MANDATORY PUBLIC TAKEOVER BID IN CASH

possibly followed by a simplified squeeze-out

by

MODIS INTERNATIONAL AG

for all shares and convertible bonds that are not yet directly or indirectly held by the Bidder or its Affiliates, issued by

AKKA TECHNOLOGIES SE

Bid Price EUR 49 per Share EUR 101,816.58 per Convertible Bond
The Initial Acceptance Period will start on 17 March 2022 and will end in principle on 13 April 2022.

Centralizing agent with respect to the Shares
ING Bank N.V.

Centralizing agent with respect to the Convertible Bonds
BNP Paribas Fortis SA

The Prospectus and the Acceptance Forms can be obtained free of charge at the counters of the Centralizing Agents, or by telephone from ING Bank N.V. on +31 20 563 66 19 and BNP Paribas Fortis SA on +32 2 433 41 13. The digital versions of the Prospectus and the Acceptance Forms are also available on the internet at the following websites: https://www.adeccogroup.com/investors/akka-modis-transaction, https://www.akka-technologies.com, https://www.ing.nl/particulier/beleggen/leren-beleggen/corporate_actions/index.html and www.bnpparibasfortis.be/epargneretplacer. A free shareholder hotline is also available in France on 0805 381 313.

Financial advisor of the Bidder:
SOCIETE GENERALE

Prospectus of 15 March 2022

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1 SUMMARY

Notification

This summary should be read by way of introduction to – and together with more detailed information contained elsewhere in – the Prospectus. The decision to accept the Bid should be based on a full and thorough examination of the entire Prospectus. The Security Holders of the Target are consequently advised to form their own opinion on the terms of the Bid and on the advantages and disadvantages that a decision to accept the Bid may entail for them.

No one shall be held civilly liable solely on the basis of this summary or its translation, except if its content is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Any capitalised terms used in this summary and that are not explicitly defined herein, shall have the meaning given to them in the Prospectus.

The Bidder

The Bidder is Modis International AG, a company limited by shares (‘*Aktiengesellschaft*’) under Swiss law, having its registered office at Gotthardstrasse 20, 6300 Zug (Switzerland), registered with the commercial register under company number CHE-197.415.440.

On the date of the Prospectus, (i) the Bidder holds 15,461,369 (or 49.54%) of the shares issued by the Target and (ii) Modis Investment, a 100% subsidiary of the Bidder, holds 4,737,453 (or 15.18%) of the shares issued by the Target, and (iii) the Target and its subsidiaries hold 747,254 treasury shares (or 2.39% of the shares issued by the Target). These shares are not included in the Bid.

As of the closing of the Share Purchase Agreement, the Bidder acts in concert (‘*action de concert*’ / ‘*in onderling overleg*’) with the Target and its Affiliates in relation to the Bid, as they are affiliated persons within the meaning of article 1:20 BCCA as of 23 February 2022 (article 3, §2 of the Takeover Act).

The Target

The Target is AKKA Technologies, a European company under Belgian law, having its registered office at Avenue Louise 235, 1050 Brussels (Belgium) and registered with the Crossroads Bank for Enterprises under company number 0538.473.031 (RLE Brussels, French-speaking division).

The shares in the Target are admitted to trading on the regulated markets of Euronext Paris and Euronext Brussels, under ISIN code FR0004180537.

The Target is a European leader in engineering consulting and R&D services. The comprehensive portfolio of digital solutions of the Target combined with its expertise in engineering, uniquely positions it to support its clients by leveraging the power of connected data to accelerate innovation and drive the future of Smart Industry.

The Target accompanies leading industry players across a wide range of sectors throughout the life cycle of their products with cutting edge digital technologies (autonomous driving, IoT, Big Data, robotics, embedded computing, machine learnings etc.) to help them rethink their products and business processes.

Characteristics of the Bid

Background of the Bid: acquisition by the Bidder of 59.91% of the shares of the Target

On 27 July 2021, the Adecco Group signed a Share Purchase Agreement with the Ricci Family and Swilux S.A., a fully-owned subsidiary of Compagnie Nationale à Portefeuille SA, pursuant to which Adecco Group AG, through its subsidiaries Modis Investment and Modis International, acquired a total of 18,698,822 shares issued by the Target (representing 59.91% of the shares issued by the Target).

The completion of the Share Purchase Agreement gave rise to the obligation to launch a mandatory takeover bid in accordance with Article 5 of the Takeover Act and Article 50 of the Takeover Decree. In accordance with article 56 of the Takeover Decree, the Bid was filed with the FSMA on 24 February 2022 and the announcement of the Bid was published on 24 February 2022.

Nature and purpose of the Bid

The Bid is a mandatory public takeover bid made in accordance with chapter III of the Takeover Decree. The Bid is made in cash.

The Bid relates to all 10,264,002 Shares and 1,750 Convertible Bonds issued by the Target not yet held by the Bidder or by its Affiliates (including the Target).

If after the Initial Acceptance Period or any subsequent Acceptance Period, the Bidder (together with other persons acting in concert with the Bidder) holds at least 95% of the securities carrying voting rights issued by the Target, the Bidder will have the right (which it intends to use) to proceed with a Squeeze-Out in accordance with article 7:82, §1 BCCA and article 42 and 43 juncto article 57 of the Takeover Decree, in order to acquire the securities carrying voting rights not yet acquired by the Bidder, under the same terms and conditions as the Bid.

Even if the conditions for a Squeeze-Out are not met, the Bidder reserves the right to request the delisting of the shares issued by the Target admitted to trading on the regulated markets of Euronext Brussels and Euronext Paris, as well as of the Convertible Bonds admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange. Euronext Brussels must inform the FSMA of any proposed delisting of the shares issued by the Target. The FSMA may, in consultation with Euronext Brussels, oppose a proposed delisting in the interest of investor protection.

Bid Price and payment

The Bid Price per Share amounts to EUR 49.

The Bid Price per Convertible Bond amounts to EUR 101,816.58, which is equal to the principal amount per Convertible Bond plus accrued interest from (and including) 1 January 2022 up to (but excluding) the planned Optional Redemption Date (*i.e.*, 8 July 2022). The Bid Price per Convertible Bond may need to be revised if the Target were to pay out accrued interest prior to the relevant Settlement Date.

The calculation of the Bid Price and the justification of the Bid Price per Share is set out in Section 8.2 of this Prospectus.

The tax treatment of the Bid Price is explained in Section 9 of the Prospectus.

The Bidder shall pay the Bid Price to the Security Holders who have validly tendered their Shares or Convertible Bonds during the Initial Acceptance Period at the latest on the tenth Business Day following the announcement of the results of the Bid during the Initial Acceptance Period.

In the event of a reopening of the Bid, the Bidder will pay the Bid Price for the Securities offered in the framework of such a reopening at the latest on the tenth Business Day following the announcement of the results of the relevant Acceptance Period(s).

Conditions of the Bid

The Bid is unconditional.

Initial Acceptance Period; indicative timetable

The Initial Acceptance Period of the Bid commences on 17 March 2022 and closes on 13 April 2022.

Indicative timetable

Event	**(Anticipated) date**
Announcement Date	28 July 2021
Formal filing of the Bid with the FSMA	24 February 2022
Public announcement of the Bid by the FSMA	24 February 2022
Approval of the Prospectus by the FSMA	15 March 2022
Approval of the Board Memorandum by the FSMA	15 March 2022
Publication of the Prospectus	16 March 2022
Opening of the Initial Acceptance Period	17 March 2022
Closing of the Initial Acceptance Period	13 April 2022
Announcement of the results of the Initial Acceptance Period	20 April 2022
Initial Settlement Date	25 April 2022
Reopening of the Bid, either (i) mandatory in one of the instances mentioned in article 35 of the Takeover Decree, (ii) voluntary, if the Bidder so chooses, or (iii) as a Squeeze-Out	25 April 2022
Closing of the Acceptance Period of the reopening	13 May 2022
Announcement of the results of the reopening	18 May 2022

Settlement Date of the reopening	23 May 2022
Opening of the Acceptance Period of the Squeeze-Out (if the reopening did not already have the effect of a Squeeze-Out)	23 May 2022
Closing of the Acceptance Period of the Squeeze-Out	14 June 2022
Announcement of the results of the Squeeze-Out	17 June 2022
Settlement Date of the Squeeze-Out	22 June 2022
Planned Optional Redemption Date	8 July 2022

If any of the dates included in the timetable is amended, the Security Holders will be informed of this or these amendment(s) by means of a press release that will also be made available on the websites of the Bidder (https://www.adeccogroup.com/investors/akka-modis-transaction), the Target (https://www.akka-technologies.com), ING Bank (https://www.ing.nl/particulier/beleggen/leren-beleggen/corporate_actions/index.html and BNP Paribas Fortis (www.bnpparibasfortis.be/epargneretplacer).

Objectives and intentions of the Bidder

Objectives of the Bid

In launching the Bid, the Bidder complies with its legal obligation to launch a public takeover bid on all securities carrying voting rights and securities granting access to voting rights issued by the Target that it does not yet own. That obligation has arisen following the acquisition of shares issued by the Target pursuant to the Share Purchase Agreement, resulting in the Bidder having crossed the threshold of 30% of the securities carrying voting rights.

The immediate objective of the Bid is to be able to launch a Squeeze-Out, to obtain all securities carrying voting rights and securities granting access to voting rights issued by the Target and the subsequent delisting of the shares issued by the Target and the Convertible Bonds.

The main objectives for the acquisition of the Target are the following:

a. Becoming the global number two in the ER&D market. The Adecco Group intends to combine the Bidder and the Target. Through this landmark step, the combined new business will be the global number two in the engineering R&D (ER&D) market with 50,000 engineers and digital experts providing comprehensive IT, engineering, and digital services. With enhanced scale and know-how, this powerful platform will provide a compelling opportunity for the Target and the Bidder to drive future Smart Industry leadership.

b. Creation of synergies between the Bidder's and the Target's highly complementary businesses. The world's leading companies are increasingly seeking trusted partners with global presence and capabilities. The Target and the Bidder will be well positioned to serve these customers, leveraging the Target's long-standing relationships with global OEMs and a complementary footprint across more than 30 countries. The combined business will generate around 50% of revenues from EMEA, 30% from North America, and 20% from APAC, led by Japan and

Australia.[1] The Target's strong presence in Europe provides new opportunities for the Bidder, while the Bidder's strength in APAC and its positioning in North America will provide incremental opportunities for the Target.

Meanwhile, the Bidder's balanced industry profile will be boosted by the Target's strong position in mobility, with the combined business exposed to some of the most attractive and largest digital engineering sectors. Mobility is anticipated to be the businesses' largest sector, representing around 40% of revenues, while software & technology services will be the second largest with approximately 15% of revenues.

The Target is significantly exposed to the aerospace sector, which represented ca. 31% of its 2019 revenues and ca. 33% of its 2020 revenues. The aerospace sector has been one of the most impacted sectors by the Covid crisis and lockdowns. The aerospace business is directly correlated to the sustainability and development of the international air traffic.

It is commonly accepted that:

- the timeline of the international air traffic recovery depends on variants, sanitary measures, vaccination progress, government lifting travel restrictions
- in the latter part of this decade, new plane models are anticipated to be developed. This should boost ER&D spend, with digital expertise set to be highly valued

The acquisition of the Target is a long-term strategic investment decision taken by the Bidder, which has not been based solely on 2021E, 2022E or 2023E estimates, but which reflects a long-term view, and the potential of the Target over the next decade.

c. Accelerating delivery of Future@Work. The transaction is aligned with the Adecco Group's strategic commitment to invest in faster growth, higher margin segments, and demonstrates the value created through the Global Business Unit structure that came into effect at the start of 2021. The Adecco Group expects the acquisition to accelerate a beneficial shift in Adecco Group's portfolio mix, further diversifying the group toward high-value, technology-led activities. The combined business will operate at an enhanced scale, which strengthens the wider Adecco Group ecosystem and provides each Global Business Unit with a leading position in their target markets.

Position within the group of the Bidder

In order to carry out the intended integration of the Target into the Adecco Group, the Bidder considers simplifying and rationalizing the structure of the Adecco Group. Such simplification and rationalization could take the form of a legal merger between the Bidder and the Target (or any of their respective affiliates), or any other form of combination that would be deemed appropriate by the Bidder, regardless of whether the Bidder will be able to effect a delisting of the Target.

Strategy of the Target

[1] Management estimates, proforma based on 2020 results.

The Bidder intents to maintain the Target's status as a European leader in engineering consulting and R&D services. The Target's comprehensive portfolio of digital solutions combined with expertise in engineering, positions the Target to support its clients by leveraging the power of connected data to accelerate innovation and drive the future of Smart Industry.

The acquisition of the Target is a unique opportunity for the Bidder to create the global number two in the engineering R&D market, and a powerful platform to drive future Smart Industry leadership.

The limited customer overlap and complementary footprint between the Bidder and the Target are set to drive strong synergies. The Adecco Group has further identified over EUR 200 million in revenue synergies, on a recurring run-rate, pre-tax basis, driven mainly by cross-selling. The Target, the Bidder and the Adecco Group will benefit from each other's extensive customer network, while in combining the Target and the Bidder, it is expected that the new business will be able to capture a larger share of project value. While the Adecco Group will continue to invest in growth and talent across the combined business, it has identified EUR 65 million in cost synergies, on a recurring run-rate, pre-tax basis, mainly through the optimisation of real estate, reduced duplication in general and administrative costs, as well as operational efficiencies. Expected synergies have been valued at over EUR 15 per share and justify paying a premium on the Target's intrinsic standalone value.

Activities of the Target

Combined, the Target and the Bidder will have scale, through 50,000 engineering and digital experts with deep cross-sector expertise, a global footprint, balanced industry profile, and strongholds in higher growth sectors such as mobility and software & technology services.

The Bidder's deep cross-sector expertise and existing technology and digital engineering capabilities will be complemented by the Target. The Target offers best-in-class ER&D services working alongside customers through the full life cycle of their products, from design to prototyping and testing. Furthermore, the Target has deep domain expertise across multiple industries, especially in mobility domains such as autonomous driving and infotainment. The combined business will enjoy extensive capabilities in cutting-edge technologies, such as digital twin, IoT, cloud, cyber-security, data analytics, artificial intelligence, connectivity and mobile services.

By uniting, the Target and the Bidder will be able to provide a wider range of services, and, under its highly experienced leadership team, will be well-placed to become a strategic partner of choice.

The combined business will also be differentiated by its end-to-end services, including on-, near- and off-shore capabilities, and, through Tech Academy, up- and re-skilling services. Further, through the wider Adecco Group ecosystem, the Target and the Bidder will be able to offer workforce and talent solutions to customers which want more holistic solutions, to drive further growth.

Employment of the Target

The Adecco Group attaches great importance to the skills and experience of the management team and employees of the Target and their ongoing role in the success of the Target.

The Adecco Group believes that the engineers and consultants of the business will benefit from the increased opportunities as the combination would create a new leader in its market with a reinforced and diversified positioning. The Adecco Group's objective for the Target's employees is, as a result of further developing the business of the Target, to create new employment opportunities through an increased breadth of offer and envisaged accelerated revenues growth. The Adecco Group intends to ensure that the Target continues to provide an environment for its employees within which they will be well placed to flourish. In order to streamline the employment conditions and structure across the combined entity, it will be investigated how the current terms and conditions of employment within the Target's group can be brought in line with Adecco Group's existing best practices. It is Adecco Group's hope and expectation that the vast majority of the employees of the Target adhere to the Adecco Group's values for a long-term association and mutual benefits.

At the same time, the Bidder recognizes that there is a limited overlap in support functions and leadership roles, and the Bidder expects that these duplicate roles will be adapted where needed. Where specific risks have been identified, the Adecco Group will implement a targeted retention plan to, on one hand, support the transition process and, on the other hand, provide a compensation to the additional effort and uncertainty created as a result of this integration process.

<u>Intentions regarding the shares, amendments to the articles of associations</u>

It is the Bidder's intention to delist the shares issued by the Target, which are admitted to trading on the regulated markets of Euronext Paris and Euronext Brussels, as well as the Convertible Bonds, which are admitted to trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

A delisting will result in an amendment of the Target's articles of association, and the model and composition of its board and governance, to bring them in line with what is customary in private companies.

<u>Advantages for the Target and its Security Holders</u>

The Bidder is of the view that the objectives set out above are in the Target's interest.

The main advantage for the Target's Security Holders is the Bid Price (more specifically the premium included therein). The Bid also constitutes an opportunity for all Security Holders to obtain immediate and certain liquidity.

In the long term, a stable majority shareholder such as the Bidder will allow the Target to develop its activities with the added advantage of the Bidder's know-how and the operational synergies of a multinational group.

<u>Advantages for the Bidder and its Shareholders</u>

With the Bid, the Bidder complies with its legal obligation to launch a public takeover bid on all securities carrying voting rights and securities granting access to voting rights issued by the Target that it does not yet own. The Bid will enable the Bidder to acquire all such securities.

As described above, the limited customer overlap and complementary footprint between the Bidder and the Target are set to drive strong synergies (both revenue synergies and cost synergies). The transaction will provide earnings per share (EPS) accretion in year 1 (excluding one-time integration and implementation costs) and be economic value added (EVA) positive in year 3 (including phased net synergies and implementation costs) for the Adecco Group. Strong value creation opportunity that elevates Adecco Group's exposure to structural growth markets, enhances margins and improves the quality and resilience of earnings, while providing greater opportunities for the Target and its engineers as part of Adecco Group's ecosystem.

Justification of the Bid Price

<u>Calculation of the Bid Price per Share</u>

The Bid Price per Share amounts to EUR 49.

Article 53 of the Takeover Decree stipulates that the Bid Price per Share shall be at least equal to the higher of the following two amounts:

a. The highest price paid for a share issued by the Target by the Bidder or a person acting in concert with the Bidder during the last 12 months before the announcement of the Bid.

   Under the Share Purchase Agreement, the Bidder has acquired 18,698,822 or approximately 59.91% of the shares issued by the Target. The acquisition price amounted to EUR 49 per share.

b. The weighted average of the trading prices of the shares issued by the Target over the last 30 calendar days before the trigger of the obligation to launch a bid.

   Insofar as necessary and appropriate, the Bidder has obtained a derogation from the FSMA for the calculation period of the weighted average trading prices so as to end the calculation period on 26 July 2021, which is the day prior the date on which the Bidder entered into the Share Purchase Agreement, and not on 23 February 2022, which is the day preceding the date on which the Bidder's obligation to launch the Bid arose.

   This derogation was granted in view of the risk of speculative purchases that would be made to artificially increase the price of the Shares and, consequently, the price of the Bid, pending the closing of the Share Purchase Agreement that would trigger the obligation to launch a public takeover bid. In line with derogations granted by the FSMA in the past in relation to transactions bearing the same risk, the FSMA has agreed that the end of the calculation period is set at the day prior to the date on which the Bidder entered into the Share Purchase Agreement.

   This weighted average of the trading prices over the last 30 calendar days ending on 26 July 2021 amounts to EUR 22.7 per Share.

As the price indicated in paragraph (a) is higher than the price in paragraph (b), the Bidder will launch the Bid at this higher price.

The Bid Price of EUR 49 per Share includes a premium of 116% to the price referred to in paragraph (b) (EUR 22.7 per Share).

A detailed justification of the Bid Price per Share is included in Section 8.2.3 of the Prospectus.

Calculation of the Bid Price per Convertible Bond

The Bid Price per Convertible Bond amounts to EUR 101,816.58, which is equal to the principal amount per Convertible Bond plus accrued interest from (and including) 1 January 2022 up to (but excluding) the planned Optional Redemption Date (*i.e.*, 8 July 2022). The Bid Price per Convertible Bond may need to be revised if the Target were to pay out accrued interest prior to the relevant Settlement Date.

A detailed justification of the value of the Convertible Bonds (including different scenarios for the conversion or redemption of the Convertible Bond) is included in Section 6.4.4.2 of the Prospectus.

Justification of the Bid Price per Share

The valuation methods below provide a justification for the Bid Price per Share.

The Bidder has justified the Bid Price per Share analysing the future discounted cash flows of the Target.

The analysis of research analysts' target price can also be presented, but this is not a valuation method on its own, and the Bidder did not use them for the justification of the Bid Price per Share, as:

i. the research analysts base their valuation solely on publicly available information; and
ii. the Bidder cannot verify the valuation methods of the research analysts.

Due to its limitations, the following methodologies were not retained by the Bidder as primary valuation methods for the justification of the Bid Price per Share, but are also included for indicative purposes only:

i. analysis of trading multiples;
ii. analysis of the transaction multiples.

The Bid Price per Share compares to the different valuation methodologies or reference points, as presented below:

		Equity per share (EUR)			Premium per share (%)	
Main valuation methodology						
Discounted Cash Flows	**Min.**	**Central value**	**Max.**	**Min.**	**Central value**	**Max.**
	32.3	42.3	56.5	52%	16%	(13%)
Reference points						
Historical share prices (as at 26/07/2021)	**Min.**	**Central value (closing price[(1)]/VWAP[(2)])**	**Max.**	**Min.**	**Central value (closing price[(1)]/VWAP[(2)])**	**Max.**
Spot	n.a.	24.6	n.a.	n.a.	99%	n.a.
1-month period	20.6	22.7	24.6	138%	116%	99%
3-month period	20.6	23.5	25.7	138%	108%	91%
6-month period	20.6	23.9	29.2	138%	105%	68%
12-month period	15.0	21.5	29.2	226%	128%	68%
24-month period	15.0	26.6	61.8	226%	84%	(21%)
12-month period pre-covid[(3)]	49.9	55.3	64.1	(2%)	(11%)	(24%)
The share price dropped from ca. €60 in mid-February 2020 to ca. €25 in mid-March 2020						
Research Analysts Average Target Price	**Min.**	**Central value**	**Max.**	**Min.**	**Central value**	**Max.**
	17.5	25.4	43	180%	93%	14%
Methodologies for indicative purposes only[(4)]						
Comparables	**Min.**	**EV / Adj. EBIT**	**Max.**	**Min.**	**EV / Adj. EBIT**	**Max.**
Trading comparables (2022E & 2023E) - Alten	40.2		44.1	22%		11%
Trading comparables (2022E & 2023E) - Peers	23.2		25.2	111%		95%
Transaction comparables - (2022E & 2019)	52.1		77.4	(6%)		(37%)

(1) Closing price as of 26/07/2021; the Target shares were suspended from trading at 11h50 on Monday 26 July 2021 and on Tuesday 27 July
(2) For 1-month, 3-months, 6-months, 12-months and 24-months periods
(3) Period from 20/02/2019 to 20/02/2020; 21/02/2020 being the date of the first recorded death related to Covid in Europe (in Italy)
(4) Based on the figures available at announcement date (27 July 2021)

In conclusion, the Bid Price per Share of EUR 49 implies:

– a premium of 16% to the central value of the DCF, which is the valuation methodology retained because it is the only methodology able to capture the intrinsic specificities and intrinsic value of the Target, by discounting its future cash flows;
– a discount of 11% to the volume weighted average share price of the Target during the 12 months before the start of the Covid crisis[2];
– a premium to most of the valuation and reference points described above.

The acquisition of the Target is a unique opportunity for the Bidder to create the global #2 in the engineering R&D market, and a powerful platform to drive future Smart Industry leadership.

The Adecco Group has identified over EUR 200 million in revenue synergies and EUR 65 million in cost synergies on a recurring run-rate basis. Expected synergies have been valued at circa EUR 15 per share.

[2] Volume weighted average share price of EUR 55.3 during 12 months before the start of the Covid crisis, i.e. from 20 February 2019 to 20 February 2020; 21 February 2020 being the date of the first recorded death related to Covid in Europe (in Italy).

A detailed justification of the Bid Price is included in Section 8.2 of the Prospectus.

Agreements with a possible impact on the Bid

The Bidder, its Affiliates and the persons acting in concert with it are not a party to any other agreements that could have a material impact on the assessment, progress or outcome of the Bid.

Centralizing Agents

ING Bank acts as Centralizing Agent for the Shares.

BNP Paribas Fortis acts as Centralizing Agent for the Convertible Bonds.

Security Holders can accept the Bid and sell their Shares or Convertible Bonds by making their acceptance known, which acceptance shall be deemed to include the declarations, acknowledgements, agreements, confirmations, acceptances and undertakings set out in the applicable Acceptance Form, and this at the latest by the last day of the relevant Acceptance Period at 4:00 pm (Belgian time) for the Convertible Bonds and at 5:40 pm (Belgian time) for the Shares, any later date as announced in the case of an extension, or within any earlier deadline set by the other financial intermediary which is not the Centralizing Agent and where Security Holders register their acceptance.

Security Holders who register their acceptance with a financial intermediary that is not a Centralizing Agent must inquire about additional costs that may be charged by such parties and they will be responsible for the payment of such additional costs.

Practical information

This Prospectus has been published in Belgium in English, which is the official version.

The English official version and the French translation of the Prospectus and the Acceptance Forms can be obtained free of charge at the counters of the Centralizing Agents, or by telephone from ING Bank on +31 20 563 66 19 and BNP Paribas Fortis on +32 2 433 41 13. The digital versions of the Prospectus and the Acceptance Forms are also available on the websites of the Bidder (https://www.adeccogroup.com/investors/akka-modis-transaction), the Target (https://www.akka-technologies.com), ING Bank (https://www.ing.nl/particulier/beleggen/leren-beleggen/corporate_actions/index.html and BNP Paribas Fortis (www.bnpparibasfortis.be/epargneretplacer). A free shareholder hotline is also available in France on 0805 381 313.

A Dutch translation of the summary of this Prospectus is made available in electronic form on the abovementioned websites.

In the case of any inconsistency between the translations and the official English version of the Prospectus, the English version shall prevail. The Bidder has revised the respective versions and is responsible for the consistency between all versions.

Board Memorandum

A copy of the Board Memorandum (*'mémoire en réponse'* / *'memorie van antwoord'*) adopted by the Target's board of directors on 9 March 2022 and approved by the FSMA on 15 March 2022 in accordance with articles 22 to 30 of the Takeover Act is attached as Annex 10.4.

Tax on stock exchange transactions

The Bidder shall bear the tax on stock exchange transactions.

Applicable law and competent court

The Bid and the agreements between the Bidder and the Security Holders resulting from the Bid are governed by Belgian law and in particular the Takeover Act and the Takeover Decree.

The Market Chamber of the Brussels Court of Appeal (*'Cour des marchés'* / *'Marktenhof'*) has exclusive jurisdiction to settle any dispute arising out of or in connection to this Bid.

2 DEFINITIONS

Acceptance Forms	The forms attached as Annex 10.1 to this Prospectus.
Acceptance Period	The Initial Acceptance Period and (as the case may be) the subsequent period(s) of any reopening of the Bid (including in the context of a squeeze-out).
Act of 2 August 2002	The Belgian Act of 2 August 2002 on the supervision of the financial sector and financial services, as amended from time to time.
Adecco Group AG	Adecco Group, an *Aktiengesellschaft* organised and existing under the laws of Switzerland, with registered office at Bellerivestrasse 30, 8008 Zurich, Switzerland and registered with the commercial register under number CHE-107.031.232.
Adecco Group	Adecco Group AG and its Affiliates.
Affiliate	An affiliate within the meaning of article 1:20 BCCA.
Annex	An annex to this Prospectus, which forms an integral part thereof.
Announcement Date	28 July 2021, *i.e.*, the date on which an announcement was made in accordance with article 8, §1 of the Takeover Decree.
BCCA	The Belgian Code of Companies and Associations of 23 March 2019, as amended from time to time.
Belgian Investor	Has the meaning as set out in Section 9.1.1.5.
Bid	The mandatory public takeover bid in cash launched by the Bidder for all outstanding Securities of the Target that are not yet directly or indirectly held by the Bidder or its Affiliates, the terms of which are included in this Prospectus.

Bid Price	The cash consideration offered by the Bidder for each Security tendered into the Bid, as set out in section 8.1.3.
Bidder or **Modis International**	Modis International, an *Aktiengesellschaft* organised and existing under the laws of Switzerland, with registered office at Gotthardstrasse 20, 6300 Zug, Switzerland and registered with the commercial register under number CHE-197.415.440.
BITC92	The Belgian Income Tax Code 1992 of 10 April 1992, as amended from time to time.
BMC Management and Investment	BMC Management and Investment, a private company (‘*besloten vennootschap*’ / ‘*société à responsabilité limitée*’) organised and existing under the laws of Belgium, with registered office at rue de Hennin 65-67, 1050 Brussels, Belgium and registered with the Belgian Crossroads Bank of Enterprises under number 0837.091.390 (RLP Brussels, French-speaking division).
Board Memorandum	The memorandum in reply of the Target’s board of directors referred to in section 4.5 and attached hereto as Annex 10.4.
Business Day	Any day on which the Belgian banks are open to the public, excluding Saturdays and Sundays, as defined in article 3, §1, 27° of the Takeover Act.
Cash Alternative Election	Has the meaning as set out in Section 6.4.4.2.
Centralizing Agent(s)	The Shares Centralizing Agent and/or the Convertible Bonds Centralizing Agent
Change of Control Conversion Price	The conversion price in respect of the Convertible Bonds after a change of control as determined by the formula set out in Section 6.4.4.2.
Change of Control Conversion Right Amendment	Any amendment of the constitutional documents of the Target following or in connection with a change of control to ensure that any Convertible Bond Holder exercising conversion rights where the Conversion Date falls on or after the occurrence of a change of control will receive, in whatever manner, the same consideration for the

	Shares arising on such exercise as it would have received in respect in respect of any Shares had such Shares been entitled to have been submitted into, and accepted pursuant to, the relevant offer or tender.
Change of Control Date	Has the meaning as set out in Section 6.4.4.2.
Change of Control Notice	Has the meaning as set out in Section 6.4.4.2.
Change of Control Period	The period commencing on the occurrence of a change of control and ending on the earlier of (i) 60 calendar days following the change of control or, if later, 60 calendar days following the date on which a change of control notice is given to the Convertible Bond Holders and (ii) the date falling 7 days prior to 1 January 2025.
Conditions	The terms and conditions of the Convertible Bonds.[3]
Conversion Date	The business day in Brussels immediately following the date of the delivery (or deemed delivery) of the relevant conversion notice in respect of a Convertible Bond.
Conversion Notice	Has the meaning as set out in Section 6.4.4.2.
Conversion Period	Has the meaning as set out in Section 6.4.4.2.
Conversion Price	Has the meaning as set out in Section 6.4.4.2.
Conversion Right	Has the meaning as set out in Section 6.4.4.2.
Convertible Bond	Any of the 1,750 currently outstanding perpetual subordinated convertible bonds issued by the Target on 4 December 2019 in the denomination of EUR 100,000 per bond.
Convertible Bond Holder	Any holder of one or more Convertible Bonds.
Convertible Bonds Centralizing Agent or **BNP Paribas Fortis** or **BNP Paribas Fortis SA** or **BNPPF**	BNP Paribas Fortis SA, a public limited liability company (‘*naamloze vennootschap*’) organised and existing under the laws of Belgium, with registered office at Rue Montagne du Parc 3, 1050 Brussels, Belgium and registered with the Belgian Crossroads Bank of Enterprises under

[3] The terms and conditions of the Convertible Bonds can be consulted on the website of the Target: https://www.akka-technologies.com/app/uploads/obligations-hybrides-convertibles-terms-and-conditions.pdf

	number 0403.199.702 (RLP Brussels, French-speaking division).
Conv-Ex Advisors Limited	Conv-Ex Advisors Limited, a limited liability company organised and existing under English law, with registered office at 30 Crown Place, London, EC2A 4EB (United Kingdom) and is authorised and regulated by the UK Financial Conduct Authority and registered for VAT in the United Kingdom with the VAT registration number GB 153 2530 39.
First Hard Call Date	1 January 2025.
FSMA	The Belgian Financial Services and Markets Authority.
HR Management and Investment	HR Management and Investment, a private company ('besloten vennootschap' / 'société à responsabilité limitée') organised and existing under the laws of Belgium, with registered office at rue Capitaine Crespel 30, 1050 Brussels, Belgium and registered with the Belgian Crossroads Bank of Enterprises under number 0836.720.416 (RLP Brussels, French-speaking division).
Initial Acceptance Period	The initial period during which Security Holders can tender their Securities into the Bid, commencing on 17 March 2022 and closing on 13 April 2022 (as the case may be, as extended).
Ideactive Events	Ideactive Events, a private company ('*société à responsabilité limitée*') organised and existing under the laws of Luxembourg, with registered office at rue Philippe II 23, L-2340 Luxembourg, Grand Duchy of Luxembourg and registered with the commercial register under number B 156.168.
Initial Settlement Date	The date on which (i) the Bid Price is paid to the Security Holders who have tendered their Securities into the Bid during the Initial Acceptance Period, and (ii) title to such Securities is transferred to the Bidder.

MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as amended from time to time.
Modis Investment	Modis Investment, a private company ('*besloten vennootschap*' / '*société à responsabilité limitée*') organised and existing under the laws of Belgium, with registered office at Noordkustlaan 16B, 1702 Dilbeek, Belgium and registered with the Belgian Crossroads Bank of Enterprises under number 0771.723.486 (RLP Brussels, Dutch-speaking division).
NBB-SSS	The securities settlement system operated by the National Bank of Belgium.
Optional Redemption Date	Has the meaning as set out in Section 6.4.4.2.
Profit Shares	Any of the 7,927,487 profit shares issued by the Target, which were cancelled by the Target with effect as from 23 February 2022.
Prospectus	This prospectus, which includes the terms and conditions of the Bid, including the Annexes attached and any supplement that may be published during the Acceptance Period.
Ricci Family	Mauro Ricci, Jean-Franck Ricci, BMC Management and Investment, Ideactive Events and certain related persons who transferred their shares under the Share Purchase Agreement.
Scheduled Delivery Date	Has the meaning as set out in Section 6.4.4.2.
Security	means a Share, a Convertible Bond or a Subscription Right.
Security Holder	Any holder of one or more Securities.
Settlement Date	The Initial Settlement Date and the subsequent settlement date(s) of any reopening of the Bid (including in the context of a squeeze-out).

Share	Any of the 10,264,002 currently outstanding shares issued by the Target for which the Bid is made (*i.e.*, all shares issued by the Target, excluding the shares issued by the Target held by the Bidder and its Affiliates (including the Target)), and any additional shares issued by the Target that are issued as a result of the conversion of Convertible Bonds.
Shareholder	Any holder of one or more Shares.
Share Purchase Agreement	The share purchase agreement of 27 July 2021 between the Ricci Family and Swilux S.A. (as sellers) and Modis International and Modis Investment (as purchasers) regarding the transfer of 18,698,822 Shares (59.91%) issued by the Target.
Shares Centralizing Agent or **ING Bank** or **ING Bank N.V.**	ING Bank N.V., a public limited liability company (‘*naamloze vennootschap*’) organised and existing under the laws of The Netherlands, with registered office at Bijlmerdreef 106, 1102 CT Amsterdam, The Netherlands and registered with the Dutch *Kamer van Koophandel* under number 33031431.
Squeeze-Out	The reopening of the Bid as a simplified squeeze-out pursuant to article 7:82, §1 BCCA and articles 42 and 43 of the Takeover Decree.
Subscription Right	Any of the 110,000 subscription rights issued by the Target, which lapsed on 23 February 2022.
Subsidiary	A subsidiary within the meaning of article 1:15, 2° BCCA.
Swilux S.A.	Swilux, a limited company (‘*société anonyme*’) organised and existing under the laws of Luxembourg, with registered office at Rue de Namur 1, L-2211 Luxembourg, Grand Duchy of Luxembourg and registered with the commercial register under number B 32.570.
Takeover Act	The Belgian Act of 1 April 2007 on public takeover bids, as amended from time to time

Takeover Decree	The Belgian Royal Decree of 27 April 2007 on public takeover bids, as amended from time to time.
Target or **AKKA Technologies**	AKKA Technologies, a European company (‘*Societas Europaea*’) organised and existing under the laws of Belgium, with registered office at Avenue Louise 235, 1050 Brussels, Belgium and registered with the Belgian Crossroads Bank of Enterprises under number 0538.473.031 (RLP Brussels, French-speaking division).
TARGET Business Day	A day (other than a Saturday or Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system which was launched on 19 November 2007 or any successor thereto is operating.
Tender Offer Agreement	The tender offer agreement of 27 July 2021 between the Bidder and the Target, pursuant to which the Target agreed to support and recommend the Bid.
Treasury Shares	Any of the outstanding shares issued by the Target held, from time to time, by the Target or any of its Subsidiaries.

3 IMPORTANT NOTICES

3.1 INFORMATION CONTAINED IN THIS PROSPECTUS

The Bidder has not authorised anyone to provide any information to the Security Holders other than the information included in this Prospectus. The information included in this Prospectus is accurate as of the date of this Prospectus. Any new fact as well as any material error or inaccuracy in relation to the information in this Prospectus and that may influence the assessment of the Bid and that occurs or is established between the date of this Prospectus and the close of the final Acceptance Period for the Bid, is made public in Belgium by means of a supplement to this Prospectus, in accordance with article 17 of the Takeover Act.

Security Holders must read this Prospectus carefully and in its entirety and they must base their decision on their personal analysis of the terms and conditions of the Bid, taking into account the advantages and disadvantages attached thereto. Any summary or description in this Prospectus of statutory provisions, company operations, restructurings or contractual relations is provided for information purposes only and should not be considered as legal or tax advice concerning the interpretation, applicability or enforceability of such provisions. In the event of doubt as to the content or the meaning of information included in this Prospectus, the Security Holder must consult a licensed or professional adviser, specialised in providing advice on the sale and purchase of financial instruments.

With the exception of the FSMA, no other authority of any other jurisdiction has approved this Prospectus or the Bid. In addition, in view of the admission to trading of the shares of the Target on the regulated markets of Euronext Brussels and Euronext Paris, the Prospectus will also be available in France and a press release will be issued to the French public.

The Bid is only made in Belgium and France, and no steps have been or shall be made to obtain authorisation to distribute this Prospectus in jurisdictions outside Belgium or France.

3.2 RESTRICTIONS

This Prospectus does not constitute an offer to purchase or sell securities or a solicitation of an offer to purchase or sell securities (i) in any jurisdiction in which such offer or solicitation is not authorised or (ii) to any person to whom it is unlawful to make such offer or solicitation. It is the responsibility of any person in possession of this Prospectus to obtain information on the existence of such restrictions and to ensure to respect these, where applicable.

No action has been or shall be undertaken to allow for a public takeover bid in any jurisdiction outside Belgium or France. Neither this Prospectus, nor the Acceptance Form, nor any advertisement or any other information may be distributed to the public in a jurisdiction outside Belgium in which any registration, qualification or other requirements exist or would exist in relation to an offer to purchase or sell securities. In particular, neither this Prospectus, nor the Acceptance Form, nor any other advertisement or information may be distributed to the public in the USA, Canada, Australia, the UK or Japan. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of the USA or any other jurisdiction, such as Canada, Australia, the UK or Japan. The Bidder expressly declines any liability for any breach of these restrictions by any person.

3.3 FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, forecasts and estimates with respect to the expected future performance of the Bidder and the Target, their respective Subsidiaries or Affiliates and the markets in which they operate. Some of these forward-looking statements, forecasts and estimates are characterised by the use of words such as, without being exhaustive: “believes”, “thinks”, “anticipates”, “seeks”, “could”, “plans”, “expects”, “considers”, “calculates”, “may”, “will”, “continues”, “wishes”, “understands”, “intends”, has the intention”, “relies on”, “seeks”, “estimates”, “projects”, and similar expressions or the use of the future tense.

Such statements, forecasts and estimates are based on multiple assumptions and assessments of known or unknown risks, uncertainties and other factors that may appear reasonable and acceptable at the time of assessment, but which may or may not prove correct later. Actual events are difficult to predict and may depend on factors outside the control of the Bidder or the Target.

Consequently, the actual results, financial position, performance or achievements of the Bidder and the Target, their respective Subsidiaries and Affiliates, or the results of the industry, may actually differ materially from any future results, performance or achievements described or implied by such forward-looking statements, forecasts or estimates.

The statements, forecasts and estimates are only valid on the date of this Prospectus and the Bidder does not undertake to update these statements, forecasts or estimates to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which such statements, forecasts or estimates are based, except where such update is required pursuant to article 17 of the Takeover Act.

Given these uncertainties, Security Holders should only rely to a reasonable extent on such forward-looking statements, forecasts and estimates.

4 GENERAL INFORMATION

4.1 APPROVAL BY THE FSMA

A formal notification of the Bid was submitted by the Bidder with the FSMA in accordance with article 5 of the Takeover Decree on 24 February 2022. The notification of the intention of the Bidder to launch the Bid was made public on 24 February 2022 in accordance with article 7 of the Takeover Decree.

The English language version of this Prospectus, which is the official version, was approved by the FSMA on 15 March 2022, in accordance with article 19, §3 of the Takeover Act. This approval does not imply an assessment or judgment on the advisability or the quality of the Bid, nor on the position of the Bidder.

With the exception of the FSMA, no other authority of any other jurisdiction has approved this Prospectus or the Bid. In addition, in view of the admission to trading of the shares of the Target on the regulated markets of Euronext Brussels and Euronext Paris, the Prospectus will also be available in France and a press release will be issued to the French public.

The Bid is only made in Belgium and France and no steps have been or shall be taken in order to obtain the authorisation to distribute this Prospectus in jurisdictions outside Belgium or France.

4.2 RESPONSIBILITY FOR THE PROSPECTUS

The Bidder is responsible and assumes all responsibility for the information included in this Prospectus, with the exception of (i) the Board Memorandum drawn up by the Target's board of directors, which was prepared in accordance with articles 22 to 30 of the Takeover Act and which is attached to this Prospectus as Annex 10.4, and (ii) the financial information with regard to the Target, as included in section 6.8 and Annex 10.3 of this Prospectus.

The Bidder confirms that, to its knowledge, the content of this Prospectus is true, not misleading and consistent with reality, and that no important information was omitted, of which the mention would alter the scope of this Prospectus.

The information included in this Prospectus with regard to the Target is based on publicly available information and on certain not publicly available information which was made available to the Bidder prior to the date of this Prospectus, but which does not constitute inside information that must be made public in accordance with article 17 MAR.

4.3 PRACTICAL INFORMATION

This Prospectus has been published in Belgium in English, which is the official version.

The English official version and the French translation of the Prospectus and the Acceptance Forms can be obtained free of charge at the counters of the Centralizing Agents, or by telephone from ING Bank on +31 20 563 66 19 and BNP Paribas Fortis on +32 2 433 41 13. The digital versions of the Prospectus and the Acceptance Forms are also available on the websites of the Bidder (https://www.adeccogroup.com/investors/akka-modis-transaction), the Target (https://www.akka-technologies.com), ING Bank (https://www.ing.nl/particulier/beleggen/leren-beleggen/corporate_actions/index.html and BNP Paribas Fortis (www.bnpparibasfortis.be/epargneretplacer). A free shareholder hotline is also available in France on 0805 381 313.

A Dutch translation of the summary of this Prospectus is made available in electronic form on the abovementioned websites.

In the case of any inconsistency between the translations and the official English version of the Prospectus, the English version shall prevail. The Bidder has revised the respective versions and is responsible for the consistency between all versions.

4.4 FINANCIAL AND LEGAL ADVISERS TO THE BIDDER

Société Générale has advised the Bidder on certain financial aspects in connection with the Bid. These services have been rendered exclusively to the Bidder and no other party can rely on them. Société Générale accepts no liability for the information included in this Prospectus, and nothing in this Prospectus may be considered as an advice, a promise or a guarantee granted by Société Générale.

Sullivan & Cromwell LLP and Eubelius CVBA/SCRL have advised the Bidder on certain legal aspects in connection with the Bid. These services have been rendered exclusively to the Bidder and no other party can rely on them. Sullivan & Cromwell LLP and Eubelius CVBA/SCRL accept no liability for the information included in this Prospectus, and nothing in this Prospectus may be considered as an advice, a promise or a guarantee granted by Sullivan & Cromwell LLP and Eubelius CVBA/SCRL.

4.5 BOARD MEMORANDUM

A copy of the Board Memorandum (*'mémoire en réponse'* / *'memorie van antwoord'*) adopted by the Target's board of directors on 9 March 2022 and approved by the FSMA on 15 March 2022 in accordance with articles 22 to 30 of the Takeover Act is attached as Annex 10.4.

4.6 GOVERNING LAW AND JURISDICTION

The Bid and the agreements between the Bidder and the Security Holders resulting from the Bid are governed by Belgian law and in particular the Takeover Act and the Takeover Decree.

The Market Chamber of the Brussels Court of Appeal (*'Cour des marchés'* / *'Marktenhof'*) has exclusive jurisdiction to settle any dispute arising out of or in connection to this Bid.

5 THE BIDDER

5.1 IDENTIFICATION OF THE BIDDER

Name:	Modis International AG
Legal form:	Company limited by shares (*'Aktiengesellschaft'*) under Swiss law
Seat:	Gotthardstrasse 20, 6300 Zug (Switzerland)
Date of incorporation deed and duration:	9 December 2020 Indefinite term
Register of legal entities:	CHE-197.415.440
Statutory auditor:	The company has not appointed a statutory auditor

5.2 CORPORATE PURPOSE OF THE BIDDER

In article 2 of the articles of association of the Bidder, the corporate purpose is described as follows (free translation):

"*The purpose of the Company is to develop and promote the international sales of the Adecco-Group and its group companies as well as to represent, support and coordinate group companies and affiliated companies in connection with transnational sales efforts and international contracts with customers and business partners.*

The Company may establish branch offices and subsidiaries in Switzerland and abroad and participate in other companies in Switzerland and abroad as well as engage in all commercial, financial or other operations that are directly or indirectly related to its purpose. The Company may acquire, hold, charge and sell real estate in Switzerland and abroad. It may also provide financing for own or third party accounts, as well as guarantees and sureties for group companies and third parties."

5.3 ACTIVITIES AND ASSETS OF THE BIDDER

In the converging world of IT and engineering, Modis, a Global Business Unit of the Adecco Group, of which the Bidder form part, together with Modis France SASU (France), Modis GmbH (Germany) and Modis Canada Inc. (Canada), pioneers Smart Industry by delivering cross-industry expertise in technology and digital engineering consulting, tech talent services and up- and re-skilling through its global Tech Academy.

Modis has a global presence with 30,000+ consultants and around 10,000 customers in over 20 countries, focused on digital transformation, cognitive technologies (*e.g.*, AI, data analytics), cloud and data security, smart ecosystem (*e.g.*, digital twin), and industry 4.0 across high-growth Smart Industry sectors. Modis' key sectors include Automotive & Transportation, Environmental & Energy, Software, Internet & Communication, Financial Services, and Industrial Manufacturing. It has a balanced footprint across North America, Europe, and APAC, including strong positions in Japan and Australia.

With passion for technology and talent, Modis drives innovation and enables digital transformation for a smart and sustainable tomorrow.

5.4 SHAREHOLDERS STRUCTURE OF THE BIDDER

On the date of this Prospectus, the shareholder structure of the Bidder is as follows:

Shareholder	Number of shares	% shareholding
Adecco Group AG	100,000	100%
Total	**100,000**	**100%**

Adecco Group AG exercises control over the Bidder.

5.5 MANAGEMENT STRUCTURE OF THE BIDDER

On the date of this Prospectus, the board of directors of the Bidder is composed of 3 members:

Name	End of term	Function
Jan Gupta	2024	President
Nathalie Buhnemann	2024	Member
Veronique Rodoni	2024	Member

On the date of this Prospectus, the management committee of the Bidder is composed of 6 members:

Name	End of term	Function
Jan Gupta	2024	President
Nathalie Buhnemann	2024	Group SVP Finance
Veronique Rodoni	2024	Group SVP HR
Yves-Marie Boissonnet	2024	Group SVP, Global Head of Modis Tech Consulting
Maria Bergving	2024	Group SVP, Global Head of Marketing & Communications

5.6 PERSONS ACTING IN CONCERT WITH THE BIDDER

As of the closing of the Share Purchase Agreement, the Bidder acts in concert (*'action de concert'* / '*in onderling overleg*') with the Target and its Affiliates in relation to the Bid, as they are affiliated persons within the meaning of article 1:20 BCCA as of 23 February 2022 (article 3, §2 of the Takeover Act).

5.7 AGREEMENTS THAT COULD HAVE A MATERIAL IMPACT ON THE ASSESSMENT, PROGRESS OR OUTCOME OF THE BID

The Bidder, its Affiliates and the persons acting in concert with it are not a party to any other agreements that could have a material impact on the assessment, progress or outcome of the Bid.

5.8 HOLDINGS IN THE TARGET

Holdings of the Bidder and its Affiliates

On the date of this Prospectus, (i) the Bidder holds 15,461,369 (or 49.54%) of the shares issued by the Target and (ii) Modis Investment, a 100% subsidiary of the Bidder, holds 4,737,453 (or 15.18%) of the shares issued by the Target. These shares are not included in the Bid.

On the date of this Prospectus, the Bidder and its Affiliates do not hold any other securities issued by the Target.

Holdings of persons acting in concert with the Bidder

On the date of this Prospectus, the persons acting in concert with the Bidder hold the following numbers/percentages of shares issued by the Target:

Name	Shares	Percentage
AKKA Technologies (Target)	642,119	2.06%
Campus Rocquencourt SAS (subsidiary of the Target)	105,135	0.34%
Total	**747,254**	**2.39%**

On the date of this Prospectus, the Bidder and the aforementioned persons acting in concert with the Bidder jointly hold 20,946,076 (or 67.11%) of the shares issued by the Target.

On the date of this Prospectus, the Bidder and the aforementioned persons acting in concert with the Bidder, do not hold any other securities issued by the Target.

Recent acquisitions

On 27 July 2021, the Adecco Group signed a Share Purchase Agreement with the Ricci Family, Swilux S.A., a fully-owned subsidiary of Compagnie Nationale à Portefeuille SA, and certain other sellers pursuant to which the Adecco Group, through its subsidiaries Modis Investment and Modis International, acquired a total of 18,698,822 shares issued by the Target (representing 59.91% of the shares issued by the Target). The completion of the transaction took place on 23 February 2022:

Date of acquisition	Acquiring entity	Number of shares	Purchase price per share (EUR)	Trading Venue
23 February 2022	Modis International	13,961,369	49	Outside a trading venue
23 February 2022	Modis Investment	4,737,453	49	Outside a trading venue

The following additional acquisitions of shares issued by the Target took place in the 12-month period preceding the date of this Prospectus by the Bidder and its Affiliates:

Date of acquisition	Acquiring entity	Number of shares	Purchase price per share (EUR)	Trading Venues
14 February 2022	Modis International	6,447	48.86-48.90	Euronext Paris
11 February 2022	Modis International	50,086	48.88-48.90	Euronext Paris CBOE DXE
10 February 2022	Modis International	210,295	48.84-48.90	Euronext Paris CBOE DXE Aquis Turquoise
9 February 2022	Modis International	276,340	48.80-48.96	Euronext Paris CBOE DXE Aquis Turquoise
8 February 2022	Modis International	5,955	48.72-48.76	Euronext Paris CBOE DXE Turquoise
7 February 2022	Modis International	5,240	48.66-48.72	Euronext Paris CBOE DXE Aquis
4 February 2022	Modis International	15,087	48.62-48.70	Euronext Paris CBOE DXE Aquis Turquoise
3 February 2022	Modis International	153	48.50	Euronext Paris
31 January 2022	Modis International	219	48.50	Euronext Paris
25 January 2022	Modis International	852	48.50	Euronext Paris CBOE DXE
24 January 2022	Modis International	3,012	48.50	Euronext Paris CBOE DXE Aquis
21 January 2022	Modis International	1,114	48.50	CBOE DXE
17 January 2022	Modis International	106	48.50	Euronext Paris
14 January 2022	Modis International	1,300	48.50	Euronext Paris
13 January 2022	Modis International	798	48.50	Euronext Paris
12 January 2022	Modis International	351	48.50	Euronext Paris
11 January 2022	Modis International	6,466	48.50	Euronext Paris
10 January 2022	Modis International	2,000	48.50	Euronext Paris
6 January 2022	Modis International	2,679	48.50	Euronext Paris
5 January 2022	Modis International	3,898	48.50	Euronext Paris CBOE DXE Aquis
4 January 2022	Modis International	179	48.50	Euronext Paris
28 December 2021	Modis International	1,000	48.50	Euronext Paris

				CBOE DXE Aquis
27 December 2021	Modis International	185	48.50	Euronext Paris
24 December 2021	Modis International	2,026	48.47-48.50	Euronext Paris CBOE DXE
23 December 2021	Modis International	8,086	48.50	Euronext Paris Turquoise
21 December 2021	Modis International	6,350	48.50	Euronext Paris
20 December 2021	Modis International	1,443	48.11-48.12	CBOE DXE Turquoise
17 December 2021	Modis International	68,935	48.30-48.38	Euronext Paris CBOE DXE
16 December 2021	Modis International	55,287	48.12-48.46	Euronext Paris CBOE DXE Turquoise
14 December 2021	Modis International	3,123	47.98-48.00	Euronext Paris CBOE DXE
13 December 2021	Modis International	8,175	47.88-47.99	Euronext Paris CBOE DXE Turquoise
10 December 2021	Modis International	5,863	47.90-48.00	Euronext Paris CBOE DXE Turquoise
9 December 2021	Modis International	12,259	47.90-47.99	Euronext Paris Aquis Turquoise
8 December 2021	Modis International	27,165	47.86-47.97	Euronext Paris CBOE DXE Turquoise
7 December 2021	Modis International	115,514	47.84-47.88	Euronext Paris CBOE DXE Turquoise
6 December 2021	Modis International	27,863	47.84-47.88	Euronext Paris CBOE DXE Aquis Turquoise
3 December 2021	Modis International	15,706	47.88-47.98	Euronext Paris CBOE DXE
2 December 2021	Modis International	123,401	47.86-47.88	Euronext Paris CBOE DXE
1 December 2021	Modis International	75,104	47.74-47.92	Euronext Paris CBOE DXE Aquis Turquoise
30 November 2021	Modis International	94,993	47.69-47.76	Euronext Paris CBOE DXE

29 November 2021	Modis International	76,850	47.70-47.76	Aquis Turquoise Euronext Paris CBOE DXE
26 November 2021	Modis International	30,859	47.70-47.81	Turquoise Euronext Paris CBOE DXE
25 November 2021	Modis International	26,953	47.88-47.90	Euronext Paris
24 November 2021	Modis International	43,653	47.80-47.88	Turquoise Euronext Paris
23 November 2021	Modis International	41,835	47.76-47.90	Aquis Turquoise Euronext Paris CBOE DXE
22 November 2021	Modis International	44,336	47.76-47.90	Aquis Turquoise Euronext Paris CBOE DXE
19 November 2021	Modis International	56,615	47.80-47.90	Aquis Turquoise Euronext Paris CBOE DXE
18 November 2021	Modis International	11,933	47.78-47.90	Aquis Turquoise Euronext Paris

A more detailed overview of these transactions can be found on the website of the FSMA (https://www.fsma.be/en/transactions-opa).

No other acquisitions of securities issued by the Target took place in the 12-month period preceding the date of this Prospectus, neither by the Bidder, nor by any of its Affiliates, nor any person acting in concert with the Bidder (as defined in article 3, §1, 5° of the Takeover Act).

5.9 Financial information of the Bidder

Given the fact that the Bidder was only recently incorporated (on 9 December 2020), there are no annual accounts available yet.

The Bidder has attached the consolidated annual accounts of Adecco Group AG as per 31 December 2020 to this Prospectus (Annex 10.2.1). These financial statements have been prepared in accordance with US GAAP, and have been audited by the statutory auditor of Adecco Group AG, who has not expressed any reservations in this respect.

In addition, the Bidder has attached the full year and fourth quarter results as per 31 December 2021 (Annex 10.2.2) of Adecco Group AG to this Prospectus. These results have not yet been audited by the statutory auditor.

On 16 March 2022, Adecco Group AG will publish its consolidated annual accounts as per 31 December 2021. These financial statements will be prepared in accordance with US GAAP, and will be audited by the statutory auditor of Adecco Group AG. As from 16 March 2022, these financial statements will be available on its website (https://www.adeccogroup.com/investors/).

Since 2021, Adecco Group AG presents Modis separately in its segment reporting.

6 THE TARGET

6.1 IDENTIFICATION OF THE TARGET

Name:	AKKA Technologies
Legal form:	European company under Belgian law
Seat:	Avenue Louise 235, 1050 Brussels (Belgium)
Date of incorporation deed and duration:	7 March 1999 Indefinite term
Register of legal entities:	0538.473.031 (RLP Brussels, French-speaking division)
Statutory auditor:	Ernst & Young, with registered office at De Kleetlaan 2, 1831 Diegem, Belgium and registered with the Institute of Registered Auditors (‘*Institut des Réviseurs d’Entreprises’* / *‘Instituut van de Bedrijfsrevisoren’*), with Eric Van Hoof as its permanent representative

6.2 CORPORATE PURPOSE OF THE TARGET

In article 3 of the articles of association of the Target, the corporate purpose is described as follows (free translation):

“In any country, the company’s purpose is:

- the *acquisition, administration and management of a portfolio of investment and company securities,*
- *the acquisition of interests in any industrial, commercial and/ or services company, the creation and/or acquisition of any business interests or branches of businesses involved in the field of workflow management, including the design, study and production of industrial automation equipment and systems,*
- *the management and coordination of any company, notably for the performance of all management and control offices, and the provision of any commercial, administrative, information technology or other services, as well as employee training, and management and financial advisory services,*
- *the trading and supply of all products and items useful or necessary to the operation of companies with which it has a business relationship,*
- *the acquisition, filing and exploitation of patents and trademarks,*
- *the contribution of technology and the development of technical expertise,*
- *the provision of services of all types, especially engineering, consulting, support, and organisation for industrial, commercial and service companies,*
- *the training of all people in all areas,*
  the organisation of events of all kinds, the participation by the company, by any means, directly or indirectly, in all operations related to its purpose by way of the creation of new companies, the contribution, subscription or purchase of securities or rights, by merger or otherwise, by the creation, acquisition, rental or leasing of all businesses assets or premises, and the creation, acquisition, operation or sale of any processes and patents concerning these activities.
  And generally, all industrial, commercial, financial, civil, fixed or movable property transactions related directly or indirectly to the corporate purpose or any similar or related purpose.”

6.3 ACTIVITIES AND ASSETS OF THE TARGET

The Target is a European leader in engineering consulting and R&D services. The comprehensive portfolio of digital solutions of the Target combined with its expertise in engineering, uniquely positions it to support its clients by leveraging the power of connected data to accelerate innovation and drive the future of Smart Industry.

The Target accompanies leading industry players across a wide range of sectors throughout the life cycle of their products with cutting edge digital technologies (autonomous driving, IoT, Big Data, robotics, embedded computing, machine learnings etc.) to help them rethink their products and business processes. Founded in 1984, the Target has a strong entrepreneurial culture and a wide global footprint.

Its 20,000 employees around the world are all passionate about technology and share the Target values of respect, courage, and ambition.

6.4 CAPITAL STRUCTURE OF THE TARGET AND SECURITIES

6.4.1 SHARE CAPITAL

On the date of this Prospectus, the share capital of the Target amounts to EUR 47,751,419.34, represented by 31,210,078 shares, each with a nominal value of EUR 1.53 and each representing an equivalent proportion of the share capital.

6.4.2 AUTHORISED CAPITAL

In accordance with article 7 of the articles of association of the Target, the Target's board of directors is authorised to increase the share capital on one or more occasions by an amount of up to EUR 31,046,744.70 (excluding issue premium), for a period of 5 years from the publication of the resolution of the extraordinary general shareholders' meeting of 13 June 2019 in the Annexes to the Belgian Official Gazette.

The Target's board may use this authorisation to issue shares with or without voting rights, convertible bonds, equity notes, subscription rights payable in cash or in kind, and other financial instruments giving the right to future shares or to which other securities issued by the Target are attached.

Any capital increase effected under this authorisation may be carried out:

- either by means of contributions in cash or in kind, including any restricted share premium, the amount of which is fixed by the Target's board, or by creating new shares carrying rights determined by the Target's board;
- or by converting reserves – including restricted reserves – or share premiums into capital, whether by creating new shares or not.

The Target's board may limit or cancel the preferential subscription rights of the existing shareholders if it is in the interest of the Target, in accordance with the conditions laid down in articles 7:190 et seq. BCCA. The Target's board may even do so to the benefit of one or more specific persons other than employees, except as provided in article 7:201, 1° BCCA.

If a public takeover bid is made on the shares issued by the Target, the Target's board is expressly authorised to increase the capital under the conditions laid down in article 7:202 BCCA. This authorisation is granted for a period of 3 years as from 13 June 2019.

At the date of this Prospectus, the Target's board has made use of its powers under the authorized capital at the following occasions:

- 30 December 2020: share capital increase of EUR 200,000,002.50 (including issue premium) by issuing 8,888,889 new shares with a nominal value of EUR 1.53 against a contribution in cash;
- 5 May 2020: share capital increase of EUR 3,104,674.47 (including issue premium) by issuing 2,029,199 new shares with a nominal value of EUR 1.53 against a contribution in cash;
- 25 November 2019 (with closing on 4 December 2019): issuance of 1,750 convertible bonds of a principal amount of EUR 100,000 each. Following the share capital increase of 5 May 2020, the terms and conditions of the convertible bonds were adjusted;
- 4 September 2019: issuance of 100,000 subscription rights, each granting the right to subscribe to one share of the Target and decision to increase the capital of the Target, subject to the partial or total exercise of the subscription rights, of a maximum amount of EUR 153,000 and to determine an issue premium on the exercise date. Following the share capital increase of 5 May 2020, the number of subscription rights was adjusted to 110,000.

6.4.3 OWN SHARES

At the date of this Prospectus, the Target holds 642,119 Shares. The Subsidiaries of the Target hold 105,135 Shares.

In accordance with article 14 of the articles of association of the Target, the Target's board of directors is authorised to acquire own shares or (where applicable) profit shares on one or more occasions to 10% of total shares, for a period of 5 years from the resolution of the extraordinary general shareholders' meeting of 13 June 2019.

The purchases, sales or transfers of these shares may be made at any time and by any means, in one or more transactions, on or off the market, including by block transactions and by option transactions, and also during a public takeover bid. The maximum portion of the buyback programme that may be carried out by way of acquisition or sale of blocks of shares may reach the entire authorised share buyback programme.

The minimum net unit purchase price is set at EUR 10 excluding fees and commissions, this price being furthermore set subject to adjustments linked to possible transactions on the Target's capital and carried out in accordance with legal and regulatory conditions.

The maximum net purchase price per share may not exceed EUR 120, excluding fees and commissions. This price is subject to adjustments linked to any transactions on the Target's capital and carried out in accordance with legal and regulatory conditions.

The maximum amount of funds used to carry out the programme is EUR 243,503,880.00.

In the event of a capital increase by capitalisation of reserves, allocation of free shares, division or consolidation of shares, the prices indicated above shall be adjusted by a multiplier equal to the ratio between the number of shares making up the capital before the operation and this number after the operation.

6.4.4 OTHER SECURITIES WITH VOTING RIGHTS OR GIVING ACCESS TO VOTING RIGHTS

6.4.4.1 PROFIT SHARES

On 19 June 2018, the Target issued 7,927,487 Profit Shares to:

- Nicolas Valtille (215,356)
- Mauro Ricci (2,364,822)
- Jean-Franck Ricci (934,884)
- BMC Management & Investment (Mauro Ricci) (3,395,424)
- Ideactive Events (Mauro Ricci) (1,017,001)

Each Profit Share conferred its holder the right to attend, and to exercise one vote at the general meeting of shareholders, as well as a dividend entitlement and a right to share in the liquidation surplus, limited to 5% of the total distributable profit at the time of allocation and only by a specific decision of the general meeting of shareholders, with the holders of Profit Shares not being able to take part in this decision.

The Profit Shares conferred their holders a total of 20.26% of the number of voting rights within the Target.

The holders of the Profit Shares unconditionally and irrevocably renounced the 7,927,487 Profit Shares in the Share Purchase Agreement and agreed to cancel them. The Target undertook in the Tender Offer Agreement (i) to hold an extraordinary general meeting of shareholders to deliberate and resolve on the cancellation of the Profit Shares and (ii) to recommend and support such cancellation. The extraordinary general meeting approving the cancellation of the Profit Shares was held on 22 December 2021. The Profit Shares have been cancelled with effect as from 23 February 2022.

6.4.4.2 CONVERTIBLE BONDS

On the date of this Prospectus, the Target has issued 1,750 perpetual subordinated unsecured bonds, convertible into new and/or existing shares in the Company, in the principal amount of EUR 100,000 each.

These Convertible Bonds are recorded as quasi-equity according to the IFRS standard, and their key features are as follows (all subject as provided in the Conditions[4])):

- Issue amount: EUR 175,000,000
- Maturity: perpetual
- Early redemption at the Target's option: the Convertible Bonds are redeemable for cash at their principal amount (plus accrued interest):

[4] The terms and conditions of the Convertible Bonds can be consulted on the website of the Target: https://www.akka-technologies.com/app/uploads/obligations-hybrides-convertibles-terms-and-conditions.pdf

- following the occurrence of a Change of Control (as defined below), where the Change of Control occurs during the Conversion Period, on the 14th TARGET business day after the expiry of the Change of Control Period (as defined below) (or, if later, on the date specified in the relevant redemption notice);
- at any time on or after 25 January 2023 up to (but excluding) 1 January 2025, if the parity value of the Convertible Bonds (as defined in the Conditions) on each of at least 20 dealing days in any period of 40 consecutive dealing days ending not earlier than the dealing day prior to the giving of the relevant optional redemption notice, shall equal or have exceeded 130 per cent. of a Convertible Bond in the principal amount of EUR 100,000 on each such dealing day (as verified by the calculation agent upon request by the Target);
- on 1 January 2025 or any subsequent interest payment date;
- at any time, if conversion rights have been exercised and/or purchases (and corresponding cancellations) and/or redemptions have been effected in respect of more than 85% of the principal amount of the Convertible Bonds originally issued (which shall for this purpose include any further bonds issued prior to the date the optional redemption notice is given); or
- for taxation reasons (as set out below).

- Initial conversion premium: 35%
- Initial conversion price: EUR 77.2582
- Current conversion price (at the date of this Prospectus): EUR 70.2347 (since 18 May 2020)
- Change of Control Conversion Price: to be determined in accordance with the Conditions (as described below)
- Fixed interest rate to (but excluding) 1 January 2025: 3.5% per year payable semi-annually
- Floating interest rate from (and including) 1 January 2025: Euribor 6 months + 900bps payable semi-annually
- Conversion right: any Convertible Bond Holder may exercise its Conversion Right at the then prevailing applicable Conversion Price during the Conversion Period, and in any such case the Target shall satisfy such exercise by issuing or transferring and delivering existing new and/or existing ordinary shares (subject to the Target's option to pay cash in lieu of delivering any or all of such shares) to the relevant Convertible Bond Holder
- Conversion Period: subject to any applicable fiscal or other laws or regulations, from (and including) the issue date to (and including) the date falling 7 days prior to 1 January 2025 or, if such Convertible Bond is to be redeemed prior to 1 January 2025 pursuant to Condition 5(b) or 5(c), then up to (and including) the date falling 7 days before the date fixed for redemption thereof pursuant to Condition 5(b) or 5(c), unless there shall be a default in making payment in respect of such Convertible Bond on any such date fixed for redemption, in which event the Conversion Right shall extend up to (and including) the date on which the full amount of such payment becomes available for payment and notice of such availability has been given to Convertible Bond Holders or, if earlier, 1 January 2025; provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day in Brussels, then the period for exercise of Conversion Rights by Convertible Bond Holders shall end on the immediately preceding such business day
- Full dividend protection by downward adjustment of the Conversion Price

The Convertible Bonds are in scope of the Bid.

General – Maturity – Interest – Conversion price

On 4 December 2019, the Target issued EUR 175 million aggregate principal amount of perpetual subordinated unsecured convertible bonds in the principal amount of EUR 100,000 each, pursuant to a decision by the Target's board of directors within the limits of the authorized capital. The Convertible Bonds are in dematerialised form, and bear cash interest at a fixed rate of 3.5% per year to (but excluding) 1 January 2025 and at a floating interest rate of Euribor 6 months + 900bps from (and including) 1 January 2025, payable semi-annually in arrear in equal instalments on 1 July and 1 January of each year, beginning on 1 July 2020. The Target may, in certain circumstances and subject to the Conditions, elect in its sole discretion to defer (in whole or in part) any interest payment in accordance with the Conditions. The Convertible Bonds are perpetual securities in respect of which there is no fixed redemption date. The Convertible Bonds can be redeemed or converted as described below. The conversion price for the Convertible Bonds (the "**Conversion Price**") was initially EUR 77.2582 per share. As of 18 May 2020, the Conversion Price was adjusted downwards to EUR 70.2347 per share. The reserved capital increase which was announced on 6 October 2020 and realised on 30 December 2020, did not trigger a revision of the Conversion Price because the issue price was not below 95% of the (then) current market price (see Condition 4(b)(vi)). The issue price of EUR 22.50 per share represented a premium of 43% over the last quoted price on 5 October 2020 (*i.e.*, the date on which the subscription agreement was entered into) and 33% over the weighted average price over the last 30 trading days (cf. press release of the Target of 6 October 2020).The Conversion Price remains subject to the adjustments described below.

Conversion option for Convertible Bond Holders

Subject to any applicable fiscal or other laws or regulations and as provided in the Conditions, any holder of a Convertible Bond (a "**Convertible Bond Holder**") may convert such Convertible Bond at its option at any time, from (and including) the issue date of the Convertible Bonds to (and including) the date falling 7 days prior to (i) the First Hard Call Date (the First Hard Call Date being 1 January 2025), or (ii) if the Target redeems the Convertible Bonds pursuant to Condition 5(b) or 5(c) (as described below), the redemption date set by the Target (the "**Conversion Right**") unless there shall be a default in making payment in respect of such Convertible Bond on any such date fixed for redemption, in which event the Conversion Right shall extend up to (and including) the date on which the full amount of such payment becomes available for payment and notice of such availability has been given to Convertible Bond Holders or, if earlier, the First Hard Call Date (being 1 January 2025); provided that, in each case, if such final date or the exercise of Conversion Rights is not a business day in Brussels, then the period for exercise of Conversion Rights by the Convertible Bond Holders shall end the immediately preceding such business day (the "**Conversion Period**"). Upon the exercise of the Conversion Right in respect of any Convertible Bond, the Target will issue or transfer and deliver new and/or existing ordinary shares (subject to the Target's option to pay cash in lieu of delivering any or all of such shares (a "**Cash Alternative Election**" in respect of the relevant exercise)) to the relevant Convertible Bond Holder.

Redemption at the option of the Target (other than resulting from a Change of Control)

The Target may redeem for cash all but not some only of the Convertible Bonds, at their principal amount, together with accrued but unpaid interest up to (but excluding) the redemption date: (i) at any time on or after 25 January 2023 up to (but excluding) 1 January 2025, if the parity value of the Convertible Bonds (as defined in the Conditions) on each of at least 20 dealing days in any period of 40 consecutive dealing days ending not earlier than the dealing day prior to the giving of the relevant optional redemption notice, shall equal or have exceeded 130 per cent. of a Convertible Bond in the principal amount of EUR 100,000 on each such dealing day (as verified by the calculation agent upon request by the Target), (ii) on 1 January 2025 or any subsequent interest payment date, or (iii) at any time, if conversion rights have been exercised and/or purchases (and corresponding cancellations) and/or redemptions have been effected in respect of more than 85% of the principal amount of the Convertible Bonds originally issued (which shall for this purpose include any further bonds issued prior to the date the optional redemption notice is given).

The Target may also redeem all but not some only of the Convertible Bonds at their principal amount, together with accrued but unpaid interest up to (but excluding) the optional tax redemption date if (i) the Target satisfies the paying and conversion agent immediately prior to the giving of a tax redemption notice that the Target has or will become obliged to pay additional amounts in respect of payments of interest on the Convertible Bonds as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any officially published change in the general application or official interpretation (applicable generally) of such laws or regulations, which change or amendment becomes effective on or after 27 November 2019, and (ii) such obligation cannot be avoided by the Target taking reasonable measures available to it. However, if the Target gives a tax redemption notice, each Convertible Bond Holder will have the right to elect that its Convertible Bonds shall not be redeemed pursuant to such tax redemption notice and that the provisions requiring the Target to pay additional amounts shall not apply in respect of any payment of interest to be made on such Convertible Bonds which falls due after the relevant tax redemption date, whereupon no additional amounts shall be payable in respect thereof pursuant to the Conditions and payment of all amounts of such interest on such Convertible Bonds shall be made subject to the deduction or withholding of any Belgian taxation required to be withheld or deducted.

Change of Control – Conversion price adjustment and redemption at the option of the Target

In accordance with the Conditions a "**Change of Control**" "*shall occur if an offer is made by any person to all (or substantially all) Shareholders other than the offeror and/or any parties acting in concert (as defined in Article 3, paragraph 1, 5° of the Belgian Law of 1 April 2007 on public takeover bids, as amended) with the offeror, to acquire all or a majority of the Shares and (the period for such offer being closed, the definitive results of such offer having been announced and such offer having become unconditional in all respects) the offeror has acquired or, following the publication of the results of such offer by the offeror, is entitled (such entitlement being unconditional and not being subject to any discretion of the offeror as to whether to exercise it or not) to acquire as a result of such offer, post-completion thereof, Shares or other voting rights of the Issuer so that the offeror (and any parties acting in concert with the offeror as aforesaid) has the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer, whereby the date on which the Change of Control shall be deemed to have occurred shall be the date of the publication by the offeror of the results of the relevant offer (and for the avoidance of doubt prior to any reopening of the offer in accordance with Article 42 of the Belgian Royal Decree of 27 April 2007 (as amended) on takeover bids)*".

The Bid qualifies as a Change of Control, as a result of which:

(i) the Convertible Bond Holders will be entitled to exercise their Conversion Rights at a revised Conversion Price during the Change of Control Period (as described below); and
(ii) the Target becomes entitled to redeem all but not some of the Convertible Bonds (as described below).

The Change of Control will be deemed to have occurred on the date of the publication by the Bidder of the results of the Initial Acceptance Period (which is expected to be, as at the date of this Prospectus, on 20 April 2022).

The Target will give the Convertible Bond Holders notice of the Change of Control within 5 calendar days following the occurrence of the Change of Control (a "**Change of Control Notice**"). This notice shall contain (i) to the fullest extent permitted by applicable law, all information material to Convertible Bond Holders concerning the Change of Control, (ii) a statement informing the Convertible Bond Holders of their entitlement to exercise their Conversion Rights, (iii) a statement as to whether or not the Target intends to exercise its option to redeem the Convertible Bonds (as described below) and (iv) the aggregate principal amount of the Convertible Bonds outstanding.

The Convertible Bond Holders may tender the shares subscribed for as a result of the timely conversion of their Convertible Bonds into the Bid, in exchange for the Bid Price per Share. They may also tender their Convertible Bonds directly into the Bid in exchange for the Bid Price per Convertible Bond.

Change of Control – Exercise of the Conversion Right by a Convertible Bond Holder

The number of shares to be issued or transferred and delivered on any exercise of the Conversion Right by a Convertible Bond Holder (subject to the right of the Target to make a Cash Alternative Election in respect thereof) shall be determined by the calculation agent (Conv-Ex Advisors Limited) by dividing the principal amount of such Convertible Bond to be converted by the Conversion Price in effect on the relevant Conversion Date (as defined below).

Fractions of shares will not be issued or transferred and delivered on exercise of conversion rights and no cash payment or other adjustment will be made in lieu thereof. However, the number of such shares to be issued or transferred and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Convertible Bonds being so converted and rounded down to the nearest whole number of shares.

In the case of a Change of Control, the Conversion Price applicable to any exercise of the Conversion Right during the Change of Control Period (as defined below) shall be determined as follows (the "**Change of Control Conversion Price**"):

$$CP_a = CP/(1+ (Pr \times c/t))$$

where:
CPa = means the Change of Control Conversion Price
CP = means the conversion price in effect on the relevant Conversion Date
Pr = means 35 per cent.
c = means the number of days from and including the date the Change of Control occurs to but excluding 1 January 2025

t = means the number of days from and including the Closing Date (being 4 December 2019) to but excluding 1 January 2025

For further information and a detailed calculation, please refer to section 6.4.4.2 (3).

As set out above, a Change of Control is deemed to have occurred on the date of the publication by the Bidder of the results of the relevant offer (and for the avoidance of doubt prior to any reopening of the offer in accordance with Article 42 of the Belgian Royal Decree of 27 April 2007 (as amended) on takeover bids) pursuant to which the Bidder is entitled to acquire as a result of such offer, post-completion thereof, shares or other voting rights of the Target so that the Bidder (and any parties acting in concert with the Bidder as aforesaid) has the right to cast more than 50 per cent. of the votes that may ordinarily be cast on a poll at a general meeting of shareholders of the Target (the "**Change of Control Date**"). The date of publication of the results of the Initial Acceptance Period is expected to be, as at the date of this Prospectus, 20 April 2022, and as such the Change of Control Date is expected to, as at the date of this Prospectus, be such date. As at the date of this Prospectus, the Conversion Price is EUR 70.2347 per share (since 18 May 2020).

Within 5 calendar days from the Change of Control Date, the Target needs to notify the Convertible Bond Holders of such Change of Control. The Change of Control Notice is required to be delivered by, or on behalf of, the Target through the electronic communication system of Bloomberg, provided that for so long as the Convertible Bonds are held by or on behalf of the securities settlement system operated by the National Bank of Belgium ("**NBB-SSS**"), such Change of Control Notice may also be delivered to the participants in the NBB-SSS for onward communication to the Convertible Bond Holders in substitution for such publication (and, in such case, such Change of Control Notice shall be deemed to have been given to Convertible Bond Holders on the calendar day after the date on which the said Change of Control Notice was given to the NBB-SSS).

The Convertible Bond Holders have the right to exercise their Conversion Right at the Change of Control Conversion Price during the period commencing on the Change of Control Date and ending on the earlier of (i) 60 calendar days following the Change of control Date or, if later, 60 calendar days following the date on which a Change of Control Notice is given to the Convertible Bond Holders and (ii) the date falling 7 days prior to the First Hard Call Date (the First Hard Call Date being 1 January 2025) (the "**Change of Control Period**"). The Convertible Bond Holders wishing to exercise their Conversion Right should deliver a duly completed and signed conversion notice (a "**Conversion Notice**") at the paying and conversion agent's specified office, during its usual business hours. If such delivery is made on a day which is not a business day or after 4 p.m. on a business day in the place of the specified office of the relevant paying and conversion agent, such delivery shall be deemed to have been made on the next following such business day. If the Target decides to redeem the Convertible Bonds (as described below), the Conversion Rights can only be exercised up to (and including) the date falling 7 days before the date fixed for redemption.[5]

[5] Unless there is a default in making payment in respect of such Convertible Bond on any such date fixed for redemption, in which event the conversion right shall extend up to (and including) the date on which the full amount of such payment becomes available for payment and notice of such availability has been given to Convertible Bond Holders or, if earlier, the First Hard Call Date (being 1 January 2025); provide that, in each case, if such final date for the exercise of conversion rights is not a business day in Brussels, then the period for exercise of conversion rights shall end on the immediately preceding such business day.

The conversion date in respect of a certain Convertible Bond shall be the business day in Brussels immediately following the date of the delivery (or deemed delivery) of the relevant Conversion Notice as set out above (the "**Conversion Date**").

Following delivery of a duly completed and signed Conversion Notice, the Target shall on or prior to the Scheduled Delivery Date (as defined below) procure that all shares to be delivered in satisfaction of the relevant Conversion Right be credited to such securities account of the relevant Convertible Bond Holder as is specified in the relevant Conversion Notice. The Target shall use all reasonable endeavours to ensure that the shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the relevant stock exchange.

If the Conversion Notice is delivered (or deemed to be delivered) on or before the 15th calendar day of the calendar month, the "**Scheduled Delivery Date**" shall be the last Brussels business day of the calendar month in which the relevant Conversion Notice was delivered (or deemed to be delivered) to the relevant paying and conversion agent. If the Conversion Notice is delivered (or deemed to be delivered) to the relevant paying and conversion agent from the 16th day up to and including the last calendar day of any calendar month, the Scheduled Delivery Date shall be the last dealing day of the calendar month immediately following the calendar month in which the relevant Conversion Notice was delivered (or deemed to be delivered).

Change of Control – Exercise of the right to redeem the Convertible Bonds by the Target

Upon the occurrence of a Change of Control, the Target has the option to redeem for cash all but not some only of the Convertible Bonds at their principal amount, together with accrued but unpaid interest up to (but excluding) the Optional Redemption Date. Redemption shall take place on the 14th TARGET Business Day after the expiry of the Change of Control Period (or, if later, on the date specified in the relevant redemption notice) (the "**Optional Redemption Date**"), provided that the Target is required to give notice of such redemption to the Convertible Bond Holders not less than 30 nor more than 60 days prior to the relevant Optional Redemption Date.

As at the date of this Prospectus, it is the Target's intention to exercise its right to redeem the Convertible Bonds. As at the date of this Prospectus, the Bidder is in favour of such a decision and is willing to provide the necessary financing to the Target.

If the Target exercises its right to redeem the Convertible Bonds as aforesaid, Conversion Rights shall cease to be exercisable immediately after the date falling 7 days prior to the Optional Redemption Date.

Change of Control – Cessation of interest accrual

Each Convertible Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Convertible Bond Holder, from the interest payment date immediately preceding the relevant Conversion Date or (ii) where such Convertible Bond is redeemed by the Target, from the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue both before and after judgment) up to, but excluding, the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount payable is improperly withheld or refused, the earlier of (a) the date on which payment in full of the amount outstanding is made and (b) the date falling seven days after the date on which the principal paying and conversion agent has given notice to Convertible Bond Holders of receipt of all sums due in respect to all the Convertible Bonds up to that seventh day (except that there is failure in the subsequent payment to the relevant holders).

Change of Control – Prevailing Interest Rate Step-Up

In accordance with the Conditions, if a Change of Control occurs and the Target has not given a redemption notice to the Convertible Bond Holders, the prevailing interest rate will be increased by an additional 5 per cent. per annum from (and including) the interest period commencing on the next following interest payment date. As at the date of this Prospectus, the Target has the intention to exercise its right to redeem the Convertible Bonds.

Summary

In accordance with the principles set out above, five key scenarios can be envisaged, the financial consequences of which are illustrated below based on a sample figure.

1. *The Convertible Bond Holder exercises its Conversion Rights prior to a Change of Control occurring (if any)*

   As set out above, a Change of Control (if any) is deemed to have occurred on the date of the publication by the bidder of the results of the relevant offer (and for the avoidance of doubt prior to any reopening of the offer in accordance with Article 42 of the Belgian Royal Decree of 27 April 2007 (as amended) on takeover bids) pursuant to which the bidder is entitled to acquire as a result of such offer, post-completion thereof, shares or other voting rights of the Target so that the bidder (and any parties acting in concert with the bidder as aforesaid) has the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Target. If the Convertible Bond Holder exercises its Conversion Right prior to the Change of Control Date, the applicable Conversion Price in respect of such exercise will be EUR 70.2347 per share (provided that no event occurs following the date of this Prospectus pursuant to which the Conversion Price is required to be adjusted in accordance with the Conditions).

   Subject to the right of the Target to make a Cash Alternative Election in respect of some or all of the shares that would otherwise be required to be issued or transferred and delivered in respect of such exercise, if the Convertible Bond Holder subsequently tenders the shares so obtained in the Bid, this will give the following result:

   Step 1:

   (Nominal value of one Convertible Bond / current conversion price) = (EUR 100,000 / EUR 70.2347 per share) = 1,423.7976 shares[6], of which 1,423 shares will be issued. No

[6] Assuming conversion rights are exercised with respect to one single Convertible Bond. As explained above, the number of shares to be issued or transferred and delivered in respect of the exercise of conversion rights shall be calculated on the basis of the aggregate principal amount of such Convertible Bonds that are the subject of an exercise of conversion rights.

fractions of shares will be issued or transferred, and no cash payment or other adjustment will be made in lieu thereof.

Step 2:

(Number of shares * Bid Price per Share) = (1,423 shares * EUR 49 per share) = EUR 69,727.

The hypothetical conversion value of each Convertible Bond thus amounts to EUR 69,727.

2. *The Convertible Bond is tendered directly in the Bid*

Due to the Conversion Price as well as the Change of Control Conversion Price being well above the Bid Price per Share, as a result of which the hypothetical conversion value of each Convertible Bond is well below its principal amount (see Section 6.4.4.2), the Bid Price per Convertible Bond has been set at EUR 101,816.58, which is equal to the principal amount per Convertible Bond plus accrued interest from (and including) 1 January 2022 up to (but excluding) the planned Optional Redemption Date (*i.e.*, 8 July 2022). The Bid Price per Convertible Bond may need to be revised if the Target were to pay out accrued interest prior to the relevant Settlement Date.

The principal amount per Convertible Bond is EUR 100,000. The Convertible Bonds bear cash interest at a fixed rate of 3.5% per year (payable semi-annually) until 1 January 2025.

3. *The Convertible Bond is converted during the Change of Control Period (if any)*

The following example is based on the assumption that (i) a Change of Control has occurred, (ii) the results of the Initial Acceptance Period are published (being the Change of Control Date) on 20 April 2022 and (iii) the Change of Control Notice is deemed to be given on 21 April 2022.

In this case:

(i) the Change of Control Period would be the period from (and including) 20 April 2022 to 20 June 2022; and

(ii) the applicable Conversion Price in respect of any exercise of Conversion Rights during such Change of Control Period will be the Change of Control Conversion Price, which will be EUR 59.2085 per share (provided that no event occurs following the date of this Prospectus pursuant to which the Conversion Price is required to be adjusted in accordance with the Conditions).

If the Convertible Bond Holder subsequently tenders the shares so obtained in the Bid, this will give the following result:

Step 1:

(Nominal value of one Convertible Bond / Change of Control Conversion Price) = (EUR 100,000 / EUR 59.2085 per share) = 1,688.9467 shares[7], of which 1,688 shares will be issued. No fractions of shares will be issued or transferred, and no cash payment or other adjustment will be made in lieu thereof.

Step 2:

(Number of shares * Bid Price per Share) = (1,688 shares * EUR 49 per share) = EUR 82,712.

The hypothetical conversion value of each Convertible Bond thus amounts to EUR 82,712.

4. *The Convertible Bond is converted after the Change of Control Period and prior to the end of the Conversion Period (being the date falling 7 days prior to the Optional Redemption Date if the Target elects to redeem the Convertible Bonds)*

Upon the occurrence of a Change of Control, the Target may redeem the Convertible Bonds, as described below. If the Target exercises its right to redeem the Convertible Bonds, Conversion Rights shall cease to be exercisable immediately after the date falling 7 days prior to the Optional Redemption Date.

As at the date of this Prospectus, it is the Target's intention to exercise its right to redeem the Convertible Bonds.

If a Convertible Bond Holder exercises its Conversion Rights during the Change of Control Period, the applicable Conversion Price for such exercise will be the Change of Control Conversion Price. Reference is made to scenario three.

If a Convertible Bond Holder exercises its Conversion Rights after the Change of Control Period and prior to the end of the Conversion Period, the applicable Conversion Price for such exercise will be the current conversion price (*i.e.*, EUR 70.2347 per share). Reference is made to scenario one.

5. *The Convertible Bond is redeemed by the Target on the Optional Redemption Date following the occurrence of the Change of Control (if any)*

Upon the occurrence of a Change of Control, the Target may, on giving not less than 30 nor more than 60 days' notice to the Convertible Bond Holders, redeem the Convertible Bonds at their principal amount, together with any accrued but unpaid interest, up to (but excluding) the Optional Redemption Date.

[7] Assuming conversion rights are exercised with respect to one single Convertible Bond. As explained above, the number of shares to be issued or transferred and delivered in respect of the exercise of conversion rights shall be calculated on the basis of the aggregate principal amount of such Convertible Bonds that are the subject of an exercise of conversion rights.

The Optional Redemption Date is the 14th TARGET Business Day after the expiry of the Change of Control Period or, if later, the date specified in the relevant redemption notice.

As at the date of this Prospectus, it is the Target's intention to exercise its right to redeem the Convertible Bonds. As at the date of this Prospectus, the Bidder is in favour of such a decision and is willing to provide the necessary financing to the Target.

If the Target exercises its right to redeem the Convertible Bonds as aforesaid, Conversion Rights shall cease to be exercisable immediately after the date falling 7 days prior to the Optional Redemption Date.

This example is based on the assumption that (i) a Change of Control has occurred, (ii) the results of the Initial Acceptance Period are published on 20 April 2022 (being the Change of Control Date), (iii) the Change of Control Notice is deemed to be given on 21 April 2022, (iv) the redemption notice is deemed to be given on 9 May 2022, and (v) the redemption of the Convertible Bonds takes place on 8 July 2022.

Assuming the Change of Control Notice is deemed to be given on 21 April 2022, the Change of Control Period shall end on 20 June 2022.

Assuming the Change of Control Period ends on 20 June 2022 and the redemption notice is given on 9 May 2022, the Optional Redemption Date shall be 8 July 2022 (and in any such case the Conversion Period shall end on 1 July 2022).[8]

The Convertible Bonds shall be redeemed at their principal amount, together with any accrued but unpaid interest up to (but excluding) the redemption date.

Assuming the redemption of the Convertible Bonds takes place on 8 July 2022, each Convertible Bond is redeemed at its nominal value plus any accrued but unpaid interest from (and including) 1 July 2022 up to (but excluding) 8 July 2022, it being understood that the Convertible Bond Holders would already have receive the accrued interest from (and including) 1 January 2022 up to (but excluding) 1 July 2022 = EUR 100.000 (nominal value) + EUR 1,750 (interest from (and including) 1 January 2022 up to (but excluding) 1 July 2022) + EUR 66.58 (interest from (and including) 1 July 2022 up to (but excluding) 8 July 2022) = EUR 101,816.58.

The value of one Convertible Bond for the Convertible Bond Holder in this scenario five is thus equal to the value of the Convertible Bond in scenario two.

For the sake of completeness, it should be noted that following the exercise of the option to redeem the Convertible Bonds, the Convertible Bond Holder still has the right to exercise its Conversion Right (up until the seventh day before the redemption date set by the Target). Reference is made to scenarios three and four.

[8] Assuming the redemption of the Convertible Bonds shall take place on 8 July 2022, the early redemption notice must be given not earlier than 9 May 2022 nor later than 8 June 2022. The Change of Control Notice shall also indicate whether or not the Target intends to exercise its option to redeem the Convertible Bonds.

In conclusion, the value of one Convertible Bond to a Convertible Bond Holder in each of the five scenarios is as follows:

- Scenario 1: the Convertible Bond Holder exercises its Conversion Rights prior to a Change of Control occurring (if any): EUR 69,727.
- Scenario 2: the Convertible Bond is tendered directly in the Bid: EUR 101,816.58
- Scenario 3: the Convertible Bond is converted during a Change of Control Period (if any) has occurred: EUR 82,712.
- Scenario 4: the Convertible Bond is converted after a Change of Control Period and prior to the end of the Conversion Period if the Target elects to redeem the Convertible Bonds: EUR 69,727.
- Scenario 5: the Convertible Bond is redeemed after a Change of Control (if any) has occurred: EUR 100,000 plus accrued interest up to (but excluding) the (actual) Optional Redemption Date.

6.4.4.3 SUBSCRIPTION RIGHTS

The Target had issued 110,000 Subscription Rights (entitling their holders to subscribe for 110,000 new shares) to:

- BMC Management & Investment (Mauro Ricci) (55,000)
- HR Management and Investment (Jean-Franck Ricci) (27,500)
- Valvest Management SRL (Nicolas Valtille) (27,500)

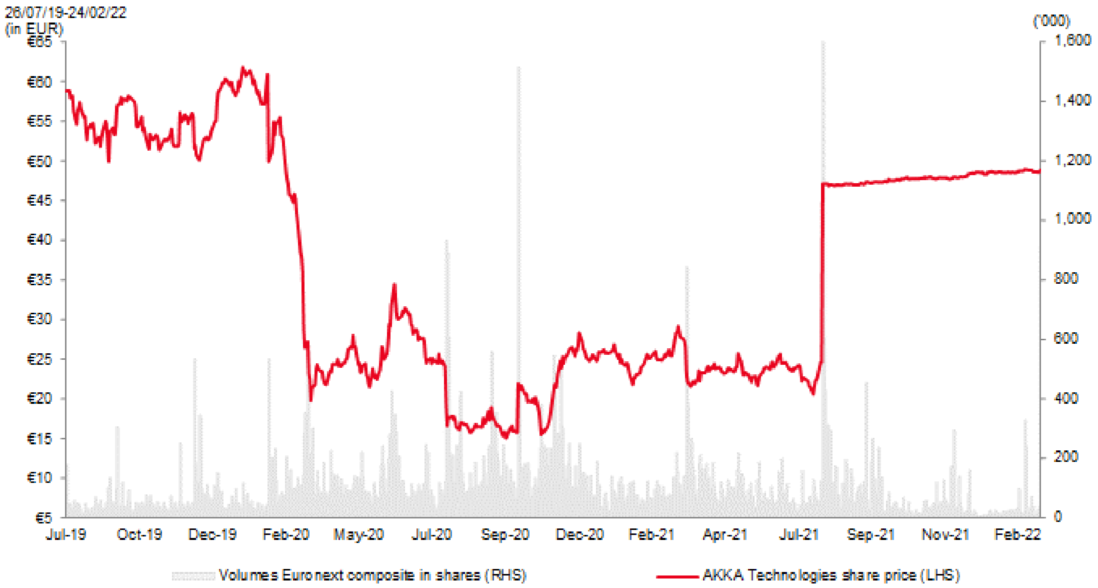
These Subscription Rights were granted to motivate certain members of the management and certain employees, in order to encourage their loyalty towards the Target.

Each Subscription Right confers its holder the right to subscribe for one new share in the Target. The exercise price per Subscription Right amounts to EUR 54.64.

The holders of the Subscription Rights have unconditionally and irrevocably renounced their Subscription Rights, pursuant to the Share Purchase Agreement, in particular taking into account the fact that their exercise price of EUR 54.64 was higher than the Bid Price per Share of EUR 49. Therefore, the Subscription Rights lapsed on 23 February 2022.

6.4.5 EVOLUTION OF THE SHARE PRICE ON EURONEXT PARIS AND EURONEXT BRUSSELS

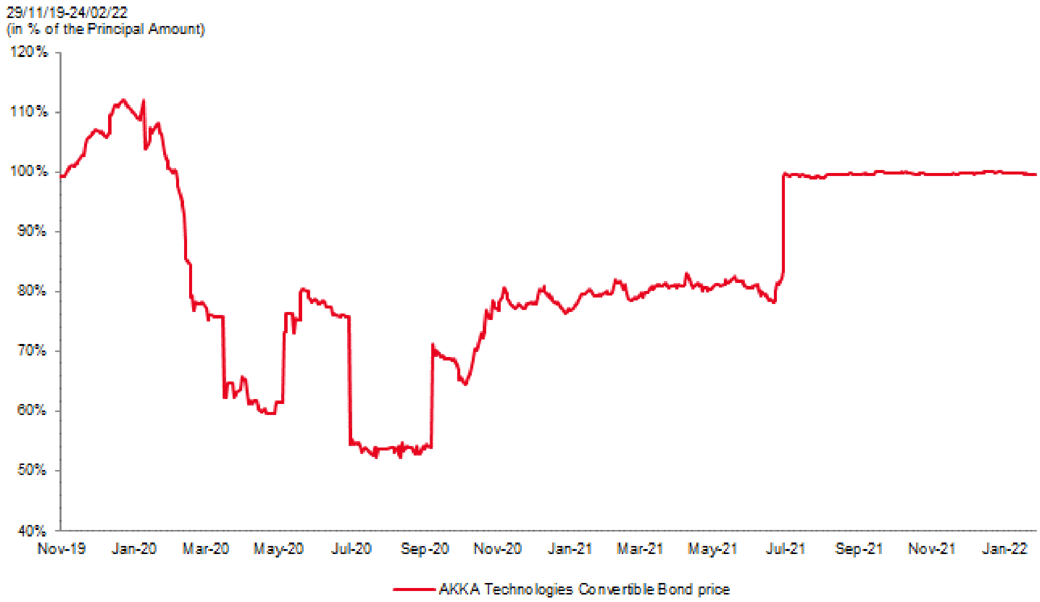
The graph below illustrates the evolution of the share price of the Target on the regulated markets of Euronext Paris and Euronext Brussels during a period of 24 months preceding the Announcement Date (28 July 2021) until the date of formal filing of the Bid with the FSMA (24 February 2022):



6.4.6 EVOLUTION OF THE CONVERTIBLE BOND PRICE ON THE OPEN MARKET (FREIVERKEHR) OF THE FRANKFURT STOCK EXCHANGE

The graph below illustrates the evolution of the Convertible Bond price of the Target on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange during a period of 24 months preceding the

Announcement Date (28 July 2021) until the date of formal filing of the Bid with the FSMA (24 February 2022).



6.5 SHAREHOLDER STRUCTURE OF THE TARGET

On the basis of the most recent disclosures of important shareholdings in the Target in accordance with the Act of 2 May 2007 on the disclosure of major shareholdings, as amended from time to time, on the date of this Prospectus, the shareholder structure of the Target is as follows:

Shareholder	Number of shares / voting rights	% shares / voting rights
The Bidder	15,461,369	49.54%
Modis Investment	4,737,453	15.18%
Treasury shares	747,254	2.39%
Free float	10,264,002	32.89%
Total	**31,210,078**	**100%**

6.6 MANAGEMENT STRUCTURE OF THE TARGET

On the date of this Prospectus, the board of directors of the Target is composed of 10 members, who are appointed by the general shareholders' meeting, which may suspend and dismiss them at any time. Their term of office may not exceed 6 years. The directors are eligible for reappointment.

On the date of this Prospectus, the board of directors of the Target is composed as follows:

Name	End of term	Function
Jan Gupta	AGM 2022	Director
Coram Williams	AGM 2022	Director
Nathalie Buhnemann	AGM 2022	Director
Veronique Rodoni	AGM 2022	Director

Gordana Landen	AGM 2022	Director
Charles Champion	AGM 2022	Director
Jean-Luc Perodeau	AGM 2022	Director (employee representative)
Muriel Barnéoud	AGM 2022	Independent director
Valérie Magloire	AGM 2022	Independent director
Nadine Leclair	AGM 2022	Independent director

On the date of this Prospectus, the Group Executive Committee of the Target is composed of 10 members:

Name	Function
Jan Gupta	Chairman
Nathalie Buhnemann	Group SVP Finance & Procurement
Paolo del Noce	Group SVP South EMEA
Peter Mehrle	SVP Germany
Primo Meregalli	VP Southeast Europe
Kenneth Ragnvaldsen	Group SVP North EMEA
Dharam Sheoran	Group SVP Delivery & Technology Practices
Stéphanie Bia	AKKA Group Communications & Investor Relations Directors
Veronique Rodoni	Group SVP Human Resources
André Van der Toorn	Group SVP Integration Office

6.7 PERSONS ACTING IN CONCERT WITH THE TARGET

The Target acts in concert (*'action de concert'* / '*in onderling overleg*') with the Bidder and its Affiliates in relation to the Bid, as they are affiliated persons within the meaning of article 1:20 BCCA (article 3, §2 of the Takeover Act).

6.8 FINANCIAL INFORMATION

The consolidated annual accounts of the Target as of 31 December 2020 are attached as Annex 10.3.1. The statutory annual accounts haven been established in accordance with Belgian GAAP and the consolidated annual accounts have been established in accordance with IFRS. The annual accounts were audited by the statutory auditor of the Target.

On 29 September 2021, the Target published its half year financial report as of 30 June 2021, which is attached as Annex 10.3.2.

On 10 March 2022, the Target published its full year 2021 results, which are attached as Annex 10.3.3.

7 OBJECTIVES OF THE BID

7.1 BACKGROUND OF THE BID: ACQUISITION BY THE BIDDER OF 59.91% OF THE SHARES OF THE TARGET

On 27 July 2021, the Adecco Group signed a Share Purchase Agreement with the Ricci Family and Swilux S.A., a fully-owned subsidiary of Compagnie Nationale à Portefeuille SA, pursuant to which Adecco Group AG, through its subsidiaries Modis Investment and Modis International, acquired a total of 18,698,822 shares issued by the Target (representing 59.91% of the shares issued by the Target).

Mauro Ricci, BMC Management and Investment, Ideactive Events, Jean-Franck Ricci and HR Management and Investment, who collectively held 33.10% of the shares issued by the Target, agreed to accept an offer at EUR 42 per share in cash plus EUR 7 per share value equivalent in Adecco Group AG shares. Such consideration in Adecco Group AG shares was an explicit request from the board of directors of Adecco Group AG, so that Mauro Ricci and Jean-Franck Ricci (and their respective companies) had skin in the game, which is demonstrated as well by their 24 months lock-up undertaking.

Swilux S.A. and the other members of the Ricci Family, who collectively held 26.1% of the shares issued by the Target, agreed to accept an offer at EUR 49 per share, all cash.

On 28 July 2021, the Adecco Group announced that it had entered into the Share Purchase Agreement and that, accordingly, it intended to launch a mandatory public takeover bid following the completion of the Share Purchase Agreement. This announcement was made in accordance with Article 8, §1 of the Takeover Decree.

The sale of the shares pursuant to the Share Purchase Agreement was subject to a number of customary conditions precedent. These conditions were satisfied on 23 February 2022.

The completion of the transaction took place on 23 February 2022, as a result of which the Bidder (together with its Affiliates) held, on that date, an aggregate of 20,198,822 shares issued by the Target, representing 64,72% of the total number of voting securities issued by the Target. These numbers and percentages exclude the shares held by the Target and its Subsidiaries.

The completion of the Share Purchase Agreement thus gave rise to the obligation to launch a mandatory takeover bid in accordance with Article 5 of the Takeover Act and Article 50 of the Takeover Decree. In accordance with article 56 of the Takeover Decree, the Bid was filed with the FSMA on 24 February 2022 and the announcement of the Bid was published on 24 February 2022.

Mauro Ricci and Jean-Franck Ricci are in discussions with the Adecco Group to potentially provide, as of 23 February 2022, support and strategic advice to the CEO of the Adecco Group and/or the President of the newly combined business unit. Subject to an arrangement being signed, both Mauro Ricci and Jean-Franck Ricci are expected to receive a compensation at a pre-agreed rate based on actual services provided.

7.2 OBJECTIVES OF THE BID

7.2.1 COMPLIANCE WITH LEGAL OBLIGATIONS AND LAUNCH OF A SQUEEZE-OUT

In launching the Bid, the Bidder complies with its legal obligation under article 5 of the Takeover Act and article 50 of the Takeover Decree to launch a public takeover bid on all securities carrying voting rights and securities granting access to voting rights issued by the Target that it does not yet own. That obligation has arisen following the acquisition of shares issued by the Target pursuant to the Share Purchase Agreement, resulting in the Bidder having crossed the threshold of 30% of the securities carrying voting rights.

The immediate objective of the Bid is to be able to launch a Squeeze-Out, to obtain all securities carrying voting rights and securities granting access to voting rights issued by the Target and the subsequent delisting of the shares issued by the Target admitted to trading on the regulated markets of Euronext Paris and Euronext Brussels as well as of the Convertible Bonds admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

7.2.2 BECOMING THE GLOBAL NUMBER TWO IN THE ER&D MARKET

The Adecco Group intends to combine the Bidder and the Target. Through this landmark step, the combined new business will be the global number two in the engineering R&D (ER&D) market with 50,000 engineers and digital experts providing comprehensive IT, engineering, and digital services. With enhanced scale and know-how, this powerful platform will provide a compelling opportunity for the Target and the Bidder to drive future Smart Industry leadership.

Smart Industries are tackling fast-paced developments in disruptive technologies and rising sustainability ambitions. The pace of technological innovation underpins a sustained and substantial rise in R&D expenditure. Due to the convergence of IT and engineering technologies, innovation is increasingly orientated toward digital.

7.2.3 CREATION OF SYNERGIES BETWEEN THE BIDDER'S AND THE TARGET'S HIGHLY COMPLEMENTARY BUSINESSES

The world's leading companies are increasingly seeking trusted partners with global presence and capabilities. The Target and the Bidder will be well positioned to serve these customers, leveraging the Target's long-standing relationships with global OEMs and a complementary footprint across more than 30 countries. The combined business will generate around 50% of revenues from EMEA, 30% from North America, and 20% from APAC, led by Japan and Australia.[9] The Target's strong presence in Europe provides new opportunities for the Bidder, while the Bidder's strength in APAC and its positioning in North America will provide incremental opportunities for the Target.

Meanwhile, the Bidder's balanced industry profile will be boosted by the Target's strong position in mobility, with the combined business exposed to some of the most attractive and largest digital engineering sectors. Mobility is anticipated to be the businesses' largest sector, representing around 40% of revenues, while software & technology services will be the second largest with approximately 15% of revenues.

[9] Management estimates, proforma based on 2020 results.

The timing of realization of synergies between the Bidder and the Target is directly correlated to the recovery of the aerospace sector.

The Target is significantly exposed to the aerospace sector, which represented ca. 31% of its 2019 revenues and ca. 33% of its 2020 revenues. The aerospace sector has been one of the most impacted sectors by the Covid crisis and lockdowns. The aerospace business is directly correlated to the sustainability and development of the international air traffic.

In July 2021, at the time of the transaction announcement, the “consensus view” was that air traffic was not expected to be back to 2019 level before 2023 (at least)

- April 2021 International Air Transport Association (IATA) forecasts (latest available in July 2021) showed:
    - for 2021, a 43% recovery of 2019 Revenue Passenger Kilometers (RPK) (number of kilometers travelled by paying passengers)
    - for 2022, a 88% recovery of 2019 RPK
- Global passenger traffic to return to pre-crisis level in 2023-24

In July 2021, recovery in air traffic strongly differed depending on geographies:

- China and US were almost back to normal
- Europe was still below
- normal and very uncertain

The latest IATA forecasts available, and dated from March 2022, show a return to 2019 air passenger traffic level in:

- 2024 for the World
- 2023 for North America
- 2024 for Europe
- 2025 for Asia Pacific, Middle East, Latin America and Africa

Since July 2021, the recovery of global passenger traffic to pre-crisis level has been delayed by circa 6 to 12 months, to 2024.

According to IATA, the Covid crisis is by far the biggest and longest shock to hit the aviation industry. Previous shocks only cut 5-20% from RPKs and recovered after 6-18 months.

Air passenger traffic has been significantly impacted in December 2021 and in January 2022 by the development of the Omicron variant.

It is commonly accepted that:

- the timeline of the international air traffic recovery depends on variants, sanitary measures, vaccination progress, government lifting travel restrictions
- in the latter part of this decade, new plane models are anticipated to be developed. This should boost ER&D spend, with digital expertise set to be highly valued

The acquisition of the Target is a long-term strategic investment decision taken by the Bidder, which has not been based solely on estimates for the short term (next two-three years), but which reflects a long-term view, and the potential of the Target over the next decade.

7.2.4 ACCELERATING DELIVERY OF FUTURE@WORK

The transaction is aligned with the Adecco Group's strategic commitment to invest in faster growth, higher margin segments, and demonstrates the value created through the Global Business Unit structure that came into effect at the start of 2021.

The Adecco Group expects the acquisition to accelerate a beneficial shift in Adecco Group's portfolio mix, further diversifying the group toward high-value, technology-led activities. The combined business will operate at an enhanced scale, which strengthens the wider Adecco Group ecosystem and provides each Global Business Unit with a leading position in their target markets.

7.3 INTENTIONS OF THE BIDDER WITH RESPECT TO THE TARGET

7.3.1 POSITION WITHIN THE GROUP OF THE BIDDER

The Bidder intends to integrate the Target into the Adecco Group. Such combined business would create the number #2 player in the global ER&D market. In order to carry out these intentions, the Bidder considers simplifying and rationalizing the structure of the Adecco Group. Such simplification and rationalization could take the form of a legal merger between the Bidder and the Target (or any of their respective affiliates), or any other form of combination that would be deemed appropriate by the Bidder, regardless of whether the Bidder will be able to effect a delisting of the Target.

7.3.2 STRATEGY OF THE TARGET

The Bidder intents to maintain the Target's status as a European leader in engineering consulting and R&D services. The Target's comprehensive portfolio of digital solutions combined with expertise in engineering, positions the Target to support its clients by leveraging the power of connected data to accelerate innovation and drive the future of Smart Industry.

The acquisition of the Target is a unique opportunity for the Bidder to create the global number two in the engineering R&D market, and a powerful platform to drive future Smart Industry leadership.

The limited customer overlap and complementary footprint between the Bidder and the Target are set to drive strong synergies. The Adecco Group has further identified over EUR 200 million in revenue synergies, on a recurring run-rate, pre-tax basis, driven mainly by cross-selling. The Target, the Bidder and the Adecco Group will benefit from each other's extensive customer network, while in combining the Target and the Bidder, it is expected that the new business will be able to capture a larger share of project value. While the Adecco Group will continue to invest in growth and talent across the combined business, it has identified EUR 65 million in cost synergies, on a recurring run-rate, pre-tax basis, mainly through the optimisation of real estate, reduced duplication in general and administrative costs, as well as operational efficiencies. Expected synergies have been valued at over EUR 15 per share and justify paying a premium on the Target's intrinsic standalone value.

The vast majority of synergies will be captured by the end of year 3 and will be delivered on top of the Target's current restructuring programme, which the Target confirms to be on track. An integration team has been put in place to ensure day one readiness and effective governance of the integration processes, thereafter, enabling delivery of synergies, business targets and talent management goals.

7.3.3 Activities of the Target

Combined, the Target and the Bidder will have scale, through 50,000 engineering and digital experts with deep cross-sector expertise, a global footprint, balanced industry profile, and strongholds in higher growth sectors such as mobility and software & technology services.

The Bidder's deep cross-sector expertise and existing technology and digital engineering capabilities will be complemented by the Target. The Target offers best-in-class ER&D services working alongside customers through the full life cycle of their products, from design to prototyping and testing. Furthermore, the Target has deep domain expertise across multiple industries, especially in mobility domains such as autonomous driving and infotainment. The combined business will enjoy extensive capabilities in cutting-edge technologies, such as digital twin, IoT, cloud, cyber-security, data analytics, artificial intelligence, connectivity and mobile services.

R&D priorities and ways of working have undergone significant change in recent years, accelerating technology adoption and demand for innovative solutions. Customers are increasingly looking to reduce project complexity and strengthen relationships with trusted suppliers. By uniting, the Target and the Bidder will be able to provide a wider range of services, and, under its highly experienced leadership team, will be well-placed to become a strategic partner of choice.

The combined business will also be differentiated by its end-to-end services, including on-, near- and off-shore capabilities, and, through Tech Academy, up- and re-skilling services. Further, through the wider Adecco Group ecosystem, the Target and the Bidder will be able to offer workforce and talent solutions to customers which want more holistic solutions, to drive further growth.

7.3.4 Employment of the Target

The Adecco Group attaches great importance to the skills and experience of the management team and employees of the Target and their ongoing role in the success of the Target.

The Adecco Group believes that the engineers and consultants of the business will benefit from the increased opportunities as the combination would create a new leader in its market with a reinforced and diversified positioning. The Adecco Group's objective for the Target's employees is, as a result of further developing the business of the Target, to create new employment opportunities through an increased breadth of offer and envisaged accelerated revenues growth. The Adecco Group intends to ensure that the Target continues to provide an environment for its employees within which they will be well placed to flourish. In order to streamline the employment conditions and structure across the combined entity, it will be investigated how the current terms and conditions of employment within the Target's group can be brought in line with Adecco Group's existing best practices. It is Adecco Group's hope and expectation that the vast majority of the employees of the Target adhere to the Adecco Group's values for a long-term association and mutual benefits.

At the same time, the Bidder recognizes that there is a limited overlap in support functions and leadership roles, and the Bidder expects that these duplicate roles will be adapted where needed. Where specific risks have been identified, the Adecco Group will implement a targeted retention plan to, on one hand, support the transition process and, on the other hand, provide a compensation to the additional effort and uncertainty created as a result of this integration process.

The Bidder has taken note of the restructuring plans in France and Germany announced by the Target previously. The plans relating to Germany are completed since 30 June 2021. The plans relating to France were approved by all French labour authorities, and are in the process of being implemented, in view of completion during the second half of 2022. As per the date of this Prospectus, the Bidder does not expect any changes to the announced plans.

7.3.5 INTENTIONS REGARDING THE SHARES, AMENDMENTS TO THE ARTICLES OF ASSOCIATIONS AND DIVIDEND POLICY

It is the Bidder's intention to delist the shares issued by the Target, which are admitted to trading on the regulated markets of Euronext Paris and Euronext Brussels, as well as the Convertible Bonds, which are admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange. The delisting of the shares from the regulated market of Euronext Brussels will take place automatically in the framework of the Squeeze-Out; the Bidder will make sure that the shares issued by the Target shall be delisted from the regulated market of Euronext Paris at the same time.

A delisting will result in an amendment of the Target's articles of association, and the model and composition of its board and governance, to bring them in line with what is customary in private companies.

Over the last years, the Target has paid its shareholders the following dividend:

Figures in EUR	2016	2017	2018	2019	2020	2021
Dividend paid (in thousands)	9,830	11,804	13,768	14,026	-	-
Dividend paid per share	0.50	0.60	0.70	0.70	-	-

Shareholders should not assume that the dividend policy of the Target of the recent past (pre-Covid crisis) will necessarily be continued in the future. As a strategic investor, the Bidder's investment in the Target is not driven by set expectations regarding an annual dividend. The Bidder will assess the future dividend policy in light of the evolution of the Target's financial results, the implementation of further investments, the evolution of working capital requirements, the strategic choices as defined by the board of directors of the Target from time to time and whether a delisting of the Target can be obtained.

7.4 ADVANTAGES FOR THE TARGET AND ITS SECURITY HOLDERS

The Bidder is of the view that the objectives set out above are in the Target's interest.

The main advantage for the Target's Security Holders is the Bid Price. The Shareholders can benefit from the ca. 115% bid premium compared to the closing price of the Target's share on 23 July 2021.

Shareholders can moreover dispose of their Shares without incurring the Belgian tax on stock exchange transactions (*'taxe boursière'* / *'tax op de beursverrichtingen'*) (see Section 9.1.2.3 of this Prospectus). The Bid also constitutes an opportunity for all Security Holders to obtain immediate and certain liquidity.

In the long term, a stable majority shareholder such as the Bidder will allow the Target to develop its activities with the added advantage of the Bidder's know-how and the operational synergies of a multinational group.

7.5 ADVANTAGES FOR THE BIDDER AND ITS SHAREHOLDERS

With the Bid, the Bidder complies with its legal obligation under article 5 of the Takeover Act and article 50 of the Takeover Decree to launch a public takeover bid on all securities carrying voting rights and securities granting access to voting rights issued by the Target that it does not yet own. The Bid will enable the Bidder to acquire all such securities.

As described above, the limited customer overlap and complementary footprint between the Bidder and the Target are set to drive strong synergies (both revenue synergies and cost synergies). The transaction will provide earnings per share (EPS) accretion in year 1 (excluding one-time integration and implementation costs) and be economic value added (EVA) positive in year 3 (including phased net synergies and implementation costs) for the Adecco Group. Strong value creation opportunity that elevates Adecco Group's exposure to structural growth markets, enhances margins and improves the quality and resilience of earnings, while providing greater opportunities for the Target and its engineers as part of Adecco Group's ecosystem.

As a reminder, EVA is used to measure the value a company generates from funds it invests in it. EVA is the incremental difference in the rate of return over a company's cost of capital. If a company's EVA is negative, it means it is not generating value from the funds invested into the business. Conversely, a positive EVA shows a company is producing value from the funds invested in it.

The formula for calculating EVA is EVA = NOPAT - (Invested Capital * WACC), where:

- NOPAT = Net Operating Profit After Taxes
- Invested capital = Debt + capital leases + shareholders' equity
- WACC = Weighted Average Cost of Capital

The transaction will be EPS accretive in year 1 (excluding one-time integration and implementation costs), because from year 1 the incremental NOPAT coming from the acquisition of the Target is higher than the incremental interest costs after tax coming from the mostly debt funded acquisition of the Target. In year 2 and year 3, the transaction will be more EPS accretive, as positive net synergies after tax start to kick-in.

The ca. EUR 240 million placing of new ordinary shares from authorised capital by Adecco Group AG to finance a small part of the transaction only had a small impact on the EPS accretion and does not prevent the transaction to be EPS accretive in year 1 (excluding one-time integration and implementation costs).

The EVA becomes positive in year 3 (and not in year 1 and 2) because considering the amount of invested capital and the internal WACC of Adecco Group AG, the NOPAT (including phased net synergies and implementation costs) needs to be higher than ca. €175m for the EVA of the transaction to be positive. The NOPAT is only above ca. €175m from year 3 onwards, therefore the EVA becomes positive in year 3 (and not before that).

8 THE BID

8.1 CHARACTERISTICS OF THE BID

8.1.1 NATURE OF THE BID

The Bid is a mandatory public takeover bid made in accordance with chapter III of the Takeover Decree. The Bid is made in cash.

8.1.2 SCOPE OF THE BID

The Bid relates to all Shares and Convertible Bonds issued by the Target not yet held by the Bidder or by its Affiliates (including the Target).

The Shares are admitted to trading on the regulated markets of Euronext Paris and Euronext Brussels, under ISIN-Code FR0004180537.

The Convertible Bonds are admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange, under ISIN-Code BE6317643334.

The Bid does not relate to the Subscription Rights, as they have lapsed on 23 February 2022 (see Section 6.4.4.3 of this Prospectus).

The Bid furthermore does not relate to the Profit Shares, as they were cancelled by the Target with effect as from 23 February 2022 (see Section 6.4.4.1 of this Prospectus).

There are no other securities with voting rights or giving access to voting rights of the Target outstanding, other than the Shares and the Convertible Bonds.

8.1.3 BID PRICE

The Bid Price per Share amounts to EUR 49.

The Bid Price per Convertible Bond amounts to EUR 101,816.58, which is equal to the principal amount per Convertible Bond plus accrued interest from (and including) 1 January 2022 up to (but excluding) the planned Optional Redemption Date (*i.e.*, 8 July 2022). The Bid Price per Convertible Bond may need to be revised if the Target were to pay out accrued interest prior to the relevant Settlement Date.

The calculation of the Bid Price and the justification of the Bid Price per Share is set out in Section 8.2 of this Prospectus.

8.1.4 CONDITIONS OF THE BID

The Bid is unconditional.

8.1.5 INITIAL ACCEPTANCE PERIOD – INDICATIVE TIMETABLE

The Initial Acceptance Period of the Bid commences on 17 March 2022 and closes on 13 April 2022.

Indicative timetable

Event	**(Anticipated) date**
Announcement Date	28 July 2021
Formal filing of the Bid with the FSMA	24 February 2022
Public announcement of the Bid by the FSMA	24 February 2022
Approval of the Prospectus by the FSMA	15 March 2022
Approval of the Board Memorandum by the FSMA	15 March 2022
Publication of the Prospectus	16 March 2022
Opening of the Initial Acceptance Period	17 March 2022
Closing of the Initial Acceptance Period	13 April 2022
Announcement of the results of the Initial Acceptance Period	20 April 2022
Initial Settlement Date	25 April 2022
Reopening of the Bid, either (i) mandatory in one of the instances mentioned in article 35 of the Takeover Decree, (ii) voluntary, if the Bidder so chooses, or (iii) as a Squeeze-Out	25 April 2022
Closing of the Acceptance Period of the reopening	13 May 2022
Announcement of the results of the reopening	18 May 2022
Settlement Date of the reopening	23 May 2022
Opening of the Acceptance Period of the Squeeze-Out (if the reopening did not already have the effect of a Squeeze-Out)	23 May 2022
Closing of the Acceptance Period of the Squeeze-Out	14 June 2022
Announcement of the results of the Squeeze-Out	17 June 2022
Settlement Date of the Squeeze-Out	22 June 2022
Planned Optional Redemption Date	8 July 2022

If any of the dates included in the timetable is amended, the Security Holders will be informed of this or these amendment(s) by means of a press release that will also be made available on the websites of the Bidder (https://www.adeccogroup.com/investors/akka-modis-transaction), the Target (https://www.akka-technologies.com), ING Bank (https://www.ing.nl/particulier/beleggen/leren-beleggen/corporate_actions/index.html and BNP Paribas Fortis (www.bnpparibasfortis.be/epargneretplacer).

8.2 CALCULATION OF THE BID PRICE AND JUSTIFICATION OF THE BID PRICE

8.2.1 CALCULATION OF THE BID PRICE

8.2.1.1 CALCULATION OF THE BID PRICE PER SHARE

The Bid Price per Share amounts to EUR 49.

Article 53 of the Takeover Decree stipulates that the Bid Price per Share shall be at least equal to the higher of the following two amounts:

a. The highest price paid for a share issued by the Target by the Bidder or a person acting in concert with the Bidder during the last 12 months before the announcement of the Bid.

   Under the Share Purchase Agreement, the Bidder has acquired 18,698,822 or approximately 59.91% of the shares issued by the Target. The acquisition price amounted to EUR 49 per share. As set out under Section 7.1 of this Prospectus, certain selling shareholders, who collectively held 33.10% of the shares issued by the Target, agreed to accept an offer at EUR 42 per share in cash plus EUR 7 per share value equivalent in Adecco Group AG shares.

b. The weighted average of the trading prices of the shares issued by the Target over the last 30 calendar days before the trigger of the obligation to launch a bid.

   Insofar as necessary and appropriate, the Bidder has obtained a derogation from the FSMA for the calculation period of the weighted average trading prices so as to end the calculation period on 26 July 2021, which is the day prior the date on which the Bidder entered into the Share Purchase Agreement, and not on 23 February 2022, which is the day preceding the date on which the Bidder's obligation to launch the Bid arose.

   This derogation was granted in view of the risk of speculative purchases that would be made to artificially increase the price of the Shares and, consequently, the price of the Bid, pending the closing of the Share Purchase Agreement that would trigger the obligation to launch a public takeover bid. In line with derogations granted by the FSMA in the past in relation to transactions bearing the same risk, the FSMA has agreed that the end of the calculation period is set at the day prior to the date on which the Bidder entered into the Share Purchase Agreement.

   This weighted average of the trading prices over the last 30 calendar days ending on 26 July 2021 amounts to EUR 22.7 per Share.

As the price indicated in paragraph (a) is higher than the price in paragraph (b), the Bidder will launch the Bid at this higher price.

The Bid Price of EUR 49 per Share includes a premium of 116% to the price referred to in paragraph (b) (EUR 22.7 per Share).

A justification of the Bid Price per Share is included in section 8.2.3 of this Prospectus.

8.2.1.2 BID PRICE PER CONVERTIBLE BOND

The Bid Price per Convertible Bond amounts to EUR 101,816.58, which is equal to the principal amount per Convertible Bond plus accrued interest from (and including) 1 January 2022 up to (but excluding) the planned Optional Redemption Date (*i.e.*, 8 July 2022). The Bid Price per Convertible Bond may need to be revised if the Target were to pay out accrued interest prior to the relevant Settlement Date.

The principal amount per Convertible Bond is EUR 100,000. The Convertible Bonds bear cash interest at a fixed rate of 3.5% per year (payable semi-annually) until 1 January 2025.

For the avoidance of any doubt, the Convertible Bond Holders that (i) exercised their right to convert their Convertible Bonds into Shares or (ii) whose Convertible Bonds have been redeemed by the Target, are not entitled to the Bid Price per Convertible Bond. The Convertible Bond Holders who tendered the Shares subscribed as a result of the conversion of their Convertible Bonds into the Bid, are entitled to the Bid Price per Share.

The Bid Price per Convertible Bond can be assessed according to the multi-criteria approach described below.

a. *Change of Control Conversion Price – Exercise of the Conversion Right by a Convertible Bond Holder*

In the case of a Change of Control, the Conversion Price applicable to any exercise of the Conversion Right during the Change of Control Period shall be the Change of Control Conversion Price, which shall be determined as follows (the "**Change of Control Conversion Price**"):

$CP_a = CP/(1+ (Pr \times c/t))$

where:
CPa = means the Change of Control Conversion Price
CP = means the conversion price in effect on the relevant Conversion Date
Pr = means 35 per cent.
c = means the number of days from and including the date the Change of Control occurs to but excluding 1 January 2025
t = means the number of days from and including the Closing Date (being 4 December 2019) to but excluding 1 January 2025

Reference is made to Section 6.4.4.2 (v) of this Prospectus.

If the Change of Control Date is 20 April 2022, the Change of Control Conversion Price will be EUR 59.21, resulting in the issuance of 1,688 new shares, the aggregate value of which at the Bid Price of EUR 49 per Share would amount to EUR 82,712.

Reference is made to Section 6.4.4.2 (3) of this Prospectus.

This Change of Control Conversion Price of EUR 59.21 is higher than the Bid Price of EUR 49 per Share offered by the Bidder. As a consequence, the hypothetical conversion value of each Convertible Bond is below the principal amount per Convertible Bond of EUR 100,000.

b. *Change of Control – Exercise of the right to redeem the Convertible Bonds by the Target*

Upon the occurrence of a Change of Control, the Target has the option to redeem for cash all but not some only of the Convertible Bonds at their principal amount, together with accrued but unpaid interest up to (but excluding) the Optional Redemption Date.

Reference is made to Section 6.4.4.2 (vi) of this Prospectus.

If the Change of Control Date is 20 April 2022, the Change of Control Notice is deemed to be given on 21 April 2022, the redemption notice is deemed to be given on 9 May 2022, the Optional Redemption Date shall be 8 July 2022.

If the redemption of the Convertible Bonds takes place on 8 July 2022, each Convertible Bond is redeemed at its nominal value plus any accrued but unpaid interest up to (but excluding) 8 July 2022, which will equal to EUR 101,816.58.

Reference is made to Section 6.4.4.2 (5) of this Prospectus.

The value of one Convertible Bond for the Convertible Bond Holder in this scenario is thus equal to the Bid Price offered by the Bidder per Convertible Bond.

It must be noted that the Optional Redemption Date depends, *inter alia*, on the Change of Control Date, the date on which the Change of Control Notice is deemed to be given and the redemption notice is deemed to be given. As at the date of this Prospectus, these dates are not final, but are planned to be, as at the date of this Prospectus, 20 April 2022, 21 April 2022 and 9 May 2022 respectively.

c. *Market prices*

The Convertible Bonds are traded on an over the counter (OTC) basis. It is reminded that the market liquidity of the Convertible Bonds is limited.

On 26 July 2021[10], the Target share price closed at EUR 24.6 and the Convertible Bonds closed at 80.75%* of their principal amount (using a BVAL generic Bloomberg price).

On 28 July 2021[11], the Target share price closed at EUR 47.1 and the Convertible Bonds closed at 99.38%* of their principal amount (using a BVAL generic Bloomberg price).

The table below shows the Bid Price for the Convertible Bond and relative premiums during reference periods prior to the Announcement Date.

Historical prices	Historical price vs. Bid Price per Convertible Bond	Premium of Bid Price per Convertible Bond (*i.e.*, 100% of principal amount) vs. historical price*
as of 26 July 2021	80.75%	19.25%
1 month arithmetic average	79.15%	20.85%

[10] 26 July 2021 was the last trading day prior to the announcement by the Bidder on 28 July 2021 of its intention to launch the Bid. The trading in the shares issued by the Target was suspended from trading on 26 July 2021 (as from 11:50 (Belgian time)) and on 27 July 2021, until the announcement by the Bidder on 28 July 2021 of its intention to launch the Bid.

[11] The trading in the shares issued by the Target was suspended from trading on 26 July 2021 (as from 11:50 (Belgian time)) and on 27 July 2021, until the announcement by the Bidder on 28 July 2021 of its intention to launch the Bid.

3 month arithmetic average	79.85%	20.15%
6 month arithmetic average	79.21%	20.79%
1 year arithmetic average	71.68%	28.32%

Source: Bloomberg, BVAL pricing
* excluding accrued interests

d. *Theoretical value of the Convertible Bonds*

The theoretical valuation is meant to capture the time value of the conversion option embed in the Convertible Bonds. It takes into account the Bid Price or its effect on the market price, but does not take into account the other consequences of the Bid or a Change of Control under the Conditions (being the downward revision of the Conversion Price (see Section 6.4.4.2 (3) of this Prospectus) and the exercise of the optional early redemption by the Target (see Section 6.4.4.2 (5) of this Prospectus)).

The conversion option embedded in the Convertible Bonds is "out of the money", as the Conversion Price (even after the downward revision thereof following a Change of Control (see Section 6.4.4.2 (3) of this Prospectus)) is higher than the Bid Price. Therefore, the intrinsic value of the conversion option is zero, but nevertheless there might be some time value.

A theoretical value of the Convertible Bonds was determined with its parameters and the market values prevailing at the market close on 26 July 2021[12]. The value of the Convertible Bond presented below is issued from a partial differential equation valuation model[13] funded on the following hypothesis:

- Target's share price: EUR 24.6, which is the closing price as of 26 July 2021[14]
- Market Discount rate: calculated with the EUR-denominated Mid-Swap curve on 26 July 2021[15]
- Target's subordinated credit spread: 1000bp[16]
- Repo availability on Target's shares: 150bp hypothesis[17]
- Fair volatility for Target's shares: 35% hypothesis[18]

Taking into account the above market parameters, this gives a 81.3% theoretical value of the Convertible Bond.

Changing the share price assumption to the Bid Price per Share of EUR 49 (and the other parameters remaining equal), this gives a 91.9% theoretical value.

[12] 26 July 2021 was the last trading day prior to the announcement by Bidder on 28 July 2021 of its intention to launch the Bid. The trading in the shares issued by the Target was suspended from trading on 26 July 2021 (as from 11:50 (Belgian time)) and on 27 July 2021, until the announcement by the Bidder on 28 July 2021 of its intention to launch the Bid.
[13] The Convertible Bonds valuation is done using a Partial Differential Equation (PDE) method and a Black-Scholes model (constant volatility).
[14] Source: Bloomberg. 26 July 2021 was the last trading day prior to the announcement by Bidder on 28 July 2021 of its intention to launch the Bid. The Target's shares were suspended from trading on 26 July 2021 (as from 11:50 (Belgian time)) and on 27 July 2021, until the announcement by the Bidder on 28 July 2021 of its intention to launch the Bid.
[15] Source: Bloomberg. 26 July 2021 was the last trading day prior to the announcement by Bidder on 28 July 2021 of its intention to launch the Bid. The Target's shares were suspended from trading on 26 July 2021 (as from 11:50 (Belgian time)) and on 27 July 2021, until the announcement by the Bidder on 28 July 2021 of its intention to launch the Bid.
[16] Source: Implied credit spread derived from the market price.
[17] Source: Based on Markit repo data.
[18] Source: Société Générale estimate.

The valuation of the Convertible Bonds is done taking into account the fact that it is a perpetual bond with a first hard call on 1 January 2025 and without taking into account the exercise by the Target of the optional early redemption (see Section 6.4.4.2 (5) of this Prospectus). The theoretical valuation accounts for the option time value until 7 days before the first hard call date of 1 January 2025, as the conversion right would have expired on that date.

8.2.2 ANALYSIS OF THE HISTORICAL SHARE PRICE PERFORMANCE

The Target has been listed since 2005. The Target shares are traded on Euronext Paris and Euronext Brussels under ISIN-Code FR0004180537.

Average daily volumes traded over the past 3 months prior to the Announcement Date stand at 85,218 shares and represent 0.7% of the floating shares of the Target.

Although the analysis of the historical share price performance does not constitute a valuation method, it remains an important reference for shareholders in the context of a public tender offer on the Target.

The reference date to assess the share price has been set at 26 July 2021, which is the last trading day prior to the announcement of the Bidder's intention to launch the Bid (for information, the Target shares were suspended from trading on 26 July 2021 (as from 11:50 (Belgian time)) and on 27 July 2021, until the announcement of the Bidder's intention was made on 28 July 2021).

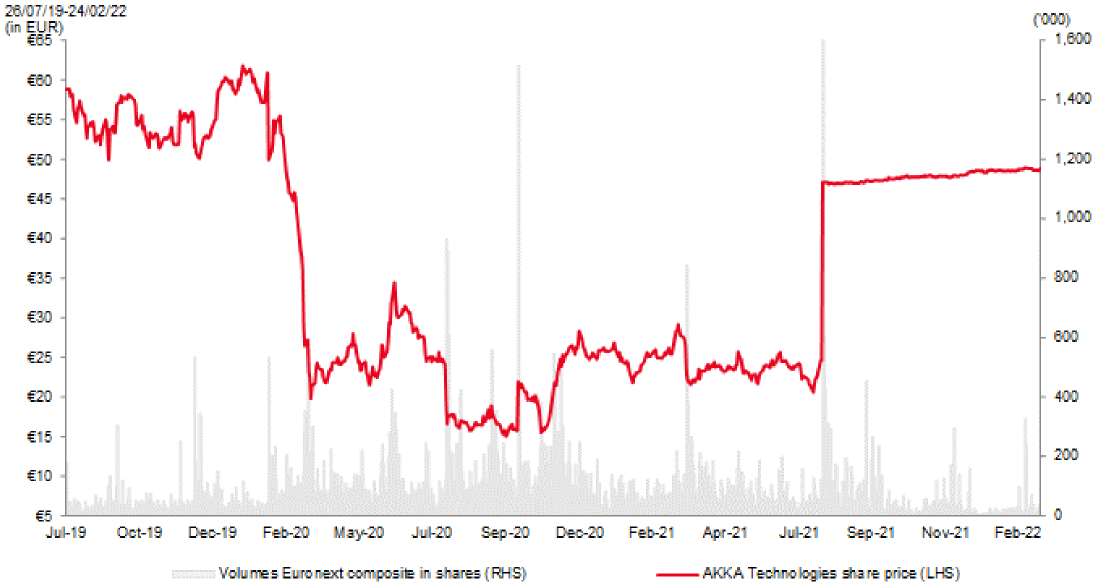
The table below shows the Target share price and relative premiums during reference periods prior to the announcement.

	Share price (€)				Premium (%)				Average daily volume ('000)	Rotation[3] (vol. in % of float)
	Closing price[1] / VWAP[2]	Average	Min.	Max.	Closing price[1] / VWAP[2]	Average	Min.	Max.		
As at 26/07/2021	24.6	*n.a.*	*n.a.*	*n.a.*	+99%	n.a.	n.a.	n.a.	123,105	1.0%
1-month period	22.7	22.9	20.6	24.6	+116%	+114%	+138%	+99%	63,511	0.5%
3-month period	23.5	23.5	20.6	25.7	+108%	+109%	+138%	+91%	85,218	0.7%
6-month period	23.9	24.0	20.6	29.15	+105%	+104%	+138%	+68%	101,916	0.8%
12-month period	21.5	22.3	15.0	29.15	+128%	+119%	+226%	+68%	143,613	1.2%
24-month period	26.6	33.1	15.0	61.82	+84%	+48%	+226%	(21%)	101,124	0.8%
12-month period pre-covid[4]	55.3	55.8	49.9	64.09	(11%)	(12%)	(2%)	(24%)	59,236	0.5%

(1) For 26/07/2021, as the Target shares were suspended from trading at 11h50 on Monday 26 July 2021 and on Tuesday 27 July
(2) For 1-month, 3-month, 6-month, 12-month, 24-month periods
(3) Rotation computed as Average daily volume ('000) divided by free float number of shares (12.4m)
(4) Period from 20/02/2019 to 20/02/2020; 21/02/2020 being the date of the first recorded death related to Covid in Europe (in Italy)
Source: Bloomberg (as of 26/07/2021)
Note: Assuming a free float of 39.7% of share capital. Free float (including treasury shares) corresponding to shareholders excluding the family Group Ricci and SWILUX SA (CNP) as presented in the 2020 AKKA annual report

The Bid Price per Share represents a premium of 99%, 116%, 108%, 105%, 128% and 84% respectively over the last unaffected closing price, the 1-month, the 3-month, the 6-month, the 12-month and the 24-month volume weighted average prices prior to the Announcement Date.

The graph below illustrates the evolution of the share price of the Target on the regulated markets of Euronext Paris and Euronext Brussels during a period of 24 months preceding the Announcement Date (28 July 2021) until the date of formal filing of the Bid with the FSMA (24 February 2022):



The Target's financial performance suffered greatly from the Covid crisis, so its share price indeed also suffered greatly from the Covid crisis.

The Covid crisis immediately impacted very negatively the Target's share price, which went from ca. EUR 60 in mid-February 2020 to ca. EUR 25 in Mid-March 2020. This can be easily explained by the strong exposure of the Target to the automotive (ca. 33% of 2019 revenues) and aerospace (ca. 31% of 2019 revenues) sectors, two of the most impacted sectors by the Covid crisis and lockdowns.

On 19 December 2019 (*i.e.*, prior to the inception of the Covid crisis), the Target announced its intention to acquire Data Respons for ca. EUR 360 million. The acquisition was completed on 20 May 2020, just a few months after the inception of the Covid crisis. This acquisition significantly increased the Target's leverage (net financial debt / EBITDA post IFRS 16), which reached ca. 4x when H1 2020 revenues were published on 27 July 2020, which worried investors and led to a share price decrease to ca. EUR 15 – EUR 18.

Then, for several months, the management of the Target communicated its intention to strengthen the Target's balance sheet to meet covenants obligations.

On 6 October 2020, the Target announced a reserved capital increase of EUR 200 million, subscribed to by Swilux S.A. for EUR 150 million and certain members of the Ricci Family for EUR 50 million, representing ~40% of the Target's share capital, and to be done at a subscription price of EUR 22.5 per share. This capital increase was completed on 30 December 2020.

The 2020 results that the Target published on 17 March 2021 showed the deep impact from the Covid crisis on the Target's financials:

- 2020 revenues were down ca. 17% vs. 2019, at EUR 1.5 billion
- Operating profit was down to EUR (171) million

The Target 2020 results confirmed the Target's strong exposure to the automotive (ca. 35% of 2020 revenues) and aerospace (ca. 33% of 2020 revenues) sectors.

In terms of outlook, on 17 March 2021, the Target announced that it expected the business momentum to improve in early 2021, but that visibility remained limited due to the ongoing Covid crisis. As a consequence, the Target expected 2021 to be back-end loaded.

On 6 May 2021, the Target published its Q1 2021 revenues. Organic revenues were down ca. 16% vs. Q1 2020, showing that the Covid crisis was still heavily impacting the Target's businesses.

In July 2021, the consensus[19] of research analysts expected the Target to:

- grow at ca. +5% per annum over 2021E-23E vs. ca.+8% for Alten (the Target's #1 comparable)
- have an average ca. 7% Adjusted EBIT margin over 2021-23 vs. ca. 9% for Alten
- recover its 2019 Adjusted EBIT and Adjusted EBIT margin in 2023E
- burn cash in 2021E, but its FCF generation would return to pre Covid levels in 2023E-24E

The Bidder's business plan was in line with research analysts' consensus estimates for 2021E-23E (no research analysts' projections available post 2023E).

As of the announcement of the Bid on 28 July 2021, the Target's share price was still ca. 60% below its pre Covid level, at ca. EUR 20-25, *i.e.*, same level as in mid-March 2020 (just after the Covid crisis), when Alten was already ca. +5% above its pre Covid level.

The Target's #1 and only true comparable is Alten.
Why did Alten's stock performance significantly outperform the Target since the beginning of the Covid crisis?

Business mix and operations

- → The Target: concentrated on automotive and aerospace, with a longer recovery cycle
- → Alten: broader mix (ER&D and ITS), diversified, strong recovery in life sciences

Financial results

- → In 2020, the Target's revenues decreased by ca. 17% vs. only ca. 11% for Alten
- → In 2020, the Target's Adjusted EBIT margin was at ca. 1% vs. ca. 6% for Alten
- → In Q1 2021, the Target's organic revenues decreased by ca. 16% year on year, vs. a decrease of only ca. 10% for Alten

Market visibility / disclosure

- → The Target: only disclosed Q1 2021 revenues, clearly focused on restructuring and market still expecting comfort on profitability levels; no sufficient catalysts allowing for share price to recover

[19] Brokers' consensus retained for the Target and for Alten

→ Alten: delivered better than expected top-line Q1 2021 and disclosed FY2021 EBIT 7-8% margin guidance demonstrating margin recovery well underway. It reiterated its confidence in its capacity to continue growing and accelerate M&A

Capital structure

→ The Target: still over-levered and therefore constrained for future developments

→ Alten: room for manoeuvre to finance R&D capex and growth investments

To be noted that Alten share price continued to perform post July 2021 (+ ca. 10-15%), on the back of strong results publications since July 2021:

→ In 2021, the Target's revenues increased by ca. 3% (+1% organic) vs. ca. 25% for Alten (+13% organic)

→ In 2021, the Target's Adjusted EBIT margin was at ca. 6% vs. ca. 10% for Alten

8.2.3 JUSTIFICATION OF THE BID PRICE PER SHARE

The valuation methods below provide a justification for the Bid Price per Share.

The Bidder has justified the Bid Price per Share analysing the future discounted cash flows of the Target.

The analysis of research analysts' target price can also be presented, but this is not a valuation method on its own, and the Bidder did not use them for the justification of the Bid Price per Share, as:

i. the research analysts base their valuation solely on publicly available information; and

ii. the Bidder cannot verify the valuation methods of the research analysts.

Due to its limitations, the following methodologies were not retained by the Bidder as primary valuation methods for the justification of the Bid Price per Share, but are also included for indicative purposes only:

i. analysis of trading multiples; and

ii. analysis of the transaction multiples.

The war between Russia and Ukraine is not expected to have an impact on the valuation of the Target, because (i) the Target sold its Russian affiliate in December 2021, which represented less than 0.3% of the Target's 2021 revenues, and (ii) the Target has no activity in Ukraine.

8.2.3.1 ANALYSIS OF DISCOUNTED CASH FLOWS

This methodology consists in computing the value of the Target's intrinsic value by discounting the expected cash flows generated by the Target. This analysis is based on estimates made by the Bidder comprising the following elements below.

The equity value attributable to the Target's shareholders is obtained by adding to or subtracting from the enterprise value of the target, as the case may be, the sum of the net cash and other elements of adjustments.

The discounted cash flows valuation was computed as of 31 July 2021. This valuation date was retained taking into account the Share Purchase Agreement of 27 July 2021, which fixed the acquisition price at EUR 49 per share.

The valuation period encompasses FY2021-FY2030, from 31 July 2021 (*i.e.*, the last 5 months of FY2021 have been taken into account) to 31 December 2030.

The cash flows were discounted using a conventional cash flow reception at mid-year.

This valuation method has been applied over FY2021-FY2030, with a terminal value computation, using the Gordon-Shapiro formula, based on a normalised free cash flow after FY2030.

A business plan was established by the Bidder taking into account analyses of the Target's achievements historically, discussions with the Target's management on market and business trends, and research analysts' projections for the Target.

The Bidder has built its own business plan with the following assumptions:

– A Compounded Annual Growth Rate (CAGR) of revenues of ca. 6% per year between FY2021 and FY2023, on an organic basis, driven by a strong recovery in all sectors and geographies from FY2022 onwards.

  This compares to a historical FY2017-2019 CAGR of ca. 16% (impacted by the acquisition of PDS Tech in Q4 2018 which contributed ca. €200m of revenues in 2019) and a historical FY2017-2019 Organic CAGR of ca. 10%.

  This also compares to a historical FY2017-2020 CAGR of ca. 5% (with FY2020 being very negatively impacted by the Covid crisis, slightly offset by the acquisition of Data Respons in Q1 2020).

  For FY2021-2023, research analysts estimated a slightly lower CAGR of ca. 5.5%, in line with the Bidder's business plan assumption.

  For FY2021 specifically, the Bidder's business plan estimated a growth rate of revenues of 3.1%, superior to the 1.2% growth rate reported by the Target for FY2021[20] on 10 March 2022, implying an estimated growth rate of revenues of ca. 6% for H2 FY2021 vs. H1 FY2021, superior to the ca. 2% growth rate reported by the Target for H2 FY2021 vs. H1 FY2021 on 10 March 2022.

– FY2021-2023 average adjusted EBIT margin of ca. 7%.

  This compares to a historical FY2017-2019 average adjusted EBIT margin ca. 8% and a historical FY2017-2020 average adjusted EBIT margin of ca. 6% (with FY2020 being very negatively impacted by the Covid crisis).

[20] Target FY2020 sales and EBIT assuming a consolidation of Data Respons as of 1 January 2020 (vs. as of 1 March 2020) for the sales and EBIT published by the Target for FY2020.

The adjusted EBIT margin is expected to increase between 2021 and 2023 due to volumes growth, restructuring benefits and cost savings measures, and disciplined management of SG&A costs.

For FY2021-2023, research analysts estimated a ca. 7% average adjusted EBIT margin, in line with the Bidder's business plan assumption.

For FY2021 specifically, the Bidder's business plan estimated an adjusted EBIT margin of 6.2%, substantially in line with the 6.4% reported by the Target for FY2021 on 10 March 2022.

For FY2021 specifically, the Bidder's business plan estimated adjusted EBIT is equal[21] to the adjusted EBIT reported by the Target.

– FY2021-2023 average capital expenditures as a percentage of sales of 1.8%.

  This compares to a historical FY2017-2019 average capital expenditures as a percentage of sales of 2.2% and a historical FY2017-2020 average capital expenditures as a percentage of sales of 2.1%.

  For FY2021-2023, research analysts' and the Bidder business plan estimated an average capital expenditure as a percentage of sales of 1.8-1.9%.

