDA	3.8	0.3	5.0	3.8	8.2
%	3.5%	0.3%	4.8%	1.2%	2.8%

Total income (in m€)^{Note 1}



EBITDA (in m€)^{Note 2}



Note 1 – Total income

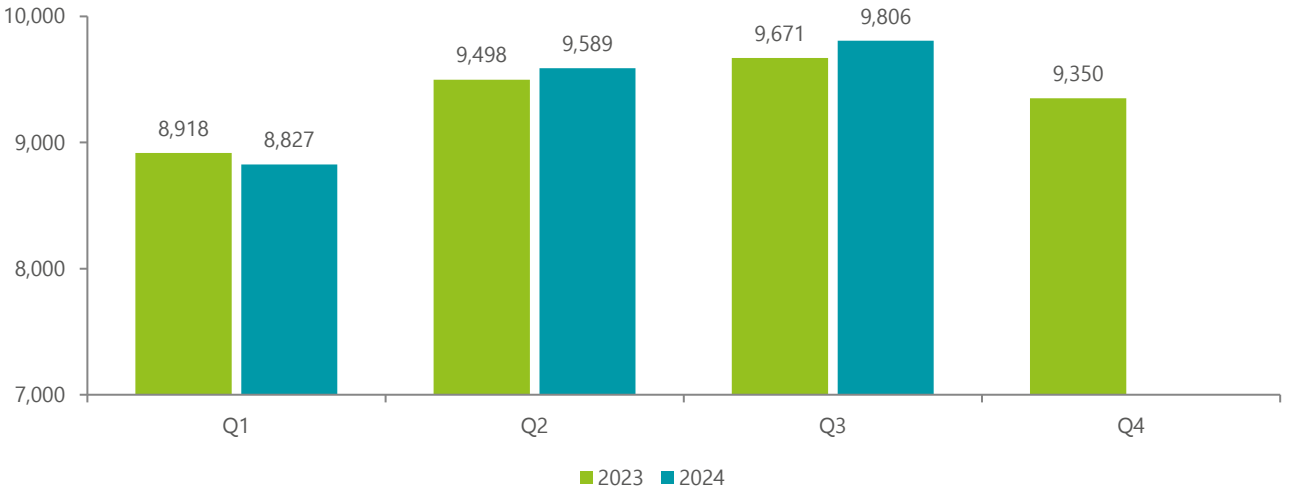
Tempton's strategic focus on market share expansion continues to yield positive results. In the third quarter of 2024, Tempton achieved a 1.4% increase in its total number of employees, despite an 11.3% decline in the number of temporary employees in Germany compared to the same period in 2023. This growth, coupled with price adjustments, enabled Tempton to increase its total income by 2.3% in the third quarter 2024, reaching €108.8 million.

Note 2 – EBITDA

The growth initiative has increased the company's resilience in times of economic turbulence, in particular to maintain an EBITDA rate of 3.5% in the third quarter 2024. 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 once the general economic situation stabilizes.

DEVELOPMENT NUMBER OF EMPLOYEES

Total number of employees

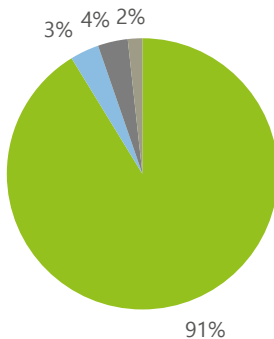


Note

While the personnel staff leasing market in Germany shrank by around 11.3% compared to 2023, Tempton was able to demonstrate a growth by 2.3% compared to the previous quarter and by 1.4% compared to Q3 2023.

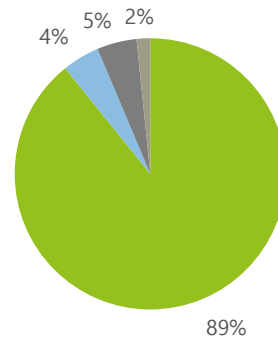
Development Business Segments⁷ Q3 2024

Turnover (percent)



■ Personnel Services
 ■ Next Level
■ Technology
 ■ Outsourcing

Gross profit (percent)

