
THE ADECCO GROUP
HALF YEAR REPORT 2023

Market share gains and solid revenue growth

For more information go to
adeccogroup.com

In this report

in millions, except share and per share information

Overview

During the first half of 2023, the Company focused on the Future@Work Reloaded plan that was launched in 2022 to drive change centred on three levers (Simplify-Execute-Grow) with a series of key actions that will simplify the organisation and deliver improved execution and market leadership. Revenues increased by 4% organically[1] and 3% trading days adjusted. Excellent performance was achieved in Adecco with growth across all regions, in LHH Career Transition, and Ezra, while Akkodis consulting posted strong growth in the period.

Gross margin was 10 bps below the first half of 2022 on a reported basis. Organically the gross margin decreased by 10 bps, reflecting current business mix.

Selling, general, and administrative expenses (SG&A) excluding one-offs[2] increased 4% organically. The Company is focused on achieving significant G&A cost reduction (total target in savings of EUR 150), while driving growth and market share. FTE employees remained flat organically year-on-year.

The EBITA[3] margin excluding one-offs was 3.1%, a decrease of 30 bps year-on-year on a reported basis including unfavourable impact from growth investments and fewer non-recurring benefits when compared to the prior period as well as positive impact from Career Transition business which actively captured corporate restructuring projects resulting in record high performance levels.

Free cash flow[4] in the first half of 2023 was EUR (137). This compares to EUR (114) in the first six months of last year, and was impacted by higher capital expenditures. The Company distributed EUR 422 in dividends. Net debt[5] at 30 June 2023 was EUR 3,078, representing a ratio of 3.2x net debt to EBITDA[6] excluding one-offs.

			Variance	
in EUR	HY 2023	HY 2022	Reported	Organic
Summary of income statement information				
Revenues	**11,890**	11,384	+4%	+4%
Gross profit	**2,494**	2,405	+4%	+5%
EBITA excluding one-offs	**368**	390	-6%	-3%
EBITA	**317**	330	-4%	-5%
Net income attributable to Adecco Group shareholders	**154**	169	-9%	
Basic EPS	**0.92**	1.02	-10%	
Adjusted EPS[7]	**1.39**	1.61	-14%	
Gross margin	**21.0%**	21.1%	-10 bps	-10 bps
EBITA margin excluding one-offs	**3.1%**	3.4%	-30 bps	-20 bps
EBITA margin	**2.7%**	2.9%	-20 bps	-10 bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)	**(41)**	0		
Free cash flow (FCF)	**(137)**	(114)		
Days sales outstanding	**53**	52		
Cash conversion[8]	**66%**	58%		
Net debt to EBITDA excluding one-offs	**3.2x**	2.8x		

1 Organic growth is a non-US GAAP measure and excludes the impact of currency, acquisitions and divestitures.

2 In the first six months of 2023, SG&A included one-offs of EUR 51 in restructuring and acquisition related costs.

3 EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.

4 Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.

5 Net debt is a non-US GAAP measure and comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

6 Net debt to EBITDA is a non–US GAAP measure and is calculated as net debt at period end divided by the last four quarters of EBITA excluding one-offs plus depreciation.

7 Adjusted EPS is a non-US GAAP measure and refers to Net income attributable to Adecco Group shareholders before amortisation and impairment of goodwill and intangible assets, excluding one-off costs and exceptional tax items, divided by basic weighted-average shares outstanding.

8 Cash conversion is a non-US GAAP measure and is calculated as the last four quarters of FCFBIT divided by the last four quarters of EBITA excluding one-offs.

in millions, except share and per share information

Group performance overview

Statements throughout this operating and financial review using the term "the Company" refer to the Adecco Group, which comprises Adecco Group AG, a Swiss corporation, its consolidated subsidiaries, as well as variable interest entities for which the Adecco Group is considered the primary beneficiary.

Revenues

In the first half of 2023, revenues of EUR 11,890 were up 4% year-on-year on a reported basis. Currency movements had a negative impact on revenues of approximately 2% and number of working days had an impact of approximately 1%, while the M&A impact was negligible. Revenue growth was therefore 3% on an organic and trading days adjusted basis.

By Global Business Unit (GBU): revenues in Adecco were up 4%, 2% in Akkodis and flat in LHH, all compared to the prior year on an organic and trading days adjusted basis.

By service line: Flexible Placement revenues were up 3% year-on-year organically, at EUR 8,920; Permanent Placement revenues were EUR 387, down 4%; revenues from Career Transition grew by 80% to EUR 246; revenues in Training, Up-skilling & Re-skilling remained flat, at EUR 180; and Outsourcing, Consulting & Other Services revenues were EUR 2,157, up 4%.

Gross profit

Gross profit amounted to EUR 2,494 in the first half of 2023, up 4% on a reported basis and up 5% organically. The gross margin was 21.0%, 10 bps below H1 2022. Compared to the prior year there was no impact from currency effects or M&A.

On an organic basis, the gross margin was down 10 bps, reflecting expansion of 90 bps in Career Transition and decrease of 20 bps in Permanent Placement, 40 bps in Flexible Placement, 30 bps in Outsourcing, Consulting & Other Services and 10 bps in Training, Upskilling & Reskilling .

Gross margin drivers YoY

in basis points	HY 2023	HY 2022
Flexible Placement	(40)	20
Permanent Placement	(20)	120
Career Transition	90	(70)
Other	(40)	0
Organic	(10)	70
Acquisitions and divestments	0	10
Currency	0	20
Reported	(10)	100

Selling, general, and administrative expenses (SG&A)

SG&A excluding one-offs was EUR 2,147 in the first half of 2023, 4% higher organically compared to the prior year. SG&A excluding one-offs as a percentage of revenues was 18.1%, compared to 17.8% in the previous year. Currency movements had a negligible impact on SG&A. Reported SG&A was EUR 2,198. FTE employees remained flat organically year-on-year.

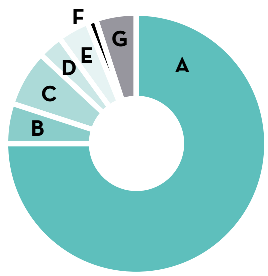
The Company is focused on delivering its G&A cost reduction plan of EUR 150 in savings, which is expected to begin to flow through in the second half of 2023, while driving growth and market share.

In the first half of 2023, one-off costs amounted to EUR 51. These included restructuring and acquisition related costs of: EUR 5 in Corporate Holding, mainly related to the AKKA integration; EUR 13 in LHH; EUR 16 in Akkodis; EUR 9 in Adecco Americas; EUR 3 in Adecco Northern Europe; EUR 2 in Adecco Southern Europe & EEMENA; EUR 1 in Adecco APAC; EUR 1 in Adecco France; and EUR 1 in Adecco DACH.

Compensation expenses were EUR 1,656 in the first half of 2023, compared to EUR 1,532 in the same period of 2022, and represented 75% of total SG&A. Marketing expenses were EUR 79, compared to EUR 71 in the first half of 2022.

SG&A breakdown

HY 2023



A – Compensation expenses – 75%
B – Premises expenses – 5%
C – Office & administrative expenses – 7%
D – Depreciation – 3%
E – Marketing – 4%
F – Bad debt expense – 1%
G – Other – 5%

in millions, except share and per share information

EBITA

EBITA excluding one-offs was EUR 368 in the first half of 2023, down 6% on a reported basis year-on-year, and down 3% organically. The EBITA margin excluding one-offs was 3.1%, down 30 bps year-on-year on a reported basis and down 20 bps organically.

The EBITA conversion ratio excluding one-offs (EBITA excluding one-offs divided by gross profit) was 14.7% in the first half of 2023 compared to 18.7% in the prior period.

One-offs amounted to EUR 51 in the first half of 2023 and EUR 60 in the prior period. EBITA was EUR 317 in the first half of 2023 compared to EUR 330 in the prior period, a decrease of 4% reported and flat organically. The EBITA margin was 2.7% in the first half of 2023 versus 2.9% in the prior period.

Amortisation of intangible assets

Amortisation of intangible assets was EUR 56 versus EUR 60 in the same period of 2022.

Operating income

Operating income was EUR 261 in the first half of 2023 and EUR 270 in the first half of 2022.

Interest expense and other income/(expenses), net

Interest expense was EUR 37 in the first half of 2023 compared to EUR 22 in the first half of 2022. In the first half of 2023, other income/(expenses), net amounted to an expense of EUR 10 compared to an expense of EUR 19 in the same period of 2022.

Provision for income taxes

Provision for income taxes was EUR 59 in the first half of 2023, same amount as in the first half of 2022. The effective tax rate is impacted by recurring items, such as tax rates in the different jurisdictions where the Company operates, and the income mix within jurisdictions. It is also affected by discrete items which may occur in any given year, but are not consistent from year to year. In the first half of 2023, the effective tax rate was 28% including discrete events. Discrete events increased the effective tax rate by approximately 1%. In the first half of 2022, the effective tax rate was 26% with discrete events decreasing the effective tax rate by approximately 2%.

Net income attributable to Adecco Group shareholders and EPS

Net income attributable to Adecco Group shareholders was EUR 154 in the first half of 2023, compared to EUR 169 in the prior period. Basic earnings per share was EUR 0.92 in the first half of 2023 compared to EUR 1.02 in the first half of 2022. Adjusted earnings per share was EUR 1.39 in the first half of 2023 compared to EUR 1.61 in the prior year period.

Cash flow statement and net debt

Analysis of cash flow statements

The following table illustrates cash flows used in operating, investing, and financing activities:

in EUR	HY 2023	HY 2022
Summary of cash flow information		
Cash used in operating activities	(36)	(26)
Cash used in investing activities	(140)	(1,271)
Cash used in financing activities	(257)	(1,357)

Cash used in operating activities increased to EUR (36) in the first half of 2023 from EUR (26) in the same period of 2022, with the increase driven by less favourable net working capital. DSO was 53 days for the first half of 2023 and 52 days in the first half of 2022.