  For FY2021 specifically, the Bidder's business plan estimated capital expenditures as a percentage of sales of ca. 2.0%, substantially in line with the ca. 1.9% reported by the Target for FY2021 on 10 March 2022.

– FY2021-2023 average change in working capital as a percentage of change in sales of ca. 17%, slightly above historical reference due to the recovery in sales from FY2021 onwards (post Covid crisis).

  This compares to a historical FY2017-2019 average change in working capital as a percentage of change in sales of ca. 15%.

  For FY2021 specifically, the Bidder's business plan estimated a change in working capital as a percentage of change in sales of ca. 17%, not substantially different from the ca. 7% reported by the Target for FY2021 on 10 March 2022.

  For FY2021 specifically, the difference between the Bidder's business plan estimated change in working capital and the change in working capital reported by the Target is inferior to €7m.

Over FY2024-2025, assumptions retained are in line with the improvement trend observed over FY2021-2023.

Over FY2026-2030, numbers have been extrapolated under the following assumptions:

[21] Excluding decimals (i.e. assuming a rounded figure).

- A revenues CAGR of ca. 4.5% between FY2025 and FY2030 with the growth rate decreasing linearly to a normative perpetual growth rate of 2.0%;
- Adjusted EBIT margin increasing linearly as from FY2025 onwards to 10% in normative year;
- The capital expenditures/D&A ratio stable at 100% as from FY2026 onwards;
- Changes in working capital levels progressively fading to 0 in FY2030;
- Tax rate increasing linearly as from FY2025 onwards to 28% in normative year (a level in line with the Target's average theoretical tax rate over FY2018-FY2020 of 28%).

All metrics mentioned above are based on IFRS.

A weighted average cost of capital (WACC) equal to 9.0% can been retained.

This is based on a research analysts' consensus average composed of Gilbert Dupont and CIC Market Solutions (no other recent research analysts report disclosing a WACC is available). This is broadly in line with the WACC used by research analysts for Alten, the Tier 1 comparable.

Research Analysts consensus - WACC		
CIC Market Solutions	03-Jun-21	10.2%
Gilbert Dupont	22-Mar-21	8.0%
Average		**9.1%**

Research Analysts consensus - WACC for Tier 1 comparable (Alten)		
Société Générale Research	16-Jun-21	7.8%
CIC Market Solutions	03-Jun-21	8.8%
Gilbert Dupont	24-Feb-21	8.2%
Average		**8.3%**

A perpetual growth rate (PGR) of 2.0% and a normalised free cash flow of EUR 186 million can also been retained for the calculation of the terminal value.

The perpetual growth rate of 2.0% is in line with the PGR used by research analysts Gilbert Dupont and CIC Market Solutions for the Target (no other recent research analysts report disclosing a PGR available). The PGR of 2.0% is also in line with the PGR used by research analysts for Alten, the Tier 1 comparable).

Research Analysts consensus - PGR		
CIC Market Solutions	03-Jun-21	2.0%
Gilbert Dupont	22-Mar-21	1.5%
Average		**1.8%**

Research Analysts consensus - PGR for Tier 1 comparable (Alten)		
Société Générale Research	16-Jun-21	2.5%
CIC Market Solutions	03-Jun-21	2.0%
Gilbert Dupont	24-Feb-21	1.5%
Average		**2.0%**

A normative EBIT margin equal to 10.0% has been retained, which is above the normative EBIT Margin used by research analysts for the Target and in line with the normative EBIT Margin used by research analysts for Alten, the Tier 1 comparable).

Research Analysts consensus - Normative EBIT Margin		
CIC Market Solutions	03-Jun-21	8.0%
Gilbert Dupont	22-Mar-21	9.0%
Average		**8.5%**

Research Analysts consensus - Normative EBIT Margin for Alten		
Société Générale Research	16-Jun-21	10.0%
CIC Market Solutions	03-Jun-21	11.0%
Gilbert Dupont	24-Feb-21	9.3%
Average		**10.1%**

The terminal value represents 63% of the total enterprise value.

All calculations are based on a fully diluted number of shares for the Target equal to 30,462,824, corresponding to the number of issued shares as of 27 July 2021, *i.e.*, 31,210,078 shares, reduced by the number of treasury shares held by the Target and its subsidiaries, *i.e.*, 747,254.

Fully diluted number of shares	
Number of shares outstanding	**30,462,824**
Number of shares issued	31,210,078
Treasury shares	(747,254)
Dilutive instruments	-
Fully diluted number of shares	**30,462,824**

The adjustments from enterprise value to equity value presented below have been established on the basis of the Target's consolidated accounts as of 30 June 2021, as well as other information provided by the Target's or estimated by the Bidder.

Category (in EURm)	As of 30/06/2021	Comments
Calculation of net Debt	**(444.0)**	
Cash and cash equivalents	324.5	*Book value as of 30/06/2021*
Financials Liabilities - current and non current	(617.5)	*Book value as of 30/06/2021*
IFRS 16 debt	(151.0)	*Book value as of 30/06/2021*
Other adjustments	**(225.9)**	
Ordinane bond	(175.0)	*Book value as of 30/06/2021*
Earnout provisions	(24.2)	*Book value as of 30/06/2021*
Pension liabilities (post-tax)	(14.5)	*Book value (post tax) as of 30/06/2021*
Income tax payable	(5.4)	*Book value as of 30/06/2021*
Ordinane Bond - accrued interest	(3.1)	*Accrued interest for 6 months period*
Ordinane Bond - capitalised costs	(1.8)	*Costs relating to the cash repayment obligation for the bonds - Book value as of 30/06/2021*
Minority interest	(1.9)	*Book value as of 30/06/2021*
EV-Eq. V adjustments	**(669.9)**	

The adjustments from enterprise value to equity value presented above have been established assuming (i) a continuation of the factoring agreements (*i.e.*, no specific normalisation adjustment for factoring advances and accounts receivable factoring), and (ii) that the restructuring charges and the deferred social and fiscal charges (in particular related to the Covid crisis) have been reflected in the projections of the Bidder's business plan.

The acquisition of real estate assets by the Target concluded on 28 July 2021[22], does not materially impact the valuation of the Target by the Bidder, because these real estate assets were leased by the Target as part of its business.

DCF Valuation Summary	
DCF central entreprise value (EURm)	1,957
EV-Eq.V adjustments (EURm)	(670)
Equity value (EURm)	1,287
Fully diluted number of shares (m)	30.5
Equity price per share (EUR)	**42.3**
Share Bid Price premium	**16%**

Finally, some sensitivity analyses of the equity value per share have been carried out, assuming small deviations of the cost of capital and the perpetual growth rate, as follows:

– Cost of capital between 8.00% and 10.00% (+/- 100 basis points)
– Perpetual growth rate between 1.75% and 2.25% (+/- 25 basis points)

[22] The board of directors of the Target, which met on 27 July 2021, approved the acquisition of 100% of Valentine Finance SARL, which indirectly owns, through real estate companies in France, Belgium, Germany and Morocco, part of the office buildings that the Target leases as part of its business. This acquisition, made for EUR 70m from related parties, was concluded and disclosed on 28 July 2021. This acquisition will have the following main impacts (i) on the one hand, the elimination from the consolidated balance sheet of the rights of use, lease liabilities, depreciation charges and interest expenses, and (ii) on the other hand, the recognition of the value of the real estate assets acquired and of the financial debt of Valentine Finance in the balance sheet, as well as of the depreciation charges on the assets and interest in the income statement.
The acquisition of Valentine Finance will have a slightly positive recurring impact on the Target's operating income. The impact on net debt will be an increase of around EUR 117m.

Equity price per share (EUR)						
		Cost of Capital				
		8.00%	8.50%	9.00%	9.50%	10.00%
Perpetual growth rate	1.75%	52.2	46.1	40.9	36.3	32.3
	2.00%	54.3	47.8	42.3	37.5	33.3
	2.25%	56.5	49.6	43.8	38.7	34.4

On the basis of these analyses, the enterprise value of the Target ranges between EUR 1,654m and EUR 2,391m, corresponding to an equity value per share from EUR 32.3 to EUR 56.5.

The Bid Price per Share represents a premium of 16% on the central value obtained through the DCF methodology, a 52% premium to the lower end of the DCF valuation range and a 13% discount to the upper end.

The Bidder is not aware of any events that would have a significant impact on the valuation between the valuation date (30 June 2021) and the date of the Prospectus. In particular, FY2021 results published by the Target on 10 March 2022 were substantially in line with the Bidder’s business plan for the Target for FY2021.

8.2.3.2 ANALYSIS OF RESEARCH ANALYSTS TARGET PRICE (FOR INDICATIVE PURPOSES ONLY)

The analysis of research analysts’ target price is not a valuation method on its own, as:

i. the research analysts base their valuation solely on publicly available information; and

ii. the Bidder cannot verify the valuation methods of the research analysts.

However, the Bidder is of the view that research analysts have a good understanding of the Target and its market.

As of 27 July 2021, 9 research analysts have published updates of their recommendation on the Target and updated their target prices.

Research Analysts	Report date	Reco.	Target price (EUR)	Premium (%)
KBC Securities	01/07/2021	Hold	23.0	+113%
Oddo BHF	22/06/2021	Sell	17.5	+180%
CIC Market Solutions	27/05/2021	Hold	24.0	+104%
Berenberg	26/05/2021	Buy	43.0	+14%
Degroof Petercam	07/05/2021	Hold	25.0	+96%
Gilbert Dupont	07/05/2021	Buy	26.5	+85%
Midcap Partners	07/05/2021	Buy	30.0	+63%
Invest Securities	07/05/2021	Sell	20.0	+145%
Portzamparc	18/03/2021	Sell	19.5	+151%
Average			**25.4**	**+93%**

The Bid Price per Share represents a premium of 93% on research analysts average target price of EUR 25.4.

8.2.3.3 TRADING MULTIPLES OF LISTED COMPARABLE COMPANIES (FOR INDICATIVE PURPOSES ONLY)

This methodology consists in determining the value of the Target by applying the multiples observed on a sample of comparable listed companies, admitted to trading on regulated markets, to the Target estimated financial aggregates.

The selected sample of comparable companies is composed of a Tier one comparable company (Alten), and thirteen Tier two companies.

As the Target is lagging these comparable companies, in particular vs. the Tier one comparable company (Alten), in terms of sales growth and margins, this method is presented for informative purposes only.

Furthermore, as discussed in section 8.2.2 of this Prospectus, the Target has a different business mix, with a higher exposure to the aerospace and automotive sectors, two of the sectors that were most impacted by the Covid crisis, which makes the comparison to peers difficult and limits the relevance of such comparison.

– Tier 1 comparable company

a. Alten

Alten is a Tier 1 comparable peer to the Target, in terms of activity and geography coverage. Indeed, Alten and the Target are Engineering & Consulting services companies, notably present in the Automotive and Aerospace Industry, and mainly active in Europe.

Founded in 1988, Alten provides development strategies in the areas of innovation, R&D and technological information systems. The company operates business through its segments: Engineering and R&D outsourcing, IT services, Consulting & Support trough specialised offers.

Some differences exist between these two companies. Indeed, the Target is more concentrated on Automotive and Aerospace (representing ca. 68% of 2020 revenues) with a longer recovery cycle. Alten has a broader business mix (ER&D and ITS), is more diversified (Automotive and Aerospace representing ca. 29% of 2020 revenues) and benefits from a strong recovery in Life Sciences.

– Tier 2 comparable companies

The Tier 2 group is composed of 13 companies classified in 2 different subgroups: Outsourced ER&D European Consulting Peers and Outsourced ER&D Staffing Peers)

<u>Outsourced ER&D European Consulting Peers</u>

b. Assystem

Founded in 1966, Assystem provides engineering and infrastructure project management services worldwide. It operates in two segments, Energy & Infrastructure and Staffing.

c. Bertrandt

Founded in 1974, it develops solutions for the automotive and aviation industries in Germany and internationally. The company operates through Digital Engineering, Physical Engineering, and Electrical Systems/Electronics segments.

d. Ricardo

Founded in 1915, provides engineering, technical, environmental, and strategic consultancy services for transportation original equipment manufacturers and operators, suppliers, energy companies, and government agencies. It operates through five segments: Energy & Environment, Rail, Automotive and Industrial, Defense, and Performance Products.

e. Semcon

Founded in 1980, Semcon operates in the fields of engineering services and product information in Sweden, Norway, Brazil, the United Kingdom, and internationally. The company operates through the Engineering & Digital Services and Product Information segments.

f. Sii

Founded in 1979, Sii provides technology consulting and system integration services in France and internationally. The company offers a range of services, including front-end consulting, development engineering tests, deployment, and maintenance.

Outsourced ER&D Staffing Peers

g. Adecco

Founded in 1996, Adecco is the world's second largest Human Resources provider and temporary staffing firm. It is based in Zurich, Switzerland and is present in 60 countries. It is a Fortune Global 500 company.

h. ASGN

Founded in 1985, ASGN provides professional staffing and IT solutions in the technology, digital, creative, engineering and life sciences fields across commercial and government sectors in the United States and internationally. The company operates through three segments: Apex, Oxford, and ECS.

i. K Force

Founded in 1962, KForce provides professional staffing services and solutions in the United States. It operates through Technology and Finance & Accounting segments.

j. Manpower

Founded in 1948, Manpower provides workforce solutions and services in the Americas, Southern Europe, Northern Europe, and the Asia Pacific Middle East region. The company offers recruitment services, including permanent, temporary, and contract recruitment of professionals, as well as administrative and industrial positions under the Manpower and Experis brands. It also offers various assessment services; training and development services; career management; and outsourcing services related to human resources functions primarily in the areas of large-scale recruiting and workforce-intensive initiatives.

k. Page

Founded in 1976, Page provides recruitment consultancy and other ancillary services in the United Kingdom, rest of Europe, the Middle East, Africa, the Asia Pacific, and the Americas. The company offers: executive search services under the Page Executive brand; recruitment services for qualified professional on permanent, temporary, and contract or interim basis under the Michael Page brand; recruitment services to organizations requiring permanent employees and temporary or contract staff at technical and administrative support, professional clerical, and junior management levels under the Page Personnel brand; and flexible recruitment outsourcing services under the Page Outsourcing brand.

l. Randstad

Founded in 1960, Randstad provides solutions in the field of work and human resources (HR) services. It offers temporary staffing and permanent placement services for the light industrial, office and administrative, manufacturing and logistics, and other specialty areas, as well as payroll services. The company also offers on-site solutions for managing a client's workforce with specific skill sets and a fluctuating level of demand for the fast-moving consumer goods, automotive, life sciences, contact centers, manufacturing, and logistics, as well as the administrative and professionals' segments.

m. Robert Half

Founded in 1948, Robert Half International provides staffing and risk consulting services in North America, South America, Europe, Asia, and Australia. The company operates through three segments: Temporary and Consultant Staffing, Permanent Placement Staffing, and Risk Consulting and Internal Audit Services.

n. Hays

Founded in 1968, Hays operates as a recruitment company in Australia, New Zealand, Germany, the United Kingdom, Ireland, and internationally. The company offers permanent, temporary, and contractor recruitment services, such as qualified, professional, and skilled recruitment to public and private sectors.

Comparable companies' fiscal years end on 31 December of each year.

For the purposes of this methodology, enterprise value over EBIT multiples has been retained as the most relevant aggregate, in line with what research analysts' do when valuing these Outsourced ER&D European Consulting Peers and Outsourced ER&D Staffing Peers using the trading comparable valuation methodology, because:

- EBIT is the reference metric for the Target, and for the Outsourced ER&D European Consulting Peers and the Outsourced ER&D Staffing Peers;
- EBIT is the most relevant financial metric because it is not impacted by the heterogenous accounting standards used among peers related to IFRS-16 and the capitalisation of certain type of costs, and because it is not influenced by the difference in capital structure among peers.

We do not consider enterprise value over sales as very relevant as this multiple does not take into account the comparative operational performance of each company.

Multiples have been computed as of 27 July 2021 and as of date of formal filing of the Bid with the FSMA (24 February 2022).

The valuation has been performed by applying FY2022 and FY2023 multiples to the Target's Adjusted EBIT aggregate for FY2022 and FY2023 as estimated by the Bidder.

The valuation has not been performed by applying FY2021 multiples to the Target's Adjusted EBIT aggregate for FY2021 because FY2021, in particular for the Bidder, is still heavily impacted by the temporary market conditions caused by the Covid crisis.

The Target's Adjusted EBIT excludes non-recurring items, *i.e.*, free shares costs, restructuring costs, non-recurring costs and amortization of goodwill.

Company	Country	Historical Sales (EURm) FY 2018A	FY 2019A	FY 2020A	FY 18A-20A CAGR	Historical EBIT (EURm) FY 2018A	FY 2019A	FY 2020A	FY 18A-20A CAGR
Tier 1									
Alten	**France**	**2 270**	**2 624**	**2 332**	**1,4%**	**218**	**255**	**134**	**(21,5%)**
Tier 2									
Outsourced ER&D - European Consulting Peers									
Assystem	France	444	498	472	3,1%	25	33	23	(5,5%)
Bertrandt	Germany	1 031	1 024	909	(6,1%)	63	38	17	(48,0%)
Ricardo	UK	381	368	352	(4,0%)	35	25	17	(31,5%)
Semcon	Sweden	1 842	1 858	1 627	(6,0%)	119	139	137	7,3%
Sii	France	614	665	660	3,7%	45	44	39	(7,2%)
Outsourced ER&D - Staffing Peers									
Adecco	Switzerland	23 867	23 427	19 561	(9,5%)	939	1 002	630	(18,1%)
ASGN	USA	3 400	3 924	3 951	7,8%	272	309	326	9,4%
K Force	USA	1 304	1 347	1 398	3,5%	72	76	83	7,4%
Manpower	USA	21 991	20 864	18 001	(9,5%)	836	722	428	(28,4%)
Page	UK	1 550	1 654	1 305	(8,2%)	142	147	17	(65,4%)
Randstad	Holland	23 812	23 676	20 718	(6,7%)	940	877	470	(29,3%)
Robert half	USA	5 800	6 074	5 109	(6,1%)	599	565	373	(21,1%)
Hays	UK	5 913	5 999	5 788	(1,1%)	245	190	113	(32,0%)
Median - Tier 2		**1 842**	**1 858**	**1 627**	**(6,0%)**	**142**	**147**	**113**	**(21,1%)**
Median - Peers		**2 056**	**2 241**	**1 979**	**(5,0%)**	**180**	**168**	**124**	**(21,3%)**
AKKA Technologies	**Belgium**	**1 505**	**1 801**	**1 536**	**1,0%**	**118**	**144**	**23**	**(55,7%)**

Sources: Companies, Capital IQ as of 27/07/2021 - Financials calendarized to 31/12
Note: Target FY2020 Sales and EBIT assuming a consolidation of Data Respons as of 01/01/2020 (vs as of 01/03/2020 for the Sales and EBIT published by Target for FY2020).

At Announcement Date (27 July 2021 closing prices)

		Sales growth					EBIT margin				
Company	**Country**	**FY 2019A**	**FY 2020A**	**FY 2021E**	**FY 2022E**	**FY 2023E**	**FY 2019A**	**FY 2020A**	**FY 2021E**	**FY 2022E**	**FY 2023E**
Tier 1											
Alten	**France**	**15.6%**	**(11.1%)**	**11.6%**	**7.3%**	**8.2%**	**9.7%**	**5.8%**	**7.6%**	**9.0%**	**9.5%**
Tier 2											
Outsourced ER&D - European Consulting Peers											
Assystem	France	12.0%	(5.2%)	7.7%	4.2%	5.5%	6.7%	4.8%	6.1%	6.5%	6.7%
Bertrandt	Germany	(0.7%)	(11.2%)	0.9%	11.6%	4.3%	3.7%	1.9%	4.1%	5.9%	6.9%
Ricardo	UK	(3.5%)	(4.4%)	3.2%	5.7%	2.6%	6.7%	4.7%	6.9%	8.8%	n.a.
Semcon	Sweden	0.9%	(12.4%)	6.0%	8.9%	5.5%	7.5%	8.4%	10.1%	10.8%	11.0%
Sii	France	8.3%	(0.8%)	6.8%	6.4%	6.7%	6.6%	5.8%	6.6%	7.3%	8.0%
Outsourced ER&D - Staffing Peers											
Adecco	Switzerland	(1.8%)	(16.5%)	9.6%	5.4%	4.6%	4.3%	3.2%	4.4%	4.6%	4.9%
ASGN	USA	15.4%	0.7%	(2.7%)	9.4%	n.a.	7.9%	8.2%	9.1%	9.3%	n.a.
K Force	USA	3.3%	3.7%	7.2%	3.0%	n.a.	5.7%	5.9%	6.8%	6.8%	n.a.
Manpower	USA	(5.1%)	(13.7%)	15.8%	4.8%	3.1%	3.5%	2.4%	3.2%	3.5%	3.8%
Page	UK	6.7%	(21.1%)	24.1%	11.8%	7.0%	8.9%	1.3%	8.4%	8.6%	8.9%
Randstad	Holland	(0.6%)	(12.5%)	13.3%	4.8%	4.5%	3.7%	2.3%	4.5%	4.7%	4.8%
Robert half	USA	4.7%	(15.9%)	23.5%	7.6%	6.5%	9.3%	7.3%	12.6%	12.1%	12.1%
Hays	UK	1.5%	(3.5%)	4.3%	10.3%	3.8%	3.2%	2.0%	2.2%	2.9%	2.7%
Median - Tier 2		**1.5%**	**(11.2%)**	**7.2%**	**6.4%**	**4.6%**	**6.6%**	**4.7%**	**6.6%**	**6.8%**	**6.8%**
Median - Peers		**2.4%**	**(11.2%)**	**7.4%**	**6.9%**	**5.0%**	**6.7%**	**4.7%**	**6.7%**	**7.1%**	**6.9%**
AKKA Technologies	**Belgium**	**19.7%**	**(14.8%)**	**3.1%**	**6.5%**	**6.5%**	**8.0%**	**1.5%**	**6.2%**	**7.2%**	**8.2%**

Sources: Target figures based on business plan established by the Bidder taking into account analyses of the Target's achievements historically, discussions with the Target's management on market and business trends, and research analysts' projections for the Target; Peers figures based on Capital IQ as of 27/07/2021; Companies Financials calendarized to 31/12
Note: Target FY2020 Sales and EBIT assuming a consolidation of Data Respons as of 01/01/2020 (vs as of 01/03/2020 for the Sales and EBIT published by Target for FY2020).

At the date of formal filing of the Bid with the FSMA (24 February 2022 closing prices)

		Sales growth					EBIT margin				
Company	**Country**	**FY 2019A**	**FY 2020A**	**FY 2021E**	**FY 2022E**	**FY 2023E**	**FY 2019A**	**FY 2020A**	**FY 2021E**	**FY 2022E**	**FY 2023E**
Tier 1											
Alten	**France**	**15.6%**	**(11.1%)**	**25.4%**	**15.7%**	**7.5%**	**9.7%**	**5.8%**	**10.2%**	**10.1%**	**10.2%**
Tier 2											
Outsourced ER&D - European Consulting Peers											
Assystem	France	12.0%	(5.2%)	5.4%	5.1%	4.8%	6.7%	4.8%	6.1%	6.4%	6.6%
Bertrandt	Germany	(0.7%)	(11.2%)	(2.1%)	13.1%	7.4%	3.7%	1.9%	3.1%	5.9%	7.1%
Ricardo	UK	(3.5%)	(4.4%)	2.5%	5.4%	5.2%	6.7%	4.7%	6.8%	8.6%	9.6%
Semcon	Sweden	0.9%	(12.4%)	5.2%	10.0%	3.6%	7.5%	8.4%	10.2%	10.5%	11.2%
Sii	France	8.3%	(0.8%)	16.2%	11.6%	6.9%	6.6%	5.8%	8.7%	9.7%	9.9%
Outsourced ER&D - Staffing Peers											
Adecco	Switzerland	(1.8%)	(16.5%)	7.1%	10.3%	4.3%	4.3%	3.2%	3.8%	4.2%	4.9%
ASGN	USA	15.4%	0.7%	14.5%	9.1%	7.6%	7.9%	8.2%	9.1%	9.4%	9.7%
K Force	USA	3.3%	3.7%	13.0%	7.9%	n.a.	5.7%	5.9%	6.9%	7.5%	n.a.
Manpower	USA	(5.1%)	(13.7%)	15.1%	4.7%	4.4%	3.5%	2.4%	3.3%	3.6%	3.9%
Page	UK	6.7%	(21.1%)	26.0%	20.1%	6.8%	8.9%	1.3%	10.3%	10.0%	10.2%
Randstad	Holland	(0.6%)	(12.5%)	18.9%	6.9%	3.7%	3.7%	2.3%	4.1%	4.8%	4.8%
Robert half	USA	4.7%	(15.9%)	26.5%	12.6%	5.8%	9.3%	7.3%	11.9%	12.8%	12.9%
Hays	UK	1.5%	(3.5%)	7.2%	14.0%	7.6%	3.2%	2.0%	2.5%	3.3%	3.6%
Median - Tier 2		**1.5%**	**(11.2%)**	**13.0%**	**10.0%**	**5.5%**	**6.6%**	**4.7%**	**6.8%**	**7.5%**	**8.3%**
Median - Peers		**2.4%**	**(11.2%)**	**13.8%**	**10.2%**	**5.8%**	**6.7%**	**4.7%**	**6.9%**	**8.0%**	**9.6%**
AKKA Technologies	**Belgium**	**19.7%**	**(14.8%)**	**3.1%**	**6.5%**	**6.5%**	**8.0%**	**1.5%**	**6.2%**	**7.2%**	**8.2%**

Sources: Target figures based on business plan established by the Bidder taking into account analyses of the Target's achievements historically, discussions with the Target's management on market and business trends, and research analysts' projections for the Target; Peers figures based on Capital IQ as of 24/02/2022; Companies Financials calendarized to 31/12

Note: Target FY2020 Sales and EBIT assuming a consolidation of Data Respons as of 01/01/2020 (vs as of 01/03/2020 for the Sales and EBIT published by Target for FY2020).

At Announcement Date (27 July 2021 closing price)

Company	Country	Mkt Cap (€m)	EV (€m)	EV/EBIT FY 2021E	FY 2022E	FY 2023E
Tier 1						
Alten	**France**	**3,940**	**3,926**	**19.8x**	**15.6x**	**13.7x**
Tier 2						
Outsourced ER&D - European Consulting Peers						
Assystem	France	423	386	12.5x	11.3x	10.4x
Bertrandt	Germany	493	639	17.1x	10.6x	8.7x
Ricardo	UK	285	356	12.5x	9.0x	n.a.
Semcon	Sweden	219	205	11.9x	10.3x	9.6x
Sii	France	660	628	13.4x	11.4x	9.8x
Outsourced ER&D - Staffing Peers						
Adecco	Switzerland	9,209	10,154	10.9x	9.8x	8.8x
ASGN	USA	4,370	4,746	16.0x	14.3x	n.a.
K Force	USA	1,133	1,103	12.9x	12.5x	n.a.
Manpower	USA	5,234	5,396	9.6x	8.3x	7.4x
Page	UK	2,315	2,229	14.0x	12.2x	11.1x
Randstad	Holland	11,512	11,906	11.4x	10.3x	9.6x
Robert half	USA	8,990	9,066	13.5x	13.1x	12.3x
Hays	UK	2,981	2,698	17.4x	12.1x	12.4x
Average - Tier 2				**13.3x**	**11.2x**	**10.0x**
Median - Tier 2				**12.9x**	**11.3x**	**9.7x**
Average - Peers				**13.8x**	**11.5x**	**10.3x**
Median - Peers				**13.1x**	**11.3x**	**9.8x**
AKKA Technolog.	**Belgium**	**1,493**	**2,163**	**21.9x**	**17.8x**	**14.7x**

Sources: Target figures based on Bid Price (49 EUR per share) and on business plan established by the Bidder for the Target taking into account analyses of the Target's achievements historically, discussions with the Target's management on market and business trends, and research analysts' projections for the Target; Companies; Peers figures based on Capital IQ as of 27/07/2021
Note: Enterprise values computed taking into account market capitalizations, net debt / net cash positions, pension obligations, associates and minority interests

At the date of formal filing of the Bid with the FSMA (24 February 2022 closing prices)

Company	Country	Mkt Cap (€m)	EV (€m)	EV/EBIT FY 2021E	FY 2022E	FY 2023E
Tier 1						
Alten	**France**	**4,438**	**4,424**	**14.8x**	**12.9x**	**11.9x**
Tier 2						
Outsourced ER&D - European Consulting Peers						
Assystem	France	531	494	16.2x	14.8x	13.6x
Bertrandt	Germany	481	476	17.2x	8.1x	6.2x
Ricardo	UK	328	401	13.6x	10.2x	8.8x
Semcon	Sweden	175	159	9.7x	8.6x	7.8x
Sii	France	784	741	11.1x	8.9x	8.2x
Outsourced ER&D - Staffing Peers						
Adecco	Switzerland	6,794	7,185	9.1x	7.3x	6.1x
ASGN	USA	5,127	5,385	16.4x	14.7x	13.2x
K Force	USA	1,426	1,408	14.3x	12.3x	n.a.
Manpower	USA	5,153	5,902	9.7x	8.4x	7.5x
Page	UK	2,093	2,031	10.1x	8.6x	7.9x
Randstad	Holland	11,159	11,829	11.8x	9.4x	8.9x
Robert half	USA	11,748	11,746	17.0x	14.0x	13.2x
Hays	UK	2,734	2,644	14.4x	9.4x	8.1x
Average - Tier 2				**13.1x**	**10.4x**	**9.1x**
Median - Tier 2				**13.6x**	**9.4x**	**8.1x**
Average - Peers				**13.2x**	**10.5x**	**9.3x**
Median - Peers				**14.0x**	**9.4x**	**8.2x**
AKKA Technologies	**Belgium**	**1,493**	**2,163**	**21.9x**	**17.8x**	**14.7x**

Sources: Target figures based on Bid Price (49 EUR per share) and on business plan established by the Bidder for the Target taking int account analyses of the Target's achievements historically, discussions with the Target's management on market and business trends, and research analysts' projections for the Target; Companies; Peers figures based on Capital IQ as of 24/02/2022
Note: Enterprise values computed taking into account market capitalizations, net debt / net cash positions, pension obligations, associates and minority interests

At Announcement Date (27 July 2021 closing prices)

Trading comparables valuation summary		
	FY 2022	FY 2023
	Adj. EBIT	Adj. EBIT
Target financial aggregate (EURm)	121	147
EV multiple from Alten (Tier 1 comparable)	15,6x	13,7x
Implied Enterprise value (EURm)	1 894	2 012
EV-Eq.V adjustments (EURm)	(670)	(670)
Equity Value (EURm)	1 224	1 342
Fully diluted number of shares (m)	30,5	30,5
Equity price per share (EUR)	40,2	44,1
Bid Price per Share premium	22%	11%

Sources: Business plan established by the Bidder taking into account analyses of the Target's achievements historically, discussions with the Target's management on market and business trends, and research analysts' projections for the Target, Companies, Capital IQ as of 27/07/2021

The application of the FY2022 and FY2023 EBIT multiple from Alten (Tier 1 comparable company) to the Target FY2022 and FY2023 Adjusted EBIT metrics leads to EUR 40.2 and EUR 44.1 for the implied equity value per share, respectively. The Bid Price per Share represents a 22% premium and a 11% premium over these values, respectively.

At Announcement Date (27 July 2021 closing prices)

Trading comparables valuation summary		
	FY 2022	FY 2023
	Adj. EBIT	Adj. EBIT
Target financial aggregate (EURm)	121	147
Median EV multiple from peers	11,3x	9,8x
Implied Enterprise value (EURm)	1 377	1 436
EV-Eq.V adjustments (EURm)	(670)	(670)
Equity Value (EURm)	707	766
Fully diluted number of shares (m)	30,5	30,5
Equity price per share (EUR)	23,2	25,2
Bid Price per Share premium	111%	95%

Sources : Business plan established by the Bidder taking into account analyses of the Target's achievements historically, discussions with the Target's management on market and business trends, and research analysts' projections for the Target, Companies, Capital IQ as of 27/07/2021

The application of the FY2022 and FY2023 peers median EBIT multiples to the Target FY2022 and FY2023 Adjusted EBIT metrics leads to EUR 23.2 and EUR 25.2 for the implied equity value per share, respectively. The Bid Price per Share represents a 111% premium and a 95% premium over these values, respectively.

8.2.3.4 ANALYSIS OF THE TRANSACTION MULTIPLES (FOR INDICATIVE PURPOSES ONLY)

This method consists in determining an enterprise value by applying the multiples observed in previous transactions to the Target financial aggregates for:

- FY2019 (pro forma for the acquisition of Data Respons closed in FY2020), because FY2019 was the last fiscal year of the Target which was not impacted by the Covid crisis;
- FY2020 (assuming an acquisition of Data Respons as of 1 January 2020) and FY2021; but because FY2020 and FY2021 have been significantly impacted by the temporary market conditions caused by the Covid crisis, in particular for the Target, the application of the peers' median transaction comparables multiple to the Target's Adjusted EBIT for FY2020 and for FY2021 is only illustrative, and cannot provide a fully relevant valuation benchmark of the Target.
- FY2022E (assuming FY2022E estimates are achieved), because FY2022 is the first fiscal year post the Covid crisis, for which the impact of the temporary market conditions caused by the Covid crisis is expected to be limited.

The following transactions have been retained for comparative purposes.

However, no transaction is truly comparable in terms of size, geographic exposure, and end-markets exposure to the Bid of the Bidder on the Target. None of the acquired companies is truly comparable with the Target in terms of size, geographic exposure, and end-markets exposure.

Furthermore, most of the precedent transactions identified and mentioned below took place before the implementation of the IFRS 16 accounting rule.

Thus, this method is presented for informative purposes only.

a. Capital increase representing ca. 40% of AKKA Technologies' capital

Compagnie Nationale a Portefeuille and Ricci Family have announced, on 6 October 2020, the acquisition of ca. 30% stake in the Target through a reserved capital increase, at a price of EUR 22.50 per share.

b. Acquisition of HiQ International by Triton Partners

Triton Partners is a UK-based private equity firm that invests primarily in German-speaking countries, the Nordic countries, the Benelux region, France, Italy, Spain and the United Kingdom. On 26 August 2020, it announced having reached an agreement to buy HiQ International.

HiQ International is a Sweden-based and listed IT and management consultancy company focusing on high-tech solutions with clients in technology-intensive sectors.

c. Acquisition of Nagarro by Allgeir

Allgeir a Germany-based company specialised in IT services announced on 21 August 2020 that it has entered into an agreement to demerge its technology consulting and software development business, the Nagarro Group, into a separate listed company.

d. Acquisition of Data Respons by the Target

On 19 December 2019, the Target has made an offer to acquire Data Respons.

Data Respons is Norway-based and listed full-service, independent technology company that provides embedded solutions.

e. Acquisition of Altran by Capgemini

Capgemini is a France based and listed IT consulting company. On 24 June 2019, it has agreed with a group of shareholders led by Apax Partners to acquire Altran Technologies.

Altran Technologies is a France based and listed engineering and R&D services provider.

f. Acquisition of Poyry by AF

On 10 December 2018, AF entered into an agreement to acquire Poyry, a Finnish engineering group.

g. Acquisition of Scalian by Cobepa

On 17 December 2018, Cobepa, a Belgium-based private equity firm, has entered into an agreement with Andera Partners and Trocadero Capital Partners, France-based private equity firms, to acquire Scalian.

Scalian is a France-based company that provides project support consulting services.

h. Acquisition of SQS Software by Expleo

Expleo (former Assystem Technologies) is a provider and trusted partner for end-to-end, integrated engineering, quality services and management consulting for digital transformation. On 19 December 2017, it announced its intention to acquire Software Quality System.

Software Quality System is German-based company which provides digital quality assurance services.

i. Acquisition of Aricent by Altran

Altran Technologies is a listed France-based company engaged in providing engineering and innovation consulting services for the creation and development of new products and services. On 30 November 2017, it has agreed with KKR & Co, Canada Pension Plan Investment Board and Sequoia Capital to acquire Aricent.

Aricent is a US-based design and engineering services, primarily serving clients of the communications and technology, semiconductor and software industries.

j. Acquisition of a 43% stake in Tata Technologies by Warburg Pincus

Warburg Pincus is a US-based private equity and venture capital firm. On 15 June 2017, it has agreed to acquire an approximately 43% stake in Tata Technologies, a Singapore-based company provider of engineering services outsourcing, product lifecycle management software solutions, and enterprise resource management services, from Tata Motors, a listed India-based automobile manufacturer, and Tata Capital Private Equity, an India-based private equity arm of Tata Capital, an India-based financial advisory firm.

k. Acquisition of a 60% stake in Assystem Global Product Solutions (GPS) division by Ardian

Ardian, is a France-based private equity firm. On 11 May 2017, it has agreed to acquire a 60% stake in the Global Product Solutions division (GPS) of Assystem, a listed France-based company that provides engineering and innovation consultancy services.

l. Acquisition of a 48% stake in GlobalLogic by Canada Pension Plan Investment Board (CPPIB)

Canada Pension Plan Investment Board (CPPIB), the Canada-based company, is a state-owned pension fund sponsor and private equity firm. On 8 Mars 2017, it has signed a definitive agreement to acquire a 48% stake in GlobalLogic, from Apax Partners.

m. Acquisition of Ausy by Randstad France

Randstad France is a wholly owned subsidiary of Randstad Holding, Dutch based and listed the global staffing services provider. On 20 January 2017, it has made a voluntary cash tender offer for Ausy, France based and listed consultancy and engineering services company.

The following table provides an overview of selected transactions and their corresponding multiples:

Date	Target	Country	Acquiror	% Acquired	EV (€m)	xLTM EBIT
Oct-20	AKKA Technologies	Belgium	CNP+Ricci Family	40%	1 275	n.m.
Aug-20	HiQ International	Sweden	Triton Partners	100%	390	20,4x
Aug-20	Nagarro	Germany	Allgeier	100%	896	21,1x
Dec-19	Data Respons	Norway	AKKA Technologies	100%	366	18,6x
Jun-19	Altran	France	Capgemini	100%	5 000	12,8x
Dec-18	Poyry	Finland	AF	100%	611	11,2x
Dec-18	Scalian	France	Cobepa	100%	200	n.a.
Dec-17	SQS Software	Germany	Expleo	100%	337	22,3x
Nov-17	Aricent	India	Altran	100%	1 700	14,3x
Jun-17	Tata Technologies	India	Warburg Pincus	43%	683	n.a.
May-17	Assystem Global Product Solutions	France	Ardian	60%	550	n.a.
Jan-17	GlobalLogic	US	CPPIB	48%	1 432	20,0x
Jun-16	Ausy	France	Randstad France SA	100%	367	16,4x
Median - Selected transactions						**18,6x**

Note: "n.m." means non meaningful; "n.a." means non available; Nagarro's multiple is based on LFY EBIT
Transactions announced after Jul-19 are based on post-IFRS 16 metrics, vs. pre-IFRS 16 metrics for the others
Sources : Mergermarket, Companies

Date	Target	Historical sales LTM	Historical EBIT LTM	EBIT Margin LTM
Oct-20	AKKA Technologies	1 688	71	4%
Aug-20	HiQ International	174	19	11%
Aug-20	Nagarro	402	42	11%
Dec-19	Data Respons	169	19	11%
Jun-19	Altran	3 137	392	12%
Dec-18	Poyry	580	55	9%
Dec-18	Scalian	190	n.a	n.a
Dec-17	SQS Software	327	22	7%
Nov-17	Aricent	590	121	21%
Jun-17	Tata Technologies	373	n.a	n.a
May-17	Assystem Global Product Solutions	578	n.a	n.a
Jan-17	GlobalLogic	n.a	n.a	n.a
Jun-16	Ausy	432	22	5%
Median - Selected transactions				**11%**
Jul-2021	**AKKA Technologies**	**1 527**	**53**	**3%**

Note: "n.a." means non available; Nagarro's metrics are based on LFY
Sources: Companies, Mergermarket

The median of the transactions sample was selected and was applied to the Target Adjusted EBIT in order to estimate its enterprise value.

Transaction comparables valuation summary				
	FY 2019A	FY 2020A	FY 2021A	FY 2022E
	Adj. EBIT	Adj. EBIT	Adj. EBIT	Adj. EBIT
Target financial aggregate (EURm) (1)	163	23	99	121
Median EV multiple from transaction comparables	18.6x	18.6x	18.6x	18.6x
Implied Enterprise value (EURm)	3,028	431	1,843	2,257
EV-Eq.V adjustments (EURm)	(670)	(670)	(670)	(670)
Equity Value (EURm)	2,358	n.m.	1,173	1,587
Fully diluted number of shares (m)	30.5	30.5	30.5	30.5
Equity price per share (EUR)	77.4	n.m.	38.5	52.1
Bid Price per Share premium	(37%)	n.m.	27%	(6%)

(1) For comparison purposes, the Target FY2019 Adjusted EBIT assumes a consolidation of Data Respons since 01/01/2019

The application of the median EBIT multiples to the Target FY2019 Adjusted EBIT (pro forma for the acquisition of Data Respons) leads to EUR 77.4 for the implied equity value per share. The Bid Price per Share represents a 37% discount over this value.

For comparison purposes, the Target FY2019 Adjusted EBIT of EUR 162.9 million assumes a consolidation of Data Respons since 1 January 2019 (Data Respons was acquired in H1 2020 by the Target).

The application of the median EBIT multiples to the Target FY2020 Adjusted EBIT metric leads to a negative implied equity value per share.

For comparison purposes, the Target FY2020 Adjusted EBIT of EUR 23.2 million assumes a consolidation of Data Respons since 1 January 2020 and differs from the Target FY2020 Adjusted EBIT of EUR 19.5 million reported as part of the Target FY2020 results which assumed a consolidation of Data Respons since 1 March 2020.

The application of the median EBIT multiples to the Target FY2021 Adjusted EBIT leads to EUR 38.5 for the implied equity value per share. The Bid Price per Share represents a 27% premium over this value.

FY2020 and FY2021 have been significantly impacted by the temporary market conditions caused by the Covid crisis, in particular for the Target, so that the application of the peers' median transaction comparables multiple to the Target's Adjusted EBIT for FY2020 and for FY2021 is only illustrative.

For illustrative purposes also, the application of the median EBIT multiples to the Target FY2022E Adjusted EBIT, which leads to EUR 52.1 for the implied equity value per share. The Bid Price per Share represents a 6% discount over this value.

8.2.3.5 Conclusion

The Bid Price per Share compares to the different valuation methodologies or reference points, as presented below:

	Equity per share (EUR)			Premium per share (%)		
Main valuation methodology						
Discounted Cash Flows	**Min.**	**Central value**	**Max.**	**Min.**	**Central value**	**Max.**
	32.3	42.3	56.5	52%	16%	(13%)
Reference points						
Historical share prices (as at 26/07/2021)	**Min.**	**Central value (closing price(1)/VWAP(2))**	**Max.**	**Min.**	**Central value (closing price(1)/VWAP(2))**	**Max.**
Spot	n.a.	24.6	n.a.	n.a.	99%	n.a.
1-month period	20.6	22.7	24.6	138%	116%	99%
3-month period	20.6	23.5	25.7	138%	108%	91%
6-month period	20.6	23.9	29.2	138%	105%	68%
12-month period	15.0	21.5	29.2	226%	128%	68%
24-month period	15.0	26.6	61.8	226%	84%	(21%)
12-month period pre-covid(3)	49.9	55.3	64.1	(2%)	(11%)	(24%)
The share price dropped from ca. €60 in mid-February 2020 to ca. €25 in mid-March 2020						
Research Analysts Average Target Price	**Min.**	**Central value**	**Max.**	**Min.**	**Central value**	**Max.**
	17.5	25.4	43	180%	93%	14%
Methodologies for indicative purposes only(4)						
Comparables	**Min.**	**EV / Adj. EBIT**	**Max.**	**Min.**	**EV / Adj. EBIT**	**Max.**
Trading comparables (2022E & 2023E) - Alten	40.2		44.1	22%		11%
Trading comparables (2022E & 2023E) - Peers	23.2		25.2	111%		95%
Transaction comparables - (2022E & 2019)	52.1		77.4	(6%)		(37%)

(1) Closing price as of 26/07/2021; the Target shares were suspended from trading at 11h50 on Monday 26 July 2021 and on Tuesday 27 July
(2) For 1-month, 3-months, 6-months, 12-months and 24-months periods
(3) Period from 20/02/2019 to 20/02/2020; 21/02/2020 being the date of the first recorded death related to Covid in Europe (in Italy)
(4) Based on the figures available at announcement date (27 July 2021)

In conclusion, the Bid Price per Share of EUR 49 implies:

– a premium of 16% to the central value of the DCF, which is the valuation methodology retained because it is the only methodology able to capture the intrinsic specificities and intrinsic value of the Target, by discounting its future cash flows
– a discount of 11% to the volume weighted average share price of the Target during the 12 months before the start of the Covid crisis[23]
– a premium to most of the valuation and reference points described above

The acquisition of the Target is a unique opportunity for the Bidder to create the global #2 in the engineering R&D market, and a powerful platform to drive future Smart Industry leadership.

The Adecco Group has identified over EUR 200 million in revenue synergies and EUR 65 million in cost synergies on a recurring run-rate basis. Expected synergies have been valued at circa EUR 15 per share.

[23] Volume weighted average share price of EUR 55.3 during 12 months before the start of the Covid crisis, i.e., from 20 February 2019 to 20 February 2020; 21 February 2020 being the date of the first recorded death related to Covid in Europe (in Italy).

8.3 REGULARITY AND VALIDITY OF THE BID

8.3.1 RESOLUTION OF THE BOARD OF DIRECTORS TO LAUNCH THE BID

On 23 February 2022, the board of directors of the Bidder has granted its approval to launch the Bid (possibly followed by a Squeeze-Out) on the Target.

The board of directors of the Bidder is, in accordance with the Bidder's articles of association and Swiss law, the body competent to decide on such matter.

8.3.2 REQUIREMENTS OF ARTICLE 3 OF THE TAKEOVER DECREE

The Bid is made in compliance with the relevant requirements set out in article 3 of the Takeover Decree:

iii. The Bid relates to all securities with voting rights or giving access to voting rights issued by the Target, being the Shares and Convertible Bonds, other than those already held by the Bidder and its Affiliates.

iv. The unconditional and irrevocable availability of the funds required for the payment of the Bid Price for all Securities has been confirmed by ING Bank N.V. and Société Générale S.A.

v. The conditions of the Bid are in compliance with applicable laws, in particular with the Takeover Act and the Takeover Decree. The Bidder is of the view that these conditions, especially the Bid Price, are of such nature that they will allow the Bidder to reach its goal.

vi. The prices offered for the Shares and the Convertible Bonds do not contain any differences other than those attributable to the respective characteristics of each category of Securities;

vii. The Bidder undertakes, as far as he is concerned, to pursue its best efforts to complete the Bid.

viii. ING Bank shall centralise the receipt of the acceptances with respect to the Shares, either directly or indirectly, and shall process the payment of the Bid Price for the Shares. BNP Paribas Fortis shall centralise the receipt of the acceptances with respect to the Convertible Bonds, either directly or indirectly, and shall process the payment of the Bid Price for the Convertible Bonds.

8.3.3 REGULATORY APPROVAL

The Bid is not subject to any regulatory approval, other than the approval of this Prospectus by the FSMA.

The FSMA has approved the English version of this Prospectus on 15 March 2022, in accordance with Article 19, §3 of the Takeover Act. This approval does not imply an assessment of the opportunity and the quality of the Bid, nor of the situation of the Bidder.

8.4 ACCEPTANCE OF THE BID

8.4.1 INITIAL ACCEPTANCE PERIOD

The Initial Acceptance Period will start on 17 March 2022 and will end in principle on 13 April 2022.

8.4.2 EXTENSION OF THE ACCEPTANCE PERIOD

In accordance with article 31 *juncto* 57 of the Takeover Decree, the Initial Acceptance Period may be extended. This would be the case if, at any time during the bid period, the Bidder (or a person acting in concert with the Bidder) acquired or undertook to acquire, Securities issued by the Target at a price higher than the Bid Price. In such case, the Bid Price would be adjusted so that it corresponds to this higher price and the Initial Acceptance Period would be extended by five Business Days after the publication of this higher price, in order to allow all Shareholders to accept the Bid at this higher price.

The Bidder also reserves the right to extend any Initial Acceptance Period, at its sole discretion. In no event shall the aggregate duration of the extended Initial Acceptance Period exceed ten weeks.

8.5 REOPENING OF THE BID AND SQUEEZE-OUT

The Bid must or may be reopened in the following instances.

8.5.1 VOLUNTARY REOPENING

If the Bidder and its Affiliates hold less than 90% of the securities carrying voting rights after the Initial Acceptance Period, the Bidder reserves the right to reopen the Bid, at its sole discretion. Such voluntary reopening will commence within 10 Business Days from the announcement of the result of the Initial Acceptance Period for a subsequent Acceptance Period of at least 5 and maximum 15 Business Days. In no event shall the aggregate duration of the Initial Acceptance Period and any voluntary reopening of the Bid exceed 10 weeks (to be counted as from the opening of the Initial Acceptance Period until the end of such voluntary reopening).

8.5.2 MANDATORY REOPENING

If the Bidder and its Affiliates hold at least 90% of the securities carrying voting rights following the Initial Acceptance Period, there will be a mandatory reopening of the Bid pursuant to article 35, 1° *juncto* article 57 of the Takeover Decree.

The mandatory reopening pursuant to article 35, 1° *juncto* article 57 of the Takeover Decree will also be applicable if the aforementioned threshold of 90% has not been immediately reached following the Acceptance Period, but only after a voluntary reopening.

In the case of a mandatory reopening pursuant to article 35, 1° *juncto* article 57 of the Takeover Decree, the Bid will reopen, within 10 Business Days after the announcement of the results of the last preceding Acceptance Period, for a subsequent Acceptance Period of at least 5 and maximum 15 Business Days.

8.5.3 REOPENING OF THE BID AS A SIMPLIFIED SQUEEZE-OUT BID

If after the Initial Acceptance Period or any subsequent Acceptance Period, the Bidder (together with other persons acting in concert with the Bidder) holds at least 95% of the securities carrying voting rights issued by the Target, the Bidder will have the right (which it intends to use) to proceed with a Squeeze-Out in accordance with article 7:82, §1 BCCA and article 42 and 43 *juncto* article 57 of the Takeover Decree, in order to acquire the securities carrying voting rights not yet acquired by the Bidder, under the same terms and conditions as the Bid.

The proceedings of the Squeeze-Out shall be initiated within 3 months from the end of the last Acceptance Period, for an additional Acceptance Period of at least 15 Business Days.

If a Squeeze-Out is successfully carried out, then, upon completion thereof, all Securities which have not been tendered to the Squeeze-Out will be deemed transferred to the Bidder by operation of law with consignation of the funds necessary for the payment of their price to the Deposit and Consignation Office ('*Caisse des Dépôts et Consignations*' / '*Deposito- en Consignatiekas*') not later than 10 Business Days following the announcement of the results of the Squeeze-Out.

The risk associated with and the title to the Securities (that were not yet transferred) will transfer to the Bidder on the Settlement Date of the Squeeze-Out when payment of the Bid Price is made by the Centralizing Agents on behalf of the Bidder (*i.e.*, the moment when the Bidder's account is debited for these purposes).

If a Squeeze-Out bid is launched, the shares issued by the Target shall be automatically delisted from the regulated market of Euronext Brussels upon the closing of the Squeeze-Out; the Bidder will make sure that the shares issued by the Target shall be delisted from the regulated market of Euronext Paris at the same time.

8.6 DELISTING AND POSSIBLE MANDATORY REOPENING OF THE BID

Should a Squeeze-Out, as set out in section 8.5.3 of this Prospectus, be launched, then the delisting of the shares issued by the Target from the regulated market of Euronext Brussels shall occur automatically upon the closing of the Acceptance Period of the Squeeze-Out, in application of article 43, paragraph 4 of the Takeover Decree. The Bidder will make sure that the shares issued by the Target shall be delisted from the regulated market of Euronext Paris at the same time.

Even if the conditions for a Squeeze-Out are not met, the Bidder reserves the right to request the delisting of the shares issued by the Target admitted to trading on the regulated markets of Euronext Brussels and Euronext Paris, as well as of the Convertible Bonds admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange. In the event of a delisting of the shares issued by the Target and the Convertible Bonds, the remaining Security Holders shall hold illiquid financial instruments. Euronext Brussels must inform the FSMA of any proposed delisting of the Shares. The FSMA may, in consultation with Euronext Brussels, oppose a proposed delisting in the interest of investor protection. The FSMA has indicated in the past that it will not oppose the delisting if it is preceded by a successful accompanying measure in favour of the minority shareholders. On the other hand, the FSMA will oppose the delisting if no successful accompanying measure has been taken.

If the Target (upon direction of the Bidder) files a request for delisting its shares within 3 months following the closing of the last Acceptance Period and if, at that moment, the Squeeze-Out, as set out in section 8.5.3 of this Prospectus, has not yet been launched, the Bidder must reopen the Bid within 10 Business Days following such filing for a subsequent Acceptance Period of at least 5 Business Days and no more than 15 Business Days, in accordance with article 35, 2° of the Takeover Decree.

8.7 SELL-OUT RIGHT

If (i) as a result of the Bid, the Bidder (together with its Affiliates and persons acting in concert) holds at least 95% of the securities carrying voting rights, and (ii) the Bidder does not launch a Squeeze-Out as set out in section 8.5.3 of this Prospectus, then each Security Holder may request the Bidder to purchase its Securities, under the terms and conditions of the Bid, in accordance with article 44 of the Takeover Decree.

Security Holders wishing to exercise their sell-out right must submit their request to the Bidder within 3 months following the end of the last Acceptance Period, by registered letter with acknowledgement of receipt.

8.8 SUBSEQUENT INCREASE OF THE BID PRICE

In accordance with article 25, 2° of the Takeover Decree, any increase of the Bid Price during the bid period shall also apply to the Security Holders who have already tendered their Securities to the Bidder prior to the increase of the Bid Price.

8.9 WITHDRAWAL OF ACCEPTANCE

In accordance with article 25, 1° of the Takeover Decree, Security Holders who have already confirmed their acceptance in the framework of the Bid, may at any time during the relevant Acceptance Period, withdraw their acceptance.

For a withdrawal of an acceptance to be valid, it must be notified in writing directly to the financial intermediary with whom the Security Holder has deposited its Acceptance Form, with reference to the type and number of Securities for which acceptance is being withdrawn. Security Holders holding Securities in registered form (corresponding in France to *nominatif pur*) recorded in the physical share register held by the Target shall be informed by the Target on the procedure to be followed to withdraw their acceptance. In the event the Security Holder notifies its withdrawal to a financial intermediary other than the relevant Centralizing Agent, then it shall be the obligation and the responsibility of such financial intermediary to timely notify such withdrawal to the relevant Centralizing Agent. Such notification must be made to the relevant Centralizing Agent at the latest on the last day of the relevant Acceptance Period before at 4:00 pm (Belgian time) for the Convertible Bonds and 5:40 pm (Belgian time) for the Shares, or, if applicable, the date further specified in the relevant notification and/or press release. Security Holders should be aware that submission of withdrawals at the offices of the relevant Centralizing Agent or relevant financial intermediary is only possible during their regular business hours; the Security Holders are advised to inquire on these regular business hours.

The same withdrawal procedure applies in relation to the Security Holders residing in Belgium and the Security Holders residing in France.

8.10 ACCEPTANCE OF THE BID AND PAYMENT

8.10.1 ACCEPTANCE OF THE BID

8.10.1.1 ACCEPTANCE PROCEDURE FOR THE SHARES

Shareholders can accept the Bid and sell their Shares by making their acceptance known, which acceptance shall be deemed to include the declarations, acknowledgements, agreements, confirmations, acceptances and undertakings set out in the applicable Acceptance Form, and this at the latest by the last day of the relevant Acceptance Period at 5:40 pm (Belgian time), any later date as announced in the case of an extension, or within any earlier deadline set by the other financial intermediary which is not the Shares Centralizing Agent and where Shareholders register their acceptance.

ING Bank acts as Centralizing Agent for the Shares.

Shareholders who register their acceptance with a financial intermediary that is not the Shares Centralizing Agent must inquire about additional costs that may be charged by such parties and they will be responsible for the payment of such additional costs. However, the Bidder will bear the brokerage costs and the related VAT incurred by the Shareholders who tender their Shares in the Bid, where applicable, up to a maximum of 0.2% (excluding taxes) of the amount of the order, with a cap equal to EUR 100 (all taxes included) per Shareholder. The payment of these costs will be taken care of by ING Bank on behalf of the Bidder via the financial intermediaries. Further modalities of this payment may be set out in the relevant notification and/or press release.

These other financial intermediaries should comply with the procedures described in this Prospectus, if applicable.

Shareholders holding Shares in (i) dematerialised form (corresponding in France to *au porteur*) on a securities account, (ii) in externally administrated registered form (corresponding in France to *nominative administré*), or (iii) in registered form (corresponding in France to *nominatif pur*) recorded in the electronic share register held by CM-CIC MARKET SOLUTIONS and that wish to tender these Shares in the Bid shall instruct the financial intermediary where such Shares are held to immediately transfer the tendered Shares, as the case may be after having converted them in dematerialised form (*au porteur*), to (the Shares Centralizing Agent for the benefit of) the Bidder.

Shareholders holding Shares in registered form (*nominatif pur*) recorded in the physical share register held by the Target shall receive a letter from CM-CIC MARKET SOLUTIONS acting on behalf of the Target describing the procedure to be followed by the Shareholders to tender their Shares in the Bid.

Shareholders holding Shares in more than one form should proceed to separate acceptances for each form.

All acceptances should be submitted at the latest by the last day of the relevant Acceptance Period at 5:40 pm (Belgian time). However, Shareholders should be aware that submission of acceptances (along with any other document that could be required) at the offices of the Shares Centralizing Agent or relevant financial intermediary is only possible during their regular business hours; the Shareholders are advised to inquire on these regular business hours.

Each financial intermediary must, on the date indicated in the notice sent by ING Bank, transfer to ING Bank the Shares for which they have received an acceptance. After ING Bank has received all acceptances in accordance with the procedure set out above, ING Bank will centralise all such acceptances and determine the result of the Bid with respect to the Shares.

No interest will be paid by the Bidder for the period between the date on which Shares are tendered into the Bid and the date on which settlement of the Bid takes place. The settlement date will be set out in the announcement of the result for the relevant Acceptance Period. Settlement and delivery will take place after the centralisation operations.

The same acceptance procedure applies in relation to the Security Holders residing in Belgium and the Security Holders residing in France.

8.10.1.2 ACCEPTANCE PROCEDURE FOR THE CONVERTIBLE BONDS

Convertible Bond Holders can accept the Bid and sell their Convertible Bonds by completing, signing and submitting the Acceptance Form for Convertible Bonds, in accordance with the instructions set out on the form, and this at the latest by the last day of the relevant Acceptance Period at 4:00 pm (Belgian time), any later date as announced in the case of an extension, or within any earlier deadline set by the other financial intermediary which is not the Centralizing Agent and where Convertible Bond Holders register their acceptance.

BNP Paribas Fortis acts as Centralizing Agent for the Convertible Bonds.

The Acceptance Form for the Convertible Bonds is required to permit the Convertible Bonds Centralizing Agent to register the acceptance of the Bid and to permit the custodian of such tendered Convertible Bonds to transfer the Convertible Bonds to the Convertible Bonds Centralizing Agent in favour of the Bidder.

Convertible Bond Holders who register their acceptance with a financial intermediary that is not the Convertible Bonds Centralizing Agent must inquire about additional costs that may be charged by such parties and they will be responsible for the payment of such additional costs. However, the Bidder will bear the brokerage costs and the related VAT incurred by the Convertible Bond Holders who tender their Convertible Bonds in the Bid, where applicable, up to a maximum of 0.2% (excluding taxes) of the amount of the order, with a cap equal to EUR 100 (all taxes included) per Convertible Bond Holder. The payment of these costs will be taken care of by BNP Paribas Fortis on behalf of the Bidder via the financial intermediaries. Further modalities of this payment may be set out in the relevant notification and/or press release.

These other financial intermediaries should comply with the procedures described in this Prospectus, if applicable.

Convertible Bond Holders that wish to tender these in the Bid shall instruct the financial intermediary where such Convertible Bon are held to immediately transfer the tendered Convertible Bonds from their securities account to (the Convertible Bonds Centralizing Agent for the benefit of) the Bidder.

There are no costs for Convertible Bond Holders who tender their Convertible Bonds directly with the Convertible Bonds Centralizing Agent provided that such Convertible Bond Holder has an account with the Convertible Bonds Centralizing Agent. Convertible Bond All Acceptance Forms must be delivered directly with one of the offices of the Convertible Bonds Centralizing Agent, if the Convertible Bond Holder has an account there or if the account is held elsewhere through the relevant financial intermediary.

All Acceptance Forms should be submitted at the latest by the last day of the relevant Acceptance Period at 4:00 pm (Belgian time). However, Convertible Bond Holders should be aware that submission of the Acceptance Forms (along with any other document that could be required) at the offices of the Convertible Bonds Centralizing Agent or relevant financial intermediary is only possible during their regular business hours; the Convertible Bond Holders are advised to inquire on these regular business hours.

Each financial intermediary must, on the date indicated in the notice sent by BNP Paribas Fortis, transfer to BNP Paribas Fortis the Convertible Bonds for which they have received an acceptance. After BNP Paribas Fortis has received all acceptances in accordance with the procedure set out above, BNP Paribas Fortis will centralise all such acceptances and determine the result of the Bid with respect to the Convertible Bonds.

No interest will be paid by the Bidder for the period between the date on which Convertible Bonds are tendered into the Bid and the date on which settlement of the Bid takes place. The settlement date will be set out in the announcement of the result for the relevant Acceptance Period. Settlement and delivery will take place after the centralisation operations.

The same acceptance procedure applies in relation to the Security Holders residing in Belgium and the Security Holders residing in France.

8.10.2 LEGAL TITLE TO THE SECURITIES

Security Holders tendering their Securities represent and warrant that (i) they are the legal owner of the Securities thus tendered, (ii) they have the power and capacity to accept the Bid, and (iii) the thus tendered Securities are free and clear of any guarantee, pledge or any other encumbrance, claim, security or interest.

In the event Securities are owned by two or more persons, the acceptance must be made and the Acceptance Form must be executed jointly by all such persons.

In the event Securities are subject to usufruct (*'usufruit'* / '*vruchtgebruik*'), the acceptance must be made and the Acceptance Form must be executed jointly by the beneficial owner (*'usufruitier'* / '*vruchtgebruiker'*) and the bare owner (*'nu-propriétaire'* / '*blote eigenaar*').

In the event Securities are pledged, the acceptance must be made and the Acceptance Form must be executed jointly by the pledgor and the pledgee, whereby the pledgee shall be deemed to explicitly confirm the irrevocable and unconditional release of the pledge on the relevant Securities.

In the event the Securities are encumbered in any other manner or are subject to any other claim, security or interest, all beneficiaries of such encumbrance, claim, security or interest must jointly make the acceptance and complete and execute the Acceptance Form, whereby all such beneficiaries shall be deemed to irrevocably and unconditionally waive any and all such encumbrance, claim, security or interest relating to such Securities.

The risk attached to and the title to the Securities that were validly tendered during the Initial Acceptance Period or any subsequent Acceptance Period shall transfer to the Bidder on the Initial Settlement Date or the relevant subsequent Settlement Date at the time when payment of the Bid Price is made by the relevant Centralizing Agent on behalf of the Bidder (*i.e.*, the moment when the Bidder's account is debited for these purposes) (see section 8.12 of this Prospectus).

8.11 ANNOUNCEMENT OF THE RESULTS

In accordance with articles 32 and 33 *juncto* article 57 of the Takeover Decree, the Bidder shall announce, within 5 Business Days following the end of the Initial Acceptance Period, the results of the Bid during the Initial Acceptance Period, as well as the number of shares issued by the Target the Bidder hold after the Bid.

If the Bid is reopened as described in section 8.5 of this Prospectus, the Bidder shall announce, within 5 Business Days from the closing of any Acceptance Period, the results of the reopening, as well as the number of shares issued by the Target the Bidder holds after the acceptances of the Bid during this reopening.

These announcements are made by means of a press release which shall also be made available on the websites of the Bidder (https://www.adeccogroup.com/investors/akka-modis-transaction), the Target (https://www.akka-technologies.com), ING Bank (https://www.ing.nl/particulier/beleggen/leren-beleggen/corporate_actions/index.html and BNP Paribas Fortis (www.bnpparibasfortis.be/epargneretplacer).

8.12 PAYMENT OF BID PRICE

The Bidder shall pay the Bid Price to the Security Holders who have validly tendered their Securities during the Initial Acceptance Period, within 10 Business Days following the announcement of the results of the Initial Acceptance Period.

The Bid Price for the Securities tendered under any subsequent Acceptance Period(s) will be paid no later than 10 Business Days following the announcement of the results of the Bid during such Acceptance Period(s).

Payment of the Bid Price to the Security Holders who have duly accepted the Bid shall be made free of any condition or restriction, by wire transfer.

The Bidder shall bear the Belgian tax on stock exchange transactions.

The Centralizing Agents shall not charge the Security Holder any commission, fee or any other cost in the framework of the Bid.

Security Holders who register their acceptance with a financial institution other than the relevant Centralizing Agent should inquire about additional costs that may be charged by such institutions and shall have to bear any such additional costs themselves.

The same payment procedure applies in relation to the Security Holders residing in Belgium and the Security Holders residing in France.

8.13 COUNTERBID AND HIGHER BID

In the event of a counterbid and/or higher bid (the price of which must be at least 5% higher than the Bid Price) in accordance with articles 37 to 41 of the Takeover Decree, the Initial Acceptance Period shall be extended until the expiry of the acceptance period of that counterbid.

In the event of a valid and more favourable counterbid and/or higher bid, all Security Holders who had already tendered their Securities in the Bid are entitled to use their withdrawal right in accordance with article 25 of the Takeover Decree and the procedure described under section 8.9 of this Prospectus.

Should the Bidder make a higher bid in response to a counterbid, all Security Holders who have accepted the Bid shall benefit from this increased price.

8.14 FINANCING OF THE BID

8.14.1 AVAILABILITY OF THE NECESSARY FUNDS

As required by article 3 of the Takeover Decree, the funds required for the payment of all Securities under the Bid are available on accounts held by the Bidder and Adecco Liquidity Services AG respectively with Société Générale SA and ING Bank N.V., which amount can be used solely for the purpose of settling the Offer (confirmed in a so called "*certainty of funds certificate*" of 24 February 2022.

8.14.2 DETAILS OF FINANCING OF THE BID AND IMPACT ON THE BIDDER'S ASSETS AND LIABILITIES, RESULTS AND ACTIVITIES

The Bid Price is funded by the Bidder exclusively with cash available within the Adecco Group. The impact of the payment of the Bid Price on respectively the consolidated assets and liabilities, and the consolidated profit and loss account of the Adecco Group is estimated to be limited as financing of the Bid Price had been secured in advance.

8.15 OTHER ASPECTS OF THE BID

8.15.1 COMPENSATORY INDEMNITY FOR LOSS OF RIGHTS UNDER THE BREAKTHROUGH AND ANTIFRUSTRATING ACTIONS PROVISIONS

As the articles of association of the Target do not contain any provision granting the Security Holders specific rights referred to in article 46, §1, 5° of the Takeover Act, no fair indemnity for the loss of the corresponding right is due.

9 TAX TREATMENT OF THE BID

9.1 TAX TREATMENT UNDER THE LAWS OF BELGIUM

This chapter of the Prospectus contains a summary of certain tax considerations applicable at the date of the Prospectus, under the laws of Belgium, to the transfer of Securities under the Bid and does not purport to be a comprehensive description of all tax considerations that may be relevant to the decision to tender Securities into the Bid.

This summary is based on tax laws, regulations and administrative interpretations as in effect at the date of this Prospectus, all of which are subject to change, with retroactive effect as the case may be.

Shareholders should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not discuss or take into account the tax laws of any jurisdiction other than Belgium, nor does it take into account individual circumstances of a Security Holder. This summary also does not take into account any derogatory tax rules that may be applicable to persons, institutions or bodies that benefit from a special tax regime.

Security Holders who wish to obtain further information on the tax consequences, both in Belgium and abroad, related to the transfer of the Securities in the Bid are invited to consult their usual financial and tax advisors.

Please find below a general overview of the potential tax implications of the Bid for each type of Security Holder, *i.e.*, the Shareholders and the Convertible Bond Holders.

For purposes of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (*i.e.*, a resident of Belgium who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), (ii) a company subject to Belgian corporate income tax (*i.e.*, a corporate entity that has its main establishment, its administrative seat or seat of management in Belgium and that is not excluded from the scope of the Belgian corporate income tax), or (iii) a legal entity subject to Belgian income tax on legal entities (*i.e.*, a legal entity other than a company subject to Belgian corporate income tax, that has its main establishment or its place of management or administration in Belgium). A non-resident is any person that is not a Belgian resident.

9.1.1 TAXATION IN BELGIUM UPON TRANSFER OF SHARES

9.1.1.1 BELGIAN RESIDENT INDIVIDUALS

A Belgian resident individual who realises a capital gain on the sale of Shares (within the framework of the normal management of his private estate) is in principle not subject to Belgian income tax. The capital losses on such Shares are in principle not tax deductible.

However, capital gains realised by a private individual are taxable at 33%, increased by local surcharges, if the capital gain is deemed to be realised outside the scope of the normal management of the individual's private estate. Capital losses incurred in such transactions are in principle not tax deductible.

Moreover, capital gains realised by Belgian resident individuals on the disposal of the Shares, outside the exercise of a professional activity, to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside the European Economic Area, are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Target (*i.e.*, a shareholding of more than 25% in the Target). Capital losses are, however, not tax deductible in such event.

The capital gains realised by individuals upon disposal of the Shares held for professional purposes are taxable at the normal progressive personal income tax rates, *i.e.*, between 25% and 50% (increased by local surcharges), except for capital gains realised on Shares held for more than 5 years, which are taxable at 16.5% (increased by local surcharges). Capital losses on the transfer of the Shares held for professional purposes are in principle tax deductible.

9.1.1.2 BELGIAN RESIDENT LEGAL ENTITIES

Capital gains realised on the Shares by resident legal entities subject to legal entities tax are in principle not taxable (unless in the case of a substantial shareholding, see section 9.1.1.1 of this Prospectus). Capital losses are not tax deductible.

9.1.1.3 BELGIAN RESIDENT COMPANIES

Pursuant to article 192 BITC92, Belgian resident companies can benefit from an exemption from Belgian corporate income tax on capital gains realised on Shares if and to the extent that the conditions for the dividends received deduction (*'déduction des revenus définitivement taxés'* / *'DBI-aftrek'*) on the basis of articles 202 and 203 BITC92 are fulfilled:

- the taxation condition: the Target must be subject to Belgian corporate income tax or a similar foreign tax as described in article 203 BITC92;
- the participation condition: the Belgian resident company holds a minimum participation issued by the Target of at least 10% in the share capital or with an acquisition value of at least EUR 2,500,000:
- the permanence condition: the Shares have been held in full legal ownership for an uninterrupted period of at least 1 year.

If one or more of the conditions for the dividends received deduction are not met, capital gains on the Shares will be taxable at the standard Belgian corporate income tax rate (25%), unless the reduced rate of 20% (on the first EUR 100,000 of taxable income for small companies within the meaning of Article 1:24, §§1 to 6 of the BCCA) applies.

Capital losses on Shares incurred by Belgian resident companies are in principle not tax deductible.

Shares held in trading portfolios of Belgian qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different regime. The capital gains on such Shares are taxable at the ordinary corporate income tax rate and the capital losses on such Shares are tax deductible. Internal transfers of the Shares from or to the trading portfolio are assimilated to a realisation.

9.1.1.4 __NON-RESIDENTS__

Non-resident individuals are in principle not subject to Belgian income tax on capital gains realised upon disposal of the Shares, provided that (i) the Shares are not held as part of a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment held by the non-resident individual in Belgium, (ii) the capital gain is realised in the normal management of an individual's private estate, and (iii) it does not amount to a "substantial participation" (see Chapter 9.1.1.1 of this Prospectus). Capital losses are in principle not tax deductible in Belgium.

Non-resident companies or legal entities are in principle not subject to Belgian income tax on capital gains realised on Shares provided that they are not held through a Belgian permanent establishment. Capital losses are not tax deductible in Belgium.

Even if the non-resident individuals were taxable in Belgium on the basis of the BITC92 (see above), Belgium may not have the power to levy taxes. Belgium has concluded double tax treaties with many countries, on the basis of which Belgium may not have the power to levy taxes with respect to capital gains on Shares realised by a Shareholder who is a resident of the other contracting state.

9.1.1.5 __TAX ON STOCK EXCHANGE TRANSACTIONS__

The purchase and sale and any other acquisition or transfer for consideration of the Shares (secondary market transactions) is subject to the Belgian tax on stock exchange transactions (*'taxe boursière'* / *'tax op de beursverrichtingen'*) if (i) it is entered into or carried out in Belgium through a professional intermediary, or (ii) is deemed to be entered into or carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by a private individual with habitual residence in Belgium, or by a legal entity for the account of its seat or establishment in Belgium (both, a "**Belgian Investor**").

The tax on stock exchange transactions is levied at a rate of 0.35% of the purchase price, capped at EUR 1,600 per transaction and per party. The tax is due separately by each party to the transaction and is collected by the professional intermediary.

However, if the intermediary is established outside of Belgium, the tax will in principle be due by the Belgian Investor, unless that Belgian Investor can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian Stock Exchange Tax Representative, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary. If the Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

No tax on the stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9°

and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services; (ii) insurance companies described in Article 2, §1 of the Belgian Law of 9 July 1975 on the supervision of insurance companies; (iii) professional retirement institutions referred to in Article 2, 1°, of the Belgian Law of 27 October 2006 concerning the supervision on institutions for occupational pension; (iv) collective investment institutions; (v) regulated real estate companies; and (vi) non-residents (to the extent they deliver a certificate to the professional intermediary in Belgium confirming their non-resident status).

The Bidder shall bear the tax on stock exchange transactions.

9.1.2 TAXATION UPON TRANSFER OF CONVERTIBLE BONDS[24]

9.1.2.1 BELGIAN WITHHOLDING TAX

The portion of the payment received by Convertible Bond Holders which corresponds to the amount of any accrued interest will in principle be subject to a 30% withholding tax in Belgium but only for Convertible Bond Holders who hold their Convertible Bonds through a so-called "N-account" in the X/N clearing system of the NBB. No withholding tax will in principle apply on any part of the payment made to Convertible Bond Holders who are entitled to hold their Convertible Bonds through a so-called “X-account”.

9.1.2.2 BELGIAN TAXATION ON INCOME AND CAPITAL GAINS

a. Belgian resident individuals

For Belgian resident individuals holding Convertible Bonds as private investment, the payment of the 30% withholding tax referred to above fully discharges them from their tax liability with respect to the portion of the payment received which corresponds to the accrued interest.

They may nevertheless elect to declare that amount of interest in their personal income tax return. In such a case, interest payments will normally be taxed at a flat rate of 30% (or at the progressive personal income tax rates taking into account the taxpayer’s other declared income, whichever is more beneficial). If the interest payment is declared, the withholding tax retained by the NBB may, under certain conditions, be credited and possibly refunded in case of excess.

Any capital gain realised by Belgian resident individuals upon the Bid is in principle tax exempt, unless the capital gain is realised outside the normal management of one’s private estate (in which case the capital gain will be taxed at 33%, plus municipal surcharges). Alternatively, any capital loss (if any) realised by an individual holding Convertible Bonds as a non-professional investment would not be tax deductible.

Other tax rules may apply to Belgian resident individuals who do not hold the Convertible Bonds as a private investment.

b. Belgian resident companies

[24] Only the tendering of the Convertible Bonds into the Bid is discussed in Section 9. Early redemption or conversion of the Convertible Bonds does not form part of this Section 9.

Convertible Bond Holders which are Belgian resident companies will be subject to Belgian corporate income tax (in principle 25% or a reduced rate of 20% for small companies, as defined by Article 1:24, paragraphs 1 to 6 of the BCCA, on the first EUR 100,000 of taxable income) on the accrued interest as well as on any capital gain realised upon the disposal or conversion of the Convertible Bonds. The withholding tax retained will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable.

Capital losses (if any) are in principle tax deductible.

c. Belgian resident legal entities

For taxpayers subject to the Belgian income tax on legal entities, any Belgian withholding tax applied at source on the amount of accrued interest in principle fully discharges their income tax liability.

If no withholding tax is withheld at source (because the relevant Belgian resident legal entities hold their Convertible Bonds through an X-account), they are, under certain circumstances, required to pay the amount of withholding tax on the accrued interest to the Belgian tax authorities themselves.

For such Convertible Bond Holders, any capital gain realised on the transfer of Convertible Bonds is in principle exempt from Belgian income tax. Alternatively, any capital loss (if any) realised would not be tax deductible.

d. Non-residents

Convertible Bond Holders who are non-residents of Belgium for Belgian tax purposes, who are not holding the Convertible Bonds through a Belgian establishment and have not invested the Convertible Bonds within a professional activity in Belgium, will in principle not incur or become liable for any Belgian tax on interest income or capital gains (save as the case may be, in the form of withholding tax if the Convertible Bonds are not held in an X-account) by reason only of the disposal of the Convertible Bonds.

9.1.2.3 TAX ON STOCK EXCHANGE TRANSACTIONS

The purchase and sale and any other acquisition or transfer for consideration of the Convertible Bonds (secondary market transactions) is subject to the Belgian tax on stock exchange transactions (*'taxe boursière'* / *'tax op de beursverrichtingen'*) if (i) it is entered into or carried out in Belgium through a professional intermediary, or (ii) is deemed to be entered into or carried out in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by a private individual with habitual residence in Belgium, or by a legal entity for the account of its seat or establishment in Belgium (both, a Belgian Investor).

The tax on stock exchange transactions is levied at a rate of 0.12% of the purchase price, capped at EUR 1,300 per transaction and per party. The tax is due separately by each party to the transaction and is collected by the professional intermediary.

However, if the intermediary is established outside of Belgium, the tax will in principle be due by the Belgian Investor, unless that Belgian Investor can demonstrate that the tax has already been paid.

Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian Stock Exchange Tax Representative, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary. If the Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

No tax on the stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Belgian Law of 2 August 2002 on the supervision of the financial sector and financial services; (ii) insurance companies described in Article 2, §1 of the Belgian Law of 9 July 1975 on the supervision of insurance companies; (iii) professional retirement institutions referred to in Article 2, 1°, of the Belgian Law of 27 October 2006 concerning the supervision on institutions for occupational pension; (iv) collective investment institutions; (v) regulated real estate companies; and (vi) non-residents (to the extent they deliver a certificate to the professional intermediary in Belgium confirming their non-resident status).

The Bidder shall bear the tax on stock exchange transactions.

9.2 TAX TREATMENT UNDER THE LAWS OF FRANCE

This chapter of the Prospectus outlines certain tax consequences applicable to certain French tax residents under current French laws and regulations that may apply to the transfer of Shares and Convertible Bonds under the Bid.

Participating Shareholders and Convertible Bond Holders should note however that this information is only a summary of the tax regime applicable under French legislation, presented for general information purposes. The rules described below could be impacted by possible changes in laws and regulations, which could have a retroactive effect or could apply to the current calendar year or fiscal year, or by possible changes in their interpretation by French tax authorities as well as French courts.

The tax information set forth below does not constitute an exhaustive description of all the tax consequences that may apply to participating Shareholders and Convertible Bond Holders.

Participating Shareholders and Convertible Bond Holders are urged to consult with their usual tax advisor in order to determine the tax regime applicable to their particular situation.

9.2.1 TAXATION IN FRANCE UPON TRANSFER OF SHARES

9.2.1.1 INDIVIDUAL FRENCH TAX RESIDENTS

The following does not apply to individuals who carry out stock exchange transactions under conditions similar to those which would characterize an activity exercised by an individual performing such transactions on a professional basis or to individuals who have recorded their Shares as assets in their commercial balance sheet or to individuals who hold or have acquired their Shares as part of employee incentive schemes (free share plans or stock options plans). Such individuals are urged to consult with their usual tax advisor with respect to the tax treatment that will apply to their specific situation.

9.2.1.1.1 Standard tax regime

9.2.1.1.1.1 *Individual income tax*

In accordance with Articles 200 A, 158, 6 bis and 150-0 A and seq. of the French Tax Code ("**FTC**") net capital gains resulting from the sale of Shares by individuals who are French tax residents are subject to a 12.8% flat tax, without application of any rebate. In this context, net gains are defined as the difference between the effective sale price of the Shares, net of all costs and taxes paid by the Shareholder, and their tax basis.

However, pursuant to Article 200 A of the FTC, taxpayers may elect, before the deadline related to the filing of the income tax return for the applicable year, that such capital gains be taken into account for the purposes of the determination of the net global income subject to the progressive income tax rate scale. The election is global, irrevocable and applies on a yearly basis to all income which normally fall in the scope of the 12.8% flat tax and earned during the given year.

If such an election is filed, the net capital gains derived from the sale of Shares, acquired or subscribed before 1 January 2018, will be taken into account for the purposes of the determination of the net global income subject to the progressive income tax rate scale after application of a rebate in accordance with Article 150-0 D of the FTC, which is equal to:

- → 50% of their amount where the Shares have been held for at least two (2) years and less than eight (8) years, at the date of the disposal;
- → 65% of their amount where the Shares have been held for at least eight (8) years, at the date of the disposal.

Subject to exceptions, this holding period is computed as from the share subscription date or acquisition date.

In any case, no such rebate would apply to Shares acquired or subscribed on or after 1 January 2018.

Shareholders with reportable net capital losses or recognizing capital losses on the disposal of the Shares are urged to consult with their usual tax advisor in order to analyse the rules governing the use of such capital losses.

Where relevant, the disposal of the Shares would trigger the termination of any tax deferral or rollover relief (*sursis ou report d'imposition*) from which Shareholders could have benefited with respect to prior transactions with respect to the same Shares.

Shareholders potentially concerned by these rules should consult their usual tax advisor to determine the consequences applicable to their particular situation.

9.2.1.1.1.2 *Social levies*

Net capital gains resulting from the sale of Shares are also subject to social levies at an overall rate of 17.2%, without any rebate, broken down as follows:

- the general social contribution (*contribution sociale généralisée*, “**CSG**”), at a rate of 9.2%;
- the contribution for social debt repayment (*contribution pour le remboursement de la dette sociale*, “**CRDS**”), at a rate of 0.5%;
- the solidarity levy (*prélèvement de solidarité*), at a rate of 7.5%.

If the net capital gains resulting from the sale of the Shares are subject to the abovementioned 12.8% flat tax, none of these social levies are deductible from the taxable income. In the case where the taxpayer files an election for the taxation based on the progressive income tax rate scale, the CSG would be partially deductible, in the amount of 6.8%, from the taxable income of the year during which it is paid, it being understood that other social levies would not be deductible from the taxable income.

9.2.1.1.1.3 *<u>Exceptional contribution on high income</u>*

Article 223 sexies of the FTC provides that taxpayers subject to personal income tax are also subject to an exceptional contribution on high income applicable when their reference income for tax purposes exceeds certain thresholds.

This contribution is calculated by applying a rate of:

- 3% for the portion of reference income (i) in excess of 250,000 euros and lower or equal to 500,000 euros for taxpayers who are single, widowed, separated, divorced or married but taxed separately, and (ii) in excess of 500,000 euros and lower or equal to 1,000,000 euros for taxpayers subject to joint taxation;
- 4% for the portion of reference income exceeding (i) 500,000 euros for taxpayers who are single, widowed, separated, divorced or married but taxed separately and (ii) 1,000,000 euros for taxpayers subject to joint taxation.

For the purposes of such rules, the reference income of a tax household is defined without application of the “*quotient*” rules defined under Article 163-0 A of the FTC, and, where applicable, by applying the specific *quotient* rules provided for in Article 223 sexies-II of the FTC.

The abovementioned reference income includes the net capital gains resulting from the disposal of Shares realized by the relevant taxpayer, before the application of the rebate if such a rebate is applicable in accordance with the conditions described herein above, in case the taxpayer files the election for the taxation at the progressive income tax rate scale (see paragraph (a) (*Individual income tax*) above).

9.2.1.1.2 Individuals who are French tax residents and hold their Shares under a share savings plan (plan d’épargne en actions, “PEA”)

Persons holding Shares as part of a PEA (*plan d’épargne en actions*) can tender their Shares into the Bid.

Subject to certain conditions, the PEA allows (i) during the life-time of the PEA, to benefit from an exemption from personal income tax and social levies with respect to capital gains and other income generated by the investment made through the PEA provided, in particular, that such income and capital gains are maintained within the PEA and (ii) at the time of the closing of the PEA (if it occurs more than five (5) years after the opening date of the PEA) or at the time of a partial withdrawal of funds from the

PEA (if such withdrawal occurs more than five (5) years after the opening date of the PEA), to benefit from an exemption from personal income tax of the net gain earned since the opening of the plan.

Such net gain is not taken into account for the calculation of the exceptional contribution on high incomes described above, but remains subject to social levies described above at a rate of 17.2% for the gain realized as from 1 January 2018. However, the effective rate of these social levies may vary depending on the date of realization for (i) net gains acquired or recognized before 1 January 2018 and (ii) gains realized within the first five (5) years following the opening of the plan where such plan was opened before 1 January 2018.

The transfer, in the context of the Bid, of Shares held within a PEA, should not constitute a withdrawal from the PEA, so long as the proceeds resulting from this transfer is credited in the cash account of the PEA.

Specific provisions are applicable in case of realization of capital losses, closing of the plan before the end of the fifth year following the opening of the PEA or withdrawal from the PEA in the form of an annuity. Concerned persons are urged to consult with their usual tax advisor.

Persons holding Shares as part of a PEA are urged to consult with their usual tax advisor in order to determine the consequences of the transfer of shares held as part of a PEA and the tax regime applicable to their own situation.

9.2.1.2 LEGAL ENTITIES THAT ARE TAX RESIDENTS IN FRANCE AND SUBJECT TO CORPORATE INCOME TAX

The tax treatment described below applies only to legal entities which are subject in France to corporate income tax under standard conditions and which do not hold the Shares in connection with a permanent establishment or a fixed base in another jurisdiction.

9.2.1.2.1 Legal entities that are tax residents in France and subject to corporate income tax and for which the Shares do not qualify as equity investment (or assimilated securities) for the purposes of Article 219 I-a quinquies of the FTC

Net capital gains resulting from the sale of Shares in the context of the Bid shall be included in the taxable income subject to corporate income tax ("**CIT**") at the relevant applicable standard tax rate increased, as applicable, by the social contribution of 3.3% (Article 235 ter ZC of the FTC), which is assessed on the amount of corporate income tax after application of a rebate which may not exceed an amount of EUR 763,000 per twelve (12) month period.

In principle and unless any specific regime is applicable, capital losses incurred on the sale of Shares of the Company in the context of Bid are deductible from the taxable income of the legal entity.

Furthermore, it should be noted that tendering the Shares to the Bid will result in the termination of any tax deferral or rollover relief from which Shareholders could have benefited with respect to prior transactions.

The applicable CIT rate will depend on the legal entity's revenues and in some cases on the amount of its taxable income, as well as the date of the sale and the opening date of the financial year during which the sale takes place, it being specified that the standard tax rate for fiscal years opened on or after 1 January 2022 is 25%.

Concerned legal entities are urged to consult with their usual tax advisor in order to determine the tax rate applicable to their own situation.

9.2.1.2.2 Legal entities that are tax residents in France and subject to corporate income tax and for which the Shares qualify as equity investment (or assimilated securities) for the purposes of Article 219 I-a quinquies of the FTC

French tax resident companies holding Shares qualifying as equity investment (*titres de participation*) or assimilated securities for the purposes of the provisions of Article 219 I-a quinquies of the FTC are urged to consult with their usual tax advisor in order to determine the tax regime applicable to their own situation.

9.2.1.3 SHAREHOLDERS SUBJECT TO A DIFFERENT TAX REGIME

Shareholders subject to a tax regime other than those referred to above and who participate in the Bid, in particular taxpayers who carry out stock market transactions under conditions similar to those which define an activity carried out by a person conducting such operations on a professional basis or who have booked their shares as an asset on their commercial balance sheet, individuals who hold shares acquired through an employee stock ownership or incentive plan or legal entities subject to corporate income tax and for which the Shares qualify as equity investment (*titres de participation*) or assimilated securities are urged to consult with their usual tax advisor in order to determine the tax regime applicable to their own situation.

9.2.2 TAXATION IN FRANCE UPON TRANSFER OF CONVERTIBLE BONDS

9.2.2.1 INDIVIDUALS FRENCH TAX RESIDENTS

The following does not apply to individuals who carry out stock market transactions under conditions similar to those which characterize an activity carried out by a person conducting such operations on a professional basis. Such individuals are urged to consult with their usual tax advisor in order to determine the tax regime applicable to their particular situation.

Net capital gains resulting from the sale of Convertible Bonds in the context of the Bid will be subject to the standard tax regime relating to the capital gains on transfer of securities realized by individuals, as described above in section 9.2.1.1.1.1 of this Prospectus, it being specified however that they are not eligible to the rebate for ownership duration set out in Article 150 0-D of the FTC.

Persons with reportable net capital losses or recognizing capital losses on the sale of Convertible Bonds in the context of the Bid are urged to consult with their usual tax advisor in order to review the conditions for the use of such capital losses.

In addition, the sale of Convertible Bonds in the context of the Bid will have the effect to put an end to any potential tax deferral or rollover relief (*sursis ou report d'imposition*) from which a Convertible Bond Holder may have benefited with respect to prior transactions on the same Convertible Bonds.

Capital gains incurred will also be subject to the social levies at a global rate of 17.2%, under the regime described in section 9.2.1.1.1.2 of this Prospectus.

Capital gains will also be accounted for in the computation of the reference income to which applies, as the case may be, the exceptional contribution on high incomes described in section 9.2.1.1.1.3 of this Prospectus.

Individuals who have carry-forward net capital losses or who recognize a loss upon the transfer of the Convertible Bonds in the context of the Bid, as well as individuals who could have benefited in prior transactions of a tax deferral or rollover relief (*sursis ou report d'imposition*) with respect to their Convertible Bonds are invited to consult their usual tax advisor in order to determine the rules applicable to their situation.

9.2.2.2 LEGAL ENTITIES THAT ARE TAX RESIDENTS IN FRANCE AND SUBJECT TO CORPORATE INCOME TAX UNDER STANDARD CONDITIONS

Capital gains and losses resulting from the transfer of Convertible Bonds in the context of the Bid are subject to the tax regime described in section 9.2.1.2.1 of this Prospectus.

9.2.2.3 OTHER CONVERTIBLE BOND HOLDERS

Convertible Bond Holders who are subject to a tax regime other than those described above, in particular tax payers holding Convertible Bonds who perform stock exchange transactions in similar conditions to those which characterize an activity exercised by an individual performing such transactions on a professional basis, or who have booked their Convertible Bonds as assets in their commercial balance sheet, are invited to contact their usual tax advisor to be informed of the specific tax treatment applicable to their situation in the context of the Bid.

10 ANNEXES TO THE PROSPECTUS

10.1 ACCEPTANCE FORMS

10.1.1 ACCEPTANCE FORM FOR SHARES

ACCEPTANCE FORM FOR THE INITIAL ACCEPTANCE PERIOD OR, AS THE CASE MAY BE, FOR ANY SUBSEQUENT ACCEPTANCE PERIOD

SHARES

FOR THE MANDATORY PUBLIC TAKEOVER BID IN CASH BY MODIS INTERNATIONAL AG FOR ALL SHARES AND CONVERTIBLE BONDS THAT ARE NOT YET DIRECTLY OR INDIRECTLY HELD BY MODIS INTERNATIONAL AG OR BY PERSONS AFFILIATED WITH IT, ISSUED BY AKKA TECHNOLOGIES SE

TO BE COMPLETED AND SUBMITTED TO, AS THE CASE MAY BE, ING BANK N.V., CIC MARKET SOLUTIONS (ACTING ON BEHALF OF AKKA TECHNOLOGIES SE) AND/OR THE RELEVANT FINANCIAL INTERMEDIARY AT THE LATEST ON THE LAST DAY OF THE INITIAL ACCEPTANCE PERIOD (13 APRIL 2022) OR, AS THE CASE MAY BE, OF A SUBSEQUENT ACCEPTANCE PERIOD, 5:40 p.m. (BELGIAN TIME), OR AT ANY LATER DATE AS ANNOUNCED IN THE EVENT OF AN EXTENSION

I, the undersigned (*first name and surname, or company name*):

____

Represented by (*first name and surname, function*) (only to be filled in if the undersigned is a legal entity):

____

____

residing in / having its registered office in (*full address*):

____

____

____

with company number (only to be filled in if the undersigned is a legal entity):

____

declare, after having had the opportunity to read the prospectus (the **Prospectus**) published by Modis International AG (the **Bidder**) relating to its mandatory public takeover bid in cash (the **Bid**) for all shares (the **Shares**) and convertible bonds (the **Convertible Bonds**) issued by AKKA Technologies SE (the **Target**), which are not already directly or indirectly held by the Bidder or by persons affiliated with it, that:

(i) I accept the terms of the Bid described in the Prospectus;

(ii) I agree to transfer the Shares identified in this Acceptance Form, which I fully own, to the Bidder, in accordance with the terms described in the Prospectus, for a bid price amounting to EUR 49 per Share;

(iii) I shall transfer the Shares in accordance with the acceptance procedure described in the Prospectus; and

(iv) I acknowledge that all warranties, guarantees, representations and undertakings deemed to be given, done or made by me under the Prospectus with respect to (the transfer of) these Shares, are incorporated in this Acceptance Form.

Shares		
Number	**Form**	**Instructions**
……………………	Dematerialised form (corresponding in France to *au porteur*)	These Shares are available on my securities account with the following details: *Name bank:* ..…………………………….….. *Securities account::* ..……………………………. *BIC/SWIFT:* …………………………………. I instruct my financial intermediary where I hold these Shares and authorise each director of the Target and of the Bidder, each acting alone and with full power of substitution, to immediately transfer these Shares from my securities account to (ING Bank N.V. to the benefit of) the Bidder.
……………………	Externally administrated form (corresponding in France to *nominatif administré*)	These Shares are available on my securities account with the following details: *Name bank:* ..…………………………….….. *Securities account::* ..……………………………. *BIC/SWIFT:* …………………………………. I instruct my financial intermediary where I hold these Shares and authorise each director of the Target and of the Bidder, each acting alone and with full power of substitution, to immediately transfer these Shares, as the case may be after having converted them in dematerialised form (*au porteur*), to (ING Bank N.V. to the benefit of) the

		Bidder.
……………………	Registered form (corresponding in France to *nominatif pur*)	The following documents are attached to this form: - evidence of recordation in the Target's (electronic or physical) share register; and - *for natural persons*: a copy of my identity card or passport containing a signature specimen; or - *for legal entities*: a certified copy of the articles of association of the Shareholder, evidence of whom can validly represent the Shareholder, the power of attorney, if any, and a copy of the identity card or passport containing a signature specimen of the person(s) competent to represent the Shareholder who executed the Acceptance Form. I hereby request that (i) these Shares will be transferred, as the case may be after having converted them in dematerialised form (*au porteur*), to (ING Bank N.V. to the benefit of) the Bidder, (ii) the transfer and/or the conversion in dematerialised form (*au porteur*) of these Shares will be duly recorded in the Target's share register, and, to that end, I authorise CIC Market Solutions and each director of the Target and of the Bidder, each acting alone and with full power of substitution, to sign the share register in my name and on my behalf and to perform any action necessary or useful to that end.

Shareholders holding Shares in more than one form should submit separate Acceptances Forms for each form of Shares:

- for Shares held (i) in dematerialised form (corresponding in France to *au porteur*) on a securities account, (ii) in externally administrated registered form (corresponding in France to *nominatif administré*), or (iii) in registered form (corresponding in France to *nominatif pur*) recorded in the electronic share register held by CM-CIC MARKET SOLUTIONS this form must be submitted to the financial intermediary where such Shares are held;
- for Shares held in registered form (corresponding in France to *nominatif pur*) recorded in the physical share register held by the Target or the electronic share register held by CM-CIC MARKET SOLUTIONS, this form must be submitted to CIC MARKET SOLUTIONS, acting on behalf of the Target.

I hereby request that, on the Settlement Date, the Bid Price of the offered Shares be credited to the following account:

Name bank: ....
IBAN: ....
BIC/SWIFT: ....

I am aware, agree and confirm that:

(1) in order to be valid, this Acceptance Form must be submitted in accordance with the applicable acceptance procedure as set out in the Prospectus (Section 8.10) at the latest on the last day of the Initial Acceptance Period (13 April 2022) or, as the case may be, of a subsequent Acceptance Period at 5:40 p.m. (Belgian time), or at any later date as announced in the event of an extension, or any earlier date set by a financial intermediary;

(2) I am the owner of the Shares; I have the authority and the capacity to accept the Bid; the tendered Shares are free of any charge, claim, security and interest;

(3) I may withdraw my acceptance at any time during the Acceptance Period during which I have accepted the Bid. For the withdrawal of such acceptance to be valid, it must be notified in writing directly to the financial intermediary with whom I have deposited this Acceptance Form, with reference to the number and form of Shares for which the acceptance is being withdrawn. In the event that I notify my withdrawal to a financial intermediary other than ING Bank N.V., it is the obligation and the responsibility of that financial intermediary to timely notify such withdrawal to ING Bank N.V. Such notification to ING Bank N.V. must take place at the latest on the last day of the relevant Acceptance Period before 5:40 pm (Belgian time), or, if applicable, the date further specified in the relevant notification and/or press release;

(4) (a) if the Shares belong to two or more persons, all these persons must jointly execute the Acceptance Form;

(b) if the Shares are encumbered with a usufruct, the usufructuary and the naked owner must jointly execute the Acceptance Form;

(c) if the Shares have been pledged, the pledgee and pledger must jointly execute the Acceptance Form, whereby the pledgee explicitly confirms the irrevocable and unconditional release of the share pledge;

(d) if Shares are encumbered in any other manner or are subject to any other charge, claim, security or interest, the Shareholder and all beneficiaries of such charge, claim, security or interest must jointly execute the Acceptance Form, whereby all such beneficiaries explicitly irrevocably and unconditionally waive any and all such charges, claims, securities or interests relating to such Shares;

(5) the Bidder shall bear the tax on stock market transactions; ING Bank N.V. shall not charge me any commission, fees or other costs under the Bid; if I register my acceptance with a financial intermediary that is not ING Bank N.V., I must inquire about any additional costs that may be charged by such institution and that I am liable for the payment of such additional costs; and

(6) I have received all information necessary to be able to take a decision on the Bid with full knowledge of the facts, and I am aware of the risks it entails, and I have inquired about the taxes I could owe in the framework of the transfer of my Shares to the Bidder, and which, if need be, I shall bear in full.

Except where indicated to the contrary, the terms used in this Acceptance Form shall have the same meaning as the Prospectus.

Done at (*place*): ____________________

On (*date*): __________________

The Shareholder,

ING Bank N.V. acting as the Receiving & Paying Agent / other financial intermediary,

(*signature*) ______________________________

(*signature*) ______________________________

(*first name and surname, or company name, first name, surname and function*)

10.1.2 ACCEPTANCE FORM FOR CONVERTIBLE BONDS

ACCEPTANCE FORM FOR THE INITIAL ACCEPTANCE PERIOD OR, AS THE CASE MAY BE, FOR ANY SUBSEQUENT ACCEPTANCE PERIOD

CONVERTIBLE BONDS

FOR THE MANDATORY PUBLIC TAKEOVER BID IN CASH BY MODIS INTERNATIONAL AG FOR ALL SHARES AND CONVERTIBLE BONDS THAT ARE NOT YET DIRECTLY OR INDIRECTLY HELD BY MODIS INTERNATIONAL AG OR BY PERSONS AFFILIATED WITH IT, ISSUED BY AKKA TECHNOLOGIES SE

TO BE COMPLETED AND SUBMITTED IN DUPLICATE TO THE CENTRALIZING AGENT (BNP PARIBAS FORTIS SA) AND/OR ANOTHER FINANCIAL INTERMEDIARY AT THE LATEST ON THE LAST DAY OF THE INITIAL ACCEPTANCE PERIOD (13 APRIL 2022) OR, AS THE CASE MAY BE, OF A SUBSEQUENT ACCEPTANCE PERIOD, 4:00 p.m. (BELGIAN TIME), OR AT ANY LATER DATE ANNOUNCED IN THE EVENT OF AN EXTENSION, OR ANY EARLIER DATE SET BY THE OTHER FINANCIAL INTERMEDIARY

If you have any questions regarding this acceptance form, please contact BNP Paribas Fortis SA via mail: isabelle.roels@bnpparibasfortis.com or wim.vandingenen@bnpparibasfortis.com or via telephone: +32 2 228 64 08 and +32 2 312 89 32

I, the undersigned (*first name and surname, or company name*):

____

Represented by (*first name and surname, function*) (only to be filled in if the undersigned is a legal entity):

____

____

residing in / having its registered office in (*full address*):

____

____

____

with company number (only to be filled in if the undersigned is a legal entity):

declare, after having had the opportunity to read the prospectus (the **Prospectus**) published by Modis International AG (the **Bidder**) relating to its mandatory public takeover bid in cash (the **Bid**) for all shares (the **Shares**) and convertible bonds (the **Convertible Bonds**) issued by AKKA Technologies SE (the **Target**), which are not already directly or indirectly held by the Bidder or by persons affiliated with it, that:

(i) I accept the terms of the Bid described in the Prospectus;

(ii) I agree to transfer the Convertible Bonds identified in this Acceptance Form, which I fully own, to the Bidder, in accordance with the terms described in the Prospectus, for a bid price amounting to EUR 101,816.58 per Convertible Bond;

(iii) I shall transfer the Convertible Bonds in accordance with the acceptance procedure described in the Prospectus; and

(iv) I acknowledge that all warranties, guarantees, representations and undertakings deemed to be given, done or made by me under the Prospectus with respect to (the transfer of) these Convertible Bonds, are incorporated in this Acceptance Form.

Convertible Bonds	
Number	**Instructions**
……………………	The Convertible Bonds are available on my securities account with the following details: *Name bank:* ……………………………….. *Securities account::* ……………………………….. *BIC/SWIFT:* ……………………………….. I instruct my financial intermediary where I hold these Convertible Bonds, and authorise each director of the Target and of the Bidder, each acting alone and with full power of substitution, to immediately transfer these Convertible Bonds from my securities account to (BNP Paribas Fortis SA to the benefit of) the Bidder.

I hereby request that, on the Settlement Date, the Bid Price of the offered Convertible Bonds be credited to the following account:

Name bank: ..…………………………….………
IBAN: ..…………………………….………
BIC/SWIFT: ..…………………………….………

I am aware, agree and confirm that:

(1) in order to be valid, this Acceptance Form must be submitted in accordance with the applicable acceptance procedure as set out in the Prospectus (Section 8.10) at the latest on the last day of the Initial Acceptance Period (13 April 2022) or, as the case may be, of a subsequent Acceptance Period at 4:00 p.m. (Belgian time), or at any later date as announced in the event of an extension, or any earlier date set by a financial intermediary;

(2) I am the owner of the Convertible Bonds; I have the authority and the capacity to accept the Bid; the tendered Convertible Bonds are free of any charge, claim, security and interest;

(3) I may withdraw my acceptance at any time during the Acceptance Period during which I have accepted the Bid. For the withdrawal of such acceptance to be valid, it must be notified in writing directly to the financial intermediary with whom I have deposited this Acceptance Form, with reference to the number of Convertible Bonds for which the acceptance is being withdrawn. In the event that I notify my withdrawal to a financial intermediary other than BNP Paribas Fortis SA, it is the obligation and the responsibility of that financial intermediary to timely notify such withdrawal to BNP Paribas Fortis SA. Such notification to BNP Paribas Fortis SA must take place at the latest on the last day of the relevant Acceptance Period before 4:00 pm (Belgian time), or, if applicable, the date further specified in the relevant notification and/or press release;

(4) (a) if the Convertible Bonds belong to two or more persons, all these persons must jointly execute the Acceptance Form;

(b) if the Convertible Bonds are encumbered with a usufruct, the usufructuary and the naked owner must jointly execute the Acceptance Form;

(c) if the Convertible Bonds have been pledged, the pledgee and pledger must jointly execute the Acceptance Form, whereby the pledgee explicitly confirms the irrevocable and unconditional release of the convertible bond pledge;

(d) if Convertible Bonds are encumbered in any other manner or are subject to any other charge, claim, security or interest, the Convertible Bond Holder and all beneficiaries of such charge, claim, security or interest must jointly execute the Acceptance Form, whereby all such beneficiaries explicitly irrevocably and unconditionally waive any and all such charges, claims, securities or interests relating to such Convertible Bonds;

(5) the Bidder shall bear the tax on stock market transactions; BNP Paribas Fortis SA shall not charge me any commission, fees or other costs under the Bid; if I register my acceptance with a financial intermediary that is not BNP Paribas Fortis SA, I must inquire about any additional costs that may be charged by such institution and that I am liable for the payment of such additional costs; and

(6) I have received all information necessary to be able to take a decision on the Bid with full knowledge of the facts, and I am aware of the risks it entails, and I have inquired about the taxes I could owe in the framework of the transfer of my Convertible Bonds to the Bidder, and which, if need be, I shall bear in full.

Except where indicated to the contrary, the terms used in this Acceptance Form shall have the same meaning as the Prospectus.

Done in **twofold**, at (*place*): ______________________

On (*date*): ___________________

The Convertible Bond Holder,

(*signature*)

(*first name and surname, or company name, first name, surname and function*)

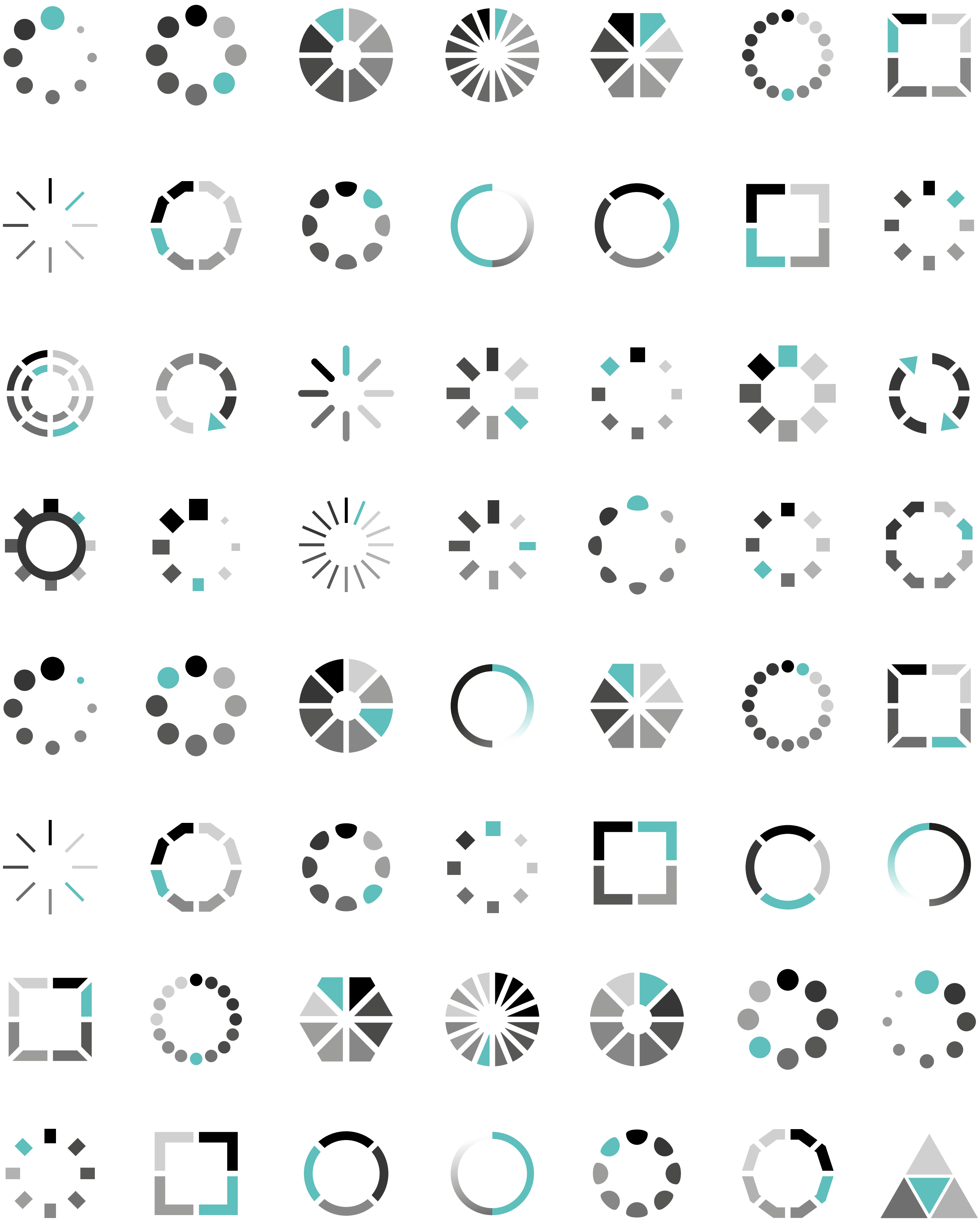
BNP Paribas Fortis SA acting as the Receiving & Paying Agent / other financial intermediary,

(*signature*)

(*name paying agent / financial intermediary*)

10.2 FINANCIAL STATEMENTS OF ADECCO GROUP AG

10.2.1 CONSOLIDATED ANNUAL ACCOUNTS OF ADECCO GROUP AG AS PER 31 DECEMBER 2020



ANNUAL REPORT 2020

THE ADECCO GROUP

The Adecco Group is the world's leading talent solutions and advisory company driven by a powerful purpose – to make the future work for everyone. Our 360° solutions offering enables sustainable and lifelong employability for individuals and empowers organisations to optimise their workforces.

Through our new strategy – Future@Work – we will make a positive contribution towards the lives of even more individuals, and continue to support the growth of our clients and the wider economies in which we operate.

Read our Group at a glance to find out what this will mean for our business structure.

Read our Strategic Review on pages 20-27 to find out more about Future@Work.

MAKING THE FUTURE WORK FOR EVERYONE

The world of work is undergoing unprecedented changes, with Covid-19 accelerating the existing megatrends. At the Adecco Group, we will build on our position as the preferred partner for HR solutions. With our unique 360° service offering, we have the opportunity to lead the way in shaping the new ways of working. Our Future@Work strategy represents the next chapter in our evolution and firmly places our purpose at the centre of everything we do. By making the future work for everyone we want to enable sustainable and lifelong employability for individuals and empower organisations to optimise their workforces.

4 SUSTAINABILITY PRIORITIES

To achieve our purpose, our four strategic sustainability priorities focus on where we can most effectively drive impact. As a talent solutions and advisory company, that ultimately means improving employability and providing access to work.

SKILLING AND ENABLING WORKERS

Working closely with our clients and other partners to help address talent shortages and skills imbalances, enabling workers to gain necessary skills as they progress through their careers, and preparing underserved populations for the labour market.

Read more on pages 34-35

ATTRACTING, ENGAGING AND RETAINING TALENT

Creating the enabling environment for our people to thrive and realise their full potential. Anticipating and addressing their needs, recognising and rewarding them for their commitment, and providing them with a fulfilling career path.

Read more on pages 44-45

PROMOTING DIVERSITY AND INCLUSION

Using our expertise and energy to improve everyone's chance of being part of the world of work. Promoting an accessible, positive, respectful, inclusive and healthy work culture, united towards a common purpose.

Read more on pages 46-47

DRIVING RESPONSIBLE DIGITAL TRANSFORMATION

Embracing the potential of digital transformation to help grow employment, enhance matching, and reduce the frictions that prevent individuals from entering the labour force. At the same time, treating the security and privacy of data entrusted to us as top priority.

Read more on pages 60-61

THE ADECCO GROUP

Company Report

Corporate Governance

Remuneration Report

Financial Statements

Additional Information

Leadership across the HR spectrum

OUR STRATEGY

Future@Work is the Adecco Group's new strategy.

It has three core elements:

1. Evolution to a brand-driven business, with the establishment of three Global Business Units: Adecco, Talent Solutions, Modis.
2. A bold vision and clearly defined strategy for each Global Business Unit, leveraging the full service offering of the Group to provide 360° solutions.
3. An accelerated transformation programme with three enablers: superior customer experience, a differentiated portfolio offering, and a digitally optimised business model.

Adecco

Workforce Solutions[1]

Our workforce solutions offering is unmatched in its global scale, local knowledge, and innovative use of digital tools. We place more than 500,000 associates into roles daily, enabling flexibility and agility for our clients. As a career partner, we support the employability of our associates and are committed to their success. We stand out in our commitment to operating responsibly, in our belief in the potential of people, and by always being there when needed.

FP PP OC TR

Adia

OUR SERVICE LINES

FP Flexible Placement

We place associates with organisations on a temporary basis, providing flexibility to employers and new opportunities to candidates. We manage the entire recruitment process from candidate search and screening, through onboarding and training, to payroll and administration. Associates are employed by the Group while on assignments, which often run consecutively to provide continuous employment. In some countries, associates are employed by the Adecco Group on a permanent basis and seconded to clients.

PP Permanent Placement

We help employers to recruit talent for permanent roles, securing the skills needed for an organisation's ongoing success. We source candidates, screen CVs, conduct interviews and assessments, and advise hiring managers. We have access to a wide range of talent, including hard-to-reach professionals who are not actively looking for a new job.

CT Career Transition

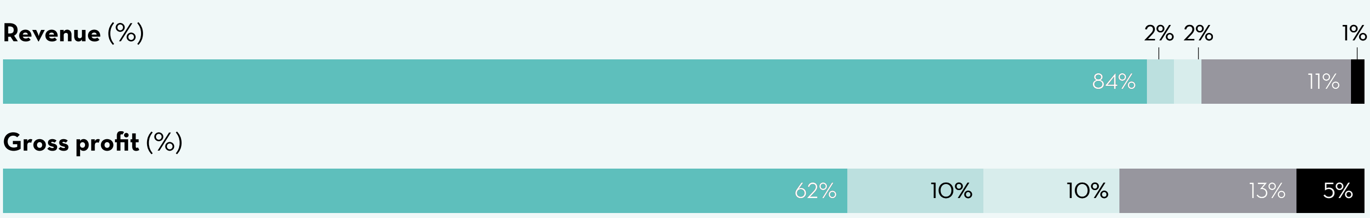
We support organisations and their employees through changes that require individuals to transition out of their existing roles. Through our expert coaching and training, we help individuals find new opportunities both within and outside their existing company, ensuring positive outcomes for all. Our LHH brand is the world's leading career transition and talent development company.

OC Outsourcing, Consulting & Other Services

We also offer a full spectrum of complementary HR solutions, including: Outsourcing – staffing and managing the entirety of a labour-intensive activity, such as warehouse logistics or IT support; Consulting – providing technical experts for project-related work; Managed Service Programmes (MSPs) – managing all parts of the flexible workforce at organisations using a large number of contingent workers; and Recruitment Process Outsourcing (RPO) – handling the entire hiring process for employers recruiting large numbers of permanent employees.

TR Training, Upskilling & Reskilling

We offer training, upskilling and reskilling both as standalone services and in combination with other solutions, such as placements or as a part of a broader workforce transformation offering. Adecco is a leading provider of work-based training. Our General Assembly brand is a leader in upskilling and reskilling in high-demand digital skills, while our Modis Tech Academy offers candidates the opportunity to upskill in technology and digital-engineering-related fields to increase their employability and to create a supply of in-demand candidates for our clients.



TALENT SOLUTIONS

Talent Solutions[1]

We help organisations and individuals succeed in the evolving world of work by transforming workforces, building new skills and capabilities and matching talent with opportunity. As both an advisory firm and a solutions-delivery partner, we support organisations across the HR spectrum, and individuals across their career journey. We specialise in building employability, and optimising talent and human capital, through our three specialist areas of Reskilling & Upskilling, Workforce Transformation, and Talent Placement. Our leading global brands include LHH, General Assembly, Spring, and Badenoch + Clark.

CT TR PP FP

modis

Technology Solutions[1]

We deliver cross-industry expertise in technology and digital-engineering consulting, talent services and skilling to enable digital transformation and accelerate innovation. We specialise in bringing expertise to organisations in cognitive technologies, digital transformation, cloud and IT infrastructure, smart ecosystems and the so-called fourth industrial revolution (or Industry 4.0) which is being brought about by the ongoing automation of traditional manufacturing and industrial practices, using modern smart technology. Our key focus sectors are: automotive & transportation; environmental & energy; software, internet & communication; financial services; and industrial manufacturing.

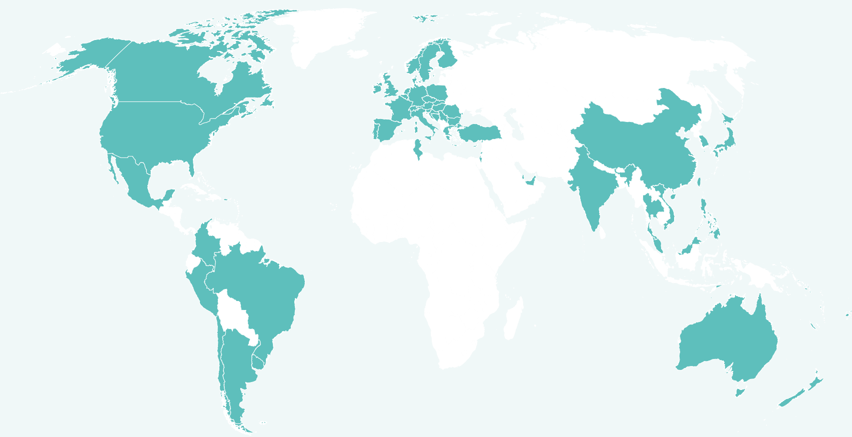
OC FP TR

OUR GLOBAL FOOTPRINT

More than
30,000
full-time equivalent employees

Approximately
100,000
clients

Approximately
600,000[2]
associates on assignment daily



Contribution to Group revenues

Europe
59%

North America
17%

Japan and Rest of World
21%

Talent Development & Career Transition[3]
3%

Europe
France – 22%
UK & Ireland – 8%
Germany, Austria, Switzerland – 8%
Benelux & Nordics – 7%
Italy – 9%
Iberia –5%

Japan & Rest of World
Japan – 8%
Latin America – 4%
Eastern Europe & MENA – 4%
Asia – 2%
Australia & New Zealand – 2%
India – 1%

1 As part of the transition to three Global Business Units (GBUs) from 1 January 2021 certain local brands and businesses were re-allocated between the global brands. Hence, reporting by GBU from 2021, as presented on this page, does not directly correspond to the Revenue by brand reporting structure of 2020.
2 Including the Group's Joint Venture in China total associates would be approximately 1.5 million.
3 Talent Development & Career Transition is managed as a global business line.

Resilience through the crisis

During 2020, Covid-19 led to a health crisis and economic shutdowns that were unprecedented in recent history. Despite this, the Adecco Group delivered a resilient financial performance, and played a key role in helping individuals and the economies in which we operate get safely back to work.

Revenues

€19.6bn

Down 14% on an organic[1] basis, impacted by the slower market growth linked to Covid-19

Gross margin

19.4%

+20bps year on year, supported by price discipline and the strength and balance of the portfolio

EBITA[2] margin excluding one-offs

3.6%

-100bps year on year - impact of revenue decline partly offset by agile cost management and GrowTogether benefits

Cash conversion[3]

123%

Confirming the resilience and partly counter-cyclical nature of cash generation

Dividend[4]

CHF 2.50

Maintaining our commitment to pay at least a stable dividend through-the-cycle

Net debt/EBITDA[5]

0.4x

Robust financial position maintained throughout the crisis

Share buyback

€600m

Reinstating our share buy back programme due to the continued recovery in trading performance

Net Promoter Score® (client)

33

+10pts year on year, there for our clients throughout the crisis

Great Place to Work® ranking

7th

Out of more than 8,000 participating companies globally

Permanent placements

c.80,000

People placed in permanent employment

Number of associates on assignment[6]

c.600,000

Associates provided with flexible employment every day

People trained and coached

500,000+

Enhancing their employability and accelerating their careers

1 Organic growth is a non-US GAAP measure and excludes the impact of currency, acquisitions and divestitures. In FY 2020, organic revenues declined by 14%. Organic and trading days adjusted revenues declined by 15%.
2 EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
3 Cash conversion is a non-US GAAP measure and is calculated as free cash flow before interest and tax paid divided by EBITA excluding one-offs. Free cash flow is a non-US GAAP measure and is calculated as cash flows from operating activities less capital expenditures.
4 For 2020, as proposed by the Board of Directors.
5 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, EBITA excluding one-offs plus depreciation. 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 Including the Group's joint venture in China total associates would be approximately 1.5 million.
7 Free cash flow is a non-US GAAP measure and comprises cash flows from operating activities less capital expenditures.

Financial performance was impacted by the sharp economic contraction in 2020. After bottoming in Q2, revenues progressively recovered through the year. Profitability remained resilient, with the Group maintaining its sector-leading EBITA margin. Cash flow was also strong, despite the crisis.

			Variance	
in EUR millions unless stated	**FY 2020**	**FY 2019**	**Reported**	**Organic**
Summary of income statement information				
Revenues	**19,561**	23,427	-17%	-14%
Gross profit	**3,789**	4,504	-16%	-13%
EBITA excluding one-offs	**709**	1,069	-34%	-29%
EBITA	**570**	988	-42%	-38%
Net income/(loss) attributable to Adecco Group shareholders	**(98)**	727	-114%	
Diluted EPS (EUR)	**(0.61)**	4.47	-114%	
Dividend per share (CHF)[4]	**2.50**	2.50		
Gross margin	**19.4%**	19.2%	20 bps	30 bps
EBITA margin excluding one-offs	**3.6%**	4.6%	(100) bps	(80) bps
EBITA margin	**2.9%**	4.2%	(130) bps	(110) bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)[7]	**873**	999		
Free cash flow (FCF)[7]	**563**	724		
Net debt[6]	**376**	398		
Days sales outstanding	**52**	53		
Cash conversion[3]	**123%**	93%		
Net debt to EBITDA[5] excluding one-offs	**0.4x**	0.3x		

Maintaining strategic focus in the Covid-19 crisis

DEAR ADECCO GROUP STAKEHOLDERS

At the beginning of 2020, few of us could have anticipated the profound challenges that the world and the Adecco Group would face in the months ahead, with Covid-19 prompting an unprecedented health crisis, huge economic disruption and repeated lockdowns around the globe. Looking back, the Adecco Group and its people can be proud of the effectiveness with which they navigated the crisis, and we would like to commend the commitment that all colleagues have shown in supporting our clients, associates and candidates – as well as each other – throughout this challenging period.

The Group was able to maintain its strategic focus with continued investments in its transformation. Further significant progress was made in 2020 and, in December, the Group launched 'Future@Work', setting the strategic agenda for the next cycle and beyond. In doing so, we are ensuring that the Group emerges from the crisis not only stronger, but ready to seize the opportunities presented by the changing world of work.

Resilient performance in a challenging environment

Despite the challenging market environment in 2020, financial performance remained resilient overall. After a sharp decline in revenues in the second quarter, we saw a gradual recovery in business activity through the second half, with the fourth quarter showing a strong finish to the year, as companies and individuals adapted to the new reality, and we successfully pivoted towards growth areas such as e-commerce and logistics.

Perform, Transform, Innovate (2017-2020)

Last year marked the end of the Group's previous strategy cycle – 'Perform, Transform, Innovate'. During that cycle, the Adecco Group began a journey to strengthen and digitise its business and to enhance its portfolio.

The Group can point to many successes during this period. Relentless focus on customer experience led to a significant improvement in both client and associate Net Promoter Scores® (NPS). Good progress was made in improving productivity with the 'GrowTogether' programme, which also helped accelerate the digitisation of the Adecco Group. Business mix and pricing discipline were strengthened, helping reverse a downward trend in gross margin that preceded 2017. Cash flow remained strong, supporting our long-term investments, dividend commitment and share buybacks. The brand portfolio was simplified, leading to the evolution of a brand-driven organisation that will take the business forward from 2021.

On the other hand, revenue growth has not been at the level of our expectations. We believe that we can do better, and our dual strategy of gaining market share in Adecco and investing in our faster growth segments of Talent Solutions and Modis will support our revenue growth in the new cycle.

Leveraging the accelerating megatrends

Meanwhile, the megatrends shaping the world of work remain just as relevant as they were in 2017 – and in many cases have been accelerated by the Covid-19 crisis. Economic and geo-political uncertainty has increased, driving further need for flexible human capital solutions. The gig and platform economies continue to grow, and individuals increasingly see flexible, part-time and freelance work as alternatives to permanent roles.

Digitisation has accelerated and with it so have the opportunities for the Adecco Group to differentiate its services and become more efficient and effective, benefitting from economies of scale. Human-centricity is driving a trend towards greater customisation of solutions, personalisation of services and especially an imperative to up- and reskill individuals to address skills transformation needs.

CHF2.50
dividend in 2021

3.0-6.0%
higher target EBITA margin corridor set

3.5m
individual candidates and associates placed each year

5m
people to be upskilled and reskilled by 2030 as per our public commitment

Jean-Christophe Deslarzes
Chair of the Board

Alain Dehaze
Chief Executive Officer

Future@Work will drive performance

During 2020, the Board of Directors and Group management engaged in an extensive review of the Group's strategy, culminating in the launch of 'Future@Work' in December last year. While a natural evolution from the previous strategy cycle, it is also an important next step in the ongoing transformation of the Adecco Group. The outcome will be a significant upgrade of capabilities and market positioning that will future-proof the Group and enable a strong recovery from the crisis.

Future@Work has three core elements. The first is the alignment of our business in a brand-oriented, global manner and, hence, the creation of three distinct Global Business Units (GBUs): Adecco, Talent Solutions, and Modis. The second is a unique 360° solutions offering, made possible by a bold vision and a clearly defined strategy for each GBU. And the third is an accelerated transformation programme with three enablers across the GBUs: Customer Experience, Differentiation, and Digital.

Future@Work will improve focus, speed and resource allocation, and allow our client and candidate strategies to take account of differences in the markets in which we operate. Accompanying the new strategy are new financial goals, defined by the already-mentioned dual-revenue growth strategy. We have also set a higher EBITA margin corridor of 3.0-6.0% through the cycle (compared to 2.5-5.0% in the previous cycle), which will be driven by further productivity gains and mix shift towards higher margin segments. There will also continue to be a focus on strong cash flow: delivering a cash conversion of greater than 90% on average through the cycle, supporting investments and a progressive dividend.

Making the future work for everyone

As the crisis continues to impact people's lives in significant ways, the Adecco Group is playing a key role in supporting employability and employment. The Group continued to operate as an essential service provider throughout the lockdowns of 2020 and into 2021. We helped facilitate workforce transitions for individuals and companies disrupted by Covid-19, by offering advice, training and employment opportunities. This role will continue to be important as we move beyond the crisis, given the huge workforce transformation that lies ahead. As part of this, we remain steadfast in our commitment to upskill and reskill five million people by 2030.

As a business whose very reason for existing is the success of people, the Adecco Group is a company with a clear and strong purpose: to make the future work for everyone. And with our new strategy Future@Work, we are putting long-term, shared value creation at the centre of our strategy, embedding environmental, social and governance (ESG) considerations at the heart of what we do and across our organisation. This integrated approach to doing business sustainably is mirrored in the way we report, reflecting our holistic understanding of value creation. It is further underscored by our continued commitment to the United Nations Global Compact and its ten relevant-as-ever principles in the areas of human rights, labour, environment and anti-corruption.

In order to live up to our purpose and public commitments, we seek to address the work-related needs of all our stakeholder groups. These efforts centre on unlocking human potential to achieve equal access to decent work for everyone, and working hand in hand with businesses worldwide to provide tailored workforce solutions. We also want to set the standard as a world-class employer, by creating a respectful, inclusive and healthy environment. We are proud to say that the Adecco Group was ranked seventh best workplace in the world among thousands of companies in 2020, according to the Great Place to Work® survey, reinforcing our reputation as one of the most attractive and rewarding global employers.

The Group's services help people fulfil their potential by improving employability and providing access to work. Each year we support approximately 3.5 million individuals to find work and provide training for hundreds of thousands more. Our solutions enable clients to optimise their talent needs and their organisational models to achieve their goals. In doing so, we support our clients' growth and economic dynamism in the economies where they operate. Our advocacy and thought leadership aim to build a better world of work for all. We are a leading voice in the need for workforce upskilling and reskilling at scale, and a vocal advocate for a new social contract that provides for adequate social protection for all, pointing the way towards a future that works for everyone.

All these efforts enable us to contribute directly to the achievement of the UN Sustainable Development Goals – a shared vision of a better, more equitable and sustainable future that requires determined action by all sectors in society. At the Adecco Group, we are committed to playing our part.

Rewarding shareholders

Attractive and resilient cash flow returns are a characteristic of the Group, and we have a clear capital allocation policy that balances reinvestment in the business with returns of capital to shareholders.

In recent years, we have significantly strengthened our cash management and capital structure to be able to stand by our commitment of paying a progressive dividend, even in challenging times. As a result, the Group was able to maintain its dividend at CHF 2.50 in 2020, with the Board of Directors proposing the same in 2021.

In February 2020, the Board of Directors approved a share buyback programme of up to EUR 600 million. This programme was subsequently paused before initiation, due to the onset of the Covid-19 crisis. Given the continued strength of the Group's financial position, the Board of Directors considered it appropriate to resume the programme. Due to the ongoing economic uncertainty, it will be executed in a phased approach over up to three years.

A future of opportunities

As we begin the next strategic cycle, we are aware of the challenges, which are amplified by Covid-19. At the same time, as a leader in our industry we see tremendous opportunities as we build on the achievements from the previous strategy cycle to accelerate and scale the Group's transformation into a fully customer-driven and digital organisation.

Looking ahead, we believe ongoing workforce transformation challenges will require increasingly broad, integrated and complex capabilities and solutions. The Adecco Group is strongly positioned with its unique human-centred 360° talent solutions offering.

Future@Work will allow the Adecco Group to deliver a strong financial performance and attractive returns for our shareholders. What makes the Adecco Group unique is that at the same time we have a real opportunity to create social value and bring to life our purpose: making the future work for everyone.

We want to reiterate our personal thanks to senior leadership and all our colleagues around the world for their hard work and dedication through this unprecedented period. We are grateful that we have always been in a position to count on their engagement, experience and capabilities to rise to the challenges faced by the Company. We would also like to sincerely thank our clients, candidates, associates, and shareholders for your continued trust and support.

Jean-Christophe Deslarzes
Chair of the Board of Directors

Alain Dehaze
Chief Executive Officer

NAVIGATING THE COVID-19 CRISIS

Focus area	Our response	Read more in this report
Health and safety	• The health and safety of all our colleagues and associates is of the utmost importance to us. • At the beginning of 2020, management acted swiftly to introduce a series of measures around the world. We have since closely followed the guidance of national and local authorities in the countries where we operate. • With the vaccination process underway in early 2021, we now see light at the end of the tunnel.	Pages 42-43, 54-55
Business continuity	• The Adecco Group has shown a resilient performance in 2020, partly due to the essential nature of the services we provide. • Throughout the Covid-19 crisis, we managed to run our business with agility, ensuring business continuity during repeated lockdowns across the world. At the peak of the crisis, more than 90% of Group employees were working from home.	Pages 10-15
Liquidity	• The Adecco Group remained solidly profitable in 2020, with an EBITA margin that was higher than during previous economic downturns, supported by our balanced portfolio and agile cost management. • A rigorous focus on cash collection and prudent capital structure helped maintain strong liquidity and a healthy cash flow and balance sheet.	Pages 62-70
Strategic focus	• Throughout the crisis, we remained focused on our strategic priorities – Perform, Transform, Innovate. • In December 2020, we launched our new strategy called Future@Work, building on the progress of the last strategic cycle.	Pages 18-19
Post-crisis opportunities	• We will continue to successfully leverage growth opportunities where they exist, supporting individuals back to work and our clients to adapt to a changing work environment. With Future@Work, we will upgrade our market positioning and capabilities as well as further future-proof the Group.	Pages 20-27

Creating and delivering sustainable value

The impact that Covid-19 had in 2020 (and continues to have) on people's working lives, and the significance of recent societal movements for the world of work, cannot be underestimated. As a consequence, the role of business in creating more prosperous, inclusive societies and safeguarding the planet for future generations is only gaining in importance. At the Adecco Group, we thus believe that strategically advancing the goals and priorities we have set out is even more pivotal than before, and we remain committed to working towards a future that works for everyone.

1 PURPOSE

Making the future work for everyone

4 SUSTAINABILITY GOALS

Employability and access to work: Unlocking human potential to achieve equal access to decent work for all

Trusted partner to clients: Building on a shared commitment to do business responsibly

Employer of choice: Creating a positive, respectful, inclusive and healthy work environment

Social protection for all: Advocating for a new social contract that provides protection for all

Contribution to the United Nations Sustainable Development Goals

Read more on page 52

4 SUSTAINABILITY PRIORITIES

SKILLING AND ENABLING WORKERS

ATTRACTING, ENGAGING AND RETAINING TALENT

PROMOTING DIVERSITY AND INCLUSION

DRIVING RESPONSIBLE DIGITAL TRANSFORMATION

6 SUSTAINABILITY FUNDAMENTALS

Integrity and compliance

Human and labour rights

Workforce wellbeing (including health and safety)

Public policy engagement

Environmental stewardship

Corporate citizenship

Read more on pages 50-59

Sustainability priorities and our progress in 2020

To achieve our purpose and sustainability goals, our four strategic sustainability priorities focus on those areas where we can most effectively drive impact as a talent solutions and advisory company, seeking to address each topic both for the benefit of our customers and our colleagues.

SKILLING AND ENABLING WORKERS

We know that adaptability lies at the heart of career resilience. And Covid-19 has further exacerbated the necessity for continuous learning to stay up to date in a rapidly evolving and unpredictable labour market. In 2020, we have supported thousands of people in transitioning to new careers and companies, including providing pro-bono career transition services for those most affected by Covid-19-related job losses, and by making many of our training offerings freely accessible to the public. For our colleagues, 2020 saw the launch of a new global Learning Management System in which they can access courses, content and experiential learning to further enhance their own growth and development. As an integral part of Future@Work, up- and reskilling will receive even more attention in the year to come with the launch of initiatives such as Adecco Training and The Adecco Group University, known as 'TAG U', for our colleagues.

Read more on pages 29, 34-35, and 38

PROMOTING DIVERSITY AND INCLUSION

Our purpose is to make the future work for everyone. 2020 brought another wake-up call and opportunity for us to stand up against discrimination of any kind, and to re-commit ourselves to helping build a better, more equitable and inclusive society. This won't happen on its own, so decisive steps must be taken. At the Adecco Group, we are on a journey to ensure that every person is judged by the quality of their skills, experience and potential; that our opportunities and services are accessible to everyone; and that we have a culture that provides the training, support and engagement to our leaders and colleagues to drive forward inclusive processes and decision-making. 2021 will see the continuation of our efforts, with a focus particularly on broadening our main activities to more groups of individuals that are currently under-represented in the world of work and within our organisation.

Read more on pages 23, 39-41, and 46-47

ATTRACTING, ENGAGING AND RETAINING TALENT

Now more than ever, it is critical that we attract and retain the right people – those with agile, curious and creative mindsets – to help our business and clients win. Our ambition is to set the standard as a world-class employer, investing in our talent and creating an environment that enables and empowers everyone to contribute to our business transformation and growth agenda. In 2020, examples of this investment included the launch of a new global applicant tracking system, a Candidate Relationship Management tool, and engagement surveys globally. We were ranked the seventh-best workplace in the world, according to the Great Place to Work® survey, reinforcing our reputation as one of the most attractive and rewarding global employers. We will further transform our recruitment and talent processes in 2021 and beyond, to continue to deliver a world-class candidate experience and remain an employer of choice for our people.

Read more on pages 36-39, and 44-45

DRIVING RESPONSIBLE DIGITAL TRANSFORMATION

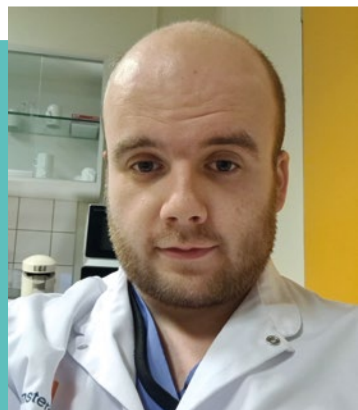
Digitalisation is changing the world of work at an astonishing pace – a trend only accelerated by Covid-19. Digital tools can enable more inclusion by helping people join the workforce who previously had limited or no access. In our own organisation, we switched from face-to-face to fully digital assessment and onboarding processes, as well as 100% virtual courses, in just days. This also helps us reduce our environmental footprint. We built a virtual onboarding experience hosted through our new Learning Management System, which allows new joiners to feel part of our community, explore our story and experience our work from their very first day. We are conscious of the opportunities as well as questions presented by the increasing use of artificial intelligence in recruitment, such as automated matching having the potential to reduce or increase bias. We are thus committed to considering material ethical aspects, from design to deployment, and with a strong emphasis on fairness. This will be a particular focus in 2021.

Read more on pages 13, 49, and 60-61

Supporting associates through Covid-19

Dylan Heinsius

Dylan is an associate working with Adecco in the Netherlands. As a platform worker at an airport, Dylan was among thousands of people that lost their jobs due to the impact of the Covid-19 pandemic on the aviation industry. However, Adecco proposed to reskill him as part of the "Sustainable Employability" project, which aims to ensure that everyone in the labour market remains employable. Right after Dylan finished the programme, he was able to start a new job at a hospital as a logistics employee.



Defining a new era of work

In 2020, the Adecco Group achieved good progress and a resilient financial performance despite the unprecedented challenges presented by the Covid-19 pandemic.

We successfully concluded our Perform, Transform, Innovate strategic cycle and laid the foundations for future profitable growth with the launch of our new strategy: Future@Work. At the same time the brand portfolio and organisation was simplified, to improve focus, speed and resource allocation. As we continue to improve customer experience, differentiation, and the digitalisation of our service offering, we will further strengthen growth and profitability, and ultimately deliver more value to all our stakeholders.

Perform, Transform, Innovate

2020 was the final year of the Perform, Transform, Innovate strategy cycle. During that cycle, the Adecco Group began a journey to strengthen and digitise our business and to enhance our portfolio, to drive growth and differentiation. Throughout the Covid-19 crisis, we maintained strategic focus and did not cut back on investments in our transformation.

The Group can point to much progress during the 2017 to 2020 cycle. An enhanced focus on customer experience led to a significant improvement in both client and associate Net Promoter Scores® (NPS), which increased by 21 and 9 points respectively.

Through our GrowTogether programme we also accelerated the digitisation of the Adecco Group and made good progress in improving productivity. GrowTogether delivered EUR 240 million of annual benefits in 2020, almost reaching its goal of EUR 250 million, despite lower business activity linked to the Covid-19 pandemic, which impacted the benefits from volume-related initiatives.

During the 2017-2020 period we also improved business mix and pricing discipline, with gross margin increasing by 100 basis points, reversing the negative trend in gross margin witnessed prior to 2017.

Cash flow remained strong, allowing the Group to finance growth and transformation investments, maintain our dividend commitment and also return excess capital via share buybacks.

The brand portfolio was also simplified, leading to the brand-driven organisation that will take the business forward from 2021.

For more details on the Group's previous strategic cycle please see page 18-19

Innovation and synergies from the Ventures

Meanwhile, we established a ventures portfolio to push the boundaries of innovation in the sector. The ventures not only have significant standalone potential, they provide an opportunity to learn and experiment with processes and digital tools that can then be scaled across the wider Group. In this way, they increasingly drive value in our more established brands. For example, we have been able to leverage the zero-touch candidate onboarding experience developed in our on-demand staffing business Adia, part of our Adecco brand. This allows us to benefit from the innovation of the ventures, whilst also allowing them to function as standalone businesses.

While the ventures were heavily impacted by the crisis, our teams worked tirelessly to reposition the businesses to capitalise on areas of growth. For example, with Adia's traditional hospitality and events business severely impacted by Covid-19, it found new opportunities in retail. General Assembly's traditional classroom-based training was disrupted by the temporary closure of its campuses, but demand for its online immersive training programmes increased. And the addition of General Assembly's up- and reskilling capabilities to LHH's workforce transformation offering creates a unique solution that is resonating well with clients, even more so during the pandemic.

Vettery's permanent recruitment focus meant it was impacted by the sharp drop in professional recruitment activity in 2020. However, in the fourth quarter the crisis presented the opportunity to acquire Hired and integrate it with Vettery, allowing us to create the world's largest artificial-intelligence-driven recruitment marketplace, therefore accelerating our development in this exciting area of the market.

IT and digital investments

Underpinning the Perform, Transform, Innovate cycle was an ambitious investment programme to upgrade our IT and digital capabilities, preparing us for the next digital era. These investments are a key reason that we have been able to continue to operate effectively during the Covid-19 crisis, serving our customers in a seamless way even throughout the various lockdowns. The Group's digital transformation will continue in 2021, bringing more cutting-edge technology into the business and moving further up the HR solutions value chain. This will ensure we remain a trusted partner to clients, provide access to work for millions of individuals, and create a work environment in which all our colleagues can thrive.

Executing well in a challenging environment

The abruptness of the economic shutdown in March and April 2020, followed by a global recession, and a spreading health crisis due to Covid-19, created an environment in 2020 that was unprecedented in modern times. This led to an organic trading days adjusted (TDA) revenue decline of 15% for the full year. After a decline of 33% TDA in April, revenues progressively recovered through the year to reach a decline of only 2% TDA in December, as the Group re-focused resources on areas of growth, such as e-commerce and logistics.

Despite the revenue decline, gross margin improved organically by 30 bps. This was supported by price discipline and the strength and breadth of the Group's portfolio, with growth or relative resilience in the higher margin areas of the business. LHH, our career transition and redeployment business, delivered strong growth in the year as the need for workforce transformation solutions continued to increase, helping offset a slump in demand for professional recruitment. Modis also delivered a resilient revenue performance, driven by its increasing focus on IT and digital engineering consulting. Thus, the balanced portfolio we have built continued to be a differentiator, and we maintained the positive gross margin momentum that we had established pre-crisis.

We also executed well on the cost side, thanks to agile management and the benefits from the GrowTogether programme. As a result, we were able to remain solidly profitable, delivering an EBITA margin excluding one-offs of 3.6%, down 100 basis points year on year, or down 80 basis points organically. This performance was significantly above the trough levels witnessed in previous downturns, linked to structural productivity improvements and the more balanced portfolio going into the crisis.

Strong cash flow and balance sheet

Cash flow remained strong, with cash conversion at 123% for the full year, even as we continued to invest in the business transformation. Robust through-the-cycle cash flow is a characteristic of our business, with cash flow being partly counter-cyclical, as working capital falls when revenues decline. These dynamics were confirmed during the crisis, supported by the strong focus we placed on cash collection.

Meanwhile, financial leverage remained low, with Net Debt/EBITDA at 0.4x at year-end, and liquidity was exceptionally strong. The Group's strong financial position and prudent capital structure allowed us to uphold our commitment to paying at least a stable dividend, even in a recession, distributing dividends of EUR 381 million in 2020. It also supports the reinstatement of the EUR 600 million share buyback that was paused at the onset of the crisis.

€240m
Annual GrowTogether productivity savings

123%
Cash conversion in FY20

+21 Pts
Client Net Promoter Score® increase between 2017-2020

OUR INVESTMENT STORY

Global megatrends are changing the world of work

Global megatrends remain as relevant as ever before, by affecting the way people choose to work and how organisations think about their human capital needs. At the Adecco Group, we have defined four key megatrends for the context in which our business operates and to help shape our strategic thinking: Geopolitical and economic uncertainty, gig and platform economy, human centricity and digitalisation.

The Adecco Group is taking the lead in this transformation

We provide innovative solutions that enable employers to flexibly manage their workforce, and employees to shape their careers. Every year, we enable 3.5 million people to participate in the world of work and support more than 100,000 organisations with their human capital needs. Our 360° ecosystem gives us a clear competitive advantage in this respect.

New employment models bring exciting growth opportunities

We will continue to successfully leverage growth opportunities where they exist, supporting individuals back to work and our clients to adapt to the still rapidly changing environment shaped by the global Covid-19 pandemic. 2020 has proven the strength of our business model while showing that we are able to pivot toward growth areas and support more challenged sectors.

Higher value, lower costs, and efficient capital allocation will drive shareholder returns

In 2020, we showed a resilient financial performance with a strong cash flow and balance sheet in a difficult environment, thanks to our agile cost management and prudent capital structure. Future@Work will continue to increase the upside potential, with ambitious financial goals, building on the progress made during the last strategic cycle.

The pandemic has accelerated existing megatrends

Several megatrends are increasingly impacting the way that people choose to work and the way that organisations think about human capital. Although the megatrends that we identified in 2017 have evolved and accelerated in some areas, they are still driving changes in our industry and actively shaping the market environment and our strategic thinking.

A clear outcome of the megatrends, accelerated by Covid-19, is that flexible ways of working are becoming more common. Individuals are increasingly participating in portfolio careers, made up of shorter gigs and assignments, with more variety of work experiences and greater flexibility over how, when and where they work. Meanwhile companies, recognising that agility is key in a rapidly changing global economy, are organising their workforces in more flexible structures that emphasise having the right skills on demand. The Adecco Group, as a leader in flexible employment solutions, has an important role to play in facilitating this transition.