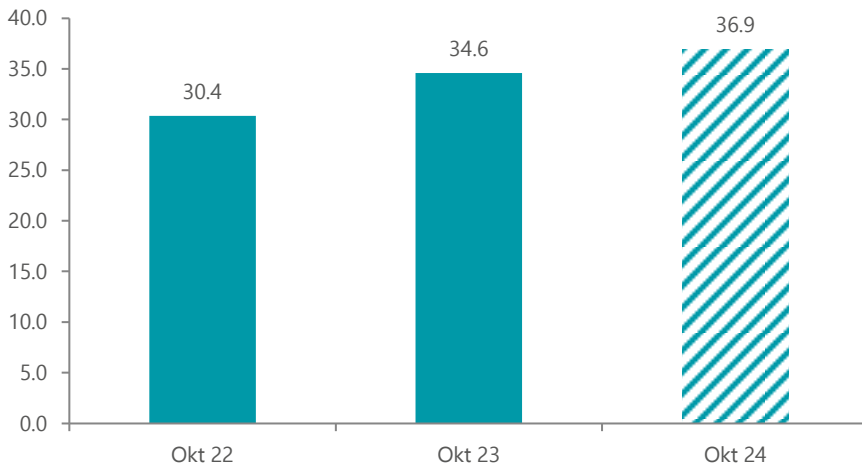


■ Personnel Services
 ■ Next Level
■ Technology
 ■ Outsourcing

⁷ Turnover and gross profit according to internal reporting.

OUTLOOK – October 2024

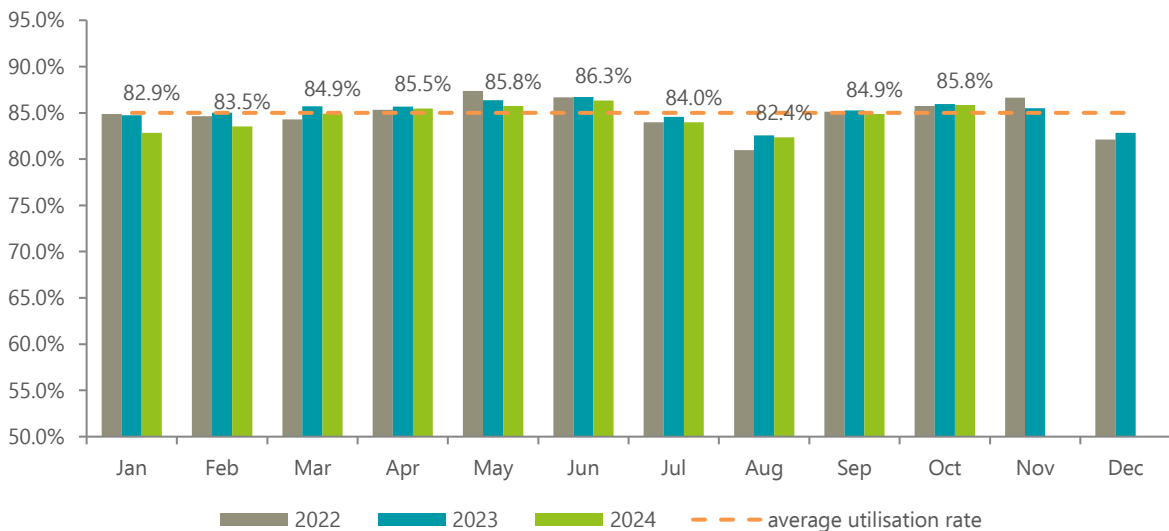
Total income comparison October YoY (in m€)



Note

The projected total income for October 2024 is approximately €36.9 million. This represents an increase of €2.3 million compared to October 2023, and an increase of €6.5 million compared to October 2022.

Development of the utilisation rate



COMMENTS RE. FINANCIAL STATEMENTS

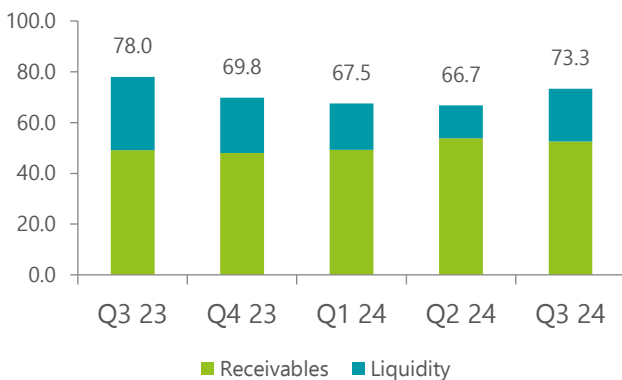
Consolidation

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 increased from €12.9 million in Q2 2024 to €20.7 million in Q3 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 projects to gain more market share. Additionally, as of September 30, 2024, Tempton holds liquid receivables amounting to €52.6 million. This figure represents a slight decrease from €53.8 million recorded on June 30, 2024, but it still reflects a consistently high level.