Cash used in investing activities totalled EUR 140 compared to EUR 1,271 in the first half of 2022. 2023 cash outflow has been mainly driven by capital expenditures that amounted to EUR 101 in the first half of 2023 and EUR 88 in the same period of 2022. 2022 cash outflow has been mainly driven by the acquisition of AKKA.

Cash used in financing activities totalled EUR 257, compared to EUR 1,357 in the prior period. In the first half of 2023, the net increase of short-term debt totalled EUR 172 whereas in the same period of 2022 the net decrease of short-term debt totalled EUR 182. The Company paid dividends of EUR 422 and EUR 409 in the first half of 2023 and the first half of 2022, respectively. In 2022, the Company repaid long-term debt for EUR 731.

Net debt

Net debt was EUR 3,078 as of 30 June 2023, compared to EUR 2,455 as of 31 December 2022. The increase in net debt reflected the usual seasonal trends and was impacted by the payment of the dividend in April 2023. At 30 June 2023, the ratio of net debt to EBITDA excluding one-offs was 3.2x, compared to 2.5x (adjusted for the acquisition of AKKA, Proforma) at 31 December 2022. The following table presents the calculation of net debt based upon financial measures in accordance with US GAAP.

in EUR	30 June 2023	31 December 2022
Net debt		
Short-term debt and current maturities of long-term debt	317	138
Long-term debt, less current maturities	3,100	3,099
Total debt	3,417	3,237
Less:		
Cash and cash equivalents	339	782
Short-term investments	–	–
Net debt	3,078	2,455

in millions, except share and per share information

HY 2023 segment performance

All growth rates are year-on-year on an organic and trading days adjusted (TDA) basis, unless otherwise stated.

Adecco

In Adecco, total revenues were EUR 9,051, up 4%. Growth was driven by APAC, Southern Europe & EEMENA and France. EBITA excluding one-offs was EUR 316 with a margin of 3.5%, down 10 bps year-on-year. Further details by region can be found below.

Adecco France

Revenues were EUR 2,449, up 1% when compared to the prior year. EBITA excluding one-offs was EUR 98 with a margin of 4.0%, down 10 bps year-on-year. The result mainly reflects a tougher market backdrop, headcount was reduced in comparison to the same period of 2022.

Adecco Northern Europe

Revenues in the first half of 2023 were EUR 1,170, up 1% when compared to prior year. Revenue performance varied across the region. UK & Ireland increased by 5%, with growth led by autos and public sector activity. Revenues in Belgium & Luxembourg was flat and the Nordics decreased by 2%. EBITA excluding one-offs was EUR 19 with a margin of 1.6%, down 20 bps versus the prior year. This mainly reflects impact of adverse business and solutions mix, partly mitigated by good cost management and restructuring initiatives in the Nordics, including headcount reductions.

Adecco DACH

Revenues were EUR 811, up 9% year-on-year. Revenues in Germany increased by 12% and Switzerland & Austria increased by 1%. Performance in Germany outperformed the market. EBITA excluding one-offs was EUR 8 with a margin of 0.9%, down 110 bps year-on-year reflecting the impact of fewer working days and investment to drive growth.

Adecco Southern Europe & EEMENA

Revenues were EUR 2,146, up 7%. Revenues in Italy were up 5% and Iberia grew by 7%. EEMENA increased by 18%. For the region, EBITA excluding one-offs was EUR 121 with a margin of 5.6%, up 20 bps year-on-year. Margins reflect altered business mix and improved productivity.

Adecco Americas

Revenues were EUR 1,358, flat year-on-year. Revenues strongly increased by 20% in Latin America and were down 8% in North America. Adecco US continued to close the gap to market, and operational KPIs show positive momentum in the turnaround plan. Latin America grew very strongly with Argentina, Brazil and Mexico performing notably well. EBITA excluding one-offs was EUR 7, with a margin of 0.5%. This compared to 0.9% in H1 2022 and mainly reflects lower volumes in Adecco North America.

Adecco APAC

Revenues were EUR 1,117, up 10%. Revenue growth was strong in India, Japan and Asia, up 16%, 11% and 11% respectively, and Australia & New Zealand was flat. EBITA excluding one-offs was EUR 63 with a 5.6% margin, down 40 bps year-on-year. Margin benefited from positive client and solutions mix, but was affected by the end of vaccination contracts and by changes in social charges in Japan. Management have taken action to offset the additional costs incurred in future quarters.

in millions, except share and per share information

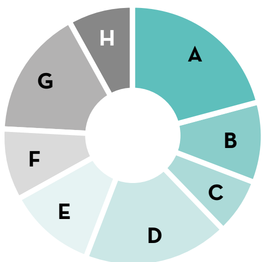
Akkodis

Revenues were EUR 1,908, up 2%. The revenue increase was supported by strong performance in North EMEA and Akkodis APAC, softened by flat growth in South EMEA and decrease in North America. Growth in North EMEA benefiting from high utilisation and good project management, while APAC, particularly Japan, benefited from an increased pool of engineers. EBITA excluding one-offs was EUR 96, with a margin of 5.1%, down 150 bps compared to last year, reflecting lower staffing volumes.

LHH

In the first half of 2023, revenues were EUR 931, flat year-on-year. Recruitment Solutions was down by 18%, reflecting a tough comparison period and continued market headwinds, particularly in the US. Pontoon & Other was down 4%, challenged by the US tech sector downturn. Learning & Development revenues were down 15% compared to the prior year, driven by subdued revenues in General Assembly and Talent Development, with strength in Ezra. Career Transition & Mobility revenues were up 81%, to record levels. The result was driven by positive momentum globally and across multiple sectors. EBITA excluding one-offs was EUR 68 and the EBITA margin was 7.3%, up 30 bps year-on-year. This EBITA margin benefited from segment mix, mainly higher volumes in CT&M, partly mitigated by continued digital investment and lower contribution across the rest of LHH.

HY 2023 revenue split by segment



A – Adecco France – 21%

B – Adecco Northern Europe – 10%

C – Adecco DACH – 7%

D – Adecco Southern Europe & EEMENA – 18%

E – Adecco Americas – 11%

F – Adecco APAC – 9%

G – Akkodis – 16%

H – LHH – 8%

Outlook

The Company exited the period with growth inline with Q2 levels, and volumes in July were resilient.

While macro-economic conditions remain challenging, the diversity of the Company's activities and geographic footprint provide continued opportunity for profitable growth and market share gain. The Company will manage its resources with agility, adapting to market dynamics. The gross margin in Q3 is expected to be around Q2 23 levels, while SG&A expenses should be slightly lower on a sequential basis.

in millions, except share and per share information

Revenues by segment and by service line

Revenues by segment

in EUR	Revenues HY 2023	Revenues HY 2022	Variance EUR	Variance Constant currency	Variance Organic	Variance Organic TDA	% of total revenues HY 2023	% of total revenues HY 2022
Adecco France	**2,449**	2,398	2%	2%	2%	1%	**21%**	21%
Adecco Northern Europe	**1,170**	1,201	-3%	1%	1%	1%	**10%**	11%
Adecco DACH	**811**	740	10%	8%	8%	9%	**7%**	6%
Adecco Southern Europe & EEMENA	**2,146**	2,004	7%	7%	7%	7%	**18%**	18%
Adecco Americas[1]	**1,358**	1,348	1%	3%	0%	0%	**11%**	12%
Adecco APAC	**1,117**	1,063	5%	11%	11%	10%	**9%**	9%
Adecco	**9,051**	**8,754**	**3%**	**5%**	**4%**	**4%**	**76%**	**77%**
Akkodis[1]	**1,908**	**1,692**	**13%**	**14%**	**2%**	**2%**	**16%**	**15%**
LHH	**931**	**938**	**-1%**	**-1%**	**-1%**	**0%**	**8%**	**8%**
Adecco Group	**11,890**	**11,384**	**4%**	**6%**	**4%**	**3%**	**100%**	**100%**

1 In 2023, part of Akka's US operations are reported in Adecco Americas. The 2022 information has been restated to conform with current period presentation.

Revenues by service line

in EUR	Revenues HY 2023	Revenues HY 2022	Variance EUR	Variance Constant currency	Variance Organic	% of total revenues HY 2023	% of total revenues HY 2022
Flexible Placement	**8,920**	8,766	2%	3%	3%	**75%**	77%
Permanent Placement	**387**	406	-5%	-4%	-4%	**3%**	3%
Career Transition	**246**	136	80%	80%	80%	**2%**	1%
Outsourcing, Consulting & Other Services	**2,157**	1,896	14%	16%	4%	**18%**	17%
Training, Up-skilling & Re-skilling	**180**	180	0%	0%	0%	**2%**	2%
Adecco Group	**11,890**	**11,384**	**4%**	**6%**	**4%**	**100%**	**100%**

in millions, except share and per share information

EBITA by segment

EBITA[1] and EBITA margin excluding one-offs

	EBITA excluding one-offs		EBITA margin excluding one-offs			% of EBITA[2]
in EUR	HY 2023	HY 2022	HY 2023	HY 2022	Variance in bps	HY 2023
Adecco France	98	98	4.0%	4.1%	(10)	20%
Adecco Northern Europe	19	22	1.6%	1.8%	(20)	4%
Adecco DACH	8	14	0.9%	2.0%	(110)	2%
Adecco Southern Europe & EEMENA	121	109	5.6%	5.4%	20	25%
Adecco Americas[3]	7	14	0.5%	1.1%	(60)	2%
Adecco APAC	63	64	5.6%	6.0%	(40)	13%
Adecco	**316**	**321**	**3.5%**	**3.7%**	**(20)**	**66%**
Akkodis[3]	**96**	**112**	**5.1%**	**6.6%**	**(150)**	**20%**
LHH	**68**	**65**	**7.3%**	**7.0%**	**30**	**14%**
Corporate	**(112)**	**(108)**				
Adecco Group	**368**	**390**	**3.1%**	**3.4%**	**(30)**	**100%**