Another outcome of these megatrends is rising talent scarcity, due to shifting demographics and the pace of technological change. We see our role here as twofold. First, we are an expert at finding talent for around 100,000 clients, across a broad range of sectors and in almost 60 countries and territories. As sourcing the best talent becomes more challenging, our clients rely on our expertise even more, to ensure that scaling the human factor of their business is not an impediment to growth. We should become the trusted partner for human capital solutions, not only by predicting economic developments and the resulting up and reskilling needs, but also by providing the required flexibility in workforce planning.

Second, we play an increasing role in helping candidates to boost their employability, with a focus on training, development and coaching. Pessimism about future employment levels has become commonplace, but we believe it is misplaced. While tasks are automated and roles change, millions of new jobs are created by new technologies.

According to the OECD, more than one billion jobs will be transformed by technology over the next ten years, and, with many of these in industries looking to move towards a lower-carbon, more circular economy, significant reskilling will be required to help with this change.

Supporting candidate employability

New jobs are being created but the workforce is not always ready for them. The Adecco Group is stepping up to meet this challenge with its commitment to upskill and reskill five million people by 2030.

The objective is to enable more individuals, regardless of their background, to learn 21st-century digital skills such as coding, data science and machine learning, to help secure their future employability. The Adecco Group aims to go further than just the 'employment cycle' of an individual in one organisation, and instead move from 'employment' to 'employability' – investing in the skills and lifelong learning of the individual, rather than specific roles, which change quickly.

Across the globe, the very essence of how we earn a living is changing rapidly. Our current policies and business structures are not geared for the future and are failing too many people and companies. That's why it is important to adopt a new social contract which enables everyone to embrace the future of work equally and which supports flexibility.

Lifelong learning is becoming absolutely essential. The Group is already placing over 10,000 apprentices annually to help fuel the virtuous cycle of skilled talent, starting with the youngest workers.

SUSTAINABILITY

Gig and platform economy	Geopolitical and economic uncertainty
Human-centricity	Digitalisation

Read more on pages 16-17

MEGATRENDS SHAPING THE WORLD OF WORK

Driving:

- Rising demand for flexible workforce planning
- Increased customer need for end-to-end workforce partners
- Need for up- and re-skilling to address skills shortages
- Opportunities to leverage scale and scope through digital & data

And, finally, all megatrends require the integration of environmental, social, and governance (ESG) considerations into our processes, complemented by a strong narrative for our clients, candidates and associates as well as other stakeholders. On our way towards our 2030 commitment, the Adecco Group will strive for financial, social and environmental leadership, and the establishment of state-of-the-art sustainable practices.

Digital transformation drives differentiation and scale

Technological change is also transforming the staffing and recruitment industry itself, presenting opportunities for both our traditional services and new value-added solutions.

The Adecco Group completed a major upgrade of our IT infrastructure and digital products as part of the GrowTogether programme and continued to expand our range of digital HR solutions such as Career Assistant, our internally developed chatbot, which conducted a million conversations across 21 countries during 2020, or our Candidate App, which is used by more than 300,000 unique individuals every month in France alone. However, there is still room to build further scale and scope advantage as we continue to create a unique end-to-end solution for customers. As part of this, we have successfully established a global portfolio of digital products – each platform with a dedicated focus on candidates and associates, clients and data insight.

During the Covid-19 pandemic and ensuing lockdowns, and as the 'stay at home' situation led to a massive increase in demand for logistics services around the world, we were able to assist countless clients in a fully digital manner. For example, for one large client in Europe, we built a fully virtual workflow that screened some 200,000 candidates, assessed 64,000 and put 14,000 to work in just four weeks from the initial client request.

As we move forward, we expect the Group's digital evolution to drive increasing economies of scale. The ability to leverage technology investments across a global portfolio and to partner with leading players becomes crucial. Scale will also be key as data-driven insights become more important in the delivery of HR solutions.

This is a significant change for an industry where historically scale advantages were limited and barriers to entry were relatively low. We expect to be able to increasingly differentiate our solutions and service levels from those of the small local competitors that make up the bulk of the market. And there is a very large market opportunity to go after: despite being a global leader in HR solutions, the Adecco Group has less than 5% market share.

MAKING THE FUTURE WORK FOR EVERYONE

We are the world's leading **talent advisory and solutions company**, driven by a powerful purpose: **making the future work for everyone**:

- Helping people fulfil their potential – providing access to work, and improving employability
- Enabling clients to optimise their talent needs and organisations to achieve their goals
- Building a better world of work for all through our advocacy and thought leadership

Future@Work puts purpose at the centre of our strategy.

Market observers may ask: What about new entrants from the technology industry? We believe that, while the HR tech landscape is alive with companies with promising ideas, it is established HR solutions partners with scale, such as the Adecco Group, that are best able to leverage new technologies for the benefit of clients and candidates. It is difficult for others to replicate our broad knowledge of complex labour regulations and customer needs in some 60 markets globally. We also have extensive workforce data and deep business-to-business client relationships, and our ecosystem of brands and solutions allows us to provide holistic solutions to clients, across all their human capital needs. These are assets that new, smaller technology entrants struggle to replicate.

Further, while technology can make certain transactional parts of our services more efficient, our clients need end-to-end solutions. Ultimately, our solutions are about organising and managing people and the human touch remains very important. Technology is an enabler rather than a substitute.

We are now focused on differentiation and our products are increasingly being used by clients and candidates in an end-to-end manner. We have built a global infrastructure, where innovation will come continuously faster to market. And we are convinced that digitalisation will become an even larger part of our strategy going forward.

Evolution to a brand-driven business model

During the last cycle we concluded that the distinct value propositions of our different business areas call for specific go-to-market strategies. Further to that, with digitisation becoming a global strategic priority, moving from a geographic to a brand-driven structure is a natural evolution. It allows us to leverage our scale to invest more in innovation and use that innovation across a broader business, to learn and evolve our technology platform faster. That's why from 2021, the Group will be led from three distinct Global Business Units: Adecco, Talent Solutions and Modis.

100,000

clients, across a broad range of sectors and in almost 60 countries and territories

10,000+

apprenticeships placed annually to help fuel the virtuous cycle of skilled talent, starting with the youngest workers

CUSTOMER EXPERIENCE, DIFFERENTIATION AND DIGITAL CENTRAL TO STRATEGIES OF ALL THREE BUSINESS UNITS

Customer Experience

The customer at the centre

Brand-driven organisational model drives focus & alignment, accelerates innovation

Consistent high-quality service through standardisation at scale

A 'One Company' spirit and collective culture with the customer at the centre

Differentiation

Sustainable 360° offering

End to-end solutions – most complete service offering combined with deep local expertise

Destination for talent – preferred partner for candidates, employer of choice for colleagues

ESG leadership sets us apart

DIGITAL

Amplified by technology and data

Market-leading product innovation deployed at scale with 24/7 accessibility and superior user experience

Integrated processes, systems and technologies streamline and simplify

World-class data science delivers unique insights

The new structure will enhance focus, reduce complexity, improve resource allocation, and allow client and candidate strategy to address differences in end-markets thanks to a dedicated client and candidate promise, and to reflect specific transformation needs of the brands.

For Adecco – one of three Global Business Units – the focus is on increasing market share and cost leadership through a digitised omnichannel strategy and superior client and candidate experience. Talent Solutions will drive growth by addressing the end-to-end skills transformation needs of our customers and bringing together the complementary strengths of the various brands. With Modis we are building a leader in technology consulting, focused on Smart Industry.

Underpinning all three Global Business Units is a Group-wide focus on Customer Experience, Differentiation and Digital, as the key enablers of the strategy.

Customer experience is a continuation of the customer-centricity of the prior cycle, with a focus on consistent, high-quality experience through standardisation at scale. Differentiation means leveraging the breadth of the Group to deliver 360° solutions and elevate our services above those of the competition. Digital and data underpin everything we do, driving economies of scale and reinforcing differentiation and customer experience.

Updated financial goals

Our geographic diversity and the breadth of our portfolio have helped protect us against downturns in specific markets. We are playing an important role in facilitating job transitions through the pandemic, with almost 200,000 associates re-employed since the April trough. Building on that strength, we are committed to a series of financial goals for the current strategic cycle. First: A dual strategy to drive revenue growth through market share gains in Adecco and investment in faster-growth segments in Talent Solutions and Modis. Second: Increasing our EBITA margin corridor through the cycle, from 3.0% at the lowest to 6.0% at the peak. Third: A strong cash flow, delivering a cash conversion of more than 90% on average.

Committed to a sustainable future

At the Adecco Group, we want to make the future work for everyone. With the impact of Covid-19, our focus on employability and access to work, diversity and inclusion, and social protection for all has never been more important. As one of the world's largest employers, we have a responsibility and a tremendous opportunity to take a leading role in shaping a positive future – for our business, our stakeholders and the generations to come. Throughout the crisis, our principle has been to put people first, by focusing on securing the wellbeing and safety of our colleagues and associates, and finding work for those whose livelihoods have been impacted by the crisis.
To enable people to improve their employability during quarantine, General Assembly launched the 'Free Fridays' initiative, opening up some of its most popular courses to the public and companies in need of new skills for no charge, while LHH offered pro-bono career transition services for SMEs.

Similar services were offered across the Group and our foundations.

And while the Covid-19 pandemic has given a short respite to the environment, at the Adecco Group we continue to stand steadfast in our commitment to safeguarding the planet for future generations and reducing our carbon footprint by 50% by 2030.

Our approach to responsible business conduct is underscored by our continued commitment to the United Nations Global Compact and its ten important principles in the areas of human rights, labour, the environment and anti-corruption, as documented in this report. We are proud of the progress we have made, and excited about the opportunities that lie ahead. To strengthen what we disclose in line with evolving best practices and to continue to build credibility and accountability with stakeholders, the Adecco Group has committed to start reporting against the World Economic Forum International Business Council's 'Measuring Stakeholder Capitalism' framework. This core set of metrics and disclosures aims to bring greater comparability and consistency to non-financial disclosures in mainstream reporting. Please see page 181 for further information.

Looking ahead

As we enter 2021, the economic and geopolitical environment remains uncertain. The Covid-19 pandemic continues to weigh on economic performance across the globe. In this challenging environment, the strength of our market positions, and the breadth and diversity of our portfolio, will allow us to capitalise on growth opportunities where they exist.

We will continue to focus on enhancing our gross margin by moving up the value chain and by scaling up and broadening the deployment of proven digital tools, to drive service differentiation and operational efficiency. Indeed, 2021 is the beginning of a new strategic cycle – Future@Work, a natural evolution from the last one. And, as the leader in the industry, we see tremendous opportunities to accelerate and scale the Group's transformation to a fully customer-driven and digital organisation. The outcome will be a significant upgrade of our capabilities and market positioning, which will future-proof the Adecco Group for years to come, position us for a faster recovery post crisis, and create more opportunities for all our stakeholders.

In short, the Adecco Group has a strong and resilient business model, which has been demonstrated during the current crisis, and we remain committed to helping all our stakeholders navigate, adapt and succeed in the changing world of work. We have established ambitious financial goals, aligned to our new strategy, which are explained over the following pages.
And, aligned to our clear capital allocation policy, our strong cash flow gives us room to invest in the growth of our business as well as providing attractive returns to our shareholders.

Our opportunities are unlimited, our ambitions are bold and our vision is clear: to make the future work for everyone.

300,000
Unique monthly users of candidate app in France

FINANCIAL GOALS

1

Dual revenue growth strategy:
- Market share growth in Adecco
- Investment in faster growth segments Talent Solutions and Modis

2

Higher EBITA margin corridor of 3.0-6.0%:[1]
- Cost savings and productivity
- Mix shift towards higher margin segments Talent Solutions and Modis

3

Strong cash flow: conversion > 90% on average:[1]
- Disciplined capex and M&A
- Progressive dividend and return of excess cash to shareholders

1 Through the business cycle.

Global megatrends shaping the world of work

Global megatrends impact the way that people choose to work and the way that organisations think about human capital. At the Adecco Group, we use four key megatrends to define the context in which our business operates and to shape our strategic thinking.

GIG AND PLATFORM ECONOMY

Individuals from across the skills spectrum are increasingly working a portfolio of jobs or gigs, rather than traditional, full-time jobs. For some this is a choice based on lifestyle exposure to a broad range of assignments and workplaces to accelerate their careers. For others it is a necessity. Online platforms can help to effectively match worker needs with employer demands, but the platform economy can also pose risks of exploitation and exclusion. And, as the demand for flexibility among workers and companies grows, society needs to update its social protection systems accordingly.

Our response

Our shift toward technology-enabled platforms allows us to help individuals across an even wider range of skills and backgrounds to find work in ways that suits their needs and to provide end-to-end advisory services and solutions for employers. From freelance to interim management, our platforms connect workers to roles that provide both flexibility and social protection, leveraging the strengths of the entire Adecco Group ecosystem. We want to use our global reach and labour-market know-how to drive the creation and adoption of a new social contract protecting workers.

15%

of US enterprises with +1k employees used platform workers in 2017

↓

56%

plan to explore using platform workers by 2022

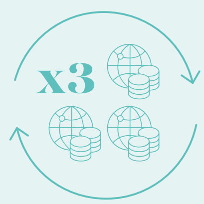
Companies are increasingly participating in the gig and platform economy[1].

GEOPOLITICAL AND ECONOMIC UNCERTAINTY

The influences of globalisation, nationalism, economic openness and social rights can profoundly impact the environment in which the Adecco Group and our clients operate. Uncertainty fuels companies' need to flexibly respond to economic and seasonal cycles and increases the need for a data-driven radar that anticipates future developments. At the same time, candidates and associates seek more security and flexibility. Businesses need more and more agility and resilience to stay ahead and flexible talent solutions are becoming an important source of competitive advantage.

Our response

The Adecco Group's unique 360° ecosystem helps companies to leverage global and local talent pools, and to quickly pivot in the face of geopolitical shifts. Access to flexible work opportunities also helps workers to quickly adapt to their own needs, e.g. by providing for flexible income. Our organisation is structured around three distinct Global Business Units, which provide end-to-end, flexible talent solutions including flexible placement, freelance and full workforce outsourcing. With Adecco, we offer temporary solutions and flexible contract types. In Talent Solutions, we combine professional placement, career transition and up- and reskilling capabilities to meet changing demands. With Modis, we offer a project-based model to support the so-called Smart Industries with technology and digital engineering solutions.



Global economic policy uncertainty increased threefold in the period from 2014-2020[2].

1 Gig and Platform Economy – SIA 2019.
2 Global economic policy uncertainty index.

SUSTAINABILITY

Sustainability is not a megatrend; rather it is a cross-cutting lens through which we consider the impact of, and our reaction to, the four megatrends to ensure long-term shared value creation. Central to our Future@Work strategy, our ambition is to maintain the highest standards of sustainable business conduct and to establish a culture that consistently integrates material environmental, social and governance (ESG) factors across our organisation.

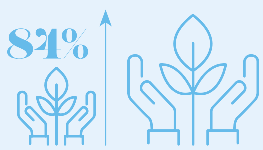
HUMAN-CENTRICITY

With unemployment rising due to the Covid-19 pandemic, there is an ever-increasing need to up- and reskill workers to address the existing skills shortages, create a truly inclusive workforce, and ensure that no one is left behind.

More than one billion jobs, or about a third of jobs worldwide, will be transformed by technology over the next ten years, according to one OECD estimate. It is important to ensure that people in shrinking industries are re-skilled to meet increasing talent demands. This means taking a more personalised approach to skilling and talent development. For example, millennials and Gen Z have very different expectations of work and careers than do older generations, placing more emphasis on variety, flexibility and social purpose. They are more likely to approach their career as a portfolio of projects, rather than a linear series of long-term jobs. Older workers have much to offer but may prefer shorter hours or more flexible working conditions. It is therefore crucial to offer more choice, guidance and self-determination in how people choose and orchestrate their career paths. New ways of working need to leverage all talent pools and find ways to unlock hidden capacity.

Our response

At the Adecco Group, we work closely with our clients to help address skills imbalances, looking for who can be up- or reskilled to meet changing demands and creating pipelines via trainee and apprenticeship programmes. Our personalised approach lets us find untapped pools of talent and connect them to employers. We therefore see shifting demographics as an opportunity to create even more value going forward.



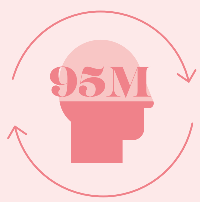
84% say being treated like a person, not a number, is very important to winning their business and 58% are willing to pay for more personalised products[3].

DIGITALISATION

The Covid-19 crisis has accelerated the importance of digital transformation for business continuity. Companies see the necessity of both infrastructure investments and the adoption of a truly digital mindset. This is not just about repetitive tasks increasingly being performed by machines. It frees workers to focus on higher value-added activities and nowhere more so than in the HR services industry. Going forward, we see the combination of automation and flexible HR solutions as the next key driver of productivity for our clients. New distribution channels and data-driven business models are emerging as HR solutions go digital. Organisations increasingly expect seamless, integrated, tech-enabled solutions. Our ability to anticipate what customers want and how they need to be serviced will be crucial to competitiveness going forward.

Our response

For the Adecco Group, process automation and the integration of artificial intelligence into our service offering, alongside the human touch, offers enormous potential to improve efficiency and create more flexible, tailored solutions. Our consultants are equipped with advanced digital tools, which are reducing administrative tasks, improving candidate acquisition and increasing speed and quality of service. Likewise, digitalisation also significantly impacts our customers. Through a combination of internal ventures, partnerships and targeted M&A, we can drive productivity and create innovative new tools that allow us to upgrade existing solutions, expand our addressable market and create more value for both companies and individuals.



375 million workers will need to change jobs by 2030 and 95 million will need reskilling to make the transition[4].

3 Salesforce "State of the Connected Customer" report, 2018.

4 McKinsey Global Institute 2017.

Evolving our approach for the new world of work

Last year marked the end of the Group's previous strategy cycle, and the transition to 'Future@Work'. This represents a natural evolution and is intended to guide the Group for the next three to five years, and beyond.

The achievements of the previous Perform, Transform and Innovate strategy cycle have helped lay the foundations for the ongoing transformation of the company, while positioning the business for profitable growth and broader stakeholder value creation.

Launched in 2017, the Perform, Transform, Innovate strategic cycle established a clear, long-term direction for the Adecco Group. It focused on strengthening and digitising our business, and enhancing our portfolio, to drive growth and differentiation. Underpinning this was an ambitious investment programme to upgrade the Group's business processes, IT infrastructure and digital capabilities.

These investments were a key reason that the Group was able to navigate the Covid-19 crisis effectively, allowing us to serve our customers in a seamless way even throughout the lockdowns. They have also laid the foundations for the next phase in the Group's development: Future@Work.

A core element of Perform, Transform, Innovate was the GrowTogether transformation programme, which focused on three pillars of service excellence, process optimisation and empowering our people with the best technology. GrowTogether helped drive a material improvement in both client and candidate Net Promoter Scores, which increased by 21 and 9 points respectively, underpinning future growth. Good progress was also made in improving productivity, with GrowTogether delivering EUR 240 million of annual benefits by 2020, close to the original target of EUR 250 million, despite the impact of the crisis. And it also helped accelerate the digitisation of the Adecco Group.

Meanwhile, we established a ventures portfolio to push the boundaries of innovation in the sector. The ventures not only have significant standalone potential, they provide an opportunity to learn and experiment with processes and digital tools that can then be scaled across the wider Group. In this way, they increasingly drive value in our more established brands.

Looking ahead, we see a wealth of opportunity. The Perform, Transform, Innovate strategy began a process of digital transformation and portfolio enhancement that will continue to help us work with all our stakeholders to navigate, adapt and succeed in the changing world of work.

It provides a solid foundation from which to drive structural growth, strengthen our margin and to generate continued strong cash flow, to deliver on our financial goals and on our purpose – to make the future work for everyone.

> “Launched in 2017, the Perform, Transform, Innovate strategic cycle established a clear, long-term direction for the Adecco Group.

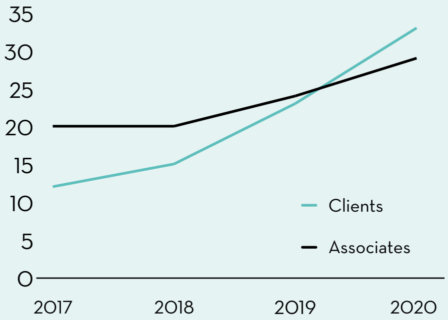
Perform

Operating discipline, strong cashflow generation, and a progressive dividend.

Key programmes: Segmentation, Pricing, PERFORM

Perform aimed at driving growth in a cost-disciplined, returns-focused way. It was about how we delivered the results, not just the outcome. It embedded proven concepts such as segmentation, expanding higher-value solutions, and realising greater value through the PERFORM (lean) approach.

NPS Performance – Clients & Associates



Transform

Adapting our core business to differentiate and take profitable market share

Key programmes: Grow Together

Transform focused on strengthening our core businesses, driving growth by enhancing client and candidate experiences, and expanding into new segments. It was also about transforming our cost structure and improving productivity, by leveraging technology and digital solutions.

Service excellence

Put customer-centricity at the heart of what we do

Process optimisation

Transform the way we perform

Technology

Increase our value proposition and reduce cost-to-serve

Innovate

Capturing new growth opportunities, leveraging the megatrends

Key programmes: Ventures

Through Innovate, we focused on using the Group's ecosystem of brands and solutions to bring greater value to clients and candidates. It meant driving synergies and collaboration between existing brands and building new businesses in attractive adjacent markets, to capture opportunities in high-growth, high-margin segments.

Leveraging our ecosystem of brands

Our 360° ecosystem of brands and solutions continued to be a real differentiator throughout 2020. With Future@Work, we will create even more value for all our stakeholders.

GENERAL ASSEMBLY

LHH

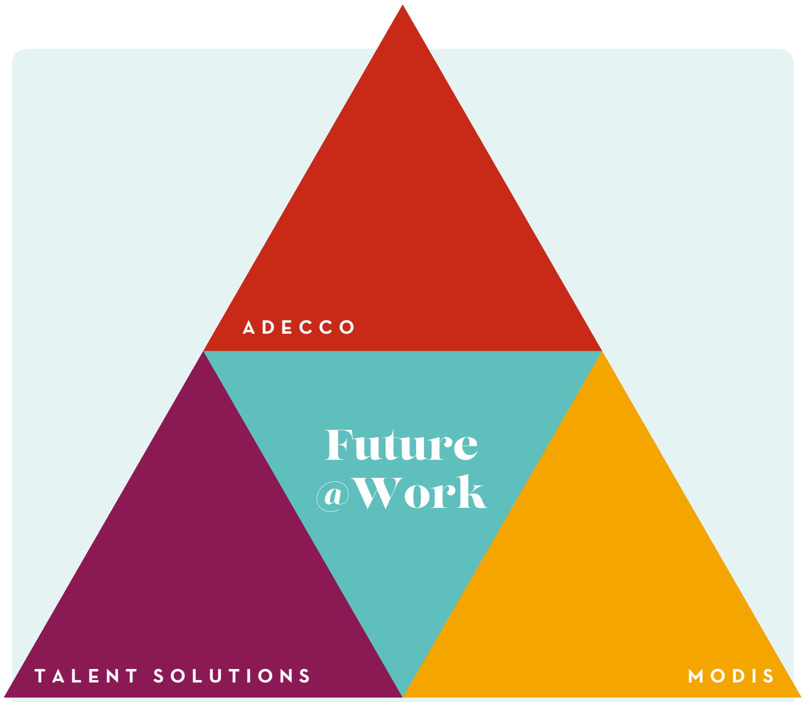
Future@Work

Building on the achievements of our previous cycle, our new strategy aims to enable sustainable and lifelong employability for individuals, and to empower organisations to optimise their workforce. This will create opportunities to improve our growth and margin, and to further embed digital at the core of our business, while delivering shared value for our stakeholders.

2021 marks the beginning of a new strategic cycle for the Adecco Group, which we have called Future@Work. Our new strategy is a natural evolution from the previous one and will guide the Group for the next three to five years, and beyond. While the new strategy has been informed by learnings from the Covid-19 pandemic, it is not a reaction to it, and it represents an important next step in the ongoing transformation of the Adecco Group.

Perform, Transform, Innovate improved the way we work, both internally and with our customers.

We will further accelerate the momentum with **Future@Work**



Our purpose of making the future work for everyone...

...translates into a bold strategic vision of enabling sustainable and lifelong employability for individuals and empowering organisations to optimise their workforces...

...and is brought to life through our Future@Work strategy:

- Shifting from a country-centric to a globally brand-driven approach
- Distinct strategies for our three Global Business Units
- Three transformation enablers: Customer Experience, Differentiation, Digital

Future @Work

Distinct strategies for our different business units, underpinned by three transformation enablers.

Adecco
See more p.22-23

Digitally enhanced omnichannel strategy to expand **market share** and **profitability**

Talent Solutions
See more p.24-25

Solutions-driven talent partner, addressing skills and transformation needs to drive **growth**

Modis
See more p.26-27

Build a **market leader** in technology **consulting**, focused on high-growth smart industry segments

Customer Experience – seamless across brand ecosystem

Differentiation – superior portfolio offering, preferred choice for talent

Digital – to enhance productivity and capture growth

Through Future@Work, we will positively impact the work lives of even more individuals and continue to play an important role in supporting the growth and performance of our clients and the wider economies in which we operate. A key element of the updated strategy is the creation of three distinct Global Business Units: Adecco, Talent Solutions and Modis. This new brand-driven organisational structure will improve focus and resource allocation to deliver faster, digitally-enabled client and candidate solutions.

Underpinning these three distinct go-to-market strategies are an ongoing and Group-wide focus on strengthening customer experience, delivering differentiated services and the digital enablement of everything we do. Delivering social impact is also at the heart of the Adecco Group and our approach to sustainability is firmly embedded into the Future@Work strategy, ensuring greater employability for the individuals in the communities where we live and work and a more inclusive workforce for ourselves and our clients, alongside a strong commitment to continue to reduce our environmental footprint.

Future@Work will further drive our financial performance through a firm commitment to deliver both growth and improved margins in order to provide attractive returns to our shareholders.

MAKING THE FUTURE WORK: WORKFORCE SOLUTIONS

Christophe Catoir, President Adecco

> “Our ambition is to reinforce our leadership in workforce solutions and place as many people as possible into work each day, all around the world.

Adecco

Adia

Digitally enhanced omnichannel strategy to expand market share and profitability

Adecco is one of the Adecco Group's Global Business Units (GBUs) and is a leader in workforce solutions, specialising in flexible placements, permanent placements, outsourcing and training. In 2020, the Adecco GBU contributed 80% of Group revenues and 60% of gross profit. With its largest presence in France and the US, and a growing exposure in Japan, Adecco focuses on building an inclusive society where everyone has the opportunity to contribute to the workforce.

CHRISTOPHE CATOIR

Christophe became President of the Adecco Global Business Unit in January 2021. He was previously Regional Head of France and Northern Europe. Christophe joined the Adecco Group as an internal auditor in 1995, holding several positions over the years including Finance Manager and Regional Manager, as well as Head of Permanent Placement and Managing Director for Professional Staffing in France.

Can you share your vision for Adecco going forward?

We want to unleash everyone's potential and truly shift the way the world of work currently operates.

Today, most of the so-called 'market matching' is limited to diplomas or qualifications only. That is what we want to change in a pragmatic way: we want to consider people's soft skills, potential and motivation to achieve a proper matching that fits the culture and the purpose of the client – and not just the job description.

This conviction lies at the heart of Adecco's strategy and is a real game-changer in managing the disconnect between the offer and the demand for skills. That is how Adecco will contribute to making the future work for everyone and reinforce its leadership in workforce solutions. We will put as many people as possible at work, every day, everywhere. We are currently among the top ten employers in the world, and we want to be in the top five. To reach this ambition, we will need to bring all our stakeholders with us – our colleagues, clients, candidates, shareholders, and even society as a whole. We cannot, and we do not want to, do this alone.

What do clients expect from Adecco?

Because of the rapidly changing environment, our clients expect more than ever before from Adecco. They expect more flexibility on how to manage their workforce – so we need to strengthen our offering beyond flexible placement. They also want more qualified people to address skills shortages, which essentially means Adecco being able to deliver training at scale. They want to increase their social impact as sustainability becomes a strategic focus. And they want speed and competitiveness, leveraging technology.

We will deliver on their expectations by enabling efficient transactions; connecting clients and candidates through the use of new technology and products, such as the roll-out at scale of our client and candidate apps. We will differentiate ourselves through the diversification of our offering, leveraging the Adecco Group ecosystem, strengthening our omnichannel footprint and offering proximity to all our customers.

This is a very ambitious journey, and we need to ensure we deliver with speed and agility.

Where do you see the biggest growth opportunities?

We started to implement a transformation plan with a targeted approach tailored to each respective country's maturity and potential. We want to keep on growing in countries delivering outstanding performance today – such as Italy, France or Japan – and to continue to be at the forefront of innovation. In other countries we want to fuel profitable growth by focusing on relevant key priorities, such as delivery efficiency and productivity.

How do you leverage the so-called 'transformation enablers' to reach these expectations?

Let's start with the first enabler: customer experience. As a customer-centric organisation, meeting our clients' expectations is our top priority. We already have a strong foundation, but we want to do even more.

As I mentioned already, skills shortages are one of the main drivers of the market, with approximately 20% of roles not being filled at any point in time. Addressing scarcity is an opportunity to drive our business forward.

In view of the increasing level of uncertainty, as clearly illustrated by the Covid-19 pandemic, we will provide additional services to our customers, enabling more flexibility in the way they manage their workforces, for example by leveraging the model of long-term-learning contracts, or apprenticeships, that France has developed.

Moreover, our clients want to demonstrate that they generate a true social impact. At Adecco, we can contribute not only through our inclusive solutions but also by providing training on how to manage diversity effectively. Finally, clients who are operating in a competitive landscape are looking for speed and price transparency. Our technology roadmap and 'lean' methodology are crucial in this respect.

Meeting these expectations will translate into additional growth – generating additional revenue in new markets and increasing the loyalty of our customers thanks to the outstanding experience we deliver.

In terms of differentiation, the second enabler, we are deploying new business units in our seven largest markets. These business units are Adecco Outsourcing, Adecco Training, Adecco Diversity and Inclusion and Adecco Academy. The new units will expand our competitive advantage as we will be providing unique value to our customers. We will deploy at scale, leveraging learnings from leading countries such as Japan or France. Developing these new segments for existing clients provides a great opportunity in terms of business expansion.

When it comes to digital, the last transformation enabler, our focus is not only on efficiency and productivity but also on client acquisition. We plan to continue the digitisation journey we started with GrowTogether by implementing integrated front-to-end solutions across our markets. This, coupled with an innovative approach to data and products, will enable Adecco to provide our customers with transformative insights.

Where do you see Adecco in five years?

We will completely shift people's mindset about workforce solutions.

Our customers will embrace the new world of work, making the future work for everyone.

Within Adecco, we will source the best candidates through an innovative ecosystem of solutions, in the most cost-effective way, by leveraging our integrated tech systems, and delivering best-in-class omnichannel services to our clients.

Personally, I am very excited about our developments and prospects.

Workforce Solutions

Market size:

EUR 250bn

Market growth:

in line with

GDP

Market share:

7.5%

Office, industrial and service sector flexible placement, permanent placement, and outsourcing

BECOMING A TRULY DIGITAL HR SOLUTIONS COMPANY

Speed and efficiency of transactional business

- Scaling front-to-end solution landscape globally
- Integrating digital products across value chain
- Developing zero-touch digital channels

Digital drives scale economies

- Customer proximity is being re-defined
- Candidate app in France now with more than 300k active monthly users

Converts data into actionable insight

- Advanced matching, value-based pricing, predictive analytics

MAKING THE FUTURE WORK: TALENT SOLUTIONS

▼
Sergio Picarelli, President Talent Solutions

> “In Talent Solutions, we will drive growth by addressing the end-to-end skills transformation needs of our customers.

TALENT SOLUTIONS

LHH GENERAL ASSEMBLY Spring Professional VETTERY BADENOCH + CLARK pontoon

Solutions-driven talent partner, addressing skills and transformation needs to drive growth

Talent Solutions comprises a portfolio of market-leading brands, each offering integrated talent advisory services to businesses and people all over the world. We cover a broad range of human capital solutions – career transition, workforce transformation, training, upskilling and reskilling, and professional search – through LHH, General Assembly (GA), Badenoch + Clark, Vettery, Spring Professional, additional specialist recruiting brands, and Pontoon. In 2020, Talent Solutions represented 9% of Group revenues and 27% of gross profit.

SERGIO PICARELLI

Sergio was promoted to President of Talent Solutions as of 2021. He joined Adecco in Italy in 1993 and was appointed Chief Sales and Marketing Director in Italy four years later. Over the years, he has held several senior roles including Regional Head for Central Europe and Chief Operating Officer of the global Adecco Staffing Division. In 2018, Sergio took over the leadership of LHH, Spring Professional and Badenoch + Clark.

Can you explain the origins of Talent Solutions?

It started just over two years ago when I was asked to take over LHH, GA (which had just been acquired at the time), and our professional recruiting brands including Spring Professional and Badenoch + Clark. We immediately identified ways of focusing the combined strength of our brands on the evolution of the market to better respond to companies’ transformation needs. As a result, we are now able to offer integrated, end-to-end services, all the way from talent advisory and diagnostics through to career transition. In short, we have built a new, verticalised suite of solutions which are united by a more customer-centric approach.

THE TALENT SOLUTIONS ECOSYSTEM

Closing the loop with systematic data collection

Advisory

Talent Solutions offers workforce advisory services through its access to C-level decision-makers

Diagnostics and Matching

Diagnoses client workforces as well as own candidates and associates base to reveal skill & personality profiles, and employee needs

Matches client personnel and own Candidates and Associates (C&As) to job positions or training paths to close skill gaps

Re-/Upskilling

Provides re/Upskilling services to client personnel and own C&As to prepare them for their current or new roles

Transition and Placement

Provides professional placement services with skilled C&As or outplacement services to meet clients' needs

Existing brands plus best-in-class partnerships or selective acquisitions

What makes Talent Solutions unique?

In Talent Solutions, we drive growth by addressing the end-to-end skills transformation needs of our customers, bringing together the complementary strengths of the various brands we represent. This helps us create material synergies. We are a leading player in permanent placement across most markets in Europe and North America. LHH is the global market leader in career transition, talent development and coaching. GA is a growing force in up- and reskilling, with an emphasis on digital skills. Pontoon is already one of the three largest players in process outsourcing for flexible workforce management and recruitment. Now, we are able to offer combined solutions from LHH, GA, Badenoch + Clark, Spring Professional and Pontoon, coupling career transition with up- and reskilling as well as professional recruitment. As a result, we are creating integrated solutions that meet the needs of both client organisations and individuals.

What key trends will shape the industry in future?

The industry in which Talent Solutions operates is large and growing, but highly fragmented. In this type of environment, scale is crucial. Over the past year, we delivered about ten million hours of up- and reskilling, made more than 30,000 placements and facilitated some 500,000 career transitions. This gives us a strong foundation to achieve our ambition of leading change in the human capital market, supporting the transformation needs of our customers. The so-called 'fourth industrial revolution' will undoubtedly accelerate growth in our industry. More than 375 million workers are set to change jobs by 2030; that's about 14% of the global workforce. Nearly 25% of them will need up- and reskilling to help them find their next jobs. With our broad Talent Solutions offerings, we are ready to become the transformation partner of choice in this era of change.

Where do you see the main growth opportunities?

The Covid-19 pandemic has certainly accelerated the ongoing workforce transformation. But it has also created many new opportunities. Organisations now require much broader, more integrated and more complex HR capabilities. And to develop these, they need a partner who can provide end-to-end human HR support. We are the only company today that can provide this kind of support. We are confident that Talent Solutions can fill this underserved market space, driving growth by bringing together the complementary strengths of our various brands.

This will require a multi-step approach. For each brand, we have developed a dedicated portfolio offering:

- optimising the talent ecosystem is being addressed by Advisory;
- leveraging strategic workforce planning is the focus of Diagnostics and Matching; and
- shaping the future talent pipeline through up- and reskilling is the focus of Transition and Placement.

But, in order to become the partner of choice for our clients' transformation needs, we also need to enhance our existing brands further with partnerships and selective acquisitions. We are already bringing the various offerings closer together through integrated management of data. In transforming ourselves through this process, we will be in a better position to offer integrated solutions that support the entire talent journey and change the human capital market. In short, we see a huge potential and great opportunities as we continue to grow the business.

Talent Solutions

Market size:

EUR 235bn

Market growth:

6 – 9% pa

Market share:

1.0%

Professional recruitment and solutions; career transition; HR advisory and consulting; up- and reskilling

MAKING THE FUTURE WORK: TECHNOLOGY SOLUTIONS

Jan Gupta, President Modis

“At Modis, we live for technology but at the same time we put people at the heart of our Smart Industry solutions.

modis

Build a market leader in technology consulting, focused on high-growth Smart Industry segments

Modis delivers cross-industry expertise in technology and digital engineering consulting, talent services and skilling, to enable digital transformation and accelerate innovation. With a strategic focus on Smart Industry segments, Modis contributed 11% of Group revenues and 13% of gross profit in 2020, and has 3,000 internal employees in 20 countries. More than half of its sales were generated by flexible placements, including some freelancer business, for example in Japan and Germany. Approximately 40% of the business focuses on consulting services, offering technology solutions to customers, with a strong focus on Asia Pacific, particularly Japan and Australia. Around the globe, 30,000 Modis engineers and IT experts provide cutting-edge technology and digital engineering services.

JAN GUPTA

Jan was appointed President of Modis in 2019. He brings extensive experience of managing global teams in engineering and technology businesses. With a strong academic background in mechanical engineering and economics, his career spans more than 20 years in the technology industry.

What are some key trends you have observed since joining Modis in 2019?

We have seen huge technological developments, based particularly on newer and more powerful mobile processors, data management, cloud systems and high-speed data connections such as 5G.

We can generally say that industrial markets are experiencing a massive transformation. The pace of change and scale of developments are similar to those during the first industrial revolution. There are no real limitations or technological boundaries anymore. Smart Industry is shaping the future and will dominate growth in the tech area for years to come, influencing not only specific industries but our whole society.

At Modis, we have mainly operated in the traditional engineering and IT markets with our flexible placement and consulting services. These markets have a global addressable size of EUR 175 billion and an average yearly growth of 3-6%.

Our current market share is about 1.5%, giving us huge opportunities to expand further. The Smart Industry sector alone has grown more than 40% on average over the past few years, with the Covid-19 pandemic only accelerating existing technological trends. We are looking at a Smart Industry market of about EUR 360 billion of which only a small part is outsourced today. At the moment there is no global market player and we see a lot of small and medium-sized companies operating in the field. At Modis, we have a so-called 'speed-boat' strategy – while we are still small, we will be fast. And we want to position ourselves as the future leading brand and thought leader in the industry.

What strategy do you pursue to expand market share at Modis?

Our strategy is simple. We will focus our global business on five cutting-edge technologies, five industries which will transform the most in the years to come, and three business lines: Tech Consulting, Tech Talent Services and our Tech Academy.

In Tech Consulting we offer technology and know-how to support the transformation process of our customers. Through Tech Talent Services we offer agility and flexibility by bundling together all flexible and permanent placement for high-skilled technology experts around the globe. And finally, we up- and reskill professionals around the globe through our Tech Academy, looking to future-proof organisations' talent and drive their performance. There is a huge demand to up- and reskill engineers and IT professionals, for example in data analytics and artificial intelligence. By 2025, more than 100 million new jobs will have been created in artificial intelligence – that is a staggering number and a huge opportunity for both the world and for Modis.

Can you share an example of how Modis brings value to clients?

One great example is a Smart Industry consulting project we are undertaking with an Original Equipment Manufacturer (OEM) in the automotive industry. We are focusing our consulting services on the future 'E' (i.e. electromobility) or fuel-cell-driven, autonomous and connected cars of tomorrow. We are integrating the newest sensor technology in tyres and are using data analytics and artificial intelligence to create a more sustainable mobility. With our connected wire solution, we have reduced tyre-related incidents by 90% and have also managed to lower fuel consumption. This Smart Industry solution will also help reduce the carbon impact.

Modis' contribution to a sustainable tomorrow is also illustrated by our partnership with Mercedes, which began in 2020. Modis is the official engineering partner of the Mercedes-Benz EQ Formula E racing team, which is a great achievement and a testament to our strength. We also partnered at an earlier stage with the Formula E organisation to support the overall racing series. These partnerships are a great example of our passion for technology and talent combined.

Another differentiator we offer is our ability to join forces with brands across the Adecco Group ecosystem. To give one example, we have been working on a project with a world-leading map provider in collaboration with the Adecco Global Business Unit. The updating and optimisation of the map data was outsourced to Modis: we took over the project management and software development, while our colleagues at Adecco provided thousands of drivers to collect data around the globe. None of our competitors were able to provide this type of comprehensive one-stop service to clients.

What role does the Modis Tech Academy play?

We founded our first Tech Academy a couple of years ago in Japan and later established additional ones in Italy, the Netherlands and the US. All Modis Tech Academies will focus more and more on Smart Industry skills and technologies, and currently we're training more than 2,000 professionals per year. This gives us a great competitive edge given the shortage of Smart Industry talent. And I am very excited to say that in 2021, we will open two additional Academies in Germany and France, focusing on smart ecosystems for the automotive industry and 'Industry 4.0'.

You mentioned 'passion for technology and talent'. Can you elaborate on what this means for the business and for people?

At Modis, we live for technology but at the same time we put people at the heart of our Smart Industry solutions. While technology enables the future, it is people that make it happen – passionate people who are part of shaping the future and building a smarter and more sustainable tomorrow. Together with our clients, candidates and consultants we are engineering a smarter future, and delivering capabilities and technologies that improve businesses, the communities they serve, and the world we live in. This is really how we are making the future work for everyone.

Technology Solutions

Market size:

EUR 175bn

Market growth:

3–6% pa

Market share:

1.5%

Talent services (IT and engineering flexible and permanent placement); engineering, research and development (ER&D) consulting and projects

FOCUSED GLOBAL MODIS STRATEGY

Modis operates at the convergence of IT and engineering, with a clear focus on future industries and technologies.

5

Technology practices

- Cognitive Technologies
- Digital Transformation
- Cloud & Infrastructure
- Smart Ecosystems
- Industry 4.0

5

Transforming global industries

- Automotive & Transportation
- Environmental & Energy
- Software, Internet & Communications
- Financial Services
- Industrial Manufacturing

3

Business lines

- Tech Consulting
- Tech Talent Services
- Tech Academy

Providing 360° HR solutions

Since 2017, the Adecco Group has been on a journey to continuously strengthen its focus on customers – to help individuals fulfil their potential, and to enable clients to optimise their talent needs and organisations to achieve their goals.

As the world's leading talent advisory and solutions company, we see tremendous opportunities to further build on the achievements of our last strategy cycle. Through our 360° ecosystem we are offering a seamless customer experience, catering to complex needs in a challenging environment, while fostering a culture of collaboration and high performance. Our objective is to support companies through all stages of their development and over their entire business cycle, alongside supporting candidates and associates throughout their careers.

Over the past years, the Group has established the most comprehensive portfolio of HR solutions in the industry, providing essential, dynamic and efficient solutions in some 60 countries and territories worldwide.

We place almost 600,000 associates (c.1.5 million including China Joint Venture) in work every day and support around 100,000 companies and organisations in sourcing the talent they need to thrive. We were able to find permanent roles for some 80,000 candidates during 2020, with our ecosystem of brands supporting 500,000 career transitions. In so doing, the Group plays a vital role in the global economy and supports job creation, employability and employment around the world.

Through our new Future@Work strategy, we will further advance our business focus. We are supporting our clients through a comprehensive offering of flexible human capital solutions, including advisory services in Talent Solutions and workforce transformation at LHH. With the Adecco Global Business Unit, we have the leader in workforce solutions, specialising in flexible placements. We are developing new and flexible reskilling solutions through GA, while Modis provides unique talent services and consulting in the technology area.

All taken together, the business units enable us to work towards one powerful purpose: making the future work for everyone.

Contribution to the UN Sustainable Development Goals through our core services

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Diverse service lines

FP

Flexible Placement

We place associates with organisations on a temporary basis, providing flexibility to employers and new opportunities to candidates. The Adecco Group manages the entire recruitment process from candidate search and screening, through onboarding and training, to payroll and administration. Associates are employed by the Group while on assignments, which often run consecutively to provide continuous employment. In some countries, associates are employed by the Adecco Group on a permanent basis and seconded to clients.

PP

Permanent Placement

We help employers recruit talent for permanent roles, securing the skills needed for an organisation's ongoing success. Activities include sourcing candidates, screening CVs, conducting interviews and assessments, and advising hiring managers. The Group's brands have access to a wide range of talent, including hard-to-reach professionals who are not actively looking for a new job.

CT

Career Transition

We support organisations and their employees through changes that require individuals to transition out of their existing roles. Through expert coaching and training, the Group helps individuals find new opportunities both within and outside their existing company, ensuring positive outcomes for all. Our LHH brand is the world's leading career transition and talent development company.

OC

Outsourcing, Consulting & Other Services

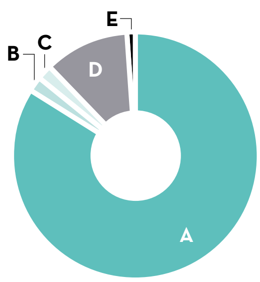
We also offer a full spectrum of complementary HR solutions, including: Outsourcing – staffing and managing the entirety of a labour-intensive activity, such as warehouse logistics or IT support; Consulting – providing technical experts for project-related work; Managed Service Programmes (MSPs) – managing all parts of the flexible workforce at organisations using a large number of contingent workers; and Recruitment Process Outsourcing (RPO) – handling the entire hiring process for employers recruiting large numbers of permanent employees.

TR

Training, Upskilling & Reskilling

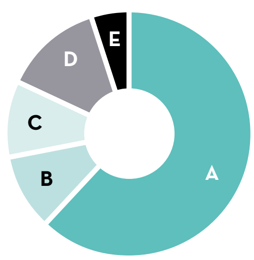
We offer training, upskilling and reskilling both as standalone services and in combination with other solutions, such as placements or as a part of a broader workforce transformation offering. Adecco is a leading provider of work-based training. Our General Assembly brand is a leader in upskilling and reskilling in high-demand digital skills, while our Modis Tech Academy offers candidates the opportunity to upskill in technology and digital-engineering-related fields to increase their employability and to create a supply of in-demand candidates for our clients.

Revenue (%)



- **A** – Flexible placement – 84%
- **B** – Permanent placement – 2%
- **C** – Career transition – 2%
- **D** – Outsourcing, consulting and other services – 11%
- **E** – Training, upskilling & reskilling – 1%

Gross profit (%)



- **A** – Flexible placement – 62%
- **B** – Permanent placement – 10%
- **C** – Career transition – 10%
- **D** – Outsourcing, consulting and other services – 13%
- **E** – Training, upskilling & reskilling – 5%

Delivering value in the world of work

Market context

Gig and platform economy | Geopolitical and economic uncertainty | Human-centricity | Digitalisation

Inputs

Talent
Finding and attracting skilled and motivated people and inspiring them to grow with us and our clients, by providing meaningful employment and lifelong development.

Relationships
Building enduring, collaborative and mutually beneficial relationships with candidates, clients, governments and social partners.

Innovation
Developing new digital solutions to build competitive advantage and enhance our future prospects.

Infrastructure
Maintaining a network of branches, back-offices and IT infrastructure to effectively serve our candidates, associates and clients.

Financial capital
Generating strong cash flow and maintaining a strong balance sheet to support the growth of our business.

Read more on pages 10-15

Our service lines

Flexible placement
Placing associates with organisations on a temporary basis, providing flexibility to employers and new opportunities to individuals.

Permanent placement
Helping employers recruit talent for permanent roles, securing the skills needed for an organisation's ongoing success and fulfilling employment for individuals.

Read more on page 29

Career transition
Supporting organisations and their employees through changes that require individuals to transition out of their existing roles, underpinned by expert coaching and training.

Outsourcing, consulting & other
A broad range of complementary HR solutions, including: outsourcing; consulting; managed service programmes (MSPs); and recruitment process outsourcing (RPO).

Training, upskilling & reskilling
We offer end-to-end workforce transformation solutions. These bring together career transition and up- and reskilling to address challenges faced by organisations, while supporting individuals through training and coaching.

Our new strategy

Future@Work

Read more on pages 20-27

WORKFORCE SOLUTIONS

Adecco

TALENT SOLUTIONS

TALENT SOLUTIONS

TECHNOLOGY SOLUTIONS

modis

Underpinned by our people, values and culture

Passion

Entrepreneurship

We combine a clear purpose and strategy with differentiated solutions and focused execution, to deliver long-term sustainable value for all our stakeholders.

Adia

LHH
BADENOCH + CLARK
Vettery
Spring Professional
GENERAL ASSEMBLY
pontoon

Performance management

- Revenue growth
- Gross margin
- Conversion ratio
- EBITA margin
- Days sales outstanding
- Cash conversion
- Great Place To Work®
- Net Promoter Score®

Read more on pages 32-33

Read more on page 39

Customer-centricity **Responsibility** **Team spirit**

Value created and shared

Investors

We benefit from attractive industry dynamics; by managing our capital with care, we are able to grow our profits, cash flow and returns. This supports our progressive dividend policy and our aim of delivering attractive total returns for our investors.

EUR 381m
Dividends paid

Employees

We provide rewarding employment for our colleagues. We invest in our talent and create an environment which enables and empowers everyone to achieve their career goals.

7th
Among the best workplaces in the world, according to the Great Place to Work® survey in 2020

Candidates and Associates

Our expertise, tools and network connect people with job opportunities, providing them with purposeful work in a safe environment. We advise people on their careers, and help them develop their talents with training and lifelong learning.

c. 600,000
Associates working each day

c. 80,000
Permanent placements

Clients

As a trusted advisor on HR solutions, we help clients to structure and manage their workforce for flexibility, productivity and growth. We work with and for our clients to find, hire, develop and transition people, according to their needs.

33
Client Net Promoter Score®

Suppliers

We build strong partnerships of mutual trust with our suppliers, many of whom are also our clients.

71/100
2020 EcoVadis Gold rating

Governments and social partners

We are trusted advisors and active enablers, sharing our labour market insights and experience to support and shape sustainable and responsible growth and job creation.

EUR 290m
Income taxes paid

Performance management framework

Non-financial performance indicators

Number of clients	
Number of candidates	
Net Promoter Score®	KPI
Great Place to Work® ranking	KPI
Sustainability impact	
Compliance training	

Financial performance indicators

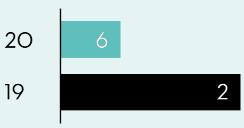
Volumes	
Bill rate	
Gross margin	KPI
Conversion ratio	KPI
Days sales outstanding	KPI
Capital expenditure	
Funding cost	
Tax rate	

Key performance indicators

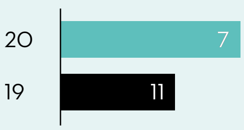
Great Place to Work® ranking

7th

Europe ranking



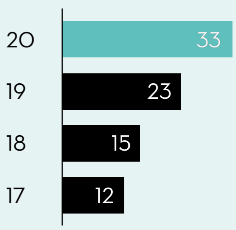
World ranking



Inspiring talented people to join and grow with us in a high-performing and engaging environment

Client Net Promoter Score®

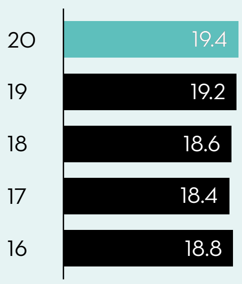
33



Transformation and innovation is driving improved client experience

Gross margin

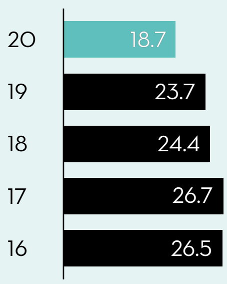
19.4%



Adding value to clients that is reflected in the price we are paid for our services

Conversion ratio[1] excluding one-offs

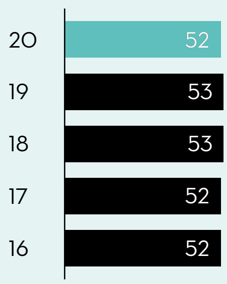
18.7%



Driving productivity and efficiency to maximise our conversion of gross profit into EBITA

Days Sales Outstanding

52 days



Collecting accounts receivable promptly to drive cash generation and optimise return on capital

1 Conversion ratio is a non-US GAAP measure and is calculated as EBITA excluding one-offs divided by gross profit.

Financial results

Revenue growth	Target
EBITA margin	Target
Cash conversion	Target
Interest and tax paid	

FREE CASH FLOW

Financial outcomes

Investing in the business	• Organic • M&A
Maintaining financial strength	• Net debt/ EBITDA • Credit rating
Returning capital to shareholders	• Dividend • Share buyback

Financial targets

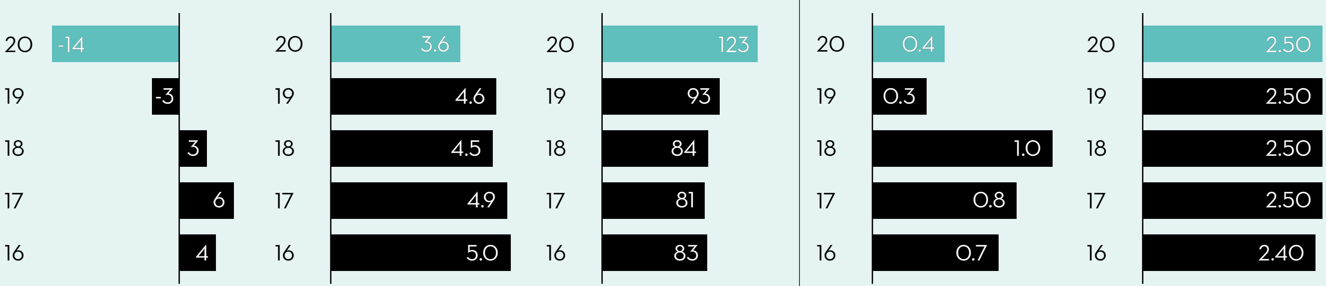
Organic revenue growth
-14%

EBITA margin excluding one-offs
3.6%

Cash conversion
123%

Net debt to EBITDA excluding one-offs
0.4x

Dividend per share
CHF 2.50



Target: Dual growth strategy, market share in Adecco and investment in faster growth Talent Solutions and Modis

Target: Higher EBITA margin corridor of 3.0-6.0% (from 2.5-5.0% during the previous cycle)

Target: Greater than 90% on average through-the-cycle, to support investments and progressive dividend

Strong balance sheet, supported by robust through-the-cycle cash generation

Maintained during the crisis and complemented by EUR 600 million share buyback

Mahbuba Kabir
Adecco Singapore associate
and future recruiter

EQUAL ACCESS TO WORK FOR ALL

Recognising, assessing, and unlocking talent

Mahbuba's story

"During the Covid-19 lockdown in 2020, I lost my job at Singapore airport. As a single mother and sole breadwinner for my family, I felt helpless at the time. Adecco provided me with a lifeline by offering me the opportunity to work in administrative support. They also helped me think about my career, giving me the courage to move in a different direction through upskilling programmes – which led me to becoming a Recruitment Specialist with them. The whole team at Adecco was extremely supportive throughout the entire journey. You can really see that they love what they do. That has always been my dream: to work in an environment where I feel truly supported and valued as a team member and know my contributions count."

Reducing inequalities

From catering to aeronautics, most industries suffered from the effects of the Covid-19 pandemic, leading to the loss of millions of jobs across the globe. By one International Labour Organization (ILO) estimate, 195 million jobs may have disappeared during the second half of 2020.

Job disruption is not new, with technology in particular having an impact on how and where we work, long before the pandemic struck, but the speed and scale this time has been unprecedented. Covid-19 has also further increased inequalities across the world by putting the most vulnerable workers at risk of losing their livelihood. The Adecco Group's teams are at the front-line of helping reduce this gap and meeting the changing needs of the labour market through their extensive knowledge and training solutions.

Lifelong learning for a fair labour market

To create the skills that are needed for the future, the Adecco Group focuses on improving the employability of associates through upskilling and reskilling opportunities throughout their careers, helping ensure that they can keep up with an ever-changing job market.

During the pandemic, the Adecco Group created a new solution that acted as a bridge between companies that were in difficulty and under pressure to reduce their workforce and those who were in a position to recruit. In Germany, for example, LHH and Modis joined forces to move workers temporarily from an aeronautics company to an e-commerce provider, responding to changed market demands, while ensuring that people remained in employment, with an opportunity to gain new skills.

In 2020, the Group set the goal to upskill and reskill five million people by 2030, through its ecosystem of brands and solutions including GA, LHH, Modis and Adecco.

Coaching and inspiring our associates

Mahbuba Kabir has first-hand experience of what it means to receive the Adecco brand's best-in-class services:

"Adecco is the only company who gave me the chance to truly prove my ability. They were fully supportive and extremely patient in guiding me to where I am now," Mahbuba says. "With Adecco on my side, I am now self-studying to take the official recruiter exam. My goal is to join Adecco as part of the recruitment team and give a little bit back to society in terms of the career help I received during a very difficult period of my life."

> "That has always been my dream: to work in an environment where I feel truly supported and know my contributions count.

People and Culture

The world as we know it is changing rapidly, with employment markets profoundly altered as a result of the Covid-19 pandemic. New opportunities have been revealed and accelerated for both employers and employees. This change has altered the way we work and the way we need to work to enable us to successfully deliver our future strategy and meet the evolving needs of our clients.

At the Adecco Group, we have an incredible human-centric 360° HR solution which truly demonstrates the value of being part of a global organisation. This unique offering benefits not only our clients, but also our colleagues. We provide rich experiences, helping our people thrive and develop across multiple brands and geographies. And we have the data, from the various surveys we run across the organisation, to define what matters most to our people. This ensures we put in place activities and actions to drive employee engagement and performance that are based on fact, and both celebrate and leverage our brand ecosystem.

Our ambition is to set the standard as a world-class employer, investing in our talent and creating an environment which enables and empowers everyone to contribute to our business transformation and growth agenda. For the fifth consecutive year, we've once more been recognised as a Great Place to Work®, reinforcing our reputation as one of the most attractive and rewarding global employers.

Our People Strategy focuses on driving an engaged, empowered and high-performing workforce, as explained in the following sections.

GET

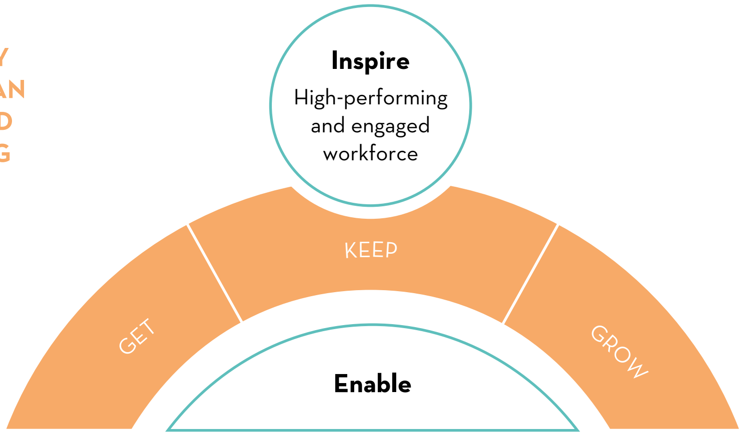
ATTRACTING AND DEVELOPING AN EMPOWERED, ENGAGED AND HIGH-PERFORMING WORKFORCE

Now more than ever, it is critical that we attract and develop the right people with agile, curious and creative mindsets, to help our business and clients win.

To support our business transformation, we continue to build concrete global foundations. In 2020, we launched a global applicant tracking system powering our award-winning careers portal and giving visibility of all open career opportunities – both externally and internally. For our colleagues, this means visibility of internal career opportunities to power our open job market. For the business, it means consistency and efficiencies in our approach to hiring and recruiting the right talent, in the right place, at the right time. This approach leverages a standardised global process that can be scaled to enable future business transformation and the creation of shared talent pools to support a brand-centric organisation.

To build on these foundations and support the proactive matching of candidate data to new opportunities, 2020 also saw the launch of our global Candidate Relationship Management tool. This is driving further efficiencies in our recruitment processes and candidate management and, most importantly, ensures the right fit for each role both now and for our future organisation.

OUR PEOPLE STRATEGY FOCUSES ON DRIVING AN ENGAGED, EMPOWERED AND HIGH-PERFORMING WORKFORCE



Get the best talent	Keep this talent	Grow our talent	Enable our talent	Inspire our people
by improving our recruitment processes and being the most attractive employer brand in the professional services industry	by offering opportunity, work-life balance, state-of-the-art workplaces, appropriate rewards and a sense of purpose	through experiential development, career progression, engagement and innovation	to deliver a personal best each year with the right tools, services, support and strategy	with a purpose and Company values that resonate, engaged leadership, and a positive team spirit

The Covid-19 pandemic has forced us to take to the virtual world – reimagining entire ways of working. As we move to more digital interactions and remote working, we must provide an engaging and positive professional experience right from the very start. In July 2020, we built a virtual onboarding experience hosted through our new global Learning Management System, allowing new joiners to feel part of our community, explore our global story and experience our work from their very first day.

Furthermore, we attract early career talent to the Company by leveraging the success of our 'CEO for One Month' programme. In 2020, we received a record number of applications – more than 205,000, from young aspiring leaders around the world. In addition to boosting youth employability, this programme helps identify high-potential talent, and the continuously high application rate – despite the pandemic – is testament to the strong employer brand of the Group. Please see pages 44-45 for more information on the CEO for One Month programme.

All of this is combined with putting engagement and inclusion at the forefront of everything we do when it comes to accessibility for all and driving an inclusive culture. In 2017, we aligned on a clear Company purpose for the Adecco Group: make the future work for everyone. And when we say everyone, we mean everyone – including people of colour, women, the LGBTQ+ community, persons with disabilities and more – indeed, anyone who embraces this vision of a diverse and inclusive culture. Please see pages 39-41 for more information on our Diversity and Inclusion agenda.

KEEP

POWERING OUR OPEN JOB MARKET

As an organisation we are transforming: reimagining our business solutions, delivering more for our customers and pioneering new initiatives in the digital space. And our 360° ecosystem of brands means we have the foundations and solutions in place to deliver this transformation at pace. Externally our world has shifted, so we must always expect the unexpected and be nimble and responsive to the unpredictable landscape that surrounds us.

Our people are fundamental to the success of our strategy in the current climate of volatility, uncertainty, complexity and ambiguity (VUCA), and so we continue to prioritise the growth, development and retention of our colleagues through our open talent market culture.

Our global internal careers site, launched in early 2020, provides increased visibility of all open career opportunities to our colleagues and supports the dynamic movement of our people across our organisation. This drives the growth and development of our colleagues across our brand ecosystem and provides them with varied career experiences and a more robust and holistic understanding of our end-to-end business solutions.

Our newly launched Candidate Relationship Management (CRM) tool enables the proactive and automated matching of open roles and talent internally, and encourages our colleagues to look for personal growth and new opportunities within the organisation. This allows our people to deliver in times of change, address skills shortages through internal growth of capabilities, identify future competencies that we are not even yet able to define, and ultimately fuel a virtuous talent cycle – preparing our next generation of leaders.

Furthermore, the global roll out of our engagement survey provides us with critical insights on where people are more engaged and where there is potential for improvement. This fosters an environment where we give our people a voice to express their experiences and drive a culture that promotes transparency, openness and insight-led decision-making. Specifically, through the introduction of regular 'pulse' surveys, we have been able to identify and quickly respond to the needs of our colleagues throughout the pandemic. Based on these insights, our focus in 2021 will be on aligning colleagues' individual roles to our new strategy and providing clearly defined career opportunities, career pathing, and clarity around the reward framework for individual performance.

GROW

GIVING OUR COLLEAGUES THE TOOLS AND EXPERIENCE THEY NEED TO SUCCEED

We know there is a substantial need for up- and reskilling. As many as 375 million workers may need to change their occupation by 2030. Through our General Assembly and LHH offerings, we at the Adecco Group, are fully equipped to support our clients, customers and candidates through this journey.

To further accelerate our transformation, 2020 saw the launch of our global Learning Management system where our colleagues can access courses, content and experiential learning to further enhance their own growth and development.

Additionally, we support the growth of our colleagues through a variety of developmental offerings such as:

- our AIM platform, which matches mentors to mentees;
- Speexx, a digital platform providing language training for those keen to improve their fluency in other languages;
- the 'Digital Foundations' programme offered through General Assembly, to upskill and prepare our colleagues for the digital transformation; and
- the 'GetAbstract' library of online learning resources across a broad range of topics, including podcasts, TED talks, articles and more.

Furthermore, we have enhanced our global functional and technical training programmes through our IT, Finance and Sales Academies.

Within the Group, and looking to the future, we will launch The Adecco Group University ('TAG U'), which will bring together the best of the Group's 360° offerings, as well as external experts to create dedicated curricula for all colleagues across functions and hierarchies.

ENABLE

GLOBAL TALENT REVIEWS

To ensure we are fit for the future, our leaders of tomorrow must be nurtured today. Healthy succession planning is paramount to safeguarding ongoing business continuity. Through our Global Talent Reviews, we are strengthening and further embedding processes that identify our critical talent and skills gaps, establishing how and where we build, buy and borrow the talent to strengthen these pipelines. Through these regular talent discussions and consistent tracking, we have increased our global leader succession coverage by 20%. This effective corporate succession planning process, applied throughout our organisation, increases the availability of capable individuals prepared to assume such roles as they become available. Without this pipeline, Company growth is at risk of slowing or coming to a halt. Conversely, with a robust process in place, leadership roles can easily be filled as senior executives retire or if senior management positions are vacated.

Building pipelines of talent is not only crucial at the top of the organisation, but nurturing our early-in-career colleagues is equally, if not more, important. Our International Future Leaders (IFL) Programme is just one example of how we focus on the development and acceleration of our high-potential talent to strengthen our future pipeline of leaders.

INSPIRE

DEFINING A NEW ERA OF WORK

We take pride in leveraging our own 360° ecosystem of brands and innovative solutions to deliver an excellent employee experience and continue building a world-class HR function. This not only serves our colleagues and accelerates our business transformation, but also showcases our 'best-in-class' solutions to our clients.

Some examples of this include:

- partnering with Pontoon to power our new Recruitment eXperience Outsourcing (RXO) solution for 2021 and beyond – transforming our recruitment processes and delivering a best-in-class end-to-end technology stack to drive further efficiencies and a world-class candidate experience;
- working with LHH and its coaching tool Ezra to support the development of our top talent such as our International Future Leaders (IFL) and participants in our Female Sponsorship programme;
- leveraging General Assembly's online learning courses in digital capabilities throughout the pandemic and beyond, to support the ongoing up- and reskilling of our colleagues through the crisis.

HR highlights

Group retention

% Global Leaders with at least 2 successors

Top 300 leaders within the organisation

+17% year on year

% Internal promotion to Global Leaders positions

+5% year on year

Great Place to Work®

Global ranking

#11 → **#7**

2019 Score: 76

2020 Score: 78

Peakon – employee engagement survey

Engagement score

7.8

New annual target (at industry benchmark)

Peakon eNPS®

33

(11 points above industry benchmark)

External career site visits

469,961

+37% year on year

Internal career site visits

31,063

DELIVERING THROUGH DIVERSITY AND INCLUSION

Making the future work for everyone

By saying we are committed to making the future work for everyone, we mean everyone. As a people business we put our expertise and energy into improving everyone's chances of being part of the world of work. The path to inclusion starts with a single-minded focus on skills: on what each candidate or employee can do, rather than e.g. their nationality, gender, race, age, background, religion, ableness, or sexual orientation. Through leveraging the power of diversity, we can drive more innovative decisions significantly faster, truly understand and represent our global customers, and improve our Company culture, employee satisfaction and ultimately productivity and performance. We have a firm commitment to promoting equal opportunities for everyone working with or through the Adecco Group.

To achieve a fully effective Diversity & Inclusion agenda, we are deliberate in how we shape our culture and operations, promoting a fully inclusive environment for all groups of individuals. We seek to establish and sustain a culture that powers belonging, trust and participation amongst ourselves, recognising and valuing differences to help our business, communities and clients win.

Like many others, we are on a journey to make this vision come to life. As one of the largest employers in the world, we recognise that we have a responsibility and opportunity to make a real difference in the area of inclusion in the workplace.

Our Diversity and Inclusion agenda: We believe in talent, not labels

We envision a world in which talent matters, not labels, and where everyone has a chance to be part of the world of work.

Our approach encompasses multiple pillars:

Attract, recruit, and retain a diverse range of talent
Bringing more perspectives, experience, and skillsets into our business to create better results for our customers.

Consciously inclusive
Driving an inclusive culture and dialogue across our entire organisation, through our behaviours, actions and continuous learning.

Inclusive leadership
Ensuring diverse thinking is respected, managed and applied at leadership levels.

Equity by design
Enabling accessibility and equality for all through our processes and initiatives; minimising barriers in order to maximise our collective potential for success.

Put wellbeing at the heart of everything we do
Placing value on mental, physical and cultural wellbeing and providing services and support appropriate for the needs of everyone in the Adecco Group.

HIGHLIGHTS OF THIS AGENDA IN 2020

Key highlights from 2020 which continue to drive this agenda include:

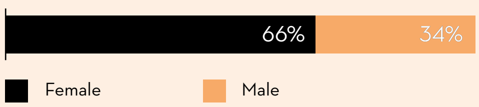
- **Female talent programme** – A female sponsorship programme encompassing Executive Committee-level sponsorship, acceleration to Global Leader roles, and a 6-month programme with Ezra, LHH's virtual coaching tool.
- **Gender KPI** – We aligned our target for gender equality to the Short Term Incentive (STI) plan of our Executive Leaders (see also pages 102-104 of this report).
- **Pay parity review** – We monitor gender pay equity for all key populations including for our Global Leadership on a regular basis. This helps ensure that the topic receives sufficient focus both locally and globally. Should a gender pay gap be identified in a particular country or population, a robust and clear action plan must be put in place specifying how and when the relevant gap will be closed.
- **Global inclusion training series** – We believe in the power of continuous education and lifelong learning. Understanding our own inherent biases is the first step to addressing them, whether in our private lives, or at work when hiring, collaborating and working with colleagues, candidates, associates or clients. In Q3 2020, we launched a global tailored inclusion series for leaders, managers and colleagues. This provides relatable concepts and common language to assist our people in leading and engaging in discussions on topics of diversity and inclusion. The training provides a solid foundation for developing a more open, mindful and inclusive culture – a culture that can leverage and unleash the power of human differences.
- **Diversity and inclusion engagement survey** – To support our diversity and inclusion agenda and accelerate our priorities, we introduced diversity-and-inclusion-specific questions into our quarterly engagement survey, helping us identify areas of opportunity and continuous improvement.
- **Celebrating diversity** – Our people are at the heart of our business. We are dedicated to creating an inclusive culture for everyone to feel supported in their day-to-day work and during their development throughout their career. To support this, we launched a Diversity & Inclusion portal on Unily (our Group intranet) as well as a communications calendar celebrating key diversity and inclusion events, activities, and ambassadors throughout the year. In 2020 for example, we launched internal and external campaigns around International Women's Day, Pride Month, Mental Health Month, and the International Day of Persons with Disabilities.
- **Internal social forum** – We launched this platform to provide a safe and open space for colleagues to engage in a dialogue around the topic of diversity and inclusion, including the opportunity to ask questions, listen, learn and share experiences.
- **Thought leadership** – To raise awareness of pertinent issues and potential solutions, we published a number of papers exploring, for example, the opportunities companies have to durably increase diversity as they prepare for the post-Covid world ("The Inclusion Imperative") or the need to jointly develop inclusive policies and innovative human-centred solutions to empower a smooth workforce transformation towards a post-pandemic economy ("Future of Work post-Covid – Bridging divides for shared prosperity"). For more insights, please visit www.adeccogroup.com/future-of-work.

OUR GLOBAL PARTNERSHIPS

Complementing our internally-focused activities, we engage with employers to develop programmes and pathways that embrace diverse talent. We also campaign for more inclusive employment worldwide through a range of global partnerships, associations and other initiatives, including:

- **Paradigm for Parity®:** A business coalition focused on eliminating the gender gap in corporate leadership. As part of our commitment we have agreed to achieve gender parity in leadership levels by 2030. Currently, 66% of our total employees are female, while representation at our global leadership level is 32% (25% in 2019), and female representation at Board of Directors level is 43%.
- **Valuable 500:** We joined this global movement which puts disability inclusion on the global business leadership agenda in 2019. Hundreds of global leaders are uniting to unlock the business, social and economic value of the 1.3 billion people living with disabilities around the world. As part of our membership, we will continue to champion the integration of people with a disability in the labour market, to help them overcome barriers to entering the workforce by strengthening their employability, and progressively adapt our own employment policies and practices to reduce these same barriers.
- **ILO Global Business and Disability Network (GBDN):** This is a unique platform for business-to-business support and peer-to-peer learning to promote the inclusion of people with disabilities in workplaces, and on whose Steering Committee we sit. In 2020, the focus of the Network was particularly on how to ensure that disability inclusion remains a priority for companies, during and after the Covid-19 pandemic, seeing that people with disabilities are one of the groups most impacted.
- **European Network Against Racism's Equal@work:** A multi-stakeholder network that brings together businesses, social partners, NGOs, public authorities and academics committed to diversity and inclusion, to find solutions to increase the participation of ethnic minorities and migrants in the labour market. Driven not least by the need to improve diversity and inclusion policies in the area of racial justice and equality following the Black Lives Matter protests. Conversations in 2020 focused specifically on the need for and challenges associated with the collection of equality data necessary to design insights-based strategies for improvement and to measure progress towards objectives.
- **Tent Partnership for Refugees:** Tent was founded to mobilise the private sector to improve the lives and livelihoods of more than 25 million men, women and children forcibly displaced from their home countries, by helping businesses identify and understand opportunities to help refugees. We joined this movement in 2020, because as one of the largest employers in the world, we believe work is a social integrator and recognise the opportunity and responsibility we have to contribute to the labour market integration of refugees.

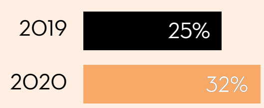
Company-wide gender split



Global Leader gender parity

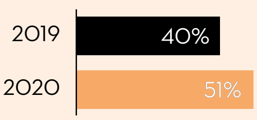
We are committed to achieve 50:50 by 2030

+7% year on year



Female successors at Global Leader level

+11% year on year



Great Place to Work® Diversity & Inclusion score

86

2019 D&I Score 85

Diversity & Inclusion Peakon employee engagement score

8.2

(0.1 above industry average)

HOW DO WE ADAPT WHEN THE GAME CHANGES?

Impact of Covid-19

Our world has been turned upside down by the Covid-19 pandemic. It has had a universal impact – from individuals to families, from small businesses to huge enterprises, from leisure to economic activity. With offices and stores being forced to close, working practices flexed to adapt, and business as usual put on hold, these times are anything but ordinary for our working society. For many companies, it's important to take steps that ensure their survival, both now and in the future.

These measures and the impact of Covid-19 have seen rapid changes in behaviour from employers and employees alike. The way we work has completely shifted – with more people communicating and interacting online and remotely, employees balancing work with home schooling, and individuals finding new ways to manage their wellbeing and develop their skills within the confines of their own home.

How we supported our people

It's been a challenging time, but also one of opportunity. We have seen our organisation come together in a collaborative, agile and innovative way – leveraging our 360° ecosystem to quickly put in place a number of guiding principles and protocols to provide the required support to our colleagues, clients, associates and candidates across the world. This is something we are immensely proud of: we are living our vision by making the future work safely for everyone.

To deal with the ongoing crisis, we have put a number of steps in place. 'people first' is our number one priority, and that is exactly what we have done.

1. Listening to our people

In order to best serve our colleagues, we collated their feedback through regular 'pulse' surveys throughout the past year. Our people have shared their views, concerns and needs, as well as feedback on actions taken. The questions evolved in parallel with the shifting world around us, but always focused on the same topics:

- wellbeing;
- clarity around business continuity plans;
- resources for continued development and growth;
- clarity on external support and guidance (for example, governmental policies); and
- tools and technology support.

'Pulse' survey results:

- Average 59% response rate (taking into account those on furlough or reduced hours).
- Achieved high scores across all categories of between 7.2 to 9.2 (out of 10).

High scores indicate that not only have we put the correct measures in place to keep our colleagues and customers safe as we develop new ways of working, but also show that the increased autonomy and flexibility are appreciated by colleagues, driving new responsibility and providing a way for our colleagues to manage work differently.

2. Wellbeing

To support our colleagues in managing the transition to working remotely, our online 'Supporting our People' portal provides access to useful resources and tools to aid in adjusting to life during Covid-19 and beyond. They focus specifically on:

- working remotely and maintaining productivity – including resources from partners such as GetAbstract and LinkedIn, as well as security guidance from our IT function;
- upskilling and development opportunities – leveraging our own 360° ecosystem of HR solutions, including General Assembly digital courses and our LHH Covid-19 resource hub;
- physical wellbeing – including at-home workouts and nutrition advice led by our own Win4Youth team;
- mental wellbeing – providing tips and tricks on how to manage mindfulness, stress and anxiety, and free access to global wellbeing apps including Headspace and Calm;
- emotional support – for those whose families or loved ones have been impacted by Covid-19, by directing our global community to local schemes providing virtual psychological support, taking into account geographical, language and cultural nuances;
- access to our 'Covid doctor' – providing answers on burning questions related to the Covid-19 outbreak from a public health and epidemiology (pandemic) specialist;
- access to our 'Covid Protect' app – available to all clients, colleagues and associates, our 'Covid Protect' app provides the latest information and guidance around Covid-19, including:
  - e-learning on health and safety – how to recognise and react to symptoms and protect oneself and others
  - guidance on how to ensure a safe return to in-person working
  - podcasts to help manage mental wellbeing.

3. Workforce measures

To help steer our business and colleagues through the crisis, we introduced the following workforce measures:

- Where possible, we re-deployed colleagues into areas where we saw business growth, for example in e-commerce.
- We leveraged government support measures, with 17 countries using short-time work for colleagues.
- We implemented additional workforce measures, such as hiring freezes, voluntary part-time working/ sabbaticals/furlough/holidays, deferment of incremental salary increases, and redundancies where needed, as determined by each country.
- We offered global outplacement services from our LHH brand in support of all colleagues transitioning out of the organisation during this time.
- Our CEO, Executive Committee and senior leaders took voluntary salary reductions.
- Where feasible, we implemented on-site reductions, e.g. rent reductions and reduced office services.

4. Client offering

For us at the Adecco Group, it is of utmost importance to share our expertise and learnings also for the benefit of our customers, to support them during these turbulent times. We therefore created two guides for HR leaders within our clients' own companies, offering insights and packaging up our approach, frameworks and solutions to help them support their own employees through Covid-19 and beyond.

5. 'New World Working'

Recognising the impact the current climate has had on our ways of working, we must remain agile in our current practices as well as look ahead and seize the opportunity to transform our culture and business solutions to compete successfully in this fast-moving environment. To support us in this journey, we asked colleagues across the globe to share their reflections and experiences of working life during the pandemic. These have helped us develop longer-term and sustainable solutions and frameworks for managing productivity levels, fostering internal collaboration and maintaining organisational cohesion in a virtual world. We have created a set of guiding principles to help us navigate this shifting landscape and prioritise key activities to manage the wellbeing of our people and drive continued business performance.

We will continue to build upon these principles during 2021, while also advancing other areas impacted by these changing times, such as our real estate and technology infrastructure, and how we upskill and reskill our people to thrive in this new environment.

Hybrid Working – A balance between office and remote work

Establishing a healthy balance between in-person and virtual working. Recognising that the more collaborative relationship building, and informal connection activities are better done in the physical space.

Delivering Results – Clear measures of productivity based on output and merit

Prioritising a results-based culture. Providing clarity on what we mean by productivity, how it is measured and the frequency with which we measure it. We demonstrate a pioneering spirit, by identifying new opportunities through collective learning and pushing the limits of what can be done.

Smart Planning – Goal-based flexibility

We use 'smart planning' to guide our decision-making processes – leveraging technology to help us. For example, working in the office when the whole team is there to more effectively carry out tasks better done in person. We respect the Adecco Group operating hours to continue to drive connectivity, business continuity and collaboration in a volatile landscape, while acknowledging the need, at times, for flexibility in working hours (due to personal circumstances, client needs, global collaboration etc).

Wellbeing – Taking deliberate action

We take deliberate and accountable action to drive wellbeing – for ourselves and others. We respect our colleagues, their needs and the balance of blended working.

Agile Working – Role-modelling the right behaviours, culturally and operationally

We prioritise client- and candidate-centricity and we role-model behaviours that drive agility and add value to the ways we work. We provide ongoing training and development opportunities to adapt to new ways of leading and delivering in a virtual way.

GETTING A FOOT ON THE CAREER LADDER

Youth employability

In a highly competitive labour market, made more intense by the pressures of Covid-19, young people can struggle to get noticed. Often without industry experience, specific qualifications or impressive references, they can find themselves at a disadvantage.

The Adecco Group's CEO for One Month programme helps increase the work-readiness of young people by leveraging the skills and know-how of the Adecco Group. The programme, run in more than 40 countries, helps candidates to develop and showcase their leadership potential, learn what it takes to succeed as a business leader, and acquire the skills and experience needed to get a foot on the career ladder. For one individual, the reward at the end of the process is a once-in-a-lifetime opportunity to spend a month shadowing the CEO of the Adecco Group, Alain Dehaze.

The experience of a lifetime

In 2016, Sami Itani was riding the subway in Helsinki when he saw an advertisement for the CEO for One Month programme in the newspaper. "I was already aware of the Adecco Group's high level of integrity as an employer and their expertise in the industry. The company culture seemed like a good fit for me, so I decided to apply," says Sami. After undergoing a selection process that included interviews, a bootcamp, and various other tests and assessments, Sami was chosen as Finland's CEO for One Month. This marked the beginning of Sami's career with the Adecco Group. He continued to thrive, taking on various senior roles at the company. Sami became CEO of the Adecco Group Finland at the beginning of 2020 and a key role model for alumni of CEO for One Month. He then helped to foster the next generation of the programme.

Online opportunities

In 2020, the CEO for One Month programme demonstrated its resilience and flexibility in the face of the global Covid-19 pandemic. Going digital and adding value for all applicants were the goals during these trying times, when physical meet-ups were not possible but continuing education became more important than ever. In fact, despite the pandemic, the programme had more than 205,000 applicants in 2020 – all of whom had access to the online Career Centre offered by the Adecco Group Foundation. This resource provides access to a myriad of learning tools including virtual workshops, webinars on topics such as networking and leadership skills, and free digital assessments and feedback reports.

> “The needs of candidates and clients and the technology we use to best serve them are all evolving quickly. It's a fascinating environment that offers a lot of opportunities.

Sami Itani
Sami Itani, CEO Finland,
The Adecco Group

From CEO for One Month to full-fledged CEO – an inspiring success story

Sami's story

"My advice for the next generation of CEO for One Month candidates? Nobody knows the future of this industry with 100% certainty – or of the world itself for that matter, as 2020 has shown us," Sami says. "The needs of candidates and clients and the technology we use to best serve them are all evolving quickly. It's a fascinating environment that offers a lot of opportunities. Just remember to aim for big, bold ideas that challenge our usual way of doing things."

[See more online at https://www.youtube.com/watch?v=GW1Tx7gbcuU](https://www.youtube.com/watch?v=GW1Tx7gbcuU)

A CULTURE WHERE TALENT MATTERS

As a business whose very reason for existence is the success of people, we want to improve everyone's chances of being part of the workplace and enabling them to get better access to the jobs and life prospects they deserve.

This commitment extends to everyone working with, through or for the Adecco Group, and we are constantly striving to foster a culture of belonging and purpose, in an environment where people can thrive and feel engaged, and where difference is respected and valued.

This is coming to life especially across our North American business, where a new diversity and inclusion (D&I) programme led by Jâlie Cohen, Head of HR for the Americas, is building a culture where talent matters.

"When I joined the Adecco Group, I was asked to partner with all brands in North America to create one Group voice," Jâlie says. "The goal was a diversity and inclusion programme that would demonstrate in both words and actions how we are making the future work for everyone – for all stakeholders, both internal and external."

For the Adecco Group, the commitment to inclusion begins at a global level, with the Executive Committee identifying the issue as a business imperative. Right across the Group, leaders are encouraged to use their voice and platforms to support issues that are close to them, for example gender equality or speaking out against social and racial injustice. At a regional level there is then the flexibility to develop solutions that represent the specific issues and diversity of each area.

In 2020, many of the region's senior leaders took part in a two-day workshop to understand systemic racism. One outcome was the creation of a diversity and inclusion council, whose purpose is to reflect our core beliefs around culture and inclusion and enable us to best serve the needs of our clients and to positively impact the lives of all our stakeholders.

For more details about Diversity & Inclusion please visit, https://adeccogroup.com/future-of-work/latest-insights/there-is-more-that-unites/

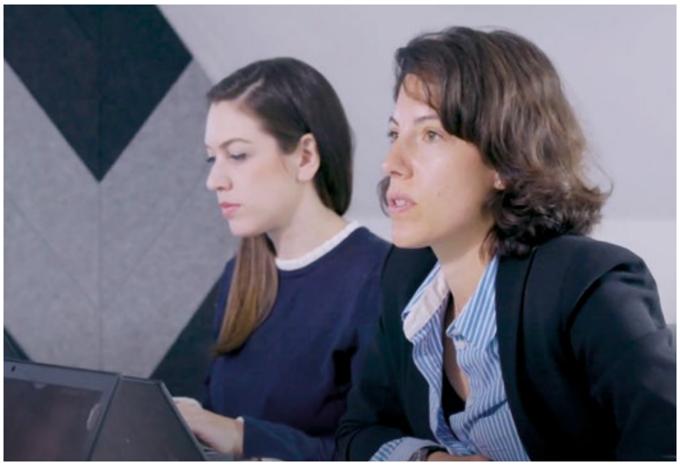
> "We are building a culture where talent matters – not labels – and where everyone has a chance to be a part of the world of work.

Jâlie Cohen
Group Senior Vice President, Human Resources – Americas at The Adecco Group

To elevate the voices of our colleagues, a diversity and inclusion 'listening tour' was launched. It comprised 15 virtual and moderated sessions on a variety of topics aiming to understand what we needed to focus on and to ensure that the full range of voices was represented. Four specific areas were defined that will be used to shape the D&I agenda across North America going forward. These were:

- having a dedicated inclusion leader and team to build out a robust inclusion programme;
- focussing on education and training, both around inclusion and also around hiring and upskilling our diverse talent;
- a company wide commitment to diversifying the leadership teams to mirror the diversity we see in our regions; and
- consistent and effective communication around D&I so that all our stakeholders are clear about our path and progress.

"We are building a culture where talent matters – not labels – and where everyone has a chance to be a part of the world of work," Jâlie says. "We're celebrating countless ideas and experiences that shape us as individuals and as an organisation. Our vision and culture are inspired by our employees, who are inclusive and very proud of who they are."



International Women's Day: Talent without Labels, see https://www.youtube.com/watch?v=KTBk9-HG4NA

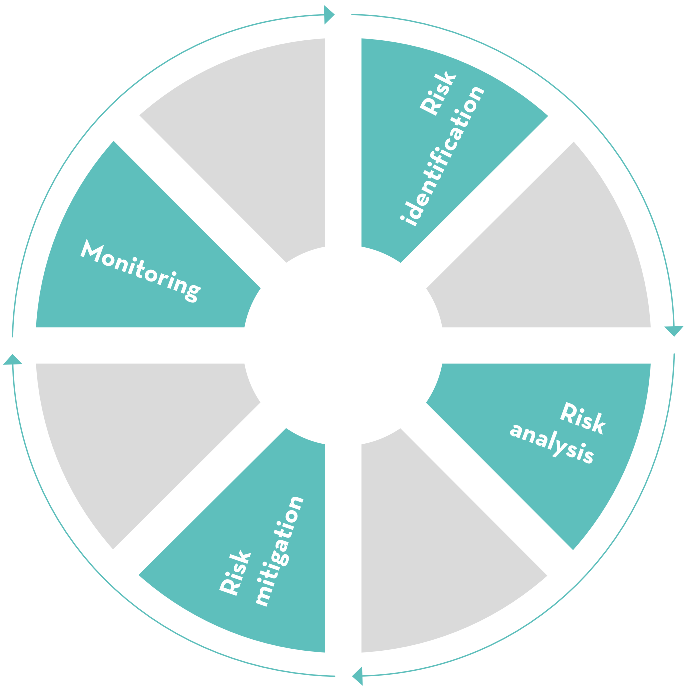
Identify, mitigate and manage risk

Our risk management process is used to identify and mitigate our exposures and, where possible, to turn risks into business opportunities. By effectively managing our risks, we are able to maintain our resilience through challenging periods such as that presented by Covid-19, and ensure we continue to create value for our stakeholders.

Enterprise risk management – an iterative and integrated management practice

Embedded in the strategic planning process, the enterprise risk management process at the Adecco Group is a management practice. It provides assurance to all key stakeholders that we will achieve our performance, profitability, and targets and objectives related to environmental, social and governance (ESG) considerations. While the focus is on analysing, managing and mitigating risks, we pay equal attention to identifying opportunities for business development.

The process is conducted on a regular basis, steered by Group management and overseen and approved by the Board of Directors. Country and business line management teams are involved as well as Group management and corporate functions, to ensure consistency and comprehensive coverage by leveraging the expertise of the people in the organisation close to the risks. This is consolidated through an unbiased and honest view of those risks that can have a significant impact on their operations and their ability to meet objectives. Where needed, action plans are developed, and progress is reviewed during regular operational business meetings. The enterprise risk management assessment, including the action plan, is reported back to the Board of Directors.



Key business risks

The following describes our major business risks and how we manage them. Covid-19 has had a marked impact on the Group during 2020 and the key business risks have been updated to reflect this changing risk environment.

Key business risks	Description	Mitigation
Geopolitical, social and economic uncertainty	Demand for many of our HR solutions is highly correlated with changes in economic activity. Meanwhile, career transition is counter-cyclical in nature. At the same time, we operate in a labour market going through significant change: the workforce skills an organisation requires today may be obsolete in few years' time. Staffing companies must adjust their capacity to fluctuations in demand, which can occur rapidly and over which they may have limited visibility.	The Adecco Group has leading positions in most major geographical markets and HR service lines. The diversity of our exposures provides some natural hedge to the risk of changing economic conditions. Nonetheless, we place a high priority on closely monitoring economic developments, how these influence our clients' demands, and their impact on our financial results. Our crisis management approach, supported by an active dialogue between corporate and regional management, allows us to stay abreast of any business developments and swiftly adjust our capacity levels as required. The response to the Covid-19 pandemic during the year confirmed the Group's readiness for a recession and its ability to ensure a continued stable dividend distribution. This is assessed on an ongoing basis.
Client attraction and retention	The Adecco Group's results and prospects depend on attracting and retaining clients. Client satisfaction, as a result of services we have rendered, is a key driver of client retention and therefore needs to be monitored closely. The changing world of work also provides an opportunity for new sources of growth and the attraction of new clients.	We emphasise the importance of acting as a partner to clients to help them satisfy their workforce solutions needs. On a regular basis we measure client NPS®. The results are used to train and support sales teams, to draft and execute sales action plans, and to further enhance the services we deliver. At the same time, we continuously strive to improve our delivery channels and to optimise sales systems and processes, leading to enhanced client attraction. The customer has been placed as the cornerstone of our new Future@Work strategy, as we seek to leverage 360° HR solutions whilst transforming into a more brand-driven organisation. We recognise our clients' increased expectations as regards responsible business conduct across their supply chain and are intent on meeting their objectives through our integrated sustainability framework.

Key business risks	Description	Mitigation
Associate attraction and retention	We depend on our ability to attract and retain candidates and associates who possess the skills and experience to meet our clients' needs. With talent shortages in some highly qualified skillsets, providing suitably qualified associates can be challenging.	We aim to attract the best talent through various sources, ranging from the traditional physical branch to online platforms and technologies using digital tools responsibly. Our value proposition for candidates and associates goes beyond providing employment opportunities or consecutive assignments. We also provide training and career coaching, and help solve skills shortages with our up- and reskilling solutions which improve access to diverse candidates, including in some of the most in-demand fields such as digital and IT skills. We regularly measure our candidate NPS® to help identify and respond to their needs.
Employee attraction and retention	Our success depends on the talent and motivation of our people. Hiring and retaining the right talent in the right job may significantly influence the business prospects of the Adecco Group. Talent and skills are becoming an increasingly limited resource, as companies compete for the best people. The loss of key colleagues, with valuable experience in the global HR services industry or with strong customer relationships, could cause significant disruption to our business.	At the Adecco Group we have developed a five-pillar talent framework aimed at enabling us to remain the leading employer in our industry. We provide a unique offering and rich experiences, helping our people thrive and develop across multiple brands and geographies. We measure our progress through participation in the annual Great Place to Work® survey, which gauges employees' satisfaction with their workplace, as well as via regular internal employee surveys. In response to Covid-19, we created and rolled out an entire suite of tools and resources to support our colleagues during these challenging times. Find out more on pages 36-47.
Information Technology	IT plays a pivotal role in today's business operations. Key business processes, such as client and candidate management, and search and match between roles and candidates, are dependent on IT systems and infrastructure. Among other consequences, a significant system interruption could result in material disruptions to our business.	We undertake ongoing assessments of our global security and IT infrastructure and continue to holistically improve our approach to security. This includes strengthening data security measures and helping ensure rapid detection and efficient response. To protect business continuity, critical business applications are stored in cloud applications and regional datacentres with failover capability. Regular reviews of agreements with IT service providers and enhancements to service-level and contract management are embedded in our IT processes, as is the continuous improvement of user security awareness.
Changes in regulatory/legal and political environment	The HR solutions industry requires appropriate regulation, with the ultimate goal of enhancing quality standards to the benefit of society, workers, private employment agencies and their clients. A changing political environment might lead to inappropriate or unbalanced regulation, potentially impacting our business model.	The Adecco Group monitors and evaluates, at regional and local level, any changes in the regulatory and legal environment, and promotes actions and initiatives directed at improving working and employability conditions, while ensuring competitiveness and growth of economies. We are a founding member of the World Employment Confederation and hold leadership mandates in the regional and national associations representing our sector. Our engagement extends to global institutions such as the International Labour Organization, the OECD, the International Organisation of Employers and the G20-B20, as well as BusinessEurope. Find out more on page 55.
Compliance with laws and regulations	The Adecco Group is exposed to various legal risks, including possible breaches of law in the areas of employment and discrimination, competition and bribery. The Group holds information on a large number of candidates and associates, bringing additional risks in the rapidly developing area of data privacy laws.	Our global Integrity and Compliance Programme sets our ambition level and overarching framework for our employees to comply with all applicable legislation and internal policies. Training courses on material issues create awareness among employees of the risks of non-compliance. In particular, the Adecco Group requires all employees to adhere to our Code of Conduct. Regular legal updates, as well as periodic audits of branches and local operations, are among our preventive measures. Any issue or concern can be reported confidentially through our publicly available ethics reporting channels. Find out more on pages 50-51.
Disruptive technologies	New distribution channels and data-driven business models are emerging as HR solutions go digital. This creates the risk that some of the Adecco Group's services could in the future be offered differently and / or by new competitors. Over the longer term, these disruptive technologies could present a threat to the market share and profitability of the Adecco Group.	At the Adecco Group, the potential of digital is embraced as part of Future@Work through a combination of internal ventures, partnerships and targeted M&A. Continuous investment in our IT platform allows us to increase our efficiency and effectiveness and provides the infrastructure for a comprehensive and co-ordinated response to the emergence of new technologies. We have also created the Executive Committee position of Chief Digital Officer. This marks the next step in our digital evolution, enabling us to place further emphasis on the growing digital scope of our business and to focus aggressively on new opportunities for growth. At the same time, we will continue to look to build more synergies between the Group's online and offline businesses, and to further develop opportunities with leading technology partners.
Data protection and cyber security	With increasing digitalisation, the ability to provide a data environment meeting the highest security and regulatory standards, such as GDPR, is critical. Any failure to do so, whether due to a lack of appropriate technology, controls or human error, could result in a loss of trust among our candidates, associates, employees and clients, as well as financial penalties.	The Adecco Group is continually investing in cyber-security-related processes and systems. With investments in compliance resources, business processes and technology, the Group is complying with relevant data privacy principles established by law. To mitigate the risks, a global privacy strategy has been defined which consists of embedding privacy in the Group's day-to-day operations, securing compliance with applicable laws, and working to turn data privacy and compliance into a competitive advantage in the long run.
Environmental, social and governance (ESG) factors	The Group needs to identify, manage and respond to ESG risks and opportunities impacting its business and stakeholders, and live up to its public commitments such as towards the UN Global Compact. Demonstrating this ability strengthens the Group's reputation, helps safeguard our licence to operate, drive profitable growth and deliver value for all our stakeholders.	The Group has a long-standing commitment to doing business sustainably. An integrated sustainability framework focused on the issues most material to our business and stakeholders guides our actions and ensures strong alignment between key business and ESG risks and opportunities. Embedded governance structures and a comprehensive measurement framework enable focused implementation, as we move towards a culture that consistently considers ESG dimensions across our business. Find out more on pages 8-9.

Operating responsibly

We are experiencing some of the most significant challenges in recent history: climate change, systemic inequality, the erosion of social cohesion, livelihood crises, the Covid-19 pandemic. These themes may be interlinked or even exacerbated by each other. The private sector has a critical role to play in helping to rebalance our world for the benefit of all.

To thrive in the long term, we need to continuously strengthen our licence to operate by serving the interests of all: being respectful to our stakeholders, the society we are a part of, and the planet we live on. At the Adecco Group, we are committed more than ever to working in alignment with our purpose of making the future work for everyone. Maintaining the highest standards of responsible business conduct and embracing a culture that seeks to consistently integrate environmental, social, and governance (ESG) considerations across our full value chain is an integral part of this approach.

Leading with integrity and compliance

A critical component of long-term value creation and building legitimacy with stakeholders is to conduct ourselves ethically, in line with both the spirit and letter of applicable laws and accepted norms for corporate behaviour. We aspire to positively influence the world of work and set an example by how we conduct our business. Leading with integrity and compliance thus forms the basis of our open culture of mutual respect and trust in a collaborative environment, and of how we behave. This is expressed within our Code of Conduct and everyone within the Adecco Group – from the Board of Directors and Executive Committee, to line managers and colleagues, without exception – is expected to respect this and fulfil their responsibilities accordingly.

In 2020, we continued the roll-out of our Integrity and Compliance Programme, launched in 2019. Its purpose is to ensure the appropriate controls are in place to support the prevention, detection and response to (potential) violations of laws, regulations, Group policies, and public commitments. It does this by providing insight, direction, education, oversight, and guidance to everyone in the Group. A central repository on our new Group intranet ensures that all colleagues have access to important information such as Group policies, information about key topics, our reporting hotline for ethical concerns or potential misconduct, training materials, and the link to our global Learning Management System.

To help us understand our Company's current culture of integrity, in 2020 we conducted our first Group-wide survey on integrity and compliance. This provided our colleagues the opportunity to share their perceptions regarding topics such as integrity, ethics and compliance within our Company, their awareness of integrity and compliance matters, and their perceptions regarding reporting misconduct. More than 18,000 employees participated, with overall positive results. More than 1,200 comments were shared, helping us to fine-tune our priorities for the short, medium and long term. In light of the positive reception and to continuously evaluate progress against our objectives, we now plan to conduct such a survey on an annual basis.

Another focus area in the past year was to further strengthen our approach to conflicts of interest: we rolled out a new global policy including a declaration process for colleagues, global training and corresponding communication materials. We are committed to identifying situations that are or could be perceived as conflicts of interest and disclosing them so they can be managed.

ENSURING RESPONSIBLE TAX PRACTICES

We recognise the important role that companies play in contributing to public finances through paying taxes, helping to finance vital public infrastructure and services and thus to achieve the UN SDGs. We do not engage in artificial tax-driven structures and transactions, but instead seek to comply with both letter and spirit of applicable tax laws. We report revenues and pay taxes in the countries where we operate and where value is created. As the Group is not organised on a country basis, we publicly disclose taxes paid in aggregate form only.

EUR millions	2020[1]
Income taxes paid	290
VAT paid	2,061
Employer social charges paid	2,278

1 2020 is used as the starting year for disclosing these metrics.

For more information on our tax strategy, please refer to page 93.

Transparency is an important part of fostering an environment of mutual trust among all stakeholders. This complements our existing policies and processes on preventing bribery and corruption.

Without good governance, companies lack the supportive context within which to make progress against their ambitions. In 2020, we therefore strengthened and updated our Group's governance structure, including through a new Group commitment policy and related processes. This will ensure a strong foundation for decision-making in our businesses.

As we implement such new initiatives, policies, procedures and tools, we partner with a diverse group of stakeholders from differing functions, business units and geographies across the Group, to make sure they reflect a broad set of experience, expertise and contexts. This helps us to best meet the needs of colleagues at the heart of our organisation and the expectations of other relevant stakeholders.

To support the achievement of our ESG-related objectives, compensation for Adecco Group Executive Committee members is linked to select material ESG measures. For more information on how ESG is embedded in our compensation framework, please refer to page 104.

Our philosophy of doing what is right is under-pinned by our purpose as a Group, our core values, and our commitment to doing business responsibly and in a way that serves the interests of all our stakeholders. Embedding these standards consistently into how and why we conduct our business will ultimately enable us to deliver on our mission to be a driver of positive change and make the future work for everyone.

OVERVIEW OF 2020 COMPLIANCE AND ETHICS REPORTING

At the Adecco Group, we have built and continue to foster an open culture of mutual respect and trust in a collaborative environment where colleagues can seek help or advice, and speak up. Anyone raising concerns in good faith is making the right decision: we will listen and take any issues seriously. Concerns can be raised through management, our global network of integrity and compliance officers, or our 24-hour reporting tools (hotline and website), without fear of retaliation. Maintaining the highest standards of ethical conduct and ensuring we meet our legal obligations are central to the Adecco Group's sustainable success.

Depending on the risk significance (e.g. potential impact on stakeholders, financial impact and / or reputation damage, seniority of the subjects potentially involved), reported cases are divided into red, yellow or green categories, which determines the further handling of a case. Corrective action may include disciplinary measures, training, or process improvements (such as amendment of policies and procedures, awareness campaigns, or implementation of new controls). Relevant information on reports is regularly provided to the Board of Directors' Audit Committee and senior management.

In 2020, the three most reported categories were:

- improper workplace conduct (23%);
- deception (13%), including e.g. embezzlement or time card fraud; and
- discrimination (13%).

	2020	2019
New cases reported	**192**	195
Red cases	**2%**	1%
Yellow cases	**10%**	7%
Green cases	**88%**	92%
Reported through the ACE hotline	**67%**	67%
Reported through other channels (e.g. management or integrity and compliance officers across the Group)	**33%**	33%
Cases closed	**171**	188
Proven	**26%**	31%
Not proven	**37%**	25%
Inconclusive	**12%**	20%
Not related to misconduct / not appropriate for investigation	**25%**	24%

Respecting human and labour rights

The pandemic has starkly exposed the vulnerability of workers in a crisis. We believe that our services bring many positive benefits, particularly in the areas of employability and access to work, and thus livelihoods. Our vision is of a world where all people have the right skills to gain, or maintain, access to the world of work and are enabled to reach their full potential, and where every job provides fair remuneration and decent working conditions. This is also reflected in our continued advocacy for a new social contract, to ensure that the structures to organise the labour market are adapted to realities on the ground and that all forms of work are secure and sustainable.

As the leading talent advisory and solutions company and one of the largest employers worldwide, our success begins and ends with our people. Every day, we provide work for hundreds of thousands of colleagues, associates and candidates, and directly and indirectly impact the lives of many more. It is in our interest to ensure that the Adecco Group is not complicit in any human rights abuses, and we are committed to making this a fundamental part of how we operate. We believe that respecting human rights is one of the many ways we bring our purpose and our values to life, and one of the most fundamental contributions organisations can make towards the achievement of the United Nations Sustainable Development Goals (SDGs). Meanwhile, expectations from governments and other stakeholders in this area are only increasing, as evidenced by growing calls for mandatory legislation on human rights due diligence, at national, regional and international levels.

At the Adecco Group, we recognise our responsibility to ensure respect for human and particularly labour rights within our sphere of influence, across our value chain and wherever we do business, and our ability to contribute to positive human rights impacts. In our work, we embrace some of the most authoritative international norms in this field, such as the International Bill of Human Rights and the core labour conventions of the International Labour Organization (ILO). We are also committed to international general and sector-specific standards, such as the UN Global Compact, the World Employment Confederation Code of Conduct, ILO Convention 181 on Private Employment Agencies, and the UN Guiding Principles on Business and Human Rights. A number of global and local internal policies, guidelines and programmes translate these standards into our daily business.

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT AGENDA 2030

In September 2015, all member states of the UN adopted a plan for achieving a better future for all – laying out a path over 15 years to end extreme poverty, fight inequality and injustice, and protect our planet. Achieving the 17 SDGs that lie at the heart of this 'Agenda 2030' requires determined action by all sectors in society – including business. At the Adecco Group, we are fully committed to playing our part. As the world's leading talent solutions and advisory company, we have a tremendous opportunity – and responsibility – to harness our expertise and resources to contribute to the achievement of this important vision. While as a multinational corporation we have touchpoints with almost every SDG, we focus our strategic efforts most closely on those where we can make the biggest difference through our core business: unlocking everyone's potential, facilitating access to work, and enabling economic development, wellbeing, livelihoods and security.

4 QUALITY EDUCATION	**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**	**Focus Target: 4.4**
5 GENDER EQUALITY	**Achieve gender equality and empower all women and girls.**	**Focus Target: 5.5**
8 DECENT WORK AND ECONOMIC GROWTH	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**	**Focus Targets: 8.5, 8.6 and 8.8**
10 REDUCED INEQUALITIES	**Reduce inequality within and among countries.**	**Focus Targets: 10.2, 10.3, 10.4 and 10.7**

[For more details on the SDGs please visit https://sdgs.un.org/](https://sdgs.un.org/)

As a talent advisory and solutions company, we particularly focus on: the right to work and to just and favourable conditions of work and associated rights; equality and non-discrimination; physical and mental health; and the right to privacy. We have a zero-tolerance approach to child labour, forced and bonded labour, modern slavery and human trafficking across all our operations, business dealings and relationships. We are also committed to the principle of never charging recruitment fees and costs to job seekers, and we respect the right to freedom of association and collective bargaining.

Social dialogue is not only a labour right in and of itself, but is also an effective way to safeguard human and labour rights per se. This is why we remain fully committed to engaging in social dialogue, with both our colleagues and associates. We engage in sectoral social dialogue for agency workers in numerous countries, and are a partner in the European Sectoral Social Dialogue for Agency Work managed by the World Employment Confederation (WEC) – Europe. Despite travel restrictions, the European Sectoral Social Dialogue remained active, and found a way to have a meaningful dialogue online. As early as April 2020, WEC-Europe and UNI-Europa (the European social partners for the temporary agency work industry) agreed a set of joint recommendations to handle the Covid-19 crisis. Furthermore, in December, the social partners presented the outcome of a joint research project addressing social innovation in the temporary agency work sector, as well as a set of joint recommendations based on this research. These documents are accessible at www.weceurope.org.

Employee relations, including receiving feedback from colleagues on a regular basis, continue to be a focus for the Group and help us shape our people agenda. One of the ways we engage our colleagues is through the Adecco Group European Works Council (AEWC), which enables meaningful social dialogue between the Adecco Group management and European employees through elected employee representatives. Since the start of the pandemic, we have increased the number of AEWC meetings in order to continue our exchanges, engaging in dialogue on the impact of Covid-19 as well as European-level transnational matters. In 2020, we held seven meetings between Company management and the AEWC Steering Group, consisting of five AEWC members who work on behalf of all employee representatives. The Adecco Group management furthermore invited all AEWC employee representatives to two virtual meetings – one exceptional meeting in June 2020 to specifically discuss the Covid-19 pandemic, and the annual plenary meeting in November 2020. Every year, one AEWC employee representative is also invited to attend the Group's Global Leadership Conference – a practice which continued in 2020. Together, management and employee representatives aim to have a positive social dialogue based on the spirit of good faith and mutual trust.

To identify gaps and further strengthen our approach, in 2020 we began mapping material human rights risks and corresponding controls across our organisation, as part of a broader compliance with labour law initiative. This work is complemented by the results of our integrity and compliance survey, which provide the colleague perspective on where we need to focus our efforts. As outlined in other sections of this report, we have launched a comprehensive new diversity, inclusion and wellbeing framework, including training, and have made significant progress in increasing employability and access to work particularly for underserved populations. In our next steps, we will focus on revising our human rights policy, further engaging with our colleagues on these important issues, and addressing in more depth the topic of third-party due diligence across the value chain.

We also collaborate with a number of other stakeholders on human-rights-related questions, where we feel our expertise, convening power or resources may help advance shared objectives. In 2020, we joined the Advisory Council of the International Centre for Sports and Human Rights, to share our expertise on responsible recruitment and the perspectives of the private employment industry, coupled with our expertise related to the world of sports through our long-standing Athletes Programmes (please see www.adeccogroup.com/athleteprogrammes for more information). We also work with clients to change realities on the ground. In Australia, for example, our Modis team has worked with several government agencies and departments to develop capabilities that may be used to reduce the incidence of family and domestic violence.

We understand that human rights due diligence is an ongoing process and are committed to continuously strengthening our practices and engaging with stakeholders on relevant topics and progress.

“As a people-centric organisation, ‘people first’ was and continues to be the number one priority at the Adecco Group.

Ensuring workforce wellbeing (including health and safety)

2020 was a time of tremendous uncertainty for people around the world. Many of us witnessed first-hand the impact that stresses such as job loss, being put on short-time work, anxiety around livelihood prospects, mastering the double burden of work and childcare, fear for one's own and loved ones' health, or prolonged isolation were having on our own wellbeing. The world of work will not – and should not – look the same after this crisis. Research that the Adecco Group conducted in May 2020 revealed that employers are now the most trusted to 'reset normal' – above any other institution. In fact, 80% of those surveyed said they trusted their employer with delivering a better working world after Covid-19, and 61% felt confident the company they worked for would support them during any future crises. Having gained this trust, businesses now need to show leadership in actively guiding their people through this period of change.

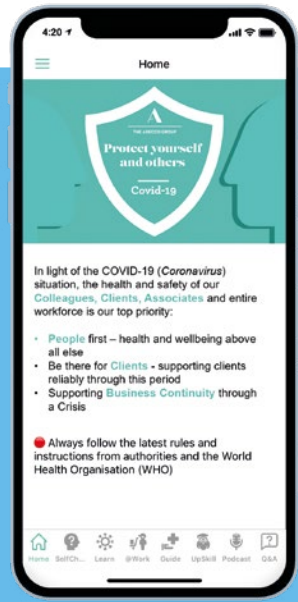
As a people-centric organisation, 'people first' was and continues to be the number one priority at the Adecco Group. Our people were at the heart of every decision and our plans revolved around their wellbeing and success. We needed to be mindful of the needs and expectations of our own colleagues, but also the reality of our associates' experience: our industry is unique, as we do not directly control the work environments we place our associates in. This is acknowledged by applicable legislation, often placing primary responsibility for a healthy and safe working environment with the client company.

But in times like these, day-to-day rules may be easily turned upside down. For us, it remained our priority to be there for our associates, with a focus on the following measures:

- ensuring a safe working environment by supporting our clients to implement comprehensive health and safety protocols;
- creating a best-practice approach to remote work, for roles where this was possible;
- providing virtual access to upskilling and reskilling solutions; and
- accelerating conversations with clients to support our associates to safely find work in sectors that were and are in high demand; the Group's wide and multi-industry client base made us uniquely well positioned to consider such possibilities.

In 2020, we developed the Adecco Group 'Covid Protect' app, available to all clients, colleagues and associates and providing the most up-to-date information and guidance on how to stay safe, including:

- e-learning on health and safety – how to recognise and react to symptoms and protect oneself and others;
- guidance on how to ensure a 'safe' return to in-person working;
- podcasts to help manage mental wellbeing;
- accessible courses to help individuals future-proof their skillsets in an ever-changing world.



For a comprehensive overview of how we supported our colleagues during these challenging times, please see pages 42-43.

By putting structured yet flexible measures in place, we ensured and continue to ensure the best for our people – covering all bases and leading by example. Not only did this build confidence in our handling of the situation, but it also helped people feel safe in the new environment they entered.

However, many companies lack a blueprint to help their workers prioritise their wellbeing, and cope with and harness change – and the resulting deficiencies were clearly felt during the lockdown period. To share some of our expertise and learnings for the benefit of all, our Adecco Group Foundation in 2020 published a methodology that helps leaders develop frameworks that address the holistic wellbeing of their employees. It hinges on four elements of wellbeing (physical, mental, social, and purpose), coupled with four enablers that are needed to make any wellbeing intervention and policy work and last: culture and brand, policy and practice, environment, and technology and tools.

We remain committed to taking every necessary step and precaution to ensure that our people are healthy, safe and in work. Our purpose has always been to make the future work for everyone, and it is now our ambition to make the future work for everyone, safely.

Engaging on public policy

In 2020, the Covid-19 pandemic illustrated clearly the importance of labour market policies that are focused on protecting workers as well as supporting businesses. The Adecco Group's policy analysis has shown unprecedented levels of government intervention in employment and social affairs. In some cases, this intervention was needed to cover existing gaps; in many cases it was to account for the unique situation the world found itself in.

For the Adecco Group, the pandemic has underlined the importance of being closely engaged with policy-makers at all levels – global, regional, national and local. We do so as a trustworthy and reliable partner, in an objective, transparent and fact-based manner. It is our strong conviction that such engagement is and should be a two-way street, via well-informed policy discussions and public opinion-forming. This should lead to optimal outcomes for all: achieving the most enabling policy framework for us to deliver our services, while creating open, dynamic and efficient labour markets for the benefit of all.

Covid-19-related actions

From the outset of the Covid-19 crisis, the Adecco Group undertook several initiatives to engage with policy-makers, starting with detailed analysis of government responses around the world and the various labour market outcomes that resulted from them. In a series of four publications throughout the year, our analysis showed that governments would do well to invest in keeping up economic activity and employment, as well as building out active labour market policies.

When the immediate health measures were in place, the Adecco Group decided to join forces with its industry peers to establish the #Safely Back to Work Alliance. This Alliance, which since July 2020 falls under the remit of the World Employment Confederation (WEC), has been working to identify and share best practices to enable a safe return to workplaces. The Alliance is present in 25 countries around the world and has been a key driver of our discussions with our clients and policy-makers.

Further public policy actions

At the start of 2020, the Adecco Group had identified a set of four priority topics in its public affairs work: Regulatory Framework, Future of Work, Skills, and Ecosystem. Despite the massive disruption caused by Covid-19, these priorities remained relevant to our work. Each of these topics was activated in our own direct contacts with policy-makers, as well as via a range of relevant platforms.

Key allies for the Adecco Group are the respective industry federations, both at a national level and globally in the WEC. We are incredibly proud that as of 2020, the Adecco Group's Bettina Schaller has taken up a mandate as President of the WEC.

In addition to our sector involvement, we are also active in the wider business community. We are a partner of the International Organisation of Employers (IOE) and a member of BusinessEurope, including many of their national member federations. We contribute to several dedicated business communities such as Business at the Organisation for Economic Co-operation and Development (OECD), and the G20/B20 process. These relationships support our outreach to regional and national policy-makers, and regional and global bodies, including institutions of the European Union, the International Labour Organization (ILO), the OECD, the G20 and the G7.

For the Adecco Group, the pandemic has underlined the importance of being closely engaged with policy-makers at all levels – global, regional, national and local.

Recommendations to policy-makers:

Towards a "reset normal"

The opportunity has never been greater to lay the foundations for a "reset normal" that leads to a new Social Contract, reflecting the new sets of expectations and responsibilities of workers, businesses and governments alike.

BE WISE Protect skills not jobs	**BE OPEN** Unleash the potential of the labour market	**BE GENEROUS** Redirect the funds in employment	**BE BOLD** Return to an open economy
Put in place Active Labour Market Policies instead of strict job protection legislation Strengthen skilling by setting up Individual Learning Accounts	Enhance flexibility and allow for diverse forms of work Set up the framework to fully enable digital HR solutions Promote partnerships between public and private employment services	Benefit workers by extending unemployment benefits to all types of work Benefit businesses by reducing taxes and charges on labour	Modernise labour migration policy to be smart and demand-driven

BE NIMBLE
Avoid bureaucratic hurdles

BE INCLUSIVE
Build policies in dialogue with social partners, and in lockstep with the global institutional framework

BE SMART
Base policies on evidence and data

Managing environmental opportunities and risks

At the Adecco Group, we are committed to playing our part in safeguarding the planet for future generations. We understand environmental stewardship to be an integral part of our purpose as an organisation. In 2020, our strengthened approach to climate risk and opportunity management was recognised by the CDP – the leading global climate disclosure system driven by investors and purchasers – with a Climate Change score of B- (compared to a C in 2019).

In our efforts, we continue to focus on the following two pillars:

I. Skills for a Green Transition

Climate change is indisputably among the defining challenges and most complex risks of our time. A transition towards greener, more circular ways of living, working and doing business is therefore a vital – and ever more urgent – necessity if we are to still mitigate the worst outcomes for people and the planet. At the Adecco Group, we are convinced that robust labour markets and the skills these offer will be decisive components enabling this transformation. We believe that human behaviour should not only be seen as the cause of the problem, but must also be the key solution to it. Whether it is about phasing out fossil fuels, delivering climate-friendly business practices, accelerating digitisation and automation, or developing new work models, we need skilful individuals to design innovative and responsible solutions – and corresponding, forward-looking skilling approaches across the larger workforce. We need to ensure that our economies and societies have the skills needed to deliver the Green Transition, while making sure that those whose livelihoods currently depend on non-sustainable business practices or whose jobs are in sectors undergoing fundamental changes are not left behind. As the world's leading talent advisory and solutions company, we believe we can play a key role in helping to facilitate this transition.

We recently published a policy paper, 'Skills for the Green Economy', describing how investing in the right skills is an essential condition for achieving this urgently needed Green Transition. In the paper, we outline a set of tangible actions that stakeholders – governments, employers, employee representatives and individuals – can and should take to mitigate negative impacts and ready labour markets for the future, each at their own level. We illustrate this by sharing concrete examples from the energy and automotive sectors.

At the Adecco Group, we are committed to playing our part. Our automotive industry experts at Modis, for example, have launched a state-of-the-art E-Mobility Academy. The Academy enables automotive producers and Original Equipment Manufacturers (OEMs) to close the skills gap in e-mobility and to prepare their workforce for the challenges of tomorrow by offering an innovative service approach leading to individual skilling solutions. Based on skills assessments conducted in close cooperation with our clients, Modis designs individualised skills curricula and career maps for all candidates. Through a tailored, project-based reskilling programme, the Modis E-Mobility Academy readies candidates for the new requirements of their existing roles or provides a smooth transition towards new roles, by leveraging its highly efficient blended approach of online courses, homework and expert-taught in-class lectures. A collaborative and inclusive approach is key to success.

II. Managing our own environmental footprint

We are conscious of the environmental impact our operations can have and the difference we are able to make by acting responsibly. In 2019, we committed to becoming carbon-neutral as an organisation by 2030, and in 2020 substantiated this by announcing a new carbon emissions reduction target of 50% by 2030 (with 2018 as the baseline), both in terms of absolute emissions and intensity (per unit of revenue and FTE, for Scopes 1 and 2). Remaining emissions will be offset. This ambitious reduction target was set in line with the methodology of the Science-Based Targets Initiative, consistent with the level of decarbonisation required to keep global temperature increase to 1.5° C compared with pre-industrial levels.

We focus our efforts particularly on those areas where we see the biggest reduction potential, based on our industry and footprint: providing sustainable offices and taking a responsible approach to business travel. We are continuously seeking to strengthen our efforts in these areas, as well as expanding them to as-yet-unexplored areas such as employee and associate commuting, as well as up- and downstream emissions over time.

We recognise that Covid-19 and the ensuing office closures and restrictions in business travel will significantly impact the total amount of emissions to be reported for 2020, and likely 2021. It is thus of even greater importance to start putting the necessary measures in place now to over time be able to decouple our emissions from business growth once the economy fully emerges again from the current lockdown measures.

50%
In 2020, we announced a new carbon emissions reduction target of 50% by 2030

Our environmental data

The Adecco Group reports in line with the Greenhouse Gas Protocol. Where data is not available, we model and extrapolate this to account for 100% of our operations. Over the course of the reported year (2019[1]), we were able to reduce our emissions by 10% overall, significantly exceeding our target of a year-on-year reduction of 4%. This was principally achieved by a reduction in our own car fleet (-13%), business travel (-11%) and heating and cooling in buildings (-14%). The largest reductions were witnessed in our operations in Italy, the Netherlands, Spain, the UK and the US.

Going forward, we will seek to further increase the comprehensiveness of our data, particularly as regards harder-to-measure Scope 3 emissions, and reduce our reliance on extrapolations.

Absolute CO_2 emissions (metric tonnes, Scopes 1, 2 &3[2])

	2018 (base year)	2019[1]	Change vs base year
Scope 1	64,164	55,716	-13%
Scope 2	31,663	30,944	-2%
Scope 3	74,020	66,568	-10%
Absolute global emissions	**169,847**	**153,228**	**-10%**

1 2020 data will be available in Q2 2021.

2 Scope 1: direct emissions from owned or controlled sources (e.g. business cars, heating using oil and / or natural gas).
Scope 2: indirect emissions from the generation of purchased energy (e.g. conventional and renewable electricity, energy for cooling).
Scope 3: other indirect emissions occurring in the value chain (e.g. air travel).

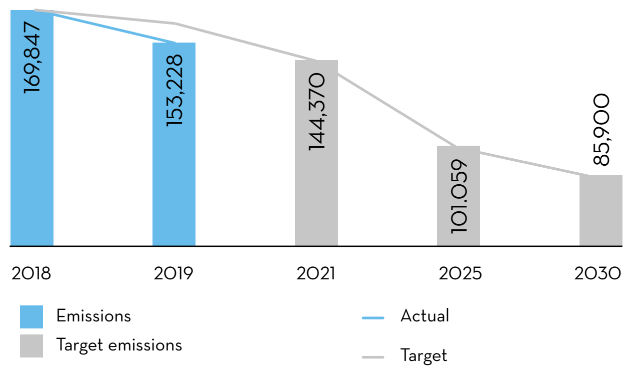
Ratings and indices

In 2020, our sustainability performance was again recognised with the following rating results and distinctions:

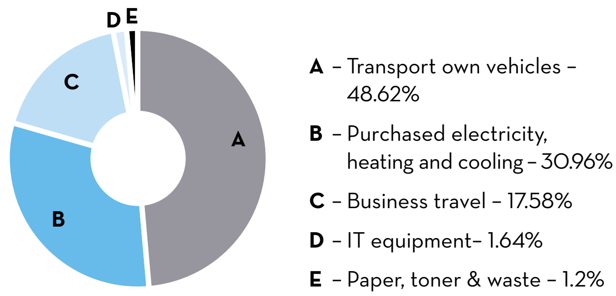
- CDP Climate Change: B-
- EcoVadis: Gold rating (98th Percentile)*
- FTSE4Good Index Series constituent (85th Percentile)
- MSCI ESG rating: AA
- Sustainalytics: 'Outperformer' (95th Percentile)

* The rating is based on our submission in September 2020.

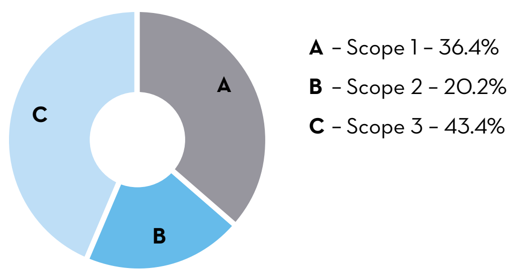
2019 reductions vs target
(metric tonnes, Scopes 1, 2 & 3[2])



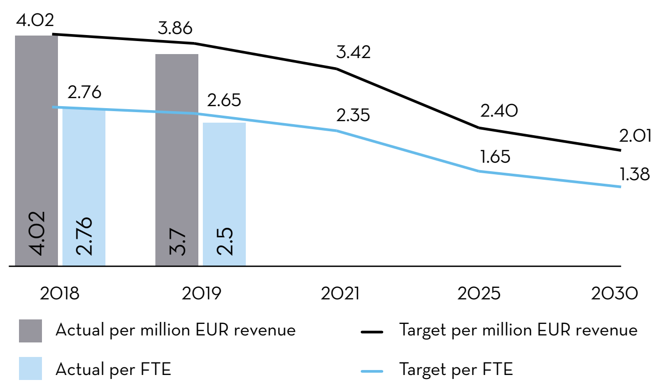
CO_2 emissions split by source (2019[1])



CO_2 emissions split by scope[2] (2019[1])



Intensity performance: Average CO_2 emissions
(metric tonnes, Scopes 1 and 2[2])



Extending our social value creation

In a year of unprecedented challenges, all stakeholders have been working hard to find solutions to the crises posed by the health threat, economic downturn and social disparities. As a globally connected organisation and champion of people, the Adecco Group can play a key role as a convenor of actors. Across our corporate activities, the work of our global and national foundations, and our flagship programmes and local initiatives, we seek to ensure that social considerations and value creation are consistently reflected in our decision-making, operations, partnerships and culture.

The Adecco Group Foundation

The Adecco Group Foundation is the global Foundation of the Group, complementing the local impact of our five national foundations (Spain, Italy, France, Germany and the US) and numerous local community programmes. The global Foundation runs not as a grant-giving body, but as a social innovation lab. This entails identifying complex problems in the world of work and using its unique lab methodology to create tangible solutions. This work is done in partnership with experts and other organisations using a combination of research, design thinking and co-creation. The resulting solutions, services or ways of doing business are then shared publicly and scaled through partnerships. In complement to the lab, the Foundation has historically also run the flagship programmes described below.

From 2021 forward, the Foundation will roll out a new strategy, focused specifically on social innovation, with the aim of helping underserved populations to achieve sustainable livelihoods by increasing their employability and access to labour markets. The new structure will allow the Foundation to scan the landscape to identify underserved populations, run projects to co-create practical solutions, and then take these solutions out into the world through implementation partnerships.

Flagship programmes 2020:

- **CEO for One Month:** Despite Covid-19, the programme continued to offer work-based learning opportunities. At the national level, 34 talented young individuals were selected as CEOs for One Month, shadowing their Country CEO and learning how to lead an organisation in times of crisis and uncertainty. Jordan Topoleski, the CEO for One Month in the US, was then selected as the Global CEO for One Month and will shadow Alain Dehaze in 2021.

  In response to the Covid-19-accelerated need for continuing education, the programme added digital learning tools for all programme applicants in the form of free online assessments, virtual workshops, webinars, and feedback reports.

  As a complement to the programme, our Experience Work Day initiative went fully virtual with nearly 80 hours of content, in 18 different languages, reaching over 5,000 participants; it also included corporate partners. Our partners and employees became mentors and teachers to young people, giving them the inside scoop on what it's really like to be in a job.

  For an inspiring success story from the CEO for One Month programme, please see pages 44-45.

- **Win4Youth:** In response to the pandemic, this programme pivoted from an employee engagement programme focused on sports to an all-activity campaign to keep colleagues active during lock-downs. The programme's ambassadors served as champions of wellbeing across the Group, giving them a strong purpose despite cancellation of the bootcamp and triathlon they would normally have joined. The number of active participants in the programme rose to 8,977, up from 3,602 last year, of which 873 were associates and 360 were clients and partners. Across the Group, we logged 1.326m activity hours against the original target of 1.5m – an amazing feat in the context of Covid-19. This resulted in a donation of CHF 500,000 to Plan International to support youth employability programming.

Social innovation projects:

- **Workforce Vitality:** Employee wellbeing has never been more important, and employers play a critical role in supporting their people to be holistically healthy in this time of stress. The Workforce Vitality model, the first product of the Foundation's social innovation lab, provides this. The simple model hinges on four elements of wellbeing: physical, mental, social and purpose. It marries these with

CHF 500,000+

to Plan International to support youth employability programming.

For more details please visit, https://adeccogroupfoundation.org four enablers: culture and brand; policy and practice; technology and tools; and environment (built and organisational). This combination allows employers to evaluate their existing programmes or identify new needs, all in a people-centric, bottom-up manner. A research paper first published at the height of the first Covid-19 lockdown details this model and the social innovation methodology, and is now being followed by a series of case studies showing how the model works in practice.

- **Portfolio Career:** This second social innovation project focuses on unlocking hidden pools of talent – leveraging the curriculum and approach of the Group's Athlete Programmes – to prepare members of two different underserved populations, musicians and people with disabilities, for the world of work. In partnership with the Lucerne and Davos Festivals, the training of young musicians was taken fully online, supporting performers whose livelihoods and trainings were brought to a halt due to Covid-19. Similarly, the partnership with the International Committee of the Red Cross (ICRC) Physical Rehabilitation Programme continued to train over 30 ICRC inclusion officers around the world, at a time when people with disabilities are at higher risk of exclusion due to the global pandemic.

Adecco Group Athlete Programmes

With a renewed focus on the employability of athletes as they transition from the world of competitive sports into the broader labour market, the Athlete Programmes expanded beyond their traditional Olympic and Paralympic audiences to support a broader community of athletes whose livelihoods were threatened by the cancellation and postponement of major sporting events. This included a pilot with Women in Football in the UK and new partnerships with the International Labour Organization and the Centre for Sports and Human Rights. Overall, nearly 1,000 athletes were supported, of which 113 were Para athletes. New digital resources include an online talent assessment tool developed in collaboration with the Group's LHH business and HR tech solutions company SHL.

Global partnerships

Collaboration is at the heart of the Adecco Group and its foundations. We cannot create change alone and believe that multi-stakeholder collaboration is the key to lasting impact. Our partners in programming, research and co-creation include universities, NGOs, think tanks, networks, and other consortia who bring complementary skills and know-how to the table, e.g.:

- **Plan International:** The Foundation's Fit for Future programme continued with Plan International as the Win4Youth NGO partner and achieved significant progress, despite the school closures due to the pandemic. Since the launch of the programme, 7,800 disadvantaged youths in Vietnam have been given exposure to the world of work and issues of gender equality via IT courses, job opportunities and internships. Moreover, 397 disadvantaged youths received training on one of the technical courses and in job readiness, and 112 new students started their IT training in October 2020. Our Adecco Vietnam colleagues have also supported the programme through targeted talks, attended by over 500 young people.
- **The Global Alliance for YOUth:** In January 2020, the Global Alliance for YOUth reached its initial target of impacting six million young people and announced a new ambition to support 15 million youths to get the necessary skills to thrive in the world of work, by 2022. As one of 20 partners in this business-driven movement, we support the Alliance in its important mission to help young people build their skills for the future.
- **The Global Apprenticeship Network (GAN):** The Adecco Group and the Foundation continued to support GAN to address skill shortages and create opportunities for young people by improving and advocating for work-based learning, including apprenticeships, plus calling for greater investments in work-based training. Adecco Group CEO, Alain Dehaze, continues to sit on the board of GAN, underscoring our commitment to this critical venture.
- **AIESEC:** this international youth-run organisation, focused on empowering young people to make a progressive social impact, partnered with the Adecco Group, BCG and Microsoft on the digital Future of Work conference, FU.SE 2020. Young leaders from AIESEC participated in design thinking workshops, high-level sessions and panels, and shared their perspectives on the challenges that young people are facing as they enter the labour market.
- **World Economic Forum (WEF)**: The Adecco Group is a Strategic Partner of the WEF, playing a particularly active role in the 'New Economy and Society' platform. In addition, the Group contributes expertise and insights to the Reskilling Revolution, International Business Council, Community of Chairpersons and four of the Global Future Councils.

Sharing our knowledge and insights

As befits the world's leading talent advisory and solutions company, the Adecco Group's thought leadership provides robust data and insight to help our stakeholders make informed decisions about the future of work, and the challenges and opportunities associated with it.

In response to the Covid-19 crisis, the Adecco Group convened events, published practical content, and drove research to shed light on the changing work landscape. Topics included implications for diversity and inclusion, bridging the skills gap, and the challenges of human/machine collaboration. Our four flagship research pieces were the Global Talent Competitiveness Index, Reset Normal, Safely Back to Work and the Workforce Transformation Survey. Issues addressed in the research were further explored through large and small events, including the FU.SE webinar series, the FU.SE online 24-hour design sprint, and the Monocle 24 podcast series, 'The Way to Work'.

The Group's Future of Work platform serves as the vehicle to take our data and insight out to the business community and the public at large. A monthly #FutuHReInsight newsletter provides a deeper dive into our topics and research. To get access to our latest insights on the future of work, sign up at www.adeccogroup.com/sign-up-for-alerts/.

Alain Dehaze served as one of the Co-Chairs of the WEF's inaugual Job Reset Summit in 2020, focused on shaping a new agenda for growth, jobs, skills and equity.

For more details please visit, https://www.adeccogroup.com/future-of-work/

Ranjit de Sousa
President of LHH

A CUSTOMISED APPROACH FOR TAILOR-MADE SOLUTIONS

Companies with the strongest employer brands know the real challenge is how to future-proof their workforces while minimising disruption to employees. They can only do this by figuring out whether they have the right people in the right jobs now, and what kinds of skills will be needed going forward. It's clear that post-pandemic, we need a different approach to workforce investment; one that supports employees during periods of crisis and helps organisations to build a highly skilled workforce.

Career transition and re-employment firms can help build a workforce fit for the future, by supporting the acquisition of new skills.

A global partner for local solutions

The automotive industry is experiencing a period of profound transformation. Technology-driven disruption is reshaping the fundamental tenets of vehicle design, shaped by increasing demand for electric cars and longer battery lives. It is forcing the industry to revisit traditional business models, human capital needs and organisational structures; and finding the right HR partner in a technologically fuelled future is crucial.

As a long-standing customer of the Adecco Group, global car manufacturer Groupe PSA relies on the expertise of Adecco, LHH, Spring, Pontoon, Adecco Medical and Modis to tackle the workforce challenges that it faces.

Social innovation and sustainable performance

With Covid-19 accelerating many existing trends, Groupe PSA found itself having to adjust to leaner, more flexible, and more innovative and collaborative structures.

As a 360° HR solutions provider, the Adecco Group was able to offer workforce solutions and support that facilitated transition and re-employment. LHH, the world's leading career transition and talent development company, joined forces with the French company by developing so-called skills passports, which provided employees with access to verifiable, occupation-relevant training records and qualifications. Through its industry-leading, innovative solutions, LHH was able to help individuals build their capabilities to drive better performance.

"We have a unique offering that no competitor can match when we leverage the knowledge and solutions from our entire Adecco Group ecosystem," says LHH President Ranjit de Sousa. "At LHH, we have the scale, the expertise and the insight to transform workforces and deliver opportunities for people when they need it most, especially in these turbulent times."

> "Social innovation is in our DNA, and we are very proud to work with companies on new solutions to answer their specific needs.

in millions, except share and per share information

Resilient performance and strategic continuity through the crisis

Note: all growth rates are year on year on an organic basis, unless otherwise stated

Overview

The Adecco Group delivered a resilient performance in 2020, despite the public health and economic crisis linked to Covid-19. While revenues declined, gross margin remained strong and EBITA margin was well protected, thanks to the strength and balance of the portfolio and agile cost management. Meanwhile, investments in the digitalisation and transformation of the Group were maintained.

Revenues decreased by 17% on a reported basis, and were down 14% organically. In March, many countries imposed strict lockdown measures to contain the Covid-19 pandemic. These measures had a material impact on economic activity in many of the countries in which the Adecco Group operates, leading to a decline in demand for HR solutions. Nevertheless, after a decline of 33% trading days adjusted (TDA) in April, the trend improved through the year with December down only 2% TDA as the Group re-focused resources on areas of growth, such as e-commerce.

Gross margin was up 20 basis points (bps) in reported terms, and up 30 bps organically, supported by price discipline and strong growth in the higher margin LHH business. EBITA margin excluding one-offs was 3.6%, down 100 bps, or 80 bps organically, with the impact of the revenue decline offset to a significant extent by agile cost management and the benefit of structural productivity improvements from the GrowTogether programme.

Free cash flow was EUR 563 million, illustrating the resilience and partly counter-cyclical nature of cash generation. DSO was 52 days, 1 day below 2019. During the year the Group distributed EUR 381 in dividends. Net debt ended the year at EUR 376, representing a ratio of 0.4x net debt to EBITDA excluding one-offs.

Revenues declined by 5% in Q4 2020, organically and TDA, improving through the quarter. Revenues in January 2021 were down 2% year on year, organically and TDA, and volume trends in February indicated a similar trend. Expanded Covid-19 lockdowns across much of Europe in early 2021 have not materially impacted demand for the Group's services to date, albeit sequential improvement has slowed and economic uncertainty remains high.

The Group will continue to manage its cost base with agility, while maintaining investments in its transformation and in areas of growth.

			Variance	
in EUR millions unless stated	FY 2020	FY 2019	Reported	Organic
Summary of income statement information				
Revenues	19,561	23,427	-17%	-14%
Gross profit	3,789	4,504	-16%	-13%
EBITA excluding one-offs	709	1,069	-34%	-29%
EBITA	570	988	-42%	-38%
Net income/(loss) attributable to Adecco Group shareholders	(98)	727	-114%	
Diluted EPS (EUR)	(0.61)	4.47	-114%	
Dividend per share[1] (CHF)	2.50	2.50	0%	
Gross margin	19.4%	19.2%	20 bps	30 bps
EBITA margin excluding one-offs	3.6%	4.6%	-100 bps	-80 bps
EBITA margin	2.9%	4.2%	-130 bps	-110 bps
Summary of cash flow and net debt information				
Free cash flow before interest and tax paid (FCFBIT)	873	999		
Free cash flow (FCF)	563	724		
Net debt	376	398		
Days sales outstanding	52	53		
Cash conversion	123%	93%		
Net debt to EBITDA excluding one-offs	0.4x	0.3x		

1 Dividend per share for 2020 as proposed by the Board of Directors.

Income Statement

Revenues

Full year 2020 revenues of EUR 19,561 were down 14% year on year. Currency fluctuations had a negative impact of approximately 1%, while acquisitions and divestments had a negative impact of 2%.

Performance by service line varied significantly, reflecting the crisis. Temporary staffing revenues were down 15% to EUR 16,704, comprising a 17% decline in temp hours sold, partly offset by a 1% increase in the average bill rate. Permanent placement revenues were down 28% versus the prior year, at EUR 406. Counter-cyclical Career Transition revenues increased strongly, up 12%, to EUR 386. Revenues in outsourcing and other activities decreased by 2% to EUR 2,065 million.

Note that since 1 January 2021, the service line reporting has been adjusted to reflect the evolution of the Group's business and strategic priorities. From 2021, the service lines will be Flexible Placement; Permanent Placement, Career Transition; Outsourcing, Consulting and Other Services; and Training, Upskilling and Reskilling. Service line reporting throughout the rest of the Company Report has been aligned to the new format.

In Workforce Solutions (Adecco brand), revenues declined by 14%. In Professional Solutions, revenues declined by 18%, comprising a decrease of 7% in Modis, 20% in Badenoch + Clark / Spring Professional, 32% in Other Professional Brands. In Talent Solutions and Ventures, revenues were flat, comprising an increase of 7% in LHH, an increase of 3% in Pontoon, and a decrease of 20% in Ventures.

Gross profit

Gross profit amounted to EUR 3,789, down 13%. The gross margin was 19.4%, up 20 bps compared to 2019 in reported terms. Currency had a neutral impact, while acquisitions and divestments had a 10 bps negative impact. On an organic basis, the gross margin was therefore up 30 bps.

The 30 bps increase in organic gross margin in 2020 comprised: an increase in temporary staffing gross margin of approximately 20 bps; a negative impact of 40 bps from permanent placement; and a positive impact of 50 bps from Career Transition. Outsourcing and other services had a broadly neutral impact.

Gross margin drivers YoY

in basis points	2020	2019
Temporary staffing	20	20
Permanent placement	(40)	10
Career transition	50	10
Organic	30	40
Acquisitions & divestments	(10)	10
Currency	0	10
Reported	20	60

Selling, general, and administrative expenses

Selling, general, and administrative expenses (SG&A) excluding one-offs were EUR 3,100 in 2020 (excludes EUR 20 proportionate net income of equity method investment in FESCO Adecco), down 7% compared to 2019. SG&A excluding one-offs as a percentage of revenues was 15.8% in 2020, compared to 14.7% in 2019. The increase year-on-year was driven by the impact of the revenue decline. In 2020, FTE employees decreased by 11% year on year. Compared to 2019, the branch network decreased by 5%.

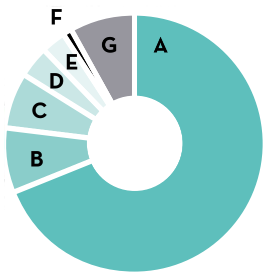
In 2020, one-offs amounted to EUR 139 (comprising restructuring costs of EUR 129, M&A-related costs of EUR 9, and other one-offs of EUR 1), of which: EUR 6 were in France; EUR 17 in North America, UK & Ireland General Staffing; EUR 22 in North America, UK & Ireland Professional Staffing; EUR 55 in Germany, Austria, Switzerland; EUR 9 in Benelux & Nordics; EUR 6 in Iberia; EUR 7 in Rest of World; EUR 17 in Career Transition and Talent Development.

In 2019, one-offs amounted to EUR 81 (comprising restructuring costs of EUR 70 and M&A-related costs of EUR 11), of which: EUR 6 were in France; EUR 3 in North America, UK & Ireland General Staffing; EUR 16 in North America, UK & Ireland Professional Staffing; EUR 17 in Germany, Austria, Switzerland; EUR 2 in Benelux & Nordics; EUR 1 in Italy; EUR 1 in Iberia; EUR 3 in Rest of World; EUR 27 in Career Transition and Talent Development; and EUR 5 in Corporate.

Remuneration expenses were EUR 2,233 in 2020, representing 69% of total SG&A, compared to EUR 2,557 in 2019, representing 73% of total SG&A. Marketing expenses were EUR 88 in 2020, compared to EUR 105 in 2019. Bad debt expense was EUR 31 in 2020 compared to EUR 25 in 2019.

SG&A breakdown

FY 2020



A – Remuneration expenses – 69%

B – Premise expenses – 8%

C – Office & adminisrative expenses – 7%

D – Depreciation – 4%

E – Marketing – 3%

F – Bad debt expense – 1%

G – Other – 8%

EBITA

EBITA excluding one-offs was EUR 709 in 2020, down 29% compared to 2019. The EBITA margin excluding one-offs was 3.6% in 2020, compared to 4.6% in 2019, as the higher gross margin and SG&A reductions were more than offset by the impact of the revenue decline and continuing investments in the Group's strategic initiatives.

The EBITA conversion ratio excluding one-offs (EBITA excluding one-offs divided by gross profit) was 18.7% in 2020 compared to 23.7% in 2019.

One-offs amounted to EUR 139 in 2020 and EUR 81 in 2019. EBITA was EUR 570 in 2020 compared to EUR 988 in 2019. The EBITA margin was 2.9% in 2020 and 4.2% in 2019.

Amortisation of intangible assets and impairment of goodwill

Amortisation of intangible assets was EUR 81 compared to EUR 64 in 2019. In 2020, a goodwill impairment for EUR 362 was recognised, relating to the Germany, Austria, Switzerland reporting segment and an intangible asset impairment of EUR 9 was recognised in conjunction with the acquisition of Hired. In 2019, an impairment of intangible assets for EUR 20 was recognised, in connection with the ongoing rationalisation of the Group's brand portfolio.

in millions, except share and per share information

Operating income

Operating income was EUR 118 in 2020 compared to EUR 904 in 2019, driven by the lower EBITA and the impairment of goodwill.

Interest expense and other income/(expenses), net

Interest expense was EUR 30 in 2020, compared to EUR 35 in 2019. Other income/(expenses), net includes interest income, foreign exchange gains and losses, proportionate net income of investee companies, and other non-operating income/(expenses), net. In 2020, other income/(expenses), net amounted to an expense of EUR (20). In 2019, other income/(expenses), net amounted to an income of EUR 207, including a gain on sale of EUR 248 relating to the divestment of Soliant Health Inc., a EUR 25 contribution to the Adecco Group Foundation, and a EUR 10 expense relating to the exit of the Group's call centre outsourcing operations in Spain.

Provision for income taxes

Provision for income taxes was EUR 165 in 2020, compared to EUR 348 in 2019. 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 2020, the effective tax rate excluding goodwill impairment was 38%. Discrete events increased the effective tax rate by around 1%. In 2019, the effective tax rate was 32%. Discrete events reduced the effective tax rate by around 3%, while taxes payable on the Soliant Health Inc. divestment increased the effective tax rate by around 3%.

Net income attributable to Adecco Group shareholders and basic EPS

Net income/(loss) attributable to Adecco Group shareholders in 2020 was EUR (98), compared to EUR 727 in 2019, with the decrease driven by the lower EBITA and the impairment of goodwill. Basic earnings per share (EPS) was EUR (0.61) in 2020 compared to EUR 4.48 in 2019.