Liquidity and receivables (in m€)



COMMENTS RE. FINANCIAL STATEMENTS

Key figures (in m€)

Leverage ratio

EBITDA LTM **2.9**

Net Debt

Bond loan 25.2
Own shares -3.3
Bond loan without own shares 21.9
Cash balance 20.7

Net debt **1.2**

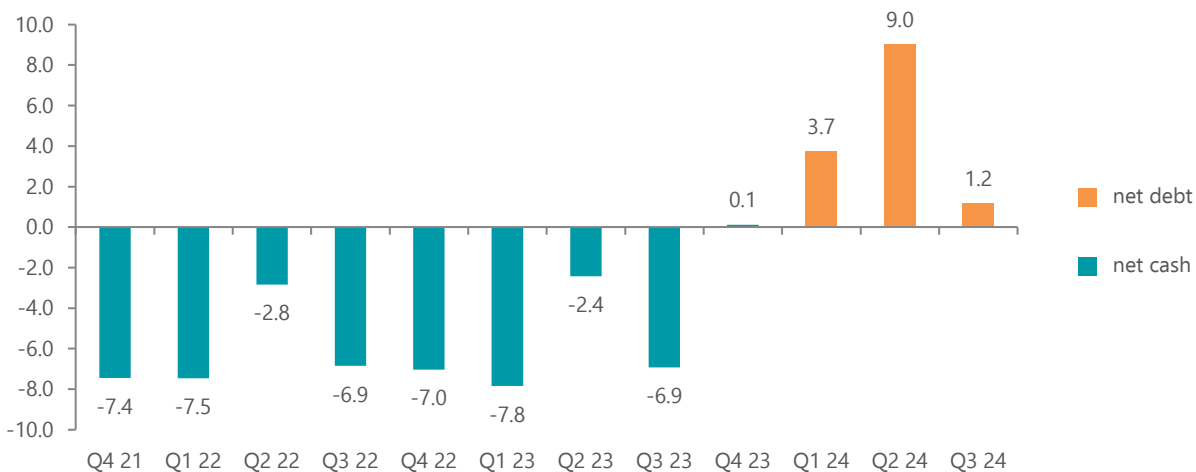
Net Leverage ratio **0.4**

Interest cover ratio

Interest expense 1.4

Interest cover ratio **2.0**

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, 21.11.2024

Dr. Annett Tischendorf
CEO

Oliver Hecker
CFO

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

All figures in €	Notes	Q3 24	1-9/2024	Q3 23	1-9/2023
Revenues		107,890,970	305,778,163	104,890,954	291,324,167
Change in the inventory of finished goods and work in process		-36,685	-519,715	153,142	784,432
Other operating income		941,740	2,820,196	964,685	2,504,163
Total income		108,796,024	308,078,644	106,008,781	294,612,762
Material costs					
costs of raw material, supplies, operating material and acquired goods		214,339	727,327	406,495	1,041,887
costs of services acquired		3,337,822	10,079,552	3,057,394	8,376,416
		3,552,161	10,806,879	3,463,889	9,418,302
Personnel costs					
wages and salaries		73,890,771	213,856,999	70,906,911	201,618,593
social security and expenses for old age pensions and support		17,165,004	49,466,813	16,469,370	46,950,955
	1	91,055,775	263,323,812	87,376,281	248,569,548
Depreciation		1,095,389	3,513,128	1,211,860	3,305,028
Other operating expenses	1	10,410,046	30,154,077	10,119,762	28,414,423
Other interest and similar income		131,922	324,967	125,676	261,360
Interest and similar expenses		339,724	1,076,477	376,817	1,139,986
Taxes		330,347	1,353,401	629,002	1,441,645
Profit after taxes		2,144,504	-1,824,162	2,956,845	2,585,191
Other taxes		5,171	15,513	4,817	14,450
Group annual surplus		2,139,333	-1,839,675	2,952,029	2,570,741
Profit carried forward previous year			26,047,231		25,333,033
Profit carried forward			24,207,556		27,903,774

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 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		3,819,733	3,538,551
2. Goodwill		9,538,561	10,426,287
		13,358,294	13,964,838
II. Tangible assets			
1. Real estate, titles to land and buildings including buildings on third party land		3,946,910	4,031,213
2. Technical equipment and machines		28,368	35,770
3. Other plants, office fixtures and fittings		6,303,651	6,830,234
		10,278,929	10,897,217
III. Financial assets			
1. Long term investments		3,151,600	3,151,600
CURRENT ASSETS			
I. Inventories			
		4,217,564	4,601,942
II. Receivables and other assets			
1. Receivables of deliveries and services		52,561,592	48,040,861
2. Other assets		8,878,729	7,676,806
		61,440,321	55,717,668
III. Cash on hand, bank balances			
		20,709,585	21,775,019
PREPAID EXPENSES		955,303	745,357
TOTAL ASSETS		114,111,596	110,853,642

CONSOLIDATED BALANCE SHEET (UNAUDITED)