EBITA[1] and EBITA margin by segment

	EBITA				EBITA margin		
			Variance %				
in EUR	HY 2023	HY 2022	EUR	Constant currency	HY 2023	HY 2022	Variance in bps
Adecco France	97	98	0%	0%	4.0%	4.1%	(10)
Adecco Northern Europe	16	22	-29%	-26%	1.3%	1.8%	(50)
Adecco DACH	7	21	-68%	-68%	0.8%	2.9%	(210)
Adecco Southern Europe & EEMENA	119	109	9%	10%	5.5%	5.4%	10
Adecco Americas[1]	(2)	13	-111%	-114%	-0.1%	1%	(110)
Adecco APAC	62	64	-4%	1%	5.5%	6.0%	(50)
Adecco	**299**	**327**	**-9%**	**-7%**	**3.3%**	**3.7%**	**(40)**
Akkodis[1]	**80**	**110**	**-27%**	**-26%**	**4.2%**	**6.5%**	**(230)**
LHH	**55**	**45**	**22%**	**20%**	**5.9%**	**4.8%**	**110**
Corporate	**(117)**	**(152)**	**-23%**	**-26%**			
Adecco Group	**317**	**330**	**-4%**	**0%**	**2.7%**	**2.9%**	**(20)**

1 EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.

2 % of EBITA excluding one-offs before Corporate.

3 In 2023, part of Akka's US operations are reported in Adecco Americas. The 2022 information has been restated to conform with current period presentation.

in millions, except share and per share information

Reconciliation of EBITA to EBITA excluding one-offs

	EBITA excluding one-offs		One-offs		EBITA	
in EUR	HY 2023	HY 2022	HY 2023	HY 2022	HY 2023	HY 2022
Adecco France	98	98	(1)	–	97	98
Adecco Northern Europe	19	22	(3)	–	16	22
Adecco DACH[1]	8	14	(1)	7	7	21
Adecco Southern Europe & EEMENA	121	109	(2)	–	119	109
Adecco Americas[2]	7	14	(9)	(1)	(2)	13
Adecco APAC	63	64	(1)	–	62	64
Adecco	316	321	(17)	6	299	327
Akkodis[2]	96	112	(16)	(2)	80	110
LHH	68	65	(13)	(20)	55	45
Corporate	(112)	(108)	(5)	(44)	(117)	(152)
Adecco Group	368	390	(51)	(60)	317	330

1 HY 2022 one-offs in Adecco DACH include the release of restructuring accruals in Germany, driven by lower-than-expected severance costs.

2 In 2023, part of Akka's US operations are reported in Adecco Americas. The 2022 information has been restated to conform with current period presentation.

Forward-looking statements

Information in this Half Year Report may involve guidance, expectations, beliefs, plans, intention or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this Half Year Report are based on information available to the Company as of 2 August 2023 and the Company assumes no duty to update any such forward-looking statements. The forward-looking statements in this Half Year Report are not guarantees of future performance, and actual results could differ materially from the Company's current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things:

- global GDP trends and the demand for temporary work;
- changes in regulation affecting temporary work;
- intense competition in the markets in which the Company operates;
- integration of acquired companies;
- changes in the Company's ability to attract and retain qualified internal and external personnel or clients;
- the potential impact of disruptions related to IT; and
- any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	30.06.2023	31.12.2022
Assets			
Current assets:			
• Cash and cash equivalents		339	782
• Trade accounts receivable, net	4	4,730	4,758
• Other current assets		605	584
Total current assets		5,674	6,124
Property, equipment, and leasehold improvements, net		589	575
Operating lease right-of-use assets		438	402
Equity method investments		186	177
Other assets		727	768
Intangible assets, net		971	1,029
Goodwill		4,108	4,181
Total assets		12,693	13,256
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses	5	4,563	4,884
• Current operating lease liabilities	5	188	176
• Short-term debt and current maturities of long-term debt	6	317	138
Total current liabilities		5,068	5,198
Operating lease liabilities	5	308	287
Long-term debt, less current maturities	6	3,100	3,099
Other liabilities		720	779
Total liabilities		9,196	9,363
Shareholders' equity			
Adecco Group shareholders' equity:			
• Common shares		11	11
• Additional paid-in capital		551	669
• Treasury shares, at cost	7	(41)	(58)
• Retained earnings		3,226	3,412
• Accumulated other comprehensive income/(loss), net	7	(262)	(153)
Total Adecco Group shareholders' equity		3,485	3,881
Noncontrolling interests		12	12
Total shareholders' equity		3,497	3,893
Total liabilities and shareholders' equity		12,693	13,256

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of operations

in millions, except share and per share information

For the six months ended 30 June (in EUR)	Note	2023	2022
Revenues	2, 14	**11,890**	11,384
Direct costs of services		**(9,396)**	(8,979)
Gross profit		**2,494**	2,405
Selling, general, and administrative expenses		**(2,198)**	(2,089)
Proportionate net income of equity method investment FESCO Adecco		**21**	14
Amortisation of intangible assets		**(56)**	(60)
Operating income	14	**261**	270
Interest expense		**(37)**	(22)
Other income/(expenses), net	11	**(10)**	(19)
Income before income taxes		**214**	229
Provision for income taxes	12	**(59)**	(59)
Net income		**155**	170
Net income attributable to noncontrolling interests		**(1)**	(1)
Net income attributable to Adecco Group shareholders		**154**	169
Basic earnings per share	13	**0.92**	1.02
Basic weighted-average shares	13	**167,321,182**	166,539,810
Diluted earnings per share	13	**0.92**	1.01
Diluted weighted-average shares	13	**167,772,127**	166,869,485

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of comprehensive income

in millions, except share and per share information

For the six months ended 30 June (in EUR)	Note	2023	2022
Net income		**155**	170
Other comprehensive income/(loss), net of tax:			
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2023: EUR 1, 2022: EUR 3)		**(11)**	(33)
• Currency translation adjustment of net investment hedges (net of tax of, 2023: less than EUR (1), 2022: EUR 1)		**3**	(10)
• Currency translation adjustment excluding long-term intercompany loans and net investment hedges (net of tax of, 2023: less than EUR 1, 2022: EUR 1)		**(106)**	167
• Change in prior service credit/(cost) on pension (net of tax of, 2023: EUR (1))	8	**3**	
• Change in net actuarial gain/(loss) on pensions (net of tax of, 2023: less than EUR 1, 2022: EUR (2))	8	**2**	(1)
• Change in fair value of securities (net of tax of, 2023: less than EUR 1, 2022: less than EUR (1))			2
• Change in fair value of cash flow hedges (net of tax of, 2023: EUR (1), 2022: EUR (4))			11
Total other comprehensive income		**(109)**	136
Total comprehensive income		**46**	306
Less comprehensive income attributable to noncontrolling interests		**(1)**	(1)
Comprehensive income attributable to Adecco Group shareholders		**45**	305

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

in millions, except share and per share information

For the six months ended 30 June (in EUR)	2023	2022
Cash flows from operating activities		
Net income	155	170
Adjustments to reconcile net income to cash flows from operating activities:		
• Depreciation and amortisation	132	124
• Other charges	17	(26)
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
• Trade accounts receivable	(68)	(323)
• Accounts payable and accrued expenses	(180)	(87)
• Other assets and liabilities	(92)	116
Cash used in operating activities	(36)	(26)
Cash flows from investing activities		
Capital expenditures	(101)	(88)
Acquisition of AKKA, net of cash and restricted cash acquired		(1,249)
Cash settlements on derivative instruments	(38)	42
Other acquisition, divestiture and investing activities, net	(1)	24
Cash used in investing activities	(140)	(1,271)
Cash flows from financing activities		
Net increase/(decrease) in short-term debt	172	(182)
Repayment of long-term debt	(2)	(731)
Dividends paid to shareholders	(422)	(409)
Other financing activities, net	(5)	(35)
Cash used in financing activities	(257)	(1,357)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(16)	55
Net decrease in cash, cash equivalents and restricted cash	(449)	(2,599)
Cash, cash equivalents and restricted cash:		
• Beginning of year	909	3,155
• End of period	460	556

Consolidated statements of cash flows (continued)

in millions, except share and per share information

The following table provides a reconciliation of cash, cash equivalents and restricted cash to the amounts reported in the Company's consolidated balance sheets:

For the six months ended 30 June (in EUR)	2023	2022
Reconciliation of cash, cash equivalents and restricted cash at beginning of year:		
Current assets:		
• Cash and cash equivalents	**782**	3,051
• Restricted cash included in Other current assets	**86**	61
Non-current assets:		
• Restricted cash included in Other assets	**41**	43
Cash, cash equivalents and restricted cash at beginning of year:	**909**	3,155
Reconciliation of cash, cash equivalents and restricted cash at end of period:		
Current assets:		
• Cash and cash equivalents	**339**	425
• Restricted cash included in Other current assets	**76**	88
Non-current assets:		
• Restricted cash included in Other assets	**45**	43
Cash, cash equivalents and restricted cash at end of period	**460**	556
Supplemental disclosures of cash paid		
Cash paid for interest	**18**	6
Cash paid for income taxes	**78**	108