Cash flow statement and net debt

Analysis of cash flow statements

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

in EUR millions	2020	2019
Summary of cash flow information		
Cash flows from operating activities	720	880
Cash flows from/(used in) investing activities	(162)	324
Cash used in financing activities	(290)	(524)

Cash flows from operating activities were EUR 720 in 2020, compared to EUR 880 in 2019. DSO was 52 days for the full year 2020 and was 53 days in 2019.

Cash from/(used in) investing activities totalled EUR (162), compared to cash from investing activities of EUR 324 in 2019. In 2020, cash settlements on derivative instruments was an inflow of EUR 24 compared to an outflow of EUR 39 in 2019. Capital expenditures amounted to EUR 157 in 2020 and EUR 156 in 2019. In 2020, acquisitions, divestments, and other investing activities totalled a net outflow of EUR 29. In 2019, acquisitions, divestments, and other investing activities totalled a net inflow of EUR 519, including an inflow of EUR 544 from the divestiture of Soliant.

Cash used in financing activities totalled EUR 290, compared to EUR 524 in 2019. In 2020, the Company issued long-term debt of EUR 259, net of issuance costs, and repaid long-term debt of EUR 117. In 2019, the Company issued long-term debt of EUR 353, net of issuance costs, and repaid long-term debt of EUR 215. The Company paid dividends of EUR 381 in 2020 and EUR 360 in 2019, and purchased treasury shares for EUR 72 in 2019 (under the 2018 share buyback programme).

Net debt

Net debt decreased by EUR 23 to EUR 376 as at 31 December 2020. The ratio of net debt to EBITDA excluding one-offs was 0.4x, compared to 0.3x at 31 December 2019. The following table presents the calculation of net debt based upon financial measures in accordance with US GAAP:

in EUR millions	2020	2019
Net debt		
Short-term debt and current maturities of long-term debt	294	172
Long-term debt, less current maturities	1,567	1,577
Total debt	1,861	1,749
Less:		
Cash and cash equivalents	1,485	1,351
Short-term investments	–	–
Net debt	376	398

During 2020, the Group took advantage of favourable conditions in the debt markets to issue NOK 500 10.25-year notes with a 2.65% coupon and CHF 225 5.5-year notes with a 0.875% coupon.

Planned cash outflows in 2021 include distribution of dividends for 2020 in the amount of CHF 2.50 per share. The maximum amount of dividends payable based on the total number of outstanding shares (excluding treasury shares), as at 31 December 2020 of 161,144,408 is CHF 403. Payment of dividends is subject to approval by shareholders at the Annual General Meeting.

Segment performance

All growth rates are year on year on an organic basis, unless otherwise stated.

France

In 2020, revenues in France decreased by 21%, to EUR 4,291, reflecting the market decline. Temporary staffing revenues declined by 22% and permanent placement revenues by 26%.

Revenues were down 22% in Workforce Solutions, which accounts for around 95% of revenues, and declined by 17% in Professional Solutions. The year-on-year decline was driven by lower demand from clients in the manufacturing, automotive and construction sectors while logistics, healthcare and pharmaceuticals were more resilient. Having reported the steepest decline in Q2 2020, linked to the strictness of the local lockdown, France witnessed a strong recovery starting in Q3 2020, as the economy reopened.

EBITA excluding one-offs amounted to EUR 200 in 2020, down 43% year on year. Reported EBITA of EUR 194 included one-offs of EUR 6. In 2020 the EBITA margin excluding one-offs was 4.7%, a decrease of 180 basis points year on year. Agile cost management partly offset the negative impact of lower revenues, resulting in a resilient EBITA margin compared to 2019.

North America, UK & Ireland General Staffing

Revenues in North America, UK & Ireland General Staffing were EUR 2,628 in 2020, down 12% compared to the prior year. Temporary staffing revenues were down 12% while permanent placement revenues were down 39%.

In North America, representing 71% of the segment, revenues declined by 15%, led by lower demand primarily from clients in the manufacturing, technology and financial services sectors. The UK & Ireland, representing 29% of the segment, was more resilient and revenue decline was 3%, supported by growing demand from retail and e-commerce clients.

In 2020, EBITA excluding one-offs was EUR 84, a decline of 8% year on year. EBITA of EUR 67 included one-offs of EUR 17. The EBITA margin excluding one-offs was 3.2% in 2020, compared to 3.0% in 2019 with business mix improvement and cost management mitigating the impact of declining revenues.

North America, UK & Ireland Professional Staffing

In 2020, revenues in North America, UK & Ireland Professional Staffing were EUR 2,293, down 23% year on year. Temporary staffing revenues were down 22% and permanent placement revenues were down 29%.

In North America, representing 63% of the segment, revenues decreased by 16%. The decline was led by the professional recruitment brands (Finance, Office, Legal), and Entegee (Engineering), while Modis (IT) was more resilient. In UK & Ireland, which comprises 37% of the segment, revenues decreased by 32%, impacted by the anticipation of regulatory changes (IR35) and Brexit-related uncertainty.

EBITA excluding one-offs amounted to EUR 69 in 2020, down 43% versus the prior year. EBITA of EUR 47 included one-offs of EUR 22. The EBITA margin excluding one-offs was 3.0% in 2020, down 230 basis points compared to 2019, driven by the decline in revenues, particularly in permanent placement.

Germany, Austria, Switzerland

In Germany, Austria, Switzerland, revenues were EUR 1,586 in 2020, down 18%. Temporary staffing revenues declined by 19% and permanent placement revenues declined by 29%.

Revenues in Workforce Solutions, which accounts for around 70% of total revenues, were down 17%, driven by lower demand from clients in the automotive, manufacturing and aerospace industries. Revenues in Professional Solutions declined by 20%.

EBITA excluding one-offs amounted to EUR 3 in 2020, down 91% compared to 2019, driven by the revenue decline and negative operating leverage. Reported EBITA of EUR (52) included one-offs of EUR 55. In 2020, the EBITA margin excluding one-offs was 0.2%, compared to 1.6% in 2019, impacted by the declining revenues and higher bench costs.

Benelux & Nordics

In 2020, revenues in Benelux & Nordics were EUR 1,423, down 23%. Temporary staffing revenues declined by 24%, permanent placement revenues declined by 39%, outsourcing and other activities declined by 13%. In Benelux, revenues decreased by 22%, with Belgium declining by 18% and the Netherlands by 25%. In the Nordics, revenues were down 25%, led by Sweden. The declines were driven by lower demand in the manufacturing, automotive, retail and logistics sectors.

EBITA excluding one-offs amounted to EUR 48 in 2020, down 20% year on year. Reported EBITA of EUR 39 included one-offs of EUR 9. In 2020, the EBITA margin excluding one-offs was 3.4%, compared to 3.3% in 2019. The margin improvement was driven by improved client mix, agile cost management and the impact of Covid-19 employment support schemes.

Italy

Revenues in Italy decreased by 7% in 2020, to EUR 1,772, driven by lower demand in the manufacturing and automotive industries. Temporary staffing revenues declined by 7% and permanent placement by 19%.

EBITA excluding one-offs in 2020 was EUR 109, down 27% compared to the previous year. The EBITA margin excluding one-offs was 6.2% in 2020, compared to 7.8% in 2019, with the decline driven by lower revenues and unfavourable business mix.

Japan

In Japan, revenues in 2020 were EUR 1,548, up 4%. Revenues increased by 2% in temporary staffing, by 17% in outsourcing and decreased by 19% in permanent placement.

In Workforce Solutions, revenues were up 3%. In Professional Solutions, which represents around 30% of revenues, growth was 7%.

EBITA amounted to EUR 115 in 2020, up 6% year on year. In 2020, the EBITA margin excluding one-offs was 7.4%, compared to 7.3% in 2019.

in millions, except share and per share information

Iberia

Revenues in Iberia were EUR 1,009 in 2020, a decrease of 9% compared to the previous year, driven by declines in the manufacturing and automotive industries. Revenues decreased by 10% in temporary staffing, 27% in permanent placement and 5% in outsourcing.

EBITA excluding one-offs amounted to EUR 40 in 2020, down 33% year on year. Reported EBITA of EUR 34 included one-offs of EUR 6. In 2020, the EBITA margin excluding one-offs was 4.0%, compared to 5.0% in 2019, impacted by the revenue decline and unfavourable business mix.

Rest of World

In 2020, revenues in Rest of World decreased by 3% to EUR 2,469. Revenues in Australia & New Zealand were down 6%, Asia was down 8%, and India was down 32%, while Latin America was up 9%, and Eastern Europe & MENA was up 3%.

EBITA excluding one-offs amounted to EUR 96 in 2020, up 8% versus the prior year. Reported EBITA of EUR 89 included one-offs of EUR 7. In 2020, the EBITA margin excluding one-offs was 3.9%, compared to 3.5% in 2019.

Career Transition & Talent Development

Career Transition & Talent Development comprises the global lead brands Lee Hecht Harrison and General Assembly. Revenues in 2020 were EUR 542, up 4% year on year. Growth was 7% in Lee Hecht Harrison, as demand for career transition services increased during the second half. General Assembly declined by 6% impacted by the temporary closure of its campuses globally, linked to Covid-19.

EBITA excluding one-offs was EUR 110 in 2020, up 21% year on year. Reported EBITA of EUR 93 included one-off costs of EUR 17. The EBITA margin excluding one-offs was 20.2% in 2020 compared to 17.4% in 2019, supported by the strong growth in LHH.

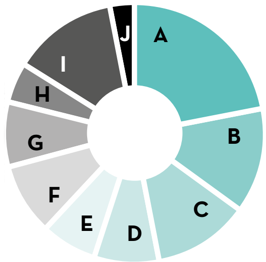
Outlook

Revenues declined by 5% in Q4 2020, organically and trading days adjusted, improving through the quarter, with December down 2% TDA. Revenues in January 2021 were also down 2% organically and trading days adjusted, and volume trends in February indicate a similar trend.

Expanded Covid-19 lockdowns across much of Europe in early 2021 have not materially impacted demand for the Group's services to date, albeit sequential improvement has slowed and economic uncertainty remains high.

The Group will continue to manage its cost base with agility, while maintaining investments in its transformation and in areas of growth.

2020 revenue split by segment



A – France – 22%

B – North America, UK & Ireland General Staffing – 13%

C – North America, UK & Ireland Professional Staffing – 12%

D – Germany, Austria, Switzerland – 8%

E – Benelux and Nordics – 7%

F – Italy – 9%

G – Japan – 8%

H – Iberia – 5%

I – Rest of World – 13%

J – Career Transition and Talent Development – 3%

Temporary staffing organic variance YoY by segment

	Organic variance		
	Hours sold	Bill rate	Revenues
France	-23%	2%	-22%
N. America, UK&I General Staffing	-14%	2%	-12%
N. America, UK&I Professional Staffing	-22%	1%	-22%
Germany, Austria, Switzerland	-20%	1%	-19%
Benelux & Nordics	-26%	3%	-24%
Italy	-7%	1%	-7%
Japan	-4%	7%	2%
Iberia	-13%	3%	-10%
Rest of World	-16%	14%	-4%
Adecco Group	**-17%**	**1%**	**-15%**

Revenues by segment

	Revenues in EUR millions		Variance				% of total revenues	
	2020	2019[2]	EUR	Constant currency	Organic	Organic TDA[1]	2020	2019[2]
France	**4,291**	5,466	-21%	-21%	-21%	-22%	**22%**	23%
N. America, UK&I General Staffing	**2,628**	3,031	-13%	-12%	-12%	-12%	**13%**	13%
N. America, UK&I Professional Staffing	**2,293**	3,333	-31%	-30%	-23%	-23%	**12%**	15%
Germany, Austria, Switzerland	**1,586**	1,918	-17%	-18%	-18%	-19%	**8%**	8%
Benelux & Nordics	**1,423**	1,883	-24%	-23%	-23%	-24%	**7%**	8%
Italy	**1,772**	1,910	-7%	-7%	-7%	-7%	**9%**	8%
Japan	**1,548**	1,480	5%	4%	4%	4%	**8%**	6%
Iberia	**1,009**	1,163	-13%	-13%	-9%	-9%	**5%**	5%
Rest of World	**2,469**	2,716	-9%	-3%	-3%	-3%	**13%**	12%
Career Transition & Talent Development	**542**	527	3%	5%	4%	4%	**3%**	2%
Adecco Group	**19,561**	23,427	-17%	-16%	-14%	-15%	**100%**	100%

1 TDA = trading days adjusted.

2 2019 N. America, UK & I. General Staffing and N. America, UK & I. Professional Staffing have been restated to conform with current period presentation.

Organic revenue variance YoY, trading days adjusted

	2020				
	Q1	Q2	Q3	Q4	FY
France	-14%	-44%	-18%	-10%	-22%
North America, UK&I General Staffing	-15%	-28%	-12%	6%	-12%
North America, UK&I Professional Staffing	-13%	-28%	-28%	-22%	-23%
Germany, Austria, Switzerland	-14%	-30%	-22%	-11%	-19%
Benelux & Nordics	-15%	-35%	-26%	-19%	-24%
Italy	-6%	-23%	-8%	9%	-7%
Japan	8%	5%	4%	0%	4%
Iberia	1%	-26%	-17%	6%	-9%
Rest of World	1%	-10%	-6%	2%	-3%
Career Transition & Talent Development	4%	-4%	9%	9%	4%
Adecco Group	**-9%**	**-28%**	**-15%**	**-5%**	**-15%**

The Adecco Group in the market context, 2020

	Adecco Group		Market		Adecco Group	
	Revenues EUR millions	Organic variance	Revenues EUR billions	Variance in constant currency	Market Share	Market Position
France	4,291	-21%	20	-22%	22%	1
North America, UK&I	4,921	-17%	148	-17%	3%	2
Germany, Austria, Switzerland	1,586	-18%	30	-20%	5%	2
Benelux & Nordics	1,423	-23%	29	-12%	5%	2
Italy	1,772	-7%	11	-9%	17%	1
Japan	1,548	4%	126	0%	1%	4
Iberia	1,009	-9%	6	-12%	17%	2
Rest of World	2,469	-3%	89	-3%	3%	2
Career Transition & Talent Development	542	4%	16	1%	3%	1
Adecco Group	**19,561**	**-14%**	**475**	**-10%**	**4%**	**2**

in millions, except share and per share information

Revenues by brand[1]

	Revenues in EUR millions		Variance			% of total revenues	
	2020	2019	EUR	Constant currency	Organic	2020	2019
Adecco	14,890	17,533	-15%	-14%	-14%	76%	75%
Workforce Solutions	**14,890**	17,533	-15%	-14%	-14%	**76%**	75%
Modis	1,865	2,030	-8%	-7%	-7%	10%	9%
Badenoch + Clark / Spring Professional	1,233	1,548	-20%	-20%	-20%	6%	6%
Other Professional Brands	824	1,559	-47%	-47%	-32%	4%	6%
Professional Solutions	**3,922**	5,137	-24%	-23%	-18%	**20%**	21%
LHH	441	419	5%	7%	7%	2%	2%
Pontoon	182	178	2%	3%	3%	1%	1%
Ventures	126	160	-21%	-20%	-20%	1%	1%
Talent Solutions and Ventures	**749**	757	-1%	1%	0%	**4%**	4%
Adecco Group	**19,561**	23,427	-17%	-16%	-14%	**100%**	100%

1 As part of the transition to three Global Business Units from 1 January 2021, certain local brands and businesses were re-allocated between the global brands. Hence, reporting by Global Business Unit from 2021 will not directly correspond to the above Revenue by brand reporting structure.

EBITA, one-offs, and EBITA excluding one-offs by segment

	EBITA excluding one-offs		One-offs		EBITA	
in EUR millions	2020	2019	2020	2019	2020	2019
France	**200**	353	**(6)**	(6)	**194**	347
N. America, UK&I General Staffing	**84**	93	**(17)**	(3)	**67**	90
N. America, UK&I Professional Staffing	**69**	176	**(22)**	(16)	**47**	160
Germany, Austria, Switzerland	**3**	32	**(55)**	(17)	**(52)**	15
Benelux and Nordics	**48**	61	**(9)**	(2)	**39**	59
Italy	**109**	150	**–**	(1)	**109**	149
Japan	**115**	107	**–**	–	**115**	107
Iberia	**40**	59	**(6)**	(1)	**34**	58
Rest of World	**96**	95	**(7)**	(3)	**89**	92
Career Transition & Talent Development	**110**	92	**(17)**	(27)	**93**	65
Corporate	**(165)**	(149)	**–**	(5)	**(165)**	(154)
Adecco Group	**709**	1,069	**(139)**	(81)	**570**	988

EBITA and EBITA margin excluding one-offs by segment

	EBITA excluding one-offs in EUR millions				EBITA margin excluding one-offs		
			Variance				Variance
	2020	2019	EUR	Constant currency	2020	2019	bps
France	**200**	353	-43%	-43%	**4.7%**	6.5%	(180)
North America, UK&I General Staffing	**84**	93	-9%	-8%	**3.2%**	3.0%	20
North America, UK&I Professional Staffing	**69**	176	-61%	-60%	**3.0%**	5.3%	(230)
Germany, Austria, Switzerland	**3**	32	-91%	-91%	**0.2%**	1.6%	(140)
Benelux & Nordics	**48**	61	-21%	-20%	**3.4%**	3.3%	10
Italy	**109**	150	-27%	-27%	**6.2%**	7.8%	(160)
Japan	**115**	107	7%	6%	**7.4%**	7.3%	10
Iberia	**40**	59	-30%	-30%	**4.0%**	5.0%	(100)
Rest of World	**96**	95	0%	8%	**3.9%**	3.5%	40
Career Transition and Talent Development	**110**	92	19%	21%	**20.2%**	17.4%	280
Corporate	**(165)**	(149)	11%	6%			
Adecco Group	**709**	1,069	-34%	-32%	**3.6%**	4.6%	(100)

EBITA and EBITA margin by segment

	EBITA in EUR millions				EBITA margin		
			Variance				Variance
	2020	2019	EUR	Constant currency	2020	2019	bps
France	**194**	347	-44%	-44%	**4.5%**	6.3%	(180)
North America, UK&I General Staffing	**67**	90	-26%	-24%	**2.5%**	3.0%	(50)
North America, UK&I Professional Staffing	**47**	160	-71%	-70%	**2.0%**	4.8%	(280)
Germany, Austria, Switzerland	**(52)**	15	n.m.	n.m.	**-3.3%**	0.8%	(410)
Benelux & Nordics	**39**	59	-34%	-33%	**2.7%**	3.2%	(50)
Italy	**109**	149	-27%	-27%	**6.2%**	7.8%	(160)
Japan	**115**	107	7%	6%	**7.4%**	7.2%	20
Iberia	**34**	58	-40%	-40%	**3.4%**	4.9%	(150)
Rest of World	**89**	92	-3%	6%	**3.6%**	3.4%	20
Career Transition and Talent Development	**93**	65	42%	45%	**17.1%**	12.4%	470
Corporate	**(165)**	(154)	8%	3%			
Adecco Group	**570**	988	-42%	-41%	**2.9%**	4.2%	(130)

in millions, except share and per share information

FTE employees and branches by segment

	FTE employees				Branches			
			Variance				Variance	
	2020	2019[1]	Reported	Organic	2020	2019[1]	Reported	Organic
France	**4,537**	5,336	-15%	-15%	**1,071**	1,121	-4%	-4%
North America, UK&I General Staffing[1]	**3,642**	4,169	-13%	-13%	**796**	801	-1%	-1%
North America, UK&I Professional Staffing	**3,557**	5,122	-31%	-23%	**274**	404	-32%	-31%
Germany, Austria, Switzerland	**2,318**	2,589	-10%	-10%	**443**	455	-3%	-3%
Benelux & Nordics	**2,008**	2,491	-19%	-19%	**392**	443	-12%	-12%
Italy	**2,027**	2,164	-6%	-6%	**466**	433	8%	8%
Japan	**2,131**	2,153	-1%	-1%	**143**	139	3%	3%
Iberia	**1,483**	1,781	-17%	-16%	**399**	412	-3%	-1%
Rest of World	**5,239**	5,676	-8%	-7%	**569**	618	-8%	-7%
Career Transition and Talent Development	**2,472**	2,406	3%	2%	**254**	262	-3%	-4%
Corporate	**850**	774	10%	10%				
Adecco Group	**30,264**	34,662	-13%	-11%	**4,807**	5,088	-5%	-5%

1 2019 N. America, UK&I. General Staffing and N. America, UK&I. Professional Staffing have been restated to conform with current period presentation.

Controls and compliance

The Company is committed to maintaining the highest standards of ethical business conduct. The Company's Chief Human Resources Officer and the Head of Group Compliance Reporting oversee worldwide business ethics and compliance practices and report regularly on these topics, depending on their nature, to the Audit Committee or to the Governance and Nomination Committee. In addition, the Company's Head of Group Internal Audit reports directly to the Audit Committee.

The Board of Directors and management of the Company are responsible for establishing and maintaining adequate Internal Control Over Financial Reporting. Management has assessed the effectiveness of the Company's Internal Control Over Financial Reporting as at 31 December 2020. In making this assessment, management used the principles established in the updated Internal Control – Integrated Framework (May 2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as at 31 December 2020, the Company's Internal Control Over Financial Reporting is effective.

The Company's internal control system is designed to provide reasonable assurance to the Company's management and the Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statements preparation and presentation. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Forward-looking statements

Information in this Annual Report may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this Annual Report are based on information available to the Company as at 10 March 2021, and the Company assumes no duty to update any such forward-looking statements. The forward-looking statements in this Annual 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.

Open and transparent communications

Our communications policy

The Adecco Group focuses on providing transparent and consistent information and interactive communication. We strive for an open dialogue with the financial community, the media and all key stakeholders to enhance understanding of the business as well as to explain the risks and opportunities.

The Adecco Group is committed to providing regular updates on key value drivers, business strategy and key ratios used by the Group to track its own performance. We are dedicated to providing true, fair and up-to-date information to every interested stakeholder, so that the share price reflects the inherent value of the Adecco Group.

Investor Relations activities in 2020

We formally communicate our financial performance in our comprehensive quarterly results, which management discusses with the financial community and the media via a conference call and webcast. We also offer meetings with management and Investor Relations at roadshows, conferences and at our headquarters. In addition, we strive to ensure clear and transparent communication of other price-sensitive information through press releases and comprehensive content on our website at https://www.adeccogroup.com/investors. We respect the legal obligations relating to confidentiality and disclosure, and make every effort to guarantee equal distribution of price-sensitive information.

In keeping with our approach, we continue to maintain an open dialogue with the financial community through our Investor Relations activities. In December 2020, we hosted a virtual Capital Markets Day, at which Management provided an overview about the achievements of the last strategic cycle, Perform, Transform and Innovate, and introduced the new strategy, Future@Work. During the year, we devoted 23 days to market communication, often following our quarterly results releases or when participating in broker conferences. In total, we met with more than 250 investors during the year.

Analyst coverage

The Adecco Group's development is closely monitored by the financial community. Currently 19 brokers actively cover the Group, maintaining regular contact with management and the Investor Relations team. They comprise: ABN Amro – ODDO BHF, Alpha Value/Baader, Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, HSBC, JP Morgan, Jefferies, Kepler Cheuvreux, MainFirst, Morgan Stanley, Morningstar, RBC Capital Markets, UBS and Zürcher Kantonalbank.

Of the brokers covering the Adecco Group at the start of 2020, 50% had buy recommendations, 25% had a neutral view, and 25% recommended selling shares. Of the brokers covering the Adecco Group at the end of 2020, 56% had buy recommendations, 31% had a neutral view, and 13% recommended selling shares.

Shareholder base

The Adecco Group continues to have a broad investor base, made up of approximately 16,000 shareholders. Our top 20 shareholders held approximately 50% of the issued and outstanding share capital as of year end 2020. European institutional investors owned 62% of shares issued at the end of 2020, compared to 66% at the end of 2019. The percentage held by North American institutions increased to 21%, compared to 19% at the end of 2019. The number of shares in issue at year end 2020 was 163,124,177, including treasury shares.

Shareholder concentration

as of year end 2020	in % of shares issued
Top 5 investors	22%
Rest of top 10 investors	13%
Rest of top 20 investors	15%
Rest of top 50 investors	19%
Others	31%

Shareholder structure

as of year end, in % of shares issued	2020	2019
Institutional		
· Europe	**62%**	66%
· North America	**21%**	19%
· Rest of World	**3%**	3%
Retail	**5%**	4%
Insider and Treasury	**1%**	1%
Unassigned	**8%**	7%

Share performance report

During 2020, the Adecco Group share price decreased by 3%, underperforming the SMI by 4 percentage points and outperforming a basket of our key competitors[1] by 6 percentage points.

Adecco Group shares had a soft start to 2020, as the global stock markets weakened on lingering concerns of a slowing global economy.

On 26 February, the solid Q4 2019 results, which confirmed increasing benefits from the GrowTogether programme and effective execution of the Company's strategy, provided support to the Adecco Group shares.

At the beginning of March, when Covid-19 first began to spread in Europe and North America, the risks that the health emergency could have triggered an economic and financial crisis resulted in a sharp decline of the equity markets around the world.

As the month progressed, monetary and fiscal support measures were progressively announced by the central banks and governments, reducing the perceived risk and lifting the stock markets. The Adecco Group shares, after reaching their low of the year on 23 March, at CHF 31.50, started their recovery and closed the first quarter on 31 March at 38.14 CHF.

In April, the Group's strong balance sheet and cash flow generation allowed the payment of the dividend for the year 2020, on 23 April, and the Q1 2020 results, on 5 May, confirmed disciplined focus and strategic continuity during the crisis.

The recovery in the share price continued in sync with the equity markets, reaching a temporary peak on 5 June at CHF 51.64. From that point, the worsening Covid-19 health crisis weighed on the share price, which closed the second quarter on 30 June at CHF 44.46 CHF.

During the summer, the improvement in the Covid-19 situation in Europe and the benefits from the measures put in place to help the economy provided support to the shares. The Group's Q2 2020 results on 6 August showed resilience and agility with a strong EBITA margin and cash flow performance. These led to a continued steady increase in the share price, which closed the third quarter on 30 September at CHF 48.68.

At the beginning of the autumn, the arrival of a "second wave" of Covid-19 infections in many large countries impacted market sentiment, which became more cautious. Nevertheless, the Group's Q3 2020 results on 3 November showed a continued strong performance in an uncertain environment, with an improving revenue trend and very resilient EBITA margin.

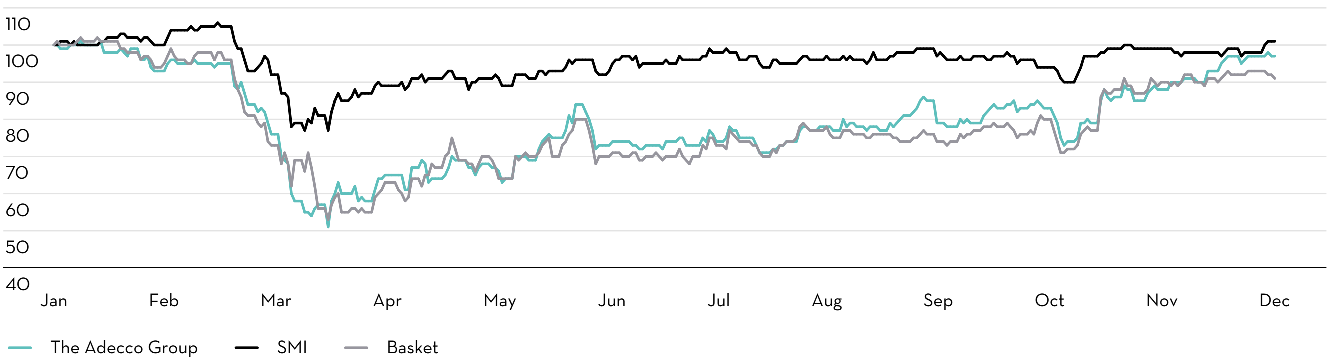
During November, positive news on the results of the trials on Covid-19 vaccines lifted the equity markets and the Adecco Group shares. On 1 December, at the virtual Capital Markets Day, the Group presented its Future@Work strategy and the new financial targets.

Following the Capital Markets Day, the shares continued to rally, closing the year at CHF 59.16, on 30 December.

This represents a share price decrease of 3% and a total shareholder return (TSR) of 3%, when measured in Swiss Francs. Translated into Euros the share price decrease was 3%. The Adecco Group's market capitalisation, based on issued shares, was CHF 9.7 billion at the end of 2020, compared with CHF 10.0 billion at the end of 2019.

Adecco Group share price 2020 in CHF

Share price performance comparison 2020 in CHF, indexed to 100



1 Randstad and Manpower Group (market capitalisation weighted, in CHF).

Dividend policy

We have a progressive dividend policy, which comprises two components. First, as earnings grow over time, our dividend per share (DPS) will also grow, within the bounds of a payout ratio of 40-50% of adjusted earnings per share (EPS). Second, we are committed to holding our Swiss Franc DPS at least in line with the prior year, even if EPS temporarily declines and the payout ratio is exceeded.

For 2020, a dividend of CHF 2.50 will be proposed to shareholders at the Annual General Meeting on 8 April 2021, representing a payout ratio of 82% of 2020 adjusted EPS.

Additional capital returns

In addition to our annual dividend payments, at the end of each year we review our financial position and return excess capital to shareholders. The Adecco Group has previously undertaken capital returns by way of five share buyback programmes:

- EUR 400 million in June 2012 (completed in September 2013);
- EUR 250 million in September 2013 (completed in November 2014);
- EUR 250 million in November 2014 (completed in January 2016);
- EUR 300 million in March 2017 (completed in March 2018);
- EUR 150 million In March 2018 (completed in March 2019).

The Adecco Group ended 2020 with a strong financial position. Net debt amounted to EUR 376 million and the ratio of net debt to EBITDA excluding one-offs was 0.4x at 31 December 2020.

In February 2020, the Board of Directors approved a share buyback programme of up to EUR 600 million, to be executed during 2020 and 2021. This programme was subsequently paused before initiation, due to the onset of the Covid-19 crisis.

Given the continued strength of the Group's financial position, the Board of Directors considers it appropriate to resume the programme. Due to the ongoing economic uncertainty relating to Covid-19, the share buyback will be executed in a phased approach over up to three years. Shares repurchased under the programme are intended for subsequent cancellation, following shareholder approval.

Share valuation data

	2020	2019	2018	2017	2016
Valuation metrics					
P/E ratio	**n.m.**	**12.3**	14.7	13.6	14.8
EV/EBITA ratio	**16.3**	**9.5**	8.0	10.3	10.5
Dividend yield	**4.2%**	**4.1%**	5.4%	3.4%	3.6%
Share price (CHF)					
Year end	**59.16**	**61.22**	45.93	74.55	66.65
Year high	**61.60**	**62.84**	79.58	79.15	67.90
Year low	**31.50**	**43.56**	44.66	67.55	45.01
Total shareholder return					
TSR in CHF	**3%**	**39%**	-36.0%	15.5%	-0.9%
TSR in EUR	**3%**	**37%**	-33.5%	5.8%	1.5%
In CHF millions					
Market capitalisation[1]	**9,650**	**10,000**	7,651	12,760	11,408
Enterprise value[2]	**10,055**	**10,434**	8,916	13,923	12,357
In EUR millions[3]					
Market capitalisation[1]	**8,936**	**9,174**	6,798	10,906	10,662
Enterprise value[2]	**9,311**	**9,572**	7,922	11,900	11,549

1 Market capitalisation based on issued shares, at year end.

2 Enterprise value equals market capitalisation plus net debt, at year end.

3 Exchange rates EUR/CHF 2020: 1.08; 2019: 1.09; 2018: 1.13; 2017: 1.17; 2016: 1.07.

Corporate Governance

Corporate Governance

Applicable Corporate Governance standards

This Corporate Governance disclosure reflects the requirements of the Directive on Information Relating to Corporate Governance, issued by the SIX Swiss Exchange as amended on 20 June 2019 and entered into force 2 January 2020. The principles and the more detailed rules of Adecco Group AG's Corporate Governance are defined in Adecco Group AG's Articles of Incorporation (AoI; https://aoi.adeccogroup.com), its internal policies and organisational rules, and in the Charters of the Committees of the Board of Directors (Board) which are outlined in sections 3.4.1 to 3.4.4 (see pages 83 to 85 of this Annual Report). Adecco Group AG's principles as a general rule take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as amended in 2016 (published on 29 February 2016; https://www.economiesuisse.ch/de/publikationen/swiss-code-best-practice-corporate-governance).

Additionally, on 20 November 2013, the Swiss Federal Council approved the Ordinance Against Excessive Compensation at Listed Corporations (the Ordinance) which entered into force on 1 January 2014. The Ordinance was issued to implement the key elements of the so-called Minder-Initiative, a constitutional amendment approved by the Swiss electorate in March 2013. The Ordinance is applicable to listed companies with a registered office in Switzerland and has introduced a number of obligations and requirements such as (i) the individual and yearly election of the members of the Board, the Chair, the members of the remuneration committee and the independent proxy agent by the shareholders, (ii) the amendment of the AoI (https://aoi.adeccogroup.com), (iii) the content of the Remuneration Report, (iv) an annual binding say of the shareholders on the compensation of the members of the Board and of the Executive Committee (EC), and (v) provisions regarding employment terms. The Ordinance forbids certain compensation payments (such as severance payments) and obliges pension funds to exercise their voting rights and to disclose their voting behaviour. Non-compliance with the provisions of the Ordinance may entail criminal sanctions.

Statements throughout this Corporate Governance disclosure 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.

Corporate Governance information is presented as of 31 December 2020, unless indicated otherwise, as the statutory fiscal year of Adecco Group AG is the calendar year.

The Corporate Governance information included in this report is presented in Euro, except for information on shares, share capital and dividends, which is provided in Swiss Francs. Income, expenses and cash flows are translated using average exchange rates for the period, or at transaction exchange rates, and assets and liabilities are translated using the year-end exchange rates.

Structure, shareholders and capital

1. Structure and shareholders

1.1 Legal and management structure

Adecco Group AG is a stock corporation (Aktiengesellschaft) organised under the laws of Switzerland with its registered office at Bellerivestrasse 30, 8008 Zürich, Switzerland.

Adecco Group AG is listed on the SIX Swiss Exchange (symbol ADEN, security number 1213860; ISIN CH0012138605). As of 31 December 2020, the market capitalisation of Adecco Group AG, based on the number of shares issued, including treasury shares, and the closing price of shares on the SIX Swiss Exchange, amounted to approximately CHF 9.7 billion. On 1 March 2021, this market capitalisation amounted to approximately CHF 9.5 billion.

The Company is the world's leading provider of human capital solutions including flexible placement, permanent placement, career transition, outsourcing, consulting, training, up-/reskilling, and other services.

The Company is organised in three Global Business Units – Adecco, Talent Solutions and Modis – which correspond to the primary segments. This structure is complemented by service lines.

The primary segments consist of: Adecco France; Adecco Northern Europe; Adecco DACH; Adecco Southern Europe & EEMENA; Adecco Americas; Adecco APAC; Talent Solutions; and Modis.

The service lines consist of: Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Upskilling & Reskilling.

The Company provides services to businesses and organisations located throughout Europe, North America, Asia Pacific, Latin America and North Africa.

Prior to 1 January 2021, the Company was organised in a geographical structure plus the global business Career Transition & Talent Development, which corresponded to the primary segments. This structure was complemented by business lines. The segments consisted of: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Career Transition & Talent Development; and the Rest of World segments (comprising Australia & New Zealand; Latin America; Eastern Europe and Middle East & North Africa; Asia; and India). The business lines consisted of: Workforce Solutions (comprising the Adecco brand); Professional Solutions (comprising Modis, Badenoch + Clark/Spring Professional, and Other Professional Brands); and Talent Solutions & Ventures (comprising LHH, Pontoon, and Ventures). As part of the transition to three Global Business Units from 1 January 2021, certain local brands and businesses were reallocated between the global brands. Hence, reporting by brand prior to 2021 does not directly correspond to the new Global Business Unit reporting structure.

As of 1 January 2021, the Company's EC was composed as follows (for more details as of 31 December 2020, see section 4.1):

- Alain Dehaze, Chief Executive Officer;
- Coram Williams, Chief Financial Officer;
- Christophe Catoir, President of Adecco;
- Sergio Picarelli, President of Talent Solutions;
- Jan Gupta, President of Modis;
- Valerie Beaulieu, Chief Sales and Marketing Officer;
- Stephan Howeg, Chief of Staff and Communications Officer;
- Gordana Landen, Chief Human Resources Officer;
- Teppo Paavola, Chief Digital Officer; and
- Ralf Weissbeck, Chief Information Officer.

The Company comprises numerous legal entities around the world. The major consolidated subsidiaries of the Adecco Group are listed on page 172 of this Annual Report. No subsidiary has shares listed on a stock exchange.

1.2 Significant shareholders

As of 31 December 2020, the total number of shareholders directly registered with the share register of Adecco Group AG was approximately 16,000; the major shareholders during 2020 and their shareholdings were disclosed to Adecco Group AG as listed in the following table, which shows the last notifications published on the SIX website up to 31 December 2020.

Please note that percentages of shareholdings refer to the date of disclosure unless indicated otherwise, up to 31 December 2020, and may have changed in the meantime.

For further details pertaining to the below-listed disclosures, refer to the following websites:

https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=ADECCO
or
http://adeccogroup.com/investors/shareholder-debt-info/disclosure-shareholding/
or
http://ir.adeccogroup.com/.

Investor	Date of SIX publication	Percentage of voting rights as disclosed
Akila Finance S.A.	28.05.2014	4.31% equity, 0.26% sale positions[1]
Group BlackRock Inc.	18.10.2019	5.19% purchase positions, 0.07% sale positions[2]
Invesco Limited	20.11.2020	Falling below threshold of 3%
Norges Bank	31.12.2020	Falling below threshold of 3%
Silchester International Investors LLP	05.11.2020	4.95%
UBS Fund Management (Switzerland) AG	26.08.2020	3.09%

1 As per current share capital: 5.00% equity, 0.31% sale positions. Beneficial owners have been disclosed.

2 As per current share capital: 5.20% equity, 0.07% sale positions.

As of 31 December 2020, Adecco Group AG is not aware of any person or legal entity, other than those stated above, that directly or indirectly owned 3% or more of voting rights in Adecco Group AG, as defined by the Swiss disclosure requirements. Adecco Group AG is not aware of shareholders' agreements, other than those described in the aforementioned disclosures, between its shareholders pertaining to Adecco Group AG shares held.

According to Art. 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA; applicable since 1 January 2016), anyone who directly or indirectly or acting in concert with third parties acquires or disposes of shares or acquisition or sale rights relating to shares of a company with its registered office in Switzerland whose equity securities are listed in whole or in part in Switzerland, or of a company with its registered office abroad whose equity securities are mainly listed in whole or in part in Switzerland, and thereby reaches, falls below or exceeds the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the voting rights, whether exercisable or not, must notify this to Adecco Group AG and to the Disclosure Office of the SIX Swiss Exchange. Such notification must be made no later than four trading days after the obligation to disclose arises.

For further information refer to section 7.1.

1.3 Cross-shareholdings

As of 31 December 2020, there were no cross-shareholdings exceeding 5% of a party's share capital.

2. Capital structure

2.1 Share capital

At the Annual General Meeting of Shareholders (AGM) of 16 April 2020, the Company's shareholders approved the cancellation of 220,000 treasury shares acquired under the share buyback programme and the corresponding reduction of Adecco Group AG's share capital by 220,000 registered shares with a nominal value of CHF 0.10 each.

The cancellation of 220,000 treasury shares was effective 6 July 2020. Since 6 July 2020, the share capital of the Company amounts to CHF 16,312,417.70 divided into 163,124,177 shares.

As of 31 December 2020, the share capital of Adecco Group AG registered with the Commercial Register amounted to CHF 16,312,417.70 divided into 163,124,177 fully paid up registered shares with a nominal value of CHF 0.10 per share.

2.2 Authorised and conditional capital

The Board of Directors is authorised to increase the share capital in an amount not to exceed CHF 816,720.00 through the issuance of up to 8,167,200 fully paid registered shares with a nominal value of CHF 0.10 per share by not later than 30 April 2021. Authorised capital amounts to a maximum of CHF 816,720.00, which equates to 5.01% of the existing share capital of CHF 16,312,417.70. Increases in partial amounts shall be permitted. For details on the terms and conditions of the issuance/creation of shares under authorised capital, refer to Art. 3bis of the AoI (https://aoi.adeccogroup.com).

The conditional capital of CHF 1,540,000 divided into 15,400,000 registered shares with a nominal value of CHF 0.10 each is reserved for the exercise of option or conversion rights granted in relation to financial instruments such as bonds or similar debt instruments of Adecco Group AG or its affiliates. Conditional capital amounts to a maximum of CHF 1,540,000, which equates to about 9.44% of the existing share capital of CHF 16,312,417.70. The subscription rights of the shareholders regarding the subscription of the shares are excluded. The shareholders' preferential bond subscription rights in the issue of the bonds or similar debt instruments may be limited or excluded by the Board. The conditional capital is available for share issuance upon conversion of financial instruments Adecco Group AG or its subsidiaries may issue in the future. For details on the terms and conditions of the issuance/creation of shares under conditional capital, refer to Art. 3^{quater} of the AoI (https://aoi.adeccogroup.com).

If both, the authorised and the conditional capital were utilised as of 31 December 2020, the total increase would amount to a maximum of CHF 2,356,720.00, which is equal to approximately 14.45% of the existing share capital of CHF 16,312,417.70.

The Board will only make use of the authorizations to increase the share capital excluding pre-emptive rights up to 10% of the registered share capital.

2.3 Changes in capital

Adecco Group AG's share, authorised and conditional capital structure as of the dates indicated below were as follows:

	Issued shares		Authorised capital		Conditional capital	
in CHF millions, except shares	Shares	Amount	Shares	Amount	Shares	Amount
1 January 2017	**171,156,187**	**171.2**	**–**	**–**	**19,566,804**	**19.6**
Changes in nominal amount and in authorised and conditional capital		(154.1)	8,557,809	0.9	(4,166,804)	(18.1)
31 December 2017	**171,156,187**	**17.1**	**8,557,809**	**0.9**	**15,400,000**	**1.5**
Share cancellation and change in authorised capital	(4,580,260)	(0.5)	(229,013)	(0.02)	n.a.	n.a.
31 December 2018	**166,575,927**	**16.6**	**8,328,796**	**0.8**	**15,400,000**	**1.5**
Share cancellation and change in authorised capital	(3,231,750)	(0.3)	(161,596)	(0.02)	n.a.	n.a.
31 December 2019	**163,344,177**	**16.3**	**8,167,200**	**0.8**	**15,400,000**	**1.5**
Share cancellation	(220,000)	(0.02)	(11,000)	(0.0011)	n.a.	n.a.
31 December 2020	**163,124,177**	**16.3**	**8,156,200**	**0.8**	**15,400,000**	**1.5**

2.4 Shares and participation certificates

Adecco Group AG shares have a nominal value of CHF 0.10 each. All shares are fully paid registered shares and bear the same dividend and voting rights. Pursuant to Art. 7 of the AoI (https://aoi.adeccogroup.com), the right to vote and all other rights associated with a registered share may only be exercised by a shareholder, usufructuary or nominee who is registered in the share register as the shareholder, usufructuary or nominee with right to vote.

As of 31 December 2020, there were no outstanding participation certificates.

2.5 Bonus certificates

Adecco Group AG has not issued bonus certificates (Genussscheine).

2.6 Limitations on registration, nominee registration and transferability

Each Adecco Group AG share represents one vote.

Acquirers of registered shares are recorded in the share register as shareholders with the right to vote upon request, provided that they declare explicitly to have acquired the registered shares in their own name and for their own account (Art. 4 sec. 2 of the AoI; https://aoi.adeccogroup.com). Upon such declaration, any person or entity will be registered with the right to vote.

The Board may register nominees with the right to vote in the share register to the extent of up to 3% of the registered share capital as set forth in the Commercial Register. Registered shares held by a nominee that exceed this limit may be registered in the share register if the nominee discloses the names, addresses and the number of shares of the persons for whose account the nominee holds 0.5% or more of the registered share capital as set forth in the Commercial Register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account or with whom the Board has entered into a corresponding agreement (refer to Art. 4 sec. 3 of the AoI; https://aoi.adeccogroup.com). The Board may grant exemptions to this registration restriction (refer to Art. 4 sec. 6 of the AoI; https://aoi.adeccogroup.com). In 2020, there were no such exemptions granted.

Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management, or otherwise linked, as well as individuals or corporate bodies and partnerships who act together to circumvent the regulations concerning the nominees (especially as syndicates), are treated as one nominee, respectively as one person within the meaning of this article (refer to Art. 4 sec. 4 of the AoI; https://aoi.adeccogroup.com).

For further information regarding the procedure and conditions for cancelling statutory privileges and limitations on transferability of shares, refer to the AoI; https://aoi.adeccogroup.com.

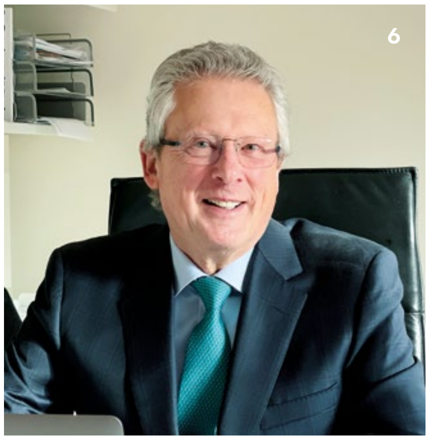
2.7 Convertible bonds and options

Adecco Group has no outstanding convertible bonds or options.

Board of Directors, Executive Committee and compensation

3. Board of Directors

As of 31 December 2020, the Board of Directors of Adecco Group AG consisted of seven members. All members qualify as independent and non-executive members (see below 3.2). Committee memberships are shown as of 31 December 2020.



1. Jean-Christophe Deslarzes, 2. Alexander Gut, 3. Ariane Gorin, 4. Kathleen Taylor, 5. Didier Lamouche, 6. David Prince, 7. Regula Wallimann

3.1 Biographies of members of the Board of Directors

The following sets forth the name, year of birth, entry date, nationality, professional education and principal positions of those individuals who served as members of the Board as of 31 December 2020. All members are elected for a one-year term of office until the end of the next Annual General Meeting of Shareholders.

Jean-Christophe Deslarzes

- Swiss national, born 1963.
- Jean-Christophe Deslarzes has been a member (non-executive) of the Board of Directors since April 2015. He has been Chair of the Board of Directors since April 2020 and a member of the Governance and Nomination Committee since April 2018. He was Chair of the Compensation Committee from April 2018 until April 2020 (member since April 2016) and a member of the Audit Committee from April 2015 until April 2018.
- Jean-Christophe Deslarzes holds a Master's degree in Law from the University of Fribourg, Switzerland.
- Jean-Christophe Deslarzes began his career in 1991 as a tax and legal consultant at Arthur Andersen in Switzerland. From 1994 to 2010, he worked at Rio Tinto and its predecessor companies, Alcan and Alusuisse, in human resources and general management roles in Europe and Canada, including as Senior Vice President Human Resources and member of the Executive Committee of Alcan Group as well as President and CEO, Downstream Aluminium Businesses, Rio Tinto, based in Canada. He served as Chief Human Resources and Organisation Officer and member of the Executive Board at Carrefour Group, based in France, from 2010 to 2013. From 2013 to 2019, Jean-Christophe Deslarzes was Chief Human Resources Officer and member of the Executive Committee of ABB Group, based in Switzerland.
- From February 2018 until February 2021, he was Chairman of the Board of Directors of ABB India Limited[1], India. Since January 2021, he has been Special Advisor to the Board of Directors of Constellium[1], (NYSE, headquartered in France). Since January 2021, Jean-Christophe Deslarzes has been a Member of the Executive Faculty at the University of St. Gallen.

Kathleen Taylor

- Canadian national, born 1957.
- Kathleen Taylor has been a member (non-executive) of the Board of Directors and a member of the Audit Committee since April 2015, and since April 2017 Vice-Chair of the Board of Directors and a member of the Compensation Committee and the Governance and Nomination Committee. Furthermore, she has been a member of the Digital Committee since April 2019.
- Kathleen Taylor obtained a Master's degree in Business Administration from Schulich School of Business, a law degree from Osgoode Hall Law School and a Bachelor of Arts (Honours) degree from the University of Toronto, all in Canada.
- Kathleen Taylor is the former President and Chief Executive Officer of Four Seasons Hotels and Resorts, Canada, where she served in a variety of senior leadership roles from 1989 to 2013.
- Kathleen Taylor has been a member of the Board of the Royal Bank of Canada[1] since November 2001, and its Chair since January 2014. She has also served as Chair of Altas Partners, Canada, since April 2019. She has been a director of the Canada Pension Plan Investment Board since October 2013 and a director of Air Canada[1] since May 2016.
- Kathleen Taylor is a member of the Board of Trustees of the Hospital for Sick Children and a director and immediate past Chair of the Board of the SickKids Foundation, Canada. She is also a member of the Principal's International Advisory Board of McGill University and of the Dean's Advisory Council of the Schulich School of Business of York University, both in Canada. She is a member of the National Council of the C.D. Howe Institute, Canada, and the Co-Chair of its Human Capital Policy Council.

Ariane Gorin

- French and United States national, born 1974.
- Ariane Gorin has been a member (non-executive) of the Board of Directors and a member of the Audit Committee since April 2017 and has been Chair of the Digital Committee since April 2019.
- She obtained an MBA degree from Kellogg School of Management, Northwestern University, Evanston, IL, USA and a Bachelor's degree in Economics from University of California, Berkeley, CA, USA.
- Since 2013, Ariane Gorin has been a member of the management team of Expedia Group[1], headquartered in the USA. In December 2019 Ariane Gorin was named President of the Expedia Business Services brand. She previously was President of the Expedia Partner Solutions and Senior Vice President and General Manager, Expedia Affiliate Network brand, based in the UK. She is a member of Expedia's Travel Leadership Team.
- From 2000 to 2002 Ariane Gorin served as consultant at The Boston Consulting Group in France and in the USA.
- From 2003 to 2013, Ariane Gorin served in various functions at Microsoft Corporation, USA: initially as Strategic Initiatives Manager for the Enterprise Services Division in Europe, Middle East and Africa, thereafter as Business Manager Western Europe, from 2007 to 2010 as Marketing Director and then Sales Director Small and Midmarket Business and Distribution for France, and finally from 2010 to 2013 as Director Office Products and Services for France, based in France. From December 2019 until February 2021, Ariane Gorin was a member of the Supervisory Board of Trivago[1], Germany.

Alexander Gut

- British and Swiss national, born 1963.
- Alexander Gut has been a member (non-executive) of the Board of Directors since May 2010. He has been Chair of the Governance and Nomination Committee since April 2018 and a member of the Digital Committee since April 2019. He was a member of the Compensation Committee from April 2015 until April 2019.
- Alexander Gut holds a doctorate degree in business administration (Dr. oec. publ.) from the University of Zurich, Switzerland, and is a Swiss Certified Public Accountant.
- From 1991 to 2001 he was with KPMG in Zurich and London and from 2001 to 2003 with Ernst & Young in Zurich, where he became a partner in 2002. From 2003 to 2007 he was a partner with KPMG in Zurich, where he became a member of the Executive Committee of KPMG Switzerland in 2005. Until June 2019 he was a member of the Board of Directors of SIHAG Swiss Industrial Holding AG, Switzerland.
- Alexander Gut is the founder and managing partner of Gut Corporate Finance AG. Furthermore, he was a member of the Board of Directors of Credit Suisse Group[1] and Credit Suisse (Switzerland) AG from 2016 until April 2020, both in Switzerland.

1 For current mandates: Listed company.

Didier Lamouche

- French national, born 1959.
- Didier Lamouche has been a member (non-executive) of the Board of Directors since April 2011. He has been Chair of the Compensation Committee since April 2020 (member since April 2019) and a member of the Digital Committee since April 2019. He was a member of the Audit Committee from April 2017 until April 2019 and of the Corporate Governance Committee from April 2011 until April 2017.
- Didier Lamouche obtained a PhD and Engineering degree in semiconductor technology from the Ecole Centrale de Lyon, France.
- He was CEO of Altis Semiconductor from 1998 to 2003. From 2003 to 2005, he held the position of Vice President of Worldwide Semiconductor Operations at IBM Microelectronics. From 2005 to 2010, Didier Lamouche was Chairman and Chief Executive Officer at Bull. From 2006 he held various Board and Executive roles at STMicroelectronics, Switzerland and from December 2011 until March 2013, he was President of the Executive Board and CEO of ST-Ericsson S.A., Switzerland. From April 2013 to October 2018, he was CEO of Idemia (formerly Oberthur Technologies), France.
- Since 2019, Didier Lamouche has been chairman of the Boards of UTIMACO, Germany and QUADIENT[1], France. He has been a member of the Supervisory Board of ASM International[1], the Netherlands, since May 2020.
- Didier Lamouche has held mandates as non-executive director on boards of various listed and non-listed companies.

David Prince

- British national, born 1951.
- David Prince has been a member (non-executive) of the Board of Directors since June 2004. He has served on various committees and was Chair of the Audit Committee from April 2015 until April 2019 where he is still a member. Since April 2017 he has been a member of the Governance and Nomination Committee.
- David Prince is an associate member of the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Purchasing and Supply (CIPS).
- He started his career in the oil and gas industry as part of a management trainee scheme at British Gas, later attending business school in the UK. Following accountancy roles at Philips Industries and TRW, he joined Cable & Wireless, holding accountancy, general management and group marketing positions in the UK and in Hong Kong. From 1994 to 2000, he worked for Hong Kong Telecom plc (HKT) as Group Finance Director, followed by an appointment as Deputy CEO. In 2000, David Prince became Group CFO of PCCW plc, Hong Kong. From 2002 to 2004, he worked for Cable & Wireless as Group Finance Director. Since 2004 he has acted as investment advisor to companies based in Asia, China and Australia. David Prince was a member of the Board of Directors and Chairman of the Audit Committee of ARK Therapeutics, UK until March 2013.
- He is a member of the Board of Directors of SmarTone Telecommunications Holdings Ltd[1], Hong Kong and of various companies in the Wilson Parking Group, Australia. He has been a non-executive director of the Board of Sunevision Holdings Ltd.[1], Cayman Islands since October 2016. During 2020 he was appointed to the China Joint Venture Boards of FESCO Adecco as a non-executive Director.

Regula Wallimann

- Swiss national, born 1967.
- Regula Wallimann has been a member (non-executive) of the Board of Directors since April 2018. She has been Chair of the Audit Committee since April 2019 (member since April 2018).
- She obtained a business degree (lic. oec. HSG) from University of St. Gallen, Switzerland and is a Certified Public Accountant, both Swiss and US.
- From 1993 to 2017, Regula Wallimann worked for KPMG Switzerland, where she acted during 14 years as global lead partner for various large listed and non-listed international and national clients. From 2012 to 2014, Regula Wallimann was a member of KPMG Switzerland's strategic Partners' Committee.
- Regula Wallimann has been a non-executive board member and member of the audit committee of Straumann Holding AG[1], Switzerland since 2017, and Chair of the audit and risk committee since April 2019 and member of the HR and compensation committee since April 2020. In addition, she has been a non-executive board member and head of the finance and audit committee of Swissgrid AG since 2017, Switzerland. Furthermore, she has been a non-executive board member and member of the audit committee since April 2018 and member of the nomination committee since April 2019 of Helvetia Holding AG[1], Switzerland. She has been a member of the supervisory board of the institute for Accounting, Control and Auditing of the University of St. Gallen, Switzerland, since 2010.

Member of the Board of Directors who left in 2020

Rolf Dörig

- Swiss national, born 1957.
- Rolf Dörig was a member (non-executive) of the Board of Directors from May 2007 until April 2020. He served on various committees and was Chair of the Board of Directors from January 2009 until April 2020 and member of the Governance and Nomination Committee from April 2017 until April 2020.
- Rolf Dörig obtained a doctorate degree in law (Dr. iur.) from the University of Zurich, Switzerland, and was subsequently admitted to the Bar. He also completed the Advanced Management Program at Harvard Business School (Boston), USA.
- After joining Credit Suisse in 1986, he held a number of executive positions in various areas of banking and different geographical markets. As a member of the Group Executive Board, he was assigned responsibility for Swiss corporate and retail banking from 2000 onwards. In 2002, he held the position of Chairman Switzerland. Rolf Dörig was Chief Executive Officer of the Swiss Life Group from November 2002 until May 2008, when he was elected to the Board of Directors.
- Rolf Dörig is Chairman of the Board of Directors of Swiss Life Holding AG[1], a member of the Board of Directors of Emil Frey Holding AG, both in Switzerland, and a member of the Supervisory Board of Danzer Holding AG in Austria. He was a member of the Board of Directors of dormakaba Holding AG[1] until October 2020. Since June 2017, Rolf Dörig has been a member of the Swiss Insurance Association (SIA). Furthermore, he is a member of the Board Committee of economiesuisse, Switzerland.
- Rolf Dörig did not stand for re-election at the Annual General Meeting of Shareholders on 16 April 2020.

1 For current mandates: Listed company.

3.2 Other activities and vested interests of the Board of Directors

Except for those described in section 3.1 'Biographies of members of the Board of Directors', no permanent management/consultancy functions for significant domestic or foreign interest groups, and no significant official functions or political posts, are held by the members of the Board of Adecco Group AG. The Board regularly assesses the independence of its members.

As of 31 December 2020, all members of the Board were independent and non-executive, none of them (i) having held an executive function with the Company during the past three years, or (ii) having any other significant or important business relation with the Adecco Group, or (iii) having served directly or indirectly as or for the auditors of the Adecco Group.

The Company provides services in the normal course of business on arm's length terms to entities that are affiliated with certain of its officers, members of the Board and significant shareholders through investment or board directorship.

The AoI (Art. 16 sec. 4 of the AoI; https://aoi.adeccogroup.com) limit the number of mandates that may be assumed by members of the Board in directorial bodies of legal entities not affiliated with the Company. All members of the Board have complied with these requirements.

3.3 Elections and terms of office

Pursuant to the AoI, the Board consists of at least five members (Art. 16 sec. 1 of the AoI; https://aoi.adeccogroup.com). Members of the Board are elected individually for a term of office of one year, until the end of the next AGM, and may be re-elected for successive terms (Art. 16 sec. 2 of the AoI; https://aoi.adeccogroup.com). Adecco Group AG's AoI (https://aoi.adeccogroup.com) do not limit the number of terms a member may be re-elected to the Board. Candidates to be elected or re-elected to the Board are proposed by the Board to the AGM. For succession-planning considerations, see section 3.4.1.

In advance of any candidates of the Compensation Committee being proposed by the Board to the AGM for individual election, the Board reviews and confirms the specific independence of the Committee's members-to-elect.

The AGM elects individually the members of the Board, its Chair and the members of its Compensation Committee.

As of 31 December 2020, the Board is composed of seven members.

3.4 Internal organisational structure

The Board holds the ultimate decision-making authority of Adecco Group AG for all matters except those reserved by law or the AoI (https://aoi.adeccogroup.com) to the shareholders. It determines the overall strategy of the Company and supervises the management of the Company.

The Chair of the Board of Directors is a non-executive member of the Board. He performs his role on a part-time basis, providing leadership to the Board which operates under his direction. The Chair sets the agenda of the Board's meetings and drives key Board topics, especially regarding the strategic development of the Adecco Group. Any member of the Board may request that an item be included on the agenda. The Chair works with the Committee chairs to coordinate the tasks of the Committees and regularly attends Committee meetings as a guest without voting power (except for the Governance and Nomination Committee where he is a regular member). The Chair further ensures that the members of the Board are provided, in advance of meetings, with adequate materials to prepare for the items tabled. The Board recognises the importance of being fully informed on material matters involving the Company and seeks to ensure that it has sufficient information to take appropriate decisions by, at the decision of the Chair, inviting members of management or other individuals to report on their areas of responsibility, conducting regular meetings of the respective Committees of the Board with management, and retaining outside consultants and independent auditors (Auditors) where appropriate, and ensuring regular distribution of important information to its members. On behalf of the Board, the Chair exercises the ongoing overall supervision and control of the course of business and the activities of the CEO and the EC and he conducts regular exchanges with the CEO and other members of the EC. In urgent situations, the Chair may also determine necessary measures and take steps falling within the scope of the competencies of the Board until the Board of Directors takes a decision. If a timely decision cannot be reached by the Board, the Chair is empowered to take a decision. The Chair is also in charge of chairing the AGM and, together with the CEO, takes an active role in representing the Adecco Group to key shareholders, investors, regulators and industry associations as well as other external stakeholders.

The Board's committees are the Audit Committee (AC), the Governance and Nomination Committee (GNC), the Compensation Committee (CC), and the Digital Committee (DC, formerly Digital Platform and Technology Committee).

At its meetings, the Board receives reports on its committees' work, findings, proposals and decisions. Decisions are taken by the Board as a whole, with the support of the respective committee. The Chair has a casting vote. If a member of the Board has a personal interest in a matter, other than an interest in his/her capacity as a shareholder of Adecco Group AG, suitable measures are taken; such measures may include abstention from voting, where adequate. The Board has established numerous policies and rules. The awareness of and compliance with them is closely monitored.

Each committee has a written charter outlining its duties and responsibilities, and regularly meets with management and, where appropriate, outside consultants. Committee members are provided, in advance of meetings, with adequate materials to prepare for the items on their agenda.

The Board of Directors, in line with best practice, regularly reviews the allocation of tasks of its committees.

The Adecco Group pursues an integrated approach to purpose, responsible and sustainable business conduct, and shared value creation. Issues considered material from an ESG and stakeholder perspective are aligned with and embedded in the Adecco Group's overall strategic priorities and business objectives, as outlined in the Adecco Group's respective policies and rules regarding ESG. With its members as stewards of the Company, the Board has thus ultimate responsibility for the overall strategic direction and oversight of these matters, but has assigned certain of these duties and responsibilities to its Governance and Nomination Committee. There is regular engagement between this Board committee and the relevant management functions who address these issues on a day-to-day basis, with the Board receiving formal updates at least twice a year.

The Adecco Group Board members thereby contribute based on their diverse backgrounds, industry experience, professional roles, and viewpoints. Board members' experience in human resources and senior leadership roles provide, for example, valuable insights towards the Adecco Group's strategic priorities of up- and reskilling individuals, attracting, engaging and retaining talent, and promoting inclusion and diversity. Specific expertise in the information technology industry helps to address challenges and opportunities tied to driving responsible digital transformation. Backgrounds in the travel, hospitality, and extractive industries support in achieving solutions related to topics such as human rights, health and safety, and environmental impact. Board members' risk management, financial and audit knowledge provide the basis for ensuring responsible, sustainable business conduct overall. Taken together, these comprehensive capabilities position the Board of Adecco Group AG to support the Company's vision of making the future work for everyone.

In 2020, the Board held 15 meetings in person and via phone/video conferences.

Number and duration of meetings and phone/video conferences during 2020:

	Full Board of Directors	Audit Committee	Governance and Nomination Committee	Compensation Committee	Digital Committee
Number of meetings in person[1]	6	5	5	5	5
Number of phone/video conferences	9	7	1	3	
Total number of meetings	**15**	**12**	**6**	**8**	**5**
Average duration in hours:					
· Meetings in person[1]	6½	2½	2	2½	1½
· Phone/video conferences	1	1	1	1½	

1 Due to the Covid-19 situation not all Board members could travel, and therefore joined remotely some of the meetings that are typically held in person.

Attendance at meetings and phone/video conferences during 2020:

	Full Board of Directors	Audit Committee[2]	Governance and Nomination Committee	Compensation Committee	Digital Committee
Number of meetings in total	**15**	**12**	**6**	**8**	**5**
Jean-Christophe Deslarzes[3]	15	7[4]	5	8[4]	3[4]
Kathleen Taylor	15	12	6	8	5
Ariane Gorin	14	12			5
Alexander Gut	15	4[4]	6		5
Didier Lamouche	13	3[4]		8	5
David Prince	15	12	6		
Regula Wallimann	15	12			
Rolf Dörig[5]	4	5[4]	3	4[4]	2[4]

2 In four Audit Committee meetings, Board members not being members of the Audit Committee attended as guests without voting rights.

3 Chair of the Compensation Committee until 16 April 2020. Chair of the Board of Directors since 17 April 2020.

4 Guest, without voting right.

5 Chair and member of the Board of Directors until 16 April 2020.

The Board discussed and assessed its own (including its committees') and its members' performance in 2020, as every year. The Board concluded that the Board performed well and has the necessary resources and capacities available.

3.4.1 Governance and Nomination Committee (GNC)

The GNC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to ESG, public affairs, business environment, relations with shareholders and other stakeholders, nomination, succession and talent development. The GNC is amongst other duties charged with:

- Reviewing the Company's corporate governance structures and principles and independence rules, including principles and measures on ESG, as well as reassessing such principles and rules, including the Company's Code of Conduct https://www.adeccogroup.com/our-company/code-of-conduct/, to ensure that they remain relevant and in line with legal and stock exchange requirements;
- Recommendations as to best practice are also reviewed to ensure compliance;
- Overseeing the Company's monitoring of market and regulatory developments, including questions of market-related risks;
- Analysing the composition and type of shareholders;
- Overseeing the Company's initiatives and reviewing the principles related to ESG and responsible business conduct, by identifying and prioritising the Company's social, regulatory, economic and ecological challenges and opportunities and reporting on its efforts;

- Providing recommendations to the Board regarding its size and composition. For this purpose, the GNC has developed and monitors, based on the needs of the Board and the attributes of its members, criteria such as independence and diversity in all its aspects including senior leadership experience in a global enterprise, experience in areas of strategic importance for the Company, in particular in HR, Digital and IT or in geographical regions of importance, financial expertise, transformation and change expertise as well as gender for the selection of potential candidates to be elected or re-elected as members of the Board and its committees. The GNC is mandated to identify individuals who meet such criteria and to recommend them to the Board as candidates for election to ensure that the long-term succession planning provides for a balance of necessary competencies and an appropriate diversity of its members over time. The candidates to the Board must possess the necessary profile, qualifications and experience to discharge their duties. Newly appointed Board members receive an appropriate induction into the business and affairs of the Company. Furthermore, the GNC is mandated to review candidates proposed and to assess and advise the Board on whether they meet such criteria;
- Providing recommendations to the Board regarding the selection of candidates for the EC;
- Assuring talent development including retention and succession planning;
- Ensuring that self-evaluations of the Board and of its committees are carried out and monitored, with a view to appropriate measures of improvement.

The GNC defines its annual programme and roadmap according to focus topics of the year. In 2020, the GNC held six meetings. The CEO represents the EC in the meetings. The Chief Human Resources Officer typically participates in the meetings for specific topics.

All members of the GNC, including the Chair, are considered independent as per paragraphs 1 and 2 of section 3.2 and the independence requirements of the Swiss stock exchange.

As of 31 December 2020, the members of the GNC were:

Name	Position
Alexander Gut	Chair of the GNC
Jean-Christophe Deslarzes	Member
David Prince	Member
Kathleen Taylor	Member

3.4.2 Audit Committee (AC)

The AC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to the Company's accounting policies, internal controls and financial reporting practice, thus overseeing management regarding the:

- Integrity of the Company's financial statements and other financial reporting and disclosure to any governmental or regulatory body and to the public and other users thereof;
- Adequacy and effectiveness of the systems of the Internal Controls Over Financial Reporting (ICOFR) and of the disclosure controls;
- Performance of the Company's internal audit function;
- Qualifications, engagement, compensation, independence and performance of the Company's Auditors, their conduct of the annual audit and their engagement for any other services (refer to section 8. 'Auditors');
- Company's compliance with legal and regulatory requirements relating to accounting, auditing, financial reporting and disclosure, or other financial and non-financial matters.

The AC has established a roadmap which determines the Committee's main discussion topics throughout the year. In 2020, the AC held 12 meetings and phone conferences. For specific topics, the CEO represents the EC in the meetings. The Chief Financial Officer (CFO), the Head of Group Internal Audit, the Group General Counsel and the partners of the Auditors typically participate in the meetings. For compliance reporting matters, the Head of Group Compliance Reporting participates in the meetings. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

All members of the AC, including the Chair, are considered independent as per paragraphs 1 and 2 of section 3.2 and the independence requirements of the Swiss stock exchange.

As of 31 December 2020, the members of the AC were:

Name	Position
Regula Wallimann	Chair of the AC
Ariane Gorin	Member
David Prince	Member
Kathleen Taylor	Member

3.4.3 Compensation Committee (CC)

The CC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to the Company's compensation matters at executive level. In case of discussions and negotiations on individual compensation packages of the EC, the CC exclusively considers the best interest of the Company. The CC is mainly responsible for the following functions:

- Providing recommendations to the Board regarding the general compensation policy of the Company, including incentive compensation plans and equity-based plans, including plan details pertaining to e.g. holding periods, adjustment procedures, reclaim provisions and cancellation of payments;
- Assisting the Board in preparing the proposals to be presented to the AGM for approval of remuneration of the Board and of the EC.

In addition to being independent as per paragraphs 1 and 2 of section 3.2 and the independence requirements of the Swiss stock exchange, no member has accepted any consulting, advisory or other compensatory fee from the Company (other than fees for service on the Board). As the members of the CC are also not affiliated persons of the Company, they are independent.

The CC has established a roadmap which determines the Committee's main discussion topics throughout the year. In 2020, the CC held eight meetings. For specific subjects, the CEO represents the EC in the meetings. The Chief Human Resources Officer and the Head of Rewards typically participate in the meetings. Members of management do not participate in CC meetings when their individual compensation matters are discussed. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

As of 31 December 2020, the members of the CC were:

Name	Position
Didier Lamouche	Chair of the CC
Kathleen Taylor	Member

3.4.4 Digital Committee (DC)

The DC's primary responsibility is to assist the Board in carrying out its responsibilities as they relate to the Company's digital and technology strategy, particularly relating to:

- Oversee management's investments in development and adoption of digital capabilities, either as a disrupter or as an enabler to increase efficiency, improve client and candidate satisfaction and drive growth in the core business;
- Digital ventures: Oversee the performance of and investment in current and future digital ventures, whether acquisitions or organic investments; Oversee management's plan for how the digital ventures and global Adecco Group brands interact and leverage each other's capabilities;
- Data: Oversee management's investment in data and data science as an enabler to differentiate and outperform, ensuring data use abides by relevant regulatory frameworks;
- Partnerships: Oversee management's structuring of relationships with global technology platforms;
- Receive updates on emerging technologies and trends, their potential impact on or application within the Adecco Group, and management's plan for capitalising on these.

The DC has established a roadmap which determines the Committee's main discussion topics throughout the year, structured around the focus areas above. In 2020, the DC held five meetings. The CEO, the CFO, the Chief Digital Officer, the Chief Information Officer, the CHRO and the Chief of Staff and Communications Officer typically participate in the DC meetings. Usually, the Board's Chair participates in the Committee's meetings as guest without voting right.

As of 31 December 2020, the members of the DC were:

Name	Position
Ariane Gorin	Chair of the DC
Alexander Gut	Member
Didier Lamouche	Member
Kathleen Taylor	Member

3.5 Responsibilities of the Board and the CEO

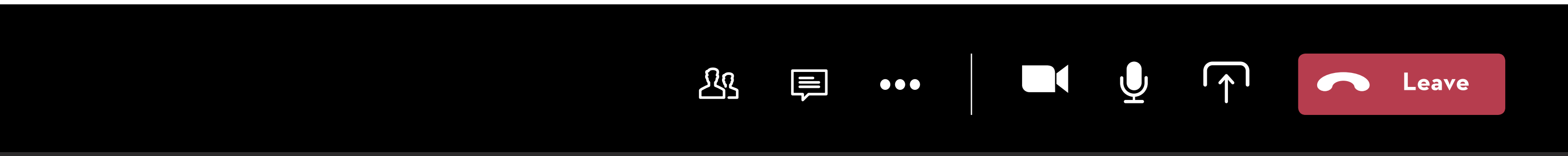
In addition to the determination of the overall strategy of the Company and the supervision of management, the Board addresses key matters such as acquisitions and divestitures, long-term financial commitments, management structure, risk management, budget approval, compensation policy, corporate identity policy, guidelines and policy statements. The Board determines the strategy and objectives of the Company and the overall structure of the Adecco Group developed by the CEO together with the EC. With the support of the AC, it reviews and approves the statutory financial statements of Adecco Group AG and the consolidated financial statements of the Adecco Group. The Board also considers other matters of strategic importance to the Company. Subject to the powers reserved to the Board, the Board has delegated the coordination of the day-to-day business operations of the Company to the CEO (Art. 16 sec. 3 of the AoI; https://aoi.adeccogroup.com). The CEO is responsible for the implementation of the strategic and financial plans approved by the Board and represents the overall interests of the Company vis-à-vis third parties.

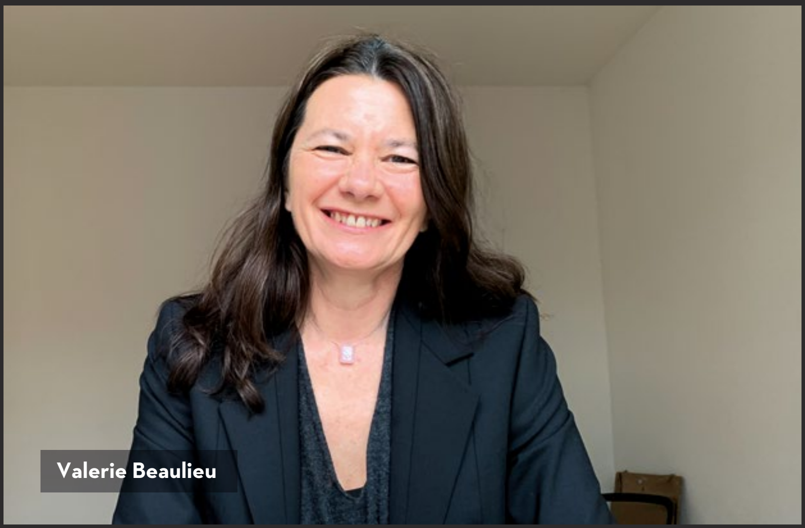
3.6 Information and control instruments

The Board's instruments of information and control vis-à-vis management consist of the following main elements:

- All members of the Board regularly receive information about current developments;
- The CEO reports to the Chair of the Board on a regular basis, and extraordinary events are communicated immediately;
- Formal meetings of the Board and of the Board's committees include sessions with the CEO and with other members of the EC or other individuals, at the invitation of the Chair;
- Informal meetings and phone conferences are held between members of the Board and the CEO, as well as with other members of the EC;
- The management information system of the Company which includes (i) the monthly financial results including key performance indicators and (ii) a structured quarterly operational review of the major business units. Summarised consolidated monthly reports are distributed to each member of the Board; further details are provided to the members of the Board upon request;
- The Group Internal Audit function as established by the Board; the Head of Group Internal Audit reports to the AC and has periodic meetings with its Chair; the responsibilities of Group Internal Audit are defined by the AC as part of its oversight function in coordination with the CEO and CFO. Group Internal Audit is concerned with the assessment of how the Company (i) complies with pertinent laws, regulations and stock exchange rules relating to accounting, auditing, financial reporting and disclosure or other financial matters, (ii) conducts its related affairs, and (iii) maintains related controls;
- The Company has a risk management process in place which is adequate for the size, complexity and risk profile of Adecco Group AG and focuses on managing risks as well as identifying opportunities: refer to the Company Report, section 'Risk management and principal risks' and to Note 21 'Enterprise risk management' to the consolidated financial statements of the Adecco Group. The process is embedded in the Company's strategic and organisational context and covers the significant risks for the Company including financial, operational and strategic risks. The Board oversees management's risk analysis and the key measures taken based on the findings of the risk review process;
- External Audit: refer to section 8. 'Auditors'.

4. Executive Committee





Members of the Executive Committee (as of 1 January 2021)

Alain Dehaze
Chief Executive Officer

Coram Wiliams
Chief Financial Officer

Christophe Catoir
President of Adecco

Sergio Picarelli
President of Talent Solutions

Jan Gupta
President of Modis

Valerie Beaulieu
Chief Sales and Marketing Officer

Stephan Howeg
Chief of Staff and Communications Officer

Gordana Landen
Chief Human Resources Officer

Teppo Paavola
Chief Digital Officer

Ralf Weissbeck
Chief Information Officer

4. Executive Committee

4.1 Biographies of the members of the Executive Committee

The following sets forth the name, year of birth, year of entry to the Company, nationality, professional education and principal positions of those individuals who served as members of the EC of the Company as per 31 December 2020.

Alain Dehaze

- Belgian national, born 1963.
- Chief Executive Officer since September 2015, Regional Head of France from August 2011 to August 2015, Regional Head of Northern Europe from October 2009 to July 2011. Member of the EC since October 2009.
- Alain Dehaze joined the Adecco Group in September 2009 as Regional Head of Northern Europe.
- Alain Dehaze trained as a commercial engineer at the ICHEC Brussels Management School, Belgium.
- From 1987 until 2000, Alain Dehaze held senior positions in a number of European countries at Henkel and ISS. In 2000, he became Managing Director of Creyf's Interim in Belgium (now Start People). From 2002 to 2005, he was Chief Executive Officer of Solvus. Following the acquisition of Solvus by USG People, the Netherlands, in 2005, he became the Chief Operating Officer of USG People, with overall responsibility for operations, including the integration of Solvus. From September 2007 until 2009, he was CEO of the staffing services company Humares, the Netherlands. Since January 2016, Alain Dehaze has been a member of the board of the Global Apprenticeship Network (GAN). Furthermore, Alain Dehaze was Vice President of the Board of the European Confederation of Private Employment Agencies (Eurociett) and member of the Board of the International Confederation of Private Employment Agencies (Ciett) between December 2010 and December 2015. From August 2017 until January 2019, he was a member of the ILO Global Commission on the Future of Work. He also serves as steward of the World Economic Forum's (WEF) New Economy and Society Platform and is a member of the WEF's International Business Council (IBC).

Coram Wiliams

- British national, born 1974.
- Chief Financial Officer and member of the EC since May 2020.
- Coram Williams joined the Adecco Group in May 2020 as Chief Financial Officer.
- Coram Williams holds an MBA from London Business School and a BA (Hons) from the University of Oxford, both in Great Britain.
- Coram Williams trained as an auditor with Arthur Andersen and held several other senior leadership positions in finance and operations at Pearson Plc until 2013. Coram Williams was CFO of Penguin Random House from 2013 to 2015, based in New York, US. From 2015 until April 2020 he served as CFO of Pearson Plc.
- Coram Williams has been a non-executive member of the board of the Guardian Media Group[1], UK, since 2017, and is chair of its audit committee.

Christophe Catoir

- French national, born 1972.
- Regional Head of France and Northern Europe from September 2015 until December 2020. Member of the EC since September 2015 and President of Adecco since January 2021.
- Christophe Catoir joined Groupe Adecco France as Internal Auditor in 1995.
- Christophe Catoir graduated from the IESEG School of Management, France.
- Between 1995 and 2005, Christophe Catoir held positions as Finance Manager and Regional Manager. In 2005, he was appointed Head of Permanent Placement activities in France and became a member of the Groupe Adecco France management team in 2007. In 2009, Christophe Catoir was appointed Managing Director of Adecco South-East France. In 2012, he was appointed Managing Director for Professional Staffing Groupe Adecco France.

Sergio Picarelli

- Italian national, born 1967.
- Regional Head of North America, UK and Ireland Professional Staffing and global oversight of Lee Hecht Harrison, General Assembly, Badenoch + Clark, Spring Professional and Pontoon from January 2019 until December 2020. Member of the EC since October 2009 and President of Talent Solutions since January 2021.
- Sergio Picarelli graduated in business administration from Bocconi University, Milan, Italy.
- In 1993, Sergio Picarelli joined the Adecco Group in Italy, starting as Managing Director of an Adecco Group Company (Permanent Placement). In 1997, he was appointed Chief Sales and Marketing Director Italy. From 2002 to 2004 Sergio Picarelli served as Regional Head for Central Europe and was thereafter appointed Chief Operating Officer of the Adecco Group Staffing Division Worldwide. From 2005 to 2009 he served as Country Manager of Adecco Italy & Switzerland (Switzerland until the end of 2008). He was Regional Head of Italy, Eastern Europe and MENA and India from October 2015 until December 2018 (India until December 2017) and Chief Sales Officer from October 2009 to September 2015.

Jan Gupta

- German national, born 1967.
- President of Modis and member of the EC since May 2019.
- Jan Gupta jointed the Adecco Group in May 2019 as President of Modis.
- Jan Gupta graduated in Engineering and Economics and holds a PhD in Mechanical Engineering, both from Aachen University, Germany.
- From 1997 to 2014, Jan Gupta held various senior leadership positions at global division level with Freudenberg Group, Germany. From 2014 to 2018, Jan Gupta served as Chief Operating Officer and member of the board of Schunk Group, Germany.
- From 2014 to 2018, Jan Gupta led two advisory boards of small high-tech companies in the automotive and semiconductor industry in Austria and the Netherlands.

1 For current mandates: Listed company.

Valerie Beaulieu

- French national, born 1967.
- Chief Sales and Marketing Officer and member of the EC since 16 November 2020.
- Valerie Beaulieu joined the Adecco Group as Chief Sales and Marketing Officer in November 2020.
- Valerie Beaulieu holds a Master's in English from Université de Haute-Bretagne, France and an International Commerce degree from the Chamber of Commerce & Industry, Réunion Island.
- Valerie Beaulieu started her career as a journalist working at Radio France and the French daily newspaper Ouest-France. She was Marketing Director at ECS-Allium from 1991 until 1996. Valerie Beaulieu held various leadership roles at Microsoft across North America, Asia and Europe from 1996 and was Chief Marketing Officer of Microsoft US from October 2018 until October 2020.
- Valerie Beaulieu is a member of the Board of Directors of ISS AS[1], Denmark.

Stephan Howeg

- Swiss and German national, born 1965.
- Chief of Staff & Communications Officer since January 2020 and member of the EC since September 2015.
- He is a member of the Board of Trustees of the Adecco Group Foundation, Switzerland.
- Stephan Howeg joined the Adecco Group in February 2007 as Senior Vice President of Corporate Communications and Global Marketing Partnerships. In 2008, he was appointed Global Head of Group Communications and in September 2015 Chief Marketing & Communications Officer and member of the EC.
- Stephan Howeg has a Master's degree in History, Philosophy & Sociology from the University of Zurich, Switzerland, as well as having completed a four-year apprenticeship in mechanics, and executive programs in general management, leadership and digital marketing at IMD, INSEAD and Harvard Business School.
- Between 1997 and 2001, Stephan Howeg was Head of Corporate Communications & Marketing at Sunrise Communications, Switzerland. In 2001 he joined Ascom, Switzerland, as Global Head Marketing, Corporate Communications & Investor Relations. From 2003 to 2007, he served as Head of Corporate Communications & Public Affairs for Cablecom (today UPC), Switzerland.
- Since 2018, Stephan Howeg has been a member of the Board of economiesuisse, and he has been a member of the Board of Trustees of the Fritz-Gerber Stiftung since 2020, both in Switzerland.

Gordana Landen

- Swedish national, born 1964.
- Chief Human Resources Officer and member of the EC since January 2019.
- Gordana Landen joined the Adecco Group as Chief Human Resources Officer in January 2019.
- Gordana Landen holds a Bachelor's degree in Human Resource Development and Labour Relations from Stockholm University, Sweden.
- Gordana Landen held a number of senior positions at Ericsson in Sweden, the UK and the United States from 1993 to 2008. Between 2008 and 2015, she was Senior Vice President Group Human Resources and a member of the Executive Management Team at Svenska Cellulosa Aktiebolaget (SCA), Sweden. From 2015 to 2018, Gordana Landen served as Group Chief Human Resources Officer at Signify (formerly Philips Lighting), The Netherlands.

Teppo Paavola

- Finnish national, born 1967.
- Chief Digital Officer and member of the EC since January 2019.
- Teppo Paavola joined the Adecco Group as Chief Digital Officer in January 2019.
- Teppo Paavola holds an MBA from INSEAD, France and a Master's degree in Economics from Helsinki School of Economics, Finland.
- Teppo Paavola held several executive positions at Nokia between 2004 and 2012, Finland, including Vice President and General Manager of Mobile Financial Services. From 2012 to 2014 he was Vice-President, Head of Global Business Development, M&A and Developer Relations at PayPal, United States and from 2014 to 2018 Chief Development Officer at BBVA Group, Spain.
- He is a board member of 3 Step IT and Fortum[1], both in Finland.

Ralf Weissbeck

- German national, born 1969.
- Chief Information Officer since January 2020 and member of the EC since January 2021.
- Ralf Weissbeck joined the Adecco Group as Chief Technology Officer in February 2019.
- Ralf Weissbeck holds a BA Hons in Industrial Engineering from the University of Applied Sciences Würzburg-Schweinfurt, Germany.
- Ralf Weissbeck was Vice-President Projects, Planning and Quality at Schenker AG, Germany from 2002 until 2005. From 2005 until 2013 he was, among other positions, Executive Vice President IT Services and CIO Global Forwarding, Freight at Deutsche Post DHL, Germany. From 2013 until 2019 he was, among other positions, CIO Maersk Group IT Infrastructure Services, Maidenhead, UK, and CIO at APM Terminals, The Hague, the Netherlands, at A.P. Moller Maersk Group.

Ian Lee

- Until December 2020. Refer to biography on page 90.

Corinne Ripoche

- Until December 2020. Refer to biography on page 90.

Enrique Sanchez

- Until December 2020. Refer to biography on page 90.

1 For current mandates: Listed company.

Members of the Executive Committee who left the Group in 2020

Hans Ploos van Amstel

- Dutch national, born 1965.
- Chief Financial Officer and member of the EC from September 2015 until June 2020.
- Hans Ploos van Amstel holds a BA from the Economische Hogeschool of Eindhoven, and an MBA in Marketing & Finance from the University of Brabant, both in the Netherlands.
- Hans Ploos van Amstel started his career in Finance at Procter & Gamble (P&G) in the Netherlands in 1989. Between 1992 and 2003, he held positions of increasing responsibility in P&G across Saudi Arabia, Germany, Belgium and Switzerland. In 2003, he joined Levi Strauss & Co. in Belgium, as Vice President Finance & Operation Europe, and moved to the USA as global Chief Financial Officer in 2005. In his most recent position, Hans Ploos van Amstel was CFO of COFRA Group from 2009 to 2013, before acting as co-CEO of C&A Europe for a transition period until 2015.
- Hans Ploos van Amstel left the Adecco Group on 31 May 2020.

Federico Vione

- Italian national, born 1972.
- Regional Head of North America, UK & Ireland General Staffing from April 2017 until June 2020 and of Latin America from January 2019 until June 2020, Chief Sales & Innovation Officer from October 2015 to March 2017. Regional Head of Italy, Eastern Europe & India from September 2011 to September 2015 (including MENA as of 2012), Regional Head of Italy & Eastern Europe from October 2009 to August 2011. Member of the EC since October 2009.
- Federico Vione graduated in economics from Università G. D'Annunzio in Pescara, Italy.
- Federico Vione joined the Adecco Group in 1999 as Branch Manager and was subsequently appointed Manager of the Abruzzo-Molise area. In 2001, he became the National Key Account Manager for the Chemical and Pharma sector, and subsequently for the Large-Scale Trade sector. After various roles in Ajilon in Europe, and further functions at Group level and as Head of Eastern Europe, he was appointed Country Manager Italy in 2009.
- Federico Vione was Vice President of Assolavoro (Associazione Nazionale delle Agenzie per il Lavoro), Italy, between 2010 and 2012.
- Federico Vione left the Adecco Group on 30 June 2020.

Ian Lee

- Singapore national, born 1962.
- Regional Head of Asia Pacific including Australia, New Zealand and India, and member of the EC from January 2018 until December 2020.
- Ian Lee joined the Adecco Group in September 2017.
- Ian Lee gained his Bachelor's degree in Finance with Honours (magna cum laude) in 1989 and an MBA in Finance in 1990, both from the Indiana University Kelley School of Business in the USA.
- Ian Lee started his career with Procter & Gamble (P&G) in 1990 in Cincinnati, USA, and subsequently held positions of increasing responsibility in the USA, China and Taiwan. In 2003 he joined the Whirlpool Corporation, holding various positions including VP of Corporate Affairs and Business Development, VP of Asia North, VP and General Manager of China and VP and CFO of Asia.
- Ian is part of the Global Dean's Advisory Council at Indiana University Kelley School of Business, USA, and was also Adjunct Professor of Business at Nanjing University, China, from 2010 to 2012.
- Ian Lee left the Executive Committee on 31 December 2020 and has been Regional President Workforce Solutions Asia Pacific since January 2021.

Corinne Ripoche

- French national, born 1969.
- Regional Head of North America General Staffing and Latin America and global oversight of Pontoon and member of the EC from July 2020 until 31 December 2020.
- Corinne Ripoche joined the Adecco Group as Branch Manager in 1993.
- Corinne Ripoche holds a Master's from IFG Executive Education, France and has also completed executive programs at HEC, INSEAD and IESE.
- Corinne Ripoche has held senior positions in both staffing and solutions business lines at the Adecco Group. These include leading the sales organisation across Eastern Europe, Chief Operating Officer of Small and Medium Business Solutions in France, Global Practice Leader of Large Onsite Solutions and recently President of Pontoon Solutions from September 2017 to June 2020.
- Corinne Ripoche left the Executive Committee on 31 December 2020 and has been Regional President Workforce Solutions North America, Latin America and global oversight of Pontoon since January 2021.

Enrique Sanchez

- Spanish national, born 1967.
- Regional Head of Iberia, Italy, Eastern Europe & MENA from January 2019 until December 2020. Regional Head of Iberia and Latin America from 2009 to 2018. Member of the EC from October 2009 until December 2020. He is President of the Board of Trustees of the Adecco Spain Foundation.
- Enrique Sanchez obtained a degree in business psychology at Complutense University, Madrid, Spain. He has taken executive programs in business management and leadership at IESE, IMD, IE and INSEAD.
- Enrique Sanchez joined the Adecco Group in 1993 as Sales Representative, became Branch Manager in 1994, Regional Manager of Madrid in 1996 and in 1998 was appointed Operations Manager of Adecco Spain, in charge of the Staffing Business. In 2001 he became Country Manager of Adecco Spain and Portugal. From 2003 to 2005, Enrique Sanchez was General Manager for Spain and Portugal, and was also responsible for the development of the Company in Latin America and Eastern Europe. In 2004 and 2005, he also held responsibility for Italy and the Netherlands.
- Enrique Sanchez left the Executive Committee on 31 December 2020 and has been Regional President Workforce Solutions of Iberia, Italy, Eastern Europe & MENA since January 2021.

4.2 Other activities and vested interests

Except those described above in 4.1 'Biographies of the members of the Executive Committee', no further permanent management/consultancy functions for significant domestic or foreign interest groups, and no significant official functions or political posts are held by the members of the EC of Adecco Group AG.

The AoI (Art. 16 sec. 4; https://aoi.adeccogroup.com) limit the number of mandates that may be assumed by members of the EC in directorial bodies of legal entities not affiliated with the Company and its subsidiaries. The members of the EC have complied with these requirements.

4.3 Management contracts

There are no management contracts between the Company and external providers of services.

5. Compensation, shareholdings and loans

Please refer to the Remuneration Report (pages 94 to 115).

The AoI (Art. 14^{bis} of the AoI; https://aoi.adeccogroup.com) define the principles of the AGM's say on pay.

The AoI (Art. 20^{bis} of the AoI; https://aoi.adeccogroup.com) define the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options, as well as the additional amount for payments to members of the EC appointed after the AGM's vote on pay.

In Art. 20 sec. 1 and 20^{bis} sec. 1, the AoI (https://aoi.adeccogroup.com) determine rules on post-employment benefits for members of the Board and of the EC.

The AoI do not foresee the granting of loans and credit facilities to members of the Board and of the EC; advances for this group of individuals in connection with administrative or judicial proceedings are allowed (AoI; Art. 20 sec. 2 of the AoI; (https://aoi.adeccogroup.com)).

Further information

6. Shareholders' rights

Please also refer to the AoI (https://aoi.adeccogroup.com).

Information rights

Swiss law allows any shareholder to obtain information from the Board during the General Meeting of Shareholders provided that no preponderant interests of Adecco Group AG, including business secrets, are at stake and the information requested is required for the exercise of shareholders' rights. Shareholders may only obtain access to the books and records of Adecco Group AG if authorised by the Board or the General Meeting of Shareholders. Should Adecco Group AG refuse to provide the information rightfully requested, shareholders may seek a court order to gain access to such information. In addition, if the shareholders' inspection and information rights prove to be insufficient, each shareholder may petition the General Meeting of Shareholders to appoint a special commissioner who shall examine certain specific transactions or any other facts in a so-called special inspection. If the General Meeting of Shareholders approves such a request, Adecco Group AG or any shareholder may within 30 days ask the court of competent jurisdiction at Adecco Group AG's registered office to appoint a special commissioner. Should the General Meeting of Shareholders deny such a request, one or more shareholders who hold at least 10% of the equity capital, or shares with an aggregate nominal value of at least CHF 2 million, may within three months petition the court of competent jurisdiction to appoint a special commissioner. Such request must be granted and a special commissioner appointed if the court finds prima facie evidence that the Board has breached the law or did not act in accordance with Adecco Group AG's AoI (https://aoi.adeccogroup.com). The costs of the investigation are generally allocated to Adecco Group AG and only in exceptional cases to the petitioner(s).

Dividend payment

Adecco Group AG may only pay dividends from statutory reserves from capital contribution, and statutory and voluntary retained earnings, in accordance with Art. 675 of the Swiss Code of Obligations.

Companies whose principal purpose consists of participations in other companies may freely use the statutory reserves from capital contribution and statutory retained earnings to the extent they exceed 20% of the paid-in share capital. Pursuant to Art. 671 para. 1 of the Swiss Code of Obligations, 5% of the annual profits shall be allocated to the statutory retained earnings until the statutory reserves from capital contribution and the statutory retained earnings have reached 20% of the paid-in share capital. In addition, pursuant to Art. 671 para. 2 and para. 4 of the Swiss Code of Obligations, companies whose principal purpose consists of participations in other companies shall allocate to the statutory reserves from capital contribution and statutory retained earnings the following: (1) any surplus over nominal value upon the issue of new shares after deduction of the issuance cost, to the extent such surplus is not used for depreciation or welfare purposes; (2) the excess of the amount which was paid-in on cancelled shares over any reduction on the issue price of replacement shares. The statutory reserves from capital contribution and statutory retained earnings amounted to CHF 409 million as of both 31 December 2020 and 31 December 2019, thereby exceeding 20% of the paid-in share capital in both years.

In 2020 the AGM approved a dividend of CHF 2.50 per share outstanding (totalling CHF 404 million, EUR 381 million). For 2020, the Board of Directors of Adecco Group AG will propose a dividend of CHF 2.50 per share outstanding for the approval of shareholders at the 2021 AGM.

Say on pay

Each year, the AGM will be asked to approve the proposals submitted by the Board concerning the Maximum Total Amounts of Remuneration (MTAR) of the Board and of the EC (Art. 14bis of the AoI; https://aoi.adeccogroup.com).

Liquidation and dissolution

The AoI do not limit Adecco Group AG's duration (https://aoi.adeccogroup.com).

Adecco Group AG may be dissolved and liquidated at any time by a resolution of a General Meeting of Shareholders taken by at least two-thirds of the votes. Under Swiss law, Adecco Group AG may also be dissolved by a court order upon the request of holders of Adecco Group AG shares representing at least 10% of Adecco Group AG's share capital who assert significant grounds for the dissolution of Adecco Group AG. The court may also grant other relief. The court may at any time, upon request of a shareholder or obligee, decree the dissolution of Adecco Group AG if the required corporate bodies are missing. Adecco Group AG may also be dissolved following bankruptcy proceedings.

Swiss law requires that any net proceeds from a liquidation of Adecco Group AG, after all obligations to its creditors have been satisfied, be used first to repay the nominal equity capital of Adecco Group AG. Thereafter, any remaining proceeds are to be distributed to the holders of Adecco Group AG shares in proportion to the nominal value of those Adecco Group AG shares.

Further capital calls by Adecco Group AG

Adecco Group AG's share capital is fully paid up. Hence, the shareholders have no liability to provide further capital to Adecco Group AG.

Subscription rights

Under Swiss law, holders of Adecco Group AG shares have pre-emptive rights to subscribe to any issuance of new Adecco Group AG shares in proportion to the nominal amount of Adecco Group AG shares held by that holder. A resolution adopted at an AGM with a supermajority may suspend these pre-emptive rights for material reasons only. Pre-emptive rights may also be excluded or limited in accordance with Adecco Group AG's AoI (Art. 3bis sec. 4, Art. 3^{quater} sec. 2 and Art. 14 sec. 3 of the AoI; https://aoi.adeccogroup.com).

6.1 Voting rights and representation restrictions

For further details refer to section 2.6 'Limitations on registration, nominee registration and transferability'. The AoI (https://aoi.adeccogroup.com) do not foresee any other restrictions to voting rights.

Pursuant to the AoI, a duly registered shareholder may be represented by (i) the shareholder's legal representative, (ii) a third person who needs not be a shareholder with written proxy, or (iii) the Independent Proxy Representative based on a proxy fulfilling the requirements as set out in the invitation to the AGM (Art. 13 sec. 2 of the AoI; https://aoi.adeccogroup.com). At an AGM, votes are taken by poll.

6.2 Legal and statutory quorums

The AGM shall constitute a quorum regardless of the number of shareholders present and regardless of the number of shares represented (Art. 14 sec. 1 of the AoI; https://aoi.adeccogroup.com).

There are no quorums in Adecco Group AG's AoI which require a majority greater than set out by applicable law (Art. 14 sec. 3 of the AoI; https://aoi.adeccogroup.com). Note, however, that any vote with respect to maximum compensation approvals is subject to an absolute majority of votes cast whereby abstentions shall not be counted as votes cast (Art. 14bis sec. 3 of the AoI; https://aoi.adeccogroup.com).

In addition to the powers described above, the AGM has the power to vote on amendments to Adecco Group AG's AoI (including the conversion of registered shares into bearer shares), to elect the members of the Board, the Chair of the Board, the members of the Compensation Committee, the Independent Proxy Representative, the statutory auditors and any special auditor for capital increases, to approve the Annual Report, including the statutory financial statements and the consolidated financial statements of the Adecco Group, and to set the annual dividend. In addition, the AGM has competence in connection with the special inspection and the liquidation of Adecco Group AG.

6.3 Convocation of the General Meeting of Shareholders

Notice of a General Meeting of Shareholders must be provided to the shareholders by publishing a notice of such meeting in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt') at least 20 days before the meeting. The notice must state the items on the agenda and the proposals of the Board and the shareholders who demanded that a General Meeting of Shareholders be called or asked for items to be put on the agenda. Admission to the General Meeting of Shareholders is granted to any shareholder registered in Adecco Group AG's share register with voting rights at a certain record date, which will be published together with the invitation to the General Meeting of Shareholders in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt').

6.4 Agenda of the General Meeting of Shareholders

Under Swiss corporate law, an ordinary General Meeting of Shareholders shall be held within six months after the end of each fiscal year (Annual General Meeting of Shareholders). Extraordinary General Meetings of Shareholders may be called by the Board or, if necessary, by the statutory auditors. In addition, an Extraordinary General Meeting of Shareholders may be called by a resolution of the shareholders adopted during any prior General Meeting of Shareholders or, at any time, by holders of shares representing at least 10% of the share capital.

The Swiss Code of Obligations governs the right to request that a specific item be put on the agenda of a General Meeting of Shareholders and discussed and voted upon. Holders of Adecco Group AG shares whose combined shareholdings represent an aggregate nominal value of at least CHF 100,000 (Art. 11 sec. 2 of the AoI; https://aoi.adeccogroup.com) or holders of Adecco Group AG shares representing at least 10% of the share capital have the right to request that a specific proposal be discussed and voted upon at the next General Meeting of Shareholders; such inclusion must be requested in writing at least 40 days prior to the meeting and shall specify the agenda items and proposals of such shareholder(s) (Art. 11 sec. 2 of the AoI; https://aoi.adeccogroup.com).

6.5 Registration in the share register

Shareholders will be registered in the share register of Adecco Group AG until the record date defined in the invitation to a General Meeting of Shareholders to be published in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt'). Only shareholders who hold shares registered in the share register with a right to vote at a certain date, or their representatives, are entitled to vote. There are no specific rules regarding the granting of exemptions from the above deadline.

7. Changes of control and defence measures

7.1 Duty to make an offer

The AoI of Adecco Group AG do not contain any opting-up clause in the sense of Art. 135 para. 1 FMIA as in force since 1 January 2016 (https://aoi.adeccogroup.com). Therefore, pursuant to the applicable provisions of the FMIA, if any person acquires shares of Adecco Group AG, whether directly or indirectly or acting together with another person, which, added to the shares already owned, exceed the threshold of 33⅓% of the voting rights of Adecco Group AG, irrespective of whether the voting rights are exercisable or not, that person must make an offer to acquire all of the listed equity securities of Adecco Group AG. There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a donation, succession or partition of an estate, a transfer based upon matrimonial property law, or execution proceedings, or if an exemption is granted.

7.2 Change of control clause

There are no change of control clauses in place in favour of members of the Board or members of the EC. In accordance with the Company's AoI (https://aoi.adeccogroup.com), long-term incentive plans of the Company may provide for an accelerated vesting in case of a change of control (see section 4.4 'Long-Term Incentive Plan' in the Remuneration Report).

8. Auditors

Each year, the AGM of Adecco Group AG elects the statutory auditor (Auditors). On 16 April 2020, the AGM elected Ernst & Young Ltd, Zürich, as statutory auditor of the Company for the business year 2020.

Ernst & Young Ltd has served the Company as its Auditor since 2002, the engagement being renegotiated annually. In line with Swiss regulation, periodic rotation of the auditor in charge (lead auditor) of maximum seven years is executed. Jolanda Dolente, licensed audit expert, is in her second year as the lead auditor. Roland Ruprecht has for the second time assumed the global co-coordinating partner role.

The total fee for the Group audit of the Company and for the statutory audits of the Company's subsidiaries for the fiscal year 2020 amounted to EUR 6.7 million.

For the fiscal year 2020, additional fees of EUR 0.4 million were charged for audit-related services such as advice on matters not directly related to the Group audit and primarily relate to certifications required by tax and government authorities to confirm the correct application of specific tax and government rules. Fees for tax services and other services amounted to EUR 0.1 million, mainly related to the application for an employee wage subsidy.

The AC oversees the Company's financial reporting process on behalf of the Board. In this capacity, the AC discusses, together with the Auditors, the conformity of the Company's financial statements with accounting principles generally accepted in the United States, and the requirements of Swiss law.

The AC regularly meets with the Auditors, at least eight times a year, to discuss the results of their examinations, and the overall quality of the Company's financial reporting. During 2020, the Auditors attended all meetings and phone conferences of the AC. The Auditors regularly have private sessions with the AC, without the CEO, the CFO, or any other member of the EC attending. The AC assessed with the Company's Auditors the overall scope and plan for the 2020 audit of the Company. The Auditors are responsible for expressing an opinion on the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States and the requirements of Swiss law. Further, the Auditors are required, under the auditing standards generally accepted in the United States, to discuss, based on written reports, with the AC their judgements as to the quality, not just the acceptability, of the Company's accounting policies as applied in the Company's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and disclosures. Further, the Auditors are responsible for expressing opinions on the standalone financial statements of Adecco Group AG.

The AC oversees the work of the Auditors and it reviews and assesses, at least annually, their independence, qualification, performance and effectiveness. It discusses with the Auditors the Auditors' independence from management and the Company, and monitors audit partner rotation. The AC considers the compatibility of non-audit services with the Auditors' independence and pre-approves all audit and non-audit services provided by the Auditors. Services may include audit-related services, tax services and other services.

The AC proposes the Auditors to the Board for election by the General Meeting of Shareholders and is responsible for approving the audit fees. Each year a proposal for fees for audit services is submitted by the Auditors and validated by the CFO, before it is submitted to the AC for approval.

9. Information policy

The AGM for the fiscal year 2020 is planned to be held on 8 April 2021, and due to the Covid-19 situation the AGM will be held without shareholders being physically present. Shareholders can only exercise their voting rights via the Independent Proxy Representative. The details will be published in the 'Swiss Official Gazette of Commerce' ('Schweizerisches Handelsamtsblatt') at least 20 days before the meeting.

Adecco Group AG provides quarterly media releases on the Company's consolidated and divisional results as per the following agenda:

4 May 2021	Q1 2021 results;
5 August 2021	Q2 2021 results;
2 November 2021	Q3 2021 results.

For further investor information, including to subscribe to notifications, refer to http://ir.adeccogroup.com.

To order a free copy of this Annual Report and for further information, please refer to the contact addresses listed on the inside back cover of the Annual Report (http://ir.adeccogroup.com). The Company's registered office is: Adecco Group AG, Bellerivestrasse 30, CH-8008 Zürich.

10. Tax strategy

The Company operates a Group-wide policy on tax that is regularly reviewed by the Board's AC. Relevant processes and controls have been defined and implemented throughout the Company. Tax matters are regularly discussed at the AC meetings. The Company reports revenues and pays taxes in the countries where it operates and value is created. The Company seeks to protect value for its shareholders and fully complies with both the tax law in all countries where it operates and international standards, namely OECD standards. The Company's internal transfer pricing guidelines stipulate that all intercompany transactions must be performed at arm's length. These guidelines are under constant review and follow the recommendations issued by the OECD. By communicating in a transparent way, the Company works towards fostering mutually constructive and open relationships with tax authorities and also with the purpose of reducing the risk of challenge and dispute. The Company also seeks to remove uncertainty and financial risk by entering into contemporaneous tax audit programmes or advanced agreements with tax authorities where possible. The Company does not engage in artificial tax-driven structures and transactions.

The Company files the Country by Country Report (CBCR) in Switzerland. The information is automatically exchanged with the tax authorities of the majority of the countries where the Company operates. By filing an accurate and comprehensive CBCR, the Company ensures that the relevant tax information is appropriately disclosed. Since the information is automatically exchanged, the Company considers that it is not necessary to publish the CBCR on its website. In addition, the structure of the CBCR is not aligned with the way the Company is managed. The CBCR follows a geographical approach; the report is based on country information without any aggregation or any brand differentiation. The Company has historically reported on a regional and brand basis, rather than by country. Since 1 January 2021, the Company is organised and reports entirely on a brand basis, with underlying geographic reporting by regions for only some of the brands. Publishing the CBCR could therefore be potentially misleading. The Company has also implemented the EU Mandatory Disclosure Directive (DAC 6) allowing to ensure local compliance in the countries where the Company is required to report directly.

Remuneration Report

Remuneration Report

1. Introduction

Dear Shareholders,

On behalf of the Board of Directors (Board) and the Compensation Committee, I am pleased to present the Remuneration Report of the Adecco Group for 2020.

Overview of 2020

During the year, we appreciated the opportunity to engage in direct dialogue with shareholders and proxy advisors to gather feedback on the compensation structure for our Executive Committee (EC) and on our Remuneration Report. We assessed all the points raised and reflected recommendations in our decisions, with the goal to enhance the effectiveness of our programmes and transparency of our Remuneration Report. It was also a unique occasion to exchange views on the year in motion and how to apply judgement to the short-term incentive plan (STIP) achievements given the extraordinary circumstances.

It has indeed been a year like no other. The swiftness and complexity of the Covid-19 pandemic took the world by surprise, and global economies entered into a virtual shutdown during the first quarter. This brought about a complete change of focus for the Adecco Group, shifting of priorities, and redirection of action plans for our more than 30,000 employees, just a few months after our initial goals and objectives for 2020 had been set.

Our primary focus as the crisis unfolded in the first half of 2020 was to protect and support our people, clients and communities, while ensuring business continuity. We also continued to invest in the future of our Company, offering innovative solutions and services while transforming the business through our GrowTogether programme. It is also clear that all Colleagues demonstrated outstanding dedication and incredible levels of effort in order to help the Adecco Group navigate the crisis in the best possible way.

In this context, assessing executive performance has been a real challenge for many companies including ours. We appreciated the direct dialogue with shareholders and proxy advisors to collect feedback and help align our views. The Board decided to keep the initial financial targets unchanged, assess performance against those and ensure all stakeholders would bear their fair share of the crisis impact.

Executive Performance

The overall achievement of the STIP for the EC amounts to less than half of the on-target achievement.

We then assessed actual executive performance, in the Covid-19 context, across three main areas of focus: the protection of employees and customers, the preservation of our shareholders' value and the operational results both in absolute terms and compared to our closest competition. Our conclusion is that the Adecco Group performed well on all fronts:

- We demonstrated remarkable results when it came to preserving the health of our employees, while maintaining client support and ensuring IT security. More than 90% of our employees were able to work remotely in an incredibly short period of time, enabling outstanding business continuity as demonstrated by customer satisfaction surveys.
- An exceptional worldwide focus on cash collection led to days sales outstanding (DSO) performance meeting initial goals and enabling the Group to pay a stable dividend of CHF 2.50 in April 2020, protecting the interest of our shareholders.
- From an operational standpoint, the revenue trend improved sharply, right after the peak of the pandemic, and the profitability level was more resilient than in the 2008 financial crisis, leading to stronger profits compared to the rest of the industry. These observations, among others, combined with a strong cash flow through the year helped the share price to recover to the pre-Covid-19 values.

Given these facts and as explained during our dialogue with shareholders and proxy advisors, the Compensation Committee proposed, and the Board approved, no changes nor any discretion to be applied to the STIP or long-term incentive plan (LTIP).

However, it is planned to reward selected members of the EC through a one-off LTIP grant in 2021 for their outstanding performance. The one-off grants will be very limited in size and awarded as part of the 2021 LTIP grant in the form of performance share units and subject to the usual service and performance conditions. In the aggregate, the estimated fair value of the one-off grants is approximately 4% of the 2020 conferred remuneration of the EC. The benefits of the one-off awards are effectively deferred for five years, taking into account the normal three-year LTIP performance period and two-year blocking period. Details will be disclosed in the 2021 Remuneration Report.

The decision to acknowledge the contribution of selected EC members with a forward-looking incentive was made after careful and balanced consideration of all stakeholder interests and taking into account the global economic context, the efforts made, and the results obtained. These rewards will materialise in the future along with the results from our strategic decisions taken during this challenging year.

Enhanced Remuneration Report and Outlook 2021

Considering the feedback received, we enhanced this year's Remuneration Report by explaining our compensation decisions in more detail, describing more fully our approach to market benchmarking and STIP performance metrics and providing more clarity on our approach to environmental, social and governance (ESG) criteria and how they relate to executive remuneration.

Our exchanges with shareholders and proxy advisors also led us to proactively discuss prospective changes to the LTIP in order to further improve its alignment with both our new strategic cycle, Future@Work, and shareholder interests by introducing additional financial performance metrics. Our proposed structure for 2021 reflects a good balance of the ideas exchanged. From this perspective, and in line with the stakeholder engagement discussed, additional adjustments to the design of the short-term and long-term incentive plans are foreseen for the year 2021, as described in section 6. These changes will have no impact on the EC compensation budget approved at the Annual General Meeting (AGM) 2020.

More detailed information on the Compensation Committee's activities and on our compensation approach is contained within this Remuneration Report. The report will be submitted to a non-binding, consultative vote by shareholders at the AGM 2021. We trust that you will find this report informative and thank you for your support.

Sincerely,

Didier Lamouche
Chair of the Compensation Committee

Remuneration at a glance

Remuneration structure

Remuneration principles for the EC

Reward for performance

The STIP and LTIP seek to recognise and reward Group, as well as geographic or brand performance. Thus, as a general rule, individual targets are not used in the incentive plans. The STIP incentivises management for achieving the annual financial targets and for attaining strategic and functional goals over a time horizon of one year, and fosters collaboration between the business units. The LTIP incentivises management to create long-term shareholder value.

Alignment to shareholders' interests

The LTIP is delivered in the form of share-based remuneration and thus aligns the interests of management with those of shareholders. Furthermore, based on the shareholding guideline, EC members are required to hold a minimum number of Adecco Group shares over time which encourages an owner-manager culture.

Internal fairness and external competitiveness

The remuneration is internally consistent and externally competitive. Base salaries are generally set at the median level of the relevant function in the reference market, which is either local, regional or global. Local benefits are defined in line with local regulations and competitive practice. Total remuneration is reviewed periodically to ensure competitiveness in attracting and retaining talent while maintaining internal equity.

ANNUAL BASE SALARY

See more page 101

CHF 7.2 million

SHORT-TERM INCENTIVE PLAN (STIP)

See more page 101

CHF 3.1 million

LONG-TERM INCENTIVE PLAN (LTIP)

See more page 105

CHF 5.1 million

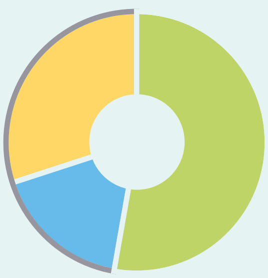
BENEFITS

See more page 107

CHF 2.7 million

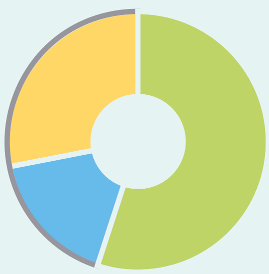
Actual executive pay mix for the financial year 2020

CEO



- Annual Base Salary and Benefits – 53%
- STIP – 17%
- LTIP – 30%
- At risk pay – 47%

Total EC



- Annual Base Salary and Benefits – 55%
- STIP – 17%
- LTIP – 28%
- At risk pay – 45%

Executive summary

Remuneration Governance

The Board has entrusted the Compensation Committee to provide support in establishing and reviewing remuneration principles and plans which are approved by the Board and applied when determining the remuneration of the EC and Board members and in preparing proposals put forward at the AGM. Shareholders approve the Maximum Total Amount of Remuneration (MTAR) of the EC and the Board in an annual binding prospective vote. Furthermore, they have the opportunity to express their opinion on the remuneration actually awarded for the reporting year in a retrospective consultative vote on the Remuneration Report.

Remuneration of the Executive Committee

Framework

The remuneration of the EC consists of the following components: annual base salary, short-term incentive, long-term incentive and benefits. The variable portion is performance-related and consists of short-term and long-term performance metrics.

Performance metrics are derived from the Company's business strategy. Sustainability is an integral part of the Company's business strategy and is embedded into the remuneration framework of the EC. See section 4.3 for more details.

Remuneration 2020

Total remuneration for the CEO amounted to CHF 3.4m (2019: CHF 3.8m). Total EC members' remuneration amounted to CHF 18.1m (2019: CHF 22.2m).

These amounts comprise the annual base salary, the annual bonus, share awards granted in 2020, remuneration in kind and social contributions.

Outlook 2021

The overall compensation plans for the EC will remain in place as currently structured. However, specific amendments to the STIP and LTIP design features will be made in 2021.

Feedback from shareholders and proxy advisors, and the evolving environment in which the Company operates, have been taken into account.

Remuneration of the Board

The members of the Board receive fixed remuneration for their work on the Board and in the Committees of the Board. The remuneration is delivered in the form of cash and shares.

The remuneration system of the Board of Directors' is unchanged compared to 2019 and has remained consistent for six years.

The Adecco Group's Remuneration Report is written in accordance with the requirements of the Ordinance against Excessive Compensation with respect to Swiss Stock Exchange Listed Companies and the Directive on Information relating to Corporate Governance, issued by the SIX Swiss Exchange. The Adecco Group's principles regarding remuneration further take into account the recommendations set out in the Swiss Code of Best Practice for Corporate Governance as last published on 29 February 2016. In addition, the Remuneration Report comprises information as required under the Swiss Code of Obligations (Art. 663c para. 3).

Statements throughout this Remuneration Report using the terms "the Company" or "the Group" 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.

2. Remuneration governance

2.1 Role of shareholders

Firstly, shareholders annually and prospectively approve the MTAR. For the EC, the amount is approved for the following financial year and for the Board it is approved for the period from this AGM until the next AGM. Secondly, the shareholders vote for the Remuneration Report in a retrospective consultative manner. Certain principles of remuneration are governed by the Articles of Incorporation (AoI), which have been approved by the shareholders.

The AoI (http://aoi.adeccogroup.com) include provisions governing the following areas:

- Principles of remuneration applicable to the EC and the Board (Art. 20 and 20bis);
- Shareholders' vote on remuneration (Art. 14bis);
- Supplementary payments for new EC members (Art. 14bis); and
- Post-employment benefits (Art. 20).

According to the AoI, the following limits are applicable to EC variable compensation:

- At target, the EC may earn up to 125% of its aggregate annual base salary as an annual cash bonus (short-term incentive) and for the CEO, up to 120% of their annual base salary. If targets are exceeded, the EC may earn up to 150% of its aggregate annual base salary as an annual cash bonus (short-term incentive) and for the CEO, up to 140% of their annual base salary.
- Long-term incentive plans foresee remuneration in the form of restricted shares or rights to shares in the Adecco Group. At grant, the fair value of the awarded share units shall not exceed 150% of the aggregate annual base salary of the EC nor shall it exceed 160% of the aggregate annual base salary of the CEO. Vesting is to be conditional upon the fulfilment of certain conditions over a number of financial years.

2.2 Role of the Board and Compensation Committee

In line with the provisions of the AoI, the Board has entrusted the Compensation Committee to provide support in establishing and reviewing the Company's remuneration principles and plans, in preparing the remuneration proposals put forward at the AGM, in determining the remuneration of the EC and the Board members and in setting and assessing the performance objectives relevant for the remuneration of EC members.

The Compensation Committee is composed entirely of independent Board members who are elected individually by the shareholders at the AGM, for a term of office of one year ending after completion of the next AGM. Further details on the Compensation Committee's composition, responsibilities and activities are provided in the Corporate Governance Report, section 3.4.3.

The Compensation Committee generally acts in a preparatory and advisory capacity while the Board retains the decision-making authority on remuneration matters, except for the MTAR of the EC and the Board, which are subject to the approval of the shareholders at the AGM. The authority levels of the different bodies on remuneration matters are outlined in Illustration 1.

The Compensation Committee is composed of two independent Board members for the period AGM 2020 - AGM 2021. The Chair of the Board is a permanent invitee and participates in the Compensation Committee's meetings as a guest without voting rights. The Board does intend to extend the current composition of the Compensation Committee to comprise three independent Board members for the period AGM 2021 - AGM 2022.

The Chief Executive Officer (CEO), the Chief Human Resources Officer (CHRO) and the Group Head of Reward usually attend the Compensation Committee meetings. The Chair of the Compensation Committee may decide to invite other executives, as appropriate. Members of management do not participate in Compensation Committee meetings when their individual remuneration matters are discussed.

The Compensation Committee meets as often as business requires, but at least four times a year. In 2020, the Compensation Committee held eight meetings. Details on meeting attendance of the individual Compensation Committee members are provided in the Corporate Governance Report, section 3.4.

The Chair of the Compensation Committee reports to the full Board after each Compensation Committee meeting. The minutes and the materials of the meetings are available to all members of the Board.

2.3 Role of external advisors

The Compensation Committee may decide to consult external advisors, mandated by management, from time to time for specific remuneration matters. In 2020, the Compensation Committee retained Willis Towers Watson, an international independent external consultant, to provide compensation benchmark data, and Obermatt, an independent Swiss financial research firm, to calculate the achievement and vesting level under the LTIP. These consultancies' independence and performance are reviewed periodically by management, on behalf of the Compensation Committee, to determine whether to renew or rotate the advisors. In 2020, Willis Towers Watson also provided compensation benchmark data for the broader Adecco population but Obermatt had no other mandate with the Adecco Group.

Illustration 1: Authority levels in remuneration matters[1]

	CEO	Compensation Committee	Board	AGM
Remuneration philosophy and principles	Proposes	Reviews	Approves	
Remuneration plans including incentive plans	Proposes	Reviews	Approves	
MTAR of the EC		Proposes	Reviews	Approves prospectively
CEO remuneration		Proposes	Approves	
Individual remuneration of EC members	Proposes	Reviews	Approves	
MTAR of the Board		Proposes	Reviews	Approves prospectively
Individual remuneration of Board members		Proposes	Approves	
Remuneration Report		Proposes	Approves	Retrospective consultative vote

1 Within the framework set out in the AoI

3. Remuneration philosophy and principles

The Adecco Group remuneration philosophy and principles

The Adecco Group's remuneration philosophy is to appropriately recognise and reward performance. It reflects the Company's commitment to attract, motivate and retain talent in order to support the achievement of the Company's business objectives. The remuneration philosophy translates into principles that support this fundamental objective. These principles are summarised in Illustration 2.

Illustration 2: Remuneration principles

Reward for performance	The STIP and LTIP seek to recognise and reward Group, as well as geographic or brand performance. Thus, as a general rule, individual targets are not used in the incentive plans. The STIP incentivises management for achieving the annual financial targets and for attaining strategic and functional goals over a time horizon of one year, and fosters collaboration between the business units. The LTIP incentivises management to create long-term shareholder value.
Alignment to shareholders' interests	The LTIP is delivered in the form of share-based remuneration and thus aligns the interests of management with those of shareholders. Furthermore, based on the shareholding guideline, EC members are required to hold a minimum number of Adecco Group shares over time which encourages an owner-manager culture.
Internal fairness and external competitiveness	The remuneration is internally consistent and externally competitive. Base salaries are generally set at the median level of the relevant function in the reference market, which is either local, regional or global. Local benefits are defined in line with local regulations and competitive practice. Total remuneration is reviewed periodically to ensure competitiveness in attracting and retaining talent while maintaining internal equity.

3.1 Approach to remuneration-setting

The Board reviews the individual remuneration levels of the CEO, other EC members and its own members periodically, based on a proposal by the Compensation Committee. The Compensation Committee reviews the remuneration of the CEO and other EC members prior to submission to the Board. Pay is looked at in comparison to the relevant remuneration levels of similar positions at external peer companies, leveraging data provided by an external, specialised company. This is conducted on an annual basis for EC members and on a biennial basis for Board members.

During all these reviews, the Board focuses on the specific needs of the business, affordability for the Company and the individual's profile (i.e. experience and skills). Individual performance and growth potential are also taken into account.

For the CEO and other EC members, target direct compensation (i.e. annual base salary, the target annual cash incentive and the target long-term incentive) is presently positioned around the market median, also considering 25th and 75th percentiles, reflecting comparable roles within the peer group. This aims to ensure that the compensation mix and compensation levels at the Adecco Group remain competitive and are performance-driven. In 2020, target direct compensation of the EC, including the CEO, ranged from 63% to 119% of the market median of the pan-European peer group.

The remuneration of Board members is set to attract and retain diverse, high-calibre individuals with international experience whose skills match the Company's strategy and needs. The remuneration of individual Board members is set to be competitive against benchmark companies and to reflect the time and effort required from Board members in fulfilling their Board and Committee responsibilities for the Adecco Group. The remuneration of Board members, including the Chair of the Board, is reviewed by the Compensation Committee against relevant benchmark data on a biennial basis.

3.2 Approach to peer group selection

Peer groups are a critical tool for assessing the appropriateness of individual remuneration levels and relative business performance. Each peer group is designed in accordance with the respective critical purpose and requirements, hence the different peer groups. Proposing the appropriate peer groups for benchmarking remuneration and performance analysis is an important activity for the Compensation Committee. Annually, the suitability and composition of each peer group, outlined in Illustration 3, are reviewed to ensure that the selected peer groups continue to be relevant and meet the criteria defined by the Compensation Committee.

Illustration 3: Peer groups for benchmarking and performance analysis

Purpose	Remuneration benchmarking (EC)	Relative revenue growth performance benchmarking (EC)	Relative TSR performance benchmarking (EC)	Remuneration benchmarking (BoD)
Peer Group	Pan-European companies	Peers operating in the same sector	Industry affiliates	Swiss-listed companies
Rationale	Companies selected represent market for talent (where the Company looks to recruit executives, and those to which the Company loses talent to)	To analyse financial performance relative to peer group financial performance and validate financial performance goals	Peer group for TSR performance should reflect the business and risk profile of the Adecco Group	Comparability of Swiss legal requirements, including responsibility and individual liability under Swiss regulation
Criteria	Organisational size (in terms of revenue), number of full-time employees, total assets and, to some extent, industry type	Direct competitor operating in same industry, similar business model and operational size (in terms of revenue)	Business and economic cycle similarity, operating in professional services and specifically in human resources or employment services	Operating in similar regulatory environment, subject to similar complexities, joint responsibility and personal accountability under applicable legal framework
Composition	Please refer to Illustration 4	Randstad, ManpowerGroup	Amadeus FiRe, ASGN, Hays, Kelly Services, Korn Ferry, ManpowerGroup, PageGroup, Persol, Randstad, Robert Half, Synergie, TrueBlue	ABB, Credit Suisse, DKSH, Kuehne+Nagel, LafargeHolcim, Novartis, Richemont, Roche, Schindler, Swiss Life, Swiss Re, Swisscom, Swatch, UBS, Zurich
Last reviewed by the Compensation Committee	November 2020	February 2020	February 2020	August 2020

Finally, peer groups are set so that the Adecco Group is positioned around the market median in terms of revenue for the EC and the Board.

As far as the remuneration of the CEO and other EC members is concerned, this is benchmarked against a peer group of 34 companies which are selected from various industry groups such as business support services, retail, and other general industry sectors (see Illustration 4). The Adecco Group aims to hire executives from a wide range of industries and markets. Several of the current EC members were hired on the European market. The Compensation Committee believes that, in order to maintain competitiveness, it is important to benchmark EC remuneration against a representative number of Swiss and European companies. In its annual review, the Compensation Committee decided to streamline the existing peer group to restrict it to European-based companies, and hence exclude companies based in the US and Japan. The amendment aligned the peer group more closely to its purpose i.e. to reflect its market for executive talent.

Illustration 4: Pan-European peer group

ABB	Coca-Cola	Henkel	Scania
Acciona	Deutsche Post	Ipsen	Schindler
Accor	Diageo	Wood	Serco
Adidas	Engie	Lonza	SITA
Barry Callebaut	Ericsson	Merck	Sodexo
Bunzl	Experian	Novartis	Sulzer
Bureau Veritas	Ferguson	Randstad	TUI
Capgemini	Ferrovial	Royal Mail	
Carrefour	Geberit	Sanofi	

The remuneration of the Board is compared to a peer group of Swiss-listed companies of similar size and complexity. In Switzerland, the Board of Directors is the ultimate supervisory and organisational body, assuming responsibility for all matters not expressly reserved to other corporate bodies. Swiss law stipulates the non-transferable, absolute duties of the Board of Directors. These duties present certain risks, joint responsibility and to a certain extent personal liability and accountability for the Company's actions, specific to Swiss law. Therefore, the peer group for Board remuneration is composed exclusively of companies based in Switzerland due to the comparability of Swiss legal requirements, including individual and joint liabilities under Swiss law.

Finally, financial performance may be assessed relative to competitors or peers. The outcome is analysed based on peer comparison. This analysis enables the Compensation Committee to measure the alignment of EC remuneration with the achievement of key financial performance indicators relative to the comparator peer groups. This is essentially applied to two metrics used in the STIP and LTIP calculations: relative organic revenue growth and relative total shareholder return (rTSR).

The Compensation Committee also periodically reviews the composition of its peer groups used for revenue growth and rTSR performance benchmarking. For revenue growth, the Compensation Committee believes that comparing the Adecco Group to its direct competitors, Randstad and ManpowerGroup, is in the best interest of shareholders as other companies, operating in a similar industry, are not comparable in terms of size. For rTSR performance benchmarking, a shareholder view is applied in term of business similarity, investment profile and risk criteria, in order to define the peer group. Company size becomes less important while business similarity and risk profile become more important.

4. Executive Committee's remuneration

The remuneration structure for the EC members includes fixed and variable elements:

Illustration 5: Elements of EC remuneration

	Element	Purpose	Drivers	Performance measures
Annual base salary	Salary, typically paid in monthly instalments	· Pay for the role · Attract and retain	· Role and function · Market value · Skills and experience · Individual performance	· Annual reviews
Short-term incentive plan (STIP)	Annual cash bonus	· Pay for performance	· Achievement of annual business objectives	· Revenues · EBITA margin · DSO · Strategic and functional objectives
Long-term incentive plan (LTIP)	Performance Share Awards with three-year cliff-vesting and additional two-year blocking period	· Reward long-term performance · Align to shareholders' interests · Retain	· Group performance	· rTSR
Benefits	Social contributions, retirement plans and other benefits	· Attract and retain · Protect against risk	· Market practice · Local regulations	

4.1 Annual base salary

The annual base salary reflects the scope of the role and its responsibilities, the experience and skills required to perform the role and the profile of the incumbent in terms of their seniority and experience. The annual base salary is paid in cash, typically in monthly instalments, and serves as a reference for determining the target STI and LTI.

4.2 Short-term incentive plan (STIP)

The STIP, a cash-based incentive, is based on a short-term incentive target (STI target) expressed as a percentage of the annual base salary. The STI target is linked to business performance to ensure accountability for the Adecco Group's results. The Adecco Group uses a financial, a non-financial and an overall assessment to determine business performance over a time horizon of one year.

4.2.1 On-target opportunities

The STI target is the amount paid if performance targets are met. For the CEO, the STI target corresponds to 80% of annual base salary (2019: 80%). For the other EC members, the STI targets are in the range of 75% to 85% of annual base salary (2019: 60% to 85%). No EC member received any STI target increase in 2020. The variance in the STI target spread from 2019 to 2020 is due to changes in the composition of the EC.

Achievement may exceed performance targets. The amount paid if achievement exceeds performance targets is capped at 150% of the STI target. For the CEO, the STI cap corresponds to 120% (2019: 120%) of annual base salary. For the other EC members, the STI caps are in the range of 113%-128% (2019: 90%-128%) of annual base salary. The AOI limit the STI amount paid in percentage terms of annual base salary for the CEO and other EC members.

4.2.2 Performance measures

The CEO and each EC member receive a STIP balanced scorecard containing financial and non-financial objectives i.e. strategic and functional objectives. Each EC member's scorecard is composed of financial objectives (weight: 70%) and non-financial strategic and functional objectives (weight: 30%). The selection and weight of individual financial and non-financial objectives depends on the role of the EC member. Financial objectives are related to the Group, geographical region or brand financial performance. Strategic objectives include performance goals encompassing customer satisfaction and social responsibility (the "social factor" in environmental, social and governance standards, as presented in section 4.3). Functional objectives are related to the EC member's area of responsibility. The number of strategic and functional metrics is limited to three with the aim of supporting collective goals among the EC as the Company continues its transformation journey.

4.2.3 Target setting

Financial targets are set at the beginning of each financial year and aligned with the business' strategic budget proposed by management to the Board for approval. Non-financial strategic and functional targets are aligned with the most important priorities in any performance year.

4.2.4 Annual bonus payout

For each performance objective, a target level of performance is determined, which represents the expected performance (target), as well as a minimum level of performance (baseline), below which the payout is 0%, and a maximum level of performance (cap) above which the payout is capped at 150%. The targets are set as a function of the Company's goals (as approved by the Board), business environment, tactical focus and yearly milestones in the context of the strategic plan. While actual performance could exceed the maximum defined in the STIP, payout is capped at 150%. As announced in last year's Remuneration Report, the design of the STIP has been adjusted in 2020. The STIP continues to include annual Group, regional or brand financial performance metrics with a weight of 20%-60% on Group achievement for all roles.

However, in 2020 a simplified matrix combines two key financial measures: relative revenue growth and earnings before interest, taxes, and amortisation (EBITA) margin. These two metrics were selected to increase shareholder value by driving market share and profitability. Revenue growth is measured relative to our main competitors operating in the same industry, and comparable in terms of size and service offering. EBITA margin is an absolute measure.

A 100% payout is obtained when each objective is achieved at target level. A payout of 150% requires an achievement at or above the maximum level on both financial objectives. An achievement level below the baseline on either objective results in a 0% payout. Different combinations of relative revenue growth and EBITA margin achievements within those ranges lead to payouts between 0% and 150% ranked according to their economic value generation for the Company.

The Board, upon recommendation of the Compensation Committee, retains discretion to adjust STIP payments (positively and negatively) in the case of extraordinary events or developments. This allows for special situations that were not sufficiently factored into the targets previously set to be taken into account. However, this does not include generally unfavourable market developments.

Discretion is bound by the limits defined in the AoI for short-term incentives.

The STIP includes malus as well as claw-back provisions in the event of fraudulent behaviour or other types of intentional misconduct.

Illustration 6: 2020 key performance indicators (KPIs)

	CEO	CFO	CHRO	CoSCO	Regional Heads	President Modis	CDO
Financial KPIs (70%)							
Revenue growth (relative to average peers) x EBITA margin (group level)	✓	✓	✓	✓	✓	✓	✓
Revenue growth x EBITA margin (regional or brand level)					✓	✓	
Ventures gross profit							✓
Days sales outstanding, DSO (group or regional level)	✓	✓			✓	✓	
GrowTogether (group level)			✓	✓			✓
Strategic and Functional KPIs (30%)							
Colleague retention rate (group level)	✓	✓	✓	✓	✓	✓	✓
Net promoter score, NPS® (group, regional or brand level)	✓	✓		✓	✓	✓	✓
Gender parity in the global leadership (group level)	✓	✓	✓	✓	✓	✓	✓
Great place to work, GPTW® (group level)			✓				

4.2.5 2020 STIP balanced scorecard

This section presents the STIP balanced scorecard for the CEO and other EC members and introduces the KPIs. The Board follows a robust process to select appropriate KPIs and set financial targets. In addition to the financial targets, each EC member has three strategic and functional targets, all of which are related to the Adecco Group's environmental, social and governance (ESG) priorities. Financial targets were set pre-Covid-19 and not met, with the exception of DSO and GrowTogether. No adjustments to the targets or achievements were made as a result of Covid-19 nor did the Board apply any discretion in the 2020 STIP.

Illustration 7: 2020 STIP balanced scorecard

	KPI weight for CEO	KPI weight range for other EC members	Achievement versus target
Financial KPIs (70%)			
Revenue growth (relative to average peers) x EBITA margin (group level)	60%	20%-60%	Below
Revenue growth x EBITA margin (regional or brand level)	–	20%	Below
Ventures gross profit	–	40%	Below
Days sales outstanding, DSO (group level)	10%	10%	Met
GrowTogether (group level)	–	10%	Above
Strategic and Functional KPIs (30%)			
Colleague retention rate (group level) The colleague retention rate measures the capacity of the Company to keep colleagues retained during a defined measurement period. The colleague retention rate tracks our ability to retain talent, knowledge and skills within our business. Furthermore, it tracks our capacity to upgrade and reskill our workforce to further accelerate our transformation and Future@Work strategy. Across 2020, we achieved 73% and saw an overall improvement of around one percentage point compared to 2019 but slightly below target. Finally, we are leveraging our own internal data and employee engagement surveys, in order to identify further areas of opportunity to support Group-wide retention.	10%	10%	Slightly below
Net promoter score, NPS® (group level) NPS® measures customer experience linked to business growth. This proven metric provides the core measurement for our customer experience management programmes. An independent third-party provider ensures that feedback from our customers is collected in consistent and reliable fashion. It is the Adecco Group's objective to continuously improve its NPS®. Becoming a truly customer-centric business is one of the main pillars of the Perform, Transform, and Innovate strategy and customer-centricity remains at the centre of the Future@work strategy. The NPS score improved significantly across our key regions as well as at group level in 2020.	10%	10%	Significantly above
Gender parity in the global leadership (group level) The Adecco Group made a public commitment through Paradigm for Parity to have 50% of women at the global leadership level by 2030. The representation at our global leadership level increased to 32% in 2020. To ensure progression, our focus is on both the pipeline of women below global leadership level and the women currently in the global leadership population.	10%	10%	Significantly above
Great place to work survey, GPTW® survey (group level) Our people are our biggest strength and we have made it one of our global strategic priorities to build a positive and inspiring work environment. We are committed to making the Adecco Group a great place to work for all our colleagues. One way we track this is via the GPTW® survey. The GPTW® survey supports organisations to quantify company culture and increase employee engagement. We are proud to once again be recognised in the World's Best Workplaces list based on the GPTW® surveys. For the 2020 ranking, we rose to the no. 7 spot, making it the fifth consecutive year that we have made the list of the top 25 multinational companies to work for.	–	10%	Above

4.3 Environmental, social and governance (ESG) considerations embedded into our compensation framework

Sustainability – the consistent embedding of environmental, social and governance (ESG) considerations into what we do, across our organisation – is an integral part of the Adecco Group's business strategy. Ultimately, this helps deliver economic value for our shareholders and other stakeholders, and positive impact for global and local economies. To support the achievement of our related objectives, compensation for EC members is linked to select material ESG measures. As a service company, our ESG goals are naturally geared towards the social aspect of ESG issues. The STIP of the EC members contains, in addition to the core financial, strategic and functional goals, specific performance objectives that are related to the main ESG goals and priorities of the Group, as set out below:

Employability and access to work

Through our core business, we help people fulfil their potential – improving employability by equipping individuals with the skills they need to succeed in the labour market and providing access to work by offering flexible and permanent placement into jobs. Skills investment and development are also decisive factors in enabling the transition to a low-carbon, green economy. Revenue growth is a strong indication that our services are reaching more customers, ensuring sustainable and productive employment. This KPI, combined with EBITA margin, is part of the performance objectives of the 2020 STIP for each EC member.

Employer of choice

Our success begins and ends with our people. To lead the world of work and create value for all our stakeholders, we want to set the standard as a world-class employer for our current and future talent. Our ambition is to create a positive, respectful and healthy work environment that inspires and enables a diverse, engaged and talented team, united by our purpose of making the future work for everyone. Depending on their role and function, specific EC members are assessed on their leadership and people performance. For example, the CHRO is measured against our GPTW® survey score.

Trusted partners to clients

Customer-centricity is key to building a sustainable long-term business. We want to be our clients' trusted long-term partner, building on a deep understanding of their needs and a shared commitment to doing business responsibly. We support them in areas such as their journey to building more inclusive, diverse talent pools, as well as by providing them with the skills and expertise to help them transform the way we power our homes, businesses, and lifestyles towards more progressive, sustainable models. In line with global best practice standards, we use the NPS® methodology to measure and benchmark customer satisfaction. This KPI is part of the performance objectives of the 2020 STIP for most EC members.

Promoting inclusion and diversity

When we say we want to make the future work for everyone, we mean everyone. Our commitment is to equal opportunity for everyone working with, through or for the Adecco Group, and we are putting our expertise and energy into improving everyone's chances of being part of the world of work. We seek to foster a culture of belonging and purpose, in an environment where everyone can thrive and feel engaged, and where difference is respected and valued. As part of this, we have committed to achieving full gender parity in global leadership levels by 2030. As of 2020, work towards gender parity is part of the STIP performance KPIs for all our EC members.

In the years ahead, and aligned with our global ambitions, we are committed to further reflecting material environmental, social and governance considerations in our compensation practices as considered conducive to our purposes and stakeholders. For more details on the Adecco Group's approach to ESG, please visit www.adeccogroup.com/sustainability

4.4 Long-term incentive plan (LTIP)

The purpose of the LTIP is to reward long-term value creation and to enhance alignment of the interests of EC members with those of shareholders. The LTIP is a performance share award plan providing for conditional rights to receive a certain number of Adecco Group AG shares after a three-year cliff-vesting period, subject to fulfilling the rTSR performance condition and upon continued employment of the participant at the vesting date.

rTSR was chosen as the key performance metric because it is considered an appropriate performance metric to link the long-term remuneration of management to value creation for shareholders.

For the grant awarded in 2020, the performance period started on 1 January 2020 and ends on 31 December 2022.

4.4.1 2018-2020 LTIP performance cycle

The 2018 LTIP award is subject to rTSR performance of the Adecco Group compared to a peer group of companies. The percentile ranking of the Adecco Group TSR against the peer group is measured at the end of each year of the three-year performance period and the annual percentile ranking determines the vesting level for that year.

At the end of the performance period, the average vesting level over the three-year performance period is calculated to determine the overall vesting level for the award.

Illustration 8 presents the annual ranking achievement, corresponding annual vesting levels and overall vesting level, based on the average of annual vesting levels for the 2018 LTIP award.

Illustration 8: Final vesting 2018 LTIP award

Year	Percentile	Vesting (as % of target)
2018	0.0	0.0
2019	64.7	69.4
2020	58.8	57.6
Overall vesting level		42.3

For the 2018 LTIP award vesting in 2021 (LTIP 2018–2020), the vesting level was 42.3% considering the Adecco Group TSR performance against the peer group. Therefore, out of the 106,820 PSUs granted in 2018 to the current EC members (including the CEO), 45,189 have vested, with an estimated vesting value of CHF 2.7 million based on the share price at year-end 2020. Illustration 9 presents the historical annual overall vesting level (as % of target).

Illustration 9: Vesting level for performance share awards granted

Grant year	Vesting year	Overall vesting level (as % of target)
2013	2016	33%
2014	2017	58%
2015	2018	58%
2016	2019	17.5%
2017	2020	35.2%
2018	2021	42.3%
2019	2022	Pending[1]

1 Performance period is still ongoing. Numbers will be available after the end of the performance period.

4.4.2 2020 LTIP improvements

The Compensation Committee evaluated the LTIP to ensure its design and performance measurement were aligned to the Adecco Group's business strategy and market practice, and reflected feedback received from shareholders.

While the LTIP largely supports the Adecco Group's existing business strategy, the Compensation Committee believes that there is potential to further align the existing LTIP to market practice and best-in-class long-term incentive plans. To this effect, the Compensation Committee benchmarked the LTIP against general market practice across the Swiss Market Index and other companies in Europe with the support of an external, independent advisor.

Based on its assessment and coupled with feedback received from shareholders and proxy advisors, the Compensation Committee decided to make the following enhancements to the LTIP for the 2020-2022 LTIP performance cycle:

- The rTSR performance peer group was rebalanced for the 2020 LTIP to produce a more human-resources-focused industry peer group, reducing the concentration on peers operating primarily in the professional staffing industry.
- rTSR performance measurement will be assessed via a ranking table and the rTSR calculation approach changed from being measured for each year of the three-year performance period (based on a 365-day average share price) to a point-to-point calculation (one-month average share price before the start and end of the overall three-year period).
- rTSR performance measurement will move from a local currency approach to a common currency approach across all companies in the rTSR performance peer group to reflect the experience of an individual investor owning shares in Adecco Group and other companies operating in the same industry.
- The use of a multiplier of two to arrive at the final number of performance share units (PSUs) to be granted is discontinued while keeping individual LTIP target values (as a % of annual base salary) unchanged.
- The vesting schedule was amended to implement more gradual vesting parameters (see Illustration 13) from vesting of 40% to 200% (2019: 20% to 100%), with vesting of 40% at a performance standard of 33 1/3rd percentile against the defined peer group (position 9 in the ranking table) and maximum vesting of 200% being given with a performance standard at or above the 75th percentile against the defined peer group (positions 1 to 4 in the ranking table).
- The three-year average daily closing price of the share is replaced with the 20-trading day (TD) average price of the share prior to grant and using the average of the corresponding daily exchange rates over the same reference period, to determine the target number of PSUs to be granted.

4.4.3 LTIP structure and performance conditions

The 20-TD average share price is calculated as the arithmetic mean of daily closing share prices 20 days prior to grant on 16 March each year.

For the grant awarded in 2020, 13 March was the last trading day prior to grant. The period of 20 days selected for the final calculation was, therefore, 17 February 2020 to 13 March 2020. The resulting average share price was CHF 50.16.

For the 2020 LTIP and going forward, the formula to determine the number of PSUs to be granted is, as follows:

Illustration 10: Calculation formula

STEP 1
Annual base salary x LTI target (%) = Grant value
STEP 2
Grant value/20-TD average share price = Target number of PSUs

The performance share awards are subject to three-year cliff-vesting based on the rTSR performance of the Adecco Group compared to a peer group of companies. The peer group comprises the 12 companies listed in Illustration 11. The peer group is fixed for the duration of the LTIP grant cycle. The Compensation Committee periodically reviews the composition of the peer group and may propose the substitution of alternative peer companies due to corporate events such as merger, acquisition, divestiture, delisting or bankruptcy of peer companies. Adjustments, if any, to the existing rTSR performance benchmarking peer group are applied prospectively.

Illustration 11: Peer companies for rTSR performance

Amadeus FiRe	Korn Ferry	Randstad
ASGN	ManpowerGroup	Robert Half
Hays	PageGroup	Synergie
Kelly Services	Persol	TrueBlue

Company shares vested under the LTIP plan are subject to an additional two-year blocking period.

The structure of the LTIP is shown in Illustration 12.

The vesting level of the performance share awards is determined based on the percentile ranking of the Adecco Group compared to its peer companies over a period of three years, as shown in Illustration 13. The vesting is capped at 200% upon reaching the 75th percentile. The achievement and vesting level are calculated by Obermatt; see section 2.3. The TSR calculation, provided by an independent third party, is based on a one-month average share price before the start and end of the overall three-year period for both Adecco Group's TSR and its peers' TSR, taking into consideration dividends for the period under review.

The plan foresees that participants who, before the end of the performance period, terminate their employment with the Company of their own volition, and those who receive notice of termination for cause, will no longer be entitled to the vesting of awards made under the LTIP. In case of termination by the employer without cause, a time-weighted pro-rata portion of the unvested performance share awards will vest at the regular vesting date in accordance with the level of target achievement.

In line with Art. 20bis para 3 of the AoI (http://aoi.adeccogroup.com) and as specified in the LTIP, in the case of a predefined Change of Control before an award under the LTIP has vested, the time-weighted pro-rata portion of the unvested performance share award may vest on the Change of Control date depending on the level of target achievement at the date of the relevant corporate event, as determined by the Compensation Committee.

Performance share awards that do not vest due to lack of fulfilment of the performance conditions lapse immediately. These plan rules are subject to the applicable law in the given country of employment.