All figures in €	Notes	30 September 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		24,207,556	26,047,231
		27,041,748	28,881,423
PROVISIONS			
1. Provisions for pensions and similar obligations		3,326,962	3,208,403
2. Provisions for taxes		1,918,024	1,974,558
3. Other provisions		25,673,582	21,961,726
		30,918,568	27,144,687
LIABILITIES			
1. Loans and borrowings		25,174,826	25,174,826
2. Advance payments received on orders		2,956,980	2,423,943
3. Liabilities from supplies and services		3,769,217	3,202,736
4. Other liabilities		24,083,127	23,693,658
		55,984,150	54,495,164
DEFERRED INCOME		167,131	332,368
TOTAL EQUITY AND LIABILITIES		114,111,596	110,853,642

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

All figures in thousand €	Notes	Q3 24	1-9/2024	1-9/2023
Profit for the period (consolidated net income for the financial year)		2,139	-1,840	2,571
Depreciation, amortisation and write-downs of fixed assets/reversals of such write-downs		1,095	3,513	3,305
Increase/decrease in provisions		3,773	3,774	5,251
Other non-cash expenses/income		-16	-49	-63
Increase/decrease in inventories, receivables for deliveries and services and other assets not related to investing or financing activities		554	-5,548	-11,092
Increase/decrease in liabilities from supplies and services and other liabilities not related to investing or financing activities		679	1,324	3,678
Interest expense/interest income		208	752	878
Cash flows from operating activities		8,432	1,926	4,528
Payments to acquire tangible fixed assets		-393	-2,288	-3,875
Acquisition of financial assets		0	0	-746
Interest received		132	325	261
Cash flows from investing activities		-261	-1,963	-4,359
Interest paid for financial loans and factoring		-324	-1,028	-1,077
Cash flows from financing activities		-324	-1,028	-1,077
Net change in cash funds		7,847	-1,065	-908
Cash funds at the beginning of period		12,863	21,775	29,725
Cash funds at the end of period		20,710	20,710	28,817

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).

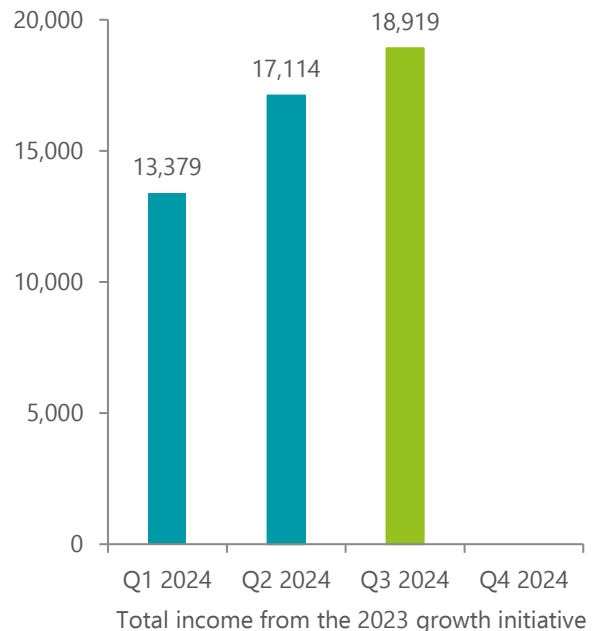
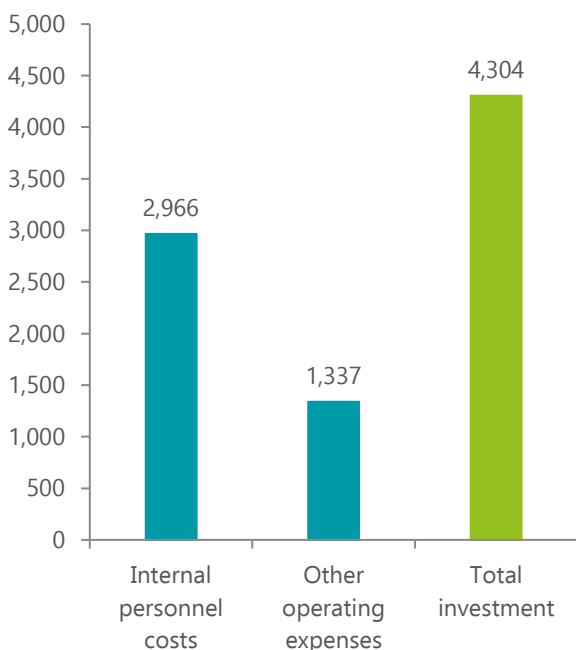
Note 1 - Investment in organic growth

Tempton is in the middle of its largest organic growth initiative in the company's history. In particular, already back in 2023 Tempton has started to significantly expand 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, in 2024 the new Education division is gaining momentum, thus avoiding extraordinary investment.

The growth initiative itself is already showing significant success. The additional branches contributed €18.9 million of revenue in Q3 2024 or 17.4% of the total income while the structural costs of the new branches amounted to €4.3 million in Q3 2024. The gross profit margin of the new branches reached 25.1%.

Q3 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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www.tempton.de