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in shareholder's equity

in millions, except share and per share information

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Noncontrolling interests	Total shareholders' equity
1 January 2023	**11**	**669**	**(58)**	**3,412**	**(153)**	**12**	**3,893**
Adoption of ASU 2016-13[1]				(27)			(27)
1 January 2023 (upon adoption of ASU 2016-13)	**11**	**669**	**(58)**	**3,385**	**(153)**	**12**	**3,866**
Comprehensive income:							
Net income				154		1	155
Other comprehensive income					(109)		(109)
Total comprehensive income							
Stock-based compensation		10	1				11
Vesting of share awards		(18)	16				(2)
Cash dividends, CHF 2.50 per share		(110)		(312)			(422)
Other				(1)		(1)	(2)
30 June 2023	**11**	**551**	**(41)**	**3,226**	**(262)**	**12**	**3,497**

1 The Company adopted ASU 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" on 1 January 2023. Upon adoption, the company recorded a cumulative-effect adjustment against Retained earnings of EUR 27 relating to an increase in the allowances for credit losses included within Trade accounts receivable, net of EUR 35 and included within Other current assets of EUR 1, partially offset by an impact on deferred tax assets of EUR 9 included within Other assets.

in EUR	Common shares	Additional paid-in capital	Treasury shares, at cost	Retained earnings	Accumulated other comprehensive income/(loss), net	Noncontrolling interests	Total shareholders' equity
1 January 2022	**11**	**814**	**(159)**	**3,361**	**(237)**	**10**	**3,800**
Comprehensive income:							
Net income				169		1	170
Other comprehensive income					136		136
Total comprehensive income							**306**
Stock-based compensation		11	1				12
Vesting of share awards		(23)	21				(2)
Cash dividends, CHF 2.50 per share		(204)		(204)			(408)
Share cancellation			81	(86)			(5)
Capital increase		71					71
Other		1				1	2
30 June 2022	**11**	**670**	**(56)**	**3,240**	**(101)**	**12**	**3,776**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to consolidated financial statements

in millions, except share and per share information

Note 1 – Summary of significant accounting policies

Basis of presentation and principles of consolidation

The consolidated half year financial statements include Adecco Group AG, a Swiss corporation, its consolidated subsidiaries as well as variable interest entities in which the Adecco Group is considered the primary beneficiary (collectively, the Company).

The Company prepares its consolidated half year financial statements using the same accounting principles and methods of computation that were applied in the audited consolidated financial statements as of 31 December 2022 and for the year then ended with the exception of the adoption of ASU 2016-13 , "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" as outlined below.

Certain information and footnote disclosures included in the audited consolidated financial statements as of 31 December 2022 have been condensed or omitted. As a result, the financial information in the condensed consolidated financial statements should be read in conjunction with the Company's Annual Report including the Company Report, the Corporate Governance, and the Remuneration Report for the fiscal year ended 31 December 2022.

The reporting currency of the Company is the Euro, which reflects the significance of the Company's Euro-denominated operations. Adecco Group AG's share capital is denominated in Swiss Francs and the Company declares and pays dividends in Swiss Francs.

In the opinion of management, the consolidated half year financial statements reflect all adjustments necessary to present fairly the consolidated balance sheets, the consolidated statements of operations, the consolidated statements of comprehensive income, the consolidated statements of cash flows, the consolidated statements of changes in shareholders' equity, and the accompanying notes.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make judgements, assumptions, and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to allowance for doubtful accounts, accruals and provisions, impairment of goodwill and indefinite-lived intangible assets, contingencies, pension accruals, and income taxes. The Company bases its estimates on historical experience and on various other market- specific assumptions that are believed to be reasonable under the circumstances. The results of management's estimates form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

Cash, cash equivalents, restricted cash and short-term investments

Cash equivalents consist of highly liquid instruments having an original maturity at the date of purchase of three months or less.

The Company's policy is to invest excess funds primarily in investments with maturities of 12 months or less, and in money market and fixed income funds with sound credit ratings, limited market risk, and high liquidity.

Restricted cash balances generally consist of deposits made in connection with lease/rent agreements and other refundable deposits, legal claims, cash received from customers but owed to subcontractors and financial institutions, cash subsidies (mainly related to governmental financial supporting programmes) received from authorities but owed to third parties, and funds set aside in connection with outstanding options and warrants arising from acquisitions.

Allowance for expected credit losses

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The guidance requires the use of a "current expected credit loss" model for most financial assets. Under the model, an entity recognises as an allowance its estimate of expected credit losses, rather than the current methodology requiring delay of recognition of credit losses until it is probable a loss has been incurred. The Company adopted this guidance as of 1 January 2023 on a modified retrospective basis and has therefore recorded a cumulative-effect adjustment of EUR 27 to the opening balance of Retained earnings on 1 January 2023, relating to an increase in the allowance for credit losses on financial assets carried at amortised cost. This adjustment consisted of an increase in the allowances for credit losses included within Trade accounts receivable, net of EUR 35 and included within Other current assets of EUR 1, partially offset by an increase in Deferred tax assets of EUR 9, included within Other assets in the Consolidated balance sheet. The adoption of Topic 326 did not have a significant impact on the Company's consolidated statements of operations and cash flow. Prior periods have not been adjusted to conform to the current period presentation.

Trade accounts receivable

Trade accounts receivable are recorded at net realisable value after deducting an allowance for doubtful accounts. The Company makes judgements on an entity-by-entity basis as to its ability to collect outstanding receivables and provides an allowance for doubtful accounts based on a specific review of significant outstanding invoices. For those invoices not specifically reviewed, provisions are provided considering historical collection experience, current economic trends as well as forward-looking estimates based on macroeconomic indicators. The expected credit losses are measured based on receivables grouped in aging pools sharing similar risk characteristics. When the receivables do not share similar risk characteristics, expected credit losses are estimated on an individual basis. Where available and when cost effective, the Company utilises credit insurance. Accounts receivable balances are written off when the Company determines that it is unlikely that future remittances will be received, or as permitted by local law. Refer to Note 4 for further details.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Transfers of financial assets

The Company enters into factoring arrangements to transfer trade accounts receivables and other receivables to third-party financial institutions, either with or without recourse. For arrangements without recourse, the transfer is accounted for as a sale when the Company has surrendered control over the transferred receivables. Control is surrendered when (i) the transferred receivables have been put presumptively beyond the reach of the powers of the Company and its creditors, even in the case of bankruptcy or other receivership, (ii) the transferees have the right to freely pledge or exchange the transferred receivables, and (iii) the transferor does not maintain effective control over the transferred receivables and does not have any right or obligation to repurchase or redeem the transferred receivables. When determining whether these sale conditions are met, the Company evaluates the extent of its continuing involvement in the transferred receivables. When the transfers of the receivable are accounted for as a sale, the Company derecognises the carrying value of the transferred receivables from Trade accounts receivables, net in the consolidated balance sheets. The related cash proceeds are reflected as cash from operating activities in the consolidated statements of cash flows. Payments collected but not yet redistributed are recognised as restricted cash in Other current assets in the consolidated balance sheets.

Transfers of receivables that do not meet the conditions of a sale are accounted for as secured borrowings and the transferred receivables remain on the consolidated balance sheets. The proceeds are recognised as Short-term debt and current maturities of long-term debt, and the related cash flows are reflected as cash from financing activities in the consolidated statements of cash flows.

The carrying amounts of assets subject to restrictions which relate to the transfers of financial assets were EUR 62 and EUR 80 as of 30 June 2023 and 31 December 2022, respectively. The aggregate amounts of losses on sales of receivables were EUR 3 and EUR 2 in the first six months of 2023 and 2022, respectively.

Operating leases

The Company enters into operating lease contracts mainly for real estate and motor vehicles resulting in Operating lease right-of-use assets, Current operating lease liabilities and Operating lease liabilities as presented in the Company's consolidated balance sheets. Operating lease right-of-use assets represent the Company's right to use underlying assets for the lease term. Current operating lease liabilities and Operating lease liabilities represent the Company's current- and long-term obligations arising from operating lease contracts.

Non-lease components are separated from lease components for real estate lease contracts, while there is no separation between lease and non-lease components for motor vehicle lease contracts. The Company considers consideration paid in relation to separated non-lease components to already reflect the market value of the leased property and accordingly no further allocation of the lease component consideration is undertaken. The remaining lease terms of operating leases vary from one year to 10 years, some of which contain options to extend the lease term or to terminate the lease with a notice period. The Company considers lease and non-lease components as well as extension options to lease terms in order to establish its Operating lease right-of-use assets and the corresponding current and long-term obligations. For most of the Company's operating leases, an implicit rate is not readily determined. To determine the present value of future lease payments at the commencement date of an operating lease contract, the Company uses its incremental borrowing rate. The incremental borrowing rate is estimated to approximate the external interest rate for the Company and is adjusted based on the economic environment where the leased asset portfolio is located.

Operating lease right-of-use assets are measured at the commencement date of the operating lease contract at the value of the arising operating lease obligations. Operating lease right-of-use assets are further adjusted for any lease prepayments, lease incentives received, initial direct costs and impairment charges incurred. Payments made by the Company to settle operating lease obligations are primarily fixed, however, certain operating lease contracts contain variable payments which are determined based on variable indicators such as the Consumer Price Index, fluctuating property tax rates in a real estate lease or the mileage consumed in a motor vehicle lease. Variable payments are expensed as incurred and are not included in the Operating lease right-of-use assets or Operating lease obligations measurement. Payments made in lease arrangements where the lease term is 12 months or less and where an option to purchase the underlying asset does not exist are similarly expensed as incurred. Operating lease expenses are recognised on a straight-line basis over the lease term and recorded in the consolidated statements of operations, in Direct costs of services, or Selling, general, and administrative expenses, depending on the nature of the expenses.

New accounting guidance

No significant new accounting guidance pronouncements have been considered applicable to the Company in the first six months of 2023.

Presentation and reclassifications

Certain reclassifications have been made to prior period amounts or balances in order to conform to the current period presentation.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 2 – Revenues

Revenues are recognised as the Company satisfies its obligations under a contract with a customer, which is when control of the promised services is transferred to the customer and in an amount that reflects the expected consideration the Company is entitled to in exchange for those services. Revenues are recognised and reported net of any sales taxes.