Illustration 12: Structure of the 2020 LTIP

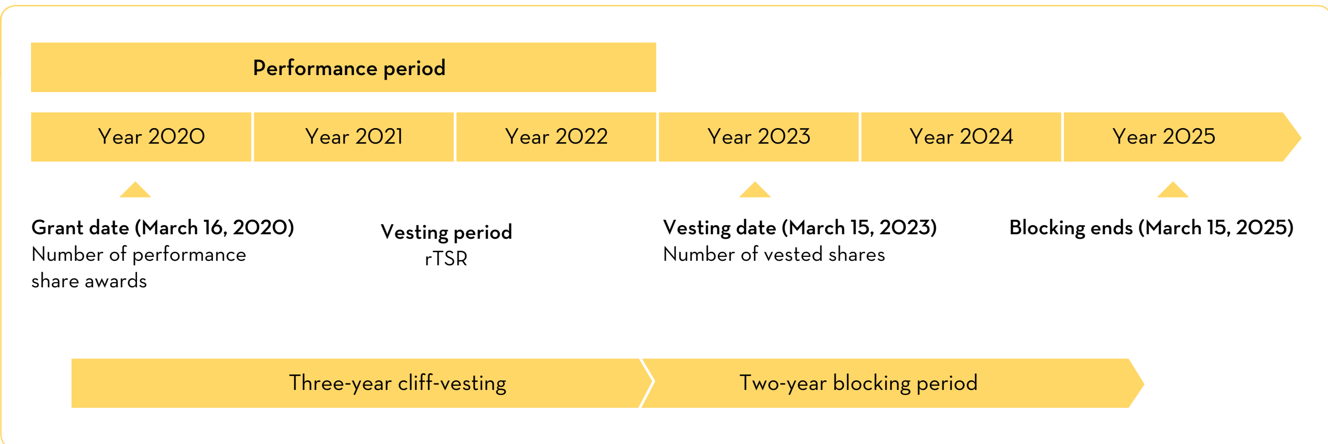


Illustration 13: Vesting schedule for rTSR performance under the LTIP

Rank	Percentile	Vesting (as % of target)
1	100.0	200
2	91.7	200
3	83.3	200
4	75.0	200
5	66.7	160
6	58.3	120
7	50.0	80
8	41.7	60
9	33.3	40
10	25.0	0
11	16.7	0
12	8.3	0
13	0.0	0

Vesting below the median remains not uncommon in Switzerland. Pay is matched to performance with vesting percentages increasing relative to the Adecco Group's rank among its peers. The Adecco Group continues to allow gradual vesting as this helps to dissuade participants from taking excessive risks.

Furthermore, the LTIP includes claw-back provisions for any award or any benefit received or entitled to be received in the case of fraudulent behaviour or other types of intentional misconduct.

The CEO and other EC members may not use personal investment strategies to undermine or hedge the risk alignment effects of unvested deferred remuneration or any vested shares subject to the blocking period.

At grant date, the LTIP target amounts to 130% of the annual base salary for the CEO (2019: 130%) and ranges from 75% to 100% for the other EC members (2019: 50% to 100%). One EC member received an increase of 25% in their LTIP target for the 2020 LTIP grant to reflect both their new role and responsibilities and to more closely align their pay mix to that of the other members of the EC. The individual's 2019 pay mix still reflected their former, pre-EC-member role.

On the CEO's appointment, the Board established his compensation initially below that of his predecessor and below market. The LTIP target was then gradually increased to 130% last year. The Board decided not to further increase the 2020 LTIP target for the CEO.

4.5 Shareholding guideline

A shareholding guideline was implemented as of business year 2018. EC members are required to own a minimum number of Adecco Group AG shares within five years of appointment to the EC, as set out in the table below:

CEO	40,000 shares
Other EC members	10,000 shares

In order to determine whether the minimum holding requirement is met, all vested shares are considered as beneficially owned, regardless of whether they are blocked or not. Unvested awards are excluded. If the holding requirements are not reached within five years, the Board may decide to either extend the blocking period of the shares already vested until the required level is met or require EC members to purchase shares from the market. The Compensation Committee reviews compliance with the shareholding guideline on an annual basis.

4.6 Benefits

As the EC is international in its nature, its members participate in the benefit plans available in the country of their employment contract. Benefits consist mainly of retirement, insurance and healthcare plans that are designed to provide a reasonable level of protection for the employees and their dependants in case of retirement, death or disability.

The EC members with a Swiss employment contract participate in the Adecco Group's pension plans offered to all employees in Switzerland. Pension contributions are based on base salary, excluding variable cash remuneration. EC members under foreign employment contracts are insured commensurately with the market and with their position. Each plan varies in line with the local competitive and legal environment and has been designed, as a minimum, in accordance with the legal requirements of the country in question.

Depending on whether they work in their home country or abroad, EC members are also provided with certain additional benefits such as a Company car allowance, car lease, housing allowance, relocation costs, education costs, representation allowance or health insurance. The monetary value of these other elements of remuneration is disclosed at fair value in the remuneration tables.

4.7 Contractual agreements

EC members have employment contracts of unlimited duration which are all subject to a notice period of up to 12 months. EC members are not contractually entitled to sign-on awards nor severance payments based on their individual contracts (but may be entitled to seniority-related payments due to foreign laws as applicable), or to Change of Control payments (for LTIP vesting see section 4.4.3). Their contract may foresee non-competition provisions of up to one year post termination of their contract.

5. Remuneration and shareholding of members of the EC

5.1 EC membership changes in 2020

Twelve EC members were in office on 31 December 2020, including three new EC members who joined the EC during the year.

Coram Williams was appointed as the Group Chief Financial Officer (CFO) in May 2020 succeeding Hans Ploos van Amstel, who stepped down in June 2020.

Corinne Ripoche, became an EC member effective as of 1 July 2020 replacing Federico Vione who stepped down as Regional Head of North America General Staffing and Latin America. In addition, Corinne Ripoche retained the global oversight of Pontoon.

Valerie Beaulieu was appointed Chief Sales and Marketing Officer (CSMO) in November 2020, supporting the newly announced Group organisation articulated around three main business units.

In determining the compensation for departing EC members, the Compensation Committee ensures that contractual entitlements as described in section 4.7 are respected and that all payments are in line with our plan rules and the Swiss Ordinance against Excessive Compensation in Listed Companies.

5.2 Replacement awards

When an individual forfeits compensation at a former company as a result of joining the Adecco Group, the Board may offer replacement awards on a comparable basis to mirror the value of compensation forfeited. Restricted share units (RSUs) are awarded to replace share-based awards forfeited and due to vest in the year employment with the Adecco Group begins. In all other cases, performance share units (PSUs) are awarded to replace share-based awards forfeited. The Board aims to compensate what is required to match the economic value of awards forfeited by the individual, taking into account relevant factors. These relevant factors include the replacement vehicle (i.e. cash, restricted share units or performance share units), whether the award is contingent on meeting performance conditions or not, the expected value of the forfeited award, the timing of forfeiture and the termination conditions.

In 2020, one newly appointed EC member was granted a replacement award in the form of RSUs and PSUs to replace forfeited compensation at the former company. The RSUs were granted in place of PSUs which were due to vest in May 2020 but forfeited upon the termination from the former company in March 2020, at the expected vesting level of the outstanding PSUs. The level of awards is detailed in Illustration 14; PSUs are subject to the same performance metric and performance period as the Adecco Group's corresponding grants. They are subject to cliff vesting, rTSR performance and a two-year blocking period following vesting. The first tranche of RSUs awarded, representing 50% of units granted, will vest two years after grant and the second tranche of the award, representing the remaining 50%, will vest three years after grant. Should employment terminate prior to vesting, vesting of awards will occur subject to the terms and conditions described in the LTIP rules.

Illustration 14: Replacement Awards

Replacement awards	Vesting period	Blocking period	Total value of grant (CHF)
9,276 RSUs	2020-2023 (50% after 2 years; 50% after 3 years)	–	442,569
40,111 PSUs	2020-2022	Two-years	898,777
Total			**1,341,346**

5.3 EC remuneration for the financial year 2020

In 2020, EC members' total remuneration amounted to CHF 18.1 million (2019: CHF 22.2 million). This amount consisted of base salaries of CHF 7.2 million (2019: CHF 8.9 million), short-term incentives of CHF 3.1 million (2019: CHF 3.9 million), long-term incentives of CHF 5.1 million (2019: CHF 4.6 million), other remuneration of CHF 0.8 million (2019: 0.7 million), and social contributions and post-employment benefits of CHF 1.9 million (2019: CHF 2.6 million). EC members' total remuneration decreased by 19% compared to 2019. Looking at the different components, the following elements can be noted:

The total amount paid as base salary decreased by 19% compared to the amount of base salary paid in 2019. This is mainly due to temporary voluntary salary reductions in 2020, in the context of the Covid-19 crisis. The CEO voluntarily waived 20% of his annual base salary and nearly all other EC members voluntarily waived 15% of their annual base salaries for a period of six months in 2020.

In 2020, the STIP payout for the CEO was 47.3% of target (2019: 49.7%) and ranged from 38% to 53% for the other EC members (2019: 17.5% to 88.9%), giving an average of less than 50% for the entire EC including the CEO (2019: 53%).

The decrease in the "other remuneration" payments is mainly due to Covid-19-related relocation restrictions which impacted the amount of assistance provided to incoming EC members in 2020.

The total value of the share awards granted was slightly higher (11%) in 2020 than in 2019. This is mainly due the one-time replacement award for an incoming EC member in 2020 to replace share-based awards forfeited at their former employer; see section 5.2 for details.

At the AGM of 16 April 2019, shareholders approved an MTAR of CHF 35 million for the financial year 2020. The total remuneration paid to the EC, including remuneration of former members (see section 9.3), for this term was CHF 18.8 million and is therefore within the approved limits.

For the CEO, his actual direct cash compensation was 71% of his target direct cash compensation, excluding the target long-term incentive (see Illustration 15).

For the financial year 2020, the variable component (annual bonus, share awards at grant value) represented 45% of the total remuneration of the EC (2019: 45%) and 114% of the base salary (2019: 112%).

This is aligned with the pay-for-performance philosophy of the Adecco Group and reflects the alignment of remuneration plans to shareholders' interests.

Illustration 15: CEO remuneration versus target for annual base salary and annual STI

	Target (CHF)	Actual (CHF)	Actual received (%)
Annual base salary	1,500,000	1,350,000[1]	90%
Annual STI	1,200,000	567,164	47%
Total	**2,700,000**	**1,917,164**	**71%**

1 The CEO voluntarily waived 20% of his annual base salary for a period of 6 months in 2020.

Illustration 16: EC remuneration for the financial year 2020 and 2019 (audited)

in CHF	Alain Dehaze, CEO[1] 2020	Alain Dehaze, CEO[1] 2019	Total Executive Committee[2] 2020	Total Executive Committee[2] 2019
Gross cash remuneration[3]:				
· Annual base salary[4]	**1,350,000**	1,500,000	**7,204,738**	8,867,101
· Annual bonus	**567,164**	595,914	**3,051,589**	3,893,820
· Supplemental one-time cash performance bonus[5]	**–**	–	**–**	1,416,459
Remuneration in kind and other[6]	**147,675**	154,272	**771,692**	749,994
Share awards granted in 2020 and 2019[7]:				
· Relative TSR awards (PSUs) under the LTIP	**1,043,928**	1,080,000	**3,788,566**	3,957,010
· Replacement award granted to a new EC member (PSUs and RSUs)[8]			**1,341,346**	667,858
Social contributions:				
· Old age insurance/pensions and other	**229,472**	257,909	**1,427,910**	1,788,227
· Additional health/accident insurance	**14,374**	15,130	**100,317**	95,922
· On LTIP awards granted in 2020 and 2019, potentially vesting in later periods, estimated (based on closing price at grant)	**73,075**	206,919	**363,606**	748,161
Total conferred	**3,425,688**	**3,810,144**	**18,049,764**	**22,184,552**
Conferred to an EC member, who ceased to be an EC member during 2020[9]			**548,054**	–
Conferred, grand total			**18,597,818**	22,184,552

1 Highest conferred individual compensation in 2020 and 2019.

2 Including the CEO. Notice periods of up to 12 months apply. For certain members of the EC, based on foreign law, additional, mostly seniority-related payments may become due in case of termination.

3 Including employee's social contributions.

4 CEO voluntarily waived 20% of his annual base salary and nearly all other EC members voluntarily waived 15% of their annual base salaries for a period of 6 months in 2020.

5 Supplemental one-time cash performance bonus for one EC member in 2019.

6 Includes car allowance for private use, car lease financed by the Company, housing allowance, relocation, education, health insurance, voluntary pension contributions, representation allowance and benefits.

7 Value in CHF of Adecco Group AG share awards granted in 2020 under the LTIP 2020 with grant date 16 March 2020 (LTIP 2019 grant date: 16 March 2019).

Valuation of the share awards granted on 16 March 2020 (2019: 16 March 2019):

- The grant date values of the rTSR awards are calculated based on the closing price of the Adecco Group AG share on the day of grant multiplied by the respective probability factors. These factors reflect the likelihood that the respective rTSR targets will be met at the end of the performance period. For 2020, the probability factor is 101.4% (2019: 42.9%). The probability factor for rTSR awards has been determined using a binomial model. The probability factor in 2020 is higher due to the change in calculation methodology in 2020. Refer to section 4.4.2 for a summary of improvements made to the LTIP in 2020. A discount of 12% is applied which takes into consideration that rTSR awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per-share value of rTSR awards granted in 2020 amounts to CHF 26.85 (2019: CHF 17.66).

Valuation of the share awards granted on 16 September 2020 (replacement award):

- For 2020, the probability factor on the day of grant is 102.1%. The probability factor for rTSR awards has been determined using a binomial model. A discount of 12% is applied which takes into consideration that rTSR awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per-share value of rTSR awards granted in 2020 amounts to CHF 41.47.

8 Replacement award granted on 16 September 2020 to one EC member comprised of 40,111 PSUs and 9,276 RSUs.

The PSUs are subject to the same performance metric and period as Adecco's 2018 LTIP grant (19,132 PSUs) and 2019 LTIP grant (20,979 PSUs).

- For 2018, the probability factor on the day of grant is 42.2%. An additional discount of 11% is applied to take into account the two-year post-vesting restriction. The per-share value of rTSR awards granted in 2020 subject to the same performance metric and performance period as the 2018 LTIP grant is CHF 19.48.
- For 2019, the probability factor as of the grant date is 56.6%. A discount of 4% is applied which takes into consideration that rTSR awards are not entitled to dividends during the vesting period, and an additional discount of 11% is applied to consider the two-year post-vesting restriction. The per-share value of rTSR awards granted in 2020 subject to the same performance metric and performance period as the 2019 LTIP grant is CHF 25.08.
- The grant date value of the RSU award is calculated based on the closing price of the Adecco Group AG share on the day of grant. A discount of 8% is applied to take into consideration that the RSU award is not entitled to dividends during the three-year vesting period. The per-share value of the RSU awards granted in 2020 amounts to CHF 47.71.

9 The employment relationships of certain officers who ceased to be members of the EC in the course of 2020 (2019) formally terminate in the course of 2020 (2019) in accordance with the respective termination agreements.

6. Outlook 2021

The EC remuneration system is reviewed by the Compensation Committee on a regular basis to ensure alignment with strategic business objectives, the external market and best practice in compensation design. Throughout 2020, the Compensation Committee carefully evaluated the effectiveness of the current variable incentive plans in helping drive the Company's financial and non-financial goals for the new strategic cycle. A series of roadshows were organised in November 2020 to meet shareholders and engage them in constructive dialogue, and to respond to their interests concerning executive remuneration. In deciding on refinements to the existing variable incentive programmes for 2021, feedback received from shareholders and our external compensation advisors as well as the evolving environment in which the Company operates have been taken into account. The following table outlines key changes to the design of the variable incentive plans for 2021:

Variable incentive Plan	Outlook 2021
Short-term incentive	The STIP will retain its balance between financial and non-financial objectives. Financial objectives remain essentially unchanged and key performance metrics are retained, i.e. revenue growth (relative to average peers), EBITA margin and DSO. The way revenue growth (relative to average peers) and EBITA margin performance are measured at the Group and business unit level will change. Beginning in 2021, the design of the STIP will be further simplified and the framework more closely aligned with market practice. An additive performance assessment mechanism will replace the current, two-dimensional performance matrix to incentivise and measure financial performance. In the new design, relative organic revenue growth and EBITA margin remain pivotal features. Relative organic revenue growth and EBITA margin are independently measured against targets to determine achievement. The achievement of these metrics combined with the achievement of other metrics results in the aggregate achievement relative to targets. The link between pay and performance will remain fully intact and robust but will be more straightforward. Some non-financial performance objectives have also been updated to support the ongoing business transformation and build on progress the Company has been making in key strategic and social initiatives, such as gender parity and colleague engagement (refer to section 4.3 to read more about these and other ESG measures in the STIP for EC members).
Long-term incentive	From 2021, in addition to rTSR, the LTIP will introduce two additional performance metrics, return on invested capital (ROIC) and cash conversion ratio (CCR), to align more effectively the long-term financial performance objectives of the EC with Future@Work, the strategic cycle of the Company updated on 1 December 2020. While rTSR remains part of the LTIP for 2021, the addition of ROIC will help drive long-term financial productivity and CCR will incentivise strong cash flow to support the transformation of the business, grow market share and generate long-term value for shareholders. These performance metrics are fully in line with the renewed strategy, Future@Work. The Adecco Group does not disclose forward-looking targets for the LTIP due to the commercial sensitivities of disclosing such targets. The vesting boundaries (i.e. 40% at threshold, 100% at target and 200% at cap) used for rTSR will also be used for ROIC and CCR performance metrics. The amendments described above will enhance the robustness of the existing variable incentive programmes and strengthen the link between the business strategy, pay and performance.

7. Shares owned by EC members at 31 December 2020 and 31 December 2019

The CEO is required to hold a minimum of 40,000 Adecco Group AG shares (other EC members: 10,000 Adecco Group AG shares) within five years of appointment. EC members with no shareholdings below have been appointed in 2018 or later. All EC members, with the exception of Valerie Beaulieu who joined in November 2020, have received unvested share units via the LTIP. The earliest grant for newly appointed EC members (i.e. the 2018 LTIP) is due to vest in March 2021. The reported share ownership and unvested share units of the active members of the EC, including related parties, is presented in Illustration 17.

Illustration 17: Shares/Unvested units owned by EC members as at 31 December 2020 and 31 December 2019

(in shares/unvested units)

Name	Shareholding as at 31 December 2020[1]	Unvested PSUs/RSUs as at 31 December 2020	Total as at 31 December 2020	Shareholding as at 31 December 2019[1]	Unvested PSUs/RSUs as at 31 December 2019	Total as at 31 December 2019
Alain Dehaze	70,010	144,380	214,390	49,360	157,829	207,189
Coram Williams[2]		49,250	49,250			
Christophe Catoir	12,479	31,979	44,458	9,469	33,256	42,725
Sergio Picarelli	28,400	49,166	77,566	22,531	54,160	76,691
Jan Gupta		16,450	16,450			
Stephan Howeg	12,957	23,213	36,170	9,265	22,596	31,861
Gordana Landen		48,022	48,022		31,369	31,369
Teppo Paavola		36,988	36,988		18,821	18,821
Enrique Sanchez	17,837	38,074	55,911	15,633	39,319	54,952
Ian Lee		26,049	26,049		17,056	17,056
Corinne Ripoche[3]	1,843	8,576	10,419			
Hans Ploos van Amstel[4]				8,483	67,506	75,989
Federico Vione[4]				15,469	47,008	62,477
Robert James[5]				1,712	24,626	26,338
Total	143,526	472,147	615,673	131,922	513,546	645,468

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Appointed as EC member as of May 2020.

3 Appointed as EC member as of July 2020.

4 Ceased to be a member of the EC in 2020.

5 Ceased to be a member of the EC in 2019.

7.1 Share awards held by and granted to EC members as at 31 December 2020

This section provides information on the share awards granted to EC members in 2020 and held as at 31 December 2020.

Illustration 18: Awards granted in 2020

Share awards held as at 31 December 2020 granted in 2020 under the LTIP:

Name	Share awards
Alain Dehaze	38,880
Total EC	**184,565**

8. Remuneration of the Board of Directors

8.1 Remuneration system

The remuneration system for the Board of Directors is unchanged compared to 2019 and has remained consistent for six years. In order to ensure independence in exercising their supervisory duties over executive management, the members of the Board receive fixed remuneration for their Board term of office without entitlement to variable remuneration. Two thirds of the Board fee is paid in cash and one third is paid in shares subject to a three-year blocking period. The blocking period supports the alignment of Board members' interests with those of the shareholders.

The remuneration in cash is paid out quarterly (for the Chair of the Board: monthly) and is subject to regular contributions to social security where applicable. The shares are transferred on a quarterly basis. Board members are not insured under the Company retirement plans.

When determining the individual Board members' remuneration, their various functions and responsibilities within the Board and its Committees are taken into consideration. The remuneration levels for the term of office from AGM 2020 - AGM 2021 are summarised in Illustration 19.

8.2 Shareholding guideline

Effective since AGM 2019, the Board members are required to hold a minimum of 5,000 Company shares within three years of introduction of the shareholding guideline (approved in 2019) or within three years of their first election to the Board. To calculate whether the minimum holding requirement is met, all shares granted as part of their remuneration are considered as beneficially owned, regardless of whether they are blocked or not. All Board members reached the minimum shareholding requirements by the end of 2020. The Board reviews compliance with the shareholding guideline on an annual basis.

8.3 Outlook for the term from AGM 2021 - AGM 2022

For the term from AGM 2021 - AGM 2022, it is anticipated that the remuneration structure for the Board will remain the same as for the term from AGM 2020 - AGM 2021.

8.4 Remuneration of the Board of Directors for 2020 and shareholdings as at 31 December 2020

For the amounts paid to the individual members of the Board in the period under review (1 January to 31 December 2020), refer to Illustration 20.

In 2020, the Board's total remuneration amounted to CHF 4.58 million (2019: CHF 4.78 million). Of this total, CHF 2.82 million was paid out in cash (2019: CHF 2.95 million), CHF 1.43 million was awarded in restricted shares (2019: CHF 1.5 million) and social contributions amounted to CHF 0.32 million (2019: CHF 0.33 million). While the remuneration structure (annual Board fee and Committee fees) remained unchanged, the total Board remuneration slightly decreased by 4% (excluding social contributions) versus the previous year. This is due to the composition of the Board of Directors in 2020 (seven members) versus 2019 (eight members).

At the AGM of 16 April 2019, shareholders approved an MTAR of CHF 5.1 million for the Board for the term from AGM 2019 until AGM 2020. The remuneration paid to the Board for that term was CHF 4.8 million and is therefore within the approved limits.

At the AGM of 16 April 2020, shareholders approved an MTAR of CHF 5.1 million for the Board for the term from AGM 2020 until AGM 2021. The remuneration paid to the Board for this ongoing term is anticipated to be approximately CHF 4.5 million. The final amount will be disclosed in the Remuneration Report 2021.

Illustration 19: Structure and levels of remuneration for the Board of Directors

	Cash (in CHF)	Shares[1] (in CHF)
Fees for the Board term (gross)		
Chair of the Board[2]	960,000	500,000
Vice-Chair of the Board[2]	300,000	150,000
Other members of the Board	166,670	83,330
Additional Committee fees (gross)		
Audit Committee Chair[3]	133,333	66,667
Other Committee Chairs[3]	100,000	50,000
Other Committee members	33,330	16,670

1 Paid in Adecco Group AG shares with a three-year blocking period.

2 No entitlement to additional fee for Committee work.

3 Amount includes fee for Committee membership for the Committee Chair.

Illustration 20: Board of Directors' remuneration for the financial year 2020 and 2019 (audited)

in CHF

Name	Function[1]	Remuneration period	Remuneration in cash	Remuneration in shares[2]	Total remuneration[3]	Social contributions[4]
Jean-Christophe Deslarzes[5]	Chair	2020	755,000	412,565	1,167,565	75,718
	CC Chair	2019	300,000	150,000	450,000	29,151
Kathleen Taylor	Vice-Chair	2020	300,000	150,139	450,139	29,836
	Vice-Chair	2019	300,000	150,000	450,000	29,151
Ariane Gorin	DC Chair	2020	300,000	150,139	450,139	60,638
	DC Chair	2019	283,333	141,667	425,000	57,138
Alexander Gut	GNC Chair	2020	300,000	150,139	450,139	29,836
	GNC Chair	2019	300,000	150,000	450,000	29,151
Didier Lamouche[6]	CC Chair	2020	283,333	141,804	425,137	0
	Member	2019	225,000	112,500	337,500	0
David Prince[7]	Member	2020	300,000	150,139	450,139	62,985
	Member	2019	308,333	154,167	462,500	64,577
Regula Wallimann	AC Chair	2020	300,000	150,139	450,139	29,836
	AC Chair	2019	275,000	137,500	412,500	26,792
Rolf Dörig[8]	Former Chair	2020	280,000	125,026	424,880	27,800
	Chair	2019	960,000	500,000	1,460,000	92,429
Total 2020			**2,818,333**	**1,430,090**	**4,268,277**	**316,649**
Total 2019			2,951,666	1,495,833	4,447,499	328,389

1 For more information on the functions of the individual members of the Board in the Board's Committees, refer to the Corporate Governance Report, section 3.4.

2 For 2020, paid with 32,050 Adecco Group AG shares at an average price of CHF 46.25 per share; for 2019, paid with 26,559 Adecco Group AG shares at an average price of CHF 56.54 per share.

3 Gross amounts, including Directors' social contributions required by law. Total remuneration for Rolf Dörig includes benefits-in-kind amounting to CHF 19,854.

4 Company's social contributions required by law. No contributions are paid to pension plans. No social contributions made in France for Didier Lamouche in 2020 or 2019.

5 Board Chair since April 2020.

6 Compensation Committee (CC) Chair since April 2020.

7 The total remuneration includes remuneration received for membership in the China Joint Venture Boards of FESCO Adecco as a non-executive Director in the amount of CHF 100,000.

8 Did not stand for re-election at AGM 2020. The remuneration covers the period January to April 2020.

8.5 Shares owned by Board members as at 31 December 2020 and 31 December 2019

The members of the Board are required to disclose to the Company any direct or indirect purchases and sales of equity-related securities of Adecco Group AG. The reported share ownership of the members of the Board, including related parties, is presented in Illustration 21.

Illustration 21: Shares owned by Board members as at 31 December 2020 and 31 December 2019

(in shares)

Name	Shareholding as at 31 December 2020[1]	Shareholding as at 31 December 2019[1]
Jean-Christophe Deslarzes	18,461	9,769
Kathleen Taylor	13,310	9,963
Ariane Gorin	8,924	5,577
Alexander Gut	29,666	26,319
Didier Lamouche	12,386	9,273
David Prince	16,652	18,753
Regula Wallimann	7,215	3,868
Rolf Dörig[2]		90,238
Total	106,614	173,760

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Member of the Board of Directors until 16 April 2020.

9. Additional disclosures for the EC and Board members

9.1 Additional fees and remuneration of the EC and Board members (audited)

Apart from the remuneration disclosed in sections 5.3, 7.1 and 8.4, no member of the EC and Board has received any additional remuneration in 2020.

9.2 Loans granted to the EC and Board members (audited)

In 2020, the Company did not grant any guarantees, loans, advances or credits to current or former EC members or Board members. No such loans were outstanding as of 31 December 2020.

9.3 Remuneration of former members of the EC and Board (audited)

Under the former EC members' contracts and in line with LTIP rules, payments amounting to CHF 188,438 (2019: 951,298) were made to three former EC members. No other payments (or waivers of claims) were made to EC members, Board members or closely linked parties.

9.4 Shares allocated to members of the EC, Board and closely linked parties (audited)

In 2020, part of the remuneration of the Board members was paid in Adecco Group AG shares (refer to Illustration 20: Remuneration of the Board of Directors' for the financial year 2020 and 2019), and under the LTIP, shares were allocated to EC members (refer to Illustration 16: EC remuneration for the financial year 2020 and 2019).

No further Adecco Group AG shares were allocated to current or former members of the EC and Board or closely linked parties.

9.5 Remuneration or loans to closely linked parties (audited)

In 2020, no remuneration was paid out, no shares allocated, and no guarantees, loans, advances or credits were granted to closely linked parties. No such loans were outstanding as at 31 December 2020.

We have audited the remuneration report of Adecco Group AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" on pages 109 to 114 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2020 of Adecco Group AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

/s/ Jolanda Dolente	/s/ Roland Ruprecht
Jolanda Dolente Licensed audit expert (Auditor in charge)	**Roland Ruprecht** Licensed audit expert

Zurich, 10 March 2021

Financial statements

Financial Statements

Selected financial information

in millions, except share and per share information

For the fiscal years (in EUR)	2020	2019	2018	2017	2016
Statements of operations					
Revenues	**19,561**	23,427	23,867	23,660	22,708
Amortisation of intangible assets	**(81)**	(64)	(52)	(32)	(34)
Impairment of goodwill	**(362)**		(270)		
Impairment of intangible assets	**(9)**	(20)		(129)	
Operating income	**118**	904	665	990	1,064
Net income/(loss) attributable to Adecco Group shareholders	**(98)**	727	458	788	723

As of (in EUR)	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Balance sheets					
Cash and cash equivalents and short-term investments	**1,485**	1,351	652	962	1,128
Trade accounts receivable, net	**3,870**	4,310	4,432	4,440	4,268
Operating lease right-of-use assets	**395**	432			
Goodwill	**2,339**	2,846	2,994	2,895	3,051
Total assets	**9,792**	10,571	9,718	9,890	10,099
Short-term debt and current maturities of long-term debt	**294**	172	267	394	345
Accounts payable and accrued expenses	**3,990**	4,106	4,084	4,066	4,031
Total operating lease liabilities	**429**	461			
Long-term debt, less current maturities	**1,567**	1,577	1,509	1,562	1,670
Total liabilities	**6,574**	6,623	6,129	6,308	6,377
Total shareholders' equity	**3,218**	3,948	3,589	3,582	3,722

For the fiscal years (in EUR)	2020	2019	2018	2017	2016
Cash flows from operations					
Cash flows from operating activities	**720**	880	727	737	694
Cash flows from/(used in) investing activities	**(162)**	324	(344)	(113)	(132)
Cash used in financing activities	**(290)**	(524)	(682)	(695)	(589)
Other indicators					
Capital expenditures	**157**	156	158	100	76

As of	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Other indicators					
Net debt (in EUR)[1]	**376**	398	1,124	994	887
Additional statistics					
Number of FTE employees at year end (approximate)	**30,000**	35,000	35,000	34,000	33,000

1 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. The calculation of net debt based upon financial measures in accordance with US GAAP is presented on page 64.

Consolidated balance sheets

in millions, except share and per share information

As of (in EUR)	Note	31.12.2020	31.12.2019
Assets			
Current assets:			
• Cash and cash equivalents		1,485	1,351
• Trade accounts receivable, net	4	3,870	4,310
• Other current assets		399	282
Total current assets		**5,754**	**5,943**
Property, equipment, and leasehold improvements, net	5	305	318
Operating lease right-of-use assets	9	395	432
Equity method investments	8	109	83
Other assets		645	617
Intangible assets, net	3, 6	245	332
Goodwill	3, 6	2,339	2,846
Total assets		**9,792**	**10,571**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Accounts payable and accrued expenses:			
•• Accounts payable		766	829
•• Accrued salaries and wages		657	668
•• Accrued payroll taxes and employee benefits		1,244	1,253
•• Accrued sales and value-added taxes		493	467
•• Accrued income taxes		52	164
•• Other accrued expenses	7	778	725
• Total accounts payable and accrued expenses		3,990	4,106
• Current operating lease liabilities	7, 9	178	196
• Short-term debt and current maturities of long-term debt	10	294	172
Total current liabilities		**4,462**	**4,474**
Operating lease liabilities	7, 9	251	265
Long-term debt, less current maturities	10	1,567	1,577
Other liabilities		294	307
Total liabilities		**6,574**	**6,623**
Shareholders' equity			
Adecco Group shareholders' equity:			
• Common shares	11	10	10
• Additional paid-in capital	11	582	580
• Treasury shares, at cost	11	(89)	(66)
• Retained earnings		3,139	3,629
• Accumulated other comprehensive income/(loss), net	11	(433)	(213)
Total Adecco Group shareholders' equity		**3,209**	**3,940**
Noncontrolling interests		9	8
Total shareholders' equity		**3,218**	**3,948**
Total liabilities and shareholders' equity		**9,792**	**10,571**

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 fiscal years ended 31 December (in EUR)	Note	2020	2019	2018
Revenues	2, 19	19,561	23,427	23,867
Direct costs of services		(15,772)	(18,923)	(19,434)
Gross profit		**3,789**	**4,504**	**4,433**
Selling, general, and administrative expenses	7	(3,239)	(3,519)	(3,446)
Proportionate net income of equity method investment FESCO Adecco	8	20	3	
Amortisation of intangible assets	6	(81)	(64)	(52)
Impairment of goodwill	6	(362)		(270)
Impairment of intangible assets	6	(9)	(20)	
Operating income	19	**118**	**904**	**665**
Interest expense		(30)	(35)	(38)
Other income/(expenses), net	16	(20)	207	100
Income before income taxes		**68**	**1,076**	**727**
Provision for income taxes	17	(165)	(348)	(267)
Net income/(loss)		**(97)**	**728**	**460**
Net income attributable to noncontrolling interests		(1)	(1)	(2)
Net income/(loss) attributable to Adecco Group shareholders		**(98)**	**727**	**458**
Basic earnings/(loss) per share	18	**(0.61)**	**4.48**	**2.77**
Basic weighted-average shares	18	161,426,423	162,211,290	165,394,453
Diluted earnings/(loss) per share	18	**(0.61)**	**4.47**	**2.77**
Diluted weighted-average shares	18	162,011,135	162,542,226	165,681,920

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 fiscal years ended 31 December (in EUR)	Note	2020	2019	2018
Net income/(loss)		(97)	728	460
Other comprehensive income/(loss), net of tax:				
• Currency translation adjustment of long-term intercompany loans (net of tax of, 2020: EUR 1, 2019: less than EUR (1), 2018: less than EUR 1)		(9)	4	(9)
• Currency translation adjustment of net investment hedges (net of tax of, 2020: EUR (5), 2019: EUR (1), 2018: less than EUR 1)	14	52	9	(4)
• Currency translation adjustment related to share cancellation			2	(8)
• Currency translation adjustment excluding long-term intercompany loans, net investment hedges, and share cancellation (net of tax of, 2020: less than EUR (1), 2019: EUR 2, 2018: less than EUR 1)		(234)	61	60
• Change in pension prior years' service costs (net of tax of, 2019: EUR 4)	13		(4)	
• Change in net actuarial gain/(loss) on pensions (net of tax of, 2020: EUR 2, 2019: EUR 1, 2018: EUR 5)	13	(14)	(10)	(20)
• Change in fair value of securities (net of tax of, 2020: less than EUR (1), 2019: less than EUR (1), 2018: less than EUR 1)	14	1	1	
• Change in fair value of cash flow hedges (net of tax of, 2020: EUR 5, 2019: EUR 2, 2018: less than EUR 1)	14	(16)	(3)	(1)
Total other comprehensive income/(loss)		(220)	60	18
Total comprehensive income/(loss)		**(317)**	**788**	**478**
Less comprehensive income attributable to noncontrolling interests		(1)	(1)	(2)
Comprehensive income/(loss) attributable to Adecco Group shareholders		**(318)**	**787**	**476**

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 fiscal years ended 31 December (in EUR)	**2020**	2019	2018
Cash flows from operating activities			
Net income/(loss)	(97)	728	460
Adjustments to reconcile net income/(loss) to cash flows from operating activities:			
• Depreciation and amortisation	209	171	138
• Impairment of goodwill	362		270
• Impairment of intangible assets	9	20	
• Gain on divestiture of Soliant		(248)	
• Gain on divestiture of Beeline			(113)
• Loss on buyback of long-term debt		10	
• Bad debt expense	33	25	20
• Stock-based compensation	16	12	12
• Deferred tax provision/(benefit)	(12)	(54)	(25)
• Other, net	49	70	49
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
• Trade accounts receivable	235	91	19
• Accounts payable and accrued expenses	38	57	(112)
• Other assets and liabilities	(122)	(2)	9
Cash flows from operating activities	**720**	**880**	**727**
Cash flows from investing activities			
Capital expenditures	(157)	(156)	(158)
Proceeds from sale of property and equipment	2	1	
Acquisition of Vettery, net of cash and restricted cash acquired			(77)
Acquisition of General Assembly, net of cash and restricted cash acquired			(316)
Proceeds from divestiture of Soliant, net of cash and restricted cash divested		544	
Proceeds from divestiture of Beeline, net of cash and restricted cash divested			226
Cash settlements on derivative instruments	24	(39)	(4)
Purchase of short-term investments			(1)
Proceeds from sale of short-term investments			4
Other acquisition and investing activities, net of cash and restricted cash acquired	(31)	(26)	(18)
Cash flows from/(used in) investing activities	**(162)**	**324**	**(344)**

Consolidated statements of cash flows (continued)

in millions, except share and per share information

For the fiscal years ended 31 December (in EUR)	2020	2019	2018
Cash flows from financing activities			
Borrowings of short-term debt under the commercial paper programme	25		370
Repayment of short-term debt under the commercial paper programme	(25)		(370)
Other net increase/(decrease) in short-term debt	(2)		
Borrowings of long-term debt, net of issuance costs	259	353	135
Repayment of long-term debt	(117)	(215)	(350)
Buyback of long-term debt		(211)	
Dividends paid to shareholders	(381)	(360)	(350)
Purchase of treasury shares	(46)	(87)	(115)
Other financing activities, net	(3)	(4)	(2)
Cash used in financing activities	**(290)**	**(524)**	**(682)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(116)**	**18**	**14**
Net increase/(decrease) in cash, cash equivalents and restricted cash	**152**	**698**	**(285)**
Cash, cash equivalents and restricted cash:			
• Beginning of year	1,416	718	1,003
• End of year	1,568	1,416	718

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 fiscal years ended 31 December (in EUR)	2020	2019	2018
Reconciliation of cash, cash equivalents and restricted cash at beginning of year:			
Current assets:			
• Cash and cash equivalents	1,351	652	958
• Restricted cash included in Other current assets	18	10	8
Non-current assets:			
• Restricted cash included in Other assets	47	56	37
Cash, cash equivalents and restricted cash at beginning of year	1,416	718	1,003
Reconciliation of cash, cash equivalents and restricted cash at end of year:			
Current assets:			
• Cash and cash equivalents	1,485	1,351	652
• Restricted cash included in Other current assets	42	18	10
Non-current assets:			
• Restricted cash included in Other assets	41	47	56
Cash, cash equivalents and restricted cash at end of year	1,568	1,416	718
Supplemental disclosures of cash paid			
Cash paid for interest	20	19	44
Cash paid for income taxes	290	256	290

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

Consolidated statements of changes in shareholders' 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 2018	**11**	**579**	**(338)**	**3,594**	**(291)**	**8**	**3,563**
Comprehensive income:							
Net income				458		2	460
Other comprehensive income/(loss)					18		18
Total comprehensive income							**478**
Stock-based compensation		12					12
Vesting of share awards		(14)	15				1
Treasury shares purchased on second trading line			(113)				(113)
Other treasury share transactions			(5)				(5)
Cash dividends, CHF 2.50 per share				(353)			(353)
Share cancellation	(1)		300	(292)			7
Other		1				(2)	(1)
31 December 2018	**10**	**578**	**(141)**	**3,407**	**(273)**	**8**	**3,589**
Comprehensive income:							
Net income				727		1	728
Other comprehensive income/(loss)					60		60
Total comprehensive income							**788**
Stock-based compensation		12					12
Vesting of share awards		(11)	11				
Treasury shares purchased on second trading line			(61)				(61)
Other treasury share transactions			(15)				(15)
Cash dividends, CHF 2.50 per share				(363)			(363)
Share cancellation			140	(142)			(2)
Other		1				(1)	
31 December 2019	**10**	**580**	**(66)**	**3,629**	**(213)**	**8**	**3,948**
Comprehensive income:							
Net loss				(98)		1	(97)
Other comprehensive income/(loss)					(220)		(220)
Total comprehensive loss							**(317)**
Stock-based compensation		16					16
Vesting of share awards		(14)	13				(1)
Other treasury share transactions			(46)				(46)
Cash dividends, CHF 2.50 per share				(381)			(381)
Share cancellation			10	(11)			(1)
31 December 2020	**10**	**582**	**(89)**	**3,139**	**(433)**	**9**	**3,218**

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 – The business and summary of significant accounting policies

Business

The consolidated 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's principal business is providing human resource services including temporary staffing, permanent placement, career transition, and other services to businesses and organisations throughout Europe, North America, Asia Pacific, South America, and North Africa. At the end of 2020, the Company's worldwide network consists of approximately 4,800 branches and more than 30,000 full-time equivalent (FTE) employees in 60 countries and territories.

The Company is organised in a geographical structure plus the global 'Career Transition & Talent Development' (CTTD) business, which corresponds to the primary segments. This structure is complemented by secondary segment reporting (brands). The segments consist of: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Career Transition & Talent Development; and the Rest of World segments that comprise Australia & New Zealand; Latin America; Eastern Europe and Middle East & North Africa; Asia; and India segments. Effective 1 January 2020, the Company updated its secondary segment reporting to better align with its go-to-market strategy and its global brand structure. The brand structure consists of: Workforce Solutions (comprising the Adecco brand); Professional Solutions (comprising Modis, Badenoch + Clark/Spring Professional, and Other Professional Brands); and Talent Solutions & Ventures (comprising LHH, Pontoon, and Ventures). This change had no impact on the Company's primary segment reporting.

Effective 1 January 2021, the Company has updated its primary segment reporting to align with the changes in Executive Committee responsibilities. The primary segment reporting will transition to a brand-driven organisational model structured around solutions-based business groups comprising Adecco (Americas; France; Northern Europe; DACH (Germany, Austria, Switzerland); Southern Europe & EEMENA; and Asia Pacific), Modis, and Talent Solutions. The structure will be complemented by secondary segment reporting of service lines (comprising Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Upskilling & Reskilling).

Basis of presentation

The consolidated financial statements are prepared in accordance with US generally accepted accounting principles (US GAAP) and the provisions of Swiss law.

Reporting currency

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.

Foreign currency translation

The Company's operations are conducted in various countries around the world and the financial statements of foreign subsidiaries are reported in the applicable foreign currencies (functional currencies). Financial information is translated from the applicable functional currency to the Euro, the reporting currency, for inclusion in the Company's consolidated financial statements. Income, expenses, and cash flows are translated at average exchange rates prevailing during the fiscal year or at transaction exchange rates, and assets and liabilities are translated at fiscal year-end exchange rates. Resulting translation adjustments are included as a component of accumulated other comprehensive income/(loss), net, in shareholders' equity. Exchange gains and losses on intercompany balances that are considered permanently invested are also included in equity.

Hyperinflationary economies

Local subsidiaries in hyperinflationary economies are required to use the Euro as their functional currency and remeasure the monetary assets and liabilities not denominated in Euro using the applicable rate in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 830, "Foreign Currency Matters" (ASC 830). All exchange gains and losses resulting from remeasurement are recognised in net income.

Principles of consolidation

The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses, income, loss, and cash flows of Adecco Group AG, its consolidated subsidiaries and entities for which the Company has been determined to be the primary beneficiary under ASC 810, "Consolidation" (ASC 810). As of 31 December 2020, the consolidated subsidiaries include all majority-owned subsidiaries of the Company. Noncontrolling interests for entities fully consolidated but not wholly owned by the Company are accounted for in accordance with ASC 810 and are reported as a component of equity. Intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Company accounts for variable interest entities (VIEs) in accordance with ASC 810, which requires the consolidation of a VIE in which an entity is considered the primary beneficiary. The primary beneficiary of a VIE is the enterprise that has both the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. An entity is required to perform a qualitative and a quantitative analysis to determine whether it has a controlling financial interest in a VIE.

Investments

The Company records investments in affiliates over which it is able to exercise significant influence using the equity method of accounting. Under the equity method of accounting, investments are recorded at cost and are subsequently increased or reduced to reflect the Company's share of income or losses of the investee. The proportionate share of earnings is presented within "Other income/(expenses), net", unless the investee is considered integral to the Company's operations, in which case the proportionate share of earnings is presented as a separate component of operating income on the face of the Consolidated statements of operations. Profits on transactions with equity affiliates are eliminated to the extent of the Company's ownership in the investee. Dividends from equity method investees are reflected as reductions of the carrying values of the applicable investments.

The cost method of accounting is applied for investments in entities which do not have readily determinable fair values and over which the Company is not able to exercise significant influence (generally investments in which the Company's ownership is less than 20%).

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. Due to the continuing effects of the Covid-19 pandemic and related government response measures there is currently a higher degree of uncertainty in making the judgements, assumptions and estimates required in the consolidated financial statements and accompanying notes. Given the dynamic nature of these circumstances, more frequent and potentially more significant reassessments and adjustments to estimates in future periods may occur. 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.

Recognition of revenues

The Company generates revenues from sales of temporary staffing services, permanent placement services, career transition, and other services. Refer to Note 2 for further details.

Marketing expenses

Marketing expenses totalled EUR 88, EUR 105 and EUR 101 in 2020, 2019, and 2018, respectively. These costs are included in selling, general, and administrative expenses (SG&A) and are generally expensed as incurred.

Government subsidies and grants

Government subsidies and grants are recognised when it is probable that the Company will comply with the respective qualifying conditions set forth by the grantor. Government subsidies and grants earned, which are intended to compensate for expenses incurred, are recorded net against the related expenses in the same period in which those expenses are incurred.

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, cash subsidies received from authorities but owed to third parties, and funds set aside in connection with outstanding options and warrants arising from acquisitions.

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 at differing percentages based on the age of the receivable. In determining these percentages, the Company analyses its historical collection experience and current economic trends. 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.

Property, equipment, and leasehold improvements

Property and equipment are carried at historical cost and are depreciated on a straight-line basis over their estimated useful lives (generally three to ten years for furniture, fixtures, and office equipment; three to five years for computer equipment and software; and 20 to 40 years for buildings). Leasehold improvements are stated at cost and are depreciated over the shorter of the useful life of the improvement or the remaining lease term, which includes the expected lease renewal. Expenditures for repairs and maintenance are expensed as incurred.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Capitalised software costs

The Company capitalises purchased software as well as internally developed software. Internal and external costs incurred to develop internal use software during the application development stage are capitalised. Application development stage costs generally include software configuration, coding, installation, and testing. Costs incurred for maintenance, testing minor upgrades, and minor enhancements are expensed as incurred. Capitalised software costs are included in property, equipment, and leasehold improvements, net. Capitalised costs are depreciated on a straight-line basis over the estimated useful life commencing once the software is ready for its intended use, generally three to five years.

Goodwill and indefinite-lived intangible assets

Goodwill represents the excess of the purchase price in a business combination over the value assigned to the net tangible and identifiable intangible assets of businesses acquired less liabilities assumed. We complete our final assessments of the fair value of the acquired assets and assumed liabilities and our final evaluations of uncertain tax positions and contingencies within one year of the acquisition date. In accordance with ASC 350, "Intangibles – Goodwill and Other" (ASC 350), goodwill and indefinite-lived intangible assets are not amortised. Rather, the carrying value of goodwill and indefinite-lived intangible assets is tested annually for impairment.

Goodwill is tested on a reporting unit level using a quantitative impairment test. Reporting units may be operating segments as a whole or an operation one level below an operating segment, referred to as a component. The carrying value of each reporting unit is compared to the reporting unit's fair value as determined using a combination of comparable market multiples, additional market information, and discounted cash flow valuation models. If the fair value of the reporting unit is lower than the carrying value of the reporting unit, an impairment charge is recorded in operating income.

Indefinite-lived intangible assets are tested by comparing the fair value of the asset to the carrying value of the asset. In the event that the carrying value exceeds the fair value, an impairment charge is recorded in operating income.

Definite-lived intangible assets

In accordance with ASC 805, "Business Combinations" (ASC 805), purchased identifiable intangible assets are capitalised at fair value as of the acquisition date. Intangible assets with definite lives, primarily marketing-related (trade names), and customer relationships, are generally amortised on a straight-line basis over the estimated period in which benefits are received, which generally ranges from one to ten years.

Impairment of long-lived assets including definite-lived intangible assets

The Company evaluates long-lived assets, including intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets". The asset is regarded as not recoverable if the carrying amount exceeds the undiscounted future cash flows. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is calculated using a discounted cash flow model.

Accounting for restructuring costs

In recording severance reserves for ongoing benefits, the Company accrues a liability when the following conditions have been met: the employees' rights to receive compensation are attributable to employees' services already rendered; the obligation relates to rights that vest or accumulate; payment of the compensation is probable; and the amount can be reasonably estimated. For one-time termination benefits which require employees to render services beyond a "minimum retention period", liabilities associated with employee termination benefits are recorded as employees render services over the future service period. Otherwise, liabilities associated with employee one-time termination benefits are recorded at the point when management has taken a decision to terminate a specific group of employees, the employees have been notified of the decision, and the type and amount of benefits to be received by the employees is known. Liabilities for non-lease related contract termination and other exit costs are recorded at fair value when a contract is formally terminated in accordance with the contract term, or the Company ceases using the right conveyed by the contract.

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.

Nonlease components are separated from lease components for real estate lease contracts, while there is no separation between lease and nonlease components for motor vehicle lease contracts. The Company considers consideration paid in relation to separated nonlease 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 13 years; some contain options to extend the lease term or to terminate the lease with a notice period. The Company considers lease and nonlease 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 Company applies the incremental borrowing rate using the portfolio approach to portfolios of similar assets. 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.

Income taxes

The Company accounts for income taxes and uncertainty in income taxes recognised in the Company's financial statements in accordance with ASC 740, "Income Taxes" (ASC 740). ASC 740 prescribes a recognition threshold and measurement attribute for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Current liabilities and assets are recognised for the estimated payable or refundable taxes on the tax returns for the current year. Deferred tax assets and liabilities are determined based on temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and includes the future tax benefit of existing net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets in those cases when management does not believe that the realisation is more likely than not. While management believes that its judgements and estimates regarding deferred tax assets and liabilities are appropriate, significant differences in actual experience may materially affect the Company's future financial results.

In addition, significant judgement is required in determining the worldwide provision for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. Many of these uncertainties arise as a consequence of intercompany transactions and arrangements. Although management believes that its tax return positions are supportable, no assurance can be given that the final outcome of these matters will not be materially different from amounts reflected in the income tax provisions and accruals. Such differences could have a material effect on the income tax provisions or benefits in the periods in which such determinations are made.

Earnings per share

In accordance with ASC 260, "Earnings per Share" (ASC 260), basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to Adecco Group shareholders by the number of weighted-average shares for the fiscal year. Diluted earnings/(loss) per share reflects the maximum potential dilution that could occur if dilutive securities, such as stock options, non-vested shares or convertible debt, were exercised or converted into common shares or resulted in the issuance of common shares that would participate in net income attributable to Adecco Group shareholders.

Financial instruments

In accordance with ASC 815, "Derivatives and Hedging" (ASC 815), all derivative instruments are initially recognised at fair value as either Other current assets, Other assets, Other accrued expenses, or Other liabilities in the accompanying consolidated balance sheets regardless of the purpose or intent for holding the derivative instruments. The derivatives are subsequently remeasured to fair value at the end of each reporting period. For derivative instruments designated and qualifying as fair value hedges, changes in the fair value of the derivative instruments as well as the changes in the fair value of the hedged item attributable to the hedged risk are recognised within the same line item in earnings. Any cash flow impact on settlement of these contracts is classified within the consolidated statements of cash flows according to the nature of the hedged item. For derivative instruments designated and qualifying as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is initially recorded as a component of Accumulated other comprehensive income/(loss), net, in shareholders' equity and reclassified into earnings in the period during which the hedged transaction impacts earnings. The ineffective portion of the change in fair value of the derivative instruments is immediately recognised in earnings. The cash flow impact on settlement of these contracts is classified according to the nature of the hedged item. For derivative instruments designated and qualifying as net investment hedges, changes in the fair value of the derivative instruments are recorded as a component of Accumulated other comprehensive income/(loss), net, in shareholders' equity to the extent they are considered effective. These gains or losses will remain in equity until the related net investment is sold or otherwise disposed of. The cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

For derivative instruments that are not designated or that do not qualify as hedges under ASC 815, the changes in the fair value of the derivative instruments are recognised in Other income/(expenses), net, within the consolidated statements of operations. Any cash flow impact on settlement of these contracts is classified as cash flows from investing activities.

Notes to consolidated financial statements (continued)

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Fair value measurement

The Company accounts for assets and liabilities which are required to be recorded at fair value in accordance with ASC 820, "Fair Value Measurements" (ASC 820). Fair value is defined by ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritises the inputs used to measure fair value. The hierarchy requires entities to maximise the use of observable inputs and minimise the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The Company measures fair value using unadjusted quoted market prices. If quoted market prices are not available, fair value is based upon internally developed models that use, whenever possible, current market-based parameters, such as interest rate curves and currency exchange rates. The Company also utilises independent third-party pricing services. When appropriate, valuations are adjusted to reflect credit considerations, generally based on available market evidence.

Investments in private equity, real estate and collective funds held within our pension plans are generally valued using the net asset value (NAV) per share as a practical expedient for fair value provided certain criteria are met. The NAVs are determined based on the fair values of the underlying investments in the funds. These assets are not classified in the fair value hierarchy but are separately disclosed.

CICE (tax credit for competitiveness and employment)

At the end of 2012, the French government introduced a tax relief programme known as CICE (tax credit for competitiveness and employment) for all companies operating in France. This provided employers with a tax credit on employee salaries up to 2.5 times the minimum wage, with CICE earned creditable against current income tax payable in France with any remaining amount paid after three years from earning. For 2018 the rate of the tax credit was 6%. In 2019 CICE was replaced by social charge reductions.

New accounting guidance

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13). The new guidance requires the use of a "current expected credit loss" model for most financial assets. Under the new 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 new guidance is effective for the Company for fiscal years beginning after 15 December 2022 including interim periods within those fiscal years. The Company plans to adopt this guidance as of 1 January 2023 and is currently assessing the impact of this guidance on the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes", which, among other things, removes specific exceptions for recognising deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods, as well as targeted impacts to the accounting for taxes under hybrid tax regimes. The Company early-adopted ASU 2019-12 in 2020 with no material impact on the consolidated financial statements.

Presentation and reclassifications

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

Other disclosures required by Swiss law

The detailed disclosures regarding the executive remuneration that are required by Swiss law are included in the Remuneration Report.

Note 2 – Revenues

Recognition of 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:

in EUR	2020	2019[1]	2018[1]
Temporary staffing	16,704	20,317	20,986
Permanent placement	406	578	567
Career transition	386	349	335
Other	2,065	2,183	1,979
Total revenues	**19,561**	**23,427**	**23,867**

1 2018 and 2019 Temporary staffing and Other have been restated to conform with the current period presentation. In the Rest of World region, a category of Other activities was reclassified to Temporary staffing.

In Note 19, revenues are additionally disaggregated by segment, country and brand.

Temporary staffing

Revenues related to temporary staffing 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. Temporary staffing contract durations can range from less than one month to multiple years but generally may be terminated earlier if appropriate notice is provided. Temporary staffing 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 temporary services in the following operating segments: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Australia & New Zealand; Latin America; Eastern Europe, Middle East & North Africa; Asia; and India.

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 Other accrued expenses and recorded as a reduction of revenue. The Company provides permanent placement services in the following operating segments: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Australia & New Zealand; Latin America; Eastern Europe, Middle East & North Africa; Asia; India; and Career Transition & Talent Development.

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 Other 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: Italy; Eastern Europe, Middle East & North Africa; India; and Career Transition & Talent Development.

Other services

Revenues related to other services include outsourcing, Managed Service Programmes (MSP), Recruitment Process Outsourcing (RPO), and talent development. Other services are generally recognised over time as the services are performed in the amount to which the Company has a right to invoice. Fees invoiced prior to providing services are deferred and recorded in Other accrued expenses until the services are rendered. The Company provides other services in the following operating segments: France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Career Transition & Talent Development; Australia & New Zealand; Latin America; Eastern Europe, Middle East & North Africa; Asia; and India.

Principal vs agent

The Company determines whether it is a principal or an agent by evaluating whether 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.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

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 type and location of our 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 on 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.

Practical expedients and exemptions

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 temporary staffing 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.

Note 3 – Acquisitions

The Company made acquisitions in 2020, 2019, and 2018. The Company does not consider any of its 2020, 2019, and 2018 acquisition transactions to be material, individually or in the aggregate, to its consolidated balance sheets or statements of operations.

The aggregate impact of acquisitions in 2020 and 2019 is as follows:

in EUR	**2020**	2019
Impact of acquisitions		
Net tangible assets/(liabilities) acquired	(3)	2
Identified intangible assets	10	8
Goodwill	19	2
Deferred tax assets/(liabilities), net		(1)
Total consideration	**26**	**11**

Total acquisition-related costs expensed in 2020, 2019, and 2018 were not significant. Acquisition-related costs are included in SG&A within the consolidated statements of operations.

Note 4 – Trade accounts receivable

in EUR	**31.12.2020**	31.12.2019
Trade accounts receivable	3,942	4,385
Allowance for doubtful accounts	(72)	(75)
Trade accounts receivable, net	**3,870**	**4,310**

Note 5 – Property, equipment, and leasehold improvements

in EUR	31.12.2020 Gross	31.12.2020 Accumulated depreciation	31.12.2019 Gross	31.12.2019 Accumulated depreciation
Land and buildings	3	(2)	3	(2)
Furniture, fixtures, and office equipment	106	(81)	118	(88)
Computer equipment	162	(121)	191	(144)
Capitalised software	634	(467)	606	(428)
Leasehold improvements	205	(134)	216	(154)
Total property, equipment, and leasehold improvements	**1,110**	**(805)**	**1,134**	**(816)**

Depreciation expense was EUR 128, EUR 107 and EUR 86 for 2020, 2019, and 2018, respectively.

In 2020, a write-down of EUR 18 due to changes in the expected use of certain capitalised software was recorded across multiple segments and included in SG&A within the consolidated statements of operations.

The Company recorded EUR 73, EUR 52, and EUR 35 of depreciation expense in connection with capitalised software in 2020, 2019, and 2018, respectively. The estimated future depreciation expense related to computer software is EUR 71 in 2021, EUR 57 in 2022, EUR 33 in 2023, EUR 5 in 2024 and EUR 1 in 2025.

Note 6 – Goodwill and intangible assets

The changes in the carrying amount of goodwill for the years ended 31 December 2020 and 31 December 2019 are as follows:

in EUR	France	N. America, UK & I. General Staffing	N. America, UK & I. Professional Staffing	Germany, Austria, Switzerland	Japan	Italy	Benelux & Nordics	Career Transition & Talent Development	Other	Total
Changes in goodwill										
1 January 2019	**235**	**389**	**1,004**	**361**	**91**	**–**	**246**	**601**	**67**	**2,994**
Additions				1				1		2
Allocation to disposals/deconsolidations			(216)							(216)
Currency translation adjustment		13	34		2			18	(1)	66
31 December 2019	**235**	**402**	**822**	**362**	**93**	**–**	**246**	**620**	**66**	**2,846**
Additions	6		11					2		19
Allocation to disposals/deconsolidations							(22)		(4)	(26)
Impairment charge				(362)						(362)
Currency translation adjustment		(30)	(63)		(3)		(3)	(39)		(138)
31 December 2020	**241**	**372**	**770**	**–**	**90**	**–**	**221**	**583**	**62**	**2,339**

As of 31 December 2020 and 31 December 2019, the gross goodwill amounted to EUR 3,888 and EUR 4,037, respectively.

As of 31 December 2020, accumulated impairment charges amounted to EUR 1,549 of which EUR 1,405 in Germany, Austria, Switzerland, EUR 82 in Australia & New Zealand, EUR 16 in N. America, UK & I. General Staffing, EUR 38 in N. America, UK & I. Professional Staffing, and EUR 8 in India, impacted by fluctuations in exchange rates.

As of 31 December 2019, accumulated impairment charges amounted to EUR 1,191 of which EUR 1,043 in Germany, Austria, Switzerland, EUR 82 in Australia & New Zealand, EUR 17 in N. America, UK & I. General Staffing, EUR 40 in N. America, UK & I. Professional Staffing, and EUR 9 in India, impacted by fluctuations in exchange rates.

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Goodwill is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount of goodwill may be impaired. In March 2020, the Company performed an interim goodwill impairment test based on management's revised five-year projections for sales and earnings and consequently recognised an impairment in Germany, Austria, Switzerland of EUR 362. The revision of management's five-year projections for sales and earnings was driven by the unprecedented degree of uncertainty related to Covid-19, compounding already challenging market dynamics in Germany. The Company performed its annual impairment test of goodwill in the fourth quarter of 2020, 2019, and 2018. The annual impairment test of goodwill in the fourth quarter of 2020 reflected management's latest projections considering its best estimates of the continued effects of and responses to the global Covid-19 pandemic. No indication of further impairment was identified. During the annual impairment test in the fourth quarter of 2019, no indication of impairment was identified. The annual impairment test of goodwill in the fourth quarter of 2018 resulted in an impairment charge in Germany, Austria, Switzerland of EUR 270.

In determining the fair value of the reporting units, the Company uses expected future revenue growth rates and profit margins, and for the long-term value a long-term growth rate of maximum 2.0%. For each reporting unit, projected cash flows are discounted to their net present values. Discount rates used during the Company's goodwill impairment tests in 2020, 2019, and 2018 ranged from 6.4% to 8.2%.

The carrying amounts of other intangible assets as of 31 December 2020 and 31 December 2019 are as follows:

	31.12.2020		31.12.2019	
in EUR	Gross	Accumulated amortisation	Gross	Accumulated amortisation
Intangible assets				
Marketing-related (trade names)	263	(61)	273	(32)
Customer base	164	(141)	193	(150)
Contract	34	(19)	57	(24)
Acquired technology	24	(19)	29	(15)
Other	3	(3)	3	(2)
Total intangible assets	**488**	**(243)**	**555**	**(223)**

Amortisation expense was EUR 81, EUR 64, and EUR 52 for 2020, 2019, and 2018, respectively.

The carrying amount of indefinite-lived intangible assets was EUR 130 and EUR 131 as of 31 December 2020 and 31 December 2019, respectively. Indefinite-lived intangible assets consist of trade names.

The Company performed its annual impairment test of indefinite-lived intangible assets in the fourth quarter of 2020, 2019, and 2018. The Company's November 2020 acquisition of Hired and the resulting strategic shift of existing digital business to the acquired technological platform triggered an impairment charge of EUR 9 in relation to certain existing definite-lived intangible assets (acquired technology, contracts and trade name) in the fourth quarter of 2020. In 2020, there was no other indication of impairment. In 2019 an impairment of intangible assets (trade names) of EUR 20 was recognised as the Company continues to streamline its brand portfolio. In 2018 the Company determined that there was no indication of impairment.

The estimated future amortisation expense related to definite-lived intangible assets is EUR 63 in 2021, EUR 43 in 2022, EUR 8 in 2023 and EUR 1 in 2024. The weighted-average amortisation period for customer base intangible assets is five years.

Note 7 – Restructuring

In 2020, the Company initiated several restructuring plans in response to the unprecedented economic impact created by the Covid-19 pandemic. Additionally, in 2017 the Company launched the GrowTogether programme to strengthen the core of its business in order to accelerate profitable growth, improve client and candidate experience, and enhance productivity.

Total restructuring costs incurred by the Company in 2020 and 2019 amounted to EUR 129 and EUR 70, respectively. Restructuring expenses are recorded in SG&A and mainly represent headcount reductions and branch optimisation. Given the dynamic nature of the Covid-19 pandemic, 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	2020	Cumulative costs incurred to 31.12.2020
Restructuring costs		
France	6	16
N. America, UK & I. General Staffing	17	23
N. America, UK & I. Professional Staffing	19	33
Germany, Austria, Switzerland	55	98
Benelux & Nordics	9	17
Italy		1
Japan		
Career Transition & Talent Development	11	35
Other	12	22
Corporate		13
Total restructuring costs	**129**	**258**

The changes in restructuring liabilities for the years ended 31 December 2020 and 31 December 2019 are as follows:

in EUR	2020	2019
1 January	**38**	**30**
Restructuring costs	129	70
Cash payments	(72)	(48)
Write-off of fixed assets, impairment of operating lease right-of-use assets, and other	(28)	(14)
31 December	**67**	**38**

As of 31 December 2020 and 31 December 2019, restructuring liabilities in connection with these initiatives of EUR 67 and EUR 38, respectively, were recorded in Other accrued expenses. As of 31 December 2020 and 31 December 2019, the remaining liability related to onerous leases of EUR 23 and EUR 9, respectively, was recorded in Current operating lease liabilities and Operating lease liabilities.

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Note 8 – Equity method investments

Investments in equity affiliates as of 31 December 2020 and 31 December 2019 primarily include a 49% interest in FESCO Adecco Human Resource Services Shanghai Co., Ltd, a leading human resources provider in China. From 1 October 2019, the FESCO Adecco investments are considered to be integral to the Company's operations. As such, the Company's proportionate share of FESCO Adecco's earnings is presented separately as a component of operating income within the consolidated statements of operations.

The changes in the carrying amount of investments in equity affiliates for the years ended 31 December 2020 and 31 December 2019 are as follows:

in EUR	2020	2019
1 January	**83**	**76**
Additional equity method investments	15	2
Proportionate net income/(loss) of investee companies	20	17
Dividends and distributions received	(5)	(9)
Currency translation adjustment and other	(4)	(3)
31 December	**109**	**83**

Note 9 – Operating leases

in EUR	2020	2019
The components of Operating lease expenses in accordance with ASC Topic 842 – "Leases" are as follows:		
• Operating lease expenses	223	229
• Short-term lease expenses	8	12
• Variable lease expenses	2	1
• Sublease income	(8)	(8)
Total operating lease expenses	**225**	**234**

For the fiscal year ended 31 December (in EUR)	2020	2019
Supplemental information related to operating leases is as follows:		
• Cash paid for amounts included in the measurement of operating lease liabilities	237	228
• Operating lease right-of-use assets obtained in exchange for operating lease liabilities	194	195

As of 31 December (in EUR)	2020	2019
Operating leases weighted average:		
• Lease term	3.5 years	3.6 years
• Discount rate	3.3%	4.0%

Maturities of operating lease liabilities as of 31 December 2020 are as follows:

in EUR	31.12.2020
2021	183
2022	106
2023	70
2024	46
2025	28
Thereafter	24
Total future undiscounted lease payments	**457**
• Less imputed interest	(28)
Total operating lease liabilities	**429**
Current operating lease liabilities	178
Long-term operating lease liabilities	251

As of 31 December 2020, future undiscounted operating lease payments that have not yet commenced and are not included in the table above amounted to EUR 5. The Company has certain rights and obligations for these operating leases but has not recognised an operating lease right-of-use asset or an operating lease liability in the consolidated balance sheet as these operating leases have not yet commenced.

Supplemental information for comparative periods

Total rent expense under operating leases in accordance with ASC Topic 840, "Operating Leases" amounted to EUR 241 in 2018.

Note 10 – Financing arrangements

Short-term debt

As of 31 December 2020 and 31 December 2019, bank overdrafts and other short-term borrowings amounted to EUR 45 and EUR 56, respectively.

French commercial paper

In August 2010, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, established a French commercial paper programme ("Billet de Trésorerie programme"). Under the programme, Adecco International Financial Services BV may issue short-term commercial paper up to a maximum amount of EUR 500, with maturity per individual paper of 365 days or less. The proceeds are used to fund short-term working capital and borrowing requirements. The paper is usually issued at a discount and repaid at nominal amount at maturity. The discount represents the interest paid to the investors on the commercial paper. The programme is guaranteed by Adecco Group AG. No commercial paper was outstanding as of 31 December 2020 or 31 December 2019.

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Long-term debt

The Company's long-term debt as of 31 December 2020 and 31 December 2019 consists of the following:

in EUR	Principal at maturity	Maturity	Fixed interest rate	31.12.2020	31.12.2019
20-year guaranteed Japanese Yen fixed rate notes	JPY 7,000	2039	1.14%	55	57
15-year guaranteed Japanese Yen fixed rate notes	JPY 6,000	2033	1.05%	47	49
10.25-year guaranteed Norwegian Krone fixed rate notes	NOK 500	2030	2.65%	48	
10.5-year guaranteed Euro medium-term notes	EUR 300	2029	1.25%	311	302
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	93	92
5.5-year Swiss Franc fixed rate notes	CHF 225	2025	0.875%	207	
8-year guaranteed Euro medium-term notes	EUR 500	2024	1.0%	504	506
7-year guaranteed Euro medium-term notes	EUR 300	2022	1.5%	300	301
4-year guaranteed USD medium-term notes	USD 300	2021	2.625%	249	270
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%		115
Other				2	1
				1,816	**1,693**
Less current maturities				(249)	(116)
Long-term debt, less current maturities				**1,567**	**1,577**

20-year guaranteed Japanese Yen fixed rate notes due 2039

On 12 April 2019, Adecco Financial Services (North America), LLC, a wholly owned subsidiary of the Company, issued JPY 7,000 medium-term 20-year notes with a coupon of 1.14% (2039 notes), guaranteed by Adecco Group AG, due on 12 April 2039. The notes were issued within the framework of the Euro Medium-Term Note Programme. The proceeds were used for general corporate purposes.

The Company has entered into cash flow hedges of the 2039 notes, which are further discussed in Note 14.

15-year guaranteed Japanese Yen fixed rate notes due 2033

On 3 October 2018, Adecco Financial Services (North America), LLC, a wholly owned subsidiary of the Company, issued JPY 6,000 medium-term 15-year notes with a coupon of 1.05% (2033 notes), guaranteed by Adecco Group AG, due on 3 October 2033. The notes were issued within the framework of the Euro Medium-Term Note Programme. The proceeds were used for general corporate purposes.

The Company has entered into cash flow hedges of the 2033 notes, which are further discussed in Note 14.

10.25-year guaranteed Norwegian Krone fixed rate notes due 2030

On 29 May 2020, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued NOK 500 fixed rate notes with a coupon of 2.65% (2030 notes), guaranteed by Adecco Group AG, due on 29 August 2030. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes.

The Company has entered into cash flow hedges of the 2030 notes, which are further discussed in Note 14.

10.5-year guaranteed Euro medium-term notes due 2029

On 20 May 2019, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 300 medium-term 10.5-year notes with a coupon of 1.25% (2029 notes), guaranteed by Adecco Group AG, due on 20 November 2029, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were primarily used to partially buyback the 2022 notes.

The Company has entered into fair value hedges of the 2029 notes, which are further described in Note 14.

8-year Swiss Franc fixed rate notes due 2026

On 18 September 2018, Adecco Group AG issued CHF 100 fixed rate notes with a coupon of 0.875% (2026 notes) due on 18 September 2026, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2026 notes, which are further discussed in Note 14.

5.5-year Swiss Franc fixed rate notes due 2025

On 27 May 2020, Adecco Group AG issued CHF 225 fixed rate notes with a coupon of 0.875% (2025 notes) due on 27 November 2025, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2025 notes, which are further discussed in Note 14.

8-year guaranteed Euro medium-term notes due 2024

On 2 December 2016, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 8-year notes with a coupon of 1.0% (2024 notes), guaranteed by Adecco Group AG, due on 2 December 2024, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were primarily used to partially buyback long-term debt that matured in 2018 and 2019.

The Company has entered into fair value hedges of the 2024 notes, which are further described in Note 14.

7-year guaranteed Euro medium-term notes due 2022

On 18 May 2015, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued EUR 500 medium-term 7-year notes with a coupon of 1.5% (2022 notes), guaranteed by Adecco Group AG, due on 22 November 2022, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes. In May 2019, the Company bought back EUR 200 nominal value at 105.223% of the outstanding 2022 notes and incurred a loss of EUR 10 on the buyback included in Other income/(expenses), net. The buyback reduced the nominal value of the outstanding principal of the 2022 notes to EUR 300.

The Company has entered into fair value hedges of the 2022 notes, which are further described in Note 14.

4-year guaranteed USD medium-term notes due 2021

On 21 November 2017, Adecco International Financial Services BV, a wholly owned subsidiary of the Company, issued USD 300 medium-term 4-year notes with a coupon of 2.625% (2021 notes), guaranteed by Adecco Group AG, due on 21 November 2021, but callable by the Company at par within two months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the London Stock Exchange. The proceeds were used for general corporate purposes.

The Company has entered into fair value hedges of the 2021 notes, which are further described in Note 14.

8-year Swiss Franc fixed rate notes due 2020

On 18 July 2012, Adecco Group AG issued CHF 125 fixed rate notes with a coupon of 2.625% due on 18 December 2020. The notes were issued within the framework of the Euro Medium-Term Note Programme and traded on the SIX Swiss Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012.

On 18 December 2020, the Company repaid the 2020 notes at maturity.

Payments of long-term debt translated using 31 December 2020 exchange rates are due as follows:

in EUR	2021	2022	2023	2024	2025	Thereafter	Total
Payments due by year	249	301	–	505	207	554	1,816

Other credit facilities

Committed multicurrency revolving credit facility

The Company maintains a committed 5-year EUR 600 multicurrency revolving credit facility with two 1-year extension options, with a maturity date of April 2023. In March 2020, the second 1-year extension option was exercised, and the maturity date of the credit facility was extended to April 2025. The facility is used for general corporate purposes including refinancing of advances and outstanding letters of credit. The interest rate is based on LIBOR, or 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 will 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 31 December 2020 and 31 December 2019, there were no outstanding borrowings under the credit facility.

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Note 11 – Shareholders' equity

Authorised shares and appropriation of available earnings

As of 31 December 2020, Adecco Group AG had 186,680,377 authorised shares, of which 163,124,177 were registered and issued. As of 31 December 2019, Adecco Group AG had 186,911,377 authorised shares, of which 163,344,177 were registered and issued. As of 31 December 2018, Adecco Group AG had 190,304,723 authorised shares, of which 166,575,927 were registered and issued.

Adecco Group AG may only pay dividends based on the requirements of the Swiss Code of Obligations, Articles of Incorporation, and based on the shareholders' equity reflected in the standalone financial statements of Adecco Group AG, the holding company of the Adecco Group, prepared in accordance with Swiss law. As of 31 December 2020, the standalone financial statements of Adecco Group AG included shareholders' equity of CHF 3,759 (EUR 3,477), of which CHF 16 represent share capital, CHF (97) represent treasury shares, and CHF 3,840 represent reserves and retained earnings. Of the CHF 3,840 balance, an amount of CHF 3 representing 20% of share capital, is restricted based on the Swiss Code of Obligations and cannot be distributed as dividends.

At the 2020 Annual General Meeting of Shareholders (AGM), the shareholders approved a dividend of CHF 2.50 per share outstanding in respect of the fiscal year 2019. The entire dividend of EUR 381 was directly distributed to shareholders from voluntary retained earnings in April 2020.

For 2020, the Board of Directors of Adecco Group AG will propose a dividend of CHF 2.50 per share outstanding for the approval of shareholders at the 2021 AGM of Shareholders to be distributed from voluntary retained earnings to the shareholders.

Treasury shares

In 2020, 2019, and 2018, the number of treasury shares acquired on the regular trading line amounted to 1,215,000, 319,583, and 84,423, respectively, and the net consideration paid amounted to EUR 46, EUR 15, and EUR 5, respectively.

In 2020, 2019 and 2018, the Company awarded 32,050 treasury shares, 26,559 treasury shares, and 25,960 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 8.4, "Remuneration of the Board of Directors for 2020 and shareholding as at 31 December 2020" within the Remuneration Report). In addition, in 2020, 2019, and 2018, 244,506 treasury shares, 191,168 treasury shares, and 237,347 treasury shares, respectively, were used to settle share awards under the long-term incentive plan (LTIP).

As of 31 December 2020, the treasury shares are intended to be used for the settlement of the Company's LTIP (for further details refer to Note 12) as well as for the Board of Directors' remuneration.

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

- EUR 150 announced in March 2018 (completed in March 2019); and
- EUR 600 announced in February 2020 (not yet commenced).

As of 31 December 2020, 31 December 2019, and 31 December 2018, Adecco Group AG held no shares, 220,000 shares, and 2,073,000 shares, respectively, acquired under the share buyback programmes. The Company acquired no shares in 2020, 1,378,750 shares for EUR 61 in 2019, and 2,451,760 shares for EUR 113 in 2018, respectively, under the share buyback programmes.

At the 2020 AGM, the shareholders approved the cancellation of 220,000 treasury shares acquired under the share buyback programme (completed in March 2019) and the corresponding reduction of Adecco Group AG's share capital by 220,000 registered shares with a nominal value of CHF 0.10 each. The cancellation of 220,000 treasury shares was completed on 6 July 2020. Effective 6 July 2020 the share capital of the Company amounts to CHF 16 divided into 163,124,177 shares.

No dividends are distributed in relation to treasury shares.

Accumulated other comprehensive income/(loss), net

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

in EUR	31.12.2020	31.12.2019	31.12.2018
Currency translation adjustment	(355)	(112)	(179)
Change in fair value of marketable securities	2	1	
Change in fair value of cash flow hedges	(20)	(4)	(1)
Currency translation adjustment of net investment hedges	13	(39)	(48)
Pension-related adjustments	(73)	(59)	(45)
Accumulated other comprehensive income/(loss), net	**(433)**	**(213)**	**(273)**

In 2020, 2019, and 2018, an amount of EUR 3 (net of tax of EUR 1), EUR 3 (net of tax of EUR 2), and EUR 1 (net of tax of less than EUR 1), respectively, 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. Additionally, an amount of EUR 11 (net of tax of EUR 2), EUR 3 (net of tax of less than EUR 1) and EUR 1 (net of tax of EUR 1) was reclassified from accumulated other comprehensive income/(loss), net to "Other income/(expenses), net" and "Interest expense" in the statement of operations in connection with cash flow hedging activities in 2020, 2019 and 2018, respectively.

Note 12 – Stock-based compensation

As of 31 December 2020, the Company had non-vested share awards outstanding relating to its common shares. Compensation expense of EUR 16, EUR 12, and EUR 12, was recognised in 2020, 2019, and 2018, respectively, in connection with the non-vested share awards granted in 2020, 2019, and 2018. The total income tax benefit recognised related to stock compensation amounted to EUR 2 in 2020, EUR 2 in 2019, and EUR 2 in 2018.

Non-vested share award plans

Performance share awards were granted in March 2020, 2019, and 2018 to the members of the Executive Committee (EC) under the Company's LTIP. The awards contain an undertaking to deliver a number of Adecco Group AG shares to the participants of the plan after the end of the performance period (end of performance period for the 2020, 2019, and 2018 awards 31 December 2022, 31 December 2021, and 31 December 2020, respectively). The requisite service period represents three calendar years starting on 1 January 2020, 1 January 2019, and 1 January 2018, respectively. The delivery of the shares will be made provided and to the extent that the predefined market and performance targets are met. Those awards that do not vest due to lack of fulfilment lapse immediately.

The awards granted in 2020, 2019, and 2018 relate to the relative change in the Company's shareholder value including reinvested dividends (total shareholder return (TSR)), compared to that of a predefined group of peers (relative TSR awards).

In addition, service condition awards (restricted share unit awards (RSU awards)) were granted in 2020, 2019, and 2018 to a further group of senior managers (approximately 270 individuals in total in each respective year) under the LTIP. The vesting of the RSU awards is not subject to performance targets, but to forfeiture provisions. Provided that the employment relationship continues:

- RSU awards granted to non-French employees will vest in equal portions over a period of three years at the anniversary of the date of grant.
- RSU awards granted to French employees cliff-vest at the second anniversary of the date of grant and their requisite service period represents two calendar years starting on 1 January 2020 for 2020 awards, 1 January 2019 for 2019 awards, and 1 January 2018 for 2018 awards.

In 2020, special RSU awards (sRSU awards) were granted to a group of senior managers (281 individuals in total). The vesting of the sRSU awards is not subject to performance targets, but to forfeiture provisions. Provided that the employment relationship continues:

- sRSU awards granted to non-French employees will vest in equal portions over a period of three years at the anniversary of the date of grant.
- sRSU awards granted to French employees are subject to a 3-year tiered vesting period, with 67% of the awards vesting after two years and the remaining 33% vesting after three years at the anniversary of the date of grant.

In 2020, a new EC member received replacement awards in the form of RSUs (RSU replacement awards) and TSR awards (TSR replacement awards) and nine new employees received RSU replacement awards to compensate for outstanding deferred awards forfeited as a result of joining the Company. RSU replacement awards granted to the new EC member are subject to a 3-year tiered vesting period, with 50% of the awards vesting after two years and the remaining 50% vesting after 3 years at the anniversary of the date of grant. TSR replacement awards granted to the new EC member are subject to a 1.5-year tiered vesting period, with 48% of the awards vesting after 0.5 years and the remaining 52% vesting after 1.5 years at the anniversary of the date of grant. RSU replacement awards granted to non-EC members vest in equal portions over a period of 3 years at the anniversary of the date of grant.

In 2019, a new EC member and two new employees received replacement awards in the form of RSUs (RSU replacement awards) to compensate for outstanding deferred awards forfeited as a result of joining the Company. RSU replacement awards granted to the new EC member are subject to a 3-year tiered vesting period, with 50% of the awards vesting after two years and the remaining 50% vesting after 3 years at the anniversary of the date of grant. RSU replacement awards granted to non-EC members vest in equal portions over a period of 3 years at the anniversary of the date of grant.

The plan foresees that participants who terminate their employment with the Company at their own will and those who receive notice of termination for cause before the end of the performance period (in the case of performance share awards) and before the end of the vesting period (in the case of RSU awards), will no longer be entitled to the vesting of the awards. In case of an involuntary termination without cause before the end of the performance period, a time-weighted pro-rata portion of the unvested performance share awards granted in 2020, 2019, and 2018 will vest at the regular vesting date, depending on the level of target achievement. In case of an involuntary termination without cause before the end of the vesting period, a time-weighted pro-rata portion of the unvested RSU awards will vest at the regular vesting date. The Company bases its forfeiture rate estimations on historically observed rates as well as on employment trends of the plan participants.

TSR awards

The fair value of the relative TSR awards was determined based on the grant date market price of the Adecco Group AG share, less a discount for not being entitled to any dividends over the vesting period, multiplied by the probability factor estimated on the date of grant using the Monte Carlo simulation, with an additional discount applied due to a 2-year post-vesting restriction on the sale of share awards. The Monte Carlo simulation runs a very large number of share price simulations based on various parameters (share prices, volatilities, dividends, expected returns, etc.). The average result of these simulations provides the probability that the Company's TSR targets will be achieved. The implied volatility was determined by reference to the implied volatilities of the Company's peer group as provided by Standard & Poor's financial research database CapitalIQ. The expected dividend yield is based on actual dividends paid.

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The risk-free rate is extracted from the Swiss government bond yield curve, which is constructed by interpolation out of the observed trading prices of various Swiss government bonds. The assumptions used are as follows:

	2020	2019	2018
Assumptions used for the estimation of the fair value of the TSR awards			
Implied at-the-money volatility	**24.5%**	21.1%	19.8%
Expected dividend yield	**4.04%**	4.70%	3.60%
Expected term	**3 years**	3 years	3 years
Risk-free rate	**n/a**	n/a	n/a

Since the probability of the market condition being met is considered in the fair value of the TSR awards, compensation expense is recognised on a straight-line basis over the requisite service period regardless of fulfilment of the market condition.

A summary of the status of the Company's non-vested TSR awards as of 31 December 2020, 31 December 2019, and 31 December 2018 and changes during those years is as follows:

	Relative TSR awards	
	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of the non-vested TSR awards		
Non-vested share awards outstanding as of 1 January 2018	**392,395**	**25**
Granted	205,475	22
Forfeited	(19,498)	23
Lapsed	(13,469)	31
Vested		
Non-vested share awards outstanding as of 31 December 2018	**564,903**	**24**
Granted	224,117	18
Forfeited	(5,638)	22
Lapsed	(158,507)	24
Vested	(33,629)	24
Non-vested share awards outstanding as of 31 December 2019	**591,246**	**22**
Granted[1]	181,997	27
Forfeited	(25,716)	21
Lapsed	(117,551)	27
Vested	(63,862)	27
Non-vested share awards outstanding as of 31 December 2020	**566,114**	**22**

1 Includes TSR replacement awards

EBITA margin awards and EPS awards

The fair value of the EBITA margin awards and the EPS awards were determined based on the grant date market price of the Adecco Group AG share less a discount for not being entitled to any dividends over the vesting period. An additional discount is applied to determine the fair value of the EBITA margin awards and EPS awards granted to French participants due to a 2-year post-vesting restriction on the sale of share awards. Compensation expense of such performance condition share awards is recognised on a straight-line basis over the requisite service period, based on estimated achievement which is assessed on a quarterly basis. The expense impact of changes in the estimated attainment is recognised in the quarter of change as a cumulative adjustment to prior quarters' expense. No EBITA margin awards or EPS awards were awarded in 2020, 2019, or 2018. There were no EBITA margin awards or EPS awards outstanding as of 31 December 2018.

A summary of the Company's non-vested EBITA margin awards and EPS awards as of 31 December 2018 is as follows:

	EBITA margin awards		EPS awards	
	Number of shares	Weighted-average grant date fair value per share (in CHF)	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of the non-vested EBITA margin awards and EPS awards				
Non-vested share awards outstanding as of 1 January 2018	**26,938**	**72**	**26,938**	**72**
Granted				
Forfeited				
Lapsed	(14,542)	72		
Vested	(12,396)	72	(26,938)	72
Non-vested share awards outstanding as of 31 December 2018	**–**	**–**	**–**	**–**

RSU awards

The fair value of the RSU awards was determined based on the grant date market price of the Adecco Group AG share less a discount for not being entitled to any dividends over the vesting period. An additional discount is applied to determine the fair value of the RSU awards granted to all participants due to a 2-year post-vesting restriction on the sale of share awards. The discount is not applied to determine the fair value of the RSU replacement awards and the sRSU awards as no post-vesting restriction applies. Compensation expense of such service condition share awards is recognised on a straight-line basis over the requisite service period, taking into account estimated employee forfeitures.

A summary of the status of the Company's non-vested RSU awards as of 31 December 2020, 31 December 2019, and 31 December 2018 and changes during those years are as follows:

	Number of shares	Weighted-average grant date fair value per share (in CHF)
Summary of non-vested RSU awards		
Non-vested share awards outstanding as of 1 January 2018	**365,788**	**60**
Granted	206,379	51
Forfeited	(42,884)	53
Cancelled	(1,116)	56
Vested	(198,013)	58
Non-vested share awards outstanding as of 31 December 2018	**330,154**	**52**
Granted[1]	276,066	38
Forfeited	(38,441)	44
Cancelled		
Vested	(157,539)	52
Non-vested share awards outstanding as of 31 December 2019	**410,240**	**42**
Granted[1, 2]	870,431	30
Forfeited	(106,637)	31
Cancelled	(3,730)	24
Vested	(180,644)	44
Non-vested share awards outstanding as of 31 December 2020	**989,660**	**31**

1 Includes RSU replacement awards

2 Includes sRSU awards

As of 31 December 2020, the total unrecognised compensation expense related to non-vested share awards amounted to EUR 24. The cost is expected to be recognised over a weighted-average period of one and a half years. The total fair value of share awards vested in 2020, 2019, and 2018 amounted to EUR 8, EUR 9, and EUR 15, respectively.

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Note 13 – Employee benefit plans

In accordance with local regulations and practices, the Company has various employee benefit plans, including defined contribution and both contributory and non-contributory defined benefit plans.

Defined contribution plans and other arrangements

The Company recorded an expense of EUR 73 in 2020, EUR 85 in 2019, and EUR 100 in 2018 in connection with defined contribution plans, and an expense of EUR 66, EUR 65, and EUR 68 in connection with the Italian employee termination indemnity arrangement in 2020, 2019, and 2018, respectively.

The Company sponsors several non-qualified defined contribution plans in the USA for certain of its employees. These plans are partly funded through Rabbi trusts, which are consolidated in the Company's financial statements. As of 31 December 2020 and 31 December 2019, the assets held in the Rabbi trusts amounted to EUR 142 and EUR 144, respectively. The related pension liability totalled EUR 132 and EUR 141 as of 31 December 2020 and 31 December 2019, respectively.

Certain employees in Sweden are covered under the ITP multi-employer pension plan (employer identification number 55927) administered by a union. The data available from the administrator of the plan (Alecta) is not sufficient to determine the projected benefit obligation or the net assets attributable to the Company. Consequently, this plan is reported as a defined contribution plan. As of 31 December 2020 and 31 December 2019, Alecta managed approximately EUR 84,500 and EUR 75,900, respectively, of plan assets on behalf of 2.6 million private individuals and 35,000 companies. Total contributions made by all plan members to this plan in 2019 amounted to EUR 4,996. The information on total contributions made by all plan members in 2020 has not yet been published by Alecta. Contributions made to this plan by the Company amounted to EUR 2 in 2020, EUR 2 in 2019, and EUR 2 in 2018.

Defined benefit plans

The Company sponsors defined benefit plans principally in Switzerland, India and the UK. These plans provide benefits primarily based on years of service and level of compensation, and are in accordance with local regulations and practices. The defined benefit obligations and related assets of all major plans are reappraised annually by independent actuaries. The measurement date in 2020 and 2019 for all defined benefit plans was 31 December. Plan assets are recorded at fair value, and consist primarily of equity securities, debt securities, and alternative investments. The projected benefit obligation (PBO) is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future pay increases. The accumulated benefit obligation (ABO) is the actuarial present value of benefits attributable to employee service rendered to date, but excluding the effects of estimated future pay increases.

Actuarial gains and losses are recognised as a component of Other comprehensive income/(loss), net, in the period when they arise. Those amounts are subsequently recognised as a component of net periodic pension cost using the corridor method.

The components of pension expense, net, for the defined benefit plans are as follows:

	Swiss plan			Non-Swiss plans		
in EUR	**2020**	2019	2018	**2020**	2019	2018
Components of pension expense						
Service cost	19	19	19	13	13	7
Interest cost	1	2	1	10	10	2
Expected return on plan assets	(8)	(6)	(6)	(11)	(9)	(2)
Amortisation of prior years' service costs	(1)	(1)	(1)	2	1	1
Amortisation of net actuarial (gain)/loss		1		3	2	1
Pension expense, net	**11**	**15**	**13**	**17**	**17**	**9**

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.

The following table provides a reconciliation of the changes in the benefit obligations, the change in the fair value of plan assets, and the funded status of the Company's defined benefit plans as of 31 December 2020 and 31 December 2019:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Pension liabilities and assets				
Projected benefit obligation, beginning of year	**340**	**284**	**273**	**228**
Service cost	19	19	13	13
Interest cost	1	2	10	9
Participants' contributions	66	66	6	14
Plan amendments				8
Net actuarial (gain)/loss	16	34	6	18
Benefits paid	(86)	(76)	(17)	(18)
Settlement				(1)
Foreign currency translation	1	11	(16)	2
Projected benefit obligation, end of year	**357**	**340**	**275**	**273**
Plan assets, beginning of year	**364**	**296**	**178**	**160**
Actual return on assets	8	45	9	11
Employer contributions	20	21	4	8
Participants' contributions	66	66	6	14
Benefits paid	(86)	(76)	(10)	(15)
Settlement				(1)
Foreign currency translation	2	12	(15)	1
Plan assets, end of year	**374**	**364**	**172**	**178**
Funded status of the plan	**17**	**24**	**(103)**	**(95)**
Accumulated benefit obligation, end of year	**349**	**333**	**261**	**263**

The following amounts are recognised in the consolidated balance sheets as of 31 December 2020 and 31 December 2019:

	Swiss plan		Non-Swiss plans	
in EUR	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Pension-related assets				
Other assets	17	24	5	5
Pension-related liabilities				
Other accrued expenses			(3)	(3)
Other liabilities			(105)	(97)
Total	**17**	**24**	**(103)**	**(95)**

As of 31 December 2020, the Company recognised a net actuarial loss of EUR 44 and EUR 41 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively, in Accumulated other comprehensive income/(loss), net. Furthermore, a net gain of EUR 1 and a net loss of EUR 9 of prior years' service costs were recognised in Accumulated other comprehensive income/(loss), net, as of 31 December 2020, for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively.

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As of 31 December 2019, the Company recognised a net actuarial loss of EUR 23 and EUR 32 for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively, in accumulated other comprehensive income/(loss), net. Furthermore, a net gain of EUR 1 and a net loss of EUR 5 of prior years' service costs were recognised in Accumulated other comprehensive income/(loss), net, as of 31 December 2019, for the Swiss defined benefit plan and for the non-Swiss defined benefit plans, respectively.

For plans with a PBO in excess of the fair value of plan assets as of 31 December 2020 and 31 December 2019, the total PBO was EUR 175 and EUR 167, respectively, and the fair value of the plan assets of those plans was EUR 68 and EUR 67, respectively.

For plans with an ABO in excess of the fair value of plan assets as of 31 December 2020 and 31 December 2019, the total ABO was EUR 162 and EUR 157, respectively, and the fair value of the plan assets of those plans was EUR 68 and EUR 67, respectively.

The overall expected long-term rate of return on plan assets for the Company's defined benefit plans is based on inflation rates, inflation-adjusted interest rates, and the risk premium of equity investments above risk-free rates of return. Long-term historical rates of return are adjusted when appropriate to reflect recent developments.

The assumptions used for the defined benefit plans reflect the different economic conditions in the various countries. The weighted-average actuarial assumptions are as follows:

	Swiss plan			Non-Swiss plans		
in %	**2020**	2019	2018	**2020**	2019	2018
Weighted-average actuarial assumptions						
Discount rate	0.0	0.1	0.8	2.2	3.1	1.9
Rate of increase in compensation levels	2.1	2.1	2.1	2.1	2.2	1.5
Expected long-term rate of return on plan assets	2.2	2.2	2.2	6.2	6.6	3.6
Weighted-average interest crediting rate	1.0	1.0	1.0	8.5	8.7	

The investment policy and strategy for the assets held by the Company's pension plans focus on using various asset classes in order to achieve a long-term return on a risk-adjusted basis. Factors included in the investment strategy are the achievement of consistent year-over-year results, effective and appropriate risk management, and effective cash flow management. The investment policy defines a strategic asset allocation and a tactical allocation through bands within which the actual asset allocation is allowed to fluctuate. The strategic asset allocation has been defined through asset-liability studies that are undertaken at regular intervals by independent pension fund advisors or by institutional asset managers. Actual invested positions change over time based on short- and long-term investment opportunities. Equity securities include publicly traded stock of companies located inside and outside Switzerland. Debt securities include corporate bonds from companies from various industries as well as government bonds. Alternative investments include interest rate risk management funds (liability-driven investments) and foreign exchange forwards used to hedge the foreign exchange risk of alternative investments. Real estate funds primarily consist of investments made through a single real estate fund with daily pricing and liquidity.

The Swiss and non-Swiss pension plans' target weighted-average asset allocations as of 31 December 2020 and 31 December 2019, by asset category, are as follows:

	Swiss plan	Non-Swiss plans
in %	Target allocation range	Target allocation range
Weighted-average asset allocations		
Equity securities	20-50	0-5
Debt securities	15-50	45-80
Real estate	10-30	0-5
Other	0-50	0-100

The actual asset allocations of the plans are in line with the target asset allocations.

The table below sets forth the fair value of the Company's pension plan assets as of 31 December 2020 and as of 31 December 2019. Certain investments that are measured at fair value using the Net Asset Value (NAV) per share as a practical expedient have not been categorised in the fair value hierarchy. The fair value amounts presented in this table provide a reconciliation of the fair value hierarchy to the total value of plan assets.

31 December 2020

	Swiss plan				Non-Swiss plans			
in EUR	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	**Total**
Asset category								
Cash and cash equivalents	28			28	17			17
Equity securities:								
• Switzerland	68			68				
• Rest of the World	83			83	4			4
Debt securities:								
• Government bonds	23			23	27	15		42
• Corporate bonds	72			72	58	4		62
Alternative investments:								
• Commodity funds/private equity	10			10	5			5
• Alternative investment funds	1	12		13	3	16		19
Real estate funds	54			54				
Other					1		22	23
Net plan assets subject to levelling	**339**	**12**		**351**	**115**	**35**	**22**	**172**
Investments using NAV as a practical expedient:								
Alternative investments:								
• Commodity funds/private equity				10				
Real estate funds				13				
Investments at fair value				**374**				**172**

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31 December 2019

	Swiss plan				Non-Swiss plans			
in EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset category								
Cash and cash equivalents	12			12	9			9
Equity securities:								
• Switzerland	65			65				
• Rest of the World	92			92				
Debt securities:								
• Government bonds	19			19	46	14		60
• Corporate bonds	75			75	51	4		55
Alternative investments:								
• Commodity funds/private equity	16			16	9			9
• Alternative investment funds		11		11	4	17		21
Real estate funds	52			52				
Other					4		20	24
Net plan assets subject to levelling	**331**	**11**		**342**	**123**	**35**	**20**	**178**
Investments using NAV as a practical expedient:								
Alternative investments:								
• Commodity funds/private equity				11				
Real estate funds				11				
Investments at fair value				**364**				**178**

A reconciliation of the change in the fair value measurement of the defined benefit plans' consolidated assets using significant unobservable inputs (Level 3) during the years ended 31 December 2020 and 31 December 2019 is as follows:

in EUR	Non-Swiss plans
Balance as of 1 January 2019	**20**
Purchases, sales, and settlements, net	
Balance as of 31 December 2019	**20**
Purchases, sales, and settlements, net	2
Balance as of 31 December 2020	**22**

The Company expects to contribute EUR 21 to its pension plan in Switzerland and EUR 5 to its non-Swiss plans in 2021.

Future benefit payments, which include expected future service, are estimated as follows:

in EUR	Swiss plan	Non-Swiss plans
Future benefit payments		
2021	28	46
2022	25	32
2023	22	24
2024	21	19
2025	19	16
2026–2030	74	61

Note 14 – 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 fixed/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.

Fair value of non-derivative financial instruments

The following table shows the carrying value and the fair value of non-derivative financial instruments as of 31 December 2020 and 31 December 2019:

	31.12.2020		31.12.2019	
in EUR	Carrying value	Fair value	Carrying value	Fair value
Non-derivative financial instruments				
Current liabilities:				
• Current maturities of long-term debt	249	253	116	120
Non-current liabilities:				
• Long-term debt, less current maturities	1,567	1,647	1,577	1,601

The Company uses the following methods and assumptions to estimate the fair value of each class of non-derivative financial instruments:

- Cash equivalents, trade accounts receivable, net, accounts payable, and short-term debt: the carrying amount approximates the fair value given the short maturity of such instruments.
- Long-term debt, including current maturities: the fair value of the Company's publicly traded long-term debt is estimated using quoted market prices (refer to Note 10 for details of debt instruments).

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Fair value of derivative financial instruments

The following table shows the notional amount and the fair value of derivative financial instruments as of 31 December 2020 and 31 December 2019:

		Notional amount		Fair value	
in EUR	Balance sheet location	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Derivative assets					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	580	997	12	21
• FX options	Other current assets	205		2	
• Interest rate swaps	Other current assets	246		5	
• Interest rate swaps	Other assets	442	618	17	13
• Cross-currency interest rate swaps	Other assets	48		1	
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other current assets	796	60	8	
• Cross-currency interest rate swaps	Other assets	48	49	6	3
Derivative liabilities					
Derivatives designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	473	198	2	1
• FX options	Other accrued expenses	205			
• Interest rate swaps	Other liabilities	208		1	
• Cross-currency interest rate swaps	Other liabilities	103	107	16	5
Derivatives not designated as hedging instruments under ASC 815:					
• Foreign currency contracts	Other accrued expenses	401	439	9	13
• Cross-currency interest rate swaps	Other liabilities	48	337	6	24
Total net derivative asset/(liability)				**17**	**(6)**

In addition, accrued interest receivable on interest rate swaps of EUR 1 and less than EUR 1 was recorded in Other current assets as of 31 December 2020 and 31 December 2019, respectively. As of 31 December 2020, accrued interest receivable and payable on cross-currency interest rate swaps of less than EUR 1 and EUR (1) was recorded in Other current assets and Other accrued expenses, respectively. As of 31 December 2019, accrued interest receivable and payable on cross-currency interest rate swaps of less than EUR 1 and less than EUR (1) was recorded in Other current assets and Other accrued expenses, respectively.

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, such as volatility and exercise price. 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 31 December 2020 and 31 December 2019, the total impact of non-performance risk and liquidity risk was an adjustment of less than EUR 1.

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 and USD notes issued by Adecco International Financial Services BV and the CHF notes issued by Adecco Group AG.

The following table shows the gain/(loss) recognised in earnings related to the fair value hedges and the hedged items as of 2020, 2019, and 2018:

		2020		2019		2018	
in EUR	Location of gain/(loss) in Consolidated statements of operations	Recognised on derivatives	Recognised on hedged items	Recognised on derivatives	Recognised on hedged items	Recognised on derivatives	Recognised on hedged items
Derivatives designated as fair value hedges							
• Interest rate swap	Interest expense	9	(8)	18	(17)	8	(8)

In addition, the Company recorded a gain of EUR 3 in 2020, EUR 1 in 2019, and less than EUR 1 in 2018, 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 recorded in 2020, 2019, or 2018, due to ineffectiveness in fair value hedge relationships. No significant gains or losses were excluded from the assessment of hedge effectiveness of the fair value hedges in 2020, 2019, or 2018.

The following table shows the amounts recorded in the consolidated balance sheets related to cumulative basis adjustments for fair value hedges as of 2020, 2019, and 2018:

	2020			2019			2018		
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	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
Current liabilities:									
Current maturities of long-term debt	**249**	**(4)**							
Non-current liabilities:									
Long-term debt, less current maturities	**660**	**(13)**	**(9)**	623	(9)	(11)	563	(6)	(1)

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 has also entered into foreign currency contracts designated as cash flow hedges to mitigate exposure to foreign currency exchange rate volatility arising from intercompany cash flow within the next 12 months denominated in other currencies than Swiss Francs.

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 2020, 2019, and 2018:

		2020		2019		2018	
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	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	**(6)**	**4**	1	1		
• Cross-currency interest rate swaps	Other income/ (expenses), net	**(28)**	**9**	(7)	2	(1)	

No significant gains or losses were recorded in 2020, 2019, or 2018, due to ineffectiveness in cash flow hedge relationships. In 2020, 2019, and 2018, no significant gains or losses were excluded from the assessment of hedge effectiveness of the cash flow hedges. Within the next 12 months, the Company expects to reclassify EUR 1 currently reported in Accumulated other comprehensive income/(loss), net into Other income/(loss), net from cash flow hedges.

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Net investment hedges

In 2020, 2019, and 2018, the Company entered into certain derivative contracts that are designated as net investment hedges under ASC 815. Foreign currency contracts and FX options are 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 2020, 2019, and 2018:

		2020		2019		2018	
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	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	56		9		(4)	
• 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 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 2020, 2019, and 2018:

		Gain/(loss) on derivatives recognised in earnings		
in EUR	Location of gain/(loss) in Consolidated statements of operations	2020	2019	2018
Derivatives not designated as hedging instruments				
• Foreign currency contracts	Other income/(expenses), net	(1)	(14)	(12)
• Cross-currency interest rate swaps	Other income/(expenses), net		(9)	(7)

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.

Note 15 – 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 31 December 2020 and 31 December 2019, consistent with the fair value hierarchy provisions of ASC 820:

in EUR	Level 1	Level 2	Level 3	Total
31 December 2020				
Assets				
Available-for-sale securities			8	8
Derivative assets		51		51
Liabilities				
Derivative liabilities		34		34
31 December 2019				
Assets				
Available-for-sale securities			6	6
Derivative assets		37		37
Liabilities				
Derivative liabilities		43		43

Note 16 – Other income/(expenses), net

For the years 2020, 2019, and 2018 Other income/(expenses), net, consist of the following:

in EUR	2020	2019	2018
Foreign exchange gain/(loss), net	(14)	(9)	(9)
Interest income	11	14	9
Proportionate net income of equity method investments		14	12
Other non-operating income/(expenses), net	(17)	188	88
Total other income/(expenses), net	**(20)**	**207**	**100**

In 2020, Foreign exchange gain/(loss), net includes a loss of EUR 4 from the designation of Argentina as a highly inflationary economy. Other non-operating income/(expense), net includes a EUR 17 loss related to assets held for sale in Denmark, Slovakia and Croatia.

In 2019, Foreign exchange gain/(loss), net includes a loss of EUR 3 from the designation of Argentina as a highly inflationary economy. Other non-operating income/(expense), net includes a EUR 248 gain on sale of Soliant Health Inc. and a EUR 25 expense to The Adecco Group Foundation.

In 2018, Foreign exchange gain/(loss), net includes a loss of EUR 2 resulting from the designation of Argentina as a highly inflationary economy on 1 July 2018 and the related adoption of the EUR as the reporting currency of the Company's Argentinian subsidiary. Other non-operating income/(expense), net includes a EUR 113 gain from the sale of the remaining ownership interest in IQN/Beeline Holdings, LLC, and a EUR 25 expense to establish the Adecco Group US Foundation, Inc. and The Adecco Group US Charities, Inc.

Note 17 – Income taxes

Adecco Group AG is incorporated in Switzerland and the Company operates in various countries with differing 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. The weighted-average tax rate is calculated by aggregating pre-tax income or loss in each country in which the Company operates multiplied by the country's statutory income tax rate. Income before income taxes in Switzerland totalled EUR 267, EUR 301, and EUR 295, in 2020, 2019, and 2018, respectively. Foreign source income/(expense) before income taxes amounted to EUR (199), EUR 775, and EUR 432 in 2020, 2019, and 2018, respectively.

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The provision for income taxes consists of the following:

in EUR	2020	2019	2018
Provision for income taxes			
Current tax provision:			
Domestic	27	31	16
Foreign	150	371	276
Total current tax provision	**177**	**402**	**292**
Deferred tax provision/(benefit):			
Domestic	17	(14)	18
Foreign	(29)	(40)	(43)
Total deferred tax provision/(benefit)	**(12)**	**(54)**	**(25)**
Total provision for income taxes	**165**	**348**	**267**

The difference between the provision for income taxes and the weighted-average tax rate is reconciled as follows for the fiscal years:

in EUR	2020	2019	2018
Tax rate reconciliation			
Income taxed at weighted-average tax rate	1	225	127
Items taxed at other than weighted-average tax rate	48	131	47
Non-deductible expenses and other permanent items	7	29	13
Non-deductible impairment of goodwill	78		86
Net change in valuation allowance	45	210	(9)
Intangible assets tax basis in excess of book basis	(17)	(216)	
Other, net	3	(31)	3
Total provision for income taxes	**165**	**348**	**267**

In 2020, 2019, and 2018, the reconciling item "items taxed at other than weighted-average tax rate" includes the French business tax. In accordance with French legislation, a portion of the business tax is computed based on added value and consequently, under US GAAP, this component is reported as income tax. Furthermore, in 2020, 2019, and 2018, the reconciling item "items taxed at other than weighted-average tax rate" includes positive impacts related to prior year movements in tax contingencies of EUR 15, EUR 6 and EUR 7, respectively. Additionally, 2018 includes the impact of CICE (tax credit for competitiveness and employment), which is non-taxable.

In 2020, 2019, and 2018, the reconciling item "non-deductible expenses and other permanent items" includes permanent items primarily related to intercompany provisions, foreign exchange, and other write-offs that are deductible for tax purposes, but have no impact on the consolidated financial statements.

In 2020, the negative impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 17 increase from changes in temporary differences in Switzerland and a EUR 35 increase in valuation allowance on prior year and current year losses in Germany, Denmark, the Netherlands and Sweden. This was partially offset by a EUR 7 decrease in valuation allowance on temporary differences and prior year losses in Australia.

In 2019, the negative impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 210 increase due to changes in temporary differences in Switzerland.

In 2018, the positive impact of the reconciling item "net change in valuation allowance" is mainly related to a EUR 17 decrease in valuation allowance on prior year and current year losses in Belgium, and a EUR 4 decrease in changes in temporary differences in France and Australia. This was partially offset by a EUR 11 increase in valuation allowance on prior year losses in the Netherlands.

In 2020 and 2019, the reconciling item "intangible assets tax basis in excess of book basis" represents a positive impact of EUR 17 and EUR 216, respectively, due to the recognition of intangible assets in Switzerland.

In 2019, the positive impact of the reconciling item "other, net" includes a positive EUR 25 impact due to changes in deferred taxes primarily due to the sale of Soliant Health Inc., and a positive EUR 4 impact due to tax rate changes on deferred taxes.

As of 31 December 2020 and 31 December 2019, a deferred tax liability of EUR 18 and EUR 18, respectively, has been provided for non-Swiss withholding taxes and additional Swiss taxes due upon the future dividend payment of cumulative undistributed earnings which are not considered permanently reinvested. Furthermore, in 2020 and 2019, the Company has not provided for income and withholding taxes on certain non-Swiss subsidiaries' undistributed earnings as such amounts are considered permanently reinvested. As of 31 December 2020 and 31 December 2019, such earnings amounted to approximately EUR 697 and EUR 848, respectively. It is not practicable to estimate the amount of taxes that would be payable upon remittance of these earnings.

Temporary differences that give rise to deferred income tax assets and liabilities are as follows:

in EUR	31.12.2020	31.12.2019
Temporary differences		
Net operating loss carryforwards and capital losses	209	208
Tax credits	9	3
Depreciation	3	7
Deferred compensation and accrued employee benefits	93	88
Allowance for doubtful accounts	8	10
Accrued expenses	85	79
Elimination of intercompany transactions	13	13
Intangible assets tax basis in excess of book basis	244	216
Operating leases	109	111
Other	19	19
Gross deferred tax assets	**792**	**754**
Unrecognised tax benefits provision, net	(62)	(65)
Valuation allowance	(366)	(319)
Deferred tax assets, net	**364**	**370**
Intangible assets book basis in excess of tax basis	(49)	(60)
Tax amortisation in excess of financial amortisation	(62)	(71)
Undistributed earnings of subsidiaries	(18)	(18)
Operating leases	(102)	(110)
Other	(6)	
Deferred tax liabilities	**(237)**	**(259)**
Deferred tax assets/(liabilities), net	**127**	**111**

Management's assessment of the realisation of deferred tax assets is made on a country-by-country basis. The assessment is based upon the weight of all available evidence, including factors such as the recent earnings history and expected future taxable income. A valuation allowance is recorded to reduce deferred tax assets to a level which, more likely than not, will be realised.

Valuation allowance on deferred tax assets of foreign and domestic operations increased by EUR 47 to EUR 366. Included in the change of the valuation allowance is a net increase of EUR 12 due to changes in temporary differences primarily in Switzerland, a net increase of EUR 33 for current and prior years' losses, and a net increase of EUR 2 related to changes in enacted tax rates and foreign currency fluctuations.

The following table summarises the deferred tax assets and deferred tax liabilities reported by the Company as of 31 December 2020 and 31 December 2019:

in EUR	Balance sheet location	31.12.2020	31.12.2019
Deferred tax assets	Other assets	175	155
Deferred tax liabilities	Other liabilities	(48)	(44)
Deferred tax assets/(liabilities), net		**127**	**111**

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As of 31 December 2020, the Company had approximately EUR 786 of net operating loss carryforwards and capital losses. These losses will expire as follows:

in EUR	2021	2022	2023	2024	2025	Thereafter	No expiry	Total
Expiration of losses by year	18	15	4	7	36	120	586	786

The largest net operating loss carryforwards and capital losses are EUR 743 as of 31 December 2020 in Germany, France, the USA, the Netherlands, the UK, Norway, Denmark, Australia, Brazil, Switzerland, Sweden, and Hong Kong. The losses in Norway, Switzerland, the Netherlands, and the USA begin to expire in 2024, 2024, 2026, and 2034, respectively. The losses in Germany, France, the UK, Denmark, Australia, Brazil, Sweden, Hong Kong, and a portion of the losses in the USA do not expire. In addition, tax credits of EUR 9 are mainly related to the USA and Argentina operations and begin to expire in 2025 for Argentina. Tax credits in the USA do not expire.

As of 31 December 2020, the amount of unrecognised tax benefits including interest and penalties is EUR 99, of which EUR 85 would, if recognised, decrease the Company's effective tax rate. As of 31 December 2019, the amount of unrecognised tax benefits including interest and penalties is EUR 105, of which EUR 92 would, if recognised, decrease the Company's effective tax rate.

The Company recognises interest and penalties related to unrecognised tax benefits as a component of the Provision for income taxes. As of 31 December 2020 and 31 December 2019, the amount of interest and penalties recognised in the balance sheet amounted to EUR 4 and EUR 3, respectively. The total amount of interest and penalties recognised in the statement of operations was a net expense of EUR 1 in 2020, a net expense of EUR 1 in 2019, and a net benefit of less than EUR 1 in 2018.

The following table summarises the activity related to the Company's unrecognised tax benefits excluding interest and penalties:

in EUR	Unrecognised tax benefits
Balance as of 1 January 2018	**84**
Increases related to current year tax positions	19
Expiration of the statute of limitations for the assessment of taxes	(10)
Additions to prior years	2
Decreases to prior years	(1)
Foreign exchange currency movement	1
Balance as of 31 December 2018	**95**
Increases related to current year tax positions	15
Expiration of the statute of limitations for the assessment of taxes	(5)
Settlements with tax authorities	(1)
Additions to prior years	1
Decreases to prior years	(2)
Foreign exchange currency movement	(1)
Balance as of 31 December 2019	**102**
Increases related to current year tax positions	13
Expiration of the statute of limitations for the assessment of taxes	(4)
Settlements with tax authorities	(3)
Decreases to prior years	(12)
Foreign exchange currency movement	(1)
Balance as of 31 December 2020	**95**

The Company and its subsidiaries file income tax returns in multiple jurisdictions with varying statutes of limitations. The open tax years by major jurisdiction are as follows:

	Open tax years
Country	
Australia	2019 onwards
Belgium	2018 onwards
Canada	2016 onwards
France	2013 onwards
Germany	2010 onwards
Italy	2017 onwards
Japan	2014 onwards
Mexico	2015 onwards
Netherlands	2015 onwards
Spain	2014 onwards
UK	2015 onwards
USA	2019 onwards

In certain jurisdictions, the Company may have more than one tax payer. The table above reflects the statutes of limitations of years open to examination for the major tax payers in each major tax jurisdiction.

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 financial statements. An estimate of the range of the possible changes 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 18 – Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

	2020		2019		2018	
in EUR (except number of shares)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Net income/(loss) attributable to Adecco Group shareholders	(98)	(98)	727	727	458	458
Denominator						
Weighted-average shares	161,426,423	161,426,423	162,211,290	162,211,290	165,394,453	165,394,453
Incremental shares for assumed conversions:						
• Employee stock-based compensation		584,712		330,936		287,467
Total average equivalent shares	161,426,423	162,011,135	162,211,290	162,542,226	165,394,453	165,681,920
Per share amounts						
Net earnings/(loss) per share	(0.61)	(0.61)	4.48	4.47	2.77	2.77

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in millions, except share and per share information

Note 19 – Segment reporting

The Company is organised in a geographical structure plus the global Career Transition & Talent Development business, which corresponds to the primary segments. This structure is complemented by secondary segment reporting (brands). The segments consist of France; North America, UK & Ireland General Staffing; North America, UK & Ireland Professional Staffing; Germany, Austria, Switzerland; Benelux & Nordics; Italy; Japan; Iberia; Career Transition & Talent Development; and the Rest of World segments that comprise Australia & New Zealand; Latin America; Eastern Europe and Middle East & North Africa; Asia; and India segments. Effective 1 January 2020, the Company updated its secondary segment reporting to better align with its go-to-market strategy and its global brand structure. The brand structure consists of: Workforce Solutions (comprising the Adecco brand); Professional Solutions (comprising Modis, Badenoch + Clark/Spring Professional, and Other Professional Brands); and Talent Solutions & Ventures (comprising LHH, Pontoon, and Ventures). This change had no impact on the Company's primary segment reporting.

Effective 1 January 2021, the Company has updated its primary segment reporting to align with the changes in Executive Committee responsibilities. The primary segment reporting will transition to a brand-driven organisational model structured around solutions-based business groups comprising Adecco (Americas; France; Northern Europe; DACH (Germany, Austria, Switzerland); Southern Europe & EEMENA; and Asia Pacific), Modis, and Talent Solutions. The structure will be complemented by secondary segment reporting of service lines (comprising Flexible Placement; Permanent Placement; Career Transition; Outsourcing, Consulting & Other Services; and Training, Upskilling & Reskilling).

The Company evaluates the performance of its segments based on operating income before amortisation and impairment of goodwill and intangible assets, which is defined as the amount of income before amortisation and impairment of goodwill and 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. Segment assets include current assets, property, equipment, and leasehold improvements, net, equity method investments, other assets, intangible assets, net, and goodwill, but exclude investments in subsidiaries and intercompany balances. The accounting principles used for the segment reporting are the same as those used by the Company.

Revenues derived from temporary staffing represented 85% in 2020, 87% in 2019, and 88% in 2018 of the Company's revenues. The remaining portion was derived from permanent placement, career transition, and other services.

in EUR	France	N. America, UK & I. General Staffing	N. America, UK & I. Professional Staffing	Germany, Austria, Switzerland	Benelux & Nordics	Italy	Japan	Career Transition & Talent Development	Other	Corporate	Total
2020 segment reporting											
Revenues	4,291	2,628	2,293	1,586	1,423	1,772	1,548	542	3,478		19,561
Depreciation	(27)	(16)	(8)	(10)	(8)	(6)	(13)	(10)	(13)	(17)	(128)
Operating income before amortisation and impairment of goodwill and intangible assets	194	67	47	(52)	39	109	115	93	123	(165)	570
Amortisation of intangible assets											(81)
Impairment of intangible assets											(9)
Impairment of goodwill											(362)
Operating income											118
Interest expense and other income/(expenses), net											(50)
Provision for income taxes											(165)
Net loss											**(97)**
Capital expenditures	(36)	(21)	(3)	(5)	(2)	(6)	(16)	(13)	(19)	(36)	(157)
Equity method investments	6					1			91	11	109
Segment assets	1,653	2,394	1,214	482	583	449	656	833	1,177	351	9,792
Long-lived assets[1]	324	228	51	78	52	63	75	76	138	85	1,170

1 Long-lived assets include fixed assets, operating lease right-of-use assets and other assets excluding deferred tax assets.

in EUR	France	N. America, UK & I. General Staffing[1]	N. America, UK & I. Professional Staffing[1]	Germany, Austria, Switzerland	Benelux & Nordics	Italy	Japan	Career Transition & Talent Development	Other	Corporate	Total
2019 segment reporting											
Revenues	5,466	3,031	3,333	1,918	1,883	1,910	1,480	527	3,879		23,427
Depreciation	(18)	(14)	(8)	(9)	(7)	(5)	(5)	(9)	(13)	(19)	(107)
Operating income before amortisation and impairment of goodwill and intangible assets	347	90	160	15	59	149	107	65	150	(154)	988
Amortisation of intangible assets											(64)
Impairment of intangible assets											(20)
Operating income											904
Interest expense and other income/(expenses), net											172
Provision for income taxes											(348)
Net income											**728**
Capital expenditures	(24)	(20)	(6)	(7)	(6)	(5)	(13)	(9)	(16)	(50)	(156)
Equity method investments	5								75	3	83
Segment assets	1,720	2,611	1,492	910	692	405	561	900	1,180	100	10,571
Long-lived assets[2]	290	238	79	95	62	58	73	89	140	88	1,212

1 N. America, UK&I General Staffing and N. America, UK&I Professional Staffing have been restated to conform with the current period presentation.

2 Long-lived assets include fixed assets, operating lease right-of-use assets and other assets excluding deferred tax assets.

in EUR	France	N. America, UK & I. General Staffing[1]	N. America, UK & I. Professional Staffing[1]	Germany, Austria, Switzerland	Benelux & Nordics	Italy	Japan	Career Transition & Talent Development	Other	Corporate	Total
2018 segment reporting											
Revenues	5,657	3,054	3,352	2,148	2,075	1,997	1,289	447	3,848		23,867
Depreciation	(15)	(11)	(7)	(8)	(6)	(3)	(5)	(6)	(11)	(14)	(86)
Operating income before amortisation and impairment of goodwill and intangible assets	352	96	181	22	44	163	90	76	151	(188)	987
Amortisation of intangible assets											(52)
Impairment of goodwill											(270)
Operating income											665
Interest expense and other income/(expenses), net											62
Provision for income taxes											(267)
Net income											**460**
Capital expenditures	(22)	(18)	(10)	(11)	(10)	(6)	(11)	(6)	(15)	(49)	(158)
Equity method investments	5								70	1	76
Segment assets	1,720	1,835	1,709	895	714	382	483	855	1,064	61	9,718
Long-lived assets[2]	267	175	22	47	22	18	32	31	67	75	756

1 N. America, UK&I General Staffing and N. America, UK&I Professional Staffing have been restated to conform with the current period presentation.

2 Long-lived assets include fixed assets and other assets excluding deferred tax assets.

Notes to consolidated financial statements (continued)

in millions, except share and per share information

Information by country is as follows:

in EUR	France	USA	UK	Germany	Japan	Italy	Switzerland	Rest of World	Total
Revenues									
2020	4,355	3,341	1,630	1,109	1,551	1,774	426	5,375	19,561
2019	5,529	4,266	2,059	1,339	1,482	1,912	502	6,338	23,427
2018	5,728	4,232	2,073	1,564	1,292	2,000	519	6,459	23,867
Long-lived assets[1]									
2020	348	291	41	46	75	63	96	210	1,170
2019	321	333	43	50	74	58	104	229	1,212
2018	291	200	19	25	32	18	73	98	756

1 Long-lived assets include fixed assets and other assets excluding deferred tax assets. In 2020 and 2019 Long-lived assets also include operating lease right-of-use assets.

Revenues by brand are as follows:

in EUR	Adecco	Modis	Badenoch + Clark/Spring Professional	Other Professional Brands	LHH	Pontoon	Ventures	**Total**
2020	14,890	1,865	1,233	824	441	182	126	19,561
2019	17,533	2,030	1,548	1,559	419	178	160	23,427
2018	18,090	2,060	1,639	1,431	401	162	84	23,867

Note 20 – Commitments and contingencies

As of 31 December 2020, the Company has future purchase and service contractual obligations of approximately EUR 106, primarily related to IT development and maintenance agreements, marketing sponsorship agreements, equipment purchase agreements, and other supplier commitments. Future payments under these arrangements translated using 31 December 2020 exchange rates are as follows:

in EUR	2021	2022	2023	2024	2025	Thereafter	Total
Purchase and service contractual obligations	74	25	4	2	1	–	106

Guarantees

The Company has entered into certain guarantee contracts and standby letters of credit that total EUR 783. The guarantees primarily relate to government requirements for operating a temporary staffing business in certain countries and are generally renewed annually. Other guarantees relate to operating leases and credit lines. 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. Although the outcome of the legal proceedings cannot be predicted with certainty, the Company believes it has adequately reserved for such matters.

Note 21 – Enterprise risk management

The Company's Board of Directors, who are ultimately responsible for the risk management of the Company, has delegated its execution to Group management whilst maintaining oversight.

The enterprise risk management process is embedded into the Company's strategic and organisational context. The process is focused on managing risks as well as identifying opportunities. The Company's risk management process covers the significant risks for the Company including financial, operational and strategic risks. All segments perform the risk management process on a regular basis and report their results to Group management. The Company's risk management activities consist of risk identification, risk analysis, risk mitigation and risk monitoring.

Group management has provided an extensive risk catalogue, defining risk categories which can have a significant impact on the Company's results. These were updated to reflect the learnings and impact of Covid-19 and the changes associated with the introduction of the new Future@Work strategy. Those key recurring risk categories are, amongst others, geopolitical, social and economic uncertainty, client attraction and retention, associate attraction and retention, employee attraction and retention, information technology, changes in regulatory/legal and political environment, compliance with laws and regulations, disruptive technologies, data protection, and cyber security and sustainability. All risk categories are considered in the assessment performed by all segments within the Company.

The risk assessment includes the following steps: identification of risks that could impact on the financial results or strategic achievements, assessment of the likelihood of the risk occurrence, assessment of the effectiveness of existing internal controls, and development of action plans needed to mitigate the risk to an acceptable level.

The risk assessment is aligned with the Company's organisational structure. The segments report to Group management a comprehensive risk assessment, including mitigating actions. At Group management level, the individual segment results are reviewed and discussed with segment management before being consolidated.

The financial reporting risk includes the failure to comply with external reporting requirements due to failure of internal controls and/or lack of knowledge of financial reporting requirements relating to accounting and reporting. The Company has implemented a Group Policy environment as well as an Internal Control System in order to mitigate the risk of failure to comply with financial reporting requirements. The Company's Internal Control System is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

The financial market risk primarily relates to foreign currency exchange rates and interest rates and is further discussed in Note 14. These exposures are actively managed by the Company in accordance with written policies approved by the Board of Directors. The Company's objective is to minimise, where deemed appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. It is the Company's policy to use a variety of derivative financial instruments to hedge these exposures in the absence of natural hedges.

The Company concluded that the risk management process has worked properly throughout 2020.

Note 22 – Subsequent events

The Company has evaluated subsequent events through 10 March 2021, the date the consolidated financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date, but prior to 10 March 2021, that would have a material impact on the consolidated financial statements.

As statutory auditor, we have audited the consolidated financial statements of Adecco Group AG (the Company), which comprise the consolidated balance sheets as of 31 December 2020 and 2019, and the related consolidated statements of operations, comprehensive income, cash flows and changes in shareholders' equity for each of the three years in the period ended 31 December 2020 and the related notes to the consolidated financial statements (pages 118 to 159).

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Swiss law and Swiss Auditing Standards and auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Adecco Group AG as of 31 December 2020 and 2019, and the consolidated results of its operations and its cash flows for each of the three years in the period ended 31 December 2020 in conformity with U.S. generally accepted accounting principles and comply with Swiss law.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Revenue recognition and recoverability of trade accounts receivable

Area of focus	The Company applies judgment regarding the recognition of complex service contracts and in determining whether a sales arrangement needs to be recognized on a gross or on a net basis (principal versus agent considerations). Judgment is also applied when accruing revenue. Trade accounts receivable represent 40% of the Group's total assets and 120% of the Group's total shareholders' equity as of December 2020. The Company applies judgment to its ability to collect outstanding receivables on an entity-by-entity basis. Due to the significance of revenues and the carrying values for trade accounts receivable and the judgment involved also considering the unprecedented economic environment due to Covid-19 outbreak, this matter was considered significant to our audit. Refer to Note 2 and Note 4 to the consolidated financial statements for the Company's disclosures on revenue and trade accounts receivable respectively.
Our audit response	We assessed the Company's internal controls over its significant revenue and trade accounts receivable processes, also considering the applicable accounting policy for revenue recognition. We selected samples of service contracts and revenue transactions to assess their occurrence, completeness and measurement. We performed procedures concerning the existence and valuation of trade accounts receivable, including debtor circularization. To assess the net realizable value of trade accounts receivable, we evaluated specific individual circumstances of a debtor, the aging of receivables, historical collection data and current economic trends. Our audit procedures did not lead to any reservations concerning the recognition of revenues and recoverability of trade accounts receivables.

Goodwill and indefinite-lived intangible assets

Area of focus	Goodwill and indefinite-lived intangible assets represented 25% of the Group's total assets and 77% of the Group's total shareholders' equity as of December 2020. As stated in Note 1 to the consolidated financial statements, the carrying value of goodwill and indefinite-lived intangible assets is tested at least annually for impairment. As of Q1 2020, the Company performed an interim impairment which resulted in a goodwill impairment of EUR 362 million, relating to the Germany, Austria, Switzerland reporting segment. The impairment was driven by management's revised five-year projections for sales and earnings on the unprecedented degree of uncertainty related to Covid-19, compounding to the already challenging market dynamics in Germany. Furthermore, the Company performed its annual impairment test of goodwill and indefinite-lived intangible assets in the fourth quarter of 2020 and determined that there was no impairment. Key assumptions concerning the impairment test are disclosed in Note 6 to the consolidated financial statements. In determining the fair value of reporting units and indefinite-lived intangible assets, the Company must apply judgment in estimating – amongst other factors – future revenues and profit margins, long-term value and long-term growth, and discount rates taking into consideration the extraordinary economic environment due to Covid-19 pandemic. Due to the significance of the carrying values for goodwill and indefinite-lived intangible assets and the judgment involved in performing the impairment test, this matter was considered significant to our audit.
Our audit response	We assessed the Company's internal controls over its annual impairment test and key assumptions applied. We evaluated Management's interpretation of reporting units. We involved EY valuation specialists to assist in examining the Company's valuation model and analyzing the underlying key assumptions, including long-term growth and discount rates. We assessed future revenues and margins, the historical accuracy of the Company's estimates and its ability to produce accurate long-term forecasts also considering the unprecedent economic environment. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including industry reports, economic outlooks, analyst reports and data from competitors. Our audit procedures did not lead to any reservations concerning the recoverability of goodwill and indefinite-lived intangible assets.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente

Jolanda Dolente

Licensed audit expert
(Auditor in charge)

/s/ Roland Ruprecht

Roland Ruprecht

Licensed audit expert

Zürich, Switzerland
10 March 2021

Balance sheets

in millions, except share and per share information

As of (in CHF)	Note	31.12.2020	31.12.2019
Assets			
Current assets:			
• Cash and cash equivalents		7	23
• Receivables			
• from subsidiaries		82	158
• from third parties		8	5
• Current financial assets		23	23
• Other current assets		15	10
Total current assets		**135**	**219**
Non-current assets:			
• Loans to subsidiaries, net		1,581	1,893
• Investments in subsidiaries, net	2	9,716	9,713
• Software and other intangible assets, net		40	34
• Fixed assets, net		1	2
• Non-current financial assets		7	4
• Other non-current assets		22	17
Total non-current assets		**11,367**	**11,663**
Total assets		**11,502**	**11,882**
Liabilities and shareholders' equity			
Liabilities			
Current liabilities:			
• Payables			
• to subsidiaries		19	19
• to third parties		16	13
• Current maturities of long-term interest-bearing debt	4		125
• Other current liabilities		144	82
Total current liabilities		**179**	**239**
Non-current liabilities:			
• Long-term interest-bearing debt			
• from subsidiaries		7,197	7,505
• from third parties	4	325	100
• Other non-current liabilities		42	72
Total non-current liabilities		**7,564**	**7,677**
Total liabilities		**7,743**	**7,916**
Shareholders' equity			
Share capital		16	16
Statutory reserves from capital contribution	7	2	2
Statutory retained earnings	7	407	407
Voluntary retained earnings	7	3,431	3,616
Treasury shares	8	(97)	(75)
Total shareholders' equity		**3,759**	**3,966**
Total liabilities and shareholders' equity		**11,502**	**11,882**

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

Statements of operations

in millions, except share and per share information

For the fiscal years ended 31 December (in CHF)	Note	2020	2019
Royalties and licence fees		358	437
Charges to affiliated companies		295	229
Dividends from subsidiaries		4	328
Interest income from subsidiaries		43	52
Interest income from third parties		8	16
Total income		**708**	**1,062**
Interest expense to subsidiaries		(26)	(30)
Interest expense to third parties		(8)	(5)
Salaries and social charges		(79)	(90)
Other expenses		(310)	(251)
Depreciation and amortisation		(24)	(17)
Change of provisions on loans and investments, net		(62)	(18)
Financial income/(expenses), net	12	45	7
Other income		12	14
Income/(loss) before taxes		**256**	**672**
Direct taxes		(26)	(26)
Net income/(loss)		**230**	**646**

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

Notes to financial statements

in millions, except share and per share information

Note 1 – Summary of significant accounting principles

Adecco Group AG (Zürich, Switzerland) is the parent company of the Adecco Group.

In 2020, Adecco Group AG had on average 244 full-time employees. In 2019, Adecco Group AG had on average 261 full-time employees.

Basis of presentation

The statutory financial statements have been prepared in accordance with the Swiss Code of Obligations (SCO).

Foreign currencies

Foreign currency transactions are accounted for at the exchange rates at the date of the transactions. The gains and losses resulting from the settlement of such transactions and from the remeasurement of current assets and liabilities denominated in foreign currencies are recognised in financial income/(expenses), net.

Financial assets

Current and non-current financial assets contain foreign currency contracts and cross-currency interest rate swaps, and are measured at market price. Movements in market prices are recorded in financial income/(expenses), net.

Investments in subsidiaries

Investments in subsidiaries are valued at the lower of cost or fair value, using generally accepted valuation principles.

Share-based payments

Adecco Group AG records a provision for share-based compensation in other non-current liabilities for subsequent settlement with treasury shares. Any differences between the provision and the acquisition costs for treasury shares are recorded in other expenses at settlement.

Note 2 – Investments in subsidiaries

As of 31 December 2020 and 31 December 2019, the investments in subsidiaries amount to CHF 10,636 and CHF 10,611, respectively, and are shown net of a provision of CHF 920 and CHF 898, respectively. In 2020, the net increase of the provisions on investments of CHF 22 consists of an increase of provisions of CHF 26 and a release of provisions of CHF 4. In 2019, the net increase of the provisions on investments of CHF 31 consists of an increase of provisions of CHF 47 and a release of provisions of CHF 16.

Direct investments as of 31 December 2020 and 31 December 2019

Country	Registered office	Name of legal entity	2020 Ownership & voting power	2019 Ownership & voting power
Andorra	Andorra la Vella	Adecco Recursos Humans SA	67%	67%
Argentina	Buenos Aires	Adecco Argentina SA	81%	81%
Australia	Melbourne	Adecco Holdings Pty Ltd	100%	100%
Austria	Vienna	Adecco Holding GmbH	100%	100%
Austria	Vienna	Tuja Holding GmbH	100%	100%
Belgium	Groot-Bijgaarden	Adecco Construct NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV	100%	100%
Belgium	Groot-Bijgaarden	Adecco Professional Staffing NV	58%	100%
Belgium	Antwerp	Beeple NV	63%	50%
Bermuda	Hamilton	Adecco Reinsurance Company Limited	100%	100%
Brazil	São Paulo	Adecco Recursos Humanos SA	100%	100%
Bulgaria	Sofia	Adecco Bulgaria EOOD	100%	100%
Bulgaria	Sofia	Modis Bulgaria EOOD	100%	100%
Canada	Toronto, ON	Adecco Employment Services Limited	100%	100%
Croatia	Zagreb	Adecco d.o.o. za zaposljavanje	100%	100%
Croatia	Zagreb	Adecco Hrvatska d.o.o.[3]		100%
Croatia	Zagreb	Adecco Outsourcing d.o.o.	100%	100%
Czech Republic	Prague	Adecco EMEA Business Solutions S.R.O.	100%	100%
Czech Republic	Prague	Adecco SPOL. S.R.O.	100%	100%
Finland	Helsinki	Adecco Finland Oy	100%	100%
France	Villeurbanne	Adecco Holding France	100%	100%
France	Villeurbanne	Adecco IT Services	100%	100%
Germany	Düsseldorf	Adecco Beteiligungs GmbH	100%	100%
Germany	Berlin	Adecco Group Technology Center GmbH[1]	100%	
Greece	Athens	Adecco HR SATW	100%	100%
Hong Kong	Hong Kong	Lee Hecht Harrison HK Limited	100%	100%
Hungary	Budapest	Adecco Szemelyzeti Kozvetito Kft	100%	100%
India	Bangalore	Adecco India Private Limited	1%	1%
Japan	Tokyo	Adecco Ltd	100%	100%
Luxembourg	Bertrange	Adecco Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Spring Professional Luxembourg SA	100%	100%
Luxembourg	Luxembourg	Alexandre Tic (Luxembourg) SA	100%	100%
Malaysia	Kuala Lumpur	Spring Professional (Malaysia) Sdn. Bhd.	49%	49%
Malaysia	Kuala Lumpur	Adecco Asia Business Solutions Sdn. Bhd.	100%	100%
Mexico	México, D.F.	Adecco Latam Business Solutions S.A. de CV	100%	100%
Netherlands	Utrecht	Adecco International Financial Services BV	100%	100%
New Zealand	Auckland	Adecco New Zealand Ltd	100%	100%
Norway	Oslo	Adecco Group Norway AS	100%	100%
Poland	Warsaw	Adecco Poland Sp. z o.o.	100%	100%
Poland	Warsaw	Lee Hecht Harrison Polska Sp. z o.o.[1]	100%	
Portugal	Lisbon	Adecco Recursos Humanos	100%	100%
Puerto Rico	Manati	Adecco Personnel Services Inc.	100%	100%
Romania	Bucharest	Adecco Resurse Umane SRL	99%	99%
Romania	Bucharest	Adecco Romania SRL	100%	100%
Romania	Timisoara	Modis ITO SRL[1]	99%	

Notes to financial statements (continued)

in millions, except share and per share information

Country	Registered office	Name of legal entity	2020 Ownership & voting power	2019 Ownership & voting power
Serbia	Belgrade	Adecco Outsourcing d.o.o. Beograd	100%	100%
Singapore	Singapore	Adecco Group Apac Pte Ltd	100%	100%
Singapore	Singapore	Lee Hecht Harrison Pte Ltd	100%	100%
Slovakia	Bratislava	Adecco Slovakia, s.r.o	100%	100%
Slovenia	Ljublijana	Adecco H.R. d.o.o	100%	100%
South Korea	Seoul	Adecco Korea Co. Ltd.	100%	100%
Spain	Madrid	Adecco Iberia SA	100%	100%
Sweden	Stockholm	Adecco Sweden AB	100%	100%
Switzerland	Lausanne	Adecco Ressources Humaines S.A.	100%	100%
Switzerland	Lausanne	Lee Hecht Harrison Sàrl	100%	100%
Switzerland	Lucerne	Adecco Germany Holding Management S.A.	100%	100%
Switzerland	Lucerne	Adecco Invest S.A.	100%	100%
Switzerland	Zug	Adecco Group X AG	100%	100%
Switzerland	Zug	Adecco International AG	100%	100%
Switzerland	Zug	Modis International AG[1]	100%	
Switzerland	Zurich	Adecco Liquidity Services AG	100%	100%
Switzerland	Zurich	Just in time staffing AG	100%	100%
Thailand	Bangkok	Adecco Bangna Limited	19%	19%
Thailand	Bangkok	Adecco Consulting Limited	48%	48%
Thailand	Bangkok	Adecco Eastern Seaboard Recruitment Limited	9%	9%
Thailand	Bangkok	Adecco Recruitment (Thailand) Limited	48%	48%
Thailand	Bangkok	Adecco New Petchburi Limited	48%	48%
Thailand	Bangkok	Adecco Phaholyothin Recruitment Limited	8%	8%
Thailand	Bangkok	Adecco Praram 4 Recruitment Limited	48%	48%
Thailand	Bangkok	Spring Professional Recruitment (Thailand) Limited	48%	48%
Turkey	Istanbul	Adecco Hizmet ve Danismanlik AS	0%	0%
United Kingdom	London	Tempfair Limited[2]	23%	
USA	Wilmington, DE	Adecco, Inc	100%	100%
USA	San Francisco, CA	Mya Systems, Inc	3%	4%
USA	Wilmington, DE	Revere Parent, Inc.[4]		5%
USA	Wilmington, DE	BH Acquisition Purchaser, Inc.[2]	<1%	
Vietnam	Ho Chi Minh City	CÔNG TY CỔ PHẦN ADECCO VIỆT NAM	100%	100%

1 New company in 2020.

2 Acquired in 2020.

3 Merged in 2020.

4 Sold in 2020.

All significant indirect investments of Adecco Group AG are listed in the section “Major consolidated subsidiaries of the Adecco Group”.

Note 3 – Payables to Adecco Pension Fund

Adecco Group AG has total payables to the Adecco Pension Fund of less than CHF 1 as of 31 December 2020 and CHF 1 as of 31 December 2019.

Note 4 – Long-term interest-bearing debt

The long-term debt issued by Adecco Group AG as of 31 December 2020 and 31 December 2019 consists of the following:

in CHF	Principal at maturity	Maturity	Fixed interest rate	31.12.2020	31.12.2019
8-year Swiss Franc fixed rate notes	CHF 125	2020	2.625%		125
5.5-year Swiss Franc fixed rate notes	CHF 225	2025	0.875%	225	
8-year Swiss Franc fixed rate notes	CHF 100	2026	0.875%	100	100
Total long-term debt				**325**	**225**
Less current maturities					125
Long-term debt, less current maturities				**325**	**100**

8-year Swiss Franc fixed rate notes due 2020

On 18 July 2012, Adecco Group AG issued CHF 125 fixed rate notes with a coupon of 2.625% due on 18 December 2020. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used to fund the share buyback programme approved by the Board of Directors in June 2012.

On 18 December 2020, the Company repaid the 2020 notes at maturity.

5.5-year Swiss Franc fixed rate notes due 2025

On 27 May 2020, Adecco Group AG issued CHF 225 fixed rate notes with a coupon of 0.875% due on 27 November 2025, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

8-year Swiss Franc fixed rate notes due 2026

On 18 September 2018, Adecco Group AG issued CHF 100 fixed rate notes with a coupon of 0.875% due on 18 September 2026, but callable by the Company at par within three months prior to maturity. The notes were issued within the framework of the Euro Medium-Term Note Programme and trade on the SIX Swiss Exchange. The proceeds were used for general corporate purposes.

Note 5 – Lease commitments

Adecco Group AG has total lease commitments of CHF 3 as of 31 December 2020 of which CHF 1 are due within the next 12 months and CHF 2 are due after 12 months. Adecco Group AG had total lease commitments of CHF 5 as of 31 December 2019 of which CHF 2 were due within the next 12 months and CHF 3 were due after 12 months.

Note 6 – Contingent liabilities

The contingent liabilities including guarantees and letters of comfort amount to CHF 2,561 as of 31 December 2020 and to CHF 2,293 as of 31 December 2019.

Adecco Group AG has irrevocably and unconditionally guaranteed the 2039 notes of CHF 60 (JPY 7,000) and accrued interest of less than CHF 1, and the 2033 notes of CHF 52 (JPY 6,000) and accrued interest of less than CHF 1, issued by Adecco Financial Services (North America), LLC, a wholly owned subsidiary of Adecco Group AG.

Adecco Group AG has irrevocably and unconditionally guaranteed the 2030 notes of CHF 52 (NOK 500) and accrued interest of less than CHF 1, the 2029 notes of CHF 325 (EUR 300) and accrued interest of less than CHF 1, the 2024 notes of CHF 541 (EUR 500) and accrued interest of less than CHF 1, the 2022 notes of CHF 541 (EUR 500) and accrued interest of CHF 1, and the 2021 notes of CHF 266 (USD 300) and accrued interest of CHF 1, issued by Adecco International Financial Services BV, a wholly owned subsidiary of Adecco Group AG.

Approximately CHF 629 of the credit facilities issued to several subsidiaries in Europe, North America, South America, Asia and Australia have been guaranteed for operational needs.

Additionally, Adecco Group AG has provided guarantees and letters of comfort amounting to CHF 95 relating to government requirements for operating a temporary staffing business and for operating leases of its subsidiaries, mainly in the USA.

Adecco Group AG is jointly and severally liable for the liabilities of the Swiss VAT group.

Notes to financial statements (continued)

in millions, except share and per share information

Note 7 – Shareholders' equity

Statutory reserves from capital contribution and voluntary retained earnings

Pursuant to Swiss tax legislation, the statutory reserves from capital contribution amounted to CHF 2 and CHF 2 as of 31 December 2020 and as of 31 December 2019, respectively.

At the Annual General Meeting of Shareholders of Adecco Group AG held on 16 April 2020 (2020 AGM), the shareholders approved a dividend of CHF 2.50 per share outstanding in respect of the fiscal year 2019. The dividend of CHF 404 (EUR 381) was directly distributed to shareholders from voluntary retained earnings in April 2020.

For 2020, the Board of Directors of Adecco Group AG will propose a dividend of CHF 2.50 per share outstanding for the approval of shareholders at the Annual General Meeting of Shareholders to be directly distributed from voluntary retained earnings to shareholders.

Conditional capital

As of 31 December 2020, Adecco Group AG had conditional capital under Art. 3^{quater} of the Articles of Incorporation of Adecco Group AG of 15,400,000 shares, for a maximum aggregate amount of CHF 1.5 for issue of a maximum of 15,400,000 registered shares, which shall be fully paid by the exercise of option and conversion rights to be granted in relation to bond issues or other obligations of Adecco Group AG or affiliated companies. The shares represent conditional capital authorised without time limitation and remain available for issuance upon conversion of any financial instruments that Adecco Group AG or its subsidiaries may issue in the future.

Authorised capital

As of 31 December 2020, and 31 December 2019, the Board of Directors are authorised, until 30 April 2021, to increase the share capital to a maximum of CHF 1 and CHF 1, respectively through the issuance of up to 8,156,200 and 8,167,200 shares, respectively with a nominal value of CHF 0.10 per share, as approved by the shareholders at the Annual General Meeting of Shareholders of Adecco Group AG held on 16 April 2019 (2019 AGM).

Note 8 – Treasury shares

As of 31 December 2020 and 31 December 2019 all treasury shares held by the Adecco Group are held by Adecco Group AG.

	Carrying value (in CHF millions)	Number of shares	Average price per share (in CHF)
1 January 2019	**160**	**3,012,469**	
Purchases	17	319,583	53
Purchased over second trading line (share buyback)	69	1,378,750	50
Share cancellation	(157)	(3,231,750)	49
Utilisation for stock-based compensation settlement	(14)	(217,727)	62
31 December 2019	**75**	**1,261,325**	
Purchases	49	1,215,000	40
Share cancellation	(11)	(220,000)	49
Utilisation for stock-based compensation settlement	(16)	(276,556)	57
31 December 2020	**97**	**1,979,769**	

In 2020 and 2019, the number of treasury shares acquired by Adecco Group AG on the regular trading line amounted to 1,215,000 and 319,583, respectively. The highest and lowest price per share paid for the shares acquired in 2020 amounted to CHF 51 and CHF 32, respectively, and for the shares acquired in 2019 CHF 54 and CHF 51, respectively.

In 2020 and 2019, Adecco Group AG awarded 32,050 and 26,559 treasury shares, respectively, to the Board of Directors as part of their remuneration package (refer to section 8.4 "Remuneration of the Board of Directors for 2020 and shareholding as at 31 December 2020" in the Remuneration Report). In addition, in 2020 and 2019, 244,506 treasury shares and 191,168 treasury shares, respectively, were used to settle share awards under the long-term incentive plan.

As of 31 December 2020, the treasury shares, excluding those acquired on a second trading line with the aim of subsequently cancelling the shares and reducing share capital, are intended to be used for the settlement of the Company's long-term incentive plan (for further details refer to Note 12 of the Adecco Group consolidated financial statements) as well as for the Board of Directors' remuneration.

Adecco Group AG launched the following share buyback programmes on a second trading line with the aim of subsequently cancelling the shares and reducing share capital:

- EUR 150 announced in March 2018 (completed in March 2019)
- EUR 600 announced in February 2020 (not yet commenced).

As of 31 December 2020 and 31 December 2019, Adecco Group AG held no shares and held 220,000 shares, respectively, acquired under the share buyback programmes. Adecco Group AG acquired no shares in 2020, and acquired 1,378,750 shares for CHF 69 (EUR 61) in 2019 under the share buyback programmes. The highest and lowest price per share paid under the share buyback programmes in 2019 amounted to CHF 54 and CHF 46.

At the 2020 AGM, the shareholders approved the cancellation of 220,000 treasury shares acquired under the share buyback programme and the corresponding reduction in the Adecco Group AG's share capital by 220,000 registered shares with a nominal value of CHF 0.10 each. The cancellation of 220,000 treasury shares was completed on 6 July 2020. Effective 6 July 2020 the share capital of the Company amounts to CHF 16 divided into 163,124,177 shares.

Notes to financial statements (continued)

in millions, except share and per share information

Note 9 – Significant shareholders

Adecco Group AG has only registered shares. Not all shareholders register with Adecco Group AG's share register.

On 31 December 2020, BlackRock Inc.'s shareholding in Adecco Group AG remained above 5%. BlackRock Inc. held 8,455,140 shares as of 18 October 2019.

Silchester International Investors LLP's shareholding in Adecco Group AG reduced to 4.95%. Silchester International Investors LLP held 8,069,166 shares as of 5 November 2020.

For further detailed information, refer to the links listed under section 1.2 "Significant shareholders" of the Corporate Governance Report.

Note 10 – Board of Directors and Executive Committee shareholdings

Board of Directors' shareholdings

Name and function	**Shareholding as of 31 December 2020[1]**	Shareholding as of 31 December 2019[1]
Jean-Christophe Deslarzes, Chair	18,461	9,769
Kathleen Taylor, Vice-Chair	13,310	9,963
Ariane Gorin	8,924	5,577
Alexander Gut	29,666	26,319
Didier Lamouche	12,386	9,273
David Prince	16,652	18,753
Regula Wallimann	7,215	3,868
Rolf Dörig[2]		90,238
Total	**106,614**	**173,760**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Member of the Board of Directors until 16 April 2020.

Executive Committee's shareholdings

Name	Shareholding as of 31 December 2020[1]	Shareholding as of 31 December 2019[1]
Alain Dehaze	70,010	49,360
Coram Williams[2]		
Christophe Catoir	12,479	9,469
Sergio Picarelli	28,400	22,531
Jan Gupta		
Valerie Beaulieu[4]		
Stephan Howeg	12,957	9,265
Gordana Landen		
Teppo Paavola		
Enrique Sanchez	17,837	15,633
Ian Lee		
Corinne Ripoche[3]	1,843	
Hans Ploos van Amstel[6]		8,483
Federico Vione[6]		15,469
Rob James[5]		1,712
Total	**143,526**	**131,922**

1 Indicating the number of registered shares held, with a nominal value of CHF 0.10 each.

2 Appointed as EC member as of May 2020.

3 Appointed as EC member as of July 2020.

4 Appointed as EC member as of November 2020.

5 Ceased to be a member of the EC in 2019.

6 Ceased to be a member of the EC in 2020.

The members of the Board of Directors and of the Executive Committee are required to disclose to Adecco Group AG direct or indirect purchases and sales of equity-related securities of Adecco Group AG in accordance with the requirements of the SIX Swiss Exchange.

Note 11 – Granted participation rights

In 2020, Adecco Group AG granted to the Executive Committee members employed by Adecco Group AG 147,888 treasury shares for CHF 4 and to other employees employed by Adecco Group AG 171,779 treasury shares for CHF 6 under the Adecco Group long-term incentive plan. In 2019, Adecco Group AG granted to the Executive Committee members employed by Adecco Group AG 177,821 treasury shares for CHF 4 and to other employees employed by Adecco Group AG 60,412 treasury shares for CHF 1 under the Adecco Group long-term incentive plan. For the total number of shares granted in 2020 and in 2019 under the Adecco Group long-term incentive plan refer to Note 12 of the Adecco Group consolidated financial statements.

Note 12 – Financial income/(expenses), net

Financial income/(expenses), net

	2020	2019
Foreign exchange gain	27	85
Foreign exchange loss	(41)	(22)
Gain/(loss) from Group hedging	59	(56)
Total	**45**	**7**

Major consolidated subsidiaries of The Adecco Group

Country	Registered office	Name of legal entity	Ownership[1]	Type[2]	Currency of share capital	Share capital in thousands
Australia	Melbourne	Adecco Australia Pty Ltd	100%	O	AUD	200
Australia	Melbourne	Adecco Industrial Pty Ltd	100%	O	AUD	5
Belgium	Groot-Bijgaarden	Adecco Personnel Services NV[4]	100%	O	EUR	21,651
Canada	Toronto	Adecco Employment Services Limited[4]	100%	O	CAD	90,615
Canada	Toronto	Modis Canada Inc.	100%	O	CAD	14,884
Colombia	Bogotá	Adecco Colombia SA	100%	O	COP	111,700
France	Villeurbanne	Adecco Holding France[4]	100%	H	EUR	602,503
France	Villeurbanne	Adecco France	100%	O	EUR	89,472
France	Villeurbanne	Adecco Medical	100%	O	EUR	6,925
France	Villeurbanne	Modis France	100%	O	EUR	17,126
France	Paris	Altedia	100%	O	EUR	4,437
Germany	Düsseldorf	Adecco Beteiligungs GmbH[4]	100%	H	EUR	25
Germany	Düsseldorf	Adecco Personaldienstleistungen GmbH	100%	O	EUR	31
Germany	Düsseldorf	DIS AG	100%	O	EUR	12,300
Germany	Düsseldorf	Modis GmbH	100%	O	EUR	540
India	Bangalore	Adecco India Private Limited[4]	100%	O	INR	23,806
Italy	Milan	Adecco Italia S.p.A.	100%	O	EUR	2,976
Japan	Tokyo	Adecco Ltd[4]	100%	O	JPY	5,562,863
Japan	Tokyo	VSN, Inc.	100%	O	JPY	1,063,772
Mexico	Mexico City	Entreprise Adecco, SA de CV	100%	O	MXN	101,854
Mexico	Mexico City	Performance Adecco SA de CV	100%	O	MXN	62,550
Netherlands	Utrecht	Adecco International Financial Services BV[4]	100%	F	EUR	2,500
Netherlands	Utrecht	Adecco Holding Europe BV	100%	H	EUR	18,807
Netherlands	Utrecht	Adecco Personeelsdiensten BV	100%	O	EUR	259
Netherlands	Utrecht	Adecco HR Solutions BV	100%	O	EUR	2
Norway	Oslo	Adecco Norge AS	100%	O	NOK	51,000
Poland	Warsaw	Adecco Poland Sp. z o.o.[4]	100%	O	PLN	50
Singapore	Singapore	Adecco Personnel Pte Ltd	100%	O	SGD	100
Spain	Madrid	Adecco TT SA Empresa de Trabajo Temporal	100%	O	EUR	1,759
Spain	Madrid	Atlas Servicios Empresariales SA	100%	O	EUR	60
Spain	Madrid	Adecco Outsourcing SA	100%	O	EUR	120
Sweden	Stockholm	Adecco Sweden AB[4]	100%	O	SEK	3,038
Switzerland	Zurich	Adecco Liquidity Services AG[4]	100%	F	CHF	100
Switzerland	Lucerne	Adecco Invest SA[4]	100%	H	CHF	100
Switzerland	Lausanne	Adecco Ressources Humaines SA[4]	100%	O	CHF	7,000
United Kingdom	London	Spring Technology Staffing Services Limited	100%	O	GBP	18,831
United Kingdom	London	Adecco UK Limited	100%	O	GBP	99,600
United Kingdom	London	Olsten (U.K.) Holdings Ltd	100%	H	GBP	9,213
United Kingdom	London	Pontoon Europe Limited	100%	O	GBP	2,574
United States	Wilmington, DE	Adecco Financial Services (North America)[3]	100%	S	USD	n.a.
United States	Wilmington, DE	Adecco, Inc[4]	100%	H	USD	<1
United States	Wilmington, DE	Adecco USA, Inc	100%	O	USD	<1
United States	Burlington, MA	Entegee, Inc.	100%	O	USD	4,534
United States	Plantation, FL	Modis E & T LLC[3]	100%	S	USD	n.a.
United States	Jacksonville, FL	ADO Professional Solutions, Inc.	100%	O	USD	161
United States	Wilmington, DE	Lee Hecht Harrison LLC[3]	100%	O	USD	n.a.
United States	Jacksonville, FL	Modis, Inc.	100%	O	USD	12,612
United States	Baltimore, MD	Special Counsel, Inc.	100%	O	USD	18
United States	Wilmington, DE	General Assembly Space, Inc.	100%	S	USD	1
United States	Wilmington, DE	Pontoon Solutions, Inc.	100%	O	USD	0

1 Voting rights equal to ownership. Voting rights and ownership refer to the Adecco Group.

2 H – Holding; O – Operating; F – Financial; S – Services.

3 Subsidiary is registered as a Limited Liability Company (LLC). No shares have been issued as LLCs have membership interests rather than shares.

4 Adecco Group AG direct investment.

Proposed appropriation of shareholders' equity

in millions, except share and per share information

in CHF	2020	2019
Voluntary retained earnings		
Voluntary retained earnings of previous years	3,212	3,127
Net income	230	646
Share cancellation	(11)	(157)
Total available voluntary retained earnings	**3,431**	**3,616**
Dividend distribution of CHF 2.50 per share for 2019		(404)
Proposed dividend distribution of CHF 2.50 per share for 2020	(403)[1]	
Total voluntary retained earnings to be carried forward	**3,028**	**3,212**

in CHF	2020	2019
Share capital		
Share capital from previous years	16	17
Share cancellation	(0)[2]	(1)
Share capital, end of year	**16**	**16**

1 This represents the amount of dividends payable based on the total number of outstanding shares (excluding treasury shares) of 161,144,408 as of 31 December 2020.

2 The total impact of the share cancellation was below half a million CHF.

As statutory auditor, we have audited the financial statements of Adecco Group AG, which comprise the balance sheet, statements of operations and notes (pages 162 to 173), for the year ended 31 December 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recoverability of investments in subsidiaries

Area of focus	Adecco Group AG evaluates its investments in subsidiaries for recoverability annually and records an impairment loss when the carrying amount of such assets exceeds the recoverable amount. In determining the recoverable amount of the investments, the Company must apply judgement in estimating, among other factors, future revenues and margins, multiples, long-term growth and discount rates, while taking into consideration the extraordinary economic environment due to the Covid-19 pandemic. Due to the significance of the carrying values of the investments in subsidiaries and the judgement involved in performing the recoverability test, this matter was considered significant to our audit.
Our audit response	We assessed the Company's internal controls over its annual recoverability test and key assumptions applied (e.g., future revenues and margins, long-term growth and discount rates). We involved valuation specialists to assist in examining the Company's valuation model and analysing the underlying key assumptions, multiples, long-term growth and discount rates. We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts We evaluated the key assumptions applied and compared these assumptions to corroborating information, including industry reports, economic outlooks, analyst reports and data from competitors Our audit procedures did not lead to any reservations concerning the recoverability of investments in subsidiaries.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

/s/ Jolanda Dolente

Jolanda Dolente
Licensed audit expert
(Auditor in charge)

/s/ Roland Ruprecht

Roland Ruprecht
Licensed audit expert

Zürich, Switzerland
10 March 2021

Additional information

Additional Information

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, net debt to EBITDA excluding one-offs, and dividend payout ratio, 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 temporary staffing services indicating current price levels.

Pay rate

An average hourly payroll rate including social charges for temporary staffing 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-cash 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-recurring 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)

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 this 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 supplemental 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 this 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.

Dividend payout ratio

Dividend payout ratio refers to the percentage of adjusted net earnings per share paid to shareholders in dividends. Management believes that dividend payout ratio is important supplemental information because it represents the percentage of the Company's annual profits being paid out to shareholders in the form of an ordinary dividend.

History

The evolution of the Adecco Group is characterised by productive acquisitions, organic growth, industry innovation, and global expansion, creating a story spanning over 60 years. In 1996, the founding companies Adia and Ecco merged to form the global leader in the staffing industry.

1957
Adia SA is founded in Lausanne, Switzerland, by Henri-Ferdinand Lavanchy. The firm grows rapidly in its home country before expanding abroad.

1964
Philippe Foriel-Destezet founds Ecco in Lyon. By the early 1980s, Ecco is the largest supplier of temporary personnel in France.

1961–1980
In the 1960s, Adia opens offices in various European countries and then in 1972 takes a first step overseas, with a branch in Menlo Park, California. In 1974, Lavanchy recruits Martin O. Pestalozzi and a phase of expansion by acquisitions begins. In the next 12 years, Adia buys over 85 companies, tripling in size and gaining footholds in more than a dozen countries. These include France (1975) and the UK (1977), where it buys the market leader: Alfred Marks Bureau Ltd.

Early 1980s
Adia continues to expand overseas, including Australia, New Zealand, Japan, Hong Kong, and Canada. Meanwhile, Ecco is focusing on its home market. By the mid-1980s, it is the market leader in France and a decade later world no. 2. The growth of both companies is part of a wider trend: temporary staffing becomes the world's third-fastest-growing industry in the 1980s.

Late 1980s
Revenues topping USD 1 billion in 1986 make Adia the European leader. Its success is partly down to a focus on quality and high-value services. The 1990s see a growing trend towards specialised skills, e.g. accounting and word-processing, including in-house training programmes.

1990s
Further acquisitions from the late 1980s onwards strengthen the Company's presence in highly skilled, specialised fields. Also, moves are made into socially related programmes for mature workers in the USA, promoting the benefits of temporary work for retirees and the value for companies of tapping into their experience, skills and dedication. In 1991, recognising the importance of the industry's role in job creation and its growth potential, Klaus J. Jacobs invests in Adia on the way to becoming its majority shareholder.

1996
Adia and Ecco merge to form the Adecco Group. Two of the world's top three personnel services firms, with complementary geographical profiles, merge to form a strong global leader with annualised revenues of over EUR 5.4 billion. Operations are combined to form a global network of 2,500 branches. The new company has an exceptional range and quality of services. The core staffing business places around 250,000 people in work each day.

1997–2000
The 1997 acquisition of TAD Resources International strengthens the Adecco Group's technical and IT staffing business in the USA. In 2000, the Adecco Group acquires the IT and general staffing business of the Olsten Corporation to become the no. 1 staffing services business in the USA and worldwide leader in the IT sector. The merged companies' revenues reach over EUR 11.6 billion, reflecting organic growth and successful acquisitions. Partnerships with Monster.com and Jobs.com mark the Adecco Group's intent to be at the forefront of harnessing the web in the recruitment process.

2002
To keep at the forefront of the trend towards increasing demand for professional and expert services, the Adecco Group consolidates its business under three operating divisions: Adecco Staffing; Ajilon Staffing/Managed Services; and Career Services/e-Business. Legislative change in Germany creates a more favourable environment for the growth of temporary staffing, reflecting greater acceptance of the industry's positive role in generating employment and economic growth.

2004
The acquisition of PeopleOne Consulting in India signals the Adecco Group's commitment to play a leading role in the industry's development in the emerging markets. As a result of the delay in the audit of the 2003 financial statements in early 2004, the Adecco Group strengthens its financial reporting and governance structure.

2005–2006
In 2005, Klaus J. Jacobs assumes the Chairman and CEO roles, initiating a strategy review. The Adecco Group's focus on professional staffing services intensifies. To create a strong platform for growth, the Group's existing operations are realigned into global business lines defined by specific occupational fields, complementing the established office and industrial offering with professional staffing lines.

Acquisitions of Altedia and HumanGroup strengthen the Adecco Group's involvement in professional segments in Europe. In 2006, the acquisition of DIS AG in Germany gives the Adecco Group leadership in the German professional staffing industry. Dieter Scheiff is appointed Chief Executive Officer. The Adecco Group adopts a dual strategy focused on professional and general staffing.

2007
Jürgen Dormann is appointed Chairman of the Board. As planned, Klaus J. Jacobs hands back his mandate. The Adecco Group acquires Tuja Group, an industry leader in Germany, one of the world's fastest-growing temporary staffing markets.

2008

The Adecco Group acquires the professional staffing businesses DNC in the Netherlands and IT specialist Group Datavance in France. Country operations take greater responsibility for growing professional business, as the dual professional and general staffing model becomes further embedded.

Klaus J. Jacobs, co-founder and Honorary President of the Adecco Group, passes away.

2009

Rolf Dörig is appointed Chairman of the Board. Patrick De Maeseneire becomes Chief Executive Officer. The Adecco Group acquires Spring Group in the UK, bolstering the Adecco Group's UK professional and general staffing business.

2010

The acquisition of MPS Group, a leading professional staffing firm based in the USA, is completed. With MPS' strength in North America and the UK, the Adecco Group also becomes the world leader in professional staffing.

The Adecco Group sets up a joint venture in Shanghai with leading Chinese HR services company Fesco. FESCO Adecco begins operations on 1 January 2011, with over 100,000 associates and a well-established local and multinational client base.

2011

The Adecco Group acquires US-based Drake Beam Morin Inc., taking the worldwide lead in career transition and talent development services.

2012

The Adecco Group acquires VSN Inc., a leading provider of professional staffing services in Japan. The acquisition expands the professional staffing exposure in the world's second-largest staffing market.

Henri-Ferdinand Lavanchy, the founder of Adia, passes away.

2014

The Adecco Group acquires OnForce to expand its Beeline service offering, creating a unique integrated solution for managing contingent workforces.

The Jacobs Group sells the vast majority of its 18% stake in the Adecco Group.

2015

Alain Dehaze is appointed Chief Executive Officer. The Adecco Group announces a new composition of the Executive Committee.

The Adecco Group acquires Knightsbridge Human Capital Solutions, the market leader in career transition, talent and leadership development, and recruitment services in Canada.

2016

The Adecco Group acquires Penna Consulting Plc, the UK market leader in career transition, talent and leadership development and recruitment services, as well as D4, LLC, a leader in eDiscovery litigation support.

The Adecco Group deconsolidates Beeline upon its merger with IQNavigator, which brings together two of the world's leading providers of Vendor Management Systems.

2017

The Adecco Group launches Adia, a 'recruitment-on-demand' platform for temporary staffing, and freelancer platform YOSS.

The Adecco Group acquires Mullin International, strengthening its career transition services, and BioBridges, enhancing its position in life sciences professional recruitment.

2018

The Adecco Group acquires Vettery, a US-based talent recruitment platform, built to connect top employers with tech, sales and finance talent. In addition, the Adecco Group acquires General Assembly, a pioneer in education and career transformation, focusing on in-demand digital skills. With General Assembly the Adecco Group broadens its portfolio of brands and services, creating a 360° ecosystem and the most comprehensive offering in the HR solutions industry.

The Adecco Group divests its remaining stake in IQN/Beeline Holdings, LLC.

2019

The Adecco Group divests Soliant Health Inc. to concentrate on globally scalable brands and digital solutions. FESCO Adecco investments become integral to the Adecco Group.

2020

The Adecco Group announces its new strategy called Future@Work with three distinct Global Business Units: Adecco, Talent Solutions and Modis.

Key figures

in EUR millions unless stated	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues	**19,561**	23,427	23,867	23,660	22,708	22,010	20,000	19,503	20,536	20,545
Gross profit	**3,789**	4,504	4,433	4,346	4,276	4,179	3,703	3,560	3,674	3,566
EBITA excluding one-offs	**709**	1,069	1,080	1,158	1,134	1,152	966	857	817	833
EBITA	**570**	988	987	1,151	1,098	1,086	929	824	729	813
Net income/(loss) attributable to Adecco Group shareholders	**(98)**	727	458	788	723	8	638	557	377	519
Basic EPS (EUR)	**(0.61)**	4.48	2.77	4.67	4.24	0.05	3.62	3.09	2.00	2.72
Diluted EPS (EUR)	**(0.61)**	4.47	2.77	4.66	4.24	0.05	3.61	3.08	2.00	2.72
Dividend per share (CHF)	**2.50**[1]	2.50	2.50	2.50	2.40	2.40	2.10	2.00	1.80	1.80
EBITDA excluding one-offs	**837**	1,176	1,166	1,235	1,219	1,246	1,058	958	920	926
EBITDA	**698**	1,095	1,073	1,228	1,183	1,180	1,021	925	832	906
Cash flow from operating activities	**720**	880	727	737	694	797	771	531	565	538
Free cash flow before interest and tax paid	**873**	999	903	939	941	993	999	695	799	665
Free cash flow	**563**	724	569	637	618	700	691	450	477	429
Net debt	**376**	398	1,124	994	887	1,039	971	1,091	967	889
Shareholders' equity	**3,218**	3,948	3,589	3,582	3,722	3,346	3,839	3,557	3,699	3,811
Organic revenue growth	**-14%**	-3%	3%	6%	4%	4%	4%	-1%	-4%	10%
Gross margin	**19.4%**	19.2%	18.6%	18.4%	18.8%	19.0%	18.5%	18.3%	17.9%	17.4%
SG&A as % of revenues	**16.6%**	15.0%	14.4%	13.5%	14.0%	14.1%	13.9%	14.0%	14.4%	13.4%
EBITA margin excluding one-offs	**3.6%**	4.6%	4.5%	4.9%	5.0%	5.2%	4.8%	4.4%	4.0%	4.1%
EBITA margin	**2.9%**	4.2%	4.1%	4.9%	4.8%	4.9%	4.6%	4.2%	3.5%	4.0%
Dividend payout ratio	**82%**	52%	48%	46%	50%	45%	49%	47%	49%	45%
Average number of FTE employees	**30,264**	34,662	35,104	33,787	33,391	32,266	31,576	31,329	32,987	32,826
Days sales outstanding	**52**	53	53	52	52	52	53	54	54	55
Cash conversion	**123%**	93%	84%	81%	83%	86%	103%	81%	98%	80%
Net debt/EBITDA excluding one-offs	**0.4x**	0.3x	1.0x	0.8x	0.7x	0.8x	0.9x	1.1x	1.1x	1.0x
Basic weighted-average shares (millions)	**161.4**	162.2	165.4	168.7	170.3	172.5	176.3	180.5	188.4	190.7
Diluted weighted-average shares (millions)	**162.0**	162.5	165.7	169.1	170.5	172.7	176.6	180.8	188.6	190.8
Shares outstanding at year-end (millions)	**161.1**	162.1	163.6	165.8	170.3	170.3	173.4	178.1	184.6	170.4
In CHF, at year-end:										
Share price	**59.16**	61.22	45.93	74.55	66.65	68.90	68.85	70.60	48.04	39.35
Market capitalisation (millions)[2]	**9,650**	10,000	7,651	12,760	11,408	12,021	12,330	13,362	9,092	7,448
Enterprise value (millions)[3,4]	**10,055**	10,434	8,916	13,923	12,357	13,154	13,495	14,704	10,262	8,515
In EUR[4], at year-end:										
Share price	**54.78**	56.17	40.81	63.72	62.29	63.21	57.37	57.40	39.70	32.79
Market capitalisation (millions)[2,4]	**8,936**	9,174	6,798	10,906	10,662	11,028	10,275	10,863	7,514	6,206
Enterprise value (millions)[3,4]	**9,311**	9,572	7,922	11,900	11,549	12,067	11,246	11,954	8,481	7,095

1 Proposed by the Board of Directors.

2 Market capitalisation based on issued shares.

3 Enterprise value equals net debt plus market capitalisation at year-end.

4 Exchange rates EUR/CHF
2020: 1.08; 2019: 1.09; 2018: 1.13; 2017: 1.17; 2016: 1.07; 2015: 1.09; 2014: 1.20; 2013: 1.23; 2012: 1.21 and 2011: 1.20.

Non-financial reporting index

Expectations of investors and stakeholders are increasing as regards the ways that companies measure and demonstrate their contributions towards creating more prosperous, fulfilled societies and a more sustainable relationship with our planet. This builds on the recognition that companies that hold themselves accountable to their stakeholders and increase transparency will be more viable – and valuable – in the long-term.

At the Adecco Group, we have a long-standing commitment to sustainability and reporting on our progress. We have published a stand-alone Sustainability Report since 2008 and have included relevant elements into the Annual Report ever since. To reflect our integrated approach to sustainability and holistic understanding of stakeholder value creation, since the 2019 Annual Report we have folded the Sustainability Report completely into the Annual Report.

As part of our commitment to continuously strengthen what we measure and disclose, in December 2020, the Adecco Group confirmed its commitment to adopt and gradually implement the Stakeholder Capitalism Metrics framework sponsored by the WEF's International Business Council – a core set of metrics and disclosures intended to align mainstream reporting on performance against ESG indicators with the aim of bringing greater comparability and consistency to ESG reporting. This year for the first time we are also reporting against the recommendations of the Task Force on Climate-related Financial Disclosures and the Sustainability Accounting Standards Board framework for the professional & commercial services industry. We are committed to increasing disclosures against these standards in 2021.

The following content index provides references to the Stakeholder Capitalism Metrics (SCM), the TCFD disclosures (TCFD), the SASB disclosures and metrics (SASB), as well as the Sustainability Reporting Standards 2020 of the Global Reporting Initiative (GRI) – an independent organisation that helps businesses worldwide communicate their impact on critical sustainability issues – to help our stakeholders find the information relevant to them. We believe these disclosures provide a reasonable representation of the Adecco Group's contributions towards sustainable development without yet adhering to the standards in their entirety. As our integrated Annual Report also serves as Communication on Progress towards the UN Global Compact (UNGC), the index also maps our disclosures to the UNGC's ten principles.

This content index refers to information disclosed in several locations and formats, mainly the Adecco Group Annual Report 2020 ('AR'), our 2020 CDP submission ('CDP'), as well as on our website www.adeccogroup.com/sustainability (🌐).

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
General disclosures				
1. Organisational profile				
GRI 102-1	Name of the organisation			AR Cover, 76
GRI 102-2	Activities, brands, products and services		1, 4, 8, 10	AR The Adecco Group at a glance (IFC), 28-29, 76
GRI 102-3	Location of headquarters			AR 76, IBC
GRI 102-4	Location of operations			AR The Adecco Group at a glance (IFC), 124, 65-166, 172
GRI 102-5	Ownership and legal form			AR 76-77
GRI 102-6	Markets served			AR The Adecco Group at a glance (IFC), 124, 165-166, 172
GRI 102-7	Scale of the organisation			AR 2-3, 62-64, 67-68, 70
GRI 102-8 SASB SV-PS-000.A	Information on employees and other workers		8, 10	AR 2, 36, 39, 70
GRI 102-10	Significant changes to the organisation			AR 130, 133, 159
GRI 102-11	Precautionary principle or approach			AR 48-49, 56-57
GRI 102-12	External initiatives	1-6	3, 4, 5, 8, 10, 17	AR 41, 52-53, 55, 56-57 🌐
GRI 102-13	Membership of associations	1-6	3, 4, 5, 8, 10, 17	AR 41, 55, 59 🌐

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
2. Strategy				
GRI 102-14	Statement from senior decision-maker			AR 4-7
GRI 102-15 SCM TCFD Sa-b, Ra-c	Key impacts, risks and opportunities	1-6, 8-10	3, 4, 5, 8, 10, 13, 17	AR 8-9, 16-17, 48-49 CDP
3. Ethics and integrity				
GRI 102-16 SASB SV-PS-510a.1	Values, principles, standards and norms of behaviour	1-6, 8, 10	16	AR 6, 30-31, 43, 50-51
GRI 102-17 SCM	Mechanisms for advice and concerns about ethics	1-6, 10	16	AR 50-51
4. Governance				
GRI 102-18	Governance structure		16	AR 79-90
GRI 102-19	Delegating authority			AR 82-85
GRI 102-20 TCFD Gb	Executive-level responsibility for economic, environmental, and social topics		16	AR 82-83, 104
GRI 102-21 SCM	Consulting stakeholders on economic, environmental, and social topics		16	AR 42, 50, 53, 55. 71
GRI 102-22 SCM	Composition of the highest governance body and its committees		5, 16	AR 79-81, 84-85
GRI 102-23	Chair of the highest governance body		16	AR 80
GRI 102-24	Nominating and selecting the highest governance body		5, 16	AR 82, 84
GRI 102-25	Conflicts of interest		16	AR 82
GRI 102-26 SCM TCFD Ga	Role of highest governance body in setting purpose, values, and strategy		16	AR 82-83
GRI 102-27	Collective knowledge of highest governance body			AR 82-83
GRI 102-28	Evaluating the highest governance body's performance		16	AR 83-84
GRI 102-29 TCFD Sa-b, Ra-b	Identifying and managing economic, environmental, and social impacts		16	AR 8-9, 39-41, 48-59, 82-83
GRI 102-30	Effectiveness of risk management processes		16	AR 48-49, 83, 85, 159
GRI 102-31	Review of economic, environmental, and social topics			AR 82-83
GRI 102-32	Highest governance body's role in sustainability reporting			AR 83
GRI 102-33	Communicating critical concerns	1-6, 10	8, 16	AR 50-51, 70, 83
GRI 102-34	Nature and total number of critical concerns			AR 51
GRI 102-35 SCM	Remuneration policies			AR 94-100
GRI 102-36	Process for determining remuneration			AR 99
GRI 102-37	Stakeholders' involvement in remuneration		16	AR 98

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
5. Stakeholder engagement				
GRI 102-40	List of stakeholder groups			AR 31, 48-49
GRI 102-42	Identifying and selecting stakeholders			AR 30-31, 48-49
GRI 102-43 SCM	Approach to stakeholder engagement			AR 31-32, 39, 41-42, 48-51, 53, 55, 71, 83
GRI 102-44	Key topics and concerns raised			AR 8, 42, 51
6. Reporting practice				
GRI 102-45	Entities included in the consolidated financial statements			AR 124
GRI 102-46	Defining report content and topic boundaries			AR The Adecco Group at a glance (IFC), 8-9, 50, 124
GRI 102-47 SCM	List of material topics	1-10	1, 3, 4, 5, 8, 10, 13	AR 8-9, 48-49
GRI 102-48	Restatements of information			AR 128
GRI 102-49	Changes in reporting			AR 128
GRI 102-50	Reporting period			1 January-31 December 2020
GRI 102-51	Date of most recent report			Published on 16 March 2020
GRI 102-52	Reporting cycle			Annual
GRI 102-53	Contact point for questions regarding the report			AR IBC
GRI 102-54	Claims of reporting in accordance with the GRI Standards			AR 181
GRI 102-55	GRI content index			AR 181-185
GRI 102-56	External assurance			AR 115, 160-161, 174-175
Management approach				
GRI 103-1	Explanation of the material topic and its boundary	1-10		AR 8-9, 39-40, 48-59
GRI 103-2	The management approach and its components	1-10		AR 8-9, 39-40, 48-59
GRI 103-3	Evaluation of the management approach	1-10		AR 6, 8-9, 12-15, 39-40, 48-59
Economic perfomance				
GRI 201-1 SCM	Direct economic value generated and distributed		1, 4, 8, 10	AR 2-3, 50, 58, 62, 67-68, 73, 117-119, 127, 151-155, 163
GRI 201-2 TCFD Sa-b, Ra-b	Financial implications and other risks and opportunities due to climate change	7-9	13	AR 56 CDP
GRI 201-3	Defined benefit plan obligations and other retirement plans			AR 142-146
GRI 201-4 SCM	Financial assistance received from government			AR 43, 125

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
Indirect economic impacts				
GRI 203-2 SCM	Significant indirect economic impacts	6, 8	1, 3, 4, 5, 8, 10	AR 41, 52, 54-55, 58-59
Anti-corruption				
GRI 205-1	Operations assessed for risks related to corruption	10	16	AR 48-49
GRI 205-2 SCM	Communication and training about anti-corruption policies and procedures	10	16	AR 49-51
GRI 205-3 SCM	Confirmed incidents of corruption and actions taken	10	16	AR 51
Tax				
GRI 207-1	Approach to tax		1, 10, 17	AR 50, 93, 127, 151-155
GRI 207-2	Tax governance, control, and risk management		1, 10, 17	AR 84, 93
GRI 207-3	Stakeholder engagement and management of concerns related to tax		1, 10, 17	AR 93
GRI 207-4 SCM	Country-by-country reporting		1, 10, 17	AR 50, 93
Energy				
GRI 302-1	Energy consumption within the organisation	7, 8	7, 8, 12, 13	CDP
GRI 302-2	Energy consumption outside of the organisation	7, 8	7, 8, 12, 13	CDP
GRI 302-3 TCFD Mc)	Energy intensity	7, 8	7, 8, 12, 13	AR 57 CDP
GRI 302-4 TCFD Mc)	Reduction of energy consumption	7, 8	7, 8, 12, 13	CDP
GRI 302-5	Reductions in energy requirements of products and services	7-9	7, 8, 12, 13	CDP
Emissions				
GRI 305-1 SCM TCFD Mb	Direct (Scope 1) GHG emissions	8	3, 12, 13	AR 57 CDP
GRI 305-2 SCM TCFD Mb	Energy indirect (Scope 2) GHG emissions	8	3, 12, 13	AR 57 CDP
GRI 305-3 SCM TCFD Mb	Other indirect (Scope 3) GHG emissions	8	3, 12, 13	AR 57 CDP
GRI 305-4 TCFD Mc	GHG emissions intensity	8	12, 13	AR 57 CDP
GRI 305-5 TCFD Mc	Reduction of GHG emissions	8	12, 13	AR 57 CDP
SCM TCFD Mc	Paris-aligned GHG emissions targets	7, 8	13	AR 56 CDP

Indicator	Disclosure title	UNGC principles	SDG linkage	Reference and page number
Environmental compliance				
GRI 307-1	Non-compliance with environmental laws and regulations	8	16	We are not aware of any non-compliance with environmental laws and/or regulations within our operations.
Employment				
GRI 401-1 SCM SASB SV-PS-330a.2	New employee hires and employee turnover	6	5, 8, 10	AR 36, 39, 70
SASB SV-PS-330a.3	Voluntary and involuntary turnover	6	5, 8, 10	AR 39, 70
Occupational health and safety				
GRI 403-1	Occupational health and safety management system	1	3, 8	AR 42-43, 54
GRI 403-2	Hazard identification, risk assessment, and incident investigation	1	3, 8	AR 42-43, 54
GRI 403-3	Occupational health services	1	3, 8	AR 42-43, 54
GRI 403-5	Worker training on occupational health and safety	1	3, 8	AR 42-43, 54
GRI 403-6 SCM	Promotion of worker health	1	3, 8	AR 42-43, 54
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2	3, 8	AR 54
Training and education				
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes		4, 8, 10	AR 9, 12, 22-25, 27, 29, 34-35, 38
Diversity and equal opportunity				
GRI 405-1 SCM SASB SV-PS-330a.1	Diversity of governance bodies and employees	6	5, 8	AR 39-41, 79-81, 84, 86-89
Non-discrimination				
GRI 406-1 SCM	Incidents of discrimination and corrective actions taken	6	5, 8	AR 51
Human rights assessment				
GRI 412-1 SCM	Operations that have been subject to human rights reviews or impact assessments	1, 2	16	AR 52-53
GRI 412-2	Employee training on human rights policies or procedures	1, 2	16	AR 52-53
Local communities				
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes		4, 8, 10, 17	AR 58-59
Public policy				
GRI 415-1 SCM	Political contributions	10	16	
Data security				
SASB SV-PS-230a.1-3	Description of approach to identifying and addressing data security risks and related policies and practices		16	AR 49

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March 2021

THE ADECCO GROUP

Making the future work for everyone

ANNUAL REPORT 2020

10.2.2 FULL YEAR AND FOURTH QUARTER RESULTS AS PER 31 DECEMBER 2021

THE ADECCO GROUP

AD HOC ANNOUNCEMENT pursuant to Art. 53 Listing Rules of SIX Swiss Exchange
Group press release, Zurich, Switzerland, February 24, 2022

Q4 & FY21 RESULTS

Revenue momentum accelerates, margins strong

Q4 HIGHLIGHTS

- Revenues +3% sequentially, +1% yoy organic TDA[1], led by Modis +14%
- Gross profit +7% organic yoy; led by Adecco +7% and LHH's Recruitment Solutions +c.35%
- 20.7% gross profit margin driven by portfolio, favourable mix and pricing
- EBITA excluding one-offs[2] €259 million; 4.7% margin, reflecting cost discipline while investing in growth
- Operating income €191 million; Net Income €184 million; Basic EPS €1.11, up 21% yoy

FULL YEAR HIGHLIGHTS

- Revenues +9% yoy organic TDA[1]; Gross profit +15% organic yoy
- Leading gross profit margin of 20.4%, driven by portfolio, favourable mix and pricing
- EBITA excluding one-offs[2] €953 million; 4.6% margin sector-leading
- Operating income €780 million; Net Income €586 million; Basic EPS €3.62
- Cash flow from operating activities €722 million; cash conversion 83%
- Good strategic delivery: GBU organisation put in place; AKKA acquisition announced; LHH re-brand underway
- Acquisition of majority stake in AKKA completed; good line of sight on €15 million 2022 EBITA synergies
- Proposed dividend per share CHF 2.50, composed of CHF 1.25 gross plus CHF 1.25 from reserves not subject to withholding tax

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Alain Dehaze, Adecco Group CEO, commented: "Good progress has been made in the first year of implementation of our Future@Work strategy. We have established all three GBUs as Global Leaders, and accelerated our pivot to higher value services, as evidenced by this year's record gross margin level. At the GBU level, Modis delivered outstanding performance in 2021, with strong top line growth and margin uplift, providing a strong foundation for the upcoming integration of AKKA. In LHH, Recruitment Solutions excelled, taking market share in permanent recruitment, while Career Transition navigated lower demand for their services. Adecco delivered sector-leading profitability through 2021, while continued investment supported improved sequential revenue momentum in the last quarter. Looking ahead, while recognising ongoing pandemic related challenges, we expect healthy demand for the Group's services in 2022, and are investing to accelerate sustainable, profitable growth."

KEY FIGURES

EUR millions, unless otherwise stated	Q4 21	Q4 20	CHANGE		FY 21	FY 20	CHANGE	
			Reported	Organic			Reported	Organic
Revenues	5,495	5,406	+2%	+1%[1]	20,949	19,561	+7%	+9%[1]
Gross profit	1,140	1,060	+8%	+7%	4,281	3,789	+13%	+15%
EBITA excl. one-offs[2]	259	260	0%	0%	953	709	+34%	+38%
Operating income	191	224	-15%	-15%[3]	780	118	n.m.	n.m.
Net income/(loss)[4]	184	149	+23%		586	(98)	n.m.	
Basic EPS	1.11	0.92	+21%		3.62	(0.61)	n.m.	
Gross profit margin	20.7%	19.6%	+110 bps	+110 bps	20.4%	19.4%	+100 bps	+110 bps
EBITA margin excl. one-offs	4.7%	4.8%	-10 bps		4.6%	3.6%	+100 bps	
Cash flow from operating activities	272	159	+113		722	720	+2	
Cash conversion ratio[2]	83%	123%			83%	123%		
Net debt/EBITDA excl. one-offs[2]	0.0x	0.4x			0.0x	0.4x		

Unless otherwise noted, all growth rates in this release refer to same period in prior year. [1] On an organic and trading days adjusted basis. [2] For further details on the use of non-GAAP measures in this release, refer to the Financial Information section and the Additional Information Section of the 2020 Annual Report. [3] In constant currency terms. [4] Attributable to Adecco Group shareholders.

Q4 21 financial performance

Revenues

Fourth quarter revenues of EUR 5,495 million were up 1 percent organic and TDA (2 percent reported). Currency translation effects had a net positive impact of around 100 basis points and M&A activities a net negative impact of 50 basis points. The number of working days had a positive impact of 50 basis points. On a sequential basis, revenues improved by approximately 3 percent, to around 2 percent below 2019 levels (from 5 percent below 2019 levels in the third quarter period).

At the Business Unit level, organically and TDA, Adecco's revenues were flat (up 1 percent reported), LHH (Talent Solutions) revenues rose 4 percent (2 percent reported), while Modis' revenues grew 14 percent (11 percent reported).

In terms of service lines, Permanent Placement was up 69 percent organically (70 percent reported), while Outsourcing, Consulting & Other Services was up 16 percent (12 percent reported) and Training, Upskilling and Reskilling was up 15 percent (17 percent reported). Strength across these services lines was offset by the counter-cyclical Career Transition services, which were 39 percent lower (29 percent reported), and Flexible Placement services, which were 1 percent lower (1 percent reported). All compared to the prior year and on an organic basis.

Q4 REVENUES (CHANGE YEAR-ON-YEAR)

Group, by growth driver		Group, by Global Business Unit			Group, by Service Line		
			Reported	Organic, TDA		Reported	Organic
Organic, TDA	**+1%**	Adecco	**+1%**	0%	Flexible Placement	-1%	-1%
TDA	+0.5%	LHH	**+2%**	+4%	Permanent Placement	+70%	+69%
Currency	+1.0%	Modis	**+11%**	+14%	Career Transition	-29%	-39%
M&A	-0.5%				Outsourcing, Consulting & Other Services	+12%	+16%
					Training, Upskilling & Reskilling	+17%	+15%
Group	**+2%**	**Group**	**+2%**	**+1%**	**Group**	**+2%**	**+2%**

Gross profit

Fourth quarter gross profit was EUR 1,140 million, up 7 percent organically (8 percent reported). Gross margin was 20.7 percent, up 110 basis points organically (110 basis points reported), reflecting portfolio shift, favourable mix and better pricing.

On an organic basis, gross profit margins reflect expansion of 40 basis points in Flexible Placement, 110 basis points in Permanent Placement and 30 basis points in Other Services (Outsourcing, Consulting and Training, Upskilling & Reskilling), partially offset with 70 basis points contraction in Career Transition. Currency effects and M&A activities were neutral.

Selling, General & Administrative expenses (SG&A)

SG&A excluding one-offs was EUR 886 million, 10 percent higher organically (10 percent reported). Strong cost saving measures reduced G&A spend, while the Group continued to invest in sales capacity and digital to drive future growth and productivity. Full-time employees increased to 34,574, up 11 percent organically.

EBITA

EBITA excluding one-offs was EUR 259 million, flat on an organic basis.

The EBITA margin excluding one-offs was 4.7 percent, 10 basis points lower, given substantially reduced support scheme benefits when compared to the prior year, and reflecting good cost discipline and investments to accelerate growth. The conversion ratio (gross profit into EBITA excluding one-offs) was 22.8 percent, with strong performance in Adecco and Modis dampened by LHH (Talent Solutions).

One-off charges were EUR 48 million, mainly due to restructuring in LHH (Talent Solutions), higher than the EUR 7 million recorded in the prior year period.

The FESCO Adecco JV in China contributed EUR 6 million, from EUR 2 million in the prior year period.

Amortisation of Intangibles

Amortisation of intangible assets was EUR 20 million in the quarter, at the same level as the prior year period.

Operating income

The Group generated an operating income of EUR 191 million, 15 percent lower, mainly owing to higher levels of one-off costs.

Net income and EPS

Net income attributable to Adecco Group shareholders was EUR 184 million, up 23 percent. The fourth quarter result reflects net interest expense of EUR 10 million, inclusive of one-time financial costs incurred as part of the financing package for the acquisition of AKKA Technologies. Income taxes were EUR 1 million, around zero percent, mainly benefiting from the recognition of deferred tax assets and other discrete items. Excluding these benefits, the effective tax rate was 25 percent.

Basic EPS was EUR 1.11, up 21 percent compared to the prior year period's EUR 0.92.

Cash flow and net debt

Cash flow from operating activities was EUR 272 million in the quarter, compared to EUR 159 million in the prior year period. DSO was 51 days, compared to 49 days in Q4 2020. The cash conversion ratio was a healthy 83 percent, compared to 123 percent in 2020, reflecting normal working capital increase to support the Group's growth.

Net debt was EUR 48 million at end December 2021, compared to EUR 376 million at end December 2020. In Q4 2021 the Net debt to EBITDA excluding one-offs was at zero times. The lower net debt level is mainly a result of the funding secured in September 2021 for the acquisition of AKKA Technologies in 2022.

Global Business Unit results

Unless otherwise noted, all growth rates in this section refer to the same period in the prior year, with revenues stated on an organic and trading days adjusted (TDA) basis, and EBITA or EBITA margins stated excluding one-offs.

Adecco

EUR millions, unless otherwise stated	Revenues				EBITA margin excl. one-offs	
	Q4 21	Q4 20	CHANGE (yoy)		Q4 21	CHANGE
			Reported	Organic, TDA		(bps, yoy)
Adecco	**4,467**	**4,444**	**+1%**	**0%**	**5.2%**	**+10**
France	1,243	1,172	+6%	+5%	6.1%	+30
Northern Europe	619	708	-13%	-15%	3.8%	+50
DACH	362	371	-2%	-4%	5.5%	+380
Southern Europe & EEMENA	1,056	1,003	+5%	+6%	6.4%	(10)
Americas	675	718	-6%	-7%	3.2%	(330)
APAC	512	472	+9%	+11%	4.3%	+60

Recovery in the Adecco business unit gathered pace with revenues up around 4 percent on a sequential basis. Versus 2019, revenues are ahead across Southern Europe, Latin America and APAC. On a year-on-year basis, revenue development was strong in APAC and solid in France and Southern Europe & EEMENA. These positive developments were countered by lower revenue contributions from Northern Europe, DACH and the Americas. Permanent placement revenues, up over 70 percent, were a highlight across the business, while Other Services, which includes training and outsourcing solutions, rose over 20 percent. Flexible placement activities saw strong growth in healthcare and robust demand in manufacturing, while facing a tough comparison in logistics and continued headwinds in autos.

Gross profit margin expanded substantially, reflecting positive mix and pricing actions. EBITA margin expanded 10 basis points, reflecting good cost discipline and continued investment in sales to drive future growth.

Segment results

Adecco France

- Solid revenue growth reflected recovery momentum, with strength across food & beverage, hotel & catering, and logistics & transportation, partially mitigated by a subdued autos sector.
- EBITA margin expanded 30 basis points, driven by favourable mix and pricing even while the business invested to support growth.

Adecco Northern Europe

- Revenues from UK & Ireland were 28 percent lower, in light of a tough comparison period from exceptional contract wins in the prior period. In Benelux, revenues were 5 percent lower, while in the Nordics, revenues rose by 10 percent, with improvement centred around manufacturing, food & beverage, and professional services.
- EBITA margin improved 50 basis points, with lower volumes more than offset by more favourable country and solutions mix and strong cost discipline.

Adecco DACH

- Switzerland & Austria grew 3 percent, while revenues in Germany were 7 percent lower, mainly due to a subdued autos sector. Performance also reflects a tough comparison in logistics.
- EBITA margin expanded 380 basis points, mainly due to mix benefits.

Adecco Southern Europe & EEMENA

- Solid revenue growth reflected strength in Italy, where revenues increased 18 percent. In Iberia, revenues were 2 percent lower and in EEMENA, 13 percent lower. Growth was driven by strong demand in manufacturing, consulting, and food & beverage, partly mitigated by a subdued autos sector and a tough comparison in logistics, mainly in Iberia and EEMENA.
- The EBITA margin of 6.4% reflects higher volumes, favourable pricing and mix, good cost management and investment to drive further revenue momentum.

Adecco Americas

- In Latin America, revenues were 4 percent lower, due to legislative change in Mexico having a negative impact. At the same time, revenues grew in double digit terms excluding Mexico.
- In North America, revenues were 9 percent lower.
  - The Adecco US result was sequentially stable, with year-on-year developments hindered by lower activity in flexible placement related to legacy sector exposures and candidate scarcity for lower wage blue-collar roles.
  - The Group strengthened US leadership through the appointment of Eileen Sweeney as Head of Adecco US. Eileen is responsible for ensuring the operating model put in place during 2021 delivers intended performance improvement.
  - Turnaround continues, with a focus on sales discipline, sector repositioning and maximising the effectiveness of the Career Centre.
- The segment's EBITA margin moved lower, mainly due to lower support scheme benefits.

Adecco APAC

- The region reported broad-based growth with revenues up 24 percent in Australia & New Zealand, up 11 percent in Asia and up 8 percent in Japan.
- EBITA margin expansion of 60 basis points reflects improved mix and solid productivity.

LHH (Talent solutions)

Unless otherwise noted, LHH refers to the Global Business Unit previously reported as Talent Solutions. In addition, Professional Recruitment activities are now Recruitment Solutions activities, and the legacy LHH business is referred to as Career Transition & Talent Development.

EUR millions, unless otherwise stated	Revenues				EBITA margin excl. one-offs	
	Q4 21	Q4 20	CHANGE (yoy)		Q4 21	CHANGE
			Reported	Organic, TDA		(bps, yoy)
LHH	447	439	+2%	+4%	6.3%	(570)

Revenues benefited from excellent growth in Global Recruitment Solutions, up 22 percent, and US Recruitment Solutions, up 17 percent. Accordingly, Gross Profits in the Recruitment Solutions segments combined rose by over 35 percent. Pontoon's revenues were up 8 percent, led by MSP and RXO. Career Transition & Talent Development revenues were 25 percent lower, with the strong global economy reducing demand for Career Transition services, somewhat countered by accelerating momentum in Talent Development. General Assembly revenues were 20 percent lower, with demand for their services impacted by the spread of Omicron. Both digital platforms, Hired and Ezra, advanced strongly.

The EBITA margin moved to 6.3 percent, reflecting the downturn in career transition activities and higher investment in digital. In Recruitment Solutions, both segments continued to invest in sales while delivering robust productivity gains.

MODIS

EUR millions, unless otherwise stated	Revenues				EBITA margin excl. one-offs	
	Q4 21	Q4 20	CHANGE (yoy)		Q4 21	CHANGE
			Reported	Organic, TDA		(bps, yoy)
Modis	**581**	**523**	**+11%**	**+14%**	**7.0%**	**+70**

Modis delivered very strong performance in the quarter, with revenues up 14 percent. By region, the Americas were up 24 percent, EMEA was up 8 percent and APAC up 8 percent. The Americas saw excellent growth in mobility, manufacturing, and financial services sectors and in particular, Consulting and Academy services advanced strongly. In EMEA, growth was driven by Tech Consulting. The APAC region, led by Japan, benefited from its continued focus on Smart Industry consulting. All service lines were very strong, with Tech Talent Services 18 percent higher, Tech Consulting 8 percent higher, and Tech Academy up 73 percent.

The EBITA margin was up 70 basis points, reflecting better volumes, pricing and mix, and higher investment in sales and global resources.

FY 2021 financial performance

EUR millions, unless otherwise stated	Revenues				EBITA margin excl. one-offs	
	FY 21	FY 20	CHANGE (yoy)		FY 21	CHANGE
			Reported	Organic, TDA		(bps, yoy)
Adecco	16,946	15,669	+8%	+9%	4.9%	+110
LHH	1,798	1,713	+5%	+8%	8.3%	(90)
Modis	2,205	2,179	+1%	+9%	6.5%	+80
Adecco Group	**20,949**	**19,561**	**+7%**	**+9%**	**4.6%**	**+100**

The Adecco Group delivered strong growth, with revenues up 9 percent and gross profits up 15 percent organically, supported by a gradual lessening of Covid-19 restrictions and strong revival in trading conditions.

Within the Adecco business unit, the strongest revenue performance came from France, up 15 percent, and Southern Europe & EEMENA, up 18 percent. At LHH, Recruitment Solutions' revenues rose 18 percent and 19 percent globally and, in the US, respectively, supported by a very strong market particularly across the latter half of the year. The business units' growth was somewhat mitigated by the counter-cyclical Career Transition & Talent Development business, where revenues were 10 percent weaker due to the market downturn in Career Transition. The Modis business unit, which was less impacted by the 2020 downturn, delivered solid growth of 9 percent, with notable strength in Modis Americas.

Gross margin reached a leading 20.4 percent in the period, up 110 basis points organically year-on-year (100 basis points reported), supported by the shift in Adecco Group's portfolio toward higher-value activities, in addition to favourable mix and pricing actions. Gross margin expansion was recorded in all business units.

The 4.6 percent EBITA margin, up 100 basis points compared to the prior year, was firmly within the Group's 3 to 6 percent target range and sector-leading. Performance reflects productivity gains (in terms of gross profit per full time employee) of 7 percent and sustained cost mitigation efforts. The Group pursued a focused approach to its growth investments, taking into consideration recovery trajectories in various countries, service lines and end-markets to optimise the company's potential. For the full year, full time employees increased 8 percent organically, to an average of 32,625. The Group achieved a Drop-Down Ratio of 46 percent, inline with management guidance.

Net income attributable to Adecco Group shareholders was EUR 586 million, with a basic EPS of EUR 3.62 versus a loss of EUR 0.61 in 2020. The basic weighted average number of shares was 162,096,188.

Cash flow from operating activities was solid at EUR 722 million, from EUR 720 million in the prior year, evidencing the resiliency of the Group's cash generation capability through-cycle.

Proposed dividend

Considering the Group's strong recovery from 2020's difficult market environment, its solid cash flow position, and confidence in the Group's prospects, the Board of Directors has proposed a dividend per share ("DPS") of CHF 2.50. The proposal is aligned with the Group's progressive dividend policy, including its commitment to holding Swiss franc DPS at least in line with the prior year.

The CHF 2.50 is split between a gross dividend of CHF 1.25 per registered share paid out of available earnings, subject to withholding tax in Switzerland, and CHF 1.25 per registered share paid out of free reserves, not subject to withholding tax in Switzerland.

Subsequent events

On February 24, the Adecco Group announced it had acquired 59.91 percent of the shares issued by AKKA Technologies from the Ricci Family Group and SWILUX S.A., bringing its total holding to 64.72 percent. Modis, the Group's high-tech services business, will be combined with AKKA, a leader in engineering R&D services, creating the global number two in Smart Industry. Akkodis has been announced as the future 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 will amplify future business development. A highly experienced leadership team is in place under Jan Gupta, President of the new, combined business unit.

Through this transaction, the Adecco Group's strategic implementation toward high-value, technology-led services is accelerated and the Group's unique solutions ecosystem strengthened. The transaction is expected to be margin and EPS accretive in year one, excluding one-time integration and implementation costs, and EVA positive in year three.

Mauro Ricci and Jean-Franck Ricci will receive 1,626,772 of Adecco Group AG new ordinary shares with a 24-month lock-up period[1]. Subject to customary approvals, the Group expects to launch a Mandatory Tender Offer to minority shareholders in the period ahead, with a view to closing the acquisition at end H1 2022.

Outlook

During 2021, the group focused on protecting profitability, through agile cost management and commercial discipline. As the pandemic eased in the second half of 2021, we accelerated investment in a focused and disciplined way to improve growth momentum.

For 2022, macro-economic indicators point to robust economic growth, despite geopolitical uncertainty and lingering pandemic related challenges.

In Q1 2022, the Group expects solid revenue growth on a year-on-year basis, with modest sequential improvement. The Group's margin will reflect continued investment, particularly in Adecco, that is anticipated to accelerate sustainable, profitable growth.

[1] Agreed terms of EUR 42 per share in cash plus EUR 7 per share equivalent in Adecco Group AG new ordinary shares. The new shares will be created from existing authorised capital, carry fully dividend rights and will be listed and admitted to trading on the SIX Swiss Exchange on February 24, 2022. Upon registration of the capital increase in the commercial register, expected to take place today, the Adecco Group AG share capital will therefore increase to CHF 16,985,094.90, divided into 169,850,949 ordinary shares each with a par value of CHF 0.10.

More information
The Q4 2021 results press release and presentation slides are available on the Investor Relations website. A conference call and webcast for analysts and investors is scheduled to begin today at 10:00 a.m. CET (09:00 a.m. GMT). The conference call can be followed via webcast on the Investor Relations section of the Group's website, or via telephone:

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Financial calendar
- Capital Markets Day (live event) 29 March 2022
- Q1 2022 results 5 May 2022
- Q2 2022 results 4 August 2022
- Q3 2022 results 3 November 2022

About the Adecco Group
The Adecco Group is the world's leading talent advisory and solutions company. We believe in making the future work for everyone, and every day enable more than 3.5 million careers. We skill, develop and hire talent in around 60 countries, enabling organisations to embrace the future of work. As a Fortune Global 500 company, we lead by example, creating shared value that fuels economies and builds better societies. Our culture of inclusivity, entrepreneurship and teamwork empowers our employees. The Adecco Group AG is headquartered in Zurich, Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).

Important notice about forward-looking information
Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to Adecco Group AG as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our 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; the impact of the global outbreak of novel coronavirus disease (COVID-19); changes in regulation of 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; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Zurich, 24 February, 2022
Alain Dehaze, CEO

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Revenues by segment

Revenues by segment	Q4		Variance % 21 vs 20				% of revenues	FY		Variance % 21 vs 20				% of revenues
EUR millions	2021	2020	EUR	Constant currency	Organic	Organic TDA	Q4 2021	2021	2020	EUR	Constant currency	Organic	Organic TDA	FY 2021
Adecco France	1,243	1,172	6%	6%	5%	5%	23%	4,665	4,042	15%	15%	15%	15%	22%
Adecco Northern Europe	619	708	-13%	-16%	-14%	-15%	11%	2,507	2,494	0%	-1%	0%	0%	12%
Adecco DACH	362	371	-2%	-3%	-3%	-4%	7%	1,426	1,324	8%	8%	8%	8%	7%
Adecco Southern Europe & EEMENA	1,056	1,003	5%	6%	7%	6%	19%	3,925	3,347	17%	18%	19%	18%	19%
Adecco Americas	675	718	-6%	-7%	-7%	-7%	12%	2,492	2,574	-3%	1%	1%	1%	12%
Adecco APAC	512	472	9%	11%	11%	11%	9%	1,931	1,888	2%	7%	7%	6%	9%
Adecco	**4,467**	**4,444**	**1%**	**0%**	**0%**	**0%**	**81%**	**16,946**	**15,669**	**8%**	**9%**	**9%**	**9%**	**81%**
LHH (Talent Solutions)	**447**	**439**	**2%**	**-1%**	**3%**	**4%**	**8%**	**1,798**	**1,713**	**5%**	**7%**	**8%**	**8%**	**9%**
Modis	**581**	**523**	**11%**	**11%**	**14%**	**14%**	**11%**	**2,205**	**2,179**	**1%**	**4%**	**8%**	**9%**	**10%**
Adecco Group	**5,495**	**5,406**	**2%**	**1%**	**2%**	**1%**	**100%**	**20,949**	**19,561**	**7%**	**8%**	**9%**	**9%**	**100%**

Revenues by service line

Revenues by service line	Q4		Variance % 21 vs 20			FY		Variance % 21 vs 20		
EUR millions	2021	2020[1]	EUR	Constant currency	Organic	2021	2020[1]	EUR	Constant currency	Organic
Flexible Placement	4,520	4,549	-1%	-2%	-1%	17,263	16,281	6%	7%	8%
Permanent Placement	162	96	70%	68%	69%	583	406	44%	47%	47%
Career Transition	72	102	-29%	-30%	-39%	314	386	-19%	-17%	-20%
Outsourcing, Consulting & Other Services	659	589	12%	13%	16%	2,471	2,247	10%	13%	14%
Training, Upskilling & Reskilling	82	70	17%	15%	15%	318	241	32%	34%	34%
Adecco Group	**5,495**	**5,406**	**2%**	**1%**	**2%**	**20,949**	**19,561**	**7%**	**8%**	**9%**

1) 2020 Flexible Placement and Outsourcing, Consulting & Other Services have been restated to conform with current period presentation.

EBITA[1] and EBITA margin by segment

EBITA	Q4		Variance % 21 vs 20		% of EBITA[2]	FY		Variance % 21 vs 20		% of EBITA[2]
EUR millions	2021	2020	EUR	Constant currency	Q4 2021	2021	2020	EUR	Constant currency	FY 2021
Adecco France	74	65	14%	14%	28%	270	180	50%	50%	25%
Adecco Northern Europe	23	18	26%	24%	9%	80	37	114%	113%	8%
Adecco DACH	20	27	-26%	-26%	8%	61	(45)	n.m.	n.m.	6%
Adecco Southern Europe & EEMENA	68	60	13%	13%	26%	235	163	44%	45%	22%
Adecco Americas	21	45	-54%	-56%	8%	66	76	-14%	-14%	6%
Adecco APAC	20	13	53%	60%	8%	108	97	12%	19%	10%
Adecco	**226**	**228**	**-1%**	**-2%**	**87%**	**820**	**508**	**61%**	**63%**	**77%**
LHH (Talent Solutions)	**4**	**45**	**-91%**	**-92%**	**2%**	**118**	**123**	**-4%**	**-1%**	**11%**
Modis	**29**	**34**	**-15%**	**-14%**	**11%**	**132**	**104**	**26%**	**32%**	**12%**
Corporate	**(48)**	**(54)**	**-13%**	**-13%**		**(189)**	**(165)**	**14%**	**16%**	
Adecco Group	**211**	**253**	**-17%**	**-17%**	**100%**	**881**	**570**	**54%**	**58%**	**100%**

	Q4			FY		
EBITA margin	2021	2020	Variance bps	2021	2020	Variance bps
Adecco France	5.9%	5.5%	40	5.8%	4.5%	130
Adecco Northern Europe	3.7%	2.6%	110	3.2%	1.5%	170
Adecco DACH	5.5%	7.2%	(170)	4.3%	-3.5%	780
Adecco Southern Europe & EEMENA	6.4%	6.0%	40	6.0%	4.9%	110
Adecco Americas	3.1%	6.3%	(320)	2.7%	3.0%	(30)
Adecco APAC	4.0%	2.8%	120	5.6%	5.1%	50
Adecco	**5.0%**	**5.1%**	**(10)**	**4.8%**	**3.2%**	**160**
LHH (Talent Solutions)	**0.9%**	**10.3%**	**(940)**	**6.6%**	**7.2%**	**(60)**
Modis	**5.0%**	**6.5%**	**(150)**	**6.0%**	**4.8%**	**120**
Adecco Group	**3.8%**	**4.7%**	**(90)**	**4.2%**	**2.9%**	**130**

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 before Corporate

EBITA[1] and EBITA margin excluding one-offs by segment

EBITA	Q4		Variance % 21 vs 20		% of EBITA[2]	FY		Variance % 21 vs 20		% of EBITA[2]
EUR millions	2021	2020	EUR	Constant currency	Q4 2021	2021	2020	EUR	Constant currency	FY 2021
Adecco France	76	68	11%	11%	25%	277	185	50%	50%	24%
Adecco Northern Europe	24	24	-1%	-3%	8%	86	51	67%	65%	8%
Adecco DACH	20	6	209%	210%	7%	57	(6)	n.m.	n.m.	5%
Adecco Southern Europe & EEMENA	68	66	3%	4%	23%	235	170	39%	40%	21%
Adecco Americas	21	47	-54%	-55%	7%	69	91	-24%	-23%	6%
Adecco APAC	22	17	27%	31%	7%	110	101	9%	15%	10%
Adecco	**231**	**228**	**1%**	**0%**	**77%**	**834**	**592**	**41%**	**42%**	**74%**
LHH (Talent Solutions)	**28**	**53**	**-47%**	**-48%**	**9%**	**150**	**159**	**-5%**	**-2%**	**13%**
Modis	**40**	**33**	**22%**	**23%**	**14%**	**142**	**123**	**15%**	**20%**	**13%**
Corporate	**(40)**	**(54)**	**-27%**	**-27%**	**-**	**(173)**	**(165)**	**5%**	**6%**	**-**
Adecco Group	**259**	**260**	**0%**	**-1%**	**100%**	**953**	**709**	**34%**	**37%**	**100%**

EBITA margin	Q4 2021	Q4 2020	Q4 Variance bps	FY 2021	FY 2020	FY Variance bps
Adecco France	6.1%	5.8%	30	5.9%	4.6%	130
Adecco Northern Europe	3.8%	3.3%	50	3.4%	2.1%	130
Adecco DACH	5.5%	1.7%	380	4.0%	-0.4%	440
Adecco Southern Europe & EEMENA	6.4%	6.5%	(10)	6.0%	5.1%	90
Adecco Americas	3.2%	6.5%	(330)	2.8%	3.5%	(70)
Adecco APAC	4.3%	3.7%	60	5.7%	5.4%	30
Adecco	**5.2%**	**5.1%**	**10**	**4.9%**	**3.8%**	**110**
LHH (Talent Solutions)	**6.3%**	**12.0%**	**(570)**	**8.3%**	**9.2%**	**(90)**
Modis	**7.0%**	**6.3%**	**70**	**6.5%**	**5.7%**	**80**
Adecco Group	**4.7%**	**4.8%**	**(10)**	**4.6%**	**3.6%**	**100**

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 before Corporate

Reconciliation of EBITA to EBITA excluding one-offs

EBITA	EBITA excluding one-offs		One-offs		EBITA		EBITA excluding one-offs		One-offs		EBITA	
EUR millions	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	FY 2021	FY 2020	FY 2021[1]	FY 2020	FY 2021	FY 2020
Adecco France	76	68	(2)	(3)	74	65	277	185	(7)	(5)	270	180
Adecco Northern Europe	24	24	(1)	(6)	23	18	86	51	(6)	(14)	80	37
Adecco DACH	20	6	-	21	20	27	57	(6)	4	(39)	61	(45)
Adecco Southern Europe & EEMENA	68	66	-	(6)	68	60	235	170	-	(7)	235	163
Adecco Americas	21	47	-	(2)	21	45	69	91	(3)	(15)	66	76
Adecco APAC	22	17	(2)	(4)	20	13	110	101	(2)	(4)	108	97
Adecco	**231**	**228**	**(5)**	**-**	**226**	**228**	**834**	**592**	**(14)**	**(84)**	**820**	**508**
LHH (Talent Solutions)	**28**	**53**	**(24)**	**(8)**	**4**	**45**	**150**	**159**	**(32)**	**(36)**	**118**	**123**
Modis	**40**	**33**	**(11)**	**1**	**29**	**34**	**142**	**123**	**(10)**	**(19)**	**132**	**104**
Corporate	**(40)**	**(54)**	**(8)**	**-**	**(48)**	**(54)**	**(173)**	**(165)**	**(16)**	**-**	**(189)**	**(165)**
Adecco Group	**259**	**260**	**(48)**	**(7)**	**211**	**253**	**953**	**709**	**(72)**	**(139)**	**881**	**570**

1) FY'21 one-offs in Adecco DACH were reduced by 4M due to the release of restructuring accruals in Germany in Q3'21, driven by lower-than-expected severance costs relating to prior year restructuring.

Consolidated statements of operations

EUR millions except share and per share information	Q4 2021	Q4 2020	Variance % EUR	Variance % Constant currency	YTD 2021	YTD 2020	Variance % EUR	Variance % Constant currency
Revenues	**5,495**	5,406	**2%**	**1%**	**20,949**	19,561	**7%**	**8%**
Direct costs of services	(4,355)	(4,346)			(16,668)	(15,772)		
Gross profit	**1,140**	**1,060**	**8%**	**6%**	**4,281**	**3,789**	**13%**	**15%**
Selling, general, and administrative expenses	(935)	(809)	15%	14%	(3,423)	(3,239)	6%	7%
Proportionate net income of equity method investment FESCO Adecco	6	2	144%	137%	23	20	13%	20%
EBITA[1]	**211**	**253**	**-17%**	**-17%**	**881**	**570**	**54%**	**58%**
Amortisation of intangible assets	(20)	(20)			(70)	(81)		
Impairment of goodwill						(362)		
Impairment of intangible assets		(9)			(31)	(9)		
Operating income	**191**	**224**	**-15%**	**-15%**	**780**	**118**	**n.m.**	**n.m.**
Interest expense	(10)	(7)			(32)	(30)		
Other income/(expenses), net	4	(17)			5	(20)		
Income before income taxes	**185**	**200**	**-8%**		**753**	**68**	**n.m.**	
Provision for income taxes	(1)	(51)			(165)	(165)		
Net income/(loss)	**184**	**149**	**23%**		**588**	**(97)**	**n.m.**	
Net income attributable to noncontrolling interests					(2)	(1)		
Net income/(loss) attributable to Adecco Group shareholders	**184**	**149**	**23%**		**586**	**(98)**	**n.m.**	
Basic earnings/(loss) per share[2]	1.11	0.92	21%		3.62	(0.61)	n.m.	
Diluted earnings/(loss) per share[3]	1.11	0.92	21%		3.60	(0.61)	n.m.	
Gross margin	*20.7%*	*19.6%*			*20.4%*	*19.4%*		
SG&A as a percentage of revenues	*17.0%*	*15.0%*			*16.3%*	*16.6%*		
EBITA margin	*3.8%*	*4.7%*			*4.2%*	*2.9%*		
Operating income margin	*3.5%*	*4.1%*			*3.7%*	*0.6%*		
Net income/(loss) margin attributable to Adecco Group shareholders	*3.3%*	*2.7%*			*2.8%*	*-0.5%*		

1) EBITA is a non-US GAAP measure and refers to operating income before amortisation and impairment of goodwill and intangible assets.
2) Basic weighted-average shares were 165,074,415 in Q4 2021 and 162,096,188 in FY 2021 (161,139,396 in Q4 2020 and 161,426,423 in FY 2020).
3) Diluted weighted-average shares were 165,536,016 in Q4 2021 and 162,727,104 in FY 2021 (161,888,942 in Q4 2020 and 162,011,135 in FY 2020).

Consolidated balance sheets

EUR millions	31 December 2021	31 December 2020
Assets		
Current assets:		
– Cash and cash equivalents	3,051	1,485
– Trade accounts receivable, net	4,076	3,870
– Other current assets	596	399
Total current assets	**7,723**	**5,754**
Property, equipment, and leasehold improvements, net	330	305
Operating lease right-of-use assets	339	395
Equity method investments	118	109
Other assets	674	645
Intangible assets, net	198	245
Goodwill	2,483	2,339
Total assets	**11,865**	**9,792**
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
– Accounts payable and accrued expenses	4,226	3,990
– Current operating lease liabilities	152	178
– Short-term debt and current maturities of long-term debt	348	294
Total current liabilities	**4,726**	**4,462**
Operating lease liabilities	229	251
Long-term debt, less current maturities	2,751	1,567
Other liabilities	359	294
Total liabilities	**8,065**	**6,574**
Shareholders' equity		
Adecco Group shareholders' equity:		
– Common shares	11	10
– Additional paid-in capital	814	582
– Treasury shares, at cost	(159)	(89)
– Retained earnings	3,361	3,139
– Accumulated other comprehensive income/(loss), net	(237)	(433)
Total Adecco Group shareholders' equity	**3,790**	**3,209**
Noncontrolling interests	10	9
Total shareholders' equity	**3,800**	**3,218**
Total liabilities and shareholders' equity	**11,865**	**9,792**

Consolidated statements of cash flows

EUR millions	Q4		FY	
	2021	2020	**2021**	2020
Cash flows from operating activities				
Net income/(loss)	184	149	588	(97)
Adjustments to reconcile net income/(loss) to cash flows from operating activities:				
- Depreciation and amortisation	48	56	186	209
- Impairment of goodwill				362
- Impairment of intangible assets		9	31	9
- Other charges	(33)	20	(3)	86
Changes in operating assets and liabilities, net of acquisitions and divestitures:				
- Trade accounts receivable	(108)	(321)	(170)	235
- Accounts payable and accrued expenses	104	259	119	38
- Other assets and liabilities	77	(13)	(29)	(122)
Cash flows from operating activities	**272**	**159**	**722**	**720**
Cash flows from investing activities				
Capital expenditures	(52)	(47)	(132)	(157)
Acquisition of QAPA, net of cash and restricted cash acquired	(2)		(54)	
Acquisition of BPI Group, net of cash and restricted cash acquired	(45)		(45)	
Proceeds from divestiture of the Legal Solutions business, net of cash and restricted cash divested	122		122	
Cash settlements on derivative instruments	(14)	14	(23)	24
Other acquisition, divestiture and investing activities, net	(73)	(4)	(74)	(29)
Cash used in investing activities	**(64)**	**(37)**	**(206)**	**(162)**
Cash flows from financing activities				
Net increase/(decrease) in short-term debt	(4)	18	(16)	(2)
Borrowings of long-term debt, net of issuance costs			1,484	259
Repayment of long-term debt	(260)	(115)	(261)	(117)
Dividends paid to shareholders			(365)	(381)
Purchase of treasury shares			(93)	(46)
Share capital increase, net of issuance costs			229	
Other financing activities, net	8	(1)	2	(3)
Cash flows from/(used in) financing activities	**(256)**	**(98)**	**980**	**(290)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**20**	**(49)**	**91**	**(116)**
Net increase/(decrease) in cash, cash equivalents and restricted cash	**(28)**	**(25)**	**1,587**	**152**
Cash, cash equivalents and restricted cash:				
- Beginning of period	3,183	1,593	1,568	1,416
- End of period	3,155	1,568	3,155	1,568

10.3 FINANCIAL STATEMENTS OF THE TARGET

10.3.1 CONSOLIDATED ANNUAL ACCOUNTS AS OF 31 DECEMBER 2020

ANNUAL REPORT 2020

AKKA

PASSION FOR TECHNOLOGIES

ANNUAL REPORT 2020**

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***This document is an English translation of the RAPPORT ANNUEL 2020 that was issued in French and drafted in accordance with Belgian law. This document is provided solely for the convenience of English readers and in case of any discrepancies with the French version, the French version prevails.*

AKKA
PASSION FOR TECHNOLOGIES

These chapters constitute the annual report as defined in the Belgian Code of Companies and Association.

A WORD FROM Mauro Ricci

Chairman of the board & Group CEO

THIS IS NOT THE FIRST CRISIS AKKA HAS EXPERIENCED. COPING WITH CHANGE IS IN OUR DNA, AS INNOVATION IS A NEVER-ENDING JOURNEY.

Since its inception more than 35 years ago, AKKA's expansion has been based on anticipating and adopting the many technological breakthroughs required to fuel the innovation cycle of our customers, by capitalizing on our in-depth expertise in the automotive, aeronautics and, more generally, mobility sectors. This organic growth has been reinforced over the last fifteen years by a selective acquisition strategy aimed at strengthening the Group's sectoral, technological and geographical positions.

MOBILITY SECTORS STRONGLY IMPACTED

This deliberate strategy has established the Group as an undisputed leader in the R&D market for the mobility sectors. AKKA enjoys a unique positioning, recognized as a specialist by the major players in these sectors, thanks to the unparalleled understanding that AKKA engineers have of their requirements and challenges, enabling us to accelerate innovation and the engineering of their products.

During this unprecedented year of 2020, the various mobility sectors have been strongly impacted by the severe restrictions on travel worldwide, and the Group's results have been significantly affected. The sectoral diversification that has been initiated in recent years through acquisitions or through cross-sectoral technological advancements, mainly digital, remains insufficient to compensate for the sharp reduction in activity in the Group's main sectors of activity, notably in civil aeronautics and automotive.

PROTECTING OUR EMPLOYEES AND PARTNERS

As soon as COVID-19 occurred, we took all necessary actions to protect all our employees and partners, while continuing to serve our customers efficiently, implementing the necessary measures to continue working from home where circumstances of the project allowed. I know that some of our staff and partners have been personally affected, directly or indirectly, and I would like to assure them of our support.

This is not the first crisis AKKA has experienced. Coping with change is in our DNA, as innovation is a never-ending journey, and the Group's historical financial performance has always been solid through cycles. Although the COVID-19 crisis has not changed our strategy or our ambitions, it has nevertheless enabled us to face up to new realities, undoubtedly forcing us to rethink AKKA in an accelerated manner, and to address the crucial need for transformation and further consolidation of the Group after many years of steady growth.

ACCELERATING OUR TRANSFORMATION

This is why in 2020 we focused our efforts on accelerating our transformation in order to strengthen the Group's fundamentals, to restore its agility, leaving AKKA in the best possible position to take advantage of post-crisis opportunities. While we have had to adjust our capacities in certain business segments which are unlikely to return to normal levels of activity for several years, we have also endeavored to preserve the maximum number of skills.

We have therefore launched a number of internal research programs through AKKA Research to ensure that the women and men who constitute the wealth of the Group continue to innovate to create solutions based on new technologies, upstream of our customers' innovation cycle, but also now with a view towards creating and developing intellectual property.

The commercial repositioning towards new diversification sectors has also been strengthened and supported by our reinforced expertise in digital technologies, which are essentially transversal to the different sectors of activity.

A STRUCTURED AND STRENGTHENED DIGITAL OFFERING

The completion of the acquisition of Data Respons has strengthened and structured the digital positioning of the Group, which now benefits from more than 40% of its workforce specializing in these technologies. In order to further strengthen its expertise, continue to enhance its offerings and increase the added value of its consultants, AKKA has designed a comprehensive learning strategy to better meet the digital needs of our clients. An ambitious reskilling program has been created, and nearly 1000 engineers in France and Germany have already completed or are in the process of completing these in-depth training programs. Our ambition is to increase this number to up to 3,000 reskilled consultants by the end of 2022. Two other programs have been designed to enable business managers to better identify digital project opportunities with our clients and to train the Group's recruiters on the specificities of digital and IT talent acquisition.

In addition, as the engineering talent pool is now a global one, AKKA wishes to increase its development in certain countries such as the Czech Republic, Turkey, Romania, Morocco and India, as part of an Extended Teams approach. Access to this broader pool of highly skilled engineering talent, will enable us to better support our clients in their global needs.

Our determination to implement our transformation plan, simplify the organization and strictly control its cost base has enabled the Group to return to profitability in the second half of the year (operating profit (adjusted).

To prepare for the future and the next cycle, AKKA has also taken the appropriate measures to strengthen its balance sheet by implementing a reserved capital increase. The Ricci family has demonstrated its confidence and commitment to the Group by reinvesting 50 million euros alongside its new strategic investor, who has invested 150 million euros. Compagnie Nationale à Portefeuille (CNP), a long-term investor with family capital, has become a long-term partner of AKKA and its management and has the necessary assets to support the Group's operational and financial development.

Our solid fundamentals, combined with the wealth of our know-how and skills, puts us in a very good position to benefit from the recovery in global demand that is sure to materialize.

01

PRESENTATION OF THE GROUP

AKKA in brief

AKKA is a European leader in engineering consulting and R&D services. Our comprehensive portfolio of digital solutions combined with our expertise in engineering, uniquely positions us to support our clients by leveraging the power of connected data, to accelerate innovation and drive the future of smart industry.

AKKA accompanies leading industry players across a wide range of sectors throughout the life cycle of their products with cutting edge digital technologies (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.) to help them rethink their products and business processes.

Founded in 1984, AKKA has a strong entrepreneurial culture and a wide global footprint.

Our 21,000 employees around the world are all passionate about technology and share the AKKA values of respect, courage and ambition. The Group recorded revenues of €1.5 billion in 2020.

AKKA Technologies (AKA) is listed on Euronext Paris and Brussels – segment B – ISIN code: FR0004180537.

For more information, please visit:
https://www.akka-technologies.com/

2020 key figures

REVENUE

€1,503 M

-16.5% vs. 2019

OPERATING PROFIT (AJUSTED)*

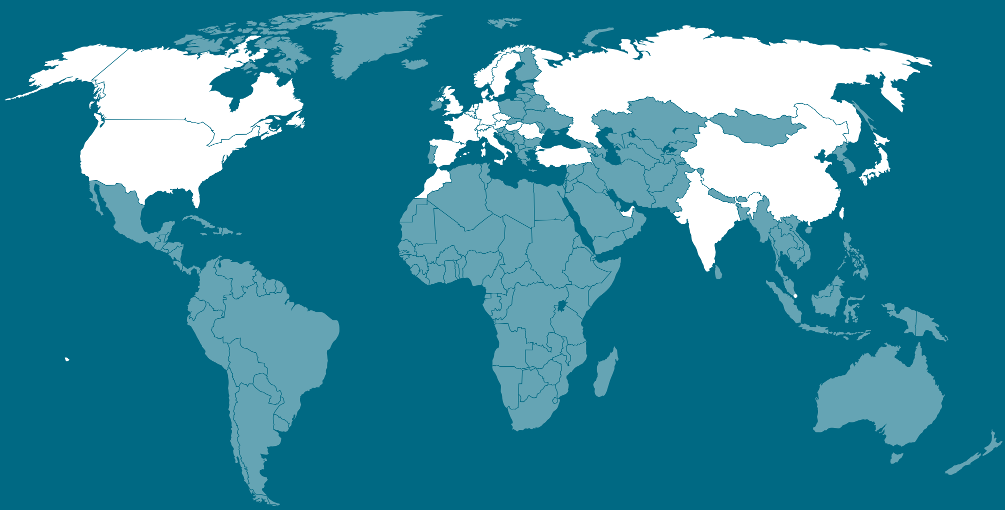
€20 M

-86.4% vs. 2019

FREE CASH FLOW

€142 M

+8.4% vs. 2019



NUMBER OF EMPLOYEES

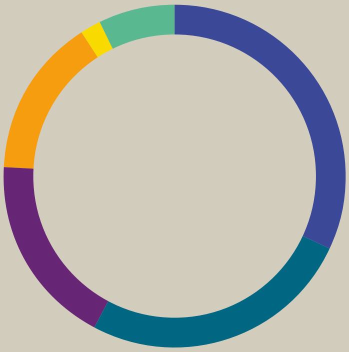
21,080

A WORLDWIDE PRESENCE

29 COUNTRIES
120 CITIES

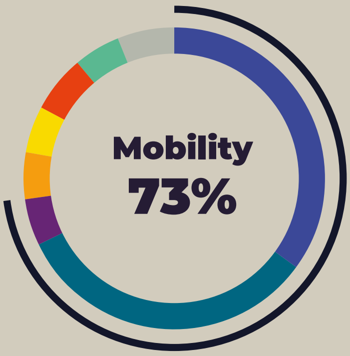
REVENUE BY GEOGRAPHY

France	**32%**
Germany	**26%**
North America	**18%**
Europe	**15%**
Rest of world	**2%**
Scandinavian countries	**7%**



REVENUE BY BUSINESS SEGMENT

Automotive	**35%**
Aerospace	**33%**
Railways	**5%**
Energy	**5%**
Services	**5%**
Life Sciences	**6%**
Telecom	**5%**
Others	**6%**



** Operating profit (adjusted): Income from operations increased by comparability adjustments (expenses and income related to significant acquisitions, reorganizations, litigation, transformation, amortization of intangible assets identified in business combinations, stock options and bonus shares, costs related to the COVID crisis)*

Our talent

60%*
"Generations Y and Z"

80%*
of engineers with a master's degree

Recognized as a TOP Employer in France and Belgium

AKKADEMY

After the success of its first AKKAdemy in Geneva, AKKA has opened a new AKKAdemy in Leipzig in 2019 with the ambition to increase the number of digital experts in the Group by 450. These new competencies are key in supporting our strategic clients.

** on the total number of employees in the scope of the non-financial report*

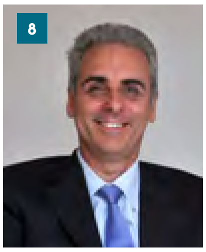
Governance

EXECUTIVE BOARD








1 MAURO RICCI, Chairman of the board & Group CEO

After a career at Renault Automation, Mauro Ricci founded HYSYS in 1984 in order to tackle the problems of recruiting engineers in the automotive sector.
This company provided manufacturers with technological support in industrialization and production, as well as consulting services aimed at improving productivity. Mauro went on to found three more companies between 1984 and 1999 to supplement HYSYS' offering. In anticipation of market developments, he merged those four companies into one: AKKA, and introduced a Group strategy in 1999 to provide a comprehensive research and development service to its clients. As Chairman and CEO of AKKA, Mauro Ricci drives the Group's strategic direction to diversify its sectoral exposure and pursue international development, in order to accompany the world's major global groups throughout their complete innovation and R&D cycle.

2 JEAN-FRANCK RICCI, Group Managing Director

Jean-Franck Ricci joined HYSYS as Technical Director in 1988, four years after the Group was founded. He subsequently became Managing Director of AKKA Ingénierie Produit, the Group's primary business unit at the time and successfully oversaw the international development of the Group at AKKA Development. Jean-Franck now holds the position of Group Managing Director and is most notably in charge of Business Development and Sales.

3 NATHALIE BÜHNEMANN, Group CFO

Nathalie Bühnemann joined AKKA in late 2013, having worked with the Group as an external consultant during the acquisition of MBtech in 2012. Prior to this, she worked at PricewaterhouseCoopers for nearly 13 years, where she carried out audit, consulting and transaction (M&A) assignments for companies of all sizes, across multiple industries and geographical regions. Nathalie first held the position of Group Finance Director before becoming Group CFO in 2018. She has been in charge of all Group support functions since late 2020.

4 PAOLO DEL NOCE, CEO BU France

Paolo del Noce joined the AKKA Group in 2014. He was previously Director of Program Management at COMAU, an Italian engineering company, Purchasing Director and Citybus Platform Director at Irisbus (France), and General Manager of Defense, Bus and Firefighting at Iveco (Latin America). Since joining AKKA, Paolo DEL NOCE has held the role of Chief Executive Officer of the French business unit, where he is now driving transformation and diversification.

5 DERRICK ZECHMAIR, CEO BU Germany

Derrick ZECHMAIR has held various management positions in the automotive industry, both in Germany and internationally in leading companies such as Siemens and Continental. In 2012 he joined Valeo Germany, where his responsibilities included the market launch of innovative products. He became President of the company in June 2016. Derrick joined AKKA in October 2019 as Deputy Managing Director of AKKA Germany before becoming Chief Executive Officer of the BU in January 2020.

6 KENNETH RAGNVALDSEN, CEO of Data Respons & Northern Europe

Kenneth Ragnvaldsen is an economist by training and holds an MBA from the BI Norwegian School of Management. After three years in finance, sales, and marketing, Kenneth joined Data Respons in 1995 as the Director of Sales and Marketing, before being appointed CEO in 2003. Since the acquisition of Data Respons by AKKA in March 2020, Kenneth has continued as CEO of Data Respons and is now also CEO of AKKA Northern Europe.

7 DHARAM SHEROAN, CEO AKKA North America

Dharamveer Sheroan has over 15 years of leadership experience in the United States, Europe, and India at Wipro Limited – a global information technology, consultancy, and engineering services company. His most recent position there was Global Head of the automotive vertical. Prior to that, Dharam led the aerospace and defense vertical and headed the strategy and large transaction functions for the Manufacturing & HiTech business unit. As CEO of AKKA North America since March 2021, Dharam is responsible for leading the teams in the US and Canada, as well as developing AKKA's presence in India.

8 PRIMO MEREGALLI, CEO of International BU

Primo Meregalli has over 30 years of experience in the consulting industry. In 1990, Primo founded a software company, which merged with Cedati S.p.A in 1995.
He became CEO of Cedati S.p.A. in 2006 and following the merger of Cedati with Altran Italy in 2008, Primo joined the Board of Directors of Altran and was appointed Director of the Automotive, Infrastructure, and Transport division. At the end of 2012, he was appointed COO of the company and was also responsible for business development in Turkey and Romania. Primo joined AKKA in July 2016 as CEO Southern Europe before becoming CEO of the International BU.

9 STÉPHANIE BIA, Group Director of Communications and Investor Relations

Stephanie Bia joined AKKA in May 2020 as Director of Communications and Investor Relations, having held the same position at Altran, a group she joined in 2017.
Stephanie had previously spent nearly 15 years in the stock market sector and more than four years at FTI Consulting, where she was heavily involved in corporate, financial, and crisis communications. At AKKA, Stephanie is responsible for all the Group's communications and marketing, promoting AKKA's image and highlighting its expertise and ambitions whilst asserting its identity and communicating its values to a range of internal and external audiences.

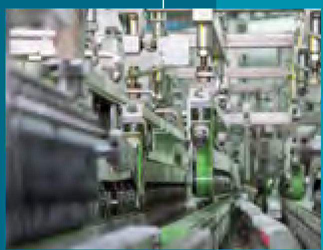
History and growth

AKKA Technologies was founded in 1984 and in just over 30 years it has grown from a French automotive engineering company to Europe's leading global technology consultancy, operating in a range of business sectors: automotive, aerospace, rail, life sciences, energy and defence.

The Group now employs over 21,000 employees, spread across Europe, America, Asia and the Middle East.

In recent years, the Group has stepped up its targeted acquisition strategy while expanding its global reach and strengthening its position in the European and North American markets.

1984



DESIGN OFFICE, PROCESS

1995

DESIGN, POWERTRAIN, VEHICLE ARCHITECTURE

DOWNSTREAM AEROSPACE

MECHATRONIC, ELECTRIC & HYBRIDS

2001 • • • • • • • 2007 • • • • • • • 2009 • • • • • 2012-2015 • • • • 2018...

EMBEDDED IT

ADVANCED DRIVER ASSISTANCE SYSTEMS (ADAS)

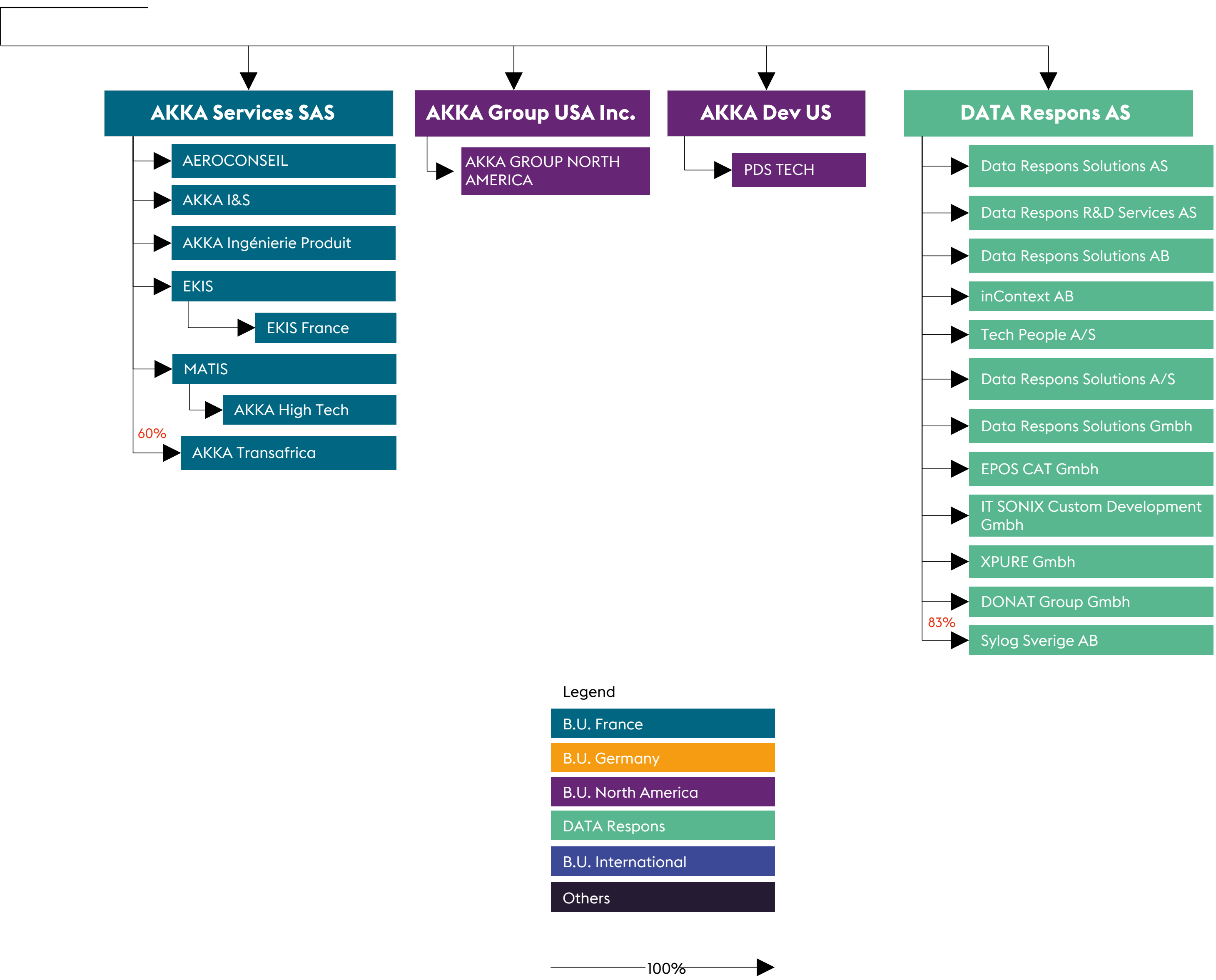
DIGITALIZATION

The Group’s simplified structure as at December 31st, 2020

AKKA TECH

- **AKKA GmbH & Co**
  - AKKA Concept
  - AKKA CONSULTING
  - AKKA Czech Republic
  - AKKA EMC
  - AKKA Hungary Enginneering and Consulting Llc
  - ATP Automotive Testing Papenbourg
  - MBTECH MUHENDISLIK VE DANISMANLIK Ltd Sirketi
- **AKKA International**
  - AKKA Italia
  - AKKA Netherlands
  - AKKA Development UK Limited
  - AKKA Slovakia
  - AKKA SWITZERLAND
  - AKKA BELGIUM
  - AKKA TECHNOLOGIES SPAIN
  - BERTONE Digital Mobility SRL
  - THE AKKADEMY SWITZERLAND
  - AKKA ROMSERV
  - AKKA Verwaltungsgesellschaft
  - AKKA DEUTSCHLAND
    - AKKA AUSTRIA
    - AKKA DCE
    - AKKA EMV
    - AKKA Automotive Engineering
    - AKKA GERMANY
      - AKKA Services GmbH
    - AKKA Management Services
      - AKKA DSW
      - AKKA DNO
      - AKKA DSO
        - 51% Elektronische Fahrwerksysteme
- **AKKA DEVELOPMENT**
  - AKKA MIDDLE EAST LLC
  - AKKA MIDDLE EAST DMCC
  - AKKA Technologies Mühendislik Ve Danismanliklimited sirketi
  - 71,67% GLOBAL SUPPORT SUPPLIER
  - AKKA GROUPE AMERIQUE DU NORD
  - AKKA SINGAPORE
    - AKKA GEC Singapore
    - AKKA Technologies Beijing
    - MB SIM TECHNOLOGY
    - ERLKONIG Management Consulting Beijing
    - AKKA Japan

NOLOGIES SE


AKKA Services SAS
AEROCONSEIL
AKKA I&S
AKKA Ingénierie Produit
EKIS
EKIS France
MATIS
AKKA High Tech
60%
AKKA Transafrica
AKKA Group USA Inc.
AKKA GROUP NORTH AMERICA
AKKA Dev US
PDS TECH
DATA Respons AS
Data Respons Solutions AS
Data Respons R&D Services AS
Data Respons Solutions AB
inContext AB
Tech People A/S
Data Respons Solutions A/S
Data Respons Solutions Gmbh
EPOS CAT Gmbh
IT SONIX Custom Development Gmbh
XPURE Gmbh
DONAT Group Gmbh
83%
Sylog Sverige AB
Legend
B.U. France
B.U. Germany
B.U. North America
DATA Respons
B.U. International
Others
100%

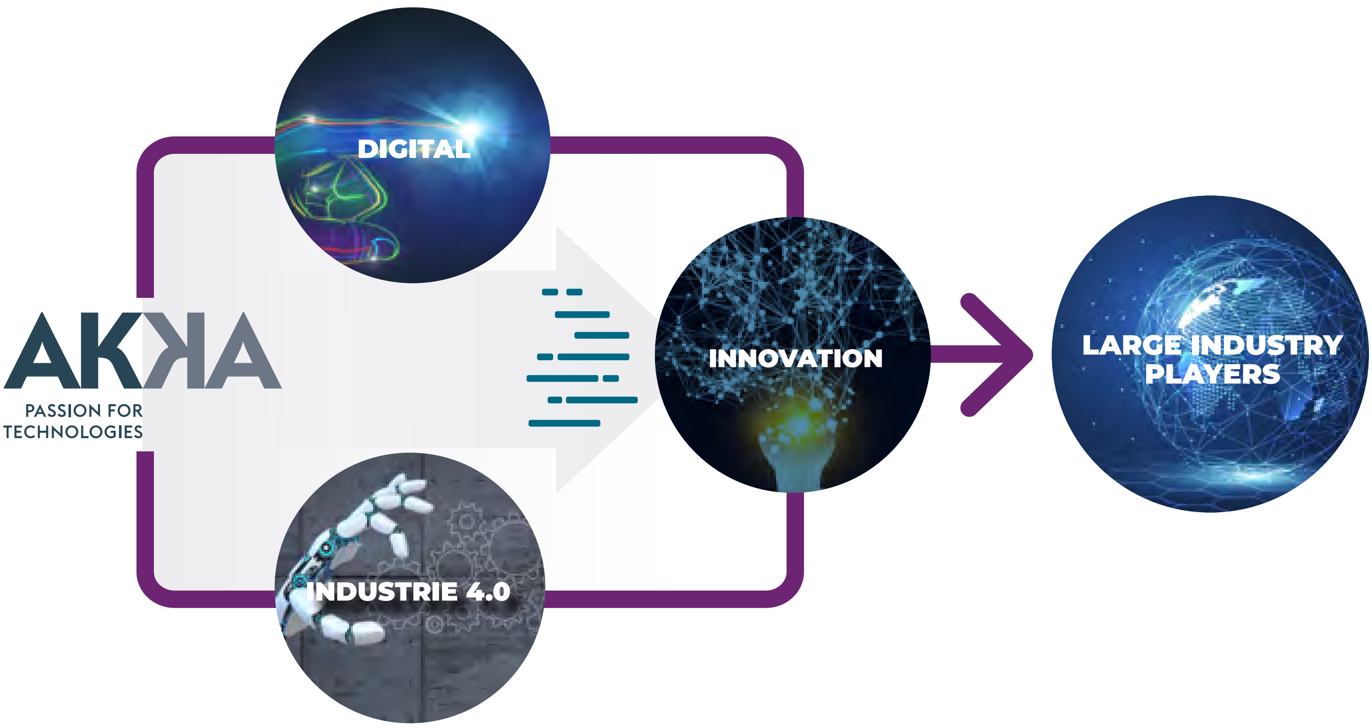
Group Strategy

PURSUING ADVANCEMENTS IN DIGITAL AND TECHNOLOGIES OF THE FUTURE

At the forefront of the digital world and Industry 4.0, AKKA is an innovation accelerator for the world's largest industry players.

Digital transformation is radically altering the design and the very nature of products and services, and driving constant change in user behavior and technologies.

AKKA supports its clients in addressing this challenge throughout the life cycle of their products, by providing its expertise in the technological environment of the product, competencies in systems integration and mastery of digital technologies, to help them rethink their products and services.



ACQUISITION OF DATA RESPONS FINALIZED

The acquisition of Data Respons in March 2020 marked a key stage in the investment AKKA is making to acquire deep expertise in the technologies of the future in order to capitalize on the opportunities offered by the need for digital continuity in the mobility sector. Digital technologies, automation, the Internet of Things and mechatronics are cross-sectoral competencies that are highly sought-after by players in the automotive, aeronautic, and rail sectors but are just as crucial to the development of many other industrial and service sectors.

DIGITAL TECHNOLOGIES

AUTOMATION

INTERNET OF THINGS

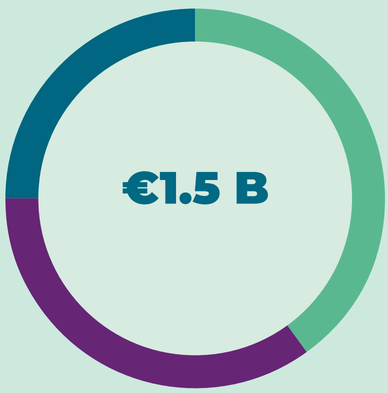
MECHATRONICS

The Group now generates 75% of its revenue in digital and embedded computing, whereas this represented 20% of the Group's revenue less than 15 years ago.

2007

Mechanical & Design	**80%**
Embedded IT	**20%**

2020



Digtal	**40%**
Embedded IT	**35%**
Mechanical & Design	**25%**

Through its unique transversal approach and its multidisciplinary and technology skills, AKKA boosts innovation across all the industrial sectors it serves by exploiting the best solutions and state-of-the-art technologies.

A DIVERSIFICATION STRATEGY

Over the past 15 years, the Group has pursued a strategy of both sectoral and geographical diversification, which today allows it to benefit from a much more balanced distribution of the areas of activity in its business model. While AKKA has established itself as the leading European consultancy group for engineering and R&D services in the field of mobility, non-mobility sectors now account for 26% of the Group's revenue. Its external growth policy has also enabled AKKA to greatly diversify its geographical footprint, since France – the Group's original seat of activity – now accounts for less than a third of its business.

THE GROUP HAS PURSUED A STRATEGY OF BOTH SECTORAL AND GEOGRAPHICAL DIVERSIFICATION, WHICH TODAY ALLOWS IT TO BENEFIT FROM A MUCH MORE BALANCED DISTRIBUTION OF THE AREAS OF ACTIVITY IN ITS BUSINESS MODEL.

A COMPREHENSIVE OFFERING FOR THE COMPLETE LIFE CYCLE

The Group's 26 centers of excellence focus on international work packages, offering unique expertise in eight key business areas:

SYSTEMS ENGINEERING

Our teams develop complex systems (needs analysis and functional specifications) – from design to integration – covering major key developments including complexity, certification, flexibility, and cost-efficiency.

CONSULTING

Our organizational experts support our clients in three main areas: the management of large projects, outsourcing, and performance management.

INFORMATION SYSTEMS

Our consultants are involved from the blueprint creation stage, through assistance with project contracting and management, to third-party application maintenance in service centers. Our centers of excellence, supported by our AKKA Research R&D center, offer strong skills in cutting-edge technologies such as mobile solutions, web portals, the cloud and analytics.

DIGITALIZATION

Our experts in connectivity (Internet of Things), Big Data and AI, visualization technologies (augmented and virtual reality, 3D), additive printing and cyber security support the digital transformation of companies, products, processes and tools to make them more efficient.

MECHANICAL ENGINEERING

Our teams are engaged in the product design and development phases, providing high added-value support in studies, calculations, simulations, materials, testing, and quality.

PROCESS ENGINEERING

Our consultants are also involved in three areas of the industrialization phase, assisting with:

- Project contracting and management, providing support in workshops and factories and related means of production
- Supply chain management
- Production, in manufacturing engineering and industrialization support.

EMBEDDED SOFTWARE & ELECTRONICS

Our teams develop embedded and electronic systems, scientific data processing applications and test benches. The Group's expertise in embedded systems also allows us to be part of the production life cycle, through software maintenance, development, and re-engineering.

SUPPORT ENGINEERING

We offer both documentation services (creating technical documents, managing technical data, structuring, processing, and visualization) and support for operations to optimize product maintenance or to develop products during their production life cycle, for example with our aircraft modification offering.

A TRANSFORMATION PLAN

The Group's expertise provides AKKA with a solid foundation that is further strengthened by its policy of growth, both organically and through acquisitions. AKKA has now entered a phase of consolidation and optimization of its organizations and modes of operation, with the purpose of restoring its agility, increasing its operating efficiency, and better adapting to changing demand in terms of sectors and skills.

The Group's far-reaching transformation will enable AKKA to emerge from the crisis with restored agility and a complete repositioning of its skills. The Group will share its new ambitions for the medium term at the end of 2021.

FIT-2-CLEAR

At the end of 2019, AKKA set out an ambitious transformation plan: Fit 2 Clear. Implementation of the plan has since been accelerated, and its objectives have been made even more proactive due to the COVID-19 pandemic. **The aim is to lower the Group's profitability threshold and increase its operating leverage ahead of the relaunch of major programs by key customers.**

A COMPREHENSIVE TRAINING PROGRAM

In order to better meet the digital needs of its clients and continue to optimize its offerings, AKKA has designed, and is implementing, a comprehensive training program to provide consultants and managers with the tools and knowledge they need to drive digital transformation for AKKA and its clients.

A UNIQUE RESKILLING PROGRAM

Designed to capitalize on the expertise of the Group's engineers and offer them new professional opportunities in the digital world. Nearly 1,000 engineers in France and Germany have already completed or are in the process of completing these programs, which include in-depth training sessions on IT and digital skills and competencies, such as software development, cloud computing, cybersecurity, data, and agility.

TWO FURTHER PROGRAMS, DESIGNED FOR BUSINESS MANAGERS AND RECRUITERS

Their objectives is to enable business managers to better identify opportunities for digital projects for clients and train the Group's recruiters on the specifics of digital and IT talent acquisition.

EXTENDED TEAMS

As AKKA counts some of the world's largest industry players as its clients, the Group must be present in all the countries in which its clients are present.

GIVEN THAT THE ENGINEERING TALENT POOL IS NOW A GLOBAL ONE, a growing proportion of engineers are now trained outside the Group's historical geographical areas, particularly in India. This is why, as part of its transformation plan, AKKA wishes to step up its development in certain countries such as the Czech Republic, Turkey, Romania, Morocco and India, as part of an Extended Teams approach.

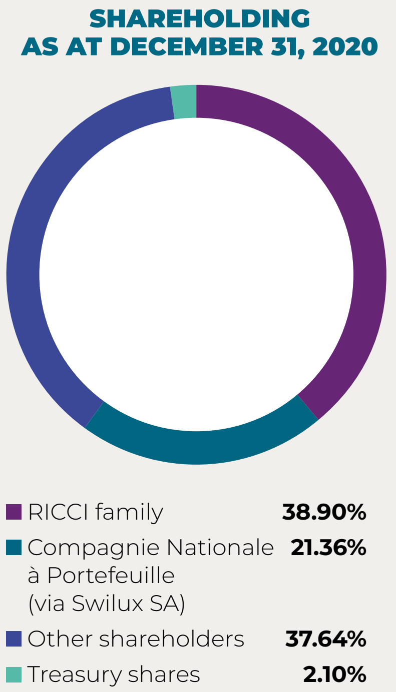
THESE RESOURCES, WITH SOLID ENGINEERING BACKGROUNDS AND TRAINED IN SIGNIFICANT NUMBERS IN COUNTRIES WHERE WAGE COSTS ARE LOWER, will complement the resources of the group's various business units, under the responsibility of their respective CEOs. The CEOs will thus have a global overview of their resources and will ensure that the quality of the projects delivered to clients is maintained, while controlling the cost of these projects.

The costs associated with implementing the Fit 2 Clear transformation plan are estimated at approximately €100 million, spread over the 2020 and 2021 financial years. The return on investment of this project which began to bear fruit in 2020, is estimated at 18 months.

02

SHARE HISTORY AND OWNERSHIP

1. SHAREHOLDING STRUCTURE



MARKET CAPITALIZATION
AS AT DECEMBER 31, 2020
€574 M

NUMBER OF EXISTING SHARES
31,210,078

AKKA TECHNOLOGIES SE: SHAREHOLDING STRUCTURE AS OF 31 12 2020

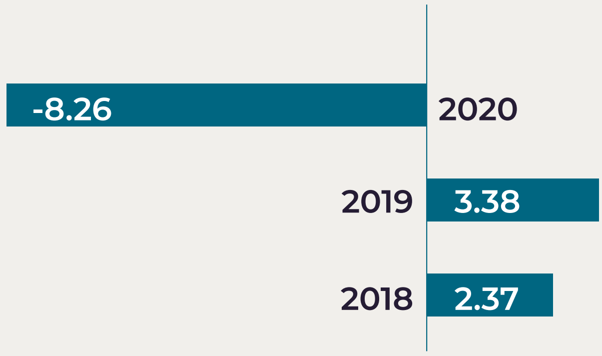
Shareholders	Shares	Percentage of Shares	Voting Rights	Percentage of Voting Rights
Mauro RICCI[(1)]	9,448,284	30.27	16,225,531	41.46
Jean-Franck RICCI[(2)]	986,715	3.16	1,921,599	4.91
Nicolas VALTILLE[(3)]	246,491	0.79	461,847	1.18
Nathalie BÜHNEMANN [(4)]	96,515	0.31	96,515	0.25
Cécile MONNOT	476,286	1.53	476,286	1.22
Benjamin RICCI	464,875	1.49	464,875	1.19
Charlotte RICCI	420,324	1.35	420,324	1.07
Total family Group Ricci	**12,139,490**	**38.90**	**20,066,977**	**51.27**
SWILUX SA (CNP)	**6,666,667**	**21.36**	**6,666,667**	**17.03**
Other shareholders	**12,403,921**	**39.74**	**12,403,921**	**31.7**

[(1)] Shares/voting rights held by Mauro Ricci, BMC Management and Investment SRL, Caloumat Invest SRL, Ideactive Events Sàrl and Campus Rocquencourt SAS.
[(2)] Shares/voting rights held by Jean-Franck Ricci and HR Management and Investment SRL.
[(3)] Shares/voting rights held by Nicolas Valtille and Valvest Management SRL.
[(4)] Shares/voting rights held by Nathalie Buhnemann and Esta Management SRL.

DIVIDENDS

Due to the COVID-19 pandemic and the need to concentrate the Group's resources on managing the crisis, the Board of Directors decided that no dividend would be paid for the 2019 financial year. The Board of Directors will ask the General Meeting in June 2021 to approve its proposal not to pay a dividend for the 2020 financial year, so as to protect employees' jobs and skills, and to finance AKKA's transformation in order to support its clients when they step up their R&D investments again.

EARNINGS PER SHARE (IN EUROS)



SHARE DATA

YEAR	High (€)	Low (€)	Year-end (€)	Average daily trading volume
2016	35.00	23.76	34.63	28,987
2017	51.80	34.76	46.30	24,694
2018	69.20	42.35	44.20	42,607
2019	70.50	42.20	65.50	48,307
2020	62.27	14.54	25.75	93,139

FINANCIAL CALENDAR

THURSDAY, MAY 6, 2021
Revenue for Q1 2021

WEDNESDAY, SEPTEMBER 8, 2021
Half-year results for 2021

MAY 2021 · JUNE 2021 · JULY 2021 · AUGUST 2021 · SEPTEMBER 2021 · OCTOBER 2021 · NOVEMBER 2021

TUESDAY, JUNE 15, 2021
Annual General Meeting

THURSDAY, NOVEMBER 4, 2021
Revenue for Q3 2021

AKKA Technologies SE shares are listed on the Eurolist market (segment B) of Euronext Paris and Brussels and are part of the CAC Mid&Small, CAC Industrials, and Family Business indices.

ISIN code: FR0004180537

FOR UPDATED FINANCIAL INFORMATION, VISIT:

www.akka-technologies.com

2. CORPORATE FORM AND PURPOSE

ARTICLE 1 – FORM - DENOMINATION

The company has the legal form of a European public limited company, or "Societas Europaea", which makes or has made a public call on savings.

Its name is "AKKA TECHNOLOGIES".

This name is always preceded or followed by "Societas Europaea" or the abbreviation "SE".

ARTICLE 2 - REGISTERED OFFICE

The company's registered office is in the Brussels Region.

The registered office may be transferred to any other location in the French-speaking Region of Belgium or the Brussels-Capital Region by simple decision of the Board of Directors published in the Annexes to the Moniteur Belge (Belgian Official Gazette). The Board of Directors has full powers to amend the Articles of Association following a decision to transfer the registered office, in accordance with Article 2:4(2) of the Belgian Code on Companies and Associations. The registered office may also be transferred to another Member State of the European Union in accordance with Articles 15:24 et seq. of the Belgian Code on Companies and Associations.

By simple decision of the Board of Directors, the company may set up administrative offices, branches, agencies, depots and outlets in Belgium or abroad.

The company's email address is as follows: **shareholders@akka.eu** In accordance with Article 2:31 of the Belgian Code on Companies and Associations, any communication sent to that address by holders of shares issued by the company is deemed to have been validly made.

ARTICLE 3 - CORPORATE PURPOSE

In any country, the company's purpose is:

- the acquisition, administration and management of a portfolio of investment and company securities,
- the acquisition of interests in any industrial, commercial and/or services company, the creation and/or acquisition of any business interests or branches of businesses involved in the field of workflow management, including the design, study and production of industrial automation equipment and systems,
- the management and coordination of any company, notably for the performance of all management and control offices, and the provision of any commercial, administrative, information technology or other services, as well as employee training, and management and financial advisory services,
- the trading and supply of all products and items useful or necessary to the operation of companies with which it has a business relationship,
- the acquisition, filing and exploitation of patents and trademarks,
- the contribution of technology and the development of technical expertise,
- the provision of services of all types, especially engineering, consulting, support, and organization for industrial, commercial and service companies,
- the training of all people in all areas,
- the organization of events of all kinds, the participation by the company, by any means, directly or indirectly, in all operations related to its purpose by way of the creation of new companies, the contribution, subscription or purchase of securities or rights, by merger or otherwise, by the creation, acquisition, rental or leasing of all businesses assets or premises, and the creation, acquisition, operation or sale of any processes and patents concerning these activities.

And generally, all industrial, commercial, financial, civil, fixed or movable property transactions related directly or indirectly to the corporate purpose or any similar or related purpose

3. COMPANY CAPITAL

SITUATION AS AT DECEMBER 31, 2020

Baseline data

- Total capital: €47,751,419.34
- Total number of shares: 31,210,078
- Number of profit shares: 7,927,487
- Total number of shares conferring voting rights (denominator): 39,137,565

Additional data

On September 4, 2019, the Board of Directors took the formal decision to issue 100,000 Company subscription rights, each entitling its beneficiary to one ordinary share in the Company, eliminating the preferential subscription right for members of the company's personnel, in line with the express authorization granted to the Board of Directors by the General Meeting held on 13 June 2019 in accordance with Articles 7:198 et seq. of the Belgian Code on Companies and Associations. .

On November 27, 2019, AKKA Technologies SE issued 1,750 perpetual subordinated unsecured bonds convertible into new and/or existing shares for the issuer (ODIRNANE bonds) for a principal amount of €100,000. These bonds are recorded as quasi-equity according to the IFRS standard, and their details are as follows:

- Issue amount: €175 million
- Maturity: perpetual, NC3.1@130%, hard call January 2025
- Initial conversion premium: 35%
- Initial conversion price: €77.2582
- Fixed coupon until January 2025: 3.5%
- Variable coupon after January 2025: Euribor 6 months + 900bps
- Conversion period: from issue date to January 2025
- Full dividend protection

On May 5, 2020, the Board of Directors decided to issue 2,029,199 new shares through a capital increase by incorporating reserves of €3,104,647.47, allocating those shares to existing shareholders in the ratio of one new share to every ten existing shares. The number of subscription rights issued was adjusted to 110,000 and the conversion price of perpetual convertible bonds was adjusted to €70.2347.

Apart from the 110,000 stock options and 1,750 perpetual convertible bonds, there are currently no stock options or other securities providing access to capital via the issue of new shares.

4. RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

ARTICLE 9 - NATURE OF SECURITIES

Shares that are not fully paid up shall be in registered form. Shares that are fully paid up and other securities issued by the company shall be in either registered or dematerialized form, within the limits stipulated by law.

Once the shares have been fully paid up, holders of registered securities may, at their own expense, elect to have their securities converted into dematerialized form. Holders of dematerialized securities may elect, at any time and at their own expense, to have their securities converted into registered form.

Only an entry in the share register or an entry on an account, in the name of the owner or holder, with a certified account holder or with a settlement institution will prove ownership of registered or dematerialized shares. Ownership of registered shares may also be established by an indication of the name of the holder in the deed of issue in accordance with Article 7:27 of the Belgian Code on Companies and Associations.

ARTICLE 10 - INDIVISIBILITY OF SECURITIES

All securities shall be held in undivided ownership vis-à-vis the company.

When a security is held by more than one person, the company may suspend all rights attaching to such security until such time as one person has been identified to the company as the holder of the security.

Unless otherwise agreed by the different owners of a security, the voting right belongs to the usufructuary in ordinary shareholders' meetings and to the bare owner in Extraordinary, Particular and Special General Meetings.

However, bare owners are entitled to attend shareholders' meetings at all times.

ARTICLE 11 - SUCCESSORS IN TITLE

The rights and obligations attached to a security remain attached regardless of to whom it is transferred.

Neither the heirs nor the creditors of a shareholder may, on any grounds whatsoever, cause the Company's assets to be put under seal or require the division or auction of those assets, or interfere in any way whatsoever in the management of the Company.

In exercising their rights, they must abide by the annual financial statements and decisions of the General Meeting.

ARTICLE 12 – TRANSFER OF SHARES, CONVERTIBLE BONDS AND SUBSCRIPTION RIGHTS

The transfer of shares is not subject to any restriction, notwithstanding the legal provisions.

With regard to the Company, registered shares are transferred by means of a transfer declaration recorded in the share register, dated and signed by the assignor and assignee or by their proxies, as well as an assignment of claim or any other method permitted in law.

These regulations apply to all Company registered shares, as well as all convertible bonds and any registered subscription rights issued by the Company.

ARTICLE 13 - PROFIT SHARES

The company may issue profit shares not representing the share capital as remuneration for contributions in kind made by any person who is also a shareholder of the company.

Only the General Meeting is competent to decide to issue profit shares, subject to the conditions required for amendment of the articles of association. It determines the valuation of the contributions made and the number of profit shares issued in return. It may instruct the Board of Directors to implement a decision to issue profit shares.

Without prejudice to paragraph 4, profit shares may confer on their holders the right to participate in and vote at Annual General Meetings. In accordance with Articles 7:58 and 7:59(2) of the Belgian Code on Companies and Associations, these securities may not, under any circumstances, give entitlement to more than one vote for each security, be allocated a number of votes greater than half of the votes allocated to all shares, or be counted in the vote for a number of votes greater than two-thirds of the number of votes cast by the shares.

Profit shares may confer a dividend entitlement and a right to share in the surplus upon liquidation, limited to 5% of the total profit distributable at the time of allocation. This allocation is covered by a separate item on the agenda of the General Meeting.

Profit shareholders may not vote on the allocation of a dividend and/or a share in the liquidation proceeds to profit shareholders. Profit shares are and will remain in registered form and will be entered in the register of profit shares held at the company's registered office. The company must be notified in writing of any transfer of such shares, which shall be entered in the register of profit shares. Only entry in that register is authoritative.

Profit shares are transferable upon death. They are not transferable inter vivos, except in the following cases:

- the donation of profit shares to a spouse, legal cohabitant or any person heir to the donor;
- the allocation of profit shares to a spouse as part of the profit shareholder's divorce settlement;
- the contribution or transfer of profit shares to a company controlled by the profit shareholder;
- the transfer of profit shares resulting from the merger or division by acquisition of the company holding the profit shares by another company, provided that the companies taken over or split and the acquiring company have the same controlling shareholder within the meaning of Article 1:14 of the Belgian Code on Companies and Associations.

On June 19, 2018, the Company issued 7,927,487 profit shares not representing the Company capital, in accordance with the provisions of this article. Each profit share confers the right to attend, and to exercise one vote at the General Meeting, as well as a dividend entitlement and a right to share in the liquidation surplus, limited to 5% of the total profit distributable at the time of allocation and only by a specific decision of the General Meeting, with the profit shareholders not being able to take part in this decision. The term of validity of these profit shares expires on the date on which a double voting rights mechanism attached to the Company shares is put in place.

5. CHANGES TO SHAREHOLDERS' RIGHTS

Shareholders' rights may only be modified, as provided by law, by an extraordinary shareholders' meeting, under the quorum and majority conditions set by the Belgian Code on Companies and Associations.

The Articles of Associationdo not contain any more restrictive provisions.

5.1. General Meetings

Convening a meeting (Article 30 of the Articles of Incorporation)

The General Meeting is held by default at 4pm on the third Tuesday in June.

If that day is a statutory public holiday, the meeting is held on the next working day.

The meeting is held at the registered office of the Company or any other location indicated in the notice of convocation.

A General Meeting may be called whenever it is in the interests of the Company.

This must be held when requested by the Chair of the Board of Directors, by an executive member of the Board or by an auditor, if there is one, or by shareholders jointly representing at least one tenth of the share capital.

General Meetings are convened by the Board of Directors or the auditors.

Notices of convocation must contain the information stipulated in the Belgian Code on Companies and Associations and any other regulations, including the place, date, time, and agenda for the meeting, and must be drawn up in the forms and within the timeframes stipulated in said Code.

One or more shareholders jointly holding at least three percent (3%) of the share capital may ask for one or more items to be entered on the agenda of any General Meeting.

5.2. Participation in meetings

ARTICLE 31 - ADMISSION TO THE MEETING

The right of a shareholder or holder of profit shares to attend a General Meeting and exercise the voting right attached to the shares or profit shares is subject to these shares or profit shares being entered in the accounting records in the name of said shareholder or holder of profit shares on the date of registration, which is the 14th day before the General Meeting, at midnight (Belgian time), or being entered in the Company's share register for registered shares or profit shares, or being entered in the accounts of an approved intermediary or settlement institution, regardless of the number of shares held by the shareholder on the day of the General Meeting. The day and time specified in this paragraph determine the date of registration.

Shareholders and holders of profit shares must inform the Company (or the person appointed for such purpose) if they wish to attend the General Meeting, no later than the sixth day before the date of the meeting, in accordance with the condition set out in the notice of convocation and presenting the certificate of registration issued to them by the approved intermediary or settlement institution.

Holders of bonds or subscription rights are entitled to attend any General Meeting, but only in an advisory capacity, in accordance with the conditions of admission laid down for shareholders.

ARTICLE 32 - REPRESENTATION

Owners of securities may be represented at a General Meeting by a proxy, who is not required to be a shareholder, pursuant to the provisions of Articles 7:142 to 7:145 of the Belgian Code on Companies and Associations.

Minors, persons without legal capacity, and legal entities may be represented by their legal or statutory bodies.

The Board of Directors may decide on the form of proxies. Powers of attorney must be received by the Company no later than the sixth day before the Meeting. Any power of attorney that reaches the Company before the agenda is fully published in accordance with Article 7:130 of the Belgian Code of Companies and Associations is valid for the matters on the agenda concerned.

Co-owners, usufructuaries and bare owners, creditors, and secured debtors must be represented by one and the same person.

5.3. Delaying, deferring, or preventing a change of control

ARTICLE 7 OF THE ARTICLES OF ASSOCIATION(EXTRACT)

If a public offer is made to buy the Company's shares, the Board of Directors is expressly authorized to increase the capital under the conditions stipulated in Article 7:202 of the Belgian Code of Companies and Associations. This authorization is granted for a term of three (3) years with effect from the date of the decision by the Extraordinary General Meeting of June 13, 2019. Any share capital increases carried out pursuant to this authorization are charged against the residual outstanding authorized capital as indicated above.

5.4. Thresholds

ARTICLE 16 OF THE ARTICLES OF ASSOCIATION

In application of the legal regulations on disclosing major holdings in issuers whose shares are admitted to trading on a regulated market, the Company applies thresholds - in addition to the statutory thresholds - of two percent (2%), four percent (4%) and seven-and-a-half percent (7.5%).

6. PROVISIONS GOVERNING CHANGES IN SHARE CAPITAL

ARTICLES 6, 6A, AND 7 OF THE ARTICLES OF INCORPORATION

Following discussions with the FSMA, the Board of Directors decided to submit a proposal to the 2021 General Meeting to delete Article 6A of the Articles of Incorporation.

ARTICLE 6 - CHANGES IN THE SHARE CAPITAL

The capital may be increased or reduced by a decision of the General Meeting in accordance with the conditions required for amending the Articles of Incorporation.

For capital increases approved by the General Meeting, the price and conditions for issuing new shares are determined at the same meeting, based on recommendations from the Board of Directors.

Existing shareholders have a pre-emptive right to subscribe to the new shares in cash, in proportion to the number of shares they hold, within a time period determined at the General Meeting, which may not be any less than 15 days from the opening of the subscription, and in accordance with the conditions determined by the Board of Directors.

Shares with no stated nominal value below the carrying amount of the par value of existing shares may only be issued in accordance with the legal requirements.

However, if it is in the best interests of the Company, pre-emptive rights may be limited or eliminated by decision of the General Meeting ruling - in accordance with the conditions required for amending the Articles of Association- in favor of one or more designated persons who are not employees of the Company or its subsidiaries, in accordance with the legal provisions.

The right to allocate new shares following the incorporation of reserves, profits, or share premiums into the share capital, is vested in the bare owner, notwithstanding the rights of the usufructuary.

The Board of Directors is authorized to sign agreements, containing the clauses and conditions it deems appropriate, with any third party in order to ensure that all or part of the shares to be issued are subscribed.

A reduction in share capital may be authorized or decided by an Extraordinary General Meeting, but may not under any circumstances derogate from the principle of equality between shareholders.

Capital may only be reduced below the legal minimum under the condition precedent of a capital increase aimed at restoring the legal minimum, unless the Company is converted into another form for which no greater amount of capital that exceeds the share capital subsequently reduced is required.

Otherwise, any interested party may petition the court to dissolve the Company, unless the matter has been resolved by the date on which the court rules on the merits of the matter.

The share capital may be redeemed without being reduced by repaying a portion of the distributable profits to securities representing this share capital.

ARTICLE 6A – CAPITAL INCREASE THROUGH THE INCORPORATION OF RESERVES OR THE ISSUE OF SHARE PREMIUMS ACCOMPANIED BY AN ISSUE OF LOYALTY SHARES

1. In accordance with point 4 of this article and with article 7 below, the General Meeting or the Board of Directors may increase the capital, within the authorized capital limit, by incorporating reserves or issuing share premiums by issuing new shares to existing shareholders in proportion to the number of fully paid-up shares held by them that have been continuously registered for at least two years in their name in the share register on the ex-date of the right of allocation.
2. The period of two years referred to in point 1 of this article begins on the date on which the shares are registered in the name of the holder, even though the shares would have been registered before the day on which this article is adopted.

   If shares are transferred as a result of inheritance, dissolution of marriage, or assignment to a successor for a fee or free of charge, this does not affect the two-year period referred to in paragraph 1 of this article. The same applies if shares are transferred between companies that are controlled by the same controlling shareholder(s) or natural or legal person(s), or between one of those companies and controlling shareholders.

If the shares are held by a company, the change in control of that company is deemed to involve a transfer of those shares, unless the change in control is to the benefit of the spouse or one or more estates of the shareholder(s) controlling that company.

The two-year period referred to in point 1 of this article is also unaffected by any transfer of shares to a legal entity in return for the issue of certificates as referred to in Article 7:61(1)(1) of the Belgian Code of Companies and Associations, accompanied by a commitment by that entity to reserve any product or income for the holder of the certificates, or by any exchange of certificates for shares as referred to in Article 7:61(1)(6) or (2)(2) of said Code, provided that this is for the benefit of the entity that has issued the certificates or of one of its assignees which fulfils the conditions of paragraph 2 or 3 of point 2 of this article.

3. New shares issued pursuant to this article do not constitute a class of shares within the meaning of Article 7:155 of the Belgian Code of Companies and Associations.

4. In the event that the capital is increased within the authorized capital limit by the incorporation of reserves or the issue of share premiums following a decision of the Board of Directors, the issue of new shares in accordance with this article is limited to once a year and the number of new shares issued on this occasion is limited to 10% of the number of fully paid-up shares which have been registered for at least two years in the same shareholder's name in the share register on the ex-date of the right of allocation.

ARTICLE 7 - AUTHORIZED CAPITAL

The Board of Directors is authorized to increase the share capital, on one or more occasions, under conditions it deems fit, by an amount of up to thirty-one million, forty-six thousand, seven hundred, forty-four euros and seventy cents (€31,046,744.70).

The Board of Directors may use this authorization to issue shares with or without voting rights, convertible bonds, equity notes, subscription rights payable in cash or in kind, and other financial instruments giving the right to future shares or to which other Company securities are attached.

Any capital increase effected under this authorization may be carried out:

- either by means of contributions in cash or in kind, including any restricted share premium, the amount of which is fixed by the Board of Directors, or by creating new shares carrying rights determined by the Board;
- or by converting reserves – including restricted reserves – or share premiums into capital, whether by creating new shares or not.

This authorization is granted to the Board of Directors for a period of five (5) years from the date of publication in Belgium of the amendments to the Articles of Associationfollowing the decision of the Extraordinary General Meeting held on June 13, 2019. It may be renewed on one or more occasions, in accordance with the applicable legal provisions.

In the event that a capital increase is carried out within the authorized capital, the Board of Directors will allocate any share premium to a restricted account. This account will form part of shareholders' equity in the same way as the share capital, and, unless it is converted into capital by the Board of Directors, may only be reduced or eliminated by the General Meeting, as provided for above, under the conditions required by Article 7:208 of the Belgian Code of Companies and Associations.

The Board of Directors may limit or eliminate pre-emptive subscription rights of existing shareholders if it is in the interests of the Company, in accordance with the conditions laid down in Articles 7:190 et seq. of the Belgian Code of Companies and Associations; it may even do so for one or more specific parties other than employees of the Company, except as provided in Article 7:201(1) of said Code.

The Board of Directors is authorized, with the option of substitution, to amend the Articles of Associationin line with changes to the capital and shares following each capital increase within the authorized capital.

If a public offer is made to buy the Company's shares, the Board of Directors is expressly authorized to increase the capital under the conditions stipulated in Article 7:202 of the Belgian Code of Companies and Associations. This authorization is granted for a term of three (3) years with effect from the date of the decision by the Extraordinary General Meeting of June 13, 2019. Any share capital increases carried out pursuant to this authorization are charged against the residual outstanding authorized capital as indicated above.

03

Management report

1. FINANCIAL POSITION

1.1. Key events

2020 was an unprecedented year, with AKKA being hit by the impact of the COVID-19 pandemic. AKKA took all the steps necessary to protect its employees and partners, whilst continuing to serve its clients effectively.

In early 2020, AKKA acquired Norwegian group Data Respons through a public takeover bid at a price of NOK 48 per share, and Data Respons was delisted from the Oslo Stock Exchange on May 19, 2020.

Data Respons was acquired as part of AKKA's desire to strengthen its digital activities. Innovation driven by digital technology, mobility, electrification, and advanced driver-assistance systems (ADAS) will continue to support demand, and the accelerated deployment of its digital strategy will enable the Group to emerge as a leading player in the digital sector. The success of this approach means the Group has the broadest and deepest portfolio of digital offerings in Europe to meet the needs of the growing mobility market. The AKKA and Data Respons teams are working together to establish strong commercial and operational synergies as quickly as possible.

Following the first two quarters wherein the pandemic had a severe impact, each of the Groups' business units has returned to profit[1], and the growth in revenue seen in Q3 and Q4 is a testament to the gradual recovery of the business.

Moreover, the Group greatly accelerated its transformation in 2020, notably its commercial repositioning with a range of initiatives aimed at leveraging its core business by diversifying its digital skills. AKKA simplified its organization and strictly controlled its costs in order to preserve its cash position.

Finally, AKKA has also taken all appropriate measures to prepare for the future and the next cycle by strengthening its balance sheet, working closely with Compagnie Nationale à Portefeuille, the Group's new strategic investor.

1.2. Group results

1.2.1. Income statement review

The table below contains a summary of the main indicators of the consolidated income statement, prepared in accordance with IFRS standards, for the financial years ending December 31, 2020 and 2019. The Group also uses a number of alternative performance measures, all of which are defined and reconciled with the IFRS indicators in Part 10 of this chapter.

(in thousands of euros)	**Dec 31, 2020**	Dec 31, 2019
Revenue	**1,503,454**	**1,801,486**
Operating profit	(170,474)	121,223
Income before tax	(197,878)	103,716
Consolidated net income	**(167,907)**	**73,270**
Group share of net income	(168,761)	73,041
Consolidated comprehensive income	(177,036)	74,412
Group share of comprehensive income	(177,982)	74,183

[1] *Operating profit (adjusted)*

Note 1.1 - Revenue

	France		Germany		International		North America		Data Respons	
	Value	%	Value	%	Value	%	Value	%	Value	%
2020 financial year	488,079	32.5%	349,165	23.2%	248,341	16.5%	264,788	17.6%	153,082	10.2%
2019 financial year	661,349	36.7%	516,576	28.7%	318,594	17.7%	304,967	16.9%	-	0.0%

AKKA's revenue decreased by 16.5% to €1,503.5 million in 2020 as a direct result of the global pandemic and subsequent lockdown measures. Faced with a sharp slowdown in the overall business and loss of visibility in the first half of the year, AKKA took immediate action to protect the health of its employees and partners alike, to step up its R&D efforts with the support of AKKA Research and to continue to effectively respond to the needs of its clients.

After the crisis peaked in May, AKKA's business and financial performance gradually began to recover in most segments, except for civil aviation, while automotive saw mixed recovery trends from the summer onwards.

- Revenue for the French business unit fell by 26.2% to €488.1 million, marked by the decrease in revenue from the aviation business, which has now stabilized after hitting a low point in the second half of the year.
- The German business unit was the most affected by COVID-19 lockdown measures throughout the year, especially in spring and December, with sales down by 32.4% to €349.2 million. The steep decline in automotive activity in the first half of the year was only partially offset by its recovery in Q3 and the stabilization that followed.
- The decline in business in 2020 experienced by AKKA North America was limited to -13.2%, resulting in a decrease to €264.8 million. This was due to a more balanced revenue mix and the strong resilience of activity in the defense segment.
- Revenue for the International business unit reached €248.3 million in the 2020 financial year, down from €318.6 million in 2019, as some countries suffered greatly from the COVID-19 pandemic.
- Data Respons contributed €153.1 million to the Group's 2020 revenue, representing growth of 6.4% over 2019 sales on a continuous proforma basis[2], benefiting from its positioning as a pure player in digital engineering. Data Respons has been consolidated from 1 May 2020.

Note 1.2 - Operating profit

AKKA's operating profit decreased to -€170.5 million in 2020, in particular for France and Germany, as a result of COVID-19 and its associated costs. This figure includes all expenses that were recorded as non-current expenses in previous years.

In order to provide clarity in its financial communications and ensure full compliance with IFRS, the Group no longer publishes its recurring operating profit and non-current expenses. Instead, AKKA now publishes operating profit that includes costs previously reported as non-operating expenses. However, for reasons of comparability, the Group also publishes operating profit (adjusted) so as to highlight operating performance regardless of certain events that may occur during a particular year. The calculation of operating profit (adjusted) for 2019 and 2020 is detailed below:

	2020			2019		
(In millions of euros)	Published	Adjustment for comparability	Adjusted	Published	Adjustment for comparability	Adjusted
Revenue	**1,503.5**		**1,503.5**	**1,801.5**		**1,801.5**
Operating expenses before net depreciation, amortization, and provisions	(1,501.8)	82.7	(1,419.1)	(1,621.7)	18.7	(1,603.0)
Net depreciation, amortization, and provisions	(172.8)	106.3	(66.4)	(57.2)		(57.2)
Income from equity-accounted affiliates	1.6		1.6	2.5		2.5
Free shares and stock options	(1.0)	1.0	0.0	(3.8)	3.8	0.0
Operating profit	**(170.5)**	**190.0**	**19.5**	**121.2**	**22.5**	**143.7**

[2] Organic growth based on proforma figures as though Data Respons had been consolidated from 1 January

The adjustments for comparability in 2020 are strongly linked to the economic and health situation in 2020 and are presented as follows:

(In millions of euros)	2020
Operating profit	**(170.5)**
Costs related to COVID-19	59.2
Costs of implementing the FIT 2 CLEAR plan	41.9
Costs related to the restructuring program	79.6
Data respons - depreciation of intangible assets from ppp	9.0
Free shares and stock options	1.0
Other products and charges*	(0.7)
Operating profit (adjusted)	**19.5**

*includes €10 million of research tax credits for the 2008-13 financial years and other individually non-material items.

As a reminder, the adjustments for comparability in 2019 were as follows:

(In millions of euros)	2019
Operating profit	**121.2**
Transformation and strategy programs	9.6
Acquisitions / incoporations	1.4
Launch of new activities	7.1
Free shares and stock options	3.8
Other*	0.6
Operating profit (adjusted)	143.7

*includes €13.3 million of research tax credits for the 2008-09 financial years and other individually non-material items.

As a result, the Group's operating profit (adjusted) remained positive at €19.5 million for the 2020 financial year compared to €143.7 million for 2019, thanks to the adoption and rapid implementation of significant cost reduction measures. The Group decided to accelerate its transformation and took major steps to ensure it emerged from the crisis with a streamlined organization, more agile business units, and a significantly simplified structure. The transformation plan is already bearing fruit, with the Group's cost base reduced by €30 million.

In analyzing the sequential dynamics of 2020, it is important to note that all of the Group's business units returned to profit in the second half of 2020. The profit margin for the International business unit in the second half of 2020 was even higher than in 2019, while Data Respons performed as expected, with a margin of 12.8% in the same period. Details of the profitability of each business unit are set out below.

Operating profit

(In millions of euros)	France	Germany	International	North America	Data Respons	Other	Total
2020 financial year	(98.804)	(73.971)	16.511	6.271	9.784	(30.264)	(170.473)
2019 financial year	54.109	36.724	34.760	11.771	-	(16.141)	121.223

Operating profit adjusted

(In millions of euros)	France	Germany	International	North America	Data Respons	Other	Total
2020 financial year	(3.792)	(5.934)	25.559	6.507	19.312	(22.132)	19.520
2019 financial year	74.145	47.784	39.851	13.188	-	(31.244)	143.724

Note 1.3 - Net borrowing costs

Net borrowing costs amounted to -€19.1 million as at December 31, 2020 (-€16.2 million as at December 31, 2019). This increase is mainly due to the consolidation of Data Respons. This includes €14.5 million in interest on loans (compared to €11.5 million in 2019).

Note 1.4 - Income tax

The Group recorded an income tax expense of €29.972 million for 2020, i.e. -15.2% of income before tax (compared to 29.4% in 2019). This amount includes €5.659 million for the business tax on added value (CVAE). It also includes deferred taxes on deficits of €39.633 million.

Note 1.5 - Consolidated net income

The Group's share of consolidated net income amounted to -€168,761 million in 2020 (compared to €73,041 million in 2019) and represents -€8.26 per share compared to €3.38 in 2019.

1.2.2. Balance sheet review

The following table summarizes the consolidated balance sheet prepared according to IFRS standards:

(in millions of euros)	**2020**	2019	Change (m€)	Change (%)
Goodwill	691.4	367.7	323.7	88%
Intangible assets	112.5	24.7	87.7	355%
Tangilble assets	75.7	91.9	-16.3	-18%
Rights of use - IFRS 16	141.8	149.7	-7.9	-5%
Non-current financial assets	49.9	44.9	5.0	11%
Securities of affiliated companies and joint ventures	48.2	47.9	0.3	1%
Deferred tax assets	80.0	32.8	47.2	144%
Other non current assets	30.1	27.2	2.8	10%
Total Non Current Assets	**1,229.5**	**786.9**	**442.6**	**56%**
Trade receivables	192.0	224.8	-32.8	-15%
Other current assets	85.7	124.4	-38.7	-31%
Cash and cash equivalents	468.0	469.2	-1.3	0%
Total Current Assets	745.6	818.4	-72.7	-9%
TOTAL ASSETS	**1,975.2**	**1,605.3**	**369.9**	**23%**

(in millions of euros)	**2020**	2019	Change (m€)	Change (%)
Group Share of Equity before equity instruments	314.2	304.7	9.5	3%
Odirnane bonds	176.0	172.9	3.1	2%
Non controlling interests	2.4	0.4	2.0	490%
Shareholders' equity	**492.6**	**478.0**	**14.6**	**3%**
Non-current provisions	36.9	29.0	7.9	27%
Non-current financial liabilities	635.5	467.7	167.8	36%
Non-current IFRS 16 lease liabilities	114.7	123.4	-8.7	-7%
Non-current earn-out liabilities	10.8	0.0	10.8	ns
Non-current tax and social security liabilities	31.6	12.9	18.6	144%
Deferred tax liabilities	67.0	0.0	67.0	ns
Total Non current Liabilities	**896.5**	**633.0**	**263.5**	**42%**
Current provisions	65.1	2.5	62.6	2484%
Current financial liabilities	10.1	74.8	-64.7	-86%
Current IFRS 16 lease liabilities	33.6	29.7	3.9	13%
Trade payables	125.4	114.6	10.8	9%
Tax and social security liabilities -current	285.7	228.7	57.0	25%
Current earn-out liabilities	11.6	2.3	9.3	401%
Other current liabilities	54.5	41.7	12.9	31%
Total Current Liabilties	**586.0**	**494.2**	**91.8**	**19%**
TOTAL LIABILITIES	**1,975.2**	**1,605.3**	**369.9**	**23%**

Note 2.1 - Goodwill

Goodwill, which consists of differences in the prices paid for the capital of businesses and the value of their net assets, amounted to €691.390 million as at December 31, 2020 , compared to €367.689 million during the previous year, the increase being almost exclusively due to the acquisition of Data Respons. The allocation of the purchase price of Data Respons is detailed in Note 1.7.1 to the consolidated financial statements.

Note 2.2 - Change in cash position

Statement of cash flows - in thousands of euros	Dec 31, 2020	Dec 31, 2019
Cash, cash equivalents, and bank overdrafts at the start of the year	**469,231**	**271,785**
Net cash flow from operating activities	169,639	161,044
Net cash flow from investment activities	(404,090)	(56,235)
Net cash flow from financing activities	234,300	89,914
Impact of changes in foreign currency exchange rates	(1,110)	2,722
Cash, cash equivalents, and bank overdrafts at year-end	467,970	469,231
Group share of comprehensive income	**(177,982)**	**74,183**

Details of the Group's financing are provided in the Consolidated Financial Statements in this Annual Report.

Note 2.3 - Shareholders' equity

Shareholders' equity amounted to €492.618 million as at December 31, 2020, compared to €478.237 million as at December 31, 2019 – an increase of 3%. As at December 31, 2020, equity represented 24.9% of the balance sheet total.

The main changes in shareholders' equity are as follows:

- consolidated net income for 2020 of -€168.761 million
- capital increase of +€196.668 million
- equity instruments (ODIRNANE bonds, net of charges) of -€2.999 million
- changes in other comprehensive income items of -€9.129 million
- repurchase of own shares of -€2.374 million
- performance share plan of +€924,000

Note 2.4 - Debt

AKKA's balance sheet structure is robust. The Group's (covenant) net debt after IFRS 16 amounted to €309 million as at December 31, 2020. The Group's capital increased from €478 million to €493 million, corresponding to a 63% gearing and a 3.44-fold leverage (net debt/EBITDA), below the covenant set at 4.5x. This net debt position does not take into account the €175 million of ODIRNANE bonds, which are recognized as shareholders' equity.

Since the crisis began, AKKA has intensified discussions with its lenders on the terms of its financing instruments. As a result, the banks that had granted a revolving credit facility agreed to: (i) a covenant holiday for the financial leverage covenant on December 31, 2020, and (ii) a six-fold repositioning for the financial leverage covenant, which will be tested on June 30, 2021. In addition, 80% of Schuldschein investors agreed to a covenant holiday for the financial leverage covenant on December 31, 2020. As a reminder, the test for the Schuldschein takes place at the end of each year.

The calculation of net financial debt is as follows:

	Dec 31, 2020		Dec 31, 2019	
(In millions of euros)	Published	Before IFRS 16	Published	Before IFRS 16
Non-current financial liabilities	635.5	635.5	467.7	467.7
Current financial liabilities	10.1	10.1	74.8	74.8
Non-current IFRS 16 lease liabilities	114.7	0.0	123.4	0.0
Current IFRS 16 lease liabilities	33.6	0.0	29.7	0.0
Cash and cash equivalents	(468.0)	(468.0)	(469.2)	(469.2)
Net debt	**325.9**	**177.7**	**226.4**	**73.3**

This does not include ODIRNANE bonds, which are recognized as shareholders' equity under IFRS (first repayment date in 2025).

	Dec 31, 2020		Dec 31, 2019	
(In millions of euros)	Published	Before IFRS 16	Published	Before IFRS 16
Net debt	325.9	177.7	226.4	73.3
Own shares	(16.5)	(16.5)	(29.1)	(29.1)
Net debt (covenants)	**309.4**	**161.1**	**197.3**	**44.2**

All contractual debt ratios have been met as at December 31, 2020 and are calculated as detailed below:

LEVERAGE

	Dec 31, 2020		Dec 31, 2019	
(In millions of euros)	Published	Before IFRS 16	Published	Before IFRS 16
Net debt (covenants)	309.4	161.1	197.3	44.2
Adjusted EBITDA	90.0	51.4	200.9	169.4
Leverage	**3.44**	**3.13**	**0.98**	**0.26**

GEARING

	Dec 31. 2020		Dec 31. 2019	
(In millions of euros)	Published	Before IFRS 16	Published	Before IFRS 16
Net debt (covenants)	309.4	161.1	197.3	44.2
Shareholders' equity	492.6	498.1	478.2	481.5
Gearing	**0.63**	**0.32**	**0.41**	**0.09**

Note 2.5 - Interest rate hedging

Details of hedging of the Group's interest rates are provided in the Consolidated Financial Statements of this Annual Report (Chapter 6).