The following table presents the Company's revenues disaggregated by type of service provided.

For the six months ended 30 June (in EUR)	2023	2022
Flexible Placement	**8,920**	8,766
Permanent Placement	**387**	406
Career Transition	**246**	136
Outsourcing, Consulting & Other Services	**2,157**	1,896
Training, Up-skilling & Re-skilling	**180**	180
Total revenues	**11,890**	11,384

In Note 14, revenues are additionally disaggregated by segment and country.

Flexible Placement

Revenues related to Flexible Placement services are generally negotiated and invoiced on an hourly basis. Associates record the hours they have worked and these hours, at the rate agreed with the customer, are then accumulated and billed according to the agreed terms. Flexible Placement contract durations can range from less than one month to multiple years but generally may be terminated earlier if appropriate notice is provided. Flexible Placement service revenues are recognised over time upon rendering the services and in line with the Company's right to invoice the customer. The Company provides Flexible Placement services in the following operating segments: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; Akkodis; and LHH.

Permanent Placement

Revenues related to Permanent Placement services are generally recognised at the point in time the candidate begins full-time employment, or once the fee is earned and the Company has no further obligations to the customer. Allowance provisions are established based on historical information for any non-fulfilment of Permanent Placement obligations and presented in Accounts payable and accrued expenses and recorded as a reduction of revenue. The Company provides Permanent Placement services in the following operating segments: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; Akkodis; and LHH.

Career Transition

Revenues related to Career Transition are negotiated with the client on a project basis and are generally recognised over time upon rendering the services, such as consulting services where revenue is billed and recognised on an hourly basis or workshops and coaching sessions with stated fees per service. The Company also offers multi-month career transition packages or similar services in which participants are offered a range of services for a fixed price. Fees invoiced prior to providing services are deferred and recorded in Accounts payable and accrued expenses until the services are rendered. These revenues are recognised based on historical usage of offered services by the participants over the duration of service period to best depict the transfer of services to the customer. Additionally, certain contracts may contain multiple performance obligations, in which case the Company allocates revenue to each performance obligation based on the standalone selling prices, generally determined based on the prices it would charge to other customers in similar circumstances. The Company provides Career Transition services in the following operating segments: Adecco Southern Europe & EEMENA; Adecco APAC, and LHH.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Outsourcing, Consulting & Other Services

Revenues related to Outsourcing, Consulting & Other Services are generally recognised over time upon rendering the services. Generally, customers are billed through the weekly or monthly billing cycle based on information reported on timesheets multiplied by the contractual billing rate. Consulting & Other services also include revenue recognised over time as the services are performed in the amount to which the Company has a right to invoice. Revenues related to other services include Managed Service Programmes (MSP) and Recruitment Process Outsourcing (RPO). Revenue is accrued for services which have been rendered but remain unbilled as of the reporting date. Fees invoiced prior to providing services are deferred and recorded in Accounts payable and accrued expenses until the services are rendered. The Company provides Outsourcing, Consulting & Other Services in the following operating segments: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; Akkodis; and LHH.

Training, Up-skilling & Re-skilling

Revenues related to Training, Up-skilling & Re-skilling services are generally recognised over time upon rendering the services depending on the nature of the service contract. These service contracts include consulting services in which the Company will bill the customer at an agreed-upon rate when the services are performed. The service contracts may also include workshops or group coaching sessions for the customer's employees as well as other talent development related offerings, such as skills assessments or resource toolkits. The Company will bill the customer at the stated price per service or price per participant upon rendering the services. Certain contracts may include customised project work in which the Company performs a combination of consulting services, assessments, and ongoing coaching sessions. These types of contracts may contain multiple performance obligations, in which case the Company allocates revenue to each performance obligation based on the standalone selling prices, generally determined based on the prices it would charge to other customers in similar circumstances. The Company provides Training, Up-skilling & Re-skilling in the following operating segments: Adecco France; Adecco Northern Europe; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; Akkodis; and LHH.

Principal vs. agent

The Company determines whether it is a principal or an agent by evaluating if it obtains control of the specified services within an arrangement. For contracts with customers in which the Company is the principal, the Company reports gross revenues and gross direct costs. Under arrangements where the Company is an agent, as is generally the case in most MSP contracts, revenues are reported on a net basis.

Discounts, rebates and other transaction elements

Discounts, rebates, and other transaction price adjustments are estimated at contract inception and recognised as reductions to sales over the duration of the contract. The Company uses historical experience to estimate these types of variable consideration and records a liability as the related revenues are recognised. The Company does not expect significant changes to its estimates of variable consideration to occur.

The Company's payment terms in its contracts vary by the type and location of its customer and the services offered. The Company's client contracts are generally short term in nature with a term of one year or less. The Company provides services in the normal course of business at arm's length terms to entities that are affiliated with certain of its officers, Board members, and significant shareholders through investment or board directorship.

Upon rendering services to its customers, the Company generally recognises its unconditional rights to consideration as receivables presented as Trade accounts receivable, net. The period between when services are performed, the customer is billed, and when payment is due is not significant.

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected duration of one year or less and (ii) contracts for which the Company recognises revenue at the amount to which it has the right to invoice for services performed. Revenues from contracts which do not meet one of these two exemptions are not significant. Revenues from long-term flexible placement and outsourcing contracts will generally be recognised over the next one to three years based on the agreed-upon rates and levels of services performed.

Additionally, the Company recognises incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the contract asset would be one year or less.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 3 – Acquisitions

The Company made no acquisitions in the first six months of 2023. With the exception of the AKKA Technologies ("AKKA") acquisition in 2022, the Company does not consider any of its 2022 acquisition transactions to be material, individually or in the aggregate, to its consolidated balance sheets or statements of operations.

The following table illustrates the aggregate impact of the 2023 and 2022 acquisitions:

in EUR	2023	2022
Impact of acquisitions		
Net tangible assets/(liabilities) acquired		(860)
Identified intangible assets		957
Goodwill		1,650
Deferred tax assets/(liabilities), net		(249)
Total consideration		1,498

On 24 February 2022, the Company acquired 59.91% of the shares issued by AKKA Technologies (AKKA) for EUR 917 (EUR 844 in cash plus 1,626,772 new ordinary shares in Adecco Group AG (EUR 73) or a purchase price of EUR 49 per share). This acquisition brought the Company's total holding of AKKA to 64.72%. As of 31 December 2021, the Company had already owned 2.91% of the shares issued by AKKA Technologies with a market value of EUR 44 (included within Other assets) and the remaining 1.90% of the shares issued by AKKA Technologies with a market value of EUR 29 were purchased between 1 January 2022 and 14 February 2022. Subsequently and up to 13 May 2022, the Company acquired all remaining outstanding shares of AKKA, bringing the ownership to 100%. Modis, the Company's high-tech services brand, is combined with AKKA, a leader in engineering R&D services, to become a leading engineering and digital solutions business in the Smart Industry market. Akkodis has been announced as the global brand for the combined business, leveraging the existing value of both brands and providing a clear, distinct brand proposition to customers and colleagues that would amplify future business development.

There were no acquisition costs expensed in the first six months of 2023. Total acquisition related costs expensed in the first six months of 2022 were EUR 7. Acquisition related costs are included in SG&A within the consolidated statements of operations.

Note 4 – Trade accounts receivable

in EUR	30.06.2023	31.12.2022
Trade accounts receivable	4,848	4,835
Allowance for doubtful accounts	(118)	(77)
Trade accounts receivable, net	**4,730**	**4,758**

The reconciliation of changes in the allowance for doubtful accounts is as follows:

in EUR	2023
1 January 2023	**(77)**
Adoption of accounting standard update	(35)
Charge to consolidated statements of operations	(12)
Write-offs charged against the allowance	8
Other, including exchange rate differences	(2)
30 June 2023	**(118)**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 5 – Restructuring

In 2022, the Company launched a Group-wide programme to drive change centred on three levers (Simplify, Execute, Grow) with a series of key actions that will enable faster and better delivery of the Future@Work strategy.

Total restructuring costs incurred by the Company in the first six months of 2023 amounted to EUR 39. Restructuring expenses are recorded in SG&A and mainly represent headcount and branch optimisation. Given the dynamic nature of the current economic environment, the amount of future restructuring expenses in connection with this programme is currently uncertain.

The following table shows the total amount of restructuring costs incurred by segment:

in EUR	2023	Cumulative costs incurred to 30.06.2023
Restructuring costs		
Adecco France	1	3
Adecco Northern Europe	3	3
Adecco DACH	1	1
Adecco Southern Europe & EEMENA	2	7
Adecco Americas	9	15
Adecco APAC	1	2
Adecco	**17**	**31**
Akkodis	9	42
LHH	13	18
Corporate		4
Total restructuring costs	**39**	**95**

The changes in restructuring liabilities for the period ended 30 June 2023 are as follows:

in EUR	Restructuring liabilities
1 January 2023	**37**
Restructuring costs	39
Cash payments	(23)
Write-off of fixed assets, impairment of operating lease right-of-use assets, and other	(13)
30 June 2023	**40**

As of 30 June 2023, restructuring liabilities in connection with these initiatives of EUR 40 were recorded in Accounts payable and accrued expenses. As of 30 June 2023, the remaining liability related to onerous leases of EUR 22 was recorded in Current operating lease liabilities and Operating lease liabilities.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 6 – Financing arrangements

Short-term debt

The Company's bank overdrafts and other short-term borrowings amounted to EUR 315 as of 30 June 2023, compared to EUR 134 as of 31 December 2022.