2. SCOPE

Entities included in the scope of consolidation are detailed in the Consolidated Financial Statements of this Annual Report (Chapter 6.1).

The main changes over the last three years are as follows:

Acquisitions in the last 3 years	Entities acquired	Date of incorporation for consolidation	Geographic distribution of activity on date of acquisition
AKKA GmbH & Co. KGaA (formerly MBtech Group)	35% of shares	2018	N/A*
PDS Tech Inc.	100% of shares	2018	United States
GLOBAL SUPPORT SUPPLIER	72% of shares	2019	France
Data Respons	100% of shares	2020	Norway/Sweden/Denmark/ Germany

* The Group already had control of the Mbtech Group in the past and therefore its companies were already consolidated.

3. RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development costs incurred in 2020 amounted to €63.474 million and are recorded under expenses for the financial year, i.e. 4.2% of revenues (5.0% in 2019).

AKKA Research, the in-house technology centre created in 2010, is the driving force behind the group's transformation towards Digital, bringing people together around innovative technologies to create tomorrow's business successes.

- By developing innovative and forward-looking technology lines, AKKA Research enables AKKA to deploy the offers it will need to master its digital evolution.
- By supporting its employees, AKKA Research enables them to learn new skills with the aim to help them evolve and flourish within AKKA.
- By proposing new solutions to our partners, AKKA Research creates technologies that respond to the problems faced by our clients and help them imagine their future.
- AKKA Research unites the company around technology and creates pride among its employees by involving them in innovative projects that convey a positive image.

AKKA Research is the link between technology, people and business.

AKKA Research is a matrix structure that is agile in its management of technology and people. To ensure the successful completion of its missions, the department relies on a dual mode of operation:

- The management of innovative projects is led by AKKA Research, making maximum use of human and material resources from the Group's centers of expertise.
- The management of disruptive technology lines relies on some forty experts developing skills that do not exist within the group. Once honed, these skills will be reintegrated into the centers of expertise.

In this context, an AKKA Research employee can be both a point of contact for a technology line and be responsible for project management.

In close collaboration with the Group's operational teams, AKKA Research's work is focused around three main technological lines, in line with the Group's overall strategy and the needs of its customers:

- Digital
- Green Energy
- Automation

The technologies included in these technological lines are validated and challenged by a scientific committee which brings together scientific and industrial representatives. AKKA's first scientific committee took place in June 2020 with the theme "Long-term, short-term and innovation". The second committee took place in December 2020, with the themes "Precautionary principle, regulations: How to integrate it into the innovative approach? "and "Quantum Computing: On the road to industrial application".

AKKA Research works simultaneously on subsidized collaborative projects, enabling it to anticipate long-term technological developments (European [H2020, EUREKA, etc.], National [ANR, FUI, etc.] and Regional funding instruments), and on projects in partnership with particular customers, which it supports in the development of a technological component or an innovative project.

The center is part of an ecosystem of national and international R&D partners, consisting of universities, research laboratories and private companies, some of which are customers of the Group. In 2020, it hosted 21 interns and 6 dissertations on subjects related to autonomous driving, mobile robotics, signal processing and quantum computing. The Group continues to strengthen its expertise by recruiting young doctoral graduates to spearhead its technology lines, particularly in the field of digital transformation (autonomous robotics, artificial intelligence and cybersecurity).

In 2020, AKKA Research worked on 27 projects, including 8 collaborative projects:

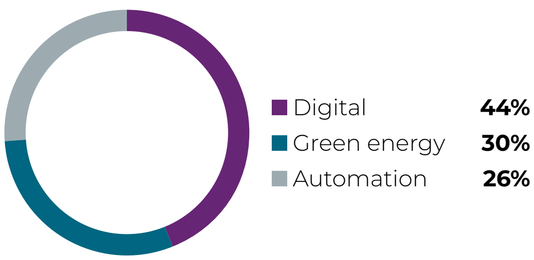
- **Versatile Trapped Ion Control System (VERTICONS)** main objective is to provide a complete, coherent, documented and tested quantum control architecture. This includes a flexible real-time control system and the corresponding software design for automated control strategies.

- **DoRIoT** develops a secure and robust dynamic architecture and tools for emergent systems with organic computing methods for IoT. AKKA delivers the use-cases focusing on the field of Automotive/Car2X and SmartHome.
- **EU-SysFlex** stands for "Pan-European system with an efficient coordinated use of flexibilities for the integration of a large share of RES ". EU-SysFlex comes up with new types of services that will meet the needs of the system with more than 50% of renewable energy sources. It will find the right blend of flexibility and system services to support secure and resilient transmission system operation.
- **ELVITEN** demonstrates how electric light vehicles (EL-Vs) can be used in urban areas and be integrated into the existing transport network of six European cities. Focus is on EL-Vs such as electric bicycles, tricycles, scooters and quads.
- **5G-MOBIX** develops and tests automated vehicle functionalities using 5G core technological innovations along multiple cross-border corridors and urban trial sites, under conditions of vehicular traffic, network coverage, service demand, as well as considering the inherently distinct legal, business and social local aspects.
- **AQTION** is a major research project funded by the European Quantum Technology Flagship, which aims to develop and exploit a robust, compact ion-trap quantum computer based on scalable quantum hardware and widespread industry standards.
- **5G-LOGINNOV's** main objective is to design an innovative framework addressing integration and validation of Cooperative and Connected Automated Mobility (CCAM) technologies related to industry 4.0 and (sea-) ports domains.
- **COVR-SESAMS** objective is to leverage the COVR set of tools to break down the barriers of penetration of collaborative mobile robots (or advanced AGVs, Automated Guided Vehicles) into the manufacturing industry.
- **PORTAGE** is a collaborative platform which aims to robotize and automate the transportation of large and heavy pieces of equipment in industrial sites. Our solution will help in reducing strenuous and dangerous tasks for operators and will also optimize logistics operations.

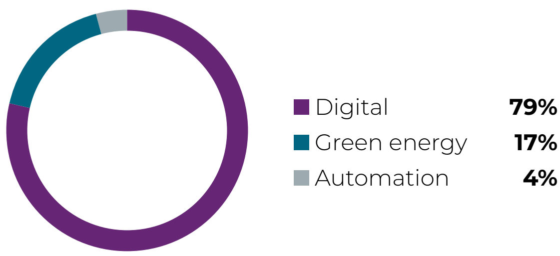
In addition to this list, 10 new collaborative projects were won:

- **Road Markings and Signs for the Future (RMSF)** advises and supports the Commission on how to improve the readability and detectability of road markings and signs, both for human drivers and ADAS systems.
- **VorSAFe** project proposes to study an active automotive safety system to avoid obstacles with collision risk by merging different inputs and solutions from embedded systems and infrastructure-based solutions.
- **GEARBODIES** will develop an innovative modular platform to reduce the inspection time of lightweight train carbody shells.
- **PRECINCT** aims to connect private and public EU stakeholders in a geographical area to a common cyber-physical security management approach which will yield a protected territory for citizens and infrastructures, a 'PRECINCT' that can be replicated efficiently for a safer Europe.
- **DIGIECOQUARRY** will develop systems, technology and processes for integrated digitization and automation real-time process control, to be piloted in 5 EU quarries with the target of improving health and safety conditions for workers.
- **MobiDataLab** consists of proposing a methodology and technical solutions to mobility stakeholders (transport authorities, operators, industry, innovators) to facilitate large-scale data sharing.
- **5G-META** open platform aims to leverage car-captured data to stimulate, facilitate and feed new innovative products and services. The access to data coming from relevant geographical regions will catalyze the generation of new opportunities and business models.
- **5G-LOGINNOV's** main objective is to design an innovative framework addressing integration and validation of Cooperative and Connected Automated Mobility (CCAM) technologies related to industry 4.0 and (sea-) ports domains.
- **RECET4Rail** will focus on the following new technologies for the Traction Drive sub-system: development of design approaches, end-to-end conception time evaluation and feasibility/performance study of 3D printing technologies for new traction components use cases.
- **PALOMA** will design and test a passively actuated opening system that will allow a volume of secondary air flow to be diverted into the aircraft engine core area for cooling purposes.

TECH LINE SPLIT ON 2020 PROJECTS



TECH LINE SPLIT ON NEW COLLABORATIVE PROJECTS



This inter-site and interdisciplinary collaboration for innovation is becoming more international with a stronger involvement of Germany and for the first time a technical support provided by Romanian teams in collaboration with the French teams.

4. DESCRIPTION OF THE MAJOR RISKS AND UNCERTAINTIES FACING THE GROUP

Set out below is a description of certain risks relating to the Company, the Group and the Shares. The description of risks set out below does not purport to be exhaustive. Additional risks and uncertainties that, as of the date of this Report are unknown to, cannot be foreseen by, or are not considered significant by the Company may also exist.

The risk factors presented herein have been divided into categories based on their nature. Within each category, the risk factors estimated to be the most material according to the assessment made by the Company about the materiality of the risk are presented first. Additionally, the order of the categories does not represent any evaluation of the materiality of categories themselves or of the relative materiality of the risk factors within any particular category when compared to the risk factors in another category.

References to the "Group" are to the Company and its subsidiaries from time to time. Any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated and/or replaced from time to time.

4.1 Risks relating to the Company and the Group

4.1.1. Risks related to the Group's business activities and industry

(a) The demand for outsourced engineering consulting and R&D services is contingent upon the international economic climate and can be adversely affected in times of crisis and the impact of the COVID-19 crisis on the economy and the Group's customers (particularly on the mobility sector where the Group achieved approximately 74% of its revenue as at 31 December 2020) has negatively affected and may in the future negatively affect the Group

The demand for outsourced engineering consulting and R&D services is generally linked to the international economic climate insofar as it is based on outsourced R&D expenditure by ordering customers correlated to changes in global industrial production. The sensitivities to the economic cycles vary according to the industrial sector of the Group's customers.

In periods of recession or crisis, financial difficulties that could be encountered by the Group's customers as well as a possible reduction of their R&D investment, could have an adverse effect on prices and, more rarely, lead customers to re-internalise engineering consulting and R&D services.

On 11 March 2020, the World Health Organization declared COVID-19 (novel coronavirus) a global pandemic, which resulted in the implementation of travel and other restrictions across the world to reduce the spread of the disease. As a result of these developments, local lockdown orders, government-imposed quarantines, travel restrictions, business closures and work-from-home policies have been implemented. This has negatively impacted the demand and the Group's performance during the first half of 2020. Please also refer to the risk factor 4.1.2(a) below titled "The COVID-19 pandemic has adversely affected the Group's operations and financial results and may negatively impact the Group's liquidity and its ability to comply with financial covenants under its material financing arrangements".

In addition, the COVID-19 related measures and impact on the economy has affected and may continue to affect a number of the Group's customers. In particular, revenues from the automotive and aeronautic sectors have decreased with 26% and 13%, respectively, during the first half of 2020.

As at 31 December 2020, the Group achieved 74% of its revenue in the mobility sector, which comprises the automotive, aeronautic, railway and defence sector. This means that the Group is exposed to crises that particularly affect the mobility sector. Moreover, the COVID-19 pandemic may result in in-depth changes in the global demand for the services rendered to businesses in those sectors, which may result in a decrease in revenue for the Group. However, thanks to a positive trend in the defence and railway sectors, the decrease in the aggregate mobility sector was limited to 24% in 2020. In addition, the Group has accelerated diversification into the non-mobility sectors.

The Group is closely monitoring and responding to the unprecedented and rapidly developing global health and economic crisis associated with COVID-19. To that effect, it has established a crisis unit which meets as often as needed and accelerated the implementation of the Fit-2-Clear initiative to streamline its organisation and reposition its portfolio of offerings toward higher value-added ones. Please also refer to the first chapter of this report for more information.

At this stage and given the uncertainty as to how the situation will evolve and for how long, it is not possible to determine the full impacts that could potentially result from this crisis in terms of the Group's results. The Group is currently analysing potential scenarios and the resulting impact. Important is to note that the business trends might evolve faster-than-expected with some industries reaching their inflection point more quickly than others and returning to growth in a shorter time frame than expected, as was the case for the automotive sector during the 2008 crisis.

Moreover, changes in the demand for engineering consulting and R&D services may occur with some delay in relation to changes in economic activity as ordering customers may not reduce or suspend their R&D investments immediately. Volatile or uncertain economic conditions could therefore make it difficult for the Group to make any business forecasts.

(b) Given that the Group is active in the consultancy and R&D sector, its performance and ability to satisfactorily meet the demands of its customers particularly depends on it being able to attract and retain qualified and competent personnel

Given that the Group is active in the consultancy and R&D sector, it's performance and ability to satisfactorily meet the demands of its customers particularly depends on the men and women who work in the Group. Given the qualifications meet the needs of customers, they are well sought after in the labour market in their respective areas of expertise. The Group has entered into employment agreements with key personnel based on what it deems to be market conditions. However, the Group's ability to recruit and retain its staff depends on a number of factors, including salary and benefits, workplace placement and work environment and recruitment procedures at competitors.

If a significant number of qualified employees discontinues their employment, the Group may not be able to replace them with ease and its business may be disrupted. In addition, if a significant number of qualified employees were to join a competitor or a customer with whom they performed assignments on behalf of the Group, the Group may lose major contracts or customers and know-how (please also refer to risk factor 4.1.1(d) below titled "The Group is subject to risks of concentration of services and client groups and to risks of loss of one or several markets (geographical area or industry), clients or contracts generating a significant part of the Group's total revenue"). Although the Group put measures in place to be able to retain personnel, such as an incentive program for key managers, these may still prove to be insufficient.

The Group's growth could be affected should it have difficulty recruiting talent. If the Group does not succeed in continuing to attract and retaining the staff required for its activities or unexpectedly loses the services of one or more of these key individuals, this may have an adverse effect on the Group's business, results of operations, financial condition and prospects. In addition, difficulty in recruiting could also prevent the Group from honoring its commitments with its customers.

In the event of tension in the labour market, the desire to recruit and retain the most qualified employees could lead the Group to review its compensation and employment benefits policies. In the event of such a situation, the Group cannot guarantee that it will be able to pass on any costs incurred by these arrangements to the price of its services.

While, in the past few years, the Group has not experienced any significant disruption of its business as a result of strikes, work stoppages or other labour conflicts, any deterioration in labour relations could disrupt its activities, damage its reputation or cause a rise in salaries and the granting of additional benefits, and thus have a significant negative impact on its business, income, financial position and outlook.

(c) The integration of Data Respons acquired in Q1 2020 may be complex and the Group may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from this acquisition

Acquisitions and external growth have been a key part of the Group's strategy. Acquisitions are envisaged when they are of strategic interest to the Group in terms of geographical location or synergy between businesses, while creating value and accelerating growth.

In Q1 2020, the Group invested close to €370 million in the acquisition of the Norwegian headquartered Group Data Respons. This acquisition was realized with a purpose to pursue the roadmap of Group transformation and digitalization of its business. Given the significance of this investment, failure to realize the contemplated growth opportunities, revenue benefits, cost synergies and operational efficiencies associated with this acquisition may have an adverse impact.

Data Respons' acquisition is aimed at strengthening AKKA's digital activities. Innovation generated by the digital sector, mobility, electrification and autonomous driving assistance services (ADAS) will continue to drive demand, and acceleration of deployment of its digital strategy will allow the Group to become major actor in digital services. The success of this transaction means that the Group now has Europe's largest and most comprehensive digital solutions portfolio for the fast-growing mobility market. AKKA legacy and Data Respons teams are working together to implement the strong commercial and operational synergies as quickly as possible.

It is possible that the Group will not realize any or all of the anticipated benefits of any acquisition or that the acquired companies cannot perform as anticipated. The integration of acquired businesses may be complex and expensive and may present other risks and challenges, such as the following:

- the assumptions made by the Group for the valuation of the acquisition may not be verified, in particular with regard to the prices, costs, synergies and profitability expected;
- difficulties linked to the integration of the activities or companies acquired could arise and impact the expected value of the transaction;
- the Group could may not be able to retain certain key employees or customers and thereby lose a portion of the expected value of the acquired entity.

In addition, goodwill resulting from the Data Respons acquisition represents a significant asset in the consolidated balance sheet (standing at €330 million as at 31 December 2020, i.e. 17% of the Group's total balance sheet). A risk of impairment of this Goodwill may amongst others arise in case of failure to properly integrate acquired companies, to retain key people or customers, to realize expected synergies, etc. Please also refer to the risk factor titled "A decrease in the expected future earnings of an operating subsidiary could lead to an impairment of goodwill, which could have a material adverse effect on the results of operations or financial position of the Group".

The Group's business, financial position, results, growth and medium- and long-term prospects could be significantly affected if one or more of these risks were to materialise.

(d) The Group is subject to risks of concentration of services and client groups and to risks of loss of one or several markets (geographical area or industry), clients or contracts generating a significant part of the Group's total revenue

Although the Group tries to diversify its customer base, and its activities cover a large number of customers based in different countries and operating in key industrial sectors, it is still subject to the risks of concentration of services and client groups. In 2020, the Group's largest customer, Daimler, accounted for 13.5 percent of revenue (compared to 15.9 percent in 2019). The Group's top 10 customers accounted for 51.9 percent of consolidated revenue in 2020 (compared to 54.2 percent in 2019 and 57.7 percent in 2018).

The concentration of a significant portion of the Group's revenues on a limited number of customers could have a significant adverse effect on the Group's business, income, financial position and outlook if one or more of such customers would decide to end, in whole or in part, their commercial relationship with the Group.

The Group may have to face pressure on its prices and margins from its main customers, which could be in a strong position to negotiate in view of their notable contribution to the Group's revenues, even with regard to customers for which price levels were set during referencing. These pressures could reduce the Group's margins and the average prices of its services, which could have a significant adverse effect on the Group's business, income, financial position and outlook. In addition, the Group is always subject to the risk of a particular customer discontinuing a project.

Moreover, a significant portion of the revenue and margin of the Group (from 30% to 70%, depending on the BU) is derived from fixed price contracts which do generally not allow the Group to increase, without customer's prior approval, the price initially set for its service in order to take into account elements that are sometimes difficult to anticipate when submitting a proposal. If the expectations and assumptions made when submitting such proposal were erroneous, additional resources would have to be allocated to those projects, which would reduce their profitability. However, the weighting of the top 10 customers has eased by 5 percentage points in the space of two years and this trend is expected to increase further.

This diversification was a key challenge of the PACT17 strategic plan and is consolidated in the CLEAR 2022 plan, and reinforced in the Fit2Clear strategic transformation plan, in particular with the aim of developing ten further major customers in addition to the Group's top 10, and of reaching a critical size (between €30 million and €50 million, depending on the manufacturer's size) with each of them (top 20). Please also refer to the first chapter of this report for more information on the Fit2Clear plan.

(e) Failure to be referenced in the panels of key accounts and increased competition from consolidating competitors could have a significant adverse impact on the Group's business

The Group's operations in the leading European and international business regions and its referencing by major industrial customers have made it a benchmark in its sector in Europe. As such AKKA is ranked[1] in the Leadership zone in the ER&D services overall by Zinnov, the consulting, research and advisory firm, in its annual Zinnov Zones research report into the state of global enterprise engineering research and development (ER&D) services.

Most key accounts have initiated a policy aimed at reducing the number of technology consultancies with which they work. This has resulted in a reduction in the number of partners approved as suppliers, which has tended to benefit larger players. These players conduct approvals on a regular basis (every three years on average). Although the procedures for setting up panels depend on each customer, panels are often organised either by technological areas or by entities within the ordering customer (by subsidiary, division or hub) and for specific, defined periods of time.

The Group's organic growth is based in part on its ability to be referenced in the panels of ordering customers. Based on its long-standing relationship with its clients and track record in renewal, the Group considers its customer satisfaction rate as excellent. However, if the Group is not part of new panels of growing companies or is excluded from a panel on which it used to appear, it could have a significant adverse effect on the Group's business, financial position, income and outlook. Please also refer to risk factor 4.1.1(d) below, titled "The Group is subject to risks of concentration of services and client groups and to risks of loss of one or several markets (geographical area or industry), clients or contracts generating a significant part of the Group's total revenue".

Moreover, the Group devotes significant resources on to the preparation of its proposals, notably to identify potential ordering customers, to establish the Group's reputation with them, to demonstrate to them the Group's ability to master the required technologies, and to meet the compliance criteria that may be required. The costs thus incurred may not be offset if the Group fails to obtain the desired referencing from a customer.

The Group's organisation nevertheless gives it a significant measure of responsiveness and a high degree of flexibility, enabling it to adapt very quickly to changes in its markets and the requirements of its customers. The geographical and sector spread of the Group's sales and the segmentation of its offerings further mitigate this risk.

The market for engineering consulting and R&D services remains relatively fragmented but has tended to concentrate. Over the past five years the five largest European players combined[2] have increased their total headcount from 78,000 people in 2015 to more than 130,000 in 2019 with total revenue increasing from 6.1 billion euros in 2015 to close to 9.5 billion euros. This very fast growth is not only driven by the organic growth resulting from the ongoing needs for innovation from our clients but also by an active acquisition policy across the industry. This could lead to the emergence of competitors with potentially superior financial, commercial or human resources to those of the Group and which could form strategic or contractual relationships with current or potential Group customers in the markets in which the Group is present or wishes to develop.

The Group's competitors could merge or develop closer relations, and the diversified service offerings of these consolidated companies, or the increased synergies resulting from the consolidation, could increase the level of competition to which the Group is exposed, especially if the Group were unable to take part in this movement towards consolidation.

In the event of a more competitive environment, the Group could be forced to reduce the prices of its services or not be able to increase them to the desired level in order to increase its margins, which could, ultimately, have an adverse effect on the Group's business, income, financial position or outlook.

[1] https://zinnovzones.com/ratings/e-r-and-d-services/overall/2020
[2] The five largest European players on top of AKKA are Altran (now part of Capgemini Group), Alten, Bertrandt and Edag.
Source: Companies' publications

4.1.2. Risks related to the Group's financial situation

(a) The COVID-19 pandemic has adversely affected the Group's operations and financial results, and may negatively impact the Group's liquidity and its ability to comply with financial covenants under its material financing arrangements

The Group's operations and financial results have been adversely affected by the impact of the COVID-19 pandemic on many of its customers, which has resulted in lower revenue levels and profitability in recent months, in particular since the introduction of government restrictions on travel, leisure activities and business operations (please also refer to risk factor 4.1.1(a) above, titled "The demand for outsourced engineering consulting and R&D services is contingent upon the international economic climate and can be adversely affected in times of crisis and the impact of the COVID-19 crisis on the economy and the Group's customers (particularly on the mobility sector where the Group achieved approximately 74% of its revenue as at 31 December 2020) has negatively affected and may in the future negatively affect the Group"). If these factors continue to impact the Group, or the pandemic increases in severity, it may have a significant impact on the Group's ability to satisfy financial covenants in its material financing arrangements.

Some of the Group's financial debt arrangements benefit from financial covenants. A breach of such covenants may lead to an event of default under the relevant financing agreement and may trigger an event of default under other financing arrangements. In such case, the Group may be required to repay these borrowings before their due date, which could have an adverse impact on the liquidity of the Group.

If the Group were unable to avoid a breach of these financial covenants when tested, at any time after the financial covenant breach, the lenders party to those agreements would have the right to demand the accelerated payment in full of the relevant amounts (principal and other items, including make-whole amounts) outstanding at the time of the breach and/or a cross-default in relation to the Group's other financing arrangements may occur (see Section 7 "Capitalisation and Indebtedness" for a breakdown of financial indebtedness as at 31 December 2020). If such a repayment demand were to be made and a cross-default were to occur, the Group does not expect that it would have access to funds immediately available to repay such amounts at that time, without undertaking mitigating actions. An inability to comply with its financial covenants over the longer term or to maintain sufficient liquidity could have a material adverse effect on the Group's business, results of operations and financial condition. For more information on the Group's financing arrangements and the cross-default provisions therein, please refer to chapter 6, section 4.13 of this document.

(b) The Group is exposed to liquidity risks

Changing market conditions or lower credit ratings could result in a contraction in the availability of credit, reduce the Group's sources of liquidity and result in higher borrowing costs. The Group's liquidity risk therefore depends on the ability to generate cash from operations to service payment obligations under its debts, refinance debt or raise new debt. As at 31 December 2020, the Group had gross cash and cash equivalents of €467,970,000, fully classified in cash, of which €21,481,000 was held with the factor under the factoring lines.

Notwithstanding the Group's liquidity reserves and several committed credit facilities, which amount to €470,000,000 as at 31 December 2020, adverse market conditions, an increased leverage (including the increase of the leverage, which has resulted from the acquisition of Data Respons and the Covid-19 pandemic) or lower credit ratings could reduce the Group's flexibility to respond to changing business and economic conditions or to meet existing debt maturities, fulfil the Group's financial obligations or fund its working capital needs. If adverse conditions were to lead to a breach of financial covenant or an increase in the leverage ratio, this could have an adverse impact on the Group's ability to refinance its existing debt. In addition, a breach of covenant could reduce the availability of factoring lines and therefore also adversely impact the Group's liquidity.

For more information, please refer to Chapter 6, Section 4.13.2 of this document.

(c) Goodwill resulting from acquisitions represents a significant asset in the consolidated balance sheet (standing at €691.4 million as at 31 December 2020, i.e. 35%) and a decrease in the expected future earnings of an operating subsidiary could lead to an impairment of goodwill

Goodwill resulting from acquisitions represents a significant asset in the consolidated balance sheet (standing at €691.4 million as at 31 December 2020, i.e. 35%). A risk of impairment of this Goodwill may amongst others arise in case of failure to properly integrate acquired companies, to retain key people or customers of these companies, to realize expected synergies, etc.

The impairment test is performed at year-end, as described in Chapter 6, Notes 2.9 and 4.2 of this document, and did not lead to the recognition of any impairment as at 31 December 2020.

Goodwill represents the difference between the price paid for an acquired business and the fair value of their net assets as of the date of acquisition. Goodwill is tested at least annually for impairment. Impairment testing is performed based upon estimates of the fair value of the operating subsidiary to which the goodwill relates. The fair value of the operating subsidiary is impacted by the performance of the business. The performance of the businesses may be adversely impacted by prolonged market declines. If it is determined that the goodwill has been impaired, the goodwill will have to be written down by the amount of the impairment, with a corresponding charge to net earnings. Such write-downs could have a material adverse effect on our results of operations or financial position. A decrease in the expected future earnings of an operating subsidiary could lead to an impairment of some or all of the goodwill or other long-lived intangible assets associated with such operating subsidiaries in future periods.

(d) The Group is subject to fluctuations in currency exchange rates including to translation risk resulting from subsidiaries operating in currencies other than the euros

The Group is exposed to foreign exchange risk as a result of its international activities, including its geographical spread in the leading European and international business regions.

The Group is subject to translation risk, which is the risk of variation in the Group's euros-denominated consolidated financial statements resulting from subsidiaries operating in currencies other than the euros. Outside the euros area, the Group has operations in the United Kingdom, Japan, Switzerland, Romania, Turkey, the Czech Republic, Morocco, China, Dubai, Qatar, Singapore, Norway, Sweden, Denmark, the United States and Canada. These operations accounted for approximately 30.6 percent of consolidated revenue in 2020 (of which 17.0 percent in the United States), compared with 24.8 percent in 2019 (of which 16.5 percent in the

United States). Flows of purchases and revenue in local currency are more or less balanced, with the exception of operations in the Czech Republic, where services are invoiced in euros, but expenses incurred in local currency.

The Group is also subject to transactional risk, which is the exchange risk linked to a specific transaction, such as a Group company buying or selling in a currency other than its functional currency).

The choice of borrowing currency depends mainly on the opportunities offered by the various markets. This means that the selected currency is not necessarily that of the country in which the funds will be invested.

Exchange rate fluctuations may adversely affect the Group's business, financial condition and results of operations. For more information, please refer to Chapter 6, Section 4.13.3 of this document.

(e) The Group is subject to counterparty risk

The Group has contractual relations with multiple parties, which include a number of counterparties with whom AKKA's revenue is concentrated, and is therefore exposed to the credit standing of its business partners. As at 31 December 2020, the Group had trade receivables for a total amount of €192 million. The inability of any such counterparty to live up to their contractual obligations could have an adverse impact on the liquidity of the Group.

The Group's exposure to the counterparty risk for trade receivables does not significantly differ from the ratios indicated in risk factor 4.1.1(d) "The Group is subject to risks of concentration of services and client groups and to risks of loss of one or several markets (geographical area or industry), clients or contracts generating a significant part of the Group's total revenue related to the risk of concentration".

(f) The Group is subject to interest rate risk

The Group is exposed to interest rate risk because the Company and other entities in the Group borrow funds at both fixed and floating interest rates. As at 30 December 2020, 22 percent (€139.4 million) of the financial debt of the Group was at fixed rate and 78 percent (€508.8million) was at floating rate. As at 31 December 2020, a 1 percent increase in the market interest rates would have had an impact of €2.5 million loss for the Group.

The interest rates are dependent both on general market conditions as well as on investors' and lenders' perception of the Group's liquidity and growth profile. Any additions to floating rate debt could increase its exposure to movements in both underlying interest rates and the risk premium which the Group pays.

4.1.3. Legal and regulatory risks

(a) The Group is active in sectors characterised by a high degree of regulation, forcing the Group to dedicate a growing share of its technical and financial resources to efforts to comply with this regulation and non-compliance with these regulations may result in penalties or loss of revenue for the Group.

The Group is active in certain specific sectors characterised by a high degree of regulation. The activities of some of its customers sometimes require the Group to comply with the regulations to which they are subject. In highly regulated sectors, this forces the Group to dedicate a growing share of its technical and financial resources to efforts to comply with local standards. In particular, the acquisition of PDS Tech in the United States of America has led to the imposition of the requirements of the US administration regarding companies under Foreign Ownership, Control or Influence (FOCI), which induced costs and business constraints. The costs for the Group of said requirements is evaluated to less than €200,000. The failure of the Group to maintain the necessary clearances or to comply with its commitments regarding the mitigation measures may impact the ability of the Group to continue operating its activities in the highly regulated sectors of defence and aerospace in the United States of America.

The Group must have specific certifications in order to work with certain customers (representing less than 10% of its business). The loss or non-renewal of these certifications could lead to reduced business and thus have a significant impact on revenue.

(b) Risks related to litigation

The General Management of each country, with the support of its Chief Financial Officer and the Legal Department, is responsible for ensuring that the Company and the Group as a whole complies with laws and regulations in force and its contractual obligations towards its clients, partners and suppliers.

As at the date of this Report, and to the best of the Group's knowledge, adequate provisions have been set aside to cover all disputes which may have a significant impact on the Group's business, results, financial position or assets and liabilities. For more information, please refer to Chapter 6, Section 4.12 of this document.

In general, it cannot be guaranteed that, in the future, no new proceedings, whether or not related to those currently underway, will be initiated against the Company or its subsidiaries. Such proceedings may be lengthy and costly and, regardless of the merits of the underlying claim, may have negative consequences on the Group's business, income, financial position, cash position and outlook.

(c) The Group's financial position could be impacted as a result of a claim not (entirely) being covered by the insurance policies, the insurance companies demanding substantial reimbursement, risks not timely being transferred to the insurance policies or the deterioration of the insurance market conditions considering market trends for 2020

The Group's insurance department is responsible for annual contract negotiation and also monitors the insurance policy in relation to the risks involving the civil liability of the Company, its subsidiaries and its directors. The main policies taken out within the Group are (i) operational, professional, products and completed operations civil liability; (ii) civil liability for aerospace and space industry products; and (iii) comprehensive property damage.

In addition, each of the Group's entities takes out the insurance policies required by local laws in its host country (inexcusable fault civil liability, employer's liability, workers compensation, etc.) and those that are appropriate to its specific risks (operating losses, civil liability in respect of private vehicles used on company business, etc.). Acquisitions are included in the Group's insurance policy and cover is adapted to their specific needs.

The Company cannot guarantee that all claims made against it or that all losses suffered are and will in future be covered by its insurance, nor that the policies in place will always be sufficient to cover all the costs and financial penalties that may result from a claim against it. In the event of a claim not covered by the insurance policies or significantly exceeding the insurance policy ceiling, or if the insurance companies demand substantial reimbursement, the corresponding costs and convictions could impact the Group's financial position.

Furthermore, it is possible that risks are not identified or not in a timely manner, and hence not (timely) transferred to the insurance policies, subjecting the Group to potential adverse consequences.

Considering the insurance market trends for 2020, the Group may also be adversely impacted by the deterioration of the insurance market conditions, which may result in difficulties to maintain a good coverage for specific risks such as aeronautics general liability, and/or in a significant increase of the premium to be paid by the Group to cover its activities.

4.2. Risks relating to the Shares

(a) The Company's ability to pay dividends in the future is not guaranteed

As announced, in view of the impact of the COVID-19 pandemic, the Board of Directors resolved to not submit a proposal to the annual General Shareholders' Meeting of 16 June 2020 to distribute a dividend but, instead, to propose the allocation of all the profit for the financial year ending on 31 December 2019 to the voluntary reserves. This proposal was approved by the annual General Shareholders' Meeting with unanimity of the votes cast. Given the considerable uncertainty regarding the duration, extent and ultimate impact of the COVID-19 pandemic, it is not possible to predict when the Company will once again be able to pay a dividend to Shareholders.

Future dividends will also be subject to the financial condition of the Group. Under Belgian company law, a company can only pay dividends to the extent that its net-assets are not below or as a result of the distribution would not fall below the amount of its paid-up (or if higher, called-up) capital increased with its non-distributable reserves. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. These requirements could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in the future restrict the Company's ability to pay a dividend to Shareholders.

(b) The market price of the Shares may be volatile

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the results of operations or the financial condition of the companies that have issued them. Accordingly, there can be no assurance that the market price of the Shares available in the public market will reflect the Company's actual financial performance. A number of factors may affect the market price of the Shares. These factors include, but are not limited to, the following: (i) market expectations for the Company's financial performance; (ii) actual or anticipated fluctuations in the Company's and/or the Group's business, operational results or financial condition; (iii) actual or anticipated fluctuations in the general economic, financial or business conditions in the countries in which the Group operates; (iv) changes in the estimates of the Company's financial results by securities analysts or the failure to meet the estimates of the securities analysts; (v) investors' perception of the impact of the Transaction on the Company and its Shareholders; (vi) actual or anticipated sales of blocks of Shares in the market or short selling of Shares; (vii) actual or anticipated speculative trading in the Shares; (viii) actual or anticipated future issuances of Shares; (ix) actual or anticipated changes in the Group's sector, including, but not limited to, mergers and acquisitions, and the strategic alliances in which the Group operates; (x) changes in the trading liquidity of the Shares; (xi) volatility in the domestic or international stock markets; (xii) the general condition of the global economy or financial system; and (xiii) the risk factors mentioned in Section 4.1 "Risks relating to the Company and the Group".

In addition, stock markets have in the recent past experienced extreme declines and price and volume fluctuations, particularly as a result of the ongoing outbreak of COVID-19 on the macroeconomic outlook. These fluctuations have not always been related to the performance of the specific companies whose shares are traded. These fluctuations, as well as general economic and political conditions, could have an adverse effect on the market price of the Shares (including the New Shares).

If there is a substantial decline in the market price of the Shares, this may have an adverse impact on the market price of the Preferential Rights. Any volatility in the market price of the Shares may also adversely affect the market price of the Preferential Rights, which may become worthless as a result thereof.

(c) The market price of the Shares could be negatively affected by sales of substantial numbers of Shares in the public markets

A sale of a significant number of Shares on the stock market, or the perception that such a sale could occur, could adversely affect the Share price. The Company cannot predict the effect on the Share price if the shareholders were to decide to sell their Shares.

4.3. Environmental risks

Given the nature of our business, the activity of the Group's companies has a moderate impact on the environment. However, the Group is aware of its environmental responsibility and therefore endeavours to reduce its energy footprint. See the chapter on the Group's social and environmental responsibility.

4.4. Risk with regard to business ethics and respect for human rights

The Group remains firmly established in countries that have robust legislation on labor law. As an employer, the Group could be exposed to issues of freedom of association or collective bargaining rights, but it considers this risk to be very low, given the deployment of its HR policy and the scaling-up of its review processes. Moreover, the activities of the Group and its markets actually reduce the risks of illegal, forced or child labor. Through its Code of Conduct, the Group ensures that all situations potentially harmful to its reputation or its business are avoided.

4.5. Insurance policy

The Group's insurance department is responsible for annual contract negotiation and also monitors the insurance policy in relation to the risks involving the civil liability of the Company, its subsidiaries and its directors. The main policies taken out within the Group are (i) operational, professional, products and completed operations civil liability; (ii) civil liability for aerospace and space industry products; and (iii) cyber risk.

In addition, each of the Group's entities takes out the insurance policies required by local laws in its host country (inexcusable fault civil liability, employer's liability, workers compensation, etc.) and those that are appropriate to its specific risks (property damage / business interruption, civil liability in respect of private vehicles used on company business, etc.).

Civil liability policies are taken out by AKKA Technologies on behalf of all its subsidiaries under international insurance programs.

Depending on the local legal requirements, the Group's subsidiaries also benefit from a "no excess" policy and, where applicable, a "difference in terms and conditions and limits" guarantee in respect of local policies, whether or not they are included in the international insurance programs.

Subject to specific circumstances, acquisitions are included in the Group's insurance policy and coverage is adapted to their specific needs.

The new risks emerging at Group level are identified, assessed and added to the insurance policies coverage.

The following table summarises the principal insurance policies taken out, namely:

Insurance policy	Insured party/parties	Deductible	Amount of cover
Operational civil liability	AKKA Technologies and all its subsidiaries	€5,000	€25,000,000 per claim event
Professional/products and completed operations civil liability		€100,000	€25,000,000 per year and per claim event
Civil liability for aerospace and space industry products	AKKA Technologies and all its subsidiaries	None	€150,000,000 per claim event and per year
Cyber risk and data privacy	AKKA Technologies and its insured subsidiaries	€200,000	€25,000,000 per claim event and per year
Executive officers' civil liability	Directors of the AKKA Technologies Group	None	€40,000,000 per year

The Company cannot guarantee that all claims made against it or that all losses suffered are and will in future be covered by its insurance, nor that the policies in place will always be sufficient to cover all the costs and financial penalties that may result from a claim against it. In the event of a claim not covered by the insurance policies or significantly exceeding the insurance policy ceiling, or if the insurance companies demand substantial reimbursement, the corresponding costs and convictions could impact the Group's financial position.

Furthermore, it is possible that risks are not identified or not in a timely manner, and hence not (timely) transferred to the insurance policies, subjecting the Group to potential adverse consequences.

Considering the insurance market trends for 2020, the Group may also be adversely impacted by the deterioration of the insurance market conditions, which may result in difficulties to maintain a good coverage for specific risks such as aeronautics general liability, and/or in a significant increase of the premium to be paid by the Group to cover its activities.

5. THE FINANCIAL STATEMENTS OF AKKA TECHNOLOGIES SE

During the year ending December 31, 2020, the Company continued its role as a holding company for all Group companies.

The table below contains a summary of the main aggregates of the income statement and balance sheet for the years ending December 31, 2020 and 2019:

INCOME STATEMENT (in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Net revenue	39,269	38,399
Operating profit/loss	(7,852)	(651)
Financial income/(expense)	(37,320)	18,729
Extraordinary income/(expense)	-	-
Income tax	(186)	(1,835)
Profit or loss	(45,358)	16,243

ASSETS (in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Net intangible and tangible assets	6,575	8,386
Net financial assets	614,928	267,662
Non-current assets	**621,503**	**276,048**
Net receivables	441,255	569,025
Cash and cash equivalents	236,755	119,551
Current assets	**678,010**	**688,576**
Prepaid expenses	**333**	**359**
Total assets	**1,299,846**	**964,983**

LIABILITIES (in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Shareholders' equity	241,500	86,854
Provisions for risks and expenses	998	381
Financial liabilities	797,500	704,500
Operating payables	253,635	170,485
Other liabilities	6,213	2,763
TOTAL LIABILITIES	**1,299,846**	**964,983**

It should be noted that AKKA TECHNOLOGIES SE also has a French branch.

The statutory financial statements of AKKA Technologies SE are prepared in accordance with Belgian accounting standards. The statutory auditor has issued an unqualified opinion and certifies that the non-consolidated financial statements of AKKA Technologies SE for the year ended 31 December 2020 present a true and fair view of the financial position and results of AKKA Technologies SE.

In accordance with the law, the detailed annual accounts will be filed with the National Bank of Belgium within the legal deadlines.

These documents are available on our website www.akka-technologies.com

6. CAPITAL INCREASES

6.1. Decision by the Board of Directors on May 5, 2020: issue of new shares at a ratio of 1:10

At its meeting on May 5, 2020, the Board of Directors decided to execute the authorization conferred on it by Article 7 of the Articles of Association and increase the Company's capital, "by converting reserves – including restricted reserves – or share premiums into capital, whether by creating new shares or not", with a view to issuing one new share for 10 existing shares and allocating these shares to the Company's existing shareholders, free of charge, for the following reasons: (i) to increase the liquidity of the Company's shares by increasing the number of outstanding shares to the benefit of the Company's existing shareholders to whom these shares will be allocated; (ii) to provide short and medium-term support to its shareholders by strengthening the Company's capital structure by converting reserves into Company capital; (iii) to ensure greater financial solidity and strengthen the Company's financial outlook and credibility with its partners; and (iv) therefore, in general, to meet the need for funding necessary to develop the policy of the Company and its subsidiaries by improving the Company's financing capacity, particularly in the uncertain economic conditions linked to the COVID-19 crisis.

The Company therefore issued 2,029,199 new common shares, each with a nominal value of €1.53 and each representing an equivalent proportion of the share capital, of the same class as the existing shares and fully paid up in the same way as existing Company shares.

The new shares were issued to all shareholders of the company on May 20, 2020 in proportion to the number of shares held in the company by each shareholder on May 15, 2020, with one new share issued for every 10 existing shares.

6.2. Decision by the Board of Directors on December 30, 2020: Increase of €200 million in reserved capital

In accordance with Article 7 of the Company's Articles of Association, the Board of Directors decided to increase the capital through a cash contribution of €13,600,000.17, from €34,141,419.17 to €47,751,419.34, by creating 8,888,889 common shares of the same type and enjoying the same rights and benefits as the Company's existing common shares. These shares were issued at a price of €22.50 euros each. The total amount of the capital increase, including the share premium, amounted to €200,000,002.50.

In accordance with Articles 7:191, 7:193, and 7:200, point 2 of the Belgian Code on Companies and Associations, the Board of Directors decided that it was in the Company's interest to abolish the preferential right of existing shareholders to the benefit of specified persons, in favor of:

- BMC Management & Investment SRL, a limited liability company with its Head Office at 65-67 rue de Hennin, 1050 Brussels, Belgium, company number 0837.091.390;
- Ideactive Events SARL, a limited liability company with its registered office at 23 rue Philip II, 2340 Luxembourg (Grand Duchy of Luxembourg), registered in the Luxembourg commercial register under number B156168;
- Swilux SA, a public limited company with its registered office at 1, rue de Namur, 2211 Luxembourg (Grand Duchy of Luxembourg), registered in the Luxembourg commercial register under number B32570.

The shares have been subscribed to as follows:

- BMC Management and Investment SRL: 444,444 shares
- Ideactive Events SARL: 1,777,778 shares
- Swilux SA: 6,666,667 shares

The capital increase has strengthened the Company's capital structure and improved its financial ratios. It has helped to support and accelerate the Company's transformation and growth. It has also attracted an investor of good repute, Swilux SA, a Luxembourg holding company that is wholly owned and directly controlled by Compagnie Nationale à Portefeuille SA (CNP), one of the two pillars of the Frère-Bourgeois group, an investment group in which the share capital is family-held, and which is controlled exclusively by the members of the Frère family and the net assets of which amount to approximately €5.5 billion.

In addition, the Ricci Family Group's stake is a vote of confidence by the Company's long-standing core shareholder and helps to maintain a balanced shareholding and governance for the Company.

The subscription price of €22.50 represents a premium of 43% compared with the closing price on October 5, 2020 and 33% on the weighted average price over the last 30 days of the stock exchange up to that same date, when it was announced by press release.

The increase in capital led to a dilution of existing shareholders by 28.48% relative to the number of shares, and by 22.71% relative to the number of voting rights.

Based on the closing price on October 5, 2020 (€15.74), the capital increase had an accretion effect of 12.33% on the equity of non-participating shareholders.

It resulted in an increase of €200,000,002.50 in the capital of the company.

7. ACQUISITION AND DISPOSAL OF OWN SHARES

7.1. Decision by the Board of Directors of February 20, 2020: Share buyback program

Pursuant to the authorization granted by the General Meeting on June 13, 2019 (Resolution 1), the Board of Directors decided on a program to buy back 250,000 shares at a maximum price of €75 in order to grant stock purchase options to Company employees and officers, to invite them to acquire shares or to allocate them free shares, to allocate shares in the spirit of employee participation in the outcome of the Company's expansion, to issue shares for payment or in kind in connection with potential external growth operations, or to allocate shares in the exercise of rights attached to securities conferring an entitlement to existing Company shares through redemption, conversion, exchange, presentation of a warrant voucher, or in any other manner.

On March 17, 2020, the Board of Directors increased the maximum number of shares to be acquired to 325,000 and set the maximum redemption price at €35.

325,000 shares were redeemed under this program between February 12 and April 27, 2020, for a total price of €11,192,957.96. The shares were purchased on the Euronext Paris platform in such a manner that the price was, in any case, fixed at an amount less than or equal to the highest current independent bid in the Euronext Paris central registry and in compliance with the applicable regulations.

7.2. Liquidity contract balance sheet

The annual balance sheet of the liquidity contract entrusted by the company to Rothschild Martin Maurel is as follows:

	No. of transactions	No. of shares	Amount of capital (€)
Purchased	6,603	658,147	20,025,143
Sold	6,069	659,417	19,693,551

7.3. Disposal of shares

Shares disposed of in 2020 are detailed as follows:

Date	Number of shares	Unit price	Identity of the purchaser
January 15, 2020	2,645	-	Free share allocation plan for the benefit of two employees
January 15, 2020	169,830	59.6787	Long-term remuneration plan for the benefit of five employees
March 27, 2020	20,000	-	Free share allocation plan for the benefit of one employee
June 29, 2020	7,910	-	Free share allocation plan for the benefit of one employee
December 28, 2020	290	-	Director's fee allocated to Mr. Alain Tisserand, non-executive director
December 28, 2020	290	-	Director's fee allocated to Ms. Valérie Magloire, non-executive director

8. THE GROUP'S DEVELOPMENT AND FUTURE PROSPECTS

After a long period of growth sustained by acquisitions, AKKA has streamlined its operations in the various business units and at Group level. In preparation for the next cycle, the Group accelerated the rollout of Fit 2 Clear to become more agile and responsive to changing demand in terms of sectors and skills. The aim is to lower the Group's profitability threshold and increase its operating leverage ahead of the relaunch of major programs by large clients.

The costs associated with the implementation of Fit 2 Clear are estimated at approximately €100 million, of which €41.9 million was recognized and disbursed in 2020; The remainder will be recognized in 2021. As already mentioned, AKKA's streamlined organization began to bear fruit in 2020, with a cost base reduction of €30 million. The measures implemented are expected to reduce the cost base by between €60 million and €65 million over a full year, with the full impact expected from 2022, i.e. an ROI within 18 months.

Business momentum continues to improve in early 2021, but visibility remains limited due to the ongoing COVID-19 crisis. As a result, AKKA currently expects business activity in 2021 to be more dynamic by the end of the year, with Q1 being the last quarter expected to decline due to a high pre-COVID-19 comparison base and a particular focus on high-margin projects, especially in North America.

As already announced in the second half of 2020, AKKA's management across all business units focuses primarily on profitability as opposed to revenue growth.

The additional cost reductions from the Fit 2 Clear transformation plan and the initial savings associated with implementing restructuring plans to adapt capacity to demand expected in the Group's largest business units should allow for a sequential reduction of approximately €70 million to €75 million in the Group's base costs compared to 2020.

Free cash flow for the year is expected to be significantly negative in 2021 owing to approximately €200 million in one-time disbursements related to restructuring plans, the implementation costs of Fit 2 Clear spread over 2021 and 2022, and the payment of deferred social security and tax charges which have been rescheduled between 2021 and 2023. Due to the seasonality of AKKA's working capital requirements, and with approximately two-thirds of the one-time 2021 disbursements payable in the first half of the year, net debt is expected to increase significantly in Q1 and Q2 2021 before improving towards the end of the year.

9. EVENTS AFTER THE REPORTING DATE

COVID-19 CRISIS

As the world continues to face an unprecedented situation affecting every company in every sector, it is the Group's responsibility to ensure its employees' safety and job security whilst also continuing to support its clients whenever possible.

At the time of writing, the changing circumstances mean that lockdown measures or other restrictions continue to be in effect in the various countries in which the Group operates. The Group took swift measures to ensure that its employees could work from home, a practice which is now well established, and the Group continues to make every effort to ensure that its consultants can continue to support its clients' projects safely.

Task forces in each business unit are ensuring that all necessary measures – such as working from home, partial employment, optimized paid leave and training programs – are in place to help the gradual and consistent resumption of operations.

As it is difficult to predict how the crisis will unfold, the Board of Directors decided not to pay dividends on shares for the 2019 and 2020 periods. The aim is to focus all of the Group's resources on protecting its employees' jobs, concentrating its financial resources on funding the Group's transformation and preparing to emerge from the crisis.

This responsible, respectful approach of putting the future of AKKA's people first and maintaining a robust and healthy balance sheet structure is inherent in the Group's DNA. As at December 31, 2020, AKKA had almost €1 billion in cash assets, including undrawn overdraft facilities.

AKKA remains confident about the fundamentals of the markets in which it operates, and is preparing to capitalize on the growth in those markets when it resumes.

10. ALTERNATIVE PERFORMANCE MEASURES

The Group uses alternative performance measures (APMs) to provide a broader view of the Group's financial performance that is complementary to IFRS aggregates. These APMs are unaudited, and their calculations are based on IFRS and non-IFRS figures.

10.1. Definitions

ECONOMIC GROWTH

Growth at constant scope, exchange rate and number of working days.

ORGANIC GROWTH

Growth at constant scope and exchange rate.

CONSTANT PRO FORMA GROWTH

Growth based on proforma figures for the acquisition of Data Respons, as if it had been consolidated from January 1st, 2019.

COMPARABILITY ADJUSTMENTS

Expenses and income related to significant acquisitions, reorganizations, litigation, transformation, amortization of intangible assets identified in business combinations, stock options and free shares, costs related to the COVID-19 crisis.

OPERATING PROFIT ADJUSTED

Operating profit increased by comparability adjustments

OPERATING MARGIN ADJUSTED

Rate of adjusted operating profit in proportion of Revenue.

EBITDA ADJUSTED

Operating profit (adjusted) increased by net adjusted depreciation and provisions.

NET DEBT

Financial liabilities reduced by Cash and cash equivalents. It does not include the ODIRNANE, equity accounted under IFRS (€175m first call in 2025).

NET DEBT FOR COVENANTS

Net debt reduced by value of own shares at year-closing market price. It does not include the ODIRNANE, equity accounted under IFRS (€175m first call in 2025).

LEVERAGE

Net debt for covenants divided by EBITDA adjusted.

GEARING

Net debtfor covenants divided by Shareholders' equity.

FREE CASH FLOW

Net cash flow from operating activities decreased by acquisitions of fixed assets and increased by disposal of fixed assets.

10.2. Detail of Calculations

SUMMARY P&L

	2020			2019		
(In millions of euros)	Published	Adjustment for comparability	Adjusted	Published	Adjustment for comparability	Adjusted
Revenue	**1,503.5**		**1,503.5**	**1,801.5**		**1,801.5**
Operating expenses before net depreciation, amortization, and provisions	(1,501.8)	82.7	(1,419.1)	(1,621.7)	18.7	(1,603.0)
Net depreciation, amortization, and provisions	(172.8)	106.3	(66.4)	(57.2)		(57.2)
Income from equity-accounted affiliates	1.6		1.6	2.5		2.5
Free shares and stock options	(1.0)	1.0	0.0	(3.8)	3.8	0.0
Operating profit	**(170.5)**	**190.0**	**19.5**	**121.2**	**22.5**	**143.7**

COMPARABILITY ADJUSTMENTS 2020

(In millions of euros)	H1 2020	H2 2020	2020
Operating profit	**(66.1)**	**(104.4)**	**(170.5)**
Covid related expenses	46.2	13.0	59.2
Fit 2 Clear implementation costs	6.8	35.1	41.9
Costs for restructuring plans	-	79.6	79.6
Data Respons PPA intangibles amortization	1.0	8.0	9.0
Free shares & stock options	1.1	(0.1)	1.0
Other income & expense*	(1.5)	0.8	(0.7)
Adjusted operating profit	**(12.5)**	**32.0**	**19.5**

*Including €10 million income from Research Tax credit related to 2008-2013 and other individually non materal items.

COMPARABILITY ADJUSTMENTS 2019

(In millions of euros)	2019
Operating profit	**121.2**
Transformation and strategic programs	9.6
Acquisitions / integrations	1.4
New activities	7.1
Free shares & stock options	3.8
Others*	0.6
Adjusted operating profit	**143.7**

*Including €13.3 million income from Research Tax credit related to 2008-09 and other individually non materal items.

OPERATING PROFIT PER BU

	REVENUE				OPERATING PROFIT				OPERATING PROFIT (ADJUSTED)[1]			
	H1 2020	H2 2020	FY 2020	FY 2019	H1 2020	H2 2020	FY 2020	FY 2019	H1 2020	H2 2020	FY 2020	FY 2019
FRANCE	264.2	223.9	488.1	661.4	(34.7)	(64.1)	(98.8)	54.1	(8.6)	4.8	(3.8)	74.1
MARGIN (%)									-3.3%	2.1%	-0.8%	11.2%
GERMANY	181.3	167.9	349.2	516.6	(33.5)	(40.5)	(74.0)	36.9	(13.4)	7.6	(5.8)	47.8
MARGIN (%)									-7.4%	4.5%	-1.7%	9.3%
NORTH AMERICA	138.1	126.7	264.8	305.0	2.8	3.5	6.3	11.8	2.1	4.4	6.5	13.2
MARGIN (%)									1.5%	3.5%	2.5%	4.3%
INTERNATIONAL	130.4	117.9	248.3	318.6	7.4	9.1	16.5	34.6	11.9	13.7	25.6	36.6
MARGIN (%)									9.1%	11.6%	10.3%	11.5%
DATA RESPONS	64.0	89.1	153.1	0.0	6.9	2.9	9.8		7.9	11.4	19.3	0.0
MARGIN (%)									12.3%	12.8%	12.6%	na
OTHERS	-	-	-	-	(15.0)	(15.3)	(30.3)	(16.1)	(12.5)	(9.8)	(22.3)	(28.0)
GROUP	778.0	725.4	1,503.5	1,801.6	(66.1)	(104.4)	(170.5)	121.2	(12.6)	32.1	19.5	143.7
MARGIN (%)									-1.6%	4.4%	1.3%	8.0%

[1] Operating Profit Adjusted is calculated by making comparability adjustments and allocating the Research Tax Credit income from each Business Unit to the original BU.

ADJUSTED EBITDA

(In millions of euros)	2020	2019
Operating Profit (Adjusted)	**19.5**	**143.7**
Adjusted Net depreciation and provisions	66.4	57.2
Proforma adjustment*	4.1	0.0
EBITDA (Adjusted)	**90.0**	**200.9**

EBITDA PRE-IFRS 16 (ADJUSTED)

(In millions of euros)	2020	2019
EBITDA (Adjusted)	**90.0**	**200.9**
IFRS 16 impacts	(38.6)	(31.5)
EBITDA pre-IFRS 16 (Adjusted)	**51.4**	**169.4**

NET DEBT

	Dec 31, 2020		Dec 31, 2019	
(In millions of euros)	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Non-current financial liabilities	635,5	635,5	467,7	467,7
Current financial liabilities	10,1	10,1	74,8	74,8
Lease liability (IFRS 16) - non current	114,7	0,0	123,4	0,0
Lease liability (IFRS 16) - current	33,6	0,0	29,7	0,0
Cash and cash equivalents	(468,0)	(468,0)	(469,2)	(469,2)
Net debt	**325.9**	**177.7**	**226.4**	**73.3**

This does not include ODIRNANE bonds, which are recognized as shareholders' equity under IFRS (first call for €175 M in 2025).

COVENANTS NET DEBT

	Dec 31, 2020		Dec 31, 2019	
(In millions of euros)	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Net debt	325.9	177.7	226.4	73.3
Own shares	(16.5)	(16.5)	(29.1)	(29.1)
Net debt for covenants	**309.4**	**161.1**	**197.3**	**44.2**

This does not include ODIRNANE bonds, which are recognized as shareholders' equity under IFRS (first call for €175 M in 2025).

LEVERAGE

	Dec 31, 2020		Dec 31, 2019	
(In millions of euros)	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Covenants net debt	309.4	161.1	197.3	44.2
Adjusted EBITDA	90.0	51.4	200.9	169.4
Leverage	**3.44**	**3.13**	**0.98**	**0.26**

GEARING

	Dec 31, 2020		Dec 31, 2019	
(In millions of euros)	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Covenants net debt	309.4	161.1	197.3	44.2
Equity	492.6	498.1	478.2	481.5
Gearing	**0.63**	**0.32**	**0.41**	**0.09**

FREE CASH FLOW

In M€	2020	2019
Net income	**(167.9)**	**73.3**
Non cash and non operational items	128.0	89.6
Cash flow before net interest borrowing costs and tax	**(39.9)**	**162.9**
Tax paid	(14.9)	(21.0)
Change in net working capital	224.4	19.1
Aquisitions of fixed assets net of disposals	(27.9)	(30.3)
Free cash flow	**141.8**	**130.7**

04

Corporate governance statement and remuneration report

1. CORPORATE GOVERNANCE CODE

AKKA Technologies SE has used the 2020 Belgian Code on Corporate Governance ("the 2020 Code") as a reference since July 8, 2019, when the General Meeting published the resolution of June 13, 2019, requiring the Company to adopt the provisions of the Belgian Code on Companies and Associations. This is available at https://www.corporategovernancecommittee.be/fr/over-de-code-2020/code-belge-de-gouvernance-dentreprise-2020.

The Corporate Governance Charter, which was implemented on the relocation of the Company's registered office to Belgium on May 3, 2018, was updated on July 18, 2019 and then again on January 13, 2021. It is available on the Company's website and on the website of FSMA, the Belgian Financial Services and Markets Authority. The Charter sets out the principles and rules that determine how the Company is managed and controlled, as well as its governance structure. The Company's Board of Directors adheres to these principles based on transparency and accountability, strengthening the confidence of our shareholders and investors. The Board of Directors undertakes to comply at all times with principles of good governance whilst taking the specific nature of the company into account. In doing so, it applies the "comply or explain" principle set out in the 2020 Code.

AKKA Technologies only deviates from the 2020 Code on a limited number of points; deviations from its recommendations can be explained primarily by the Company's business, the associated operations, and the structure of the Board of Directors:

- Principle 3.12 of the 2020 Code recommends a clear division of responsibilities between the person presiding over the Board of Directors (the Chair) and the person assuming executive responsibility for running the company's business (the CEO). AKKA deviates from this rule as the Chair of the Board of Directors is also a Chief Executive Officer of the Company. This decision has been made for historical reasons and is related to the composition of the Company's ownership. Mauro Ricci is the founder of the Company and it is he who has enabled the Company to develop so significantly since its incorporation. He is also a key shareholder of the Company and is its leading advocate.
- Principle 4.3 of the 2020 Code recommends that each specialist committee of the Board of Directors consist of at least three members. The Nomination and Remuneration Committee consists of only two members, both non-executive directors. It is chaired by an independent director, who has the requisite expertise in remuneration policy. The Board is of the opinion that, based on the attendance and favorable outcomes of the meetings of the Nomination and Remuneration Committee held in 2019, the deviation from the minimum number of members does not affect this committee's ability to carry out its duties effectively.
- Principle 7.8 of the 2020 Code recommends that the executive remuneration package be structured to include an adequate element linking reward to both individual and overall Company performance. This is the case for executives who are not members of the Board of Directors. However, executive directors currently receive only fixed remuneration, as well as long-term remuneration consisting of stock options, in accordance with the 2018-2023 stock option plan approved by the General Meeting of June 19, 2018.

2. BOARD OF DIRECTORS

2.1. Composition

The Company has opted for a one-tier governance structure. The Board of Directors is therefore responsible for the general conduct of the Company's operations and is accountable to the General Meeting (AGM) for the management of the Company, in accordance with Articles 15:17 and 15:18 of the Belgian Code on Companies and Associations.

The Board of Directors determines the actions required to pursue the Company's aims and ensures that they are implemented. It has the power to carry out all actions necessary or useful to achieve the Company's mission, with the exception of powers conferred on the General Meeting by law.

As at December 31, 2020, the Board of Directors had ten members, including:

- seven non-executive directors, three of whom meet the independence criteria laid down by the 2020 Code;
- two executive directors, who are also responsible for day-to-day management;
- one director nominated on presentation by the employee representatives.

The list of directors is as follows:

Mauro Ricci

(60 years old)

Executive Director and Chief Executive Officer

Chair of the Board of Directors

Director responsible for day-to-day management

After a career at Renault Automation, Mauro Ricci founded HYSYS in 1984 in order to tackle the problems of recruiting engineers in the automotive sector. This company provided manufacturers with technological support in industrialization and production, as well as consulting services aimed at improving productivity. Mauro went on to found three more companies between 1984 and 1999 to supplement HYSYS' offering. In anticipation of market developments, he merged those four companies into one: AKKA, and introduced a Group strategy in 1999 to provide a comprehensive research and development service to its clients. As Chairman and CEO of AKKA, Mauro Ricci drives the Group's strategic direction to diversify its sectoral exposure and pursue international development, in order to accompany the world's major global groups throughout their complete innovation and R&D cycle.

Jean-Franck Ricci

(52 years old)

Executive Director and Chief Executive Officer

Group Managing Director

Director responsible for day-to-day management

Jean-Franck Ricci joined HYSYS as Technical Director in 1988, four years after the Group was founded. He subsequently became Managing Director of AKKA Ingénierie Produit, the Group's primary business unit at the time and successfully oversaw the international development of the Group at AKKA Development. Jean-Franck now holds the position of Group Managing Director and is most notably in charge of Business Development and Sales.

Alain Tisserand

(66 years old)

Independent Director

With over 30 years' experience in engineering and consultancy, and as a former head of one of France's largest consultancy firms, Alain Tisserand has supported the AKKA Technologies Group since 2002. Since then, he has contributed significantly to the Group's growth, particularly in the aerospace sector.

Cécile Monnot

(58 years old)

Director

After beginning her career in management control at Rhône-Poulenc, Cécile Monnot joined AKKA Technologies in 1995 as the Finance and Administration Director of a subsidiary, then was responsible for the Group's management control from 2004 to 2011. Since 2012, she has headed up Ideactive Formation.

Xavier Le Clef

(44 years old)

Director

CEO of CNP,
Co-CEO of Frère-Bourgeois

Xavier Le Clef holds a degree in Business Economics from Solvay Brussels School of Economics & Management and an MBA from Vlerick Business School. Xavier began his career with the consultancy firm Arthur D Little in Brussels. He joined CNP in 2006, where he has served as a director since 2012 and as CEO since February 2015. He has also been joint-CEO of Frère-Bourgeois since early 2018.

Xavier is the Chair, a director and/or a member of various committees in a number of companies in which the Group has a direct or indirect shareholding, including APG, Caffitaly, CLS, and Groupe Bruxelles Lambert.

Charlotte Ricci

(31 years old)

Director

Charlotte Ricci has been a director of the Group since June 5, 2012.

Valérie Magloire

(63 years old)

Independent Director

A graduate of the Paris Institute of Political Studies, Valérie Magloire started her career in 1979 at PSA Peugeot Citroën, first as the controller of a Peugeot division, then as a long-term financing specialist, also responsible for banking relationships within the Group's Finance Department.

From 1996 to 2008, she was in charge of the Group's investor relations.

Valérie joined Michelin in July 2008 and was Head of Investor Relations there from 2009 to 2018. She has since been appointed Finance and Strategy Director of the Specialties Division.

Muriel Barneoud

(52 years old)

Independent Director

Muriel Barnéoud is a graduate of the Paris Institute of Political Studies and the French National School of Posts and Telecommunications (ENSPTT), and holds a specialist degree in financial management and taxation.

After starting her career at Arthur Andersen, she joined La Poste Group in 1994.

Now Director of Social Engagement at La Poste, Muriel has also held the position of CEO of Docapost (a subsidiary of the La Poste Group specializing in helping companies and institutions through the digital and mobile transition) and served as Assistant Managing Director of the Post Division in her capacity as Industrial Director.

She is an elected member of the Paris Île-de-France Chamber of Commerce and Industry and sits on the Management Committee of the Abbé Grégoire Foundation of the National Conservatory of Arts and Crafts. She is highly active within the Finance Innovation unit, where she has jointly managed a number of working groups.

Muriel is a Chevalier de l'ordre National de la Légion d'honneur (Knight of the National Order of the Legion of Honor).

Charles Champion

(66 years old)

Director

An aeronautical engineer and graduate of the National Higher French Institute of Aeronautics and Space (ISAE-Sup'Aero) and Stanford University, Charles Champion has held senior positions at Airbus in Production, where he was responsible for a number of programs. In particular, he was responsible for the A320 program and for the development of the A380 program up to certification.

Charles then became Head of Client Support Services and was responsible for the development of related service activities before becoming Executive Vice President of Engineering, Research and Development for commercial aviation. He was a member of the Executive Committee of Airbus Commercial Aircraft, and President of Airbus Operations SAS until early 2018.

From August 2018 to January 2020, he was Chair of the Supervisory Board of Toulouse-Blagnac Airport.

Charles has also been Chair of the Board of Directors of ISAE-Sup'Aero since May 2017, and a member of the Board of Directors of SONACA since June 2019.

Jean-Luc Perodeau

(43 years old)

Director

Jean-Luc Perodeau is the Director representing employees. He was appointed by the Group's Board on November 7, 2017 in accordance with the Articles of Association as amended by the General Meeting of June 15, 2017. An engineer by training, he currently holds the position of Production Manager in the Aircraft Modification Department of Aeroconseil.

2.2. Changes to the composition of the Board of Directors

In the 2020 financial year, Nicolas Valtille and Guy Lacroix resigned from the Board of Directors on December 30, 2020. Xavier Le Clef was co-opted as Director from December 31, 2020, reducing the number of members of the Board of Directors from 11 to 10.

2.3. Gender diversity

The Board of Directors consists of four women and six men. This composition complies with Article 7:86 of the Belgian Code on Companies and Associations with regard to gender diversity.

2.4. Term of office and appointment procedure

Directors are appointed for a maximum term of three years, which is renewable.

Directors are appointed by the General Meeting, following nomination by the Board of Directors and after consultation with the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is responsible for advising on the number of members and functioning of the Board of Directors, as well as the candidates' match with the requirements of the Board.

The table below summarizes the current terms of office and their duration:

Director	Position	Date appointed/reappointed	Term
Mauro Ricci	Chair of the Board, Executive Director, CEO	AGM of June 16, 2020	Until the 2021 AGM
Jean-Franck Ricci	Executive Director, CEO	AGM of June 13, 2019	Until the 2022 AGM
Muriel Barneoud	Independent Director	AGM of June 16, 2020	Until the 2021 AGM
Xavier Le Clef	Director	Board meeting of December 30, 2020 – co-opted for the remainder of the term due to be served by Guy Lacroix	Until the 2021 AGM
Valérie Magloire	Independent Director	AGM of June 16, 2020	Until the 2021 AGM
Cécile Monnot	Director	AGM of June 16, 2020	Until the 2021 AGM (*)
Jean-Luc Perodeau	Director (employee representative)	AGM of June 16, 2020	Until the 2021 AGM
Charlotte Ricci	Director	AGM of June 19, 2018	Until the 2021 AGM (*)
Alain Tisserand	Independent Director	AGM of June 13, 2019	Until the 2022 AGM
Charles Champion	Director	AGM of June 13, 2019	Until the 2022 AGM

(*) Charlotte Ricci and Cécile Monnot resigned from their positions as directors on 13 January 2021.

2.5. Board of Directors' Activity Report

Over the course of the 2020 financial year, the Board of Directors discussed all the major issues affecting the Group. It met 16 times and was chaired by Mauro Ricci or, in his absence or when there was a potential conflict of interest, by another director in compliance with Principle 3.18 of the 2020 Code.

The Minutes of meetings of the Board of Directors are drawn up after each meeting, sent or made available to all Directors, recorded in the company records held for this purpose and stored on the Company's premises.

Meetings of the Board of Directors are usually held at the Company's registered office. The average attendance rate of members at meetings of the Board of Directors in 2020 was 74%.

2.6. Assessment

The Chair of the Board regularly calls on other members of the Board to comment on how the Board is functioning and preparing its work. Principle 9.1 of the 2020 Code specifies that the Board should assess its own performance at least once every three years. The last assessment was carried out at the meeting of March 18, 2019 on the basis of a detailed questionnaire. After each of the responses was analyzed and discussed, no adverse developments were observed in comparison to the previous, positive assessment.

2.7. Conflicts of interest

The statutory regulation on conflicts of interest for directors (Article 7:96 of the Belgian Code on Companies and Associations) applies to decisions or actions falling within the scope of the powers of the Board of Directors in which a director has a financial interest that conflicts with the Company's interests, whether directly or indirectly. Under these provisions, such a director has a duty to inform the other directors thereof prior to the Board of Directors making a decision. The director concerned should leave the meeting while the relevant agenda item is discussed.

During the 2020 financial year, the following conflicts of interest were reported to the Board of Directors and were subject to the procedure referred to in Article 7:96 of the Belgian Code on Companies and Associations:

Extract from the Minutes of the meeting of the Board of Directors of January 15, 2020

"

B. Acquisition of Company shares by executive directors

Opening statement

The Chair explained that the following resolutions were part of the "Acquisition of Company shares" component of the remuneration policy, as adopted in the previous resolution.

In order to align the interests of the executive directors with those of the Company, it was proposed that the Company assign a number of its own shares to the executive directors. The proposed transactions were also in line with the executive management remuneration regulations laid down in the Company's Corporate Governance Charter, as updated on July 18, 2019.

These shares would be transferred under the authorization granted to the Board of Directors by the Extraordinary General Meeting of June 13, 2019 to acquire or dispose of a number of Company shares representing up to ten percent of the number of shares comprising the share capital. As a reminder, the Chair specified that this authorization was valid for a period of five years from the date of the meeting, for transfers made at any time during its period of validity, of all or part of the number of shares covered by the authorization. The transfer price would be fixed at between €10 and €120, excluding fees and duties, and may be subject to adjustment linked to any changes in the Company's capital carried out under the relevant legal and regulatory conditions.

In this regard, the Chair pointed out that the method of calculating the price of the proposed transfers was the weighted average closing price over the three months preceding the execution of the transfers. This price corresponded to the market value and was in line with the applicable provisions on capital increase by in-kind contributions (Article 7:197, Section 2, paragraph 1, point 1).

With regard to the surplus, the Chair said that the AKKA Group could, where appropriate, set up payment facilities to enable the proposed assignees to finance the acquisition of the shares transferred. These facilities would nevertheless be covered by a security in the form of a pledge (i) of the shares transferred as a result of transactions proposed below, and (ii) of a number of Company shares equivalent to those acquired by the beneficial owner(s) from the assignee concerned during those transactions.

In addition, the Chair noted that these transactions did not fall within the scope of Article 7:97 of the Code on Companies and Associations, insofar as they represented less than one percent of the Company's net assets as reflected in the Consolidated Financial Statements.

Finally, the Chair stated that the four proposed transactions had been submitted for an opinion to the Nomination and Remuneration Committee, which met on January 10, 2020. This Committee had issued an opinion in favor of carrying out of these transactions, concluding that they were in the Company's interest and constituted an adequate incentive to align the interests of future members of the Executive Committee with those of the Company.

Following this opening statement, the Chair then proposed that the Board of Directors address these items in order

(...)

4. Fourth resolution: Transfer of 39,960 shares held by the Company to BMC Management & Investment

A proposal was made to transfer 39,960 shares held by the Company to BMC Management & Investment. Before any deliberations relating to this resolution, the Chair informed the Board of Directors that Mauro Ricci had a conflict of interest, as defined in Article 7:96 of the Code on Companies and Associations.

Mauro Ricci was a shareholder and manager of BMC Management & Investment. He therefore had an interest in this transaction that was contrary to that of the Company, as it would be to his benefit to obtain as low a transfer price as possible as the manager of BMC Management & Investment and as high a transfer price as possible as a director of the Company.

The Board of Directors acknowledged this conflict of interest in accordance with Article 7:96 of the Belgian Code on Companies and Associations and thanked the Chair. The Board also asked the Chair to notify the Company auditor directly of this conflict of interest in accordance with the provisions of Article 7:96, Section 1, paragraph 3.

The Board of Directors then began considering the proposed transfer of shares to BMC Management & Investment, whereby BMC Management & Investment would acquire 39,960 shares held by the Company under the following terms:

- *Price: The price per share would be equal to the weighted average closing price over the three months prior to the execution of the transfer;*
- *Payment of the price: By bank transfer, made on the date of signature of a transfer agreement governing the sale of the shares, the price being paid in full and in one amount on that date;*
- *Transfer of ownership: The shares would be transferred on the date of signature of the transfer agreement together with all rights and obligations relating thereto, including the right to receive any dividend relating to the current financial year;*
- *Charges: The shares would be disposed of free from any charge, pledge, option, claim, or other restriction of any kind.*
- *Basic guarantees would be given in respect of:*

  - ownership of the transferred shares;

  - the Company's ability to assign the shares; and

  - the existence of the Company and its capital.
- *Financing: By means of a loan for the entire transfer price taken out from AKKA Finance by BMC Management & Investment, repayment of which would be guaranteed by means of a pledge to the lender of the shares transferred, as well as of 12,000 of the Company's shares belonging to the beneficial owner(s) of BMC Management & Investment.*

The Board stated that, if the proposed transfer was executed under these terms, the legacy consequences for the Company would be as follows:

- *The Company would transfer 39,960 of its own shares which it currently held; and*
- *In return, the Company would receive a price per share equal to the weighted average closing price over the three months prior to the execution of the transfer.*

After discussing the matter, the Board of Directors considered that it was in the Company's interest to conclude the transfer of shares proposed in this resolution, under the conditions set out above. The present resolution was therefore adopted after a vote, in which the Chair, who had withdrawn from the discussion, did not participate.

The resolution was adopted unanimously

5. Fifth resolution: Transfer of 39,960 shares held by the Company to HR Management & Investment

A proposal was made to transfer 39,960 shares held by the Company to HR Management & Investment. Before any deliberations relating to this resolution, Jean-Franck Ricci informed the Board of Directors that he had a conflict of interest, as defined in Article 7:96 of the Code on Companies and Associations.

Jean-Franck Ricci was a shareholder and manager of HR Management & Investment. He therefore had an interest in this transaction that was contrary to that of the Company, as it would be to his benefit to obtain as low a transfer price as possible as the manager of HR Management & Investment and as high a transfer price as possible as a director of the Company.

The Board of Directors acknowledged this conflict of interest in accordance with Article 7:96 of the Belgian Code on Companies and Associations and thanked Jean-Franck Ricci. The Board also asked Jean-Franck Ricci to notify the Company auditor directly of this conflict of interest in accordance with the provisions of Article 7:96, Section 1, paragraph 3.

Following that statement, Jean-Franck Ricci withdrew from the meeting during the deliberations on this resolution.

In the absence of Jean-Franck Ricci, Alain Tisserand was temporarily appointed Chair of the Board.

The Board of Directors then began considering the proposed transfer of shares to HR Management & Investment, whereby HR Management & Investment would acquire 39,960 shares held by the Company under the following terms:

- *Price: The price per share would be equal to the weighted average closing price over the three months prior to the execution of the transfer;*
- *Payment of the price: By bank transfer, made on the date of signature of a transfer agreement governing the sale of the shares, the price being paid in full and in one sum on that date.*
- *Transfer of ownership: The shares would be transferred on the date of signature of the transfer agreement together with all rights and obligations relating thereto, including the right to receive any dividend relating to the current financial year;*
- *Charges: The shares would be disposed of free from any charge, pledge, option, claim, or other restriction of any kind.*
- *Basic guarantees would be given in respect of:*

  - ownership of the transferred shares;

  - the Company's ability to assign the shares; and

  - the existence of the Company and its capital.
- *Financing: By means of a loan for the entire transfer price taken out from AKKA Finance by HR Management & Investment, repayment of which would be guaranteed by means of a pledge to the lender of the shares transferred, as well as of 12,000 of the Company's shares belonging to the beneficial owner(s) of HR Management & Investment.*

- *The Board stated that, if the proposed transfer was executed under these terms, the legacy consequences for the Company would be as follows:*
- *The Company would transfer 39,960 of its own shares which it currently held; and*
- *In return, the Company would receive a price per share equal to the weighted average closing price over the three months prior to the execution of the transfer.*

After discussing the matter, the Board of Directors considered that it was in the Company's interest to conclude the transfer of shares proposed in this resolution, under the conditions set out above. The present resolution was therefore adopted after a vote, in which Jean-Franck Ricci, who had withdrawn from the discussion, did not participate.

The resolution was adopted unanimously.

Following the vote, Jean-Franck Ricci was invited to rejoin the meeting. He resumed his role as Chair of the Board.

6. Sixth resolution: Transfer of 39,960 shares held by the Company to Valvest Management.

A proposal was made to transfer 39,960 shares held by the Company to Valvest Management. Before any deliberations relating to this resolution, Nicolas Valtille informed the Board of Directors that he had a conflict of interest, as defined in Article 7:96 of the Code on Companies and Associations.

Nicolas Valtille is a shareholder and manager of Valvest Management. He therefore had an interest contrary to that of the Company in this transaction, as it would be to his benefit to obtain as low a transfer price as possible as the manager of Valvest Management and as high a transfer price as possible as a director of the Company.

The Board of Directors acknowledged this conflict of interest in accordance with Article 7:96 of the Belgian Code on Companies and Associations and thanked Nicolas Valtille. The Board also asked Nicolas Valtille to notify the Company auditor directly of this conflict of interest in accordance with the provisions of Article 7:96, Section 1, paragraph 3.

Following that statement, Nicolas Valtille withdrew from the meeting during the deliberations on this resolution.

The Board of Directors then began considering the proposed transfer of shares to Valvest Management, whereby Valvest Management would acquire 39,960 shares held by the Company under the following terms:

- *Price: The price per share would be equal to the weighted average closing price over the three months prior to the execution of the transfer;*
- *Payment of the price: By bank transfer, made on the date of signature of a transfer agreement governing the sale of the shares, the price being paid in full and in one amount on that date;*
- *Transfer of ownership: The shares would be transferred on the date of signature of the transfer agreement together with all rights and obligations relating thereto, including the right to receive any dividend relating to the current financial year;*
- *Charges: The shares would be disposed of free from any charge, pledge, option, claim, or other restriction of any kind.*
- *Basic guarantees would be given in respect of:*

  - ownership of the transferred shares;

  - the Company's ability to assign the shares; and

  - the existence of the Company and its capital.
- *Financing: By means of a loan for the entire transfer price taken out from AKKA Finance by Valvest Management, repayment of which would be guaranteed by means of a pledge to the lender of the shares transferred, as well as of 12,000 of the Company's shares belonging to the beneficial owner(s) of Valvest Management.*
- *The Board stated that, if the proposed transfer was executed under these terms, the legacy consequences for the Company would be as follows:*
- *The Company would transfer 39,960 of its own shares which it currently held; and*
- *In return, the Company would receive a price per share equal to the weighted average closing price over the three months prior to the execution of the transfer.*

After discussing the matter, the Board of Directors considered that it was in the Company's interest to conclude the transfer of shares proposed in this resolution, under the conditions set out above. The present resolution was therefore adopted after a vote, in which Nicolas Valtille, who withdrew from the discussion, did not participate.

The resolution was adopted unanimously.

Following the vote, Nicolas Valtille was invited to rejoin the meeting.

Extract from the Minutes of the meeting of the Board of Directors of October 5, 2020

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Conflicts of interest

Prior to the meeting, the following directors informed the other directors and the Company auditor of conflicts of interest in respect of all the agenda items: Mauro Ricci, Jean-Franck Ricci, Nicolas Valtille, Charlotte Ricci, and Cécile Monnot. These directors did not participate in either the deliberations or the votes.

These were conflicts of interest in accordance with the provisions of Article 7:96 of the Belgian Code on Companies and Associations ("the Code"). These directors formed part of the concerted action of the Ricci Family Group (also called the Ricci Consortium) and would be party to the agreements referred to in Agenda items 4 and 5. They therefore had a direct or indirect financial interest which potentially conflicted with the interests of the Company.

For these reasons, these directors were also involved in the decisions submitted to this meeting within the meaning of Article 7:97 of the Code, which concerns transactions between associated parties.

In this particular case, the description and justification by the Board of Directors required by Article 7:96 of the Code corresponded with the communication required by Article 7:97 of the Code. This communication can be found in Section 2 below.

Finally, pursuant to Article 7:200, point 2 of the Code and where necessary, these directors were prohibited from voting on the removal of the preferential right for the benefit of one or more specified persons (other than employees).

Deliberations and resolutions

1. Assessment of the options available to strengthen the capital structure

Peter Hujoel, the representative of JP Morgan (the Company's financial adviser) provided an update on the options available to strengthen the Company's capital structure. The presentation given is set out in Appendix 1.

Firm bids received from potential investors were reviewed and compared with each other and the other options available. Each of these offers consisted of a joint investment of €150 million by a new investor and of up to €50 million by certain members of the Ricci Family Group concerted action, in exchange for the issue of new shares under different terms. These offers are described in Appendix 1.

Nathalie Bühnemann, Group CFO, answered questions from the directors, in particular regarding the impact of the various offers on the Company's finances.

Subject to consideration of the opinion of the Committee of Independent Directors and the decisions subsequently made by the Board of Directors, Peter Hujoel stated that the offer made by Compagnie Nationale à Portefeuille (CNP, acting through its subsidiary Swilux SA) appeared to be the most favorable to the Company and all its shareholders, both in terms of the comparison between potential investors and other possible sources of financing such as a public share offering with preferential rights. The strategic, financial, timing, and governance aspects were discussed.

2. Consideration of the final opinion of the Committee of Independent Directors, consideration of the auditor's draft assessment, and deliberation on transactions between the related parties

The Board of Directors ratified the establishment of a Committee of Independent Directors composed of Alain Tisserand, Valérie Magloire, and Muriel Barnéoud under Article 7:97 of the Code.

The Committee then reported on its work. The Committee had focused mainly on the investment proposed by members of the Ricci Family Group concerted action, notably by Mauro Ricci and Ideactive Events SARL and BMC Management & Investment SRL. This investment by parties associated with the Company was covered by Article 7:97 of the Code. However, the Committee had ensured that this investment was considered in the context of co-investment by a new investor and in the context of the resulting new provisions, particularly in the area of governance. The Committee had carefully examined the content of the draft subscription agreement and shareholder pact.

The Committee had issued its final opinion on that day, prior to the meeting. This opinion of the Committee is set out in Appendix 2. Its conclusion is as follows:

"The Committee believes that the subscription by the Ricci Consortium in the context of the proposed Capital Increase is in the interest of the Company and of the minority shareholders.

The Committee believes that the subscription will not prejudice the Company in any way. More importantly, the subscription is not patently unreasonable.

The Committee therefore issues a favorable opinion on the subscription by the Ricci Consortium in the context of the Capital Increase."

The Board of Directors also noted the auditor's draft assessment.

The Board members exchanged their views on the draft assessment. The Board accepted the assessment.

The Board therefore agreed to approve the investment by members of the Ricci Family Group concerted action in the amount of €50 million, in exchange for the issue of new shares at a price of €22.50 per share (including the share premium), under the terms of the subscription agreement and within the framework of the shareholders' pact referred to below. This price per share was the same as that applicable to CNP.

The Board of Directors confirmed that the procedure prescribed by Article 7:97 of the Code had been complied with in its entirety.

The Board of Directors also approved the communication under Article 7:97 of the Code, which would be attached to the press release referred to below and would form an integral part thereof. The draft press release is contained in Appendix 3.

The text of the communication issued pursuant to Article 7:97, which also constitutes the justification required by Article 7:96 referred to under the 'Conflicts of interest' Section above, is as follows:

Public announcement pursuant to Article 7:97, Section 4/1 of the Belgian Code on Companies and Associations relating to a transaction between related parties

In a meeting held on October 5, 2020, the Company's Board of Directors decided to enter into a subscription agreement between (i) the Company, (ii) Swilux SA (a subsidiary of Compagnie Nationale à Portefeuille SA (CNP)) and (iii) Mauro Ricci, Jean-Franck Ricci, *Cécile Monnot, Benjamin Ricci, Charlotte Ricci, Nicolas Valtille (including his management company) and Nathalie Bühnemann (including her management company) ("Ricci Family Group"). Swilux SA is not related to the Company. On the other hand, the members of the Ricci Family Group are parties related to the Company within the meaning of Article 7:97 of the Belgian Code on Companies and Associations ("the Code").*

In this context, the Board of Directors has applied Article 7:97 of the Code, concerning decisions and transactions concerning a party related to the Company. This provision requires a committee of independent directors to issue an opinion to the board of directors. The conclusions of this opinion are set out at the end of this communication.

Moreover, this provision provides that a director shall not participate in either the deliberations or the vote by the board of directors if the decision or operation involves that director. The directors concerned are: Mauro Ricci, Jean-Franck Ricci, Nicolas Valtille, Charlotte Ricci, and Cécile Monnot. These directors are part of the Ricci Family Group concerted action and are party to the subscription agreement and shareholders' pact referred to below. These directors did not participate in either the deliberations or the votes.

The Company has also applied Article 7:96 of the Code, concerning decisions in which one or more directors has a direct or indirect financial interest contrary to the interests of the company. This provision also provides that such directors shall not participate in deliberations or voting. The directors concerned are those indicated in the preceding paragraph.

The subscription agreement was signed on October 5, 2020. It includes a subscription commitment from Swilux SA and the Ricci Family Group, provides declarations and guarantees from these parties and the Company, sets out the subscription amounts, and lays down the other terms of subscription.

The subscription agreement provides for a capital increase of €200,000,000, including the share premium, through the issue of new common shares (the "Capital Increase"), at the issue price of €22.50 per share, including the share premium. This price is fixed. The new shares will be acquired by (i) the Ricci Family Group for up to €50,000,000 (including the share premium) and (ii) Swilux SA for up to €150,000,000 (including the share premium).

The Capital Increase will strengthen the Company's capital structure and improve its financial ratios. It will support and accelerate the Company's business transformation and growth, and create opportunities for future external growth. In addition, it will allow the Company to attract a reputable investor, CNP.

The Capital Increase is subject to obtaining the necessary regulatory approvals, as indicated in today's press release. The Capital Increase will be carried out within the Company's authorized capital. This requires the removal of the preferential right of subscription from existing shareholders to the benefit of these subscribers, who are specific persons. This will allow the new shares to be allocated to subscribers in accordance with the subscription agreement.

The subscription price represents a premium of 43% compared with the closing price as of October 5, 2020 and a premium of 33% of the weighted average price over the last 30 days on the stock exchange. This subscription price is the result of negotiations between the new investor, the Ricci Family Group, and the Company. It therefore constitutes a market price, insofar as a party unrelated to the Company or the Ricci Family Group has concurred with it. Without the agreement of this independent party, the Capital Increase could not be carried out. The subscription by the new investor is three times greater than that by the Ricci Family Group.

Insofar as the subscription agreement provides for a premium, existing shareholders who do not participate in the Capital Increase will also, all other things being equal, see the economic value of their equity portfolio increase, because the premium paid by the subscribers will benefit all shareholders.

In addition, the Company's commitments, declarations and guarantees arising under the subscription agreement are consistent with market practices and do not place any undue burden on the Company.

The Committee of Independent Directors concludes as follows:

"The Committee believes that the subscription by the Ricci Consortium in the context of the proposed Capital Increase is in the interests of the Company and of the minority shareholders.

The Committee believes that the subscription will not prejudice the Company in any way. More importantly, the subscription is not patently unreasonable.

The Committee therefore issues a favorable opinion on the subscription by the Ricci Consortium in the context of the Capital Increase."

The Committee therefore issued an unreservedly favorable opinion. The points above constitute the decision of the Committee within the meaning of Article 7:97 of the Code. The Board of Directors followed the Committee's opinion.

The auditor's assessment of the Committee's opinion and the Minutes of the meeting of the Board of Directors is as follows:

"On the basis of our limited review, conducted in accordance with ISRE 2410 'Review of interim financial information performed by the independent auditor of the entity' and the applicable standards of the Belgian Institute of Company Auditors (Institut des Réviseurs d'Entreprises), nothing has come to our attention that suggests that the financial and accounting data contained in the Minutes of the meeting of the Board of Directors of October 5, 2020 and in the report of the Committee of Independent Directors pursuant to Article 7:97 of the Belgian Code on Companies and Associations contains any significant inconsistencies in relation to the information that we have within the scope of our task. We do not, however, express our views on the values contained in these documents, nor on the appropriateness of the Board's decision."

3. Subscription agreement

On the basis of the discussions and deliberations referred to in Sections 1 and 2 above and after considering the content of the draft agreement, the Board of Directors approved the draft subscription agreement between (i) the Company, (ii) Swilux SA (a subsidiary of CNP) and (iii) Mauro Ricci, BMC Management & Investment SRL and Ideactive Events SARL. It is specified that the party referred to in point (iii) is acting in his own name and on his own behalf, as well as in the name of and on behalf of the other members of the Ricci Family Group concerted action.

This draft agreement is set out in Appendix 4.

4. Shareholders' pact

On the basis of the discussions and deliberations referred to in Sections 1 and 2 above and after considering the content of the draft agreement, the Board of Directors approved the draft shareholders' pact between (i) Swilux SA (a subsidiary of CNP) and (ii)

Mauro Ricci, BMC Management & Investment SRL and Ideactive Events SARL, acting in his own name and on his own behalf, as well as in the name of and on behalf of the other members of the Ricci Family Group concerted action.

The draft agreement appears in Appendix 5.

(...)

All decisions made by the Board of Directors referred to in these Minutes were adopted unanimously.

Having covered all items on the agenda, the meeting adjourned at 7.10pm.

Extract from the Minutes of the meeting of the Board of Directors of December 30, 2020 (first meeting)

First resolution: Transaction concluded with Nicolas Valtille

The Chair explained that, as part of the restructuring of governance following the capital injection from CNP, an agreement had been reached to terminate all executive functions performed by Nicolas Valtille and Valvest Management within the Company and all its subsidiaries.

To this end, a transaction had been concluded with Nicolas Valtille and with Valvest Management under the condition precedent of its approval by the Board of Directors of the Company, a copy of which is attached to these Minutes as Appendix 1 (the "Transaction").

Before beginning the deliberations, the Chair explained that Nicolas Valtille had informed him that he had a financial conflict of interest within the meaning of Article 7:96, Section 1 of the Belgian Code on Companies and Associations with regard to the items on the agenda. As he had a controlling interest in Valvest Management, he would benefit either directly or indirectly from the severance payments that the Company would be required to pay in execution of the transaction.

Nicolas Valtille absented himself from the meeting and did not participate in the deliberations or the vote.

The Board of Directors noted that:

- *the transaction would result in the termination of the executive functions of Nicolas Valtille and Valvest Management by mutual agreement whilst respecting the persons and the agreements concluded;*
- *the severance payments granted to Valvest Management and/or Nicolas Valtille in connection with the transaction did not exceed the threshold laid down by Article 7:92, Section 1 of the Belgian Code on Companies and Associations.*

The Board of Directors approved the transaction.

In accordance with Article 7:96, Section 1, paragraphs 2 and 3 of the Belgian Code on Companies and Associations, the Board of Directors would ensure that this part of the Minutes of the meeting of the Board of Directors was contained in its entirety in the management report, and that these Minutes were provided to the Company auditor.

The procedure laid down in Article 7:97 of the Belgian Code on Companies and Associations did not apply, provided that the threshold laid down in Article 7:97, Section 1, paragraph 3, point 2 of the Belgian Code on Companies and Associations was not exceeded.

The resolution was adopted unanimously.

Extract from the Minutes of the meeting of the Board of Directors of December 30, 2020 (second meeting)

(...)

Prior to the meeting, the Chair stated that the following directors had informed the other directors and the Company auditor of conflicts of interest in respect of the agenda items: Mauro Ricci, Jean-Franck Ricci, Nicolas Valtille, Charlotte Ricci, and Cécile Monnot. These directors did not participate in the deliberations or the voting on these agenda items.

These were conflicts of interest in terms of Article 7:96 of the Belgian Code on Companies and Associations. These directors were part of the Ricci Family Group concerted action and were party to the subscription agreement relating to the Capital Increase. They therefore had a direct or indirect financial interest which potentially conflicted with the interests of the Company.

Article 7:96 of the Belgian Code on Companies and Associations concerning directors' conflicts of personal interest, and Articles 7:193 and 7:200, point 2 of the Belgian Code on Companies and Associations concerning the removal of the preferential right to the benefit of one or more specified persons (other than employees) applied.

The Board of Directors was therefore competent to deliberate on the agenda items, in accordance with the Articles of Associationand Board of Directors' rules of procedure.

AGENDA

(...)

Confirmation of the fulfillment of the conditions precedent to which the capital increase referred to in this agenda was subject.

Reports

Report of the Board of Directors prepared in accordance with Articles 7:191, 7:193, 7:198, and 7:200, point 2 of the Belgian Code on Companies and Associations.

Auditor's report prepared in accordance with Articles 7:191, 7:193, 7:198, and 7:200, point 2 of the Belgian Code on Companies and Associations.

Capital increase of thirteen million, six hundred thousand euros and seventeen cents (€13,600,000.17) to increase the Company's capital by thirty-four million, one hundred fifty-one thousand, four hundred nineteen euros and seventeen cents (€34,151,419.17) to forty-seven million, seven hundred fifty-one thousand, four hundred nineteen euros and thirty-four cents (€47,751,419.34) by issuing eight million, eight hundred eighty-eight thousand, eight hundred eighty-nine new common shares (8,888,889), of the same type and enjoying the same rights and benefits as the Company's existing common shares. These shares would participate fully in the Company's current fiscal year, which began on January 1, 2020. They would be issued at the price of twenty-two euros and fifty cents (€22.50), i.e. at the face value of the existing shares, plus a share premium of twenty euros and ninety-seven cents (€20.97). The total amount of the capital increase, including the share premium, was therefore two hundred million two euros and fifty cents (€200,000,002.50).

Removal of the preferential right

Subscription – release of shares

Confirmation of the completion of the capital increase

(...)

The Chair then proposed that the Board of Directors should address these items in order and deliberate on them.

(...)

Acknowledgement of the fulfillment of the conditions precedent to which the capital increase referred to in this agenda was subject.

The capital increase referred to in this agenda was subject to the conditions precedent laid down in the subscription agreement signed in the presence of the Company on October 6, 2020.

The Board of Directors noted that the all the conditions precedent referred to in the subscription agreement had been fulfilled.

VOTING

The resolution was adopted unanimously.

Reports

The Board acknowledged the following documents:

Report of the Board of Directors prepared in accordance with Articles 7:191, 7:193, 7:198, and 7:200, point 2 of the Belgian Code on Companies and Associations.

Auditor's report prepared in accordance with Articles 7:191, 7:193, 7:198, and 7:200, point 2 of the Belgian Code on Companies and Associations.

Each director acknowledged prior receipt of copies of these reports and acknowledged having read them. A copy of these reports would be filed with the Brussels Commercial Court.

VOTING

The Board of Directors unanimously approved the abovementioned report of the Board of Directors.

Capital increase

In accordance with Article 7 of the Articles of Incorporation, the Board of Directors may increase the Company's capital with new cash or in-kind contributions, possibly including an unavailable share premium, the amount of which will be set by the Board of Directors, and by issuing new shares conferring rights that the Board will determine.

Acting within the authorized capital of the Company, the Board of Directors decided to increase capital through a cash contribution from thirteen million, six hundred thousand euros and seventeen cents (€13,600,000.17) to thirty-four million, one hundred fifty-one thousand, four hundred nineteen euros and seventeen cents (€34,151,419.17) to forty-seven million, seven hundred fifty-one thousand, four hundred nineteen euros and thirty-four cents (€47,751,419.34) by issuing eight million, eight hundred eighty-eight thousand, eight hundred eighty-nine new common shares (8,888,889), of the same type and enjoying the same rights and benefits as the Company's existing common shares. These shares would participate fully in the Company's current fiscal year, which began on January 1, 2020. They would be issued at the price of twenty-two euros and fifty cents (€22.50), i.e. at the face value of the existing shares, plus a share premium of twenty euros and ninety-seven cents (€20.97). The total amount of the capital increase, including the share premium, was therefore two hundred million two euros and fifty cents (€200,000,002.50).

VOTING

The resolution was adopted unanimously.

Removal of the preferential right

In accordance with Articles 7:191 and 7:193 and 7:200, point 2 of the Belgian Code on Companies and Associations, the Board of Directors decided that it was in the Company's interest to abolish the preferential right of existing shareholders to the benefit of specified persons (other than employees), as part of the above-mentioned capital increase, in favor of:

- *BMC Management & Investment SRL, a limited liability company with its Head Office at 65-67 rue de Hennin, 1050 Brussels, Belgium, company number 0837.091.390;*
- *Ideactive Events SARL, a limited liability company with its Head Office at 23 rue Philip II, 2340 Luxembourg (Grand Duchy of Luxembourg), registered in the Luxembourg Trade and Companies Register under number B-156 168;*
- *Swilux SA, a corporation with its Head Office at 1, rue de Namur, 2211 Luxembourg (Grand Duchy of Luxembourg), registered in the Luxembourg Trade and Companies Register under number B.-32.570.*

VOTING

This resolution was adopted unanimously.

Subscription – release of shares

The subscribers who were party to the deed are listed below, along with their representatives.

The eight million, eight hundred eighty-eight thousand, eight hundred eighty-nine (8,888,889) new shares were subscribed to as follows:

BMC Management & Investment SRL, represented by Jean-Philippe LALIGAND	444,444
Ideactive Events SARL, represented by Jean-Philippe LALIGAND	1,777,778
Swilux SA, represented by Xavier Le Clef	6,666,667
In total: eight million, eight hundred eighty-eight thousand, eight hundred eighty-nine	8,888,889

Powers of attorney were all assigned under private deed and are attached.

The subscribers declared that each of the shares thus subscribed to had been paid up to the extent of one hundred percent, including the share premium, by a cash payment made to the Company's account held by BNP Paribas Fortis SA under account number BE81 0018 9856 4024 (BIC: GEBABB), which had been opened in the name of the Company.

The Company therefore now held a sum of two hundred million euros (€200,000,002.50). A statement by the depositing party dated December 30, 2020 had been retained by the notary.

VOTING

This resolution was adopted unanimously.

Confirmation of the completion of the capital increase

The Board of Directors noted, and called for the undersigned notary to record, that the capital increase had been completed, that each new share had been subscribed to and paid up to the extent of one hundred percent, that the share premium had been fully paid up, and that the capital was therefore increased to forty-seven million, seven hundred fifty-one thousand, four hundred nineteen euros and thirty-four cents (€47,751,419.34), represented by thirty-one million, two hundred ten thousand seventy-eight (31,210,078) shares, each with a nominal value of €1.53.

The Board also decided to allocate the difference between the amount subscribed to and the amount of the capital increase, i.e. an amount of one hundred eighty-six million, four hundred thousand two euros and thirty-three cents (€186,400,002.33) to the share premium account [unavailable] in accordance with Article 7 of the Articles of Incorporation.

VOTING

This resolution was adopted unanimously.

(...)"

In addition, during the 2020 financial year, only one conflict of interest was the subject of the procedure referred to in Article 7:97 of the Belgian Code on Companies and Associations. The conflict was presented at the Board meeting on October 5, 2020 as described above. The public announcement referred to in Article 7:97, Section 4/1 of the Belgian Code on Companies and Associations was published by the Company on October 5, 2020 and is reproduced in full above.

3. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has set up a Nomination and Remuneration Committee, composed of members of the Board, for the following purpose:

- to formalize the appointment procedures for directors, CEOs, and other members of executive management;
- to periodically assess the size and composition of the Board of Directors and submit any recommended changes to the Board of Directors;
- to identify candidates for vacant positions to be filled and propose them to the Board of Directors for approval;
- to issue its opinion on nominations made by shareholders;
- to give due consideration to matters relating to succession.

It will also make proposals regarding:

- the remuneration policy for non-executive directors and executive directors and, where appropriate, on subsequent proposals to be submitted to shareholders;
- the remuneration of directors and executive managers, including variable compensation and long-term incentive plans, whether linked to shares or not, granted in the form of stock options or other financial instruments, as well as on agreements concluded in respect of the early termination of duties and, where appropriate, on subsequent proposals to be submitted to shareholders.

The Nomination and Remuneration Committee consists of two members, both non-executive directors. The Chair of the Nomination and Remuneration Committee is an independent director, who has the casting vote in the event of a tied vote.

- Muriel Barnéoud (Chair – Independent Director)
- Guy Lacroix (Director) (until December 30, 2020)
- Charles Champion (from January 13, 2021)

4. AUDIT AND RISK MANAGEMENT COMMITTEE

The Board of Directors has set up an Audit and Risk Management Committee for the following purposes:

- to oversee the financial reporting process;
- to monitor the effectiveness of the Company's internal control and risk management systems;
- to oversee any internal audits and their effectiveness;
- to oversee the statutory audit of annual accounts and consolidated accounts, including following up on questions and recommendations made by the auditor;
- to review and ensure the independence of the auditor, in particular with regard to the provision of additional services to the Company.

The Audit and Risk Management Committee consists of three non-executive directors, two of whom are independent:

- Alain Tisserand (Chair – Independent Director)
- Valérie Magloire (Independent Director – competent in accounting and auditing)
- Charlotte Ricci (until January 13, 2021)
- Charles Champion (from January 13, 2021)

4.1. Internal control and risk management system

In accordance with the rules of corporate governance and the relevant legislation, AKKA has set up an internal control and risk management system taking into account the size of the group. The system is placed under the responsibility of Internal Control & Audit, a Group-wide function that is independent of the operating entities.

A Risk Manager is appointed at Group level. Their work is structured around a regularly updated mapping of the Group's risks. The analysis of risks can be found in the Risk section of this annual report.

The internal control system is applied to the entire AKKA Group: the parent company and subsidiaries, most of which are grouped into five Business Units. Each Business Unit is managed by a management team covering all operational and support functions.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The main objective of internal control is to improve the efficiency of operations and the use of resources.

Internal control seeks to address the risks to which AKKA Group companies are exposed and to provide reasonable assurance that risks arising in the conduct of business by the enterprise are controlled. This includes the risk of fraud, particularly in the fields of accounting and finance.

In terms of a frame of reference, the system relies on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) to provide reasonable assurance with regard to:

- compliance with laws and regulations
- the proper application of the instructions and guidelines laid down by general management
- the proper functioning of the Company's internal processes, including those that support the safeguarding of its assets
- the reliability of financial information

Risk assessment

An assessment of the risks arising from the Company's operations is carried out periodically within the various companies of the Group. The aim of this approach is to identify and analyze factors that may prevent the Group from achieving its objectives and/or preserving its assets.

The analysis involves the management of Group companies, as well as the persons responsible for the main operating and support processes.

Involving these managers raises their awareness of internal control issues and enables them to apply best practices more widely.

The purpose of the internal control system, as outlined below, is to respond to the risks identified by introducing appropriate procedures.

Internal control framework

The AKKA Group's internal control system consists of a number of reference documents applicable to all Group companies.

Responsibility for implementation of the framework lies with the operating divisions.

AKKA Group Internal Control Standards

The Group has implemented the AKKA Group Internal Control Standards for the purpose of clarifying management rules.

These standards serve as a reminder of the basic principles of internal control:

- organization adapted to challenges
- division of tasks
- delegation of authority and signature powers

The Internal Control Standards specify the management rules to be observed and the procedures to be formalized for each operating and support process.

AKKA Code of Conduct

The Code of Conduct incorporates the values of the AKKA Group, the principles of ethical conduct, the obligation to comply with laws and regulations, and the rules to be followed in terms of combating corruption and addressing conflicts of interest.

This Code applies to all Group companies and employees. It is available on the intranet and on our website in our three main working languages (English, French, and German).

Quality Management System

The Quality Management System combines all the operating procedures that apply to the various parts of the Group. Quality systems are certified according to general standards (ISO 9001, ISO 27001, ISO 14001, etc.) and/or sector-specific standards (EN 9001, IRIS, etc.).

Internal control processes by department

Group and Corporate support have defined standards for each major process in order to control perceived risks.

Sales & Project Management

Each Group company must comply with the rules on contract and project management:

- pre-sales analysis to identify and mitigate technical and financial risks
- compliance with intragroup transfer prices
- order tracking to limit the risk of non-billable production
- billing process that helps to optimize cash flow and minimize outstanding receivables

The Group Executive Committee must approve the most critical client contracts and commercial offers in order to manage the commercial and legal risks of operations.

Each business unit is subject to formal delegation rules governing the power to enter into contracts with clients.

Procurement

Suppliers are selected on the basis of calls for tender and objective criteria to ensure the quality and competitiveness of the goods and services purchased.

The Group's procurement policy applies the principle of referencing suppliers as widely as possible by purchase category, allowing the Group to benefit from negotiated tariff conditions and enhanced general purchasing conditions.

Considering its direct effect on the quality of goods and services delivered to clients, the purchasing of subcontracting is subject to increased monitoring.

Human Resources

The responsibility for recruitment, human resources management, payroll and relations with social partners is entrusted to local companies.

The management team of each business unit is responsible for ensuring it complies with the laws and regulations of each country in which it operates.

Particularly sensitive processes (recruitment, payroll, expenses management and departures) must be formally documented and any potential or proven conflict within the Company must be reported to the Group.

Finance

The Group Finance Standards are designed to align financial operations and minimize the risk of fraud:

- some aspects are directly managed at Group level: financial communication, intragroup financial flows and the selection of external service providers, etc.
- operating rules for tasks managed at a local level have been defined by Corporate Finance and Group Control: accounting principles, budget procedure and planning, revenue recognition rules, etc.
- monthly reporting to the Group ensures continuous visibility

Legal

The Group's Legal Department supports each business unit in ensuring its compliance with the laws and regulations applicable to its operations. Subsidiaries may approach external consultants, in particular for litigation and specific transactions, after approval by the Group.

The main liability and product risks are managed at Group level.

Monthly legal reporting allows actual litigation or potential risks to be tracked at Group level, and any coordinated action can be taken if necessary.

IT

IT systems and standards are managed at Group level to ensure overall consistency and the constant availability of the company's IT tools.

The main supplier contracts (hardware, software and services) are validated by IT management before they are signed.

A backup and archiving system ensures data continuity and immediate accessibility.

IT System Security

Group IT Systems Security ensures the availability, integrity and confidentiality of data.

In particular, the system relies on a strict process to control access to management applications.

Common rules for the protection of employees and confidential information are set out in the Group Security Policy.

Communication

Major and/or strategic communication is managed at Group level in order to protect AKKA's image.

Quality, Safety and Environment

Each business unit is responsible for defining a quality, safety and environment management system appropriate to its clients' requirements and complying with the applicable laws and regulations.

5. EXECUTIVE MANAGEMENT

The Company has not instituted a two-tier system involving the establishment of a board of directors and a supervisory board.

Instead, the Company's general day-to-day management is delegated to three directors, also acting as CEOs:

- Valvest Management SRL, represented by Nicolas Valtille, until his resignation on December 30, 2020;
- HR Management & Investment SRL, represented by Jean-Franck Ricci;
- BMC Management & Investment SRL, represented by Mauro Ricci.

The directors responsible for day-to-day management are competent and have authority to make commitments on behalf of the Company.

Recognizing the founding role of the three directors, the Company has not defined a diversity policy with respect to its executive management.

The Group nevertheless ensures a gender balance of 1:2 on its Board of Directors (see Section 2.3 on Diversity).

6. TRANSPARENCY REGULATIONS

6.1. Competent authority and relationship with regulators

The Company has remained listed on Euronext Paris since its registered office was moved to Belgium; it was also listed on Euronext Brussels on November 27, 2019. Belgium is therefore the Company's Member State of origin, but France remains the Member State of its main market. The Company therefore falls under the joint competence of the French (AMF) and Belgian (FSMA) market regulators in respect of supervision and the prevention of market abuse.

Declarations relating to the disclosure of major shareholdings, publishing inside or regulated information and transactions by persons exercising managerial responsibilities are made in Belgium under the supervision of the FSMA.

6.2. Stock Market Conduct Charter

The Company has implemented a Charter of Stock Market Ethics in accordance with French law, but it takes Belgian law into account when that has stricter requirements.

6.3. Inside information

Inside information is defined as any information of a specific nature that has not been made public, which directly or indirectly relates to the Company or to financial instruments issued by the Company and which, if made public, would be likely to significantly influence the price of the financial instruments concerned or the price of derivative financial instruments related thereto.

The Company must retain a list of persons who have access to inside information and must provide this list to the competent authority on request.

The Company publishes inside information concerning it as soon as possible.

6.4. Management transactions and reporting

A director transaction means any transaction made for their own account by a member of executive management or, more generally, any person who exercises management responsibilities on behalf the Company or anyone who is closely associated with such a person within the meaning of Article 3.1(26) of Regulation (EU) No. 596/2014 (the Market Abuse Regulation, MAR), such transaction relating to Company shares or debt securities, or to derivative instruments or other instruments related thereto.

In order to ensure that the financial communication policy drawn up by the directors is properly applied and to prevent the improper use of inside information, Article 19.11 of the MAR sets out the principle for defining a "closed period", during which certain persons must refrain from conducting transactions relating to the issuer's shares or debt securities, or derivative instruments or other financial instruments related thereto during a closed period of 30 calendar days prior to the release of an interim financial report or a year-end report which the issuer is obliged to make public.

The AKKA Technologies Group has extended the application of this closed period to all persons who have regular or occasional access to inside information, i.e. persons on the list of insiders. In addition to the closed period of 30 days prior to the publication of the half-year and annual results, the Group has also implemented a closed period of 15 days prior to the publication of information applicable to the first and third quarters.

Director transactions must be reported by the persons concerned to the Company and FSMA within three working days of such transactions, in accordance with Article 19 of Regulation (EU) No. 596/2014 and the delegated regulations adopted by the Commission pursuant to that Regulation.

The following is a list of transactions conducted by directors and persons closely associated with directors during the 2020 financial year:

Date	Declared by	In the capacity of	Type	Unit price	No. of shares
January 2, 2020	Jean-Franck Ricci	Director	Disposal	€65.98	9,568
January 3, 2020	Jean-Franck Ricci	Director	Disposal	€65.08	5,898
January 6, 2020	Jean-Franck Ricci	Director	Disposal	€63.25	11,534
January 15, 2020	HR Management and Investment	Person closely associated with Jean-Franck Ricci	Acquisition	€59.68	39,960
January 15, 2020	BMC Management and Investment	Person closely associated with Mauro Ricci	Acquisition	€59.68	39,960
January 15, 2020	Valvest Management	Person closely associated with Nicolas Valtille	Acquisition	€59.68	39,960
January 15, 2020	ESTA Management	Person closely associated with Nathalie Bühnemann, senior manager	Acquisition	€59.68	49,950
February 10, 2020	Charles Champion	Director	Acquisition	€55.24	400
February 11, 2020	BMC Management and Investment	Person closely associated with Mauro Ricci	Acquisition	€57.20	7,928
February 11, 2020	Charles Champion	Director	Acquisition	€56.22	500
February 11, 2020	Nicolas Valtille	Director	Acquisition	€57.11	1,000
February 11, 2020	Jean-Franck Ricci	Director	Acquisition	€57.15	6,901
February 12, 2020	BMC Management and Investment	Person closely associated with Mauro Ricci	Acquisition	€59.09	10,131
February 13, 2020	BMC Management and Investment	Person associated with Mauro Ricci	Acquisition	€60.00	1,931
March 24, 2020	Jean-Luc Perodeau	Director	Acquisition	€26.25	47
March 30, 2020	Cash Nickerson	Senior manager	Acquisition of free shares	€ -	20,000
April 3, 2020	Charles Champion	Director	Acquisition	€24.20	500
April 7, 2020	Cash Nickerson	Senior manager	Acceptance of stock warrants	€ -	80,000 certificates, each giving the right to 1 (one) share
May 12, 2020	Charles Champion	Director	Acquisition	€25.50	500
May 29, 2020	BMC Management and Investment	Person closely associated with Mauro Ricci	Disposal	€26.00	1
May 29, 2020	Caloumat Invest	Person associated with Mauro Ricci	Acquisition	€26.00	1
June 25, 2020	Mauro Ricci	Mauro Ricci	Donation made	€29.35	400,000
June 25, 2020	Charlotte Ricci	Director	Donation received	€29.35	200,000
July 29, 2020	Charles Champion	Director	Acquisition	€16.96	1,000
August 7, 2020	Charles Champion	Director	Acquisition	€16.52	800
October 6, 2020	ESTA Management	Person closely associated with Nathalie Bühnemann, senior manager	Acquisition	€21.08	10,000
November 14, 2020	Nicolas Valtille	Director	Donation of bare ownership of shares	€15.70	189,335
December 28, 2020	Alain Tisserand	Director	Allocation of shares as remuneration	€ -	290
December 28, 2020	Valérie Magloire	Director	Allocation of shares as remuneration	€ -	290
December 30, 2020	Ideactive Events	Person closely associated with Mauro Ricci and Jean-Franck Ricci	Subscription to capital increase	€22.50	1,777,778
December 30, 2020	BMC Management and Investment	Person closely associated with Mauro Ricci	Subscription to capital increase	€22.50	444,444
December 30, 2020	Ideactive Events	Person closely associated with Mauro Ricci and Jean-Franck Ricci	Pledge of shares	€ -	2,918,479
December 30, 2020	BMC Management and Investment	Person closely associated with Mauro Ricci	Pledge of shares	€ -	1,081,521

7. INFORMATION LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TAKEOVER BID

Information provided for in Article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

7.1. Capital structure

The capital structure of the Company is presented in chapter 2 of this report.

7.2. Legal or statutory restrictions on the transfer of securities

With the exception of the applicable Belgian legislation on the disclosure of major shareholdings, and Article 16 of the Articles of Association, which establishes statutory thresholds of 2%, 4% and 7.5%, there are no restrictions on the transfer of shares.

7.3 Holders of any securities with special control rights

On 19 June 2018, the Company issued 7,927,487 non-capital profit shares. Each profit share confers the right to participate and vote, for one vote, at the General Meeting. Article 13 of the Articles of Association relating to profit shares is presented in Section 2 of this report.

7.4. Control mechanism in a possible employee share ownership scheme

Non applicable

7.5. Legal or statutory restrictions on the exercise of voting rights

Each shareholder is entitled to one vote per share. Each holder of a profit share is entitled to one vote per profit share. Voting rights may be suspended as provided for in the Company's Articles of Association and applicable laws and articles.

7.6. Shareholders' agreements

A shareholders' agreement was signed in 2020 by the Ricci family group on the one hand (38.9% of the capital and 51.3% of the voting rights) and Swilux (CNP group) on the other (21.4% of the capital and 17.0% of the voting rights). Under this agreement, the signatories have granted each other rights of pursuit, first offer and compulsory sale.

Under this agreement, the signatories have not agreed, nor do they intend to agree at any time, on the Ricci family group maintaining its control over the Company, nor on the concerted exercise of their voting rights. Consequently, the agreement does not create an agreement to act in concert between its signatories.

7.7. Rules applicable to the appointment and replacement of members of the administrative body and to the amendment of the Company's Articles of Association

The rules governing the appointment and replacement of Board members and the amendment of the Articles of Association are set out in the Company's Articles of Association and in the Company's Corporate Governance Charter.

7.8. Power of the Board to issue or redeem shares

Article 14 of the Company's Articles of Association is set out below.

ARTICLE 14 - ACQUISITION AND DISPOSAL OF OWN SHARES

The Company may only acquire its own shares or (where applicable) profit shares, by way of purchase or exchange, directly or by a person acting in his own name but on behalf of the Company, following a decision of an Annual General Meeting deciding under the quorum and majority conditions provided for in Article 7 : 153 of the Companies and Associations Code, which shall, inter alia, determine the maximum number of shares or profit shares to be acquired, the duration for which the authorization is granted, within the limit provided for by the Companies and Associations Code, as well as the minimum and maximum countervalue.

This authorization is valid for a period of five years from the date of the decision of the general meeting.

The authorization of the General Meeting is not required when the company acquires its own shares or profit shares in order to distribute them to its employees or to the employees of its affiliated companies.

The authorization of the General Meeting is also not required when the acquisition of own shares or profit shares is necessary to avoid serious and imminent harm to the company. In this case, the Board of Directors shall be authorized to acquire the company's shares by purchase or exchange in accordance with the legal provisions applicable at the time. This authorization shall be granted for a period of three (3) years, commencing with the decision of the extraordinary general meeting of 13 June 2019.

The Board of Directors is authorized to dispose of the shares and profit shares acquired in accordance with Article 7:215, § 1 of the Companies and Associations Code, including to one or more specific persons other than the personnel and/or for the purpose of avoiding serious and imminent harm to the company in accordance with Article 7:218, § 1 of the Companies and Associations Code. The aforementioned authorization to dispose of for the purpose of avoiding serious and imminent harm to the company is granted for a period of three (3) years, starting from the decision of the extraordinary general meeting of 13 June 2019, in accordance with Articles 7:215, § 1, par. 5 and 7:218, § 1, 3° of the Companies and Associations Code.

7.9. Material agreements to which the Company is a party and which take effect, are amended or terminated upon a change of control

The Company is party to the following material agreements which, upon a change of control of the Company or following a takeover bid, may be amended or give the contracting parties (or beneficial owners of bonds) a right to early redemption of debt securities:

- 355 million revolving credit agreement entered into on 1 August 2019
- 15 million revolving credit facility entered into on 30 September 2019
- 175 million perpetual subordinated convertible bonds (ODIRNANE) issued by the Company on 4 December 2019

7.10. Agreements between the Company and the members of its Board of Directors that provide for indemnities in connection with a takeover bid

The Company's agreements with the executive directors contain a 12-month indemnity clause in the event of termination of their employment.

8. REMUNERATION REPORT

8.1. Introduction

The Company has not yet implemented a remuneration policy for the 2020 financial year in accordance with the Belgian Law of April 28, 2020 that transposes the Shareholder Rights Directive II of May 17, 2017 (2007/36/EC). This remuneration policy will be applied for 2021, as permitted by the transitional provisions of the Law of April 28, 2020, and will be put forward to be voted on at the Company's Annual General Meeting during the ordinary meeting to be held in June 2021.

Remuneration for the 2020 financial year is consistent with the policy adopted so far by the Company, which is based on distinguishing between executive directors and non-executive directors.

As regards the remuneration of the members of the Board of Directors, the Company complies with the recommendations of the 2020 Belgian Code on Corporate Governance. The current remuneration policy is intended to: (i) attract, reward and retain necessary talent, (ii) encourage the achievement of strategic objectives consistent with the level of risk that the Company agrees to take and its standards of conduct, and (iii) promote long-term value creation.

8.2. General principles

Remuneration and benefits of any kind granted to directors during the 2020 financial year consist, where appropriate, of fixed remuneration and/or one or more service contracts entered into by private management companies with one or more of the holding companies that are Company subsidiaries.

Executive and non-executive directors are not entitled to any deferred remuneration or pension. Executive directors are entitled to severance pay of an amount equivalent to 12 months' remuneration.

As part of the restructuring of governance made in the Company's interests, the Company terminated the mandate of CEO Nicolas Valtille (Valvest Management) on its own initiative. However, Nicolas Valtille continues to perform certain functions under the responsibility of the current CEO.

Executive directors do not receive any directors' fees.

8.3. Remuneration of executive directors

8.3.1. General principles

The Nomination and Compensation Committee endorsed the executive directors' remuneration policy described below.

Remuneration and benefits of any kind granted to executive directors are determined in accordance with the following principles and rules:

a) Annual fixed remuneration

Executive directors receive annual fixed remuneration paid in 12 monthly installments. The amount is determined by level of responsibility, experience and market practices.

Annual fixed remuneration is received by directors by means of several service contracts entered into by private management companies with one or more of the Company's subsidiary holding companies.

In addition, the executive directors benefit from the use of a company car.

b) Annual variable remuneration

Executive directors do not receive any annual variable remuneration.

c) Long-term remuneration

In 2019, the executive directors received long-term remuneration in the form of stock options or share purchase options. These stock options comply with the 2018-2023 Options Plan approved by the General Meeting of June 19, 2018. This plan does not permit executive directors to acquire, or exercise a right to acquire, a company share less than three years prior to its allocation.

d) Exceptional remuneration

Executive directors' remuneration does not include any exceptional items.

8.3.2. Individual remuneration

a) Items of remuneration in 2020 for Mauro Ricci, Chair of the Board of Directors, CEO, and director responsible for day-to-day management of the Company:

Remuneration for Mauro Ricci	
Fixed remuneration [1]	€2,634,000 [*]
Annual variable remuneration	- None
Long-term remuneration	Two types of plans are in place with regard to long-term incentives for executive directors, which vary with the share value. - In 2019, one stock option was exercised in accordance with the terms and conditions detailed in the table below. - On January 15, 2020, the Company sold 39,960 of its own shares to BMC Management & Investment, a management company owned by Mauro Ricci, at a price of €59.68 per share. The price of these shares corresponds with the weighted average price over the three months prior to the transfer. The price was financed by a 64-month loan from AKKA Finance. Based on the closing price of December 31, 2020, this transaction shows an unrealized loss of €1,355,843 for BMC Management & Investment.
Exceptional remuneration	- None
Other benefits	- None

[1] *Remuneration paid by the Group to BMC Management & Investment SRL for services rendered to the Group.*

[*] *In Belgium, social security charges are payable by management companies. For the purpose of comparison with our main French competitors (whose social security contribution rate is around 45%), this remuneration would be equivalent to €1,816,000.*

Stock options – Mauro Ricci							
Plan name	Date of proposal/offer	Date of acquisition	End of retention period	Exercise period	Exercise price	Number of options at the beginning of 2020	Number of options proposed/ granted/ proposed but not granted
SOP 2019 [1]	09/24/2019	12/31/2022	N/A	01/01/2023 to 06/01/2024	€ 54.64	55,000	0 0 55,000

[1] *in accordance with the 2018-2023 Stock Option Plan authorized by the General Meeting of June 19, 2018*

b) Items of remuneration in 2020 for Jean-Franck Ricci, Executive Director, CEO, and director responsible for day-to-day management of the Company:

Remuneration for Jean-Franck Ricci	
Fixed remuneration [(2)]	€1,494,000 [(*)]
Annual variable remuneration	- None
Long-term remuneration	Two types of plans are in place with regard to long-term incentives for executive directors, which vary with the share value. - In 2019, one stock option was exercised in accordance with the terms and conditions detailed in the table below. - On January 15, 2020, the Company sold 39,960 of its own shares to HR Management & Investment, a management company owned by Jean-Franck Ricci, at a price of €59.68 per share. The price of these shares corresponds with the weighted average price over the three months prior to the transfer. The price of these shares was financed by a 64-month loan from AKKA Finance. Based on the closing price of December 31, 2020, this transaction shows an unrealized loss of €1,355,843 for HR Management & Investment.
Exceptional remuneration	- None
Other benefits	- None

[(2)] Remuneration paid by the Group to HR Management & Investment SRL for services rendered to the Group.

[(*)] In Belgium, social security charges are payable by management companies. For the purpose of comparison with our main French competitors (whose social security contribution rate is around 45%), this remuneration would be equivalent to €1,030,000.

Stock options – Jean-Franck Ricci							
Plan name	Date of proposal/offer	Date of acquisition	End of retention period	Exercise period	Exercise price	Number of options at the beginning of 2020	Number of options proposed/ granted/ proposed but not granted
SOP 2019 [(1)]	09/24/2019	12/31/2022	N/A	01/01/2023 to 06/01/2024	€ 54.64	27,500	27,500

[(1)] in accordance with the 2018-2023 Stock Option Plan authorized by the General Meeting of June 19, 2018

c) Items of remuneration in 2020 for Nicolas Valtille, CEO and director responsible for day-to-day management of the Company until December 30, 2020 (effective date of resignation from those two positions):

Nicolas Valtille's mandate as CEO was terminated on December 30, 2020. The severance pay contractually due to Nicolas Valtille was therefore paid to him.

Remuneration for Nicolas Valtille	
Fixed remuneration [3]	€1,217,400 [*]
Annual variable remuneration	- None
Long-term remuneration	Two types of plan are in place with regard to long-term incentives for executive directors, which vary with the share value. - In 2019, one stock option was exercised in accordance with the terms and conditions detailed in the table below. - On January 15, 2020, the Company sold 39,960 of its own shares to Valvest Management, a management company owned by Nicolas Valtille, at a price of €59.68 per share. The price of these shares corresponds with the weighted average price over the three months prior to the transfer. The price of these shares was financed by a 64-month loan from AKKA Finance. Based on the closing price of December 31, 2020, this transaction shows an unrealized loss of €1,355,843 for Valvest Management.
Exceptional remuneration	- Sum of €947,400 paid on December 30, 2020 at the end of the term of office for a director responsible for day-to-day management
Other benefits	- Company car: €21,105

[3] *Remuneration paid by the Group to Valvest Management SRL for services rendered to the Group.*

[*] *In Belgium, social security charges are payable by management companies. For the purpose of comparison with our main French competitors (whose social security contribution rate is around 45%), this remuneration would be equivalent to €840,000.*

Stock options – Nicolas Valtille							
Plan name	Date of proposal/offer	Date of acquisition	End of retention period	Exercise period	Exercise price	Number of options at the beginning of 2020	Number of options proposed/ granted/ proposed but not granted
SOP 2019 [1]	09/24/2019	12/31/2022	N/A	01/01/2023 to 06/01/2024	€ 54.64	27,500	0 0 27,500

[1] *in accordance with the 2018-2023 Stock Option Plan authorized by the General Meeting of June 19, 2018*

8.4. Remuneration of non-executive directors

Following a proposal by the Nomination and Remuneration Committee, the Board of Directors decided at its meeting on March 17, 2020 to propose to the General Meeting to grant a total sum of €250,000 as annual remuneration to non-executive directors, to be distributed at the discretion of the Board of Directors in the form of directors' fees.

The Nomination and Remuneration Committee believed that this total amount would be sufficient to recruit, retain and motivate competent non-executive directors whilst taking into account the nature and extent of individual responsibilities.

The General Meeting on June 16, 2020 approved this resolution.

In accordance with the internal rules of procedure updated on July 18, 2019 and approved by the Board of Directors, the distribution of all or part of the directors' fees, the total amount of which was approved by the General Meeting, is decided upon by the Board of Directors after receiving opinions and recommendations from the Nomination and Remuneration Committee. This remuneration of non-executive directors takes into account their role as regular board members and any specific roles such as Chair of the Board, Chair or member of a board committee and the associated responsibilities and time dedicated to their roles. They do not receive performance-related remuneration such as bonuses, long-term incentive schemes, fringe benefits or pension benefits.

Non-executive director remuneration for the 2020 term of office was agreed upon by the Board of Directors on December 16, 2020, as shown in the table below. All remuneration is charged to the Company's operating expenses:

Non-executive	Category	Attendance fees 2020	Other positions held
Muriel Barnéoud	Independent	€40,000, 25% in the form of shares (*)	-
Charles Champion		€40,000, 25% in the form of shares (*)	Fee of €60,000 euros paid to Champion Aero under a contract for international support services
Guy Lacroix (resigned on December 30, 2020)		-	Fee of €123,750 euros paid to GLX Consulting under a contract for governance consultancy services that ended on September 30, 2020
Cécile Monnot		-	-
Valérie Magloire	Independent	€40,000, 25% in the form of shares (*)	-
Jean-Luc Perodeau	Employee representative	-	Employment contract with Aeroconseil
Charlotte Ricci		-	-
Alain Tisserand	Independent	€40,000, 25% in the form of shares (*)	-
Xavier Le Clef (co-opted with effect from December 31, 2020)		-	-

(*) *In accordance with Principle 7.6 of the 2020 Belgian Code on Corporate Governance, these shares are retained for at least one year after the non-executive director has left the board and for at least three years after the allocation of such shares.*

8.5. Annual changes in remuneration and Company performance

8.5.1. Annual changes in remuneration

The reporting is done for the financial years 2018 to 2020 corresponding to the remuneration structure put in place on the occasion of the transfer of the Company's headquarters to Belgium in May 2018.

Financial year	Name, position	Fixed remuneration (€)	Annual variable remuneration (€)	Exceptional remuneration	Other benefits	Total (€)	Total remuneration for the year (€)
2018	M. Ricci	1,573,283				1,573,283	3,728,900
	J.-F. Ricci	997,256				997,256	
	N. Valtille	1,017,256			21,105	1,038,361	
	Non-executives	120,000				120,000	
2019	M. Ricci	2,634,000				2,634,000	5,511,505
	J.-F. Ricci	1,494,000				1,494,000	
	N. Valtille	1,217,400			21,105	1,238,505	
	Non-executives	145,000				145,000	
2020	M. Ricci	2,634,000				2,634,000	6,473,905
	J.-F. Ricci	1,494,000				1,494,000	
	N. Valtille	1,217,400		947,400	21,105	2,185,905	
	Non-executives	160,000				160,000	

8.5.2. Annual change in Company performance

Remuneration is fixed and not based on Company performance. No variable remuneration applies.

8.5.3. Annual change in average remuneration based on FTE equivalent for the Company

a) Method for calculating the average remuneration of employees

The average compensation of employees has been calculated with data available only since 2018.

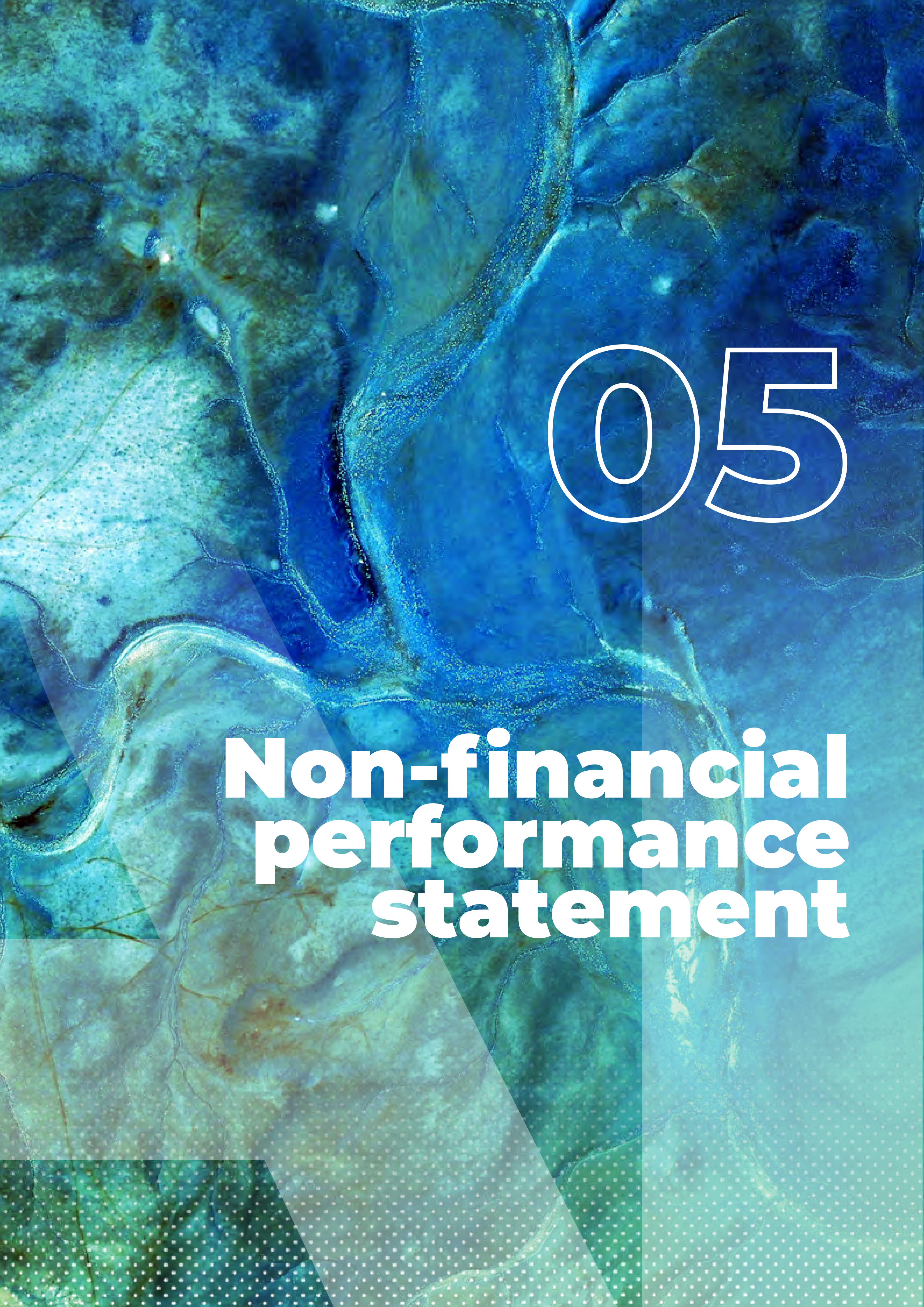
It is expressed as a total cost (including employer costs) to make it comparable with a remuneration that would be paid in the form of a service contract agreed with a personal management company.

It was calculated for France, Germany, Italy, Belgium, Spain and the Czech Republic, which employ 2/3 of the Group's global workforce.

b) Annual change in average remuneration of employees

Financial year	Average remuneration based on FTE equivalent for the Company
2018	€46,299
2019	€51,511
2020	€51,571

The ratio between the highest remuneration among the members of management and the lowest remuneration expressed on a full-time equivalent basis, among the employees employed in Belgium is 80.



05

Non-financial performance statement

1. STRENGTHENING BUSINESS STRATEGY THROUGH MANAGEMENT OF NON-FINANCIAL PERFORMANCE

1.1. An integrated approach to Corporate Social Responsibility

At AKKA we understand that conscientious management of both our financial and non-financial performance is key to the long term success of the Group. Therefore, we promote initiatives across the group aimed at creating value for our stakeholders.

To guarantee greater visibility of Group-wide initiatives, improve integration of those initiatives into the overall strategy and increase consistency on a global basis, our objective is to incorporate all of our commitments and actions into more a integrated process with data gathered from a network of CSR correspondents in each country within the reporting scope.

Non-financial performance is managed at Group level under the guidance of the Group General Counsel and the Communications Director, who report directly to the Group's CEO.

Information about the Group's strategy and presentation – in terms of both its governance structures and its financial information – are available in the corresponding chapter of this Annual Report.

This statement has been developed on the basis of the priorities viewed as strategic. This report stands for the Communication on Progress required within the Global Compact (a programme run under the auspices of the United Nations), which AKKA signed up to in 2010.

To measure the progress achieved, the Group assesses its efforts based on the GRI standards: core option. A correlation table is provided at the end of the chapter.

1.2. Materiality Analysis

Our materiality analysis is carried out periodically, to enable us to identify the economic, social and environmental issues that matter most to our business and our stakeholders. The analysis informs our decision making regarding which areas to focus our attention and internal resources.

OF THE 17 ISSUES IDENTIFIED IN 2019, THE FOLLOWING 8 WERE CONSIDERED TO BE OF STRATEGIC IMPORTANCE. THESE ISSUES REMAIN UNCHANGED IN 2020.

1.3. AKKA supports the SUSTAINABLE DEVELOPMENT GOALS (SDGs)

As a signatory to the United Nations Global Compact since 2010, AKKA has been committed to supporting the compact and applying its 10 principles. Accordingly, we use the Sustainable Development Goals to guide our CSR strategy in order to better respond to the challenges of today's world.

**WHILE WE SUPPORT ALL THE SDGS, WE HAVE IDENTIFIED 8 GOALS THAT ALIGN MOST TO OUR BUSINESS.
AKKA IS COMMITTED TO ADVANCING THE ACHIEVEMENT OF:**

2. CARING FOR OUR ENVIRONMENT

Climate change is one of the greatest challenges the world is facing today. Reversing the advance of climate change, which is already adversely affecting populations and ecosystems all over the world, will require collaborative effort on a global scale.

We are contributing to this effort by driving positive change within our scope of influence.

OUR APPROACH IS CENTERED AROUND THREE MAIN PILLARS:

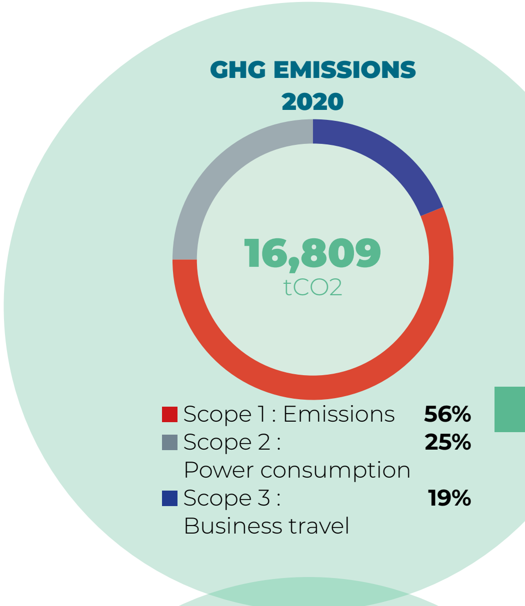
1) **reducing the ecological footprint** of existing infrastructures through innovation,
2) **developing sustainable solutions** for and alongside our clients,
3) as well as **promoting sustainability** from within through local internal initiatives in our various Business Units.

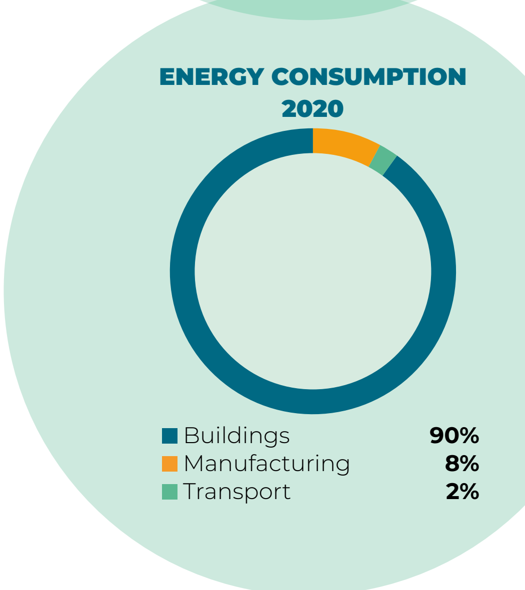
In 2020, the entities that entered the scope of reporting in 2019 (Belgium, Switzerland, the United Kingdom and Spain) have consolidated their respective processes in reporting key energy performance indicators. Whereas in 2019, these countries could not report on the energy consumption of their fleet of vehicles, this has been improved in 2020. This explains the significant increase in scope 1 emissions compared to 2019.

In addition, our most recent acquisition Data Respons[1] has been included within the 2020 reporting scope. We continue to make efforts towards a standardized process with the goal of aligning environmental indicators and objectives across the Group, to reduce the company's carbon footprint.

Teleworking during the pandemic deeply impacted our energy consumption, mostly by reducing our emissions for all scopes, with less electricity purchased (-10%) and a lower rate of business travel (decrease of 69% for air travel and 43% for train).

However, the usage of cars increased (+17% of total gas consumed) compared to 2019. This could be partially explained by the increasing trend to use own vehicles instead of public transportation, including trains which saw reduced availability for part of 2020.





1 More information on Data Respons' ESG performance can be found on its website: https://datarespons.com/sustainability/

2.1. Reducing the ecological footprint of existing infrastructures through technology and innovation.

At AKKA, we believe that we have a role to play in supporting the energy transition. Our stakeholders expect us to leverage our innovation and expertise to come up with solutions that are a step ahead of our competitors'. The mobility of the future, which will be more autonomous and more connected, represents one of the major technological challenges of the 21st century. The next generation of vehicles and aircraft embodies a range of the most advanced technologies (artificial intelligence, real-time processing of big data, inter-modality, etc.). These technologies enable streamlined mobility when faced with the challenges of urbanization, congestion of infrastructure and the impact of pollution on public health and the environment.

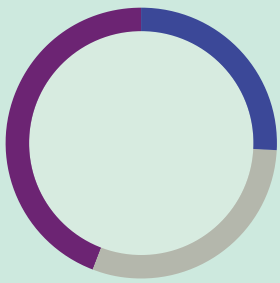
Developing our technologies and skills resolving these challenges is our way of contributing towards the advancement of the UN Sustainable development goals.

Our internal research department, AKKA RESEARCH, is sparing no effort to ensure that our operational consultants provide added value working on projects in three technological lines, which have been carefully selected in line with our vision for technology and to meet our clients' needs.

AKKA RESEARCH is well involved in improving research in the field of low carbon energy with 4 devoted projects to the field. Our internal research center has also several projects related to circular economy, eco-conception and smart energy.

4 DEVOTED PROJECTS RESEARCH in the field of low carbon energ

SHARE OF PROJECTS PER TECHNOLOGICAL LINE



Digital	**44%**
Green Energy	**30%**
Automation	**26%**

GETTING COMMITTED IN THE EU GREEN DEAL TOWARDS MORE SUSTAINABLE MOBILITY

Over the course of 2020, AKKA has received over 3 M Euros of funds from the EU Commission for several of its projects. Most of them are in digital (78%), 17% in automation, and 4% in Green Energy. This recognition by the EU Commission of the added value of the projects we are involved in shows how AKKA uses full potential of its expertise in digital to impact on the issues at stake for the world today.

One of the ways which we are lending our support to the collaborative push towards environmental sustainability, AKKA is a partner in the EU-SysFlex project.

EU-SysFlex stands for "Pan-European system with an efficient coordinated use of flexibilities for the integration of a large share of renewable energy sources ". The project plays a key part in decarbonizing the EU by 2050. More specifically, the project aims to introduce an electricity system with more than 50% of its electricity demand being met by renewable energy and create a plan to provide assistance to power system operators across Europe.

AKKA brings its digital expertise to this European project to boost the electricity system of the future which shall be designed with the right blend of flexibility and system services to support secure and resilient European transmission operation. Within the dedicated work package for data management, our teams contribute their know-how on industrial software development, quality, usability, scalability and reliability of software architectures.

Planet Tech'Care

The increased proliferation of digital solutions around the world brings with it an inevitable impact on the environment. Increasingly an energy consumer, digital technology is also a major user of resources for the manufacture of equipment and a generator of waste. Conscious of this impact, AKKA is an inaugural signatory to Planet Tech'Care, an initiative bringing together a network of partners (professional organizations, schools, competitiveness clusters, associations, foundations, think tanks), which aims to support companies in reducing the impact of digital technologies on the environment.

RETHINKING REGIONAL MOBILITY WITH FLEXMOVE

Flexmove is an environmentally friendly, multimodal on-demand mobility service that can use both road and rail within the same journey. Conceived by AKKA Research engineers, it is an electric vehicle that can be driven like a car when on the road, and run autonomously, like an automated train when using rail. With Flexmove, passengers and freight can embark on a journey from the first to the final mile, without ever changing vehicle. Fully compatible with existing rail infrastructure, the service is expected to improve the utilization rate of railway lines, especially smaller lines which have progressively fallen out of use in several countries.

BOOSTING MOTOR PERFORMANCE WHILE IMPROVING SUSTAINABILITY

As continued proof of AKKA's ambition to reduce the ecological footprint of existing infrastructures and vehicles through technology and innovation, in November 2020, AKKA Research unveiled its first prototype of an electric go-kart. Employing the use of an easily adaptable electrification module, a traditional thermal go-kart can be transformed into an electric go-kart and vice versa in just two hours.

A by-product of the relentless work of our engineers, this E-Kart prototype contributes to the push towards more sustainability in motor sports; particularly in the developmental stages, notably by reducing noise emissions and polluting particles without compromising on performance.

2.2. Developing sustainable solutions for and alongside our clients

The entire industrialized world is being called upon from all quarters - from public officials defining new regulations to increasingly informed consumers - to strive to do more in terms of environmental and societal performance. As a strategic innovation partner, AKKA supports its clients in the development of new products and business processes, some of which are:

INNOVATING TO INCREASE AERIAL FIREFIGHTING CAPACITY

Due to global warming, the risk of fires is increasing in the world. States fight against fires by deploying various human & material means, a significant part of which is air support. However, current fire fighter aircraft are expensive and require specific maintenance. For example: The Canadair (fire fighter most used in France) can transport a maximum of only 7 tons of water. The 747 can transport a lot of water but coupled with high maintenance costs, the aircraft once modified, can only be used for firefighting purposes. Faced with this problem, engineers from our aeronautics division in France sprang into action to develop a solution that allows the installation of a water tank kit in transportation aircraft. The first kits were designed for A400M and Casa C295 & C27J Spartan aircraft, with similar systems able to be installed in any other suitable aircraft.

ENGINEERS FROM OUR AERONAUTICS DIVISION IN FRANCE SPRANG INTO ACTION TO DEVELOP A SOLUTION THAT ALLOWS THE INSTALLATION OF A WATER TANK KIT IN TRANSPORTATION AIRCRAFT

INTELLIGENT STREET LIGHTING IN COPENHAGEN

Signify (prev. Philips) is a world leader in advanced lighting systems. They have developed the iconic streetlamps called "The Copenhagen" into a connected and smarter system, saving energy, cost and making city life safer.

Our Copenhagen-based specialists at TechPeople (a subsidiary of Data Respons) brought their expertise to bear in assisting Signify with a solution that controls the wireless communication between the lamps using the MESH network technology, Zigbee. As well as sharing their domain knowledge helping Signify make smart and future proof choices when choosing hardware.

IOT-BASED SOLUTION FOR OPTIMAL ENERGY MANAGEMENT

MicroDoc (Data Respons company) has been an engineering service provider for the highly innovative EnergyBASE project of EnBW since 2015. Our engineers support the development of complex software infrastructure for management of an energy mix comprised of solar power, battery storage and fixed network power grids. The EnergyBase system automatically optimizes energy consumption with its self-learning algorithms and controls the energy flows in the user's home. The system allows the collection, storage and intelligent distribution of the self-generated energy throughout the house. It knows whether the energy should be consumed, stored or fed. Through the forecasts for the next 24 hours, Energybase creates an individual plan for optimal use of the generated electricity.

THROUGH THE FORECASTS FOR THE NEXT 24 HOURS, ENERGYBASE CREATES AN INDIVIDUAL PLAN FOR OPTIMAL USE OF THE GENERATED ELECTRICITY

2.3. Promoting sustainability from within through local internal initiatives in our various Business Units.

To manage the carbon footprint of our activities, we have also focused on a range of internal actions. Our locations in Czech Republic are compliant with the norm ISO 14 001 and ISO 5001. In France, our location in Toulouse-Blagnac (Andromède) is compliant with ISO 14 001; accommodating more than 30% of our French employees that are covered by an environmental management system. In Germany, 13 locations are compliant with ISO 14 001, which covers over 40% of our German employees.

Finally, our Spanish entity is currently working on improving its control process of the company's environmental matters to obtain this certification.

AKKA GOES GREEN

Our German business unit launched since 2019 the AKKA goes green campaign, geared towards reducing CO2 emissions resulting from the transportation and handling involved in delivering an estimated 102,000 crates of water (166 truckloads) annually to offices across the BU. Alternatively, water dispensers which refine drinking water directly from the mains by filtering and cooling were installed at AKKA offices in German locations.

To support the adoption of this new initiative, glass water bottles were provided to each employee as a gift. As a further step in playing a part in the reduction of waste generated from the use of disposable coffee cups, employees were encouraged to make the switch to reusable cups made available to them by the company at a subsidized cost.

COMMITMENTS TOWARD BETTER WASTE MANAGEMENT

In Germany, AKKA sponsored the Pen Recycling Program, which aims at collecting used office supplies (e.g. empty pens) for recycling. One kilogram of collected goods generates around 10 cents for donations to a non-profit association of own choice.

AKKA France has set up initiatives to incentivize the French employees to reduce their CO2 footprint : reimbursement of up to 70% of the employee's public transport fee instead of the 50% legal obligation, and car-sharing through partnerships with KLAXIT and KAROS, two digital applications which promote car-sharing amongst employees.

Within our offices in Milan, Italy, the focus on office activities has led to prioritize the reduction of plastic waste out of vending machines. Plastics cups were replaced by paper cups only. In addition, the shift towards certified PEFC and FCT paper products (printing paper, hands paper) has also been well implemented.

Finally, Data Respons has implemented the eco-design methodology. This means that they design and deliver solutions to our customers that comply with all relevant environmental legislations, and make sure that products can be recycled or disposed of safely at the end of their life cycle.

Waste		**2020**	2019
Plastics and plastic packaging	t	17.85	30.82
Paper & packaging	t	35.93	87.42
Glass	t	1.03	0.33
Wood	t	75.03	121.76
Electronics	t	10.05	11.81
Industrial waste	t	41.46	150.71
Hazardous substances	t	32.82	26.83
others	t	65.08	57.03
TOTAL WASTE GENERATED		**279.24**	**486.70**
Reycled	t	233.62	457.61
Reused	t	2.88	2.82
Incinerated	t	42.98	29.77

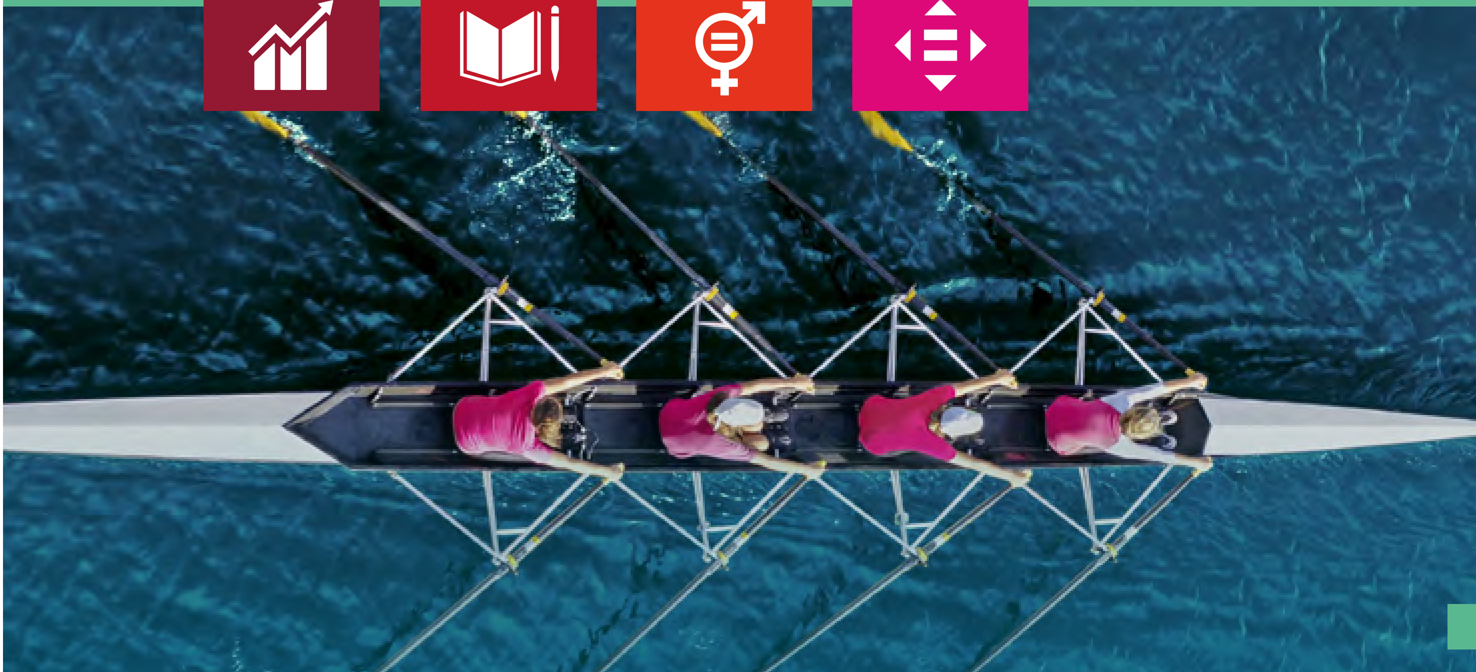
3. OUR STRONG VALUES AT THE FOUNDATION OF OUR CULTURE

8 DECENT WORK AND ECONOMIC GROWTH

4 QUALITY EDUCATION

5 GENDER EQUALITY

10 REDUCED INEQUALITIES



Our values of courage, respect and ambition are what drive our desire to contribute to making the world a better place through innovation. These values form the foundation of our culture, which informs everything we do.

We understand that our culture is what sets us apart from competition allowing us to attract the best talents and keep them engaged, ultimately resulting in us being able to better serve our customers. Thanks to our culture, we are able to create a working environment for our employees that has earned us the distinction of "Top Employer" in France and Belgium.

top EMPLOYER FRANCE 2020 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

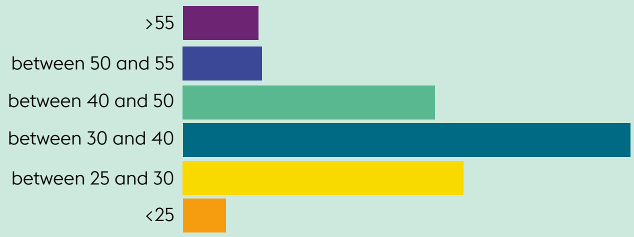
top EMPLOYER BELGIË BELGIQUE BELGIUM 2020 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

3.1. Promoting Diversity & Inclusion

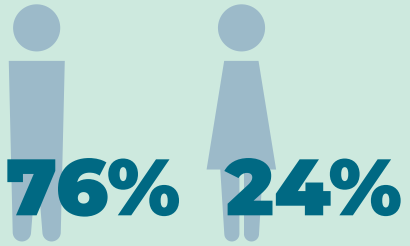
At AKKA we recognize that diversity of experience and backgrounds allows us to innovate and makes us stronger. We strive to maintain an inclusive environment where our employees can thrive and make their voices heard. To this end, we promote several initiatives that are geared towards engendering diversity and inclusion, both within the company and externally.

AKKA has been a signatory to the Diversity Charter (Charte de la diversité) in France since 2011. The Diversity Charter is a commitment by employers who wish to take a proactive approach to promote diversity and thus go beyond the legal and judicial framework of the fight against discrimination.

2020 WORKFORCE BREAKDOWN BY AGE GROUP



2020 WORKFORCE BREAKDOWN BY GENDER



3.2. Women in Engineering

Under representation of women in the digital and engineering field remains a major issue that AKKA continuously tries to tackle. According to the European commission, women are still less likely to have specialist digital skills and work in this field compared to men, as only 18% of ICT specialists in the EU are women.

As of today, 24% of our employees are women. In addition to training and sensitization campaigns on the topic, new initiatives are carried out every year in our business units to promote gender diversity within the Group.

Data Respons which currently has women making up 20% of its total workforce, has set the objective to increase that number to at least 25% of its total workforce by 2025.

Throughout 2020, our French Business Unit deployed the "Elles font l'Histoire d'AKKA" program ("They build AKKA's history) as part of its action plans on the fight against all kinds of discrimination.

Breakdown by gender for own employees		2020	2019
Share of men	%	76%	76%
Share of women	%	24%	23%

Breakdown by employment type for own employees (d)		2020	2019
Full-time	headcount, year-end	13.258	14.807
of which women	%	22%	22%
Part-time	headcount, year-end	964	997
of which women	%	55%	55%

Breakdown by employment type for own employees (d)		2020	2019
Permanent	headcount, year-end	13.897	15.201
of which women	%	24%	24%
Temporary	headcount, year-end	325	603
of which women	%	28%	26%

(d) Excluding Data Respons.

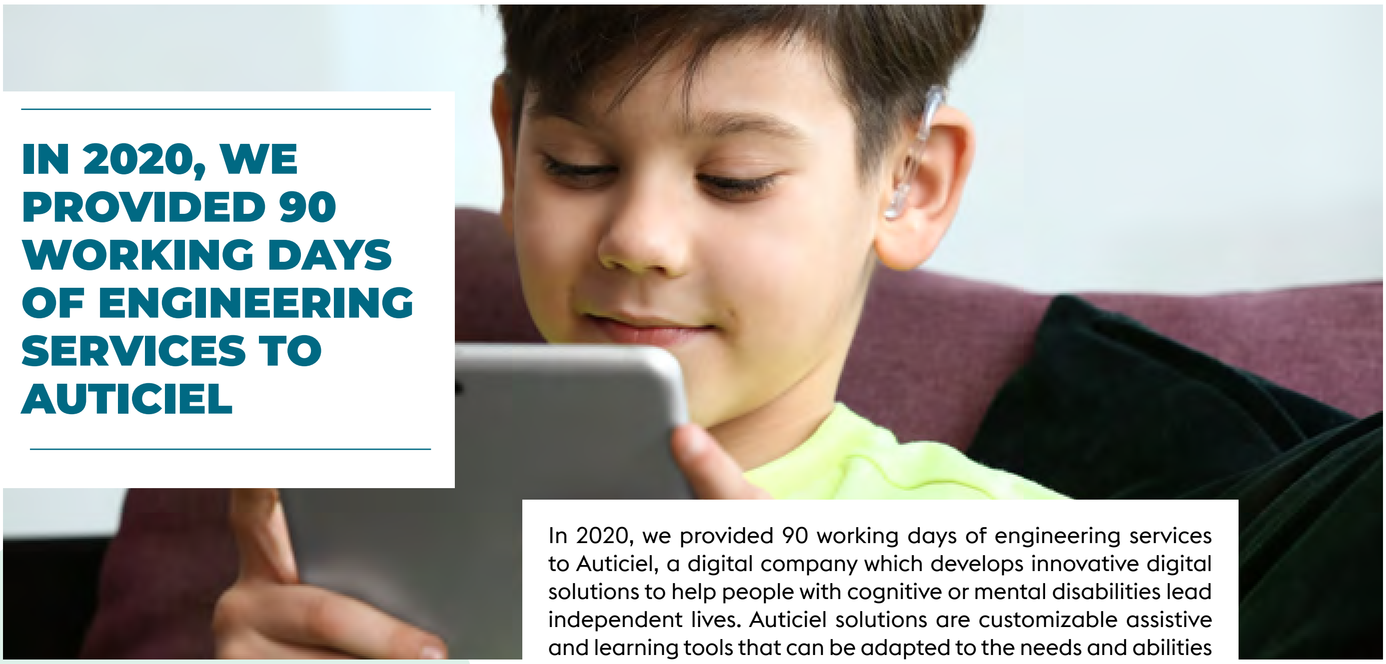
3.3. Integrating people with disabilities

AKKA HAND'ESPORT CHALLENGE: RECRUITING AND RAISING AWARENESS THROUGH GAMING.

During the European Disability Employment Week in November 2020, we organized the maiden edition of our AKKA HAND'ESORT challenge in conjunction with agency T by TALENTEO. The online gaming event was dedicated to raising awareness about the employment of persons with disabilities.

A total of 150 participants divided into 38 teams competed in two tournaments over the span of 10 days. Each of the teams was made up of three AKKA employees and a candidate with a disability. Between sessions, the participants discussed strategies for the next round, but also about the professional opportunities offered by AKKA. Employees who were not part of the challenge were able to follow the event via a live broadcast. Our goal, through these kinds of initiatives is to continue to nurture meaningful interactions with persons with disabilities, towards greater diversity and inclusion.

AMIKEO FOR WORK



IN 2020, WE PROVIDED 90 WORKING DAYS OF ENGINEERING SERVICES TO AUTICIEL

In 2020, we provided 90 working days of engineering services to Auticiel, a digital company which develops innovative digital solutions to help people with cognitive or mental disabilities lead independent lives. Auticiel solutions are customizable assistive and learning tools that can be adapted to the needs and abilities of each individual, such as communication tools, spatio-temporal references or social skills exercises. The solutions are designed and tested in collaboration with the beneficiaries, their caregivers, their families and a scientific committee. Thanks to the support of Adapei 69, a Lyon-based association which provides support to families, Auticiel has been able to develop a new software to assist workers with cognitive or mental disabilities and increase their professional skills and employment.

People with disabilities	2020	2019
Rate of people with disabilities (%)	1.85	1.77

INTERVIEW WITH Sigrid Sauron

Head of Diversity BU France

What measures has AKKA taken to improve the integration of people with disabilities?

These are relatively classic measures used in most companies: recruitment, awareness-raising, training and job adaptation. An employee in charge of the employer brand sources in dedicated trade shows, websites and CV techs. Finding profiles is a complex step because the people we recruit are highly qualified. Although the inclusion of people with disabilities tends to evolve positively, access to higher education for them is not always easy. Therefore, we have very few candidates, and this situation requires a great deal of sourcing. In addition, awareness is a key element in overcoming the various prejudices on the part of clients as well as colleagues, thus making awareness raising an important action for us.

What is more specific at AKKA is that we are looking for profiles that are quite rare and therefore in high demand. Consequently, there is an obligation to be more innovative if we want the target audience to respond to us. We therefore organize punchy initiatives many times in the form of games and animation with the aim of generating interest and getting people to meet with us.

How have these actions evolved during the year given the health situation?

As in many companies, everything had to be digitalized. The example of the Handisport challenge is interesting. It was planned to organize e-sport tournaments in AKKA agencies with spectators present and to take advantage of this to raise awareness. The idea was to select one agency per month and then make the grand finale at the end of the year. Given the health situation, we transformed it into an e-sport and distance tournament. Although we experienced it as a frustration at first, it eventually turned out to be something more positive, since we were able to put everyone on an equal footing as geographical distance was no longer a problem. This way we were able to include more employees and candidates who took part in the tournament without having to travel. This experience made us evolve on certain initiatives, on how to manage job accommodations, and on the need to maintain the link with the population.

Has the pandemic opened up new perspectives?

Yes, and not only for people with disabilities. In all companies where managers were not supportive of homeworking, because of their fear of losing control, teleworking was established by force of circumstance, and everyone could see that it worked out.

There will be a “before” and “after” COVID on work organization and I think that this will also apply to the professional equality between men and women.

What would you say to a person with a disability who wants to apply?

They shouldn’t hesitate to contact us! We are a «disabled -friendly» company, which has been open and well-structured for years. All the necessary support to accommodate them in the best possible conditions will be put in place. It is by lifting taboos that we can change things.

4. BUILDING THE WORKFORCE OF THE FUTURE

4 QUALITY EDUCATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

8 DECENT WORK AND ECONOMIC GROWTH

Our continued success is dependent on our ability to attract, retain and develop a highly skilled workforce.

As we operate in a rapidly changing industry characterized by constant advancement in technology, in order to stay competitive and remain at the forefront of innovation, it is imperative that our people's capabilities evolve accordingly. We consider learning to be an essential part of our employees' career journeys.

Consequently, continuous learning lies at the heart of our talent development strategy. In addition to our various learning platforms (AKKADEMIA, eAKKADEMY), in 2020 we launched a new learning roadmap designed to reinforce the skills of our people, preparing them for the future.

4.1. Learning roadmap

Our learning roadmap is articulated around **3 main programs,** which are complementary to one another:

Our Digital Sales Learning Path

designed for Business Managers.

This path's objective is to provide Business Managers with the means to better identify digital projects for our clients which match our talent pool of highly skilled consultants.

Our Re-cruitment Learning Path

designed for Business Managers & Recruiters.

The focus of this learning path is equipping our Business Managers with the necessary tools for acquiring first class digital and IT talent.

Our Re-Skilling Programs

designed for our Consultants.

Capitalizing on the know-how of our engineers while offering them new career development opportunities in other technology domains.

45

HOURS OF TRAINING ON AVERAGE PER EMPLOYEE

4.2. AKKA AWARDS: Rewarding creativity and innovation

Innovation is ingrained in our culture and an important part of why we are able to proffer cutting edge solutions to our customers. Cognizant of this, we encourage our employees to push the limits of their creativity in order to come up with ground-breaking, value-added solutions.

As one of the initiatives to boost innovation, we have AKKA Awards an in-house competition designed to reward employees who have come up with the best technological solutions within a particular year. In 2020, while many logistical elements of the Awards changed, the innovation and creativity shown by our employees remained the same.

INNOVATION IS INGRAINED IN OUR CULTURE

4.3. Developing young talent

To attract and cultivate the next generation of talent, we have rolled out several initiatives centered around getting involved in the ecosystem of tertiary institutions located in the countries within which we operate. These initiatives are primarily geared towards illustrating the scope and variety of possible careers within the Group.

For instance, in collaboration with the Czech technical university in Prague, our subsidiary in the Czech Republic organizes a 1 week "project training" program primarily for university students. Students are assigned to departments within the company and work on a task/ project under the supervision of their designated mentor. Depending on their area of study, students work on technical assignments ranging from simulation and computation, to IT. At the end of the week, students present their project in one foreign language (German, English) and obtain a certificate plus university credits. The program provides students with valuable experience and takes them one step closer towards becoming the engineers of the future.

CZECH REPUBLIC ORGANIZES A 1 WEEK "PROJECT TRAINING" PROGRAM PRIMARILY FOR UNIVERSITY STUDENTS.

FRANCE ORGANIZES ITS ANNUAL HACKATON, THE THEME THIS YEAR WAS CENTERED AROUND DECARBONIZATION.

As part of our commitment to fostering the development of young talent, in November 2020, AKKA invited students from engineering schools all over France to participate in our yearly hackathon. The theme this year was centered around decarbonization. Participants were challenged to come up with innovative and concrete solutions geared towards the decarbonization of their immediate environments. One of the winning solutions was an eco-friendly streetlight concept based on the use of bioluminescent microalgae that capture CO_2, the objective being to replace traditional streetlights and reduce the overall carbon footprint. The second solution was an online platform connecting buyers and sellers of photovoltaic panels to facilitate the energy transition for homeowners.

4.4. Supporting employees' health by promoting physical activity

We believe that a fit and healthy workforce is one of the most valuable assets a company can have. Physically active employees have fewer sick days and thus are able to support colleagues and clients to a greater extent. They are also more likely to feel motivated and productive while at work. For this reason, AKKA strives to support initiatives across the Group that promote physical activity.

Occupational health and Safety (d)		2020	2019
Total work accidents with stoppage*	#	61	95
Lost time injury rate	average rate	2,10	2,12
Lost time severity rate	average rate	0,04	0,02
Abstenteeism	average %	2,14%	2,82%

(d) Data Respons excluded.

MOVE FOR CHARITY

Since 2006, employees at our subsidiary Data Respons in Norway, together with former professional cyclist Mads Kaggestad and Avantas Aktiv, have trained with the purpose of being more active in their daily lives, participating in several competitions that have been organized over the years such as the Birkebeiner race and "The Great Inshape Challenge"

In 2020, they decided to look outwards with Move for Charity an initiative intended to go beyond being active for themselves, towards being active for others! For every hour trained, a gift was given to charity. Each department chose one humanitarian organization that they wanted to train for - and together they trained and motivated each other to give their best. Throughout 2020, they trained individually, departmentally and as a large team. Weekly training sessions such as spinning, floorball, volleyball and climbing were organized throughout the course of the year.

AKKTIVITY CHALLENGE

In a bid to keep our people active especially during the lockdown, our teams at AKKA Benelux set up the AKKTIVITY Challenge. Employees were encouraged to log their activity onto a dedicated group on the Strava App. As an incentive, every week an employee was chosen at random from the pool of participants and rewarded with a gift card.

5. STAYING CONNECTED DURING CHALLENGING TIMES

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

8 DECENT WORK AND ECONOMIC GROWTH

The dramatic spread of COVID-19 in 2020 had a tremendous impact on the world as a whole, disrupting the rhythms of our daily lives. AKKA made concerted efforts to respond to the resultant challenges as swiftly and effectively as possible for the benefit of all our stakeholders.

We set up crisis committees in each country coordinated at Group level. Our prime concern was to manage the health and protection of our employees. Our second priority was to ensure business continuity for all our customers globally. This unprecedented health situation brought about new realities, necessitating changes in the way we work and our approach to innovation and delivery for our customers.

Here are some of the ways we stayed resilient and agile, supporting our stakeholders during the pandemic.

5.1. Supporting our employees

With employee health and safety being our number one priority, we quickly sought to alleviate the problems caused by the health crisis and lockdowns. A daily wellbeing and safety survey, followed by a weekly wellbeing survey when the health situation had improved slightly, were set up to enable regular follow-up of our employees, allowing us to stay connected during the lockdown. As we consider mental health to be just as important as physical health, our employees were also able to benefit from 24/7 access to a wellbeing support hotline which provided guidance and emotional support.

In order to facilitate a seamless transition to remote working for our employees during the lockdown, we took rapid steps to increase the capacity of our VPN, provide them with the necessary equipment and ramp up our global IT support.

Ensuring that our employees continue to learn, develop their skills and stay active was also an area of focus for us. In order to achieve this, we provided interested employees with extended access to our e-learning platforms.

We launched a global awareness campaign to keep our people informed about the changing situation and what measures AKKA was putting in place to ensure their safety and help them navigate through the crisis more easily. With a section on our global intranet dedicated to COVID-19 related topics, employees were able to keep themselves apprised of any developments relevant to them.

5.2. Supporting our customers

Many of our customers, particularly those in the mobility sector, were hard hit by the pandemic which resulted in changes to their business operations. As trusted partner of our customers, we adapted our service offerings in order to better meet their evolving needs.

One example of this is our collaboration with Avianor to offer an EASA (European Union Aviation Safety Agency) approved Passenger-to-Freighter solution to our customers worldwide. The engineering solutions and associated kits developed by Avianor allow the quick and effective conversion of passenger aircraft to freight, with the modifications providing the aircraft with additional cargo capacity. Due to this partnership, logistical challenges associated with the grounding of passenger planes – which account for the transportation of roughly half of the world's air freight - due to COVID 19 could be solved and the delivery of essential supplies like medical equipment ensured.

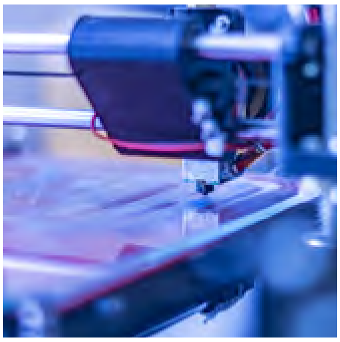
In the US, our subsidiary PDS Tech was able to assist our client Honeywell with ramping up the production of protective medical equipment such as N95 masks in order to aid in the fight against COVID-19.

5.3. Supporting our communities

Amid a global shortage in the supply of Personal Protective Equipment for frontline workers, our Crewe based Engineers in the United Kingdom came up with an ingenious way to utilize our 3D printers. They used them to produce frames for the face shields required by those working on the front line. The design was provided by Rolls Royce, minimising material, and the time required to produce. Whilst sourcing materials for these face shields, they received so many offers of support as well as countless requests for these frames. All the frames produced were donated to local health facilities.

In times of uncertainty, a reliable guide is important to correctly interpret symptoms of illness. Together with Medicover, AKKA developed a questionnaire that was intended to serve as a decision-making aid. The aim being to reduce unfounded fears and at the same time provide potentially ill patients with helpful recommendations for actions which may contribute to alleviating the load on medical facilities. The questionnaire is based on the criteria of the

Robert Koch Institute and meets the highest data protection standards. After having successfully provided our employees with the tool, the Group made it accessible to the wider public.



6. BUSINESS ETHICS, ANTI-CORRUPTION AND HUMAN RIGHTS

6.1. Human Rights

Due to the nature of its business activities and the composition of its workforce, AKKA does not see Human Rights issues as a major risk. However, in addition to complying with legal obligations, the Group remains highly sensitive to advocating for equal opportunity, privacy and health & safety.

The Group's Code of Conduct emphasizes AKKA's values of respect, ambition and courage, and underscores our public commitment towards labor law and our fight against forced and compulsory labor. In any event where an infringement of human rights is reported, AKKA reserves the right to withdraw from any contractual agreements. The Code of Conduct is publicly available online.

We also apply these values externally by supporting our communities and those in need.

In the Czech Republic for instance, a summer charity collection was organized in 2020 for the association "SOS villages" – which is an organization helping orphans, endangered, abandoned children or mothers with kids in need. The aim was to collect various supplies and materials to support summer camps for those children.

Data Respons has supported the organization On Own Feet for nearly 20 years. This humanitarian organization works with children in war-torn countries and provides school materials, builds and reconstructs schools, provides medical kits to women's clinics and more.

In 2020, Health and Safety issues were at the forefront due to the management of home-working obligations. Further details are provided in the section of this report focusing on the COVID-19 pandemic.

The compliance department has reported the absence of complaints. Based on this opinion, the Board of Directors of December 16th, 2020 acknowledged the good implementation of the Code of Conduct within the Group for the year 2020.

6.2. Confidentiality, data protection and cybersecurity

The security of data and information systems is a priority for the group to gain the trust of its customers. In 2020, all data management managers received specific training on this subject.

Further information related to cybersecurity is available in the risk section of the management report.

AKKA complies with the European GDPR, which came into force in May 2018. This regulation frames the way in which companies and their employees shall ensure protection of personal data and when this data is used by companies and other organizations. All AKKA employees, suppliers and customers are required to document all processes and protect personal data during their processing and sharing.

Data security remains a priority in the conduct of our business and was emphasized in 2020 by the implementation of control systems in line with our security guidelines.

AKKA has renewed its ISO 27001 certifications (international standard governing the security of information systems) obtained for all support services provided by the French and German IT teams to all AKKA operating entities worldwide.

As a follow-up to this certification, a group-wide awareness program has been developed and implemented to increase the level of understanding of cybersecurity. These programs are based on various on-line modules which are spread out within the company throughout communication channels.

AKKA's expertise is reflected in a score of 98 out of 100 following an analysis by Security Score Card. Maintaining this high score is a priority to make cybersecurity an integral part of AKKA's activities, both internally and externally.

6.3. Anti-corruption

Although the risk of corruption or conflict of interests is assessed as low, AKKA has introduced an action plan on this matter and is monitoring the mitigation of this risk. Further information about the Group's risks are available in the corresponding section of the management report.

In 2019, AKKA has adopted its anti-corruption policy, which is complementary to its Code of Conduct. The Group's anti-corruption policy is a monitoring tool in the prevention of corruption and unfair competition and is intended to meet the expectations of our employees and customers. The policy is key aspect in maintaining the excellence of our supplier chain and in fostering business ethics amongst our employees.

6.4. Sustainable purchasing and procurement

AKKA's purchasing and procurement organization is based on the structured departments of France and Germany. Since a major part of the purchasing volume is for subcontracting in France or Germany, the risk of dealing with illegal supplier is analyzed as low.

The procurement budget spent on local suppliers – who can be defined as supplier providing its expertise in the same country - is of 87% for France, and more than 90% for Germany.

The tracing of materials is mostly for the purchasing of plane materials, which is regulated by the norm EN 9100.

Based on purchasing processes, all suppliers are asked to approve AKKA's General Terms and Conditions of Purchasing which recalls the requirement of approving AKKA's Code of Conduct and its commitments such as complying with the United Nations Global Compact principles.

In addition, AKKA faces a very low risk regarding environment due to the nature of its pools of suppliers. For general purchasing, AKKA's purchasers are asked to check potential supplier's expertise in destructing and / or recycling waste and hazardous components. It is required that suppliers comply with the relevant norms related to their respective business operations. This requirement ensures that the life cycle of hazardous materials is handled following the state of the art. For instance, in 2020, AKKA requires its supplier of hydro gel cans to be specialized and compliant with ISO 14001 norms.

With regards to labor law, stringent local legislations apply and require the Purchasing and Procurement departments to check out the supplier's compliance with labor law.

Finally, AKKA fosters inclusion of people with disabilities within its business activities, and this principle also applies in the procurement process. When making an RFQ on subcontracting, AKKA will give a better position if the supplier bids in partnership with a company specialized in Handicap employment. In France for instance, 100% of the Green areas in our locations is managed by a company hiring people with disabilities.

7. Non-financial indicators

GRI STANDARDS		Metrics	**2020****	2019*	2018
	ENVIRONMENT				
ENERGY PERFORMANCE					
302 -1	**Building**	KWh	**31.220.364**	29.265.020	31.254.995
	of which Electricity	KWh	18.324.737	20.385.510	15.572.574
	Transport (a)				
	Diesel	L	2.004.053	2.045.511	1.299.911
	Gasoline	L	658.771	221.477	39.968
	Manufacturing	KWh	**752.450**	847.790	760.180
GHG EMISSIONS					
305-1	Scope 1 emissions	tCO2	9.397	5.612	4.169
305-2	Scope 2 emissions - Power consumption	tCO2	4.243	9.548	7.812
305-3	Scope 3 emissions - Business travel (b)	tCO2	3.169	5.885	5.744
	TOTAL CO2 EMISSIONS	**tCO2**	**16.809**	21.045	17.725
WASTE					
306-3	Plastics and plastic packaging	t	17.85	30.82	
	Paper & packaging	t	35.93	87.42	
	Glass	t	1.03	0.33	
	Wood	t	75.03	121.76	
	Electronics	t	10.05	11.81	
	Industrial waste	t	41.46	150.71	
	Hazardous substances	t	32.82	26.83	
	others	t	65.08	57.03	
	TOTAL WASTE GENERATED		**279.24**	486.70	
306-4	Reycled	t	233.62	457.61	
	Reused	t	2.88	2.82	
	Incinerated	t	42.98	29.77	
	WORKFORCE				
102-8	**Total workforce covered in ESG reporting (c)**	headcount, year-end	15.222	15.804	13.325
	Breakdown by employment type (e)				
	Full-time	headcount, year-end	13.258	14.807	12.174
	of which women	%	22%	22%	21%
	Part-time	headcount, year-end	964	997	687
	of which women	%	55%	55%	78%
	Breakdown by type of contract (d)				
	Permanent	headcount, year-end	13.897	15.201	12.715
	of which women	%	24%	24%	23%
	Temporary	headcount, year-end	325	603	610
	of which women	%	28%	26%	26%

GRI STANDARDS		Metrics	**2020****	2019*	2018
	WORKFORCE				
405-1	**Breakdown by gender for own employees**				
	Share of men	%	76%	76%	77%
	Share of women	%	24%	23%	22%
	Breakdown by age group (d)				
	<25	headcount. year-end	516	987	752
	between 25 and 30	headcount. year-end	3.381	4.233	3.279
	% of ≤ 30	%	27%	33%	30%
	between 30 and 40	headcount. year-end	5.390	5.698	5.080
	Between 40 and 50	headcount. year-end	3.037	3.018	2.650
	Between 50 and 55	headcount. year-end	946	952	809
	> 55	headcount. year-end	952	916	755
	People with disabilities	rate of people with disabilities (%)	**1.85%**	1.77%	1.90%
404-1	Total training hours	Total hours of employee training	**325.131**	243.838	134.421
	Average training hours per employee		45	39	25
403-9	**Occupational health and Safety (d)**				
	Total work accidents with stoppage*	#	**61**	95	114
	Lost time injury rate	rate	2.10	2.12	4.25
	Lost time severity rate	rate	0.04	0.02	0.20
	Absenteeism	%	2.14%	2.82%	3.27%
	BUSINESS ETHICS - HUMAN RIGHTS AND ANTICORRUPTION				
205-3	**Sustainanable Purchasing & Procurement**				
	Budget spent on local suppliers (f)	Rate (e)	86%	-	-
	Anticorruption and Bribery				
	Confirmed incidents of corruption	#	-	-	
	Data Privacy and confidentiality				
418	Reported complains on data privacy	#	-	-	

* Between 2018, 2019 and 2020, the ESG scope of reporting has been extented, therefore figures may be not comparable
** Data Respons is included in 2020 reporting where possible
(a) Italian and Swtiss entities not included in 2019 and 2020. Spain was not included in the reporting 2019.
(b) In 2019, Italian, Czech, Spanish, Belgian, British, Swiss entities not included in scope 3.
In 2020, Italian, Czech, Spanish, Belgian, British, Swiss and Data Respons entities not included in rental cars emissions.
(c) France (Andromède), Germany and Czech Republic included
(d) see the Methodology part for further details.
(e) Data Respons excluded.
(f) Only for France and Germany

METHODOLOGICAL NOTE

AKKA's non-financial performance statement provides information established in coherence with the nature of its business activities, the associated social, societal and environmental impacts, and its commitment to the United Nations' Global Compact.

In 2020 the Group focused on the post COVID-19 pandemic recovery and the implementation of its FIT2CLEAR strategy. Major CSR areas were inherently integrated in AKKA's action plans to face this challenging time.

To measure the evolution of its progress, the Group aligns its reporting based on the GRI standards: core option.

No external auditing is being used at present. However, AKKA undergoes regular assessments on the ECOVADIS platform. AKKA was awarded a bronze medal for its CSR actions during the most recent assessment by ECOVADIS in April 2020.

SCOPE OF THE NON-FINANCIAL REPORTING

The non-financial performance statement is prepared in accordance with the financial reporting and quantitative data extracted from the internal information system.

The term «Group» refers only to the entities included in the CSR reporting.

France: The scope referred to as "France" covers all non-financial data relating to the following entities: AKKA I&S, AKKA Ingénierie Produit, Aeroconseil, AKKA Informatique & Systèmes, EKIS France, MATIS Technologies, AKKA Lifescience, Operantis, Elron, AKKA Energy France, Real Fusio, MATIS SAS.

Germany: The scope referred to as "Germany" covers data relating to the following entities: AKKA GmbH & Co. (ex-MBtech), AKKA GmbH, AKKA DNO GmbH, AKKA DSO GmbH, AKKA DSW GmbH, Proceda, AKKA MANAGEMENT SERVICES GmbH, ATP, AKKA Services GmbH, AKKA DCE, AKKA Deutschland.

Czech Republic: The scope referred to as "Czech Republic" covers data relating to the entity MBTech Bohemia.

Italy: the scope referred to as "Italy" covers CSR data relating to the entities AKKA Italia and CTP System.

Spain: the scope referred to as "Spain" covers data relating to the entity AKKA Spain and Edelway Spain

Benelux: the scope referred to as "Benelux" covers data relating to the entity AKKA BELIGUM.

Switzerland: the scope referred to as "Switzerland" covers data relating to the entities AKKA Switzerland, AKKADEMY – France, AKKADEMY - Belgium

United Kingdom: the scope referred to as "United Kingdom" covers data relating to the entity AKKA UK.

Data Respons: the scope referred to as "Data Respons" covers data relating to the entities Data Respons Asia AS Taiwan Branch, EPOS CAT GmbH, inContext AB, Donat IT, Sylog Group, IT Sonix custom development GmbH, Data Respons Solutions AB, Data Respons AS, Data Respons Solutions DK, TechPeople A/S, Microdoc, DR Solutions AS(Norway).

DEFINITION OF INDICATORS:

AKKA operates in numerous countries where legislation and cultures differ. Hence, some indicators relating to non-financial reporting have been subject to adjustment in terms of definition.

Workforce

Own employee are employees of AKKA considered in the workforce whatever their contract type, excluding interns, VIEs and contractors except for suspended contracts (parental leave and sabbaticals).

Absenteeism

The number of absences over the period is as follow: sickness absence + occupational diseases absence + lost days due to accidents on the way to work + lost days due to work accidents. The indicator does not include days off such as RTT or paid holidays.

The rate is calculated by dividing the number of days of absence by the theoretical number of days worked over the period.

Workplace accidents

Number of workplace accidents with lost time: the reported accidents are those defined by the local legislation.

Number of working hours: actual work time within the contractual definition of the term, paid leave and holiday leave are excluded.

Number of working days lost: days lost due to workplace accidents are counted in calendar days.

Lost time injury rate: number of accidents with lost time per year/ working hours x 1,000,000.

Lost time Severity rate: number of working days lost per year due to workplace accidents with stoppage in that year /hours worked x 1,000

Training

Training is represented in hours.

All types of internal and external training are included for all types of contracts.

Exclusions in France: Individual Training Leave (CIF), any training given to interns and employees on apprenticeship contracts.

Exclusions in Germany: coaching sessions and on-the-job training.

Employment of disabled persons

The % of employees with disabilities out of the total workforce.

Energy consumption

Reported energy consumption covers: buildings (offices, workshops), company cars and industrial processes.

Greenhouse gas emissions

Our scope 1, 2 and 3 emissions are calculated based on the emission factor defined by the UK Department for Environment, Food & Rural Affairs (DEFRA 2020).

Greenhouse gas emissions under Scope 1: direct emissions from our office locations, industrial activities, and company fleet within the scope of reporting, except for leaks of refrigerants for which data are not available. Depending on the entity's internal system, data are collected through gas cards or employee's expense claims.

Scope 2: indirect emissions related to electricity consumption and heating networks

Scope 3: emissions associated with business travel. Data are retrieved from travel agencies for flights and trains, and from rental agencies for cars when available.

As of Air methodology: The guidelines published by DEFRA use the distance groupings of Domestic, Short Haul, and Long Haul, but Domestic is not related to the distinction of domestic or international destinations as recorded in AKKA's internal system to retrieve such data. To avoid confusion, we have relabeled the groupings according to the following:

Segment Haul Distance	DEFRA Segment Haul Length	Distance (km)
Short Distance	Domestic	<= 463
Medium Distance	Short Haul	> 463 and <= 3700
Long Distance	Long Haul	> 3700

The following should be taken into account while reading the figures:

In 2019, Italian, Czech, Spanish, Belgian, British and Swiss entities did not report on scope 3.

In 2020, Italian, Czech, Spanish, Belgian, British, Swiss and Data Respons entities did not report on their rental cars' emissions.

Waste

Waste reporting is based on internal system of our locations Andromède (France), Sindelflingen and Böblingen (Germany) and in Czech Republic. At the time of this report, Germany was able to only provide its 2019 data.

This information has been established in accordance with the nature of AKKA's activities and the associated social, environmental and societal impacts. The following information required by law is less relevant to the services of AKKA, whose activities are performed primarily in offices and involve a highly skilled workforce:

- Elimination of forced or compulsory labor and the effective abolition of child labor;
- Provisions and guarantees for environmental risks;
- Measures to reduce waste or remedy discharges into the air, water and soil that have a serious adverse impact on the environment;
- Noise and other forms of pollution specific to an activity;
- Combatting food waste;
- Water consumption and supply in relation to local constraints;
- Land use;
- Adaptation to the consequences of climate change.

The following subject matters cannot be addressed for confidentiality reasons with regards to Clients' projects. The Group is nevertheless aware of the impact that its projects may have on the environment.

- Consumption of raw materials and measures taken to improve efficiency in their use;
- Measures taken for the health and safety of consumer.

INDEX GRI

Non-financial indicators as of 31 December 2020

GRI	Indicators used	SDG
	General information about the Company	
GRI 101	General reporting principles	
GRI 102	General information about the structure	
GRI 102 -1 to 102-13	Profile of the structure	
GRI 102-14	Strategy	
GRI 102-16	Ethics and integrity	
GRI 102-18	Governance	
GRI 102-40 to 102-44	Stakeholders	
GRI 102-45 to 102-56	Reporting practices	
	Governance	
GRI 102 - 18; 22; 32	Composition and role of governance structures	
	Remuneration	
GRI 102 - 35; 36	Remuneration policy	
	People & Talents	
GRI 401 - 1	Total employees	
GRI 401 - 1	Total employees by type of job	
GRI 401 - 1	Total employees by type of contract	
GRI 405-1b	Total employees by age group	10
GRI 405-1b	Total employees by gender	5
GRI 404	Employee training: policy and hours of training	8, 3
GRI 406-1	Anti-discrimination and diversity policy	5
GRI 405-1b	Recruitment and integration of disabled persons	8, 10
GRI 404-3	Performance reviews and internal mobility	8, 10
GRI 407-1	Compliance with collective bargaining agreements	8
	Health & Safety at Work	
GRI 403	Workplace accidents	8
	Absenteeism	8
GRI 403-6	Quality and well-being at work	8

Global Compact	Referencing
	2020 Annual report - chapter 5. Non-financial Statement
	2020 annual report - Chapter 1. Presentation of the Group
	2020 annual report - Chapter 1. Presentation of the Group
	2020 annual report - Chapter 1. Presentation of the Group
	2020 Annual report - Chapter 4. Corporate governance statement
	2020 Annual report - Chapter 4. Corporate governance statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - Chapter 4. Corporate governance statement
	2020 Annual report - Chapter 4. Corporate governance statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
4- Combatting discrimination	2020 Annual report - chapter 5. Non-financial Statement
4- Combatting discrimination	2020 Annual report - chapter 5. Non-financial Statement
3. Freedom of association	AKKA Code of Conduct
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement

GRI	Indicators used	SDG
	Climate, Energy and Environment	
	Innovation in clean mobility	9 11 13
	Eco-design and recycling solutions	13
GRI 302 -1	Energy consumption	13
GRI 305 - 1	Greenhouse gases (scope 1)	13
GRI 305 - 2	Greenhouse gases (scope 2)	13
GRI 305 - 3	Greenhouse gases (scope 3)	13
GRI 306	Waste; management of water and food waste	
	Prevention and remedying of emissions into the air, water and soil	
GRI 304	Protection of biodiversity	
	Business Ethics, Data protection and certifications	
GRI 205	Anti-corruption - managerial approach and targets for 2020	
GRI 414	Supply chain management and supplier monitoring (social and environmental)	
GRI 408 GRI 409 409-1b GRI 412	Compliance with human rights, prevention of forced labour and child labor	
	Declaration of commitment to promote the 10 principles of the Global Compact	
GRI 418	Confidentiality of customer data	
	Certification and protection of sensitive data and cybersecurity	

Global Compact	Referencing
9- Encouraging green technologies	See 2019 annual report - section on R&D and chapter on CSR
9- Encouraging green technologies	2020 Annual report - chapter 5. Non-financial Statement
8- Environmental responsibility	2020 Annual report - chapter 5. Non-financial Statement
8- Environmental responsibility	2020 Annual report - chapter 5. Non-financial Statement
8- Environmental responsibility	"2020 Annual report - chapter 5. Non-financial Statement For internal referencing reasons, scopes 1 and 2 are undifferentiated for France and Germany"
8- Environmental responsibility	2020 Annual report - chapter 5. Non-financial Statement
8- Environmental responsibility	Given its business model, AKKA does not consider this point strategic.
8- Environmental responsibility	Given its economic activities and business model, the AKKA Group does not consider this point strategic.
8- Environmental responsibility	Given its economic activities and business model, the AKKA Group does not consider this point strategic.
10- Combatting corruption	2020 Annual report - chapter 5. Non-financial Statement
	2020 Annual report - chapter 5. Non-financial Statement
1- Compliance with international human rights laws 2- Monitoring of human rights violations	The AKKA Group is committed to combatting all forms of human exploitation. However, because of the nature of its economic activities and its business model, AKKA does not consider the risk of human rights violations strategic within the Group. See also our Group Code of Conduct on our website.
	2020 annual report and AKKA Group Code of Conduct. The AKKA Group's 2019 Global Compact Report is the CSR Report (www.unglobalcompact.org)
	"We didn't notice any complain related to a breach or data of our customers compromised in 2020"
	2020 Annual report - chapter 5. Non-financial Statement

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Note No.	Dec. 31, 2020	Dec. 31, 2019
Revenue	3.1	1,503,454	1,801,486
Purchased services and goods	3.2	(365,412)	(388,924)
Taxes and duties		(10,922)	(12,714)
Personnel expenses	3.3	(1,133,951)	(1,222,589)
Net depreciation and provisions	3.4	(172,761)	(57,177)
Other current expenses	3.5	(10,656)	(10,025)
Other current income	3.5	19,184	12,504
Income from equity affiliates	4.5	1,564	2,487
Free shares and stock options	4.12	(975)	(3,824)
Operating profit		**(170,474)**	**121,223**
Income from cash and cash equivalents	3.6	1 345	528
Cost of gross financial debt	3.6	(20,415)	(16,692)
Cost of net financial DEBT		**(19,070)**	**(16,164)**
Other financial income and expenses	3.6	(8 ,335)	(1,343)
Profit before tax		**(197,878)**	**103,716**
Income tax expense	3.7	29,972	(30,447)
Consolidated net income		**(167,907)**	**73,270**
Non-controlling interests		(854)	(229)
Group share of net profit		**(168,761)**	**73,041**
Earnings per share		-8.26 €	3.38 €
Diluted earnings per share		-8.26 €	3,36 €
Weighted average number of ordinary shares outstanding		21,160,146	21,448,362
Weighted average number of ordinary shares plus potential dilutive shares		23,873,294	21,764,895

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Consolidated net income	**(167,907)**	**73,270**
Actuarial gains and losses on pension obligations	(335)	(1,087)
Tax effect of items not to be recycled to income in subsequent periods	(126)	332
Items not to be recycled to income in subsequent periods	(461)	(755)
Gains and losses on hedging instruments	122	533
Change in translation adjustments	(8,759)	1,514
Tax effect of items to be recycled to income in subsequent periods	(31)	(149)
Items to be recycled to income in subsequent periods	(8,667)	1,897
Items to be recycled to income and those not to be recycled	(9,129)	1 142
Consolidated comprehensive income	**(177,035)**	**74,412**
Non-controlling interests	946	229
Group share	(177,981)	74,183

CONSOLIDATED BALANCE SHEET

ASSETS (in thousands of euros)	Note No.	Dec. 31, 2020	Dec. 31, 2019
Goodwill	4.1	691,390	367 689
Intangible assets	4.3	112 471	24,729
Tangible assets	4.3	75,669	91,946
Rights of use - IFRS 16	4.4	141,807	149,704
Non-current financial assets	4.6	49,868	44,880
Securities of affiliated companies and joint ventures	4.5	48,190	47,901
Other non-current assets	4.7	30,078	27,246
Deferred tax assets	3.7.3	80,034	32,811
Non-current assets		**1,229,507**	**786,907**
Inventories and work in progress		9,515	9,502
Trade receivables and contract assets	4.8	191,985	224,806
Other receivables	4.9	76,173	114,852
Cash and cash equivalents	5.1	467,970	469,231
Current assets		**745,643**	**818,391**
Total assets		**1,975,152**	**1,605,299**

LIABILIITIES (in thousands of euros)	**Note No.**	**Dec. 31, 2020**	**Dec. 31, 2019**
Share capital	4.11	47,751	31,047
Share premiums	4.11	183,724	656
Consolidation reserves	4.11	251,437	199,941
ODIRNANE bonds [(1)]	4.11 and 2.13	176,037	172,911
Group share of net profit		(168,761)	73,041
Group share of equity		**490,188**	**477,597**
Non-controlling interests		2,430	641
Shareholders' equity		**492,618**	**478,237**
Non-current provisions	4.12	36,906	28,972
Non-current financial liabilities	4.13	635,523	467,712
Non-current IFRS 16 lease liabilities	4.13	114,671	123,415
Non-current earn-out liabilities	4.17	10,839	-
Non-current tax and social security liabilities	4.14	67,049	-
Deferred tax liabilities	3.6.3	31,553	12,935
Non-current liabilities		**896,542**	**633,035**
Current provisions	4.12	65,085	2,519
Current financial liabilities	4.13	10,102	74,769
Current IFRS 16 lease liabilities	4.13	33,623	29,721
Trade payables		125,373	114,560
Income taxes payable		6,529	11,145
Tax and social security liabilities excluding income tax	4.14	279,145	217,507
Current earn-out liabilities	4.17	11,588	2,314
Other liabilities	4.15	54,546	41,491
Current liabilities		**585,992**	**494,026**
Total liabilities		**1,975,152**	**1,605,299**

[(1)] *ODIRNANE bonds net of issuance costs*

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Note No.	Dec. 31, 2020	Dec. 31, 2019
Consolidated net income		(167,907)	73,270
Add-backs (+) or deductions (-) for depreciation and impairment (excluding working capital)		143,413	42,234
Deduction of income from equity affiliates	4.5	(1,564)	(2,487)
Dividends received by equity affiliates	4.5	1,275	816
Add-backs (+) or deductions (-) for tax		(29,892)	29,208
Add-backs (+) or deductions (-) calculated under IFRS [1]		669	2,517
Add-backs (+) or deductions (-) for net disposals		(4,960)	1,159
Add-backs (+) or deductions (-) for net financial debt	3.5	19,100	16,164
Cash flow before net interest borrowing costs and tax		**(39,866)**	**162,881**
Income Tax paid		(14,876)	(20,968)
Change in net working capital	5.2	224,380	19,131
Net cash flow from operating activities		**169,639**	**161,044**
Acquisitions of fixed assets	4.1 and 4.3	(29,103)	(32,230)
Disposals of fixed assets		1,224	1,905
Change in financial assets		(6,365)	(5,332)
Effect of changes in the scope of consolidation	5.3	(369,847)	(20,577)
Net cash flow from investment activities		**(404,090)**	**(56,235)**
Dividends paid to shareholders of the parent company	5.4	-	(14,026)
Issue of ODIRNANE equity instruments (2)	2.13	-	172,458
Capital increases in cash		196,668	-
Purchase of treasury shares		(2,357)	(15,330)
Proceeds from new borrowings	4.13	97,383	57,606
Repayment of borrowings	4.13	(1,166)	(66,072)
Repayment of IFRS 16 lease liabilities	4.13	(34,826)	(28,615)
Net interest received		1,345	528
Net interest paid		(22,747)	(16,634)
Net cash flow from financing activities		**234,300**	**89,914**
Effect of changes in foreign currency exchange rates		(1,110)	2,722
Change in cash and cash equivalents		**(1,262)**	**197,446**
Cash and cash equivalents at beginning of the year	5.1	469,231	271,785
Cash and cash equivalent at year end	5.1	467,970	469,231
Change in cash and cash equivalents		**(1,261)**	**197,446**

[1] Expenses calculated on the basis of IFRS consist of the valuation of stock options and free shares (IFRS 2) and the effect of the integration of borrowing costs into the EIR.
[2] ODIRNANE bonds net of issue costs

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of euros)	Number of shares			Share capital	Share premiums	Consolidated reserves	ODIRNANE bonds	Income for the period	Translation adjustments	Group share of equity	Non-controlling interests	Consolidated shareholders' equity
	Issued	Treasury shares	Outstanding									
Shareholders' equity as at January 1, 2019	**20,291,990**	**650,960**	**19,641,031**									
Income for the period	-	-	-	-	-	-	-	73,041	-	73,041	229	73,270
Other comprehensive income [1]	-	-	-	-	-	(372)	-	-	1,514	1,142	-	1,142
Consolidated comprehensive income	**-**	**-**	**-**	**-**	**-**	**(372)**	**-**	**73,041**	**1,514**	**74,183**	**229**	**74,412**
Change in the share capital of the parent company	-	-	-	-	-	-	-	-	-	-	-	-
Buy-back of own shares	-	255,555	(255,555)	-	-	(15,278)	-	-	-	(15,278)	-	(15,278)
Change in the scope of consolidation	-	-	-	-	-	(352)	-	-	-	(352)	352	(0)
Allocation of earnings	-	-	-	-	-	50,145	-	(50,145)	-	0	-	0
Dividends [2]	-	-	-	-	-	(14,026)	-	-	-	(14,026)	-	(14,026)
Effect of free shares and stock options	-	(424,049)	424,049	-	-	2,032	-	-	-	2,032	-	2,032
Issuance of ODIRNANE bonds [3]	-	-	-	-	-	-	172,458	-	-	172,458	-	172,458
Interest on ODIRNANE bonds	-	-	-	-	-	(453)	453	-	-	-	-	-
Other changes	-	(38,942)	38,942	-	-	212	-	-	-	212	(245)	(33)
Shareholders' equity as at December 31, 2019	**20,291,990**	**443,524**	**19,848,466**	**31,047**	**656**	**200,182**	**172,911**	**73,041**	**(241)**	**477,597**	**641**	**478,237**
Shareholders' equity as at January 1, 2020	**20,291,990**	**443,524**	**19,848,466**	**31,047**	**656**	**200,182**	**172,911**	**73,041**	**(241)**	**477,597**	**641**	**478,237**
Income for the period	-	-	-	-	-	-	-	(168,761)	-	(168,761)	854	(167,907)
Other comprehensive income [1]	-	-	-	-	-	(370)	-	-	(8,850)	(9,220)	92	(9,129)
Consolidated comprehensive income	**-**	**-**	**-**	**-**	**-**	**(370)**	**-**	**(168,761)**	**(8,850)**	**(177,981)**	**946**	**(177,035)**
Change in the share capital of the parent company [4]	8,888,889		8,888,889	13,600	183,068	-	-	-	-	196,668	-	196,668
Increase in capital through the incorporation of reserves (1 for 10)	2,029,199	59,460	1,969,739	3,104	-	(3,104)	-	-	-	-	-	-
Buy-back of own shares	-	143,190	(143,190)	-	-	(2,374)	-	-	-	(2,374)	-	(2,374)
Change in the scope of consolidation	-	-	-	-	-	(1,495)	-	-	-	(1,495)	1,462	(33)
Effect of revaluations	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of earnings	-	-	-	-	-	73,041	0	(73,041)	-	0	-	0
Dividends [2]	-	-	-	-	-	-	-	-	-	-	(693)	(693)
Effect of free shares and stock options	-	-	-	-	-	924	-	-	-	924	-	924
Interest on ODIRNANE bonds	-	-	-	-	-	(6,125)	2,618	-	-	(3,507)	-	(3,507)
Amortization of ODIRNANE issuance costs	-	-	-	-	-	-	508	-	-	508	-	508
Other changes	-	(3,489)	3,489	-	-	(151)	-	-	-	(151)	74	(77)
Shareholders' equity as at December 31, 2020	**31,210,078**	**642,685**	**30,567,393**	**47,751**	**183,724**	**260,528**	**176,037**	**(168,761)**	**(9,091)**	**490,187**	**2,430**	**492,618**

[1] As at December 31, 2020, the amount of actuarial losses was €4,062 thousand, and the amount of hedging reserve losses was €46 thousand.
[2] The amount of dividends in respect of 2019 payable in 2020 is disclosed in Note 5.4.
[3] ODIRNANE: the Group issued a bond with a par value of €175 million. In compliance with IFRS 9, the issue amount offset by the issue costs has been recorded as equity, these issue costs being amortized over the lifetime of the instrument.
[4] Capital increase of €200 million: in compliance with IFRS standards, the associated costs of €3,332 thousand have been deducted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes set out additional information concerning the consolidated balance sheet, the total of which is €1,975.2 million, and the consolidated income statement, which reflects a negative net consolidated Group share of €168.8 million and a negative comprehensive income Group share of €178.0 million.

Such information is only included when its importance is material to the results.

Unless otherwise indicated, all amounts are expressed in thousands of euro.

The Financial Statements were approved by the Board of Directors of the AKKA Technologies Group (AKKA) at its meeting on March 16, 2021.

BUSINESS ACTIVITIES:

AKKA is the European leader in engineering consulting and R&D services to the mobility sector. AKKA supports manufacturers in the automotive, aeronautical, rail and life sciences sectors throughout the lifecycle of their products. AKKA brings its expertise in leading-edge digital technologies (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.) to clients wishing to accelerate innovation.

Established in 1984, the Group is distinguished by its strong entrepreneurial culture and is continuing to accelerate its growth and international development in line with its CLEAR 2022 strategic plan. The Group's 21,000 employees bring their passion and knowledge to the industries of tomorrow, enabling the Group to record a revenue of €1.5 billion in 2020.

The result of the friendly takeover bid for Data Respons launched in January 2020 is that AKKA now holds 100% of the capital of Data Respons; the success of this operation now gives the Group the broadest and deepest portfolio of digital offerings of their type in Europe with which to address the booming mobility market.

The company's registered office is 235 Avenue Louise, 1050 Brussels, Belgium.

AKKA Technologies is listed on Euronext Paris and Brussels - Segment A - ISIN code: FR0004180537

SIGNIFICANT EVENTS AND MATERIAL TRANSACTIONS OCCURRING DURING THE 2020 FINANCIAL YEAR:

The impact of the COVID-19 crisis: the negative impact of the drop in demand due to the COVID-19 crisis was felt from March and continued throughout the rest of 2020. At Group level, its maximum level was reached in May 2020. The Group's revenue was substantially affected, due particularly to the weakness of the automotive and aeronautic sectors. The Group's performance was significantly deteriorated as a result, and the pick-up in demand in the Group's main activity sectors has not been of sufficient scale, leading the Group to initiate a restructuring program in France and in Germany. A provision of almost €80 million for this program was recorded at the end of the financial year.

The crisis also gave rise to additional business costs that included IT expenditure linked to the implementation of teleworking, residual costs of partial unemployement, costs relating to health measures implemented to ensure the safety of the Group's staff and clients, and provisions for accounts receivable. As a result, the Group recorded an operating loss of €170 million for the period.

The crisis also led the Group to implement actions to ensure its financial sustainability and particularly to benefit from support measures offered by the public authorities of the countries in which the Group operates. In this context, nearly €147 million in taxes and social security contributions was deferred as at the end of the financial year, payment of most of which has been spread over periods of up to three years.

Given the uncertainty connected with the economic crisis, the Group negotiated a covenant holiday on December 31, 2020 with all its banks in terms of the leverage ratio calculation, and with a large majority of its SSD investors, accounting for nearly 80% of the amount of the debt. However, the leverage ratio calculated as at December 31, 2020 as part of the SSD and the RCF is lower than the maximum allowed in these same financing contracts.

Furthermore, in anticipation of cash outflows in the 2021 financial year resulting from the restructuring and transformation of the Group, the Group negotiated a covenant reset for the leverage ratio calculation as at June 30, 2021 as part of its RCF contract, bringing the maximum of this ratio to 6 instead of 4.5.

Capital increase by incorporation of reserves: at its meeting on May 5, 2020, the Board of Directors decided to increase the capital of AKKA Technologies SE by granting one free share for every 10 shares held, effective May 18, 2020.

Success of the friendly takeover bid for Data Respons: AKKA has held 100% of the shares since May 11, 2020, the acquisition of which was concluded at a unit price of NOK 48, and Data Respons was withdrawn from the Oslo Stock Exchange on May 19, 2020.

Data Respons was acquired as part of AKKA's ambition to strengthen its digital activities. The innovation stimulated by digital technology, mobility, electrification and advanced driver assistance systems (ADAS) will continue to grow the demand for support services in digital technology, and the acceleration in the deployment of the Group's digital strategy will enable it to emerge as a leading player in this technology.

The success of this operation will thus enable the Group to have the broadest and deepest portfolio of digital offerings in Europe with which to address the booming mobility market. The AKKA legacy and Data Respons teams will work together to establish strong commercial and operational synergies as quickly as possible.

Capital increase CNP / Ricci Family: on December 30, 2020, AKKA increased its capital by the gross amount of €200 million, subscribed to as follows: €150 million by Swilux SA, an investment company fully owned and controlled by the Compagnie Nationale à Portefeuille (CNP), and €50 million by the Ricci Family Group, at a subscription price of €22.50 per share (including the share premium).

Upon finalization of this operation, CNP held 6,666,667 shares (21.4% of the capital) and the same number of voting rights (17.0% of the voting rights). The Ricci Family Group held 12,139,490 shares (38.9% of the capital) and 20,066,977 voting rights (51.3% of the voting rights).

This operation enabled the Group to strengthen its financial structure in order to be more agile as it emerges from the current crisis and at the same time accelerates the transformation of the company.

1. CONSOLIDATION SCOPE AND METHODS

1.1. Référentiel

The consolidated financial statements of the AKKA Technologies Group are prepared in accordance with IFRS standards and interpretations issued by the International Accounting Standards Board (IAS) and adopted by the European Union as at the reporting date. These standards are available on the European Commission website at the following address: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

1.2. New IFRS standards and interpretations

The amendments to standards applicable from January 1, 2020 have not had a material impact on the financial statements of the Group:

- Amendment to IFRS 3: Definition of a Business;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendment to IFRS 16: Covid-19-Related Rent Concessions;
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.

Although the standards, interpretations and amendments adopted by the European Union before December 31, 2020 could have been applied in advance, the Group chose not to do so. The relevant standards are the following:

- IFRS 17: Insurance Contracts;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendment to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Amendment to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract;
- Amendment to IFRS 4: Application of IFRS 9 and IFRS 4;
- Annual improvements to IFRS standards applying to the 2018-2020 cycle;
- Interest Rate Benchmark Reform: Phase 2
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

1.3. Management estimates

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions that have an impact on the financial statements. These estimates and assumptions are based on information available when the financial statements are prepared. Estimates may be revised in the event of a change in the circumstances on which they were based. The actual results may therefore differ from the initial estimates.

The consolidated financial statements for the year took account of the prevailing macroeconomic environment - particularly the COVID-19 situation - and were prepared on the basis of the financial market parameters available as at the reporting date, in particular for the estimates below.

The use of estimates affects the following information in particular:

- the assumptions used for asset depreciation and amortization tests (Notes 2.9 and 4.2),
- the calculation of deferred tax assets (Notes 2.4 and 3.7.3),
- the assessment of completion stage for customer contracts (Notes 2.1 and 3.1),
- the estimate of projects eligible for research tax credits (Notes 2.19 and 3.3),
- the evaluation of restructuring provisions (Note 2.17 and 4.12).

1.4. Consolidation methods

The companies over which the Group directly or indirectly exercises exclusive control are consolidated using the full consolidation method.

Exclusive control is assessed in accordance with the criteria set out in IFRS 10 (power over the relevant activities, exposure to variable returns and ability to use its power to influence returns). This majority control is presumed to exist in companies in which the Group directly or indirectly holds at least 50% of voting rights. Immediately exercisable potential voting rights, including those held by another entity, are taken into account when assessing control.

The analysis of joint arrangements pursuant to the criteria set out in IFRS 11 resulted only in the identification of joint ventures (co-companies), not joint activities. Joint ventures are consolidated using the equity method. Goodwill in companies consolidated using the equity method is tested only if an indication of impairment is identified; this was not the case as at December 31, 2020.

As at December 31, 2020, and similarly in the previous year, only one company was consolidated using the equity method (Notes 1.6 and 4.5).

1.5. Date of the financial statements

All financial statements of the companies included in the scope of consolidation are reported as at December 31, 2020.

1.6. Scope of consolidation

Companies	% control	% interest	Consolidation method [1]	Country of incorporation
AKKA TECHNOLOGIES SE	-	-	CE	Belgium
AEROCONSEIL SASU	100%	100%	FC	France
DATARESPONS SAS	100%	100%	FC	France
GLOBAL SUPPORT SUPPLIER SAS	72%	72%	FC	France
AKKA I&S SASU	100%	100%	FC	France
AKKA INGENIERIE PRODUIT SAS	100%	100%	FC	France
AKKA MANAGER SARL	100%	100%	FC	France
AKKA SERVICES SASU	100%	100%	FC	France
EKIS FRANCE SASU	100%	100%	FC	France
EKIS SASU	100%	100%	FC	France
ERDIMAT SAS	100%	100%	FC	France
AKKA HIGH TECH SAS	100%	100%	FC	France
MODELISATION ASSISTANCE TECHNIQUE INFORMATIQUE SCIENTIFIQUE (MATIS) SAS	100%	100%	FC	France
AKKA DCE GmbH (Ex-AKKA Edwy GmbH)	100%	100%	FC	Germany
AKKA DEUTSCHLAND GmbH	100%	100%	FC	Germany
AKKA EMV GmbH	100%	100%	FC	Germany
AKKA GERMANY GmbH	100%	100%	FC	Germany
AKKA SERVICES GmbH	100%	100%	FC	Germany
ATP AUTOMOTIVE TESTING PAPENBURG GmbH	100%	100%	FC	Germany
ELEKTRONISCHE FAHRWERKSYSTEME GmbH	51%	51%	EM	Germany
AKKA MANAGEMENT SERVICES GmbH	100%	100%	FC	Germany
AKKA DNO GmbH	100%	100%	FC	Germany
AKKA DSO GmbH	100%	100%	FC	Germany
AKKA DSW GmbH	100%	100%	FC	Germany
AKKA Consulting GmbH	100%	100%	FC	Germany
AKKA EMC GmbH	100%	100%	FC	Germany
AKKA GmbH & Co. KGaA	100%	100%	FC	Germany
AKKA Verwaltungs GmbH	100%	100%	FC	Germany
AKKA CONCEPT GmbH (ex-PROCEDA GmbH)	100%	100%	FC	Germany

[1] *CE = Consolidating Entity; FC = Full Consolidation; EM = Equity Method; PC = Parent company*

Companies	% control	% interest	Consolidation method [1]	Country of incorporation
AKKA Austria GmbH	100%	100%	FC	Austria
AKKA BELGIUM SA	100%	100%	FC	Belgium
AKKA FINANCE SPRL	100%	100%	FC	Belgium
AKKA INTERNATIONAL SA	100%	100%	FC	Belgium
AKKA GROUPE AMERIQUE DU NORD INC	100%	100%	FC	Canada
AKKA TECHNOLOGIES BEIJING Ltd.	100%	100%	FC	China
ERLKONIG MANAGEMENT CONSULTING BEIJING Ltd.	100%	100%	FC	China
MB SIM TECHNOLOGY Co. Ltd.	100%	100%	FC	China
AKKA CONGO SA	70%	70%	FC	Congo
AKKA MIDDLE EAST DMCC	100%	100%	FC	UAE
AKKA TECHNOLOGIES SPAIN SL	100%	100%	FC	Spain
AKKA DEVELOPMENT UK LTD	100%	100%	FC	Great Britain
AKKA HUNGARY Kft (ex-MBTECH Hungary)	100%	100%	FC	Hungary
BERTONE DIGITAL MOBILITY SRL	100%	100%	FC	Italy
AKKA ITALIA SRL	100%	100%	FC	Italy
CTP SYSTEM SRL	100%	100%	FC	Italy
AKKA JAPAN K.K	100%	100%	FC	Japan
AKKA DEVELOPMENT SARL	100%	100%	FC	Luxembourg
AKKA DOCUMENTAIRE MAROC SARL	100%	100%	FC	Morocco
AKKA GESTION MAROC SARL	100%	100%	FC	Morocco
AKKA IS MAROC SARLAU	100%	100%	FC	Morocco
AKKA TRANSAFRICA SARL	100%	100%	FC	Morocco
AKKA NETHERLANDS BV	100%	100%	FC	Netherlands
AKKA MIDDLE EAST LLC	100%	100%	FC	Qatar
AKKA Czech Republic s.r.o	100%	100%	FC	Czech Republic
AKKA ROMSERV SRL	100%	100%	FC	Romania
AKKA TECHNOLOGIES SINGAPORE LTD	100%	100%	FC	Singapore
AKKA GEC SINGAPORE LTD	100%	100%	FC	Singapore
AKKA SLOVAKIA S.r.o.	100%	100%	FC	Slovakia
AKKA SWITZERLAND SA	100%	100%	FC	Switzerland
THE AKKADEMY SWITZERLAND SA	100%	100%	FC	Switzerland
AKKA TECHNOLOGIES MUHENDISLIK VE DANISMANLIK Limited Sirketi LLC	100%	100%	FC	Turkey
MBTECH MUHENDISLIK VE DANISMANLIK Limited Sirketi LLC	100%	100%	FC	Turkey
AKKA DEV US INC	100%	100%	FC	USA
AKKA GROUP NORTH AMERICA Inc.	100%	100%	FC	USA
AKKA Group USA Inc.	100%	100%	FC	USA
AKKA USA LLC.	100%	100%	FC	USA
PDS TECH Inc.	100%	100%	FC	USA

Companies	% control	% interest	Consolidation method [1]	Country of incorporation
Data Respons AS	100%	100%	FC	Norway
Data Respons Asia AS	100%	100%	FC	Norway
Data Respons R&D Services AS	100%	100%	FC	Norway
Data Respons Solutions AS	100%	100%	FC	Norway
Data Respons Solutions AB	100%	100%	FC	Sweden
inContext AB	100%	100%	FC	Sweden
iWise AB	75%	62%	FC	Sweden
Sylog Sverige AB	83%	83%	FC	Sweden
Sylog Epic AB	80%	66%	FC	Sweden
Sylog Jasper AB	100%	83%	FC	Sweden
Sylog Öst AB	85%	71%	FC	Sweden
Sylog Systems AB	80%	66%	FC	Sweden
Sylog Väst AB	100%	83%	FC	Sweden
YABS AB	100%	83%	FC	Sweden
Data Respons Solutions AS	100%	100%	FC	Denmark
Tech People AS	100%	100%	FC	Denmark
DATA Respons Gmbh	100%	100%	FC	Germany
Data Respons Solutions GmbH	100%	100%	FC	Germany
Donat Group GmbH	100%	100%	FC	Germany
EPOS CAT GmbH	100%	100%	FC	Germany
IT Sonix Custom Development GmbH	100%	100%	FC	Germany
Microdoc Computersysteme GmbH	100%	100%	FC	Germany
XPURE GmbH	100%	100%	FC	Germany
Donat IT GmbH	100%	100%	FC	Germany
Microdoc Software GmbH	100%	100%	FC	Germany
Data Respons Asia Taiwan Branch	100%	100%	FC	Taiwan

[1] *SC = société consolidante; IG = intégration globale; ME = Mise en Equivalence*

1.7. Comparability of financial statements

1.7.1. Consolidated for the first time in 2020

As indicated in the introductory paragraph, AKKA Technologies acquired the Norwegian group Data Respons during the 2020 financial year.

As Data Respons was listed on the Oslo Stock Exchange, the Group launched the friendly takeover bid on January 13, 2020 at the cash price of NOK 48.

At the end of the first phase of the takeover on February 10, 2020, the Group held 64% of the shares in Data Respons. At the end of the extension of the takeover and the completion of the implementation of the mandatory squeeze-out process, the Group held 100% of the shares in Data Respons and its shares had been withdrawn from the Oslo Stock Exchange.

The Data Respons Group was incorporated into the f consolidation scope as from March 1, 2020 (refer to the composition detailed in the previous table).

In accordance with IFRS 3 (revised), the AKKA Technologies Group determined the acquisition price and proceeded with its allocation within one year of the acquisition. Having taken currency hedging into account, the acquisition price was measured at €369.8 million. Given the context of the acquisition (friendly takeover), no variable consideration is planned to be paid.

The final opening balance sheet is detailed below:

DATA RESPONS Balance Sheet (in thousands of euros)	**1 Mars 2020**
Customer relationship and order backlog	88,490
Intangible assets	29
Tangible assets	1,318
Rights of use - IFRS 16	9,074
Deferred tax - asset	1,100
Non-current assets	**100,011**
Inventories and work in progress	3,607
Trade receivables and related accounts	43,131
Other receivables	3,304
Cash and cash equivalents	13,283
Current assets	**63,326**
Non-current financial liabilities	11,426
Non-current IFRS 16 lease liabilities	5,765
Non-current earn-out liabilities	30,616
Deferred taxes - liability	18,972
Non-current liabilities	**66,780**
Current financial liabilities	131
Current IFRS 16 lease liabilities	3,315
Trade payables	28,379
State - income taxes	1,132
Tax and social security liabilities excluding income tax - current	12,752
Current earn-out liabilities	10,264
Other liabilities	493
Current liabilities	**56,465**
Net assets	**40,092**
Acquisition price	**369,821**
Net assets	**(40,092)**
Goodwill	**329,729**

Allocating the price paid led to the identification of material intangible assets, primarily "Customer relationhips" and "Customer order backlog", estimated at €86.2 million and €2.3 million, respectively. These intangible assets are to be amortized over 10 years and one year, respectively. A corresponding deferred tax liability of €19.0 million was recorded. No contingent liabilities were recognized in respect of this group of companies.

Minority shareholdings in the Swedish activities of Data Respons (Sylog sub-group) were measured in proportion to the net identifiable assets of this scope, i.e. €1.6 million.

As a result, goodwill established at €329.7 million. The analysis of the transaction led to the identification of significant synergies with the German Business Unit and the allocation of €28.1 million of goodwill to the corresponding cash generating unit.

Moreover, the main impact of Data Respons on the operating performance of the Group in 2020 is indicated in paragraph 3.1.

The acquisition costs recorded in External charges amount to €5.4 million.

1.7.2. Main entries into the scope for the 2019 financial year

There was no material variation in scope in the 2019 financial year.

1.7.3. Acquisition price of the companies consolidated for the first time in 2019 and 2020

The acquisition prices disbursed in 2020 amounted to €383.3 million compared with €19.8 million in 2019; €22.4 million remains to be disbursed post-2020. Details of goodwill are given in Note 4.1

1.7.4. Changes in percentage interests

There was no change in percentage interests held in material companies during the 2020 financial year.

1.7.5. Exit from the scope of consolidation

There were no material exits from the scope of consolidation in the 2020 financial year.

1.7.6. Other events affecting the scope of consolidation

The rationalization of the number of legal entities continued in 2020, with mergers in France, Italy, Spain and Switzerland. These operations had no impact on the consolidated data.

Shares in non-consolidated companies are recognized in Non-current financial assets; their contribution to the consolidated financial statements is assessed as immaterial.

1.7.7. Proforma information

As the impact of the acquisition of Data Respons on the main aggregates of financial statements does not exceed 25%, no proforma information is provided for the periods presented.

1.7.8. Changes in the presentation of the consolidated balance sheet

In order to increase transparency in presentation of liabilities, the Group has elected to present debts resulting from the acquisition of companies separately in the consolidated balance sheet. In prior years these liabilities were presented in the Other liabilities line line item, whereas they are now presented on two distinct lines: Non-current earn-out liabilities and Current earn-out liabilities.

The amount of €2,314 thousand as at December 31, 2019 was reclassified from the Other liabilities line to the Current earn-out liabilities.

Furthermore, the Covid-19 crisis has led the Group to defer or to spread a repayment of certain number of its tax or social security contributions. Based on agreements reached with the administrations, some of these liabilities now being payable in 2022 and later, the Group has created a line Non-current tax and social security liabilities to record these amounts.

1.8. Translation of the financial statements of subsidiaries

The functional currency of the Group is the euro.

The financial statements of subsidiaries have been translated into euro using the closing rate for balance sheet items other than equity, the average rate for the year for the income statement items and the historical rates for components of equity other than retained earnings.

Differences arising from the translation of the financial statements of subsidiaries are recorded in a separate section of the consolidated statement of changes in equity under Translation adjustments. Movements during the year are presented on a separate lineof the Statement of comprehensive income.

1.9. Intra-Group transactions

Transactions between Group companies (purchases, sales, dividends, receivables, payables, provisions, results of internal transfers, etc.) are eliminated for fully consolidated companies.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. Method of recognition of revenue from contracts

Consolidated revenue is recognized in accordance with the provisions set forth in IFRS 15.

Revenue from most contracts is recorded as a unique performance obligation, transfer of control of which takes place as contracts progress.

The revenue and the margin for all types of contract (time-based, fixed-price or units of delivery) are recognized on the basis of the progress of each contract. Revenue for fixed-price contracts is recognized on the basis of the actual cost for work completed, taking into account an estimate of the remaining cost of work required to complete the contract.

Whenever the client requests services that have not been included in the initial purchase order for fixed-price contracts, the Group conducts an analysis of such transactions to identify contract modifications. If the Group is certain to receive payment prior to the client's formal agreement, unbilled work is recognized on the basis of the work completed, provided that the client acknowledges that the work has indeed been performed outside of the initial contractual framework. In such cases, revenue is recorded on a cost basis.

Fixed-price contracts account for a significant portion of revenue and margin. For such contracts, where the actuals costs plus the cost to complete exceed the total revenue from the contract, the excess amount is recognized as Provision for contract losses on the Liabilities side of the Balance sheet, within the Current provisions.

Should a third party be involved in supplying a particular good or service, the Group determines whether it obtains control of said good or service prior to transfer to the client. When control is obtained prior to transfer to the client, the Group records revenue corresponding to the gross amount it expects to collect from the customer. On the other hand, when control is not obtained, the Group considers that it acts as an agent in the transaction and only records the amount of revenue corresponding to its net remuneration.

For all types of contracts, where work completed exceeds the amount billed, the difference is recognized as Unbilled revenue on the Assets side of the balance sheet, with Trade receivables and contract assets. To the contrary, where the work billed exceeds the amount of work actually completed, the difference is recognized in Deferred revenue on the Liabilities side of the balance sheet, within Other liabilities.

Within the Group, contract assets correspond to unbilled revenue for which rights to receive consideration are contingent upon either customer acceptance or provision of additional services required to be done before invoicing.

In accordance with the requirements of IFRS 9, contract assets are analyzed to assess the potential risk of uncollectibility ("credit risk"). Contract liabilities primarily consist of advances received from customers (amounts received from customers prior to contract execution) and deferred revenue.

	Note	2020	2019
Unbilled revenue	4.8	87,186	119,851
Contract assets		**87,186**	**119,851**
Advances received from customers	4.16	13,431	9,948
Deferred revenue	4.16	26,895	23,734
Contract liabilities		**40,326**	**33,682**

2.2. Research and development expenses

Research costs are recognized as expenses.

Under IAS 38, development costs can only be recognized as assets if projects meet the following conditions:

- the project is precisely defined and the project costs can be assessed with reasonable accuracy,
- the technical feasibility of the project has been demonstrated,
- the Group intends to complete the project and to use or sell the resulting solutions,
- the financial and technical resources needed to complete the development and to use or sell the asset are available,
- it is probable that the future economic advantages will benefit the Group.

Funding received for the projects concerned is presented in the balance sheet as a deduction in the value of the related asset.

2.3. Share-based payments

IFRS 2 defines the methods for measuring and recognizing share-based payments. Stock option and free share plans are regarded as benefits granted by the Group to the beneficiaries. As such, the benefit is measured based on the fair value of the equity instruments at the grant date. Share-based payments give rise to the the expense recognition over the vesting period (the counterpart being an increase in shareholders' equity), and taking into account revenue assumptions.

On expiry of the vesting period, the value of cumulative benefits recognized is maintained in shareholders' equity for the portion actually vested, whether or not the options are actually exercised.

The fair value of stock option plans is measured using the Black & Scholes model; no stock options were granted during the financial year.

Free shares granted are subject to certain restrictions on their sale or transfer and are subject to the employment condition at the end of the vesting period. The fair value of the benefit granted takes into account various parameters such as revenue and the non-transferability of shares during the vesting period.

The corresponding expense within the line Free shares and stock options of the Income statement.

2.4. Tax expense

2.4.1. Income taxes

Current tax expense represents the amounts paid or payable to tax authorities for the financial year, based on the rules and rates applicable in the relevant countries.

Deferred tax is recognized for the differences between the carrying values of assets and liabilities and their tax basis in accordance with IAS 12, except for differences related to goodwill and investments in subsidiaries. They accordingly result primarily from the following:

- timing difference between the recognition and tax deductibility of certain expenses in local accounts,
- tax losses carried forward,
- adjustments made between financial statements prepared in accordance with local accounting principles and those prepared in accordance with IFRS standards.

In accordance with IAS 12, deferred taxes are calculated using tax rates that were in force or substantively in force as at the reporting date. Changes in deferred tax rates and tax bases are recognized in income when they affect an item recognized in income, in other comprehensive income or in reserves, depending on the accounting treatment of the item on which the tax is levied.

Deferred tax assets are recognized only when their future recovery is deemed probable. Deferred tax assets are reviewed at closing end and their recognition is limited if it is probable that they will not be either partially or totally recovered. Probability of recovery is based on a business plan established over a period of 10 years weighted by the realization probability of the taxable income in the future.

Deferred taxes are not discounted.

2.4.2. Corporate added-value contribution

The corporate added-value contribution (cotisation sur la valeur ajoutée des entreprises - CVAE), a French business tax based on the added value recorded in the local financial statements, has features meeting the definition of an income tax within the meaning of IAS 12.2 ("taxes based on taxable profits"). It is therefore recognized within Income tax expense in the income statement.

2.5. Earnings per share

In accordance with IAS 33, basic earnings per share are calculated by dividing the Group share of net profit by the weighted average number of shares outstanding reduced by treasury shares.

Diluted earnings per share are calculated by dividing the Group share of net profit, adjusted for the financial cost of dilutive instruments, by the weighted average number of shares outstanding after the conversion into ordinary shares of outstanding dilutive instruments convertible into AKKA Technologies shares.

2.6. Goodwill

The revised standard IFRS 3 on business combinations was applied prospectively to business combinations that took place on or after January 1, 2010.

The principles set out below are those defined by IFRS 3.

Upon taking control of a new company, the identifiable assets and liabilities of the acquired subsidiary are recognized in the consolidated balance sheet at their fair value upon that date. These assets and liabilities follow the rules for the balance sheet items to which they are allocated.

The residual difference between the purchase consideration and the share of interest in the net fair value of contingent assets and liabilities is included in Assets with Goodwill. Analysis of the allocation of the purchase consideration only becomes final upon expiration of the12 months preiod from the acquisition date.

The purchase consideration is the amount of cash or cash equivalents and contingent considerations measured at fair value, excluding the acquisition costs of securities. Acquisition related costs are recognized as expenses in the financial year.

The Group recognizes non-controlling interests in a takeover, either at fair value (full goodwill method) or on the basis of the share of the net assets of the acquired company (partial goodwill method).

A decision is taken for each acquisition.

The impact of buyouts of non-controlling interests after a takeover is recognized directly in consolidated reserves. The treatment is the same for disposals without loss of control.

In accordance with IFRS 3, changes in earn-out payments for acquisitions made on or after January 1, 2010 are recognized in income after the acquisition date. When the impact is material, contingent considerations (earn-out) are discounted. The impact of the unwinding of the discount is recognized immediately in income.

Negative goodwill (badwill) is recognized immediately in income.

Goodwill is allocated to a cash-generating unit (CGU) or group of CGUs on the basis of synergies expected by the Group. In practice, goodwill is allocated to geographical zones, as described in Note 4.1.

Goodwill is not amortized. It is subject to impairment tests as defined in Note 2.9, whenever there is an indication of impairment and at least once a year.

2.7. Intangible and tangible assets

The base method adopted for the recognition and measurement of fixed assets is the historical cost method. The Group has not opted to revalue fixed assets outside of business combinations.

Within tangible assets, land is the only asset with an indefinite life.

In accordance with IAS 16, buildings are valued using a component approach.

Buildings are broken down into four homogenous components based on estimates made and quotes received at the time:

- building shell,
- facade and sealing,
- general fittings and plant,
- fixtures.

Amortization is generally calculated on a straight-line basis over the useful life of the asset. Accelerated depreciation may however be used when it appears more appropriate to the conditions of use of the equipment in question.

The main useful lives of the various categories of intangible and tangible assets are:

	Method	Number of years
Software	Straight-line basis	1 to 3 years
Operating software (unit value less than €23 thousand)	Straight-line basis	2 years
Operating software (unit value greater than €23 thousand)	Straight-line basis	3 years
Client relationships	Straight-line basis	10 years
Building structure	Straight-line basis	50 years
Facades and sealing	Straight-line basis	30 years
General fittings and plant	Straight-line basis	4 to 20 years
Fixtures	Straight-line basis	10 years
Plant, equipment and industrial tooling	Straight-line basis	4 years
General facilities, fixtures and fittings	Straight-line basis	4 to 10 years
Transport equipment	Straight-line basis	4 years
Office equipment	Straight-line basis	4 years
Computer equipment	Straight-line basis	3 years
Furniture	Straight-line basis	7 years

2.8. Leases

The application of IFRS 16 Leases is mandatory for reporting periods beginning on or after January 1, 2019.

Lessees must account for leases not subject to exemptions set out bythe standard, as follows:

- depreciable rights of use within Assets,;
- lease liablity corresponding with the discounted value of future payments, within Liabilities,;
- in the income statement, right-of-use amortization expenses and financial interest calculated on the lease liability.

The lease period is defined contract by contract and corresponds to the firm commitment period, taking into account optional periods that are reasonably certain of being exercised.

Leases relating to assets of low value (less than USD 5,000) or short-term leases (less than 12 months) continue to be recognized directly within Purchased services and goods.

For the sake of simplicity, the discount rates applied are based on the incremental borrowing rate of the Group.

These discount rates have been determined by taking account of the residual lengths of contracts and the relevant geographic zones:

- Europe
  - <3 years: 1.00%
  - 3 to 6 years: 1.50%
  - 6 to 9 years: 2.00%
  - > 9 years: 2.60%
- North America
  - 0 to 6 years: 3.90%
  - > 6 years: 4.10%

The Group leases its offices in most of the locations in which it operates, and real estate leases represent the majority of the contracts within the scope of IFRS 16. Leases governed by this standard also include those for vehicles and certain imformation technology equipments.

2.9. Impairment of non-financial assets

On an annual basis (for goodwill and other intangible assets with indefinite lives) and whenever an indication of impairment is identified (for other non-financial assets), an impairment test is performed to ensure that the recoverable value of non-financial assets is at least equal to the carrying value. If necessary, an impairment loss is recognized to align the carrying value of these assets with their recoverable value.

In accordance with IAS 36, the recoverable value of an asset corresponds to the greater of its net fair value (fair value less disposal costs) and its value in use, which corresponds to the present discounted value of the estimated future flows of the relevant cash generating unit (CGU) or group of CGUs. Cash generating units are defined as the smallest identifiable groups of assets that generate independent cash flows (see Note 2.7).

Impairment tests are performed for each CGU or group of CGUs based on a five-year projection of net cash flows from operations (operating cash flows, cash flows related to working capital and investment) plus, if applicable, corresponding R&D subsidies. This projection is determined using the budget data of the CGU or group of CGUs, taking past experience and forecasts into account. Beyond this horizon, the Group calculates a terminal value of the CGU corresponding with the present discounted value of cash flows from operations discounted to infinity.

The discount rate is determined in accordance with IFRS, without taking the level of debt into account. The discount rate is after tax, and is applied to cash flows after tax. Its use leads to the determining of recoverable amounts identical to those obtained by applying pre-tax rates to pre-tax cash flows, as required by IAS 36. The discount rate is calculated using a risk-free rate, an equity-market risk premium and a sector beta. Depending on the location of the CGU or group of CGUs with goodwill, a country risk premium is also factored into the discount rate.

Projected cash flows do not include cash flows resulting from growth investments or cash flows from restructuring not yet begun.

Impairment losses recognized on a CGU or group of CGUs are allocated first to goodwill. Impairment losses recognized on the goodwill of fully consolidated companies cannot be reversed.

2.10. Inventories

Inventories primarily consist of spare parts. They are valued using the weighted average cost method.

An impairment is recognized to take account of any obsolescence or deterioration.

2.11. Trade receivables and contract assets

Trade and other receivables are current assets initially measured at fair value, which generally corresponds to their nominal value, unless the effect of discounting is material.

At each reporting date, receivables are measured at fair value, taking any impairment into account where necessary to reflect the potential risks of non-recovery.

An impairment loss is recognized when there are objective indications that the Group will not be able to collect all amounts due under the terms of the original transaction. In case of Bankruptcies, creditor protection processes, insolvency or disappearance of the debtor, significant payment arrears are considered indicators that a trade receivable is impaired.

The Group has used the practical expedient provided by IFRS 9 for measuring the expected losses using provisions matrix. As most of the Group’s customers are highly rated entities, provisions are calculated for all receivables more than three months overdue, except for justified exceptions.

2.12. Factoring and other financing mechanisms

Working capital is funded mainly by the sale of receivables (factoring, Dailly, etc.). Analysis of the derecognition of assigned receivables is made on the basis of the decision tree provided by IFRS 9.

The conditions enjoyed by the Group led to the cash obtained from such assignments being recorded under Cash and cash equivalents and holdbacks under Financial assets. The assigned receivables are derecognized from Assets in the balance sheet. Information on the value of receivables assigned and derecognized is disclosed in Note 4.8.

This method of recognition derives in particular from the following criteria:

- upon assignment, the rights to receive cash flows from the asset have not expired,
- the rights to receive cash flows from the asset are transferred to the assignee,
- the risks and rewards are substantially transferred to the assignee,
- the Group does not retain control of the receivable.

2.13. Cash and cash equivalents

This item includes bank current accounts (debit and credit positions), the amounts made available by the factor but not used, and cash equivalents.

Short-term investments (cash equivalents) are measured and recognized at fair value by reference to the most recent year-end price. Changes in fair value are recognized in income.

2.14. Perpetual subordinated unsecured bonds redeemable in cash and/or convertible into new shares and/or existing shares (ODIRNANE bonds) and financial liabilities

An ODIRNANE bond is a perpetual instrument without a maturity date, given that its holders do not have a redemption option. These instruments are repayable in the event of company's liquidation , in which case payment includes accrued coupons and any deferred coupons. Payment of the coupons is at AKKA's discretion and may be deferred until AKKA decides on a dividend distribution. If coupons are not paid, they remain due and take the form of arrears on which interest is paid at the rate applied for the purpose of calculating the bond coupons.

INTEREST

- Until January 1, 2025, the bonds will bear interest at a fixed rate of 3.5% per annum, payable semi-annually in arrears on July 1 and January 1 each year, commencing on July 1, 2020 and ending on January 1, 2025, subject to optional interest deferral (as defined below).
- From January 1, 2025, the bonds will bear interest at a rate equal to the six-month Eurobor rate plus a margin of 900 basis points, payable semi-annually in arrears on each interest payment date and for the first time on July 1, 2025, subject to optional interest deferral.
- In the event of a change in control, the interest rate will be increased by 500 basis points per annum as from the next interest payment date.
- On any Interest Payment Date, the issuer may decide, subject to certain conditions, to defer payment of interest in respect of the bonds for the relevant interest period, subject to having notified the bondholders at least 15 days prior to the relevant interest payment date (an "optional interest deferral"). All interest in respect of the bonds that is not paid at an interest payment date will constitute deferred interest.
- Any amount of deferred interest will bear interest at an annual rate equal to the applicable fixed or variable rate, depending on the case. The amount of interest accrued in this way (the additional interest) in respect of the deferred interest will become due and payable in the same manner as the deferred interest.
- Deferred and additional interest may be paid in whole or in part at any time, at the issuer's option, but all deferred and additional interest in respect of all the bonds will become payable under certain circumstances, as described in the terms and conditions of the bonds.

REDEMPTION OF BONDS

The bonds are perpetual, subject to early redemption at the issuer's option.

- The issuer may, at its option, elect to redeem all of the bonds early at par plus accrued interest, plus any deferred and additional interest (the early redemption price):
  - for the first time on January 1, 2025 and then on each interest payment date thereafter;
  - in the event of a change in control;
  - from January 25, 2023 to January 1, 2025, if the parity value of the bond on each of 20 trading days in any period of 40 consecutive trading days preceding the publication of the early redemption notice is greater than or equal to €130,000 of the conversion price; and
  - if less than 15% of the bonds originally issued remain outstanding.
- The issuer undertakes to convene a shareholders' meeting to be held no later than June 30, 2020 (the "Longstop Date"), to submit a proposal for the shareholders to approve resolutions relating to the change in control (approving the adjustment in the conversion price and the change in control step-up). If the resolutions are not approved and the issuer has not given an early redemption notice by the date falling two business days after the Longstop date for the redemption of the bonds at the greater of 102% of the principal amount or 102% of the fair bond value, in each case together with interest accrued and deferred and additional interest (if any), then the fixed interest rate will be increased by an additional 500 basis points as from the interest period commencing on January 1, 2021.

CONVERSION RIGHTS AND PRICES

Bondholders may exercise their conversion right at any time from the date of issue until the seventh day (inclusive) preceding January 1, 2025, or the date set for any early redemption.

- Upon the exercise of their conversion right, bondholders will receive, at the option of the issuer, shares, cash, or a combination of shares and cash.
- The conversion price may be subject to customary adjustments, as described in the terms and conditions of the bonds.

The conversion price will be adjusted downwards in the event of a cash distribution paid or made in respect of a financial year of the issuer.

The initial premium for converting bonds into shares was set at 35% above the reference AKKA share price of €57.22, resulting in an initial conversion price of €77.2582. The bond conversion price was then adjusted to €70.2347.

ACCOUNTING TREATMENT

The characteristics of the ODIRNANE bond led the Group to recognize it as an equity instrument:

- There is no contractual obligation to repay the nominal amount except in the event of the issuer's liquidation. IAS 32 stipulates that a repayment obligation in the event of liquidation does not call into question the classification of the bonds as equity instruments;

Payment of coupons to bondholders:

- either depends on the issuer's liquidation. As indicated above, an obligation for the issuer to make a payment in the event of liquidation does not constitute a debt within the meaning of IAS 32,
- or is under the control of the issuer (payment of dividends, repurchase of own shares or equivalent, early redemption by the issuer, decision to pay the next coupon on the bonds, etc.).

A long history of dividend payments on ordinary shares automatically triggering the payment of remuneration on account of the instrument does not call into question the absence of a contractual obligation in accordance with IAS 32.

Finally, the "step-up" clause which leads to a significant increase in the value of coupons beyond a certain date if the instrument has not been previously redeemed by the issuer and the interest on arrears clause (capitalized and bearing the same rate as the bonds) constitute economic constraints and not contractual obligations in application of IAS 32 and its current interpretations.

Consequently, in view of the nature of the instruments and elements mentioned above, AKKA has no contractual obligation to pay remuneration on the perpetual debt instrument.

Lastly, the various options mentioned above do not call into question the classification of the bonds as equity instruments.

In accordance with IAS 32.35, interest paid is charged directly to equity.

2.15. Foreign currency transactions

Transactions in foreign currencies are recorded at their equivalent value on the date of the transaction. Payables and receivables are recorded in the balance sheet at their equivalent value based on the relevant year-end exchange rates. Foreign exchange differences arising on translation are recognized in the income statement.

2.16. Employee benefits

Post-employment benefit plans (see Note 4.12)

Accrued post-employment benefits correspond to defined-benefit plans in France and in Germany:

- In France, these are legal retirement allowances for all employees under the Labor Code and collective agreements, and determined based on seniority upon retirement,
- In Germany, these take the form of a funded pension plan originating in the acquisition of the MBTech group, the inclusion of new employees to which had been frozen prior to its acquisition by AKKA.

The calculation of the value of commitments takes into account:

- rights acquired, including expenses, by each employee using the projected unit credit method based on remuneration at retirement,
- the mortality table,
- the staff turnover rate,
- wage growth of 1% in France (1% in 2019) and 1.5% in Germany (3% in 2019).

This calculation was discounted in 2020 at the rate of 0.50% in France and of 0.34% in Germany compared with 0.77% in 2019 (iBoxx AA10+ with a ceiling of 0.50%).

The cost of services rendered and the financial cost are recognized in income statement. Actuarial gains and losses are recognized in other comprehensive income, they are not recycled to income.

There is no deferred cost of past services, nor is there any change in regime in the years presented. The Group does not outsource the financing of its commitments.

2.17. Provisions

Obligations to third parties resulting from past generating events, whether legal, regulatory, contractual or implicit, are subject to a provision as soon as the Group has a current legal or implicit obligation, arising from past events, existing independently of future actions by the Group, and which are likely to result in an outflow of resources.

Contingent assets are disclosed in the Notes when their realization is deemed probable and their value is material. Contingent liabilities are disclosed in the Notes when their value is material.

The categories to which these provisions relate (commercial disputes, industrial tribunal disputes, restructuring programs, etc.) are reviewed regularly to allow any necessary adjustments to be made.

When the effects are material, the provisions are discounted.

2.18. Financial liabilities

Financial liabilities include loans from credit institutions (banks and leasing companies and bonds). Financial liabilities are recorded at amortized cost based on the effective interest rate.

The portion due within one year is classified under Current financial liabilities; that due in more than one year is classified under Non-current financial liabilities.

2.19. Earn-out Liabilities

Earn-out liabilities generally correspond to contingent consideration and are recognized at their fair value at the point of acquisition, based on the facts and circumstances available at that time.

Variable additional prices usually depend on the future financial performance of subsidiaries, following the rules defined in the acquisition contract.

Fair value is determined on the basis of estimates of future cash flows (discounted if the reference period exceeds two years), and the key assumption is the estimate of the future financial performance of subsidiaries, normally calculated as a multiple of the company's operating performance (operating income or equivalent).

At each year end closing, the initially estimated fair value of contingent consideration is adjusted for the following reasons:

- A change in the estimate of the operating performance of the company acquired,
- If discounting is used, the present value of future payments increases over time, which requires the recognition of an interest cost,
- In the case of additional prices expressed in foreign currencies, reflecting currency exchange fluctuations.

The impact of subsequent revaluations is recognized in Operating income (effects related to operating parameters) or Financial income (effects related to financial parameters).

2.20. Derivatives

The Group uses financial instruments to hedge its exposure to fluctuations in interest rates. Derivatives are initially measured at fair value on the date of inception and are subsequently remeasured at fair value at each reporting date. In accordance with IAS 39, the recognition of changes in fair value depends on the classification of the derivative as a fair value or cash flow hedge.

Fair value hedges are intended to hedge exposure to changes in the fair value of an asset or liability recognized in the financial statements or of an identified component of such assets or liabilities or a commitment to purchase or sell an asset at a predetermined price, which is attributable to a specific risk and which could affect the income anticipated. Any gain or loss resulting from the remeasurement of the hedging instrument is recognized in the income statement.

The Group had no such contracts in the years presented.

Cash flow hedges are intended to hedge exposure to changes in cash flows attributable to a specific risk associated with an asset or liability recognized in the financial statements or to an intended transaction that could affect income. Changes in fair value as at the year-end are broken down into an effective portion recognized in Other items of comprehensive income and an ineffective portion that is recycled to the income statement for the period.

At the maturity of the hedging instrument, the effective portion is recognized in income for the period. If the hedging instrument expires or is sold, terminated or exercised, the gain or loss initially recognized in Other items of comprehensive income must be maintained separately in Other comprehensive income until the intended transaction takes place. If it is no longer expected that the commitment or the transaction will materialize, any effect previously recognized in Other items of comprehensive income is recycled to the income statement.

2.21. Subsidies

In accordance with IAS 20, subsidies (primarily research tax credits) are deducted from the expense to which they relate.

Subsidies are primarily made up of research tax credits, almost 90% of which relate to French companies of the Group. The corresponding amounts are determined on the basis of the analysis of eligibility of expenditure for the research tax credit mechanism as defined by the law. This assessment is undertaken by the Group with the assistance of specialized consultants.

The results of this analysis may be subject to audit by the tax administration on questions of eligibility and the valuation of the expenditure selected but there are no unfulfilled conditions other than the submission of an annual tax return in order to benefit from it.

The amounts recognized for the 2020 and 2019 financial years are shown in Note 3.3.

2.22. Other information on financial assets and liabilities

Treasury shares and related effects (gain or loss on disposal and impairment, if any) are deducted from consolidated reserves.

Financial assets and liabilities are recognized within several balance sheet items (Non-current financial assets, Trade receivables, Other current assets, Trade payables, Other current liabilities, Borrowings, Cash and cash equivalents).

Financial instruments are allocated to five categories that do not correspond to specific balance sheet items, bearing in mind that their allocation determines the rules applicable to their recognition and measurement.

The five categories are as follows:

- Assets held to maturity: not applicable in the Group in the years presented,
- Financial assets and liabilities at fair value through income designated on their initial recognition: this item mainly consists of cash equivalents. Changes in the fair value of items allocated to this category are recognized in the income statement on each reporting date,
- Loans, receivables andpayables : these items are recognized at cost or at amortized cost, as appropriate,
  - Assets and liabilities carried at cost are mainly trade receivables and payables, and non-current financial assets (e.g. deposits and guarantees). These items are initially recognized at fair value, which corresponds to their nominal value in the Group (short maturities). In the event of loss of value, these items are subject to amortization,
  - Assets and liabilities carried “at amortized cost” relate mainly to borrowings. The amortized cost of these items is the initial value of the asset or liability less repayments of principal, adjusted if necessary using the effective interest rate method and corrected for any impairment,
- Assets held for sale: this only applies to non-consolidated investments, at cost, with the performance of impairment testing,
- Derivatives: see Note 2.20.

Under IFRS 13, which was applicable from 2013, financial instruments are presented in three categories (see Note 4.17), according to a hierarchy of methods for determining fair value:

- Level 1: fair value determined by reference to unadjusted quoted prices on active markets for identical assets or liabilities;
- Level 2: fair value determined by reference to observable prices for similar assets or liabilities on active markets, either directly (adjusted Level 1 quoted prices) or indirectly (derived from prices);
- Level 3: fair value determined by reference to data not observable on a market.

3. NOTES TO THE INCOME STATEMENT

3.1. Segment information

Segment reporting presentation complies with IFRS 8. The information provided in the segment breakdown is based on the internal reporting used by the chief operating decision-maker (Group Executive Committee) to assess the performance of the various segments.

As at the end of December 2020, the Group had identified five operating segments under IFRS 8 on segment reporting, representing geographic zones for historical activities, together with the Data Respons Group acquired at the beginning of 2020: France, Germany, North America, Data Respons and International (representing the rest of the countries not detailed).

No segment other than those detailed has reached the threshold of 10% (in terms of revenue and income) specified in IFRS 8.

December 2020 (in thousands of euros)	**France**	**Germany**	**North America**	**International [1]**	**Data Respons**	**Other**	**TOTAL**
CONSOLIDATED INCOME STATEMENT							
External revenue	488,079	349,165	264,788	248,341	153,082	-	1,503,454
% of revenue	32.5%	23.2%	17.6%	16.5%	10.2%	0.0%	100.0%
Inter-segment revenue	14,741	10,517	1,312	22,340	-	43,478	92,387
Revenue	502,819	359,682	266,099	270,681	153,082	43,478	1,595,842
Operating income and expenses	(586,883)	(423,136)	(258,517)	(231,830)	(143,299)	(29,289)	(1,672,953)
Free shares and stock operations	-	-	-	-	-	(975)	(975)
Operating profit	**(98,804)**	**(73,971)**	**6,271**	**16,511**	**9,784**	**(30,264)**	**(170,474)**
Cost of net financial debt							(19,070)
Other financial income and expenses							(8,335)
Tax expense							29,972
Net income							(167,907)

December 2019 (in thousands of euros)	**France**	**Germany**	**North America**	**International [1]**	**Data Respons**	**Other**	**TOTAL**
CONSOLIDATED INCOME STATEMENT							-
External revenue	661,349	516,576	304,967	318,594	-	0	1,801,486
% of revenue	36.7%	28.7%	16.9%	17.7%	0.0%	0.0%	100.0%
Inter-segment revenue	18,647	10,575	1,579	23,547	-	50,310	104,658
Revenue	679,996	527,151	306,546	342,140	-	50,310	1,906,144
Operating income and expenses	(607,240)	(479,852)	(293,196)	(283,834)	-	(12,317)	(1,676,439)
Free shares and stock operations	-	-	-	-	-	(3,824)	(3,824)
Operating profit	**54,109**	**36,724**	**11,771**	**34,760**	**-**	**(16,141)**	**121,223**
Cost of net financial debt							(16,164)
Other financial income and expenses							(1,343)
Tax expense							(30,447)
Net income							73,270

[1] The revenue reported in Belgium, the country in which the Head Office of the Group is located, is included in the figures for the International BU and totals €62.7 million in 2020 vs. €68.1 million in 2019.

December 2020 (in thousands of euros)	France	Germany	North America	International	Data Respons	Other	TOTAL
REVENUE BY SECTOR							
Mobility	333,022	337,704	224,643	130,165	80,014	-	1,105,547
Other	155,057	11,462	40,146	118,175	73,068	-	397,907
External revenue	**488,079**	**349,165**	**264,788**	**248,340**	**153,082**	**-**	**1,503,454**

December 2020 (in thousands of euros)	France	Germany	North America	International	Data Respons	Other	TOTAL
REVENUE BY SECTOR							
Mobility	495,783	492,273	272,627	183,116	-	-	1,443,799
Other	165,577	24,303	32,340	135,468	-	-	357,687
External revenue	**661,359**	**516,576**	**304,967**	**318,584**	**-**	**-**	**1,801,486**

December 2020 (in thousands of euros)	France	Germany	North America	International	Data Respons	Other	TOTAL
BALANCE SHEET							
Segment assets [(1)]	201,446	264,430	69,967	95,871	419,013	51,011	1,101,739
Segment financial liabilities [(2)]	49,039	65,889	11,339	18,774	21,238	627,640	793,920

December 2020 (in thousands of euros)	France	Germany	North America	International	Data Respons	Other	TOTAL
BALANCE SHEET							
Segment assets [(1)]	217,428	278,978	77,154	99,711	-	32,344	705,615
Segment financial liabilities [(2)]	58,277	72,219	12,836	18,256	-	534,030	695,617

[(1)] *Goodwill, tangible and intangible assets, other non-current assets*
[(2)] *Financial liabilities*

The Group generates revenues above 10% of its total revenues with 2 main customers, of which 13.5% with the 1st one, and 10.6% with the 2nd. The largest client in each operating segment accounts for 23.0% of revenue in France, 50.2% in Germany, 24.9% in North America, 9.9% in International and 17.8% in Data Respons, respectively. The top five clients in each operating segment account for 50.1% of revenue in France, 86.1% in Germany, 64.2% in North America, 30.2% in International and 42.6% in Data Respons, respectively.

3.2. Purchased services and goods

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Subcontracting	(164,328)	(165,417)
Other purchased services and goods	(201,084)	(223,507)
Purchased services and goods	**(365,412)**	**(388,924)**

3.3. Personnel

3.3.1. Headcount of consolidated companies

	Headcount at year-end		Average headcount	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
France	7,162	7,805	7,712	7,752
Germany	4,608	5,030	4,832	5,029
International	3,604	3,934	3,782	3,989
North America	4,274	4,059	4,140	3,991
Data Respons	1,376	-	1,136	-
Other	55	102	94	97
TOTAL	**21,080**	**20,930**	**21,695**	**20,858**

3.3.2. Personnel expenses

(in thousands of euros)	**Dec. 31, 2020**	Dec. 31, 2019
Salaries and wages	(894,710)	(979,697)
Social security contributions	(239,241)	(242,495)
Employee profit sharing	-	(398)
Personnel expenses	**(1,133,951)**	**(1,222,589)**

Subsidies (see Note 2.21) totaling €27,737 thousand were recorded as reduction in personnel expenses during the year ending December 31, 2020 compared with €40,154 thousand during the year ended December 31, 2019.

3.4. Depreciation and provisions

(in thousands of euros)	**Dec. 31, 2020**	Dec. 31, 2019
Net depreciation, amortization and impairment of assets	(36,450)	(24,801)
Amortization and impairment of rights of use - IFRS 16	(36,379)	(31,596)
Net depreciation of current assets	(19,435)	(1,611)
Provisions for risks and expenses	(80,497)	831
Net depreciation, amortization and provisions	**(172,761)**	**(57,177)**

3.5. Other income and expenses

The variation in Other income is due to the downward adjustment of earn-out liabilities of €8,817 thousand, the business plans of the companies acquired having been affected by the slowdown in activity in 2020.

3.6. Financial income

3.6.1. Cost of financial debt

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Income from cash and cash equivalents	**1,345**	**528**
Interest expenses	(17,134)	(13,418)
Interest expenses - IFRS 16	(3,281)	(3,274)
Cost of gross financial debt	**(20,416)**	**(16,692)**
COST OF NET FINANCIAL DEBT	**(19,071)**	**(16,164)**

3.6.2. Other financial income and expenses

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Foreign exhange gains and losses	(4,150)	1,722
Other items (*)	(4,185)	(3,064)
Other financial income and expenses	**(8,335)**	**(1,343)**

**mainly bank costs*

3.7. Income tax

3.7.1. Breakdown of tax expense

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Current income taxes	(12,672)	(20,758)
CVAE (Business tax on added value)	(5,659)	(8,611)
Deferred taxes	48,303	(1,077)
Income tax expense	**29,972**	**(30,447)**

3.7.2. Tax Reconciliation

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Consolidated net income	**(167,907)**	**73,270**
Income tax expense	(29,972)	30,447
Consolidated loss before tax	**(197,878)**	**103,717**
Tax rate applicable to the parent company	25,00%	29,58%
Theoretical tax expense	**49,470**	**(30,679)**
Impact of permanent differences	7,869	8,040
Deferred tax assets not recognized on temporary differences and tax losses	(22,305)	(609)
Impact of tax rate differential on foreign subsidiaries	1,660	1,582
Other differences	(1,062)	(169)
CVAE (Business tax on added value)	(5,659)	(8,611)
Income tax expense recognized	**29,972**	**(30,447)**

The tax rate applicable to the parent company is 25.0% in 2020 compared with 29.58% in 2019.

3.7.3. Nature of deferred taxes

(in thousands of euros)	**Dec. 31, 2020**	Variation	Changes in scope	**Dec. 31, 2019**	Variation	**Jan. 01, 2019**
Deferred taxes resulting from local tax regimes	9,858	5,889	380	3,589	1,633	1,956
Deferred taxes on tax losses	65,666	39,633	720	25,313	(2,842)	28,155
Deferred taxes on consolidation entries	(27,043)	955	(18,972)	(9,026)	660	(9,686)
Net deferred taxes	**48,481**	**46,477**	**(17,872)**	**19,876**	**(549)**	**20,425**
Of which deferred tax assets	80,034	46,123	1,100	32,811	(1,281)	34,092
Of which deferred tax liabilities	(31,553)	354	(18,972)	(12,935)	732	(13,667)
Net deferred taxes	**48,481**	**46,477**	**(17,872)**	**19,876**	**(549)**	**20,425**

As indicated in Note 2.4, deferred tax assets are not recognized when the probability of offsetting them against future taxable profits is low. Deferred taxes on deficits and temporary differences not recognized at the reporting date due to this limitation amounted to €37,964 thousand.

4. NOTES TO THE BALANCE SHEET

4.1. Goodwill

Breakdown by CGU

Cash-generating unit	**Dec. 31, 2020**	Changes in the scope of consolidation	Translation adjustments	Other adjustments and reclassifications	**Dec. 31, 2019**
Data Respons	301,629	329,729	-	(28,100)	-
France	136,666	(0)	(0)	(3)	136,669
Germany	123,814	-	(0)	26,299	97,515
USA	65,396	-	(6,037)	-	71,432
Italy	32,011	-	-	-	32,011
Benelux	14,117	-	-	-	14,117
Spain	10,610	-	-	-	10,610
Switzerland	5,247	-	5	7	5,235
Austria	1,802			1,802	-
Romania	97	-	(2)	-	99
Total goodwill	**691,390**	**329,729**	**(6,034)**	**7**	**367,689**

The implementation of the procedures defined in Note 2.9 did not result in the recognition of any amortization or impairment in the consolidated accounts at December 31, 2020, as was the case at December 31, 2019.

AKKA Technologies acquired the Data Respons group in the first half of 2020. The value of the final goodwill was recognized at €329.7 million, and its allocation was detailled in paragraph 1.7.1.

The goodwill of entities acquired in 2018 varied by (€6,037 thousand) compared with the 2020 financial year, solely due to the effect of USD/EUR conversion.

4.2. Impairment of assets

Impairment tests were performed on December 31, 2020 and December 31, 2019, with research tax credit being included in the cash flow for each year.

These tests were conducted:

- On the basis of discounting projected after-tax cash flows, using a weighted average cost of capital after tax for each CGU in 2020 as detailed below:

Cash-generating unit	Weighted average cost of capital before tax 12/31/2020	Weighted average cost of capital after tax 12/31/2020	Weighted average cost of capital after tax 12/31/2019
France	12.91%	9.55%	8.70%
Germany	12.09%	9.07%	8.29%
USA	11.13%	9.07%	8.29%
Italy	14.24%	11.20%	10.13%
Benelux	12.38%	9.66%	8.80%
Spain	13.57%	10.62%	9.63%
Switzerland	10.29%	9.07%	8.29%
Austria	12.05%	9.45%	8.62%
Romania	12.90%	11.20%	10.13%
Data Respons	11.24%	9.07%	

- On the basis of rates of revenue growth, as listed below:

Cash-generating unit	Average percentage of revenue growth	Perpetual growth rate
France	7.78%	1.50%
Germany	8.59%	1.50%
USA	7.51%	1.50%
Italy	8.10%	1.50%
Benelux	9.40%	1.50%
Spain	6.26%	1.50%
Switzerland	13.97%	1.50%
Austria	12.45%	1.50%
Romania	1.62%	1.50%
Data Respons	12.79%	1.50%

The terminal value of the CGU or group of CGUs corresponded to the five-year net cash flows from operations discounted to perpetuity, assuming a growth rate of 1.5% (as was the case in 2019).

As at December 31, 2020, the AKKA Technologies Group was divided into 19 CGUs.

Only 10 CGUs or groups of CGUs have non-depreciable assets (8 in 2019). Impairment testing did not reveal any impairment to be recorded in the accounts as at December 31, 2020 or December 31, 2019.

The Group performed sensitivity analyses on the key assumptions on the perpetual growth rate and weighted average cost of capital after tax. The results of these analyses with respect to the goodwill impairment are summarized in the table below:

Cash-generating unit	Value of goodwill	Theoretical impairment	
		Weighted average cost of capital +1 point	Perpetual growth rate -1 point
Data Respons	301,629	-2,746	-
France	136,666	-	-
Allemagne	123,814	-	-
USA	65,396	-	-
Italie	32,011	-	-
Benelux	14,117	-	-
Espagne	10,610	-	-
Suisse	5,247	-	-
Autriche	1,802	-	-
Roumanie	97	-	-

4.3. Intangible and tangible assets

(in thousands of euros)	Development costs	Customer relationships	Other intangible assets	**Total**
Total gross value	**2,320**	**-**	**66,110**	**68,430**
Total depreciation and amortization	**(1,930)**	**-**	**(46,510)**	**(48,440)**
Net book value, Jan. 1, 2019	**390**	**-**	**19,600**	**19,990**
Changes in the scope of consolidation	-	-	(1)	(1)
Acquisitions	1,926	-	8,518	10,444
Transfers	-	-	(49)	(49)
Depreciation and amortization	(145)	-	(6,576)	(6,721)
Translation differences	-	-	12	12
Other changes	667	-	388	1,055
Total gross value	**4,818**	**-**	**72,968**	**77,786**
Total depreciation and amortization	**(1,980)**	**-**	**(51,077)**	**(53,057)**
Net book value, Dec. 31, 2019	**2,838**	**-**	**21,891**	**24,729**
Changes in the scope of consolidation	-	88,490	45	88,535
Acquisitions	12,238	-	5,190	17,428
Transfers	-	-	(59)	(59)
Depreciation and amortization	(702)	(9,028)	(7,291)	(17,022)
Translation differences	-	(1,027)	(66)	(1,093)
Other changes	170	-	(218)	(48)
Total gross value	**17,340**	**87,801**	**75,453**	**180,594**
Total depreciation and amortization	**(2,796)**	**(9,367)**	**(55,950)**	**(68,123)**
Net book value, Dec. 31, 2020	**14,544**	**78,435**	**19,493**	**112,471**

(in thousands of euros)	Land and buildings	Plant, equipment and industrial tooling	Other tangible assets	**Total**
Total gross value	**38,867**	**30,542**	**143,304**	**212,713**
Total depreciation and amortization	**(10,320)**	**(20,139)**	**(91,094)**	**(121,553)**
Net book value, Jan. 1, 2019	**28,547**	**10,403**	**52,210**	**91,160**
Changes in the scope of consolidation	-	-	2	2
Acquisitions	731	1,875	19,120	21,726
Transfers	(97)	(293)	(1,661)	(2,051)
Depreciation and amortization	(1,582)	(2,050)	(14,406)	(18,038)
Translation differences	95	9	86	190
Other changes	415	131	(1,589)	(1,042)
Total gross value	**39,895**	**32,017**	**154,395**	**226,298**
Total depreciation and amortization	**(11,787)**	**(21,942)**	**(100,623)**	**(134,352)**
Net book value, Dec. 31, 2019	**28,109**	**10,076**	**53,762**	**91,946**
Changes in the scope of consolidation	-	1,343	306	1,650
Acquisitions	65	1,137	10,472	11,675
Transfers	(127)	(17)	(4,815)	(4,959)
Depreciation and amortization	(1,450)	(2,736)	(15,273)	(19,459)
Translation differences	(240)	(33)	(148)	(420)
Other changes	(4,329)	385	(819)	(4,763)
Total gross value	**30,481**	**41,472**	**149,308**	**221,261**
Total depreciation and amortization	**(8,453)**	**(31,315)**	**(105,823)**	**(145,591)**
Net book value, Dec. 31, 2020	**22,028**	**10,156**	**43,485**	**75,669**

The main variations of intangible assets correspond to the Customer relationships valued at €88.5 million as part of Data Respons acquisition (see par. 1.7.1), on one hand, and to the capitalization of the development costs for €12.2 million, mainly related to the Flexmove project, on the other hand.

Changes in tangible assets corresponded primarily with new building developments in France and Germany, and to computing equipment.

The Group did not have indefinite life intangible assets.

4.4. Rights of use (IFRS 16)

Analysis of rights of use per category of underlying assets:

(in thousands of euros)	Rights of use - real estate	Rights of use - vehicles	Rights of use - other assets	**Total**
January 1, 2019	**-**	**-**	**-**	**-**
First-time application of IFRS 16	154,858	10,647	608	166,113
Increases	11,430	4,915	7	16,352
Reductions	-	(1)	-	(1)
Depreciation and amortization	(26,198)	(5,131)	(266)	(31,595)
Translation differences	62	4	(0)	66
Other changes	(394)	(868)	30	(1,231)
December 31, 2019	**139,759**	**9,566**	**379**	**149,704**
First-time application of IFRS 16	-	-	-	-
Changes in the scope of consolidation	9,127	40	-	9,167
Increases	28,446	3,088	-	31,354
Reductions	(11,460)	(318)	-	(11,778)
Depreciation and amortization	(30,515)	(5,572)	(263)	(36,349)
Translation differences	(462)	(8)	(2)	(473)
Other changes	-	-	2	2
December 31, 2020	**134,895**	**6,796**	**116**	**141,807**

4.5. Securities of affiliated companies and joint ventures

Elektronische Fahrwerksysteme GmbH (EFS) is jointly held by AKKA DSO GmbH (51%) and AEV GmbH, a subsidiary of the Audi Group (49%); since January 1, 2017, it has been accounted for at 51% under the equity method.

(in thousands of euros)	**EFS**	
Percentage interest in equity associates	**51%**	
	2020	**2019**
January 1	47,901	46,230
Share of net income of equity associates	1,564	2,487
Dividends received from associated companies	(1,275)	(816)
December 31	**48,190**	47,901

4.6. Non-current financial assets

Gross amounts (in thousands of euros)	Factors' holdbacks	Deposit and guarantees for lease contracts	French regulated loans	Other non-current financial assets	**Total financial assets**
1 January 2019	**18,144**	**9,837**	**13,419**	**2,000**	**43,400**
Changes in the scope of consolidation	235	23	-	51	309
Increase	4,616	698	1,270	53	6,637
Decrease	-	(1,305)	-	(932)	(2,237)
Other	20	60	-	(275)	(195)
31 décembre 2019	**23,015**	**9,313**	**14,689**	**897**	**47,914**
Changes in the scope of consolidation	-	87	-	(1,208)	(1,121)
Increase	-	1,900	1,173	12,420	15,492
Decrease	(8,569)	(696)	-	(87)	(9,352)
Other	(176)	(37)	-	64	(149)
31 December 2020	**14,270**	**10,566**	**15,862**	**12,086**	**52,784**

French regulated loans are repayable 20 years after payment, and are subject to discounting, the cumulative effect of which is a reduction of €2,915 thousand in receivables as at December 31, 2020 and €3,034 thousand as at December 31, 2019.

As the main non-current assets are receivables towards financial institutions, landlords and public bodies, the credit risk exposure of these financial assets is not material.

4.7. Other non-current assets

This item includes receivables in respect of R&D subsidies for a net amount of €30,078 thousand in 2020, compared with €27,246 in 2019.

The credit risk exposure of these assets is not material.

4.8. Trade receivables and related accounts

(in thousands of euros)	**Dec. 31, 2020**	Dec. 31, 2019
Trade receivables	134,106	114,068
Unbilled revenue	87,186	119,851
Trade receivables and contract assets, gross amount	**221,292**	**233,919**
Depreciation	(29,308)	(9,113)
Trade receivables and contract assets	**191,984**	**224,806**

Receivables transferred to the factor and derecognized amounted to €230,295 thousand (of which €195,518 thousand are non-matured) compared with €381,394 thousand as at December 31, 2019 (of which €273,047 thousand are non-matured).

The breakdown of net trade receivables as required by IFRS 7 is as follows:

(in thousands of euros)	**Total**	**Not due**	**Due 0-6 months**	**Due 6-12 months**	**Due Over 1 year**
31 December 2020	**191,984**	175,684	11,591	2,018	2,691
31 December 2019	**224,806**	207,262	9,969	3,179	4,396

4.9. Other receivables

Other net receivables amounted to €76,173 thousand as at December 31, 2020; this item relates mainly to receivables from tax authorities for the amount of €44,244 thousand (including €31,603 thousand of VAT and €9,653 thousandreceivables for partial unemployment indemnities, prepaid expenses for an amount of €12,332 thousand and advance payments to suppliers for €5,221 thousand.

In 2019, other net receivables amounted to €114,852 thousand; they related mainly to receivables from tax authorities for the amount of €81,032 thousand (€49,013 thousand of VAT and €16,954 thousand of research tax credit), prepaid expenses for an amount of €14,232 thousand and advance payments to suppliers for €6,008 thousand.

In 2020 as in 2019, following the analysis of the maturity of other receivables, the part due after more than one year has been reclassified in Other non-current assets (see Note 4.7). Due to very low rates, no discounting was performed.

As the other assets have mainly public bodies as counterparties, the credit risk exposure of these assets is not material.

4.10. Provisions for current assets

(in thousands of euros)	Inventories	Trade receivables	Other receivables	**Total**
1 January 2019	**293**	**8,888**	**4,780**	**13,962**
Changes in the scope of consolidation	-	-	-	-
Allowances included in net depreciation, amortization and provisions	1,483	3,766	-	5,249
Reversals included in net depreciation, amortization and provisions	(54)	(3,555)	-	(3,609)
Other	-	(1)	-	(1)
Translation adjustments	1	15	-	16
31 December 2019	**1,723**	**9,113**	**4,780**	**15,617**
Changes in the scope of consolidation	-	913	(360)	553
Allowances included in net depreciation, amortization and provisions	183	22,642	900	23,725
Reversals included in net depreciation, amortization and provisions	(93)	(3,210)	(513)	(3,816)
Other	-	-	502	502
Translation adjustments	(2)	(148)	-	(150)
31 December 2020	**1,811**	**29,308**	**5,309**	**36,430**

4.11. Share capital, share premium and ODIRNANE bonds

As at December 31, 2020, the share capital of AKKA Technologies comprised 31,210,078 shares of €1.53 each, i.e. a total of €47,751 thousand, and the share premium was €183,724 thousand. These items varied as follows in the 2019 and 2020 financial years:

(in thousands of euros)	Number of shares	Par value	Amount of share capital	Share premium	Comments
December 31, 2018	**20 291 990**	**1,53**	**31 047**	**656**	
December 31, 2019	**20 291 990**	**1,53**	**31 047**	**656**	
Capital increase	2 029 199	1,53	3 104	-	Incorporation of reserves - allocation of one share for every 10 held
Capital increase	8 888 889	1,53	13 600	183 068	Capital increase of €200 million
December 31, 2020	**31 210 078**	**1,53**	**47 751**	**183 724**	

The amount of the share premium was net of issuance costs of €3.3 million.

As at December 31, 2020, and similarly in the previous year, all potentially dilutive instruments were included in the calculation of diluted earnings per share.

Voting rights:

	Dec. 31, 2020	Dec. 31, 2019
Shares with single voting rights	30,567,393	19,848,466
Treasury shares [1]	642,685	443,524
Total number of shares	**31,210,078**	**20,291,990**
Participating shares [2]	**7,927,487**	7,927,487

[1] *Non-voting shares*
[2] *Shares not representing the capital, carrying one voting right per share*

Potentially dilutive instruments:

The General Meeting on June 15, 2017 approved the principle of stock option plans, a decision confirmed by the Extraordinary Shareholders' Meeting on February 22, 2018; three of these plans are currently in operation as at December 31, 2020:

	Share purchase options	Stock options	Share purchase options	Share purchase options
Grant date	Nov. 19, 2018	Oct. 02, 2019	Apr. 07, 2020	May 28, 2020
Number of remaining options	20,000	110,000	80,000	21,000
Potential number of corresponding shares	20,000	110,000	80,000	21,000
First possible exercise date	Jan. 01, 2022	Jan. 01, 2023	Jan. 01, 2024/25/26/27	Jan. 01, 2024
Last possible exercise date	June 01, 2023	June 01, 2024	June 01, 2025/26/27/28	June 01, 2025
First possible disposal date	Jan. 01, 2022	Jan. 01, 2023	Jan. 01, 2024/25/26/27	Jan. 01, 2024
Strike price in euros (per option)	**56.73 €**	**54.64 €**	**23.64 €**	**26.60 €**

ODIRNANE bonds:

On December 4, 2019, the Group issued perpetual subordinated unsecured bonds redeemable in cash and/or convertible into new and/or existing shares (ODIRNANE bonds). The method of accountingfor the instrument and its main characteristics are set out in Note 2.13. The table below describes the main financial characteristics of the instrument, including the increase in the interest rate from January 1, 2025:

	Amount issued	Quantity issued	Original term	Annual nominal coupon from 12/04/2019 to 12/31/2024	Annual nominal coupon from 01/01/2025	Issue expenses charged to the instrument	Value in consolidated reserves
ODIRNANE bonds	**175,000 k€**	**1 750**	**Perpetual**	**3.5%**	**Euribor 6 months + 9%**	**2,089 k€**	**176,037 k€**

The Group has no specific management policy in respect of share capital. The choice between debt financing or capital increase is made in function of the transactions. Shareholders' equity monitored by the Group contains the same components as consolidated shareholders' equity.

Dilutive instruments represented 12.82% of share capital as at December 31, 2020 as opposed to 1.59% as at December 31, 2019.

Earnings per share:

	Dec. 31, 2020	Dec. 31, 2019
Group share of net profit (in thousands of euros)	**(168,761)**	**73,041**
ODIRNANE coupons	(6,125)	(453)
Adjusted basic earnings (in thousands of euros)	**(174,886)**	**72,588**
Conversion of ODIRNANE bonds	**6,125**	**453**
Diluted earnings (in thousands of euros)	(168,761)	73,041
Number of shares outstanding as at January 1	20,291,990	20,291,990
Effect of treasury shares	**(642,685)**	**(354,469)**
Weighted average number of shares as at December 31	21,160,146	21,448,362
Effect of stock options with a dilutive effect as at December 31	201,501	126,000
Pro-rata temporis effect on the weighted average number of shares relating to the issue of ODIRNANE bonds	**2,491,646**	**167,558**
Effect of dilutive free shares as at December 31	**20,000**	**22,975**
Weighted average number of shares as at December 31 after dilution	**23,873,294**	**21,764,895**
Earnings per share (in euros)	**(8.26)**	**3.38**
Diluted earnings per share (in euros)	**(8.26)**	**3.36**

4.12. Current and non-current provisions

Au 31 décembre 2020, le capital social d'AKKA Technologies est composé de 31 210 078 actions de 1,53 € soit 47 751 K€ et la prime d'émission est de 183 724 K€. Ces éléments ont varié de la manière suivante sur les exercices 2019 et 2020 :

(in thousands of euros)	Current		Non-current	
Maturity	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**
Provisions for litigation and risks	62,470	2,005	13,872	8,505
Provisions for pensions	-	-	19,966	19,622
Provisions for other expenses	2,615	514	3,068	845
Total	**65,085**	2,519	**36,906**	28,972

Provisions for litigation and risks relate primarily to restructuring operations undertaken in France and Germany (see introductory paragraph). These restructuring plans involve about 1,500 employees.

These provisions have been estimated on the basis of the conditions presented to the employees and employee representatives. They include severance payments, redeployment compensation and the supporting measures provided to this effect.

Change in provisions (excluding pensions)

(in thousands of euros)	Litigation and risks	Other provisions	**Total**
1 January 2019	**10,735**	**2,993**	**13,728**
Changes in the scope of consolidation	-	-	-
Allowances	944	298	1,242
Utilization	(2,224)	(643)	(2,867)
Reversals of unused provisions	(236)	(177)	(413)
Translation adjustments	4	-	4
Reclassifications and other	1,287	(1,112)	175
31 December 2019	**10,511**	**1,359**	**11,870**
Changes in the scope of consolidation	75	-	75
Allowances	77,134	4,790	81,924
Utilization	(10,875)	(448)	(11,323)
Reversals of unused provisions	-	-	-
Translation adjustments	(7)	-	(7)
Reclassifications and other	(495)	(18)	(513)
31 December 2020	**76,342**	**5,683**	**82,025**

Change in provisions for pensions

Change in the discounted value of the bond (in thousands of euros)	France	Germany	Other	Total
Present value of the obligation, beginning of period	**12,045**	**7,338**	**239**	**19,622**
Service cost	1,013	73	20	1,106
Interest cost	321	55		375
Curtailment	(1,463)	-		(1,463)
Benefits paid	-	(198)		(198)
Actuarial (gains) / losses during the year	377	148		524
Actuarial (gains) / losses based on experience	(348)	148		(200)
Actuarial (gains) / losses due to changes in assumptions	725			
Present value of the obligation, end of period	**12,293**	**7,415**	**259**	**19,966**

The sensitivity analysis was determined on the basis of the balance of retirement bonuses as at December 31, 2020. The Group has elected to conduct a sensitivity analysis at a discount rate based on a variation of the yield curve of +/- 0.5 percentage points compared with the rate as of the reporting date. An increase of 0.5 percentage points would have an impact of (€628 thousand) on pension obligations. A decrease of 0.5 percentage points would have an impact of €567 thousand on pension obligations.

4.13. Current and non-current financial liabilities

The current and non-current financial liabilities shown below exclude liabilities resulting from external growth operations presented separately in the balance sheet.

(in thousands of euros)	Borrowings and other financial liabilities [1]		Leases		Total financial liabilities	
Maturity	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**
Current (less than one year)	10,102	74,769	33,623	29,721	43,725	104,490
1 to 5 years	630,523	460,748	77,863	73,632	708,386	534,381
More than 5 years	5,000	6,964	36,808	49,783	41,808	56,747
Total	**645,625**	**542,481**	**148,294**	**153,136**	**793,920**	**695,617**

[1] Amounts for lease liabilities in 2019 totaling €4,851 thousand were recorded in Other borrowings and financial liabilities.

The change in financial liabilities is broken down as follows:

(in thousands of euros)	**Jan. 01, 2020**	Cash changes		Non-cash changes					**Dec. 31, 2020**
		Increase	Reduction	Changes in the scope of consolidation	Translation adjustment	Change in fair value	Change in method	Other non-cash changes	
Loans from credit institutions	536,964	96,806	(570)	11,452	(771)	(122)	-	1,771	645,530
Restatement of leasing contracts	4,851	-	670	-	-	-	-	(5,521)	-
Debenture loans	-	-	-	-	-	-	-	-	-
Other financial liabilities	82	(1)	(103)	105	-	-	-	12	94
Bank overdrafts	584	-	(584)	-	-	-	-	-	-
Financial liabilities	**542,481**	**96,806**	**(587)**	**11,557**	**(771)**	**(122)**	**-**	**(3,739)**	**645,625**
Cash equivalents	(1,276)	-	1,292	-	-	-	-	-	16
Cash	(467,955)	-	(32)	-	-	-	-	-	(467,987)
Cash and cash equivalents	**(469,231)**	**-**	**1,261**	**-**	**-**	**-**	**-**	**-**	**(467,970)**
Net debt excluding IFRS 16 lease liabilities	**73,250**	**96,806**	**674**	**11,557**	**(771)**	**(122)**	**-**	**(3,739)**	**177,654**
IFRS 16 lease liabilities	153,136	-	(34,826)	9,147	(488)	117	-	21,209	148,294
Net debt	**226,386**	**96,806**	**(34,152)**	**20,704**	**(1,259)**	**(5)**	**-**	**17,471**	**325,949**

(in thousands of euros)	Jan. 01, 2019	Cash changes: Increase	Cash changes: Reduction	Non-cash changes: Changes in the scope of consolidation	Non-cash changes: Translation adjustment	Non-cash changes: Change in fair value	Non-cash changes: Change in method	Non-cash changes: Other non-cash changes	31 Dec. 2019
Loans from credit institutions	545,624	57,000	(64,695)	-	401	(533)	-	(833)	536,964
Restatement of leasing contracts	4,723	965	(837)	-	-	-	-	-	4,851
Debenture loans	-	-	-	-	-	-	-	-	-
Other financial liabilities	668	-	(541)	-	1	-	-	(46)	82
Bank overdrafts	-	584	-	-	-	-	-	-	584
Financial liabilities	**551,015**	**58,549**	**(66,073)**	**-**	**402**	**(533)**	**-**	**(879)**	**542,481**
Cash equivalents	(243)	-	(1,033)	-	-	-	-	-	(1,276)
Cash	(271,542)	-	(196,413)	-	-	-	-	-	(467,955)
Cash and cash equivalents	**(271,785)**	**-**	**(197,446)**	**-**	**-**	**-**	**-**	**-**	**(469,231)**
Net debt excluding IFRS 16 lease liabilities	**279,230**	**58,549**	**(263,519)**	**-**	**402**	**(533)**	**-**	**(879)**	**73,250**
IFRS 16 lease liabilities	-	-	(27,494)	-	85	(725)	166,113	15,157	153,136
Net debt	**279,230**	**58,549**	**(291,013)**	**-**	**487**	**(1,258)**	**166,113**	**14,278**	**226,386**

On October 30, 2014, the Group placed a "Schuldscheindarlehen" debt instrument (placement subject to German law). This funding related initially to an amount of €140 million with a 5- to 7-year maturity, comprising fixed and floating portions (fully hedged by a swap contract). At the end of December 2017, partial payments were made for all floating portions, i.e. €67 million for the 5-year tranche and €13.5 million for the 7-year tranche; as at December 31, 2020, there was still one tranche of €7.5 million, with an October 2021 maturity date .

On October 31, 2017, the Group issued a further Schuldscheindarlehen debt instrument for an amount of €450 million, comprising five fixed and floating tranches of 5-, 7- and 10-year maturities, with an average cost of financing slightly below 1.5%.

Short-term credit facilities :

- On June 30, 2016, AKKA Technologies signed a revolving credit facility for €200 million for a five years period, replacing the 2014 contract. The two extension options (2x1 year) have been exercised, extending maturity to seven years;
- During the first quarter of 2017, AKKA Technologies also set up a NEU CP (Negotiable European Commercial Paper) program with a maximum envelope of €300 million as at the reporting date;
- On August 1, 2019, AKKA Technologies signed an additional revolving credit facility contract for an amount of €355 million and a period of five years. The first extension option (1 year) was exercised in August 2020, extending maturity to six years. A second extension option is exercisable in August 2021;
- On September 30, 2019, AKKA Technologies signed an additional revolving credit facility contract for an amount of €15 million and a period of five years. The first extension option (1 year) was exercised in September 2020, extending maturity to six years. A second extension option is exercisable in September 2021;
- AKKA Technologies is also a co-borrower with its subsidiary PDS Tech in a revolving contract for an amount of USD 50 million, expiring in 2022;
- Following the acquisition of Data Respons in March 2020, a revolving contract for NOK 450 million, expiring in 2023, was incorporated into the Group's financing capacity.

As at December 31, 2020, amounts drawn on these short-term credit facilities are €183.7 million, the entire RCF of €15 million, €150 million out of the €355 million RCF, €7.3 million out of the USD 50 million RCF and €11.4 million out of the NOK 450 million RCF.

Pledges and guarantees amounted to €0 as at December 31, 2019. As at December 31, 2020, the loan of NOK 450 million is guaranteed by the pledge, on the one hand, of 100% of the securities of the significant subsidiaries of Data Respons, and on the other hand, of its current and non-current assets for an amount of NOK 67 million. In addition:

- In the context of acquisitions, no vendor guarantees nor any warranty clauses covering assets and liabilities through sureties are in force as at December 31, 2020;
- With the application of IFRS 16, off-balance sheet commitments related to property lease guarantees are no longer required because these commitments are included in Liabilities in the balance sheet.

As at December 31, 2020, the "covenants" negotiated with the Group's banks were as follows:

- The two Schuldscheindarlehen debt instruments:
  - Leverage ratio (definition excluding the effects of IFRS 16): Net financial debt covenant / adjusted EBITDA <4.0x as at December 31 of each year;
  - Gearing ratio (definition excluding the effects of IFRS 16): Net financial debt covenant / equity <1.75x as at December 31 of each year.
- The revolving credit facility:
  - Leverage ratio (IFRS definition): Net financial debt covenant / adjusted EBITDA <4.5x (<5.0x for acquisitions) as at June 30 and December 31 of each year.

The calculation of financial aggregates used to determine the ratios above is defined contractually with the investors, and adjustments are made to the aggregates on the basis of the financial statements according to the contractual rules.

The Group was in compliance with these ratios as at December 31, 2020.

4.13.1. Interest rate risk

Schuldscheindarlehen debt instrument to hedge the risks of a possible increase in future 6-month Euribor interest rates.

The derivative financial instrument is a swap contract with the following characteristics:

- Swap at a fixed rate of 0.710% (matures on October 30, 2021) for an amount of €13.5 million.

This hedging instrument meets the definition of a cash flow hedge: the hedging classification was maintained given that the floating rate tranche of the new Schuldscheindarlehen instrument has the same underlying instrument and interest payment dates as the previous one, with a higher notional value. Its fair value was recorded as €122 thousand in Other comprehensive income as at December 31, 2020.

Consolidated gross debt excluding IFRS 16 as at December 31, 2020, was €645,567 thousand, of which €7,500 thousand falls due within a year.

Nature of loans taken (in thousands of euros)	Company bearing the loan	Initial amount	Currency	**Total amount of loans taken out as at Dec. 31, 2020**	Maturity
2014 SSD loan	AKKA Technologies	21,000	Euro	7,500	Oct.-21
2017 SSD loan	AKKA Technologies	317,500	Euro	317,500	Oct.-22
2017 SSD loan	AKKATechnologies	127,500	Euro	127,500	Oct.-24
2017 SSD loan	AKKATechnologies	5,000	Euro	5,000	Oct.-27
RCF EUR	AKKA Technologies	n.a.	Euro	150,000	August-25
RCF EUR	AKKA Technologies	n.a.	Euro	15,000	Sept.-25
RCF USD	PDS Tech	n.a.	USD	7,334	May-23
RCF NOK	Data Respons	n.a.	NOK	11,370	April-22
Other non-material loans	-	-	-	4,421	-
Total financial liabilities as at December 31, 2020				**645,625**	

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. As at December 31, 2020, 22% (€139.4 million) of Group's net financial debt was at a fixed rate, and 78% (€ 508.8 millions) at a floating rate. A 1% increase in market interest rates would have had an impact of €2.5 million of loss for the Group.

4.13.2. Liquidity risk

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Non-current financial liabilities	635,523	467,712
Non-current IFRS 16 lease liabilities	114,671	123,415
Current financial liabilities	10,102	74,769
Non-current IFRS 16 lease liabilities	33,623	29,721
Consolidated gross financial debt	**793,919**	**695,616**
Cash and cash equivalents	(467,970)	(469,231)
Consolidated net financial debt	**325,949**	**226,386**

As at December 31, 2020, the AKKA Technologies Group had available cash of €467,970 thousand, entirely composed of cash. There were no cash equivalents as at December 31, 2020.

The Group issued ODIRNANE bonds for €175 million during the 2019 financial year to ensure the growth of its business. The ODIRNANE bonds' main characteritics and accounting analysis leading to record this financial instrument in equity, including the existence of "step up" for interests at 9% + EURIBOR (vs fixed rate of 3.5% until this date) are described in Note 2.14

Consequently, the amount of ODIRNANE bonds is not included in the net debt number presented above.

The Group has conducted a specific review of its liquidity risk and considers itself able to meet its future payment commitments.

Since current assets were substantially greater than current liabilities as at December 31, 2020, no detailed disclosures are provided in respect of maturities of less than one year.

4.13.3. Foreign Exchange risk

Outside the Euro Zone, the Group has operations in the United Kingdom, Norway, Switzerland, Romania, Turkey, the Czech Republic, Morocco, China, Japan, Singapore, Dubai, Qatar, the United States and Canada. These operations accounted for 33.4% of the consolidated revenue in 2020, compared with 24.8% in 2019.

Purchases and Sales Flows in local currency are more or less balanced, except for operations in the Czech Republic, where services are billed in euro but expenses are incurred in local currency.

Investments made using currencies other than the euro accounted for 9.2% of consolidated investments in 2020, compared with 4.8% in 2019.

4.13.4. Investment and counterparty risk

There is no counterparty risk as investments are confined to front-ranking financial institutions.

Owing to its position as a service provider and to the factoring agreement, the cash management policy of the AKKA Technologies Group does not include the acquisition of cash equivalents by the operating subsidiaries.

AKKA Technologies is therefore not exposed to investment risk at this time.

4.14. Tax and social security liabilities excluding income tax

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Current social security liabilities	170,064	109,231
Non-current social security liabilities	66,415	-
Total social security liabilities	**236,479**	**109,231**
Current tax liabilities excluding income tax	109,081	108,277
Non current tax liabilities excluding income tax	634	-
Total tax liabilities excluding income tax	**109,715**	**108,277**
Total tax and social security liabilities excluding income tax	**346,194**	**217,507**

Liabilities due in less than one year totaled €279,145 thousand.

4.15. Other liabilities

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Deferred revenue	26,895	23,734
Advances received from customers	13,431	9,948
Other items	14,219	7,810
Total other liabilities	**54,545**	41,491

4.16. Earn-out liabilities

(in thousands of euros)	Current	Non current	TOTAL
January 1, 2020	**2,314**	**0**	**2,314**
Changes in the scope of consolidation	10,264	30,616	40,880
Payments	(13,510)		(13,510)
Changes related to operating parameters		(8,817)	(8,817)
Changes related to financial parameters		1,594	1,594
Translation adjustments	3	10	13
Reclassifications	12,564	(12,564)	0
Other	(47)		(47)
December 31, 2020	**11,588**	**10,839**	**22,427**

4.17. Financial instruments

(in thousands of euros)	December 31, 2020					
	Book value			Fair value		
	Hedge accounting	Fair value through the income statement	Amortized cost	Level 1	Level 2	Level 3
Securities held for sale	-	-	-	-	-	-
Other non-current assets	-	-	49,867	-	-	-
Trade receivables and contract assets	-	-	191,984	-	-	-
Other current assets related to operating activities	-	-	35,161	-	-	-
Cash and cash equivalents	-	467,971		467,971	-	-
ASSETS	**-**	**467,971**	**277,012**	**467,971**	**-**	**-**
Non-current borrowings and derivatives	-	-	635,523	-	-	-
Non-current IFRS 16 lease liabilities	-	-	114,671	-	-	-
Non-current earn-out liabilities	-	10,839	-	-	-	10,839
Current borrowings and derivatives	-	-	10,102	-	-	-
Current IFRS