Long-term debt

The Company's long-term debt as of 30 June 2023 and 31 December 2022 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	30.06.2023	31.12.2022
60.5-year guaranteed Euro subordinated fixed-to-reset notes	EUR 500	2082	1.0%	**495**	494
20-year guaranteed Japanese Yen fixed rate notes	JPY 7,000	2039	1.14%	**44**	50
12-year guaranteed Euro fixed rate notes	EUR 50	2034	4.86%	**50**	49
15-year guaranteed Japanese Yen fixed rate notes	JPY 6,000	2033	1.05%	**38**	43
10-year guaranteed Euro medium-term notes	EUR 500	2031	0.5%	**498**	497
10.25-year guaranteed Norwegian Krone fixed rate notes	NOK 500	2030	2.65%	**43**	47
10.5-year guaranteed Euro medium-term notes	EUR 300	2029	1.25%	**268**	265
7-year guaranteed Euro medium-term notes	EUR 500	2028	0.125%	**496**	495
5-year Swiss Franc fixed rate notes	CHF 300	2027	2.3775%	**306**	302
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	**94**	93
5.5-year Swiss Franc fixed rate notes	CHF 225	2025	0.875%	**216**	211
8-year guaranteed Euro medium-term notes	EUR 500	2024	1.0%	**502**	502
Other				**52**	55
				3,102	3,103
Less current maturities				**(2)**	(4)
Long-term debt, less current maturities				**3,100**	3,099

Other credit facilities

Committed multicurrency revolving credit facility

In December 2022 the Company concluded a committed 3-year Euro revolving credit facility of EUR 100 with a maturity date of December 2025. The bilateral facility could be used for general corporate purposes. The interest rate is based on EURIBOR, plus a margin between 0.50% and 1.80% per annum, depending on certain net debt-to-EBITDA ratios. In addition to the interest rate costs, a utilisation fee of 0.075%, 0.15%, or 0.30% applies for total utilisation of up to 33.33%, 66.67%, and above 66.67% of the facility amount, respectively. No utilisation fee shall be payable while the facility is unutilised. As of 30 June 2023, there were no outstanding borrowings under the credit facility.

In February 2023 the Company concluded a committed 3-year Euro revolving credit facility of EUR 150 with a maturity date of February 2026. The bilateral facility could be used for general corporate purposes. The interest rate is based on EURIBOR, plus a margin based on Adecco Group's credit rating. As of 30 June 2023, there were no outstanding borrowings under the credit facility.

In June 2023, the Company entered into a new committed 5-year EUR 750 multicurrency revolving credit facility with a maturity date of June 2028. The facility is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on EURIBOR for drawings denominated in Euro, plus a margin between 0.225% and 0.55% per annum, depending on certain net debt-to-EBITDA ratios. The applicable margin levels set out above shall be subject to further variation in accordance with certain "ESG Score" provisions. In addition to the interest rate costs, a utilisation fee of 0.075%, 0.15%, or 0.30% applies for total utilisation of up to 33.33%, 66.67%, and above 66.67% of the facility amount, respectively. No utilisation fee shall be payable while the facility is unutilised. The letter of credit fee equals the applicable margin, and the commitment fee equals 35% of the applicable margin. As of 30 June 2023, there were no outstanding borrowings under the credit facility.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 7 – Shareholders' equity

Treasury share transactions and appropriation of available earnings

In the first six months of 2023 and 2022 no treasury shares were acquired on the regular trading line.

During the six months ended 30 June 2023 and the six months ended 30 June 2022, the Company awarded 25,625 and 19,930 treasury shares, respectively, to the Board of Directors as part of their compensation packages. In addition, in the first six months of 2023 and the first six months of 2022, 368,727 and 477,111 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

The Company launched the following share buyback programme on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 600 announced in February 2020 (commenced in April 2021 and placed on hold in July 2021)

In the first six months of 2023 and 2022 no treasury shares have been acquired under the share buyback programme.

At the 2023 AGM, the shareholders approved two dividends for a total of CHF 2.50 per share outstanding. A dividend of CHF 1.85 was distributed to shareholders from voluntary retained earnings and a dividend of CHF 0.65 was distributed to shareholders from Adecco Group AG's statutory reserves from capital contribution in April 2023. The statutory reserves from capital contribution are classified as additional paid-in capital in the consolidated balance sheet.

Accumulated other comprehensive income/(loss), net

The components of Accumulated other comprehensive income/(loss), net of tax, are as follows:

in EUR	30.06.2023	31.12.2022
Currency translation adjustment	(295)	(178)
Currency translation adjustment of net investment hedges	29	26
Pension-related adjustments	(10)	(15)
Change in fair value of securities	6	6
Change in fair value of cash flow hedges	8	8
Accumulated other comprehensive income/(loss), net	**(262)**	(153)

An amount of less than EUR 1 (net of tax of less than EUR (1)) and EUR 1 (net of tax of less than EUR (1)) was reclassified from Accumulated other comprehensive income/(loss), net to line item Other income/(expenses), net, in the statement of operations in connection with pension-related adjustments in the first six months of 2023 and 2022, respectively. An amount of less than EUR 1 (net of tax of less than EUR (1)) and EUR 1 (net of tax of less than EUR (1)) was reclassified from Accumulated other comprehensive income/(loss), net to Interest expense, net, in the statement of operations in connection with securities in the first six months of 2023 and 2022, respectively. An amount of EUR (11) (net of tax of EUR 2) and EUR (18) (net of tax of EUR 4) was reclassified from Accumulated other comprehensive income/(loss), net to Other income/(expenses), net, in the statement of operations in connection with cash flow hedging activities in the first six months of 2023 and 2022, respectively. Additionally, an amount of EUR 1 (net of tax of less than EUR (1)) and EUR 1 (net of tax of less than EUR (1)) was reclassified from Accumulated other comprehensive income/(loss), net to Interest expense in the statement of operations in connection with cash flow hedging activities in the first six months of 2023 and 2022, respectively.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 8 – Employee benefit plans

For the six months ended 30 June 2023 and 30 June 2022, estimated net pension expense for the defined benefit plans are as follows:

	Swiss plans		Non-Swiss plans	
in EUR	**2023**	2022	**2023**	2022
Components of pension expense				
Service cost	**13**	13	**6**	7
Interest cost	**3**		**7**	5
Expected return on plan assets	**(6)**	(5)	**(5)**	(5)
Amortisation of prior service (credit)/cost				
Amortisation of net actuarial (gain)/loss				1
Curtailment gain			**(3)**	
Pension expense, net	**10**	8	**5**	8

All components of pension expense, net, other than service cost, are included in the line item Other income/(expenses), net, in the statement of operations.

Note 9 – Financial instruments

Risk and use of derivative instruments

The Company conducts business in various countries and funds its subsidiaries in various currencies and is therefore exposed to the effects of changes in foreign currency exchange rates. In order to mitigate the impact of currency exchange rate fluctuations, the Company assesses its exposure to currency risk and hedges certain risks through the use of derivative instruments.

As the Company is exposed to interest rate risk through its financial investments and borrowings, the Company manages this risk using derivative financial instruments such as interest rate swaps. Using inputs such as management guidance, macro environment and financial market conditions as well as underlying exposure duration, the Company endeavours to optimise its fix/floating rate mix profile and optimally manage interest expense. The Company has entered into interest rate swaps to hedge or offset the fixed interest rates on the hedged item, matching the amount and timing of the hedged item and subsequently allowing it to adapt the profile of its outstanding debt.

The main objective of holding derivative instruments is to minimise the volatility of earnings arising from these exposures in the absence of natural hedges. The responsibility for assessing exposures as well as entering into and managing derivative instruments is centralised in the Company's treasury department. The activities of the treasury department are covered by corporate policies and procedures approved by the Board of Directors, which limit the use of derivative instruments for trading and speculative purposes. Group management approves the hedging strategy and monitors the underlying market risks.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Fair value of derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of 30 June 2023 and 31 December 2022:

		Notional amount		Fair value	
in EUR	Consolidated balance sheet location	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	**80**	310	**2**	16
• FX options	Other current assets	**367**	257	**1**	1
• Interest rate swaps	Other assets	**50**			
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	**534**	320	**7**	7
• Cross-currency interest rate swaps	Other assets	**38**	43	**10**	8
Derivative liabilities					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	**132**	199	**1**	3
• FX options	Other accrued expenses	**367**	257	**1**	1
• Interest rate swaps	Other liabilities	**533**	578	**52**	58
• Cross-currency interest rate swaps	Other liabilities	**125**	140	**30**	19
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	**525**	1,231	**6**	40
• Cross-currency interest rate swaps	Other liabilities	**38**	43	**10**	8
Total net derivative asset/(liability)				**(80)**	(97)

In addition, accrued interest receivable and payable on interest rate swaps of EUR 2 and EUR (1) was recorded in Other current assets and Other accrued expenses as of 30 June 2023 and 31 December 2022 respectively. As of 30 June 2023, accrued interest receivable and payable on cross-currency interest rate swaps of EUR 1 and EUR (1) was recorded in Other current assets and Other accrued expenses, respectively. As of 31 December 2022, accrued interest receivable and payable on cross-currency interest rate swaps of EUR 1 and EUR (1) was recorded in Other current assets and Other accrued expenses, respectively.

Fair value hedges

Interest rate swaps that contain a receipt of fixed interest rate amounts and payment of floating interest rate amounts have been designated as fair value hedges for a portion of the EUR notes issued by Adecco International Financial Services BV and for a portion of the CHF notes issued by Adecco Group AG.

The following table shows the gain/(loss) recognised in earnings related to the fair value hedges as of 30 June 2023 and 30 June 2022:

		30.06.2023		30.06.2022	
in EUR	Location of gain/(loss) in Consolidated statements of operations	Recognised on derivatives	Recognised on hedged item	Recognised on derivatives	Recognised on hedged item
Derivatives designated as fair value hedges					
• Interest rate swaps	Interest expense	**6**	**(6)**	(40)	38

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The Company recorded a gain of EUR 1 and EUR 1 in the first six months of 2023 and 2022, respectively, in interest expense related to the amortisation of terminated hedges.

Furthermore, the net swap settlements that accrue each period are also reported in interest expense. No significant gains or losses were excluded from the assessment of hedge effectiveness of the fair value hedges in the first six months of 2023 or the first six months of 2022.

The following table shows the amounts recorded in the consolidated balance sheets related to cumulative basis adjustments for fair value hedges as of 30 June 2023 and 31 December 2022:

	30.06.2023			31.12.2022		
In EUR	Carrying amount of hedged items	Cumulative amount of fair value hedging adjustment gain/(loss) included in the carrying amount of the hedged items	Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued	Carrying amount of hedged items	Cumulative amount of fair value hedging adjustment gain/(loss) included in the carrying amount of the hedged items	Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued
Non-current liabilities:						
• Long-term debt, less current maturities	529	52	(3)	519	58	(4)

Cash flow hedges

Cross-currency interest rate swaps designated as cash flow hedges are used to offset foreign currency exchange rate fluctuations on long-term debt instruments. The Company further uses foreign currency contracts designated as cash flow hedges to mitigate exposure to foreign currency exchange rate volatility arising from intercompany cash flows within the next 12 months denominated in other currencies than Swiss Francs. Interest rate swaps designated as cash flow hedges are used to lock in interest rates prior to the issuance of debt.

For derivative instruments designated as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is reclassified into earnings in the same period as the hedged transaction impacts earnings.

The following table shows the gain/(loss) recorded in Other comprehensive income/(loss) and reclassified from Other comprehensive income/(loss) to earnings related to derivatives designated as cash flow hedges as of 30 June 2023 and 30 June 2022:

		30.06.2023		30.06.2022	
in EUR	Location of gain/(loss) in Consolidated statements of operations	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings
Derivatives designated as cash flow hedges					
• Foreign currency contracts	Other income/(expenses), net	1	1	(5)	(3)
• Cross-currency interest rate swaps	Other income/(expenses), net	(12)	(14)	(1)	(19)
• Interest rate swaps	Interest expense		1		1

No significant gains or losses were recorded in the first six months of 2023 or the first six months of 2022 due to ineffectiveness in cash flow hedge relationships. No significant gains or losses were excluded from the assessment of hedge effectiveness of the cash flow hedges in the first six months of 2023 and the first six months of 2022. Within the next 12 months, the Company expects to reclassify EUR 2 currently reported in Accumulated other comprehensive income/(loss), net into Other income/(loss), net and EUR 2 currently reported in Accumulated other comprehensive income /(loss), net into Interest expense from cash flow hedges.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Net investment hedges

The Company has entered into certain derivative contracts that are designated as net investment hedges under ASC 815. Foreign currency contracts and FX options are mainly used to hedge a portion of certain investments with operations in different currencies against Swiss Francs.

The following table shows the gain/(loss) recorded in Other comprehensive income/(loss) and reclassified from Other comprehensive income/(loss) to earnings related to derivatives designated as net investment hedges as of 30 June 2023 and 30 June 2022:

		30.06.2023		30.06.2022	
in EUR	Location of gain/(loss) in Consolidated statements of operations	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings	Recognised gain/(loss) in Other comprehensive income/(loss)	Reclassified gain/(loss) from Other comprehensive income/(loss) to earnings
Derivatives designated as net investment hedges					
• Foreign currency contracts	Other income/(expenses), net	4		(12)	
• FX options	Other income/(expenses), net			1	

Other hedge activities

The Company has entered into certain derivative contracts that are not designated or do not qualify as hedges under ASC 815. Foreign currency contracts and cross-currency interest rate swaps are mainly used to hedge the net exposure of subsidiary funding advanced in the local operations' functional currency. Contracts are entered into in accordance with the Company's approved treasury policies and procedures and represent economic hedges. Gains and losses on these contracts are recognised in earnings and are included in Other income/(expenses), net, in the accompanying consolidated statements of operations.

The following table shows the gain/(loss) recognised in earnings related to derivatives not designated as hedging instruments as of 30 June 2023 and 30 June 2022:

		Gain/(loss) on derivative recognised in earnings	
in EUR	Location of gain/(loss) in Consolidated statements of operations	30.06.2023	30.06.2022
Derivatives not designated as hedging instruments			
• Foreign currency contracts	Other income/(expenses), net	(17)	(11)

Credit risk concentration

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash investments, short-term investments, trade accounts receivable, and derivative financial instruments. The Company places its cash and short-term investments in major financial institutions throughout the world, which management assesses to be of high credit quality, in order to limit the exposure of each investment.

Credit risk with respect to trade accounts receivable is dispersed due to the international nature of the business, the large number of customers, and the diversity of industries serviced. The Company's receivables are well diversified, and management performs credit evaluations of its customers and, where available and cost-effective, utilises credit insurance.

To minimise counterparty exposure on derivative instruments, the Company enters into derivative contracts with several large multinational banks and limits the level of exposure on short-term investments with each counterparty.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 10 – Fair value measurement

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis as of 30 June 2023 and 31 December 2022:

in EUR	Balance sheet location	Level 1	Level 2	Level 3	Total
30 June 2023					
Assets					
Money market funds	Cash and cash equivalents	14			14
Derivative assets	Other current assets		10		10
Derivative assets	Other assets		10		10
Liabilities					
Derivative liabilities	Other accrued expenses		8		8
Derivative liabilities	Other liabilities		92		92
31 December 2022					
Assets					
Money market funds	Cash and cash equivalents	284			284
Derivative assets	Other current assets		24		24
Derivative assets	Other assets		8		8
Liabilities					
Derivative liabilities	Other accrued expenses		44		44
Derivative liabilities	Other liabilities		85		85

The Company uses the following methods and assumptions in estimating the fair values of financial assets and liabilities measured at fair value on a recurring basis:

- **Money market funds and equity securities:** The fair value of money market funds and equity securities is estimated using quoted market prices.
- **Derivative assets and liabilities:** The fair values of interest rate swaps and foreign currency contracts are calculated using the present value of future cash flows based on observable market inputs. FX options are valued based on a Black-Scholes model, using major observable market inputs. The Company adds an adjustment for non-performance risk in the recognised measure of fair value of derivative instruments. The non-performance adjustment reflects the Credit Default Swap (CDS) applied to the exposure of each transaction. The Company uses the counterparty CDS spread in the case of an asset position and its own CDS spread in the case of a liability position. As of 30 June 2023 and 31 December 2022, the total impact of non-performance risk and liquidity risk was an adjustment of EUR 1 and EUR 1, respectively.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Disclosure about financial instruments carried on a cost basis

The following table represents the fair values of the Company's assets and liabilities carried on a cost basis as of 30 June 2023 and 31 December 2022:

in EUR	Carrying value	Level 1	Level 2	Level 3	Total fair value
30 June 2023					
Liabilities					
Current maturities of long-term debt (excluding finance lease obligations)	2		3		3
Long-term debt, less current maturities (excluding finance lease obligations)	3,077	2,656	27		2,683
/31 December 2022					
Liabilities					
Current maturities of long-term debt (excluding finance lease obligations)	2		3		3
Long-term debt, less current maturities (excluding finance lease obligations)	3,076	2,638	27		2,665

The Company uses the following methods and assumptions in estimating fair values of financial instruments carried on a cost basis:

- **Short-term debt:** The carrying amount approximates the fair value given the short maturity of such instruments.
- **Long-term debt, including current maturities of long-term debt** (excluding finance lease obligations): The fair value of the Company's publicly traded long-term debt is estimated using quoted market prices (refer to Note 6 for details of debt instruments).

Investments measured using net asset value

The following table represents the Company's investments that are measured using the net asset value per share on a recurring basis as of 30 June 2023 and 31 December 2022:

in EUR	Unfunded commitments	Redemptions frequency (if currently eligible)	Redemption notice period	30.06.2023	31.12.2022
Private equity investment fund	1	not eligible	n.a.	15	15
Total				15	15

This investment fund makes minority investments in equity and equity-related instruments in micro, small and medium-sized companies. The target companies operate predominantly in the internet, mobile, SaaS and technology industry. The fair value of the investment has been estimated using the net asset value per share. The investment is subject to a lockup until 2026 when the fund will be liquidated over the subsequent two years. The investment can be sold to a third party prior to its liquidation.

Note 11 – Other income/(expenses), net

For the first six months of 2023 and the first six months of 2022, Other income/(expenses), net, consist of the following:

in EUR	2023	2022
Foreign exchange gain/(loss), net	(9)	3
Interest income	10	3
Proportionate net income of equity method investments	(1)	
Other non-operating income/(expenses), net	(10)	(25)
Total other income/(expenses), net	(10)	(19)

Other non-operating income/(expense), net includes an expense related to Digital Venture Incentive Plans of EUR 15 and EUR 12 in the first six months of 2023 and 2022, respectively.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 12 – Income taxes

Adecco Group AG is incorporated in Switzerland and the Company operates in various countries with different tax laws and rates. A substantial portion of the Company's operations are outside Switzerland. Since the Company operates worldwide, the weighted-average effective tax rate will vary from year to year depending on the earnings mix by country. Income taxes for the first six months of 2023 were provided at a rate of 27%, based on the Company's current estimate of the annual effective tax rate. For the first six months of 2022, the tax rate was 28%.

The income tax rate in the first six months of 2023 and in the first six months of 2022 includes the negative impact of EUR 1 and positive impact of EUR 5, respectively, from tax disputes, prior year adjustments, the expiration of the statute of limitations, and other discrete events.

As of 30 June 2023 the total amount of unrecognised tax benefits recorded increased by EUR 8 compared to 31 December 2022 primarily due to the current year additions and fluctuations in foreign currency exchange rates, offset by the expiration of the statute of limitations. As of 30 June 2022, the total amount of unrecognised tax benefits recorded decreased by EUR 2, excluding the preliminary effects of the AKKA acquisition, compared to 31 December 2021 primarily due to the expiration of the statute of limitations, partially offset by current year additions and fluctuations in foreign currency exchange rates.

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitations. Based on the outcome of examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognised tax benefits for tax positions taken regarding previously filed tax returns could materially change in the next 12 months from those recorded as liabilities for uncertain tax positions in the Company's financial statements. An estimate of the range of the possible change cannot be made until issues are further developed or examinations close.

Significant estimates are required in determining income tax expense and benefits. Various internal and external factors may have favourable or unfavourable effects on the future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, results of tax audits, and changes in the overall level of pre-tax earnings.

Note 13 – Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the six months ended 30 June 2023 and 30 June 2022:

	2023		2022	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted
Numerator				
Net income attributable to Adecco Group shareholders	**154**	**154**	169	169
Denominator				
Weighted-average shares	**167,321,182**	**167,321,182**	166,539,810	166,539,810
Incremental shares for assumed conversions:				
• Employee stock-based compensation		450,945		329,675
Total average equivalent shares	**167,321,182**	**167,772,127**	166,539,810	166,869,485
Per share amounts				
Net earnings per share	**0.92**	**0.92**	1.02	1.01

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Note 14 – Segment reporting

The Company organises its business along three distinct Global Business Units (GBU): Adecco, Akkodis and LHH. The primary segment reporting is therefore built on a brand-driven organisational model structured around solutions-based business groups comprising Adecco (further split by geography: France; Northern Europe; DACH; Southern Europe & EEMENA; Americas; and APAC), Akkodis, and LHH. The structure is complemented by secondary segment reporting of the Company's service lines (comprising Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Up-skilling & Re-skilling). Effective 1 January 2023, the Company transferred part of AKKA's US operations to Adecco US. The assets transferred were staffing activities, such that this action strengthens the strategic focus of both the Akkodis and Adecco GBUs. Prior year information has been restated to conform to the current year presentation.

The Company evaluates the performance of its segments based on operating income before amortisation of intangible assets, which is defined as the amount of income before amortisation of intangible assets, interest expense, other income/(expenses), net, and provision for income taxes. Corporate items consist of certain assets and expenses which are separately managed at the corporate level. The Company has not disclosed the segment assets because management does not currently review segment assets by Global Business Unit. The accounting principles used for the segment reporting are those used by the Company.

Revenues derived from Flexible Placement represented 75% for the first six months of 2023 and 77% for the first six months of 2022 of the Company's revenues. The remaining portion was derived from Permanent Placement, Career Transition, Outsourcing, Consulting & Other Services, and Training, Up-skilling & Re-skilling.

in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	Adecco	Akkodis	LHH	Corporate	Total
Six months ended 30 June 2023											
Revenues	2,449	1,170	811	2,146	1,358	1,117	**9,051**	1,908	931		**11,890**
Operating income before amortisation of intangible assets and impairment of goodwill	97	16	7	119	(2)	62	**299**	80	55	(117)	**317**
Amortisation of intangible assets											**(56)**
Operating income											**261**
Interest expense, and other income/(expenses), net											**(47)**
Provision for income taxes											**(59)**
Net income											**155**

in EUR	Adecco France	Adecco Northern Europe	Adecco DACH	Adecco Southern Europe & EEMENA	Adecco Americas	Adecco APAC	Adecco	Akkodis	LHH	Corporate	Total
Six months ended 30 June 2022											
Revenues	2,398	1,201	740	2,004	1,348	1,063	**8,754**	1,692	938		**11,384**
Operating income before amortisation of intangible assets and impairment of goodwill	98	22	21	109	13	64	**327**	110	45	(152)	**330**
Amortisation of intangible assets											**(60)**
Operating income											**270**
Interest expense, and other income/(expenses), net											**(41)**
Provision for income taxes											**(59)**
Net income											**170**

Notes to consolidated financial statements (continued)

in millions, except share and per share information

The following table presents the Company's revenues disaggregated by country.

in EUR	France	USA	UK	Germany	Japan	Italy	Switzerland	Rest of the world	Total
Six months ended 30 June 2023	**2,902**	**1,693**	**781**	**891**	**847**	**1,297**	**250**	**3,229**	**11,890**
Six months ended 30 June 2022	2,781	1,724	773	729	824	1,224	246	3,083	11,384

Note 15 – Commitments and contingencies

Guarantees and standby letters of credit

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 949. The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. The standby letters of credit mainly relate to workers' compensation. If the Company is not able to obtain and maintain letters of credit and/or guarantees from third parties, then the Company would be required to collateralise its obligations with cash. Due to the nature of these arrangements and historical experience, the Company does not expect to be required to collateralise its obligations with cash.

Contingencies

In the ordinary course of business, the Company is involved in various legal actions and claims, including those related to social security charges, other payroll-related charges, and various employment-related matters.

On 18 July 2018, the French competition authority commenced an investigation of AKKA Technologies and certain of its competitors with regards to alleged anti-competitive practices in France. The Company is fully co-operating with the French competition authority. Up to the date of this report, the Company has not received any statement of objections by the French competition authorities.

Although the outcome of the legal proceedings cannot be predicted with certainty, the Company believes it has adequately reserved for such matters.

Note 16 – Subsequent events

The Company has evaluated subsequent events through 2 August 2023, the date the financial statements were available to be issued. No other significant events occurred subsequent to the balance sheet date but prior to 2 August 2023 that would have a material impact on the consolidated financial statements.

Non-US GAAP information and financial measures

Non-US GAAP information and financial measures

The Company uses non-US GAAP financial measures for management purposes. The principal non-US GAAP financial measures discussed herein are constant currency, organic growth, EBITA, EBITA excluding one-offs, conversion ratio, free cash flow, cash conversion, net debt, and net debt to EBITDA excluding one-offs, which are used in addition to, and in conjunction with, results presented in accordance with US GAAP.

The aforementioned non-US GAAP financial measures should not be relied upon to the exclusion of US GAAP financial measures, but rather reflect additional measures of comparability and means of viewing aspects of the Company's operations that, when viewed together with the US GAAP results, provide a more complete understanding of factors and trends affecting the Company's business.

Because non-US GAAP financial measures are not standardised, it may not be possible to compare the Company's measures with other companies' non-US GAAP financial measures having the same or a similar name. Management encourages investors to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Bill rate

An average hourly billing rate for flexible placement services indicating current price levels.

Pay rate

An average hourly payroll rate including social charges for flexible placement services indicating current costs.

Constant currency

Constant currency comparisons are calculated by multiplying the prior year functional currency amount by the current year foreign currency exchange rate. Management believes that constant currency comparisons are important supplemental information because these comparisons exclude the impact of changes in foreign currency exchange rates, which are outside the Company's control, and focus on the underlying growth and performance.

Organic growth

Organic growth figures exclude the impact of currency, acquisitions, and divestitures. Management believes that organic growth comparisons are important supplemental information because these comparisons exclude the impact of changes resulting from foreign currency exchange rate fluctuations, acquisitions, and divestitures.

EBITA

EBITA refers to operating income before amortisation and impairment of goodwill and intangible assets. Management believes that EBITA is important supplemental information because it focuses on the underlying growth and performance of the Company's business.

EBITA excluding one-offs

EBITA excluding one-offs refers to EBITA adjusted for items impacting comparability. Management believes that EBITA excluding one-offs is important supplemental information because it excludes the effect of items that are not expected to recur in future periods, and therefore shows more clearly the underlying performance of the Company's business.

EBITDA

EBITDA refers to operating income before amortisation and impairment of goodwill and intangible assets and depreciation. Management believes that EBITDA is important supplemental information because it focuses on the underlying growth and performance of the Company's business excluding non-recurring charges.

EBITDA excluding one-offs

EBITDA excluding one-offs refers to EBITDA adjusted for items impacting comparability. Management believes that EBITDA excluding one-offs is important supplemental information because it excludes the effect of items that are not expected to recur in future periods, and therefore shows more clearly the underlying performance of the Company's business excluding non-cash charges.

Conversion ratio

EBITA as a percentage of gross profit. Management believes that the conversion ratio is important supplemental information because this ratio displays the efficiency with which gross profit is converted to EBITA. The Company uses this metric to manage productivity and profitability.

Free cash flow (FCF)

Free cash flow (FCF) comprises cash flow from operating activities less capital expenditures. Management believes that FCF is important supplemental information because it represents the cash generated by the Company after the investments in assets necessary to support existing business activities and to pursue internal growth opportunities.

Cash conversion

Cash conversion is calculated as free cash flow before interest and tax paid (FCFBIT) divided by EBITA excluding one-offs. Management believes that cash conversion is important supplemental information because it represents how much underlying operating profit is converted into cash flows of the Company before the impact of interest and taxes paid.

Days sales outstanding (DSO)

Accounts receivable turnover. Management believes that DSO is important information as it represents the average time taken to collect accounts receivable.

Net debt

Net debt comprises short-term and long-term debt less cash and cash equivalents and short-term investments. Management believes that net debt is important supplemental information because it is one metric the Company uses to monitor outstanding debt obligations.

Net debt to EBITDA excluding one-offs

Management believes that net debt to EBITDA excluding one-offs is important supplemental information because it is one metric the Company uses to monitor its ability to meet outstanding debt obligations.

Adjusted earnings per share

Adjusted earnings per share refers to Net income attributable to Adecco Group shareholders before amortisation and impairment of goodwill and intangible assets, excluding one-off costs and exceptional tax items, divided by basic weighted-average shares outstanding.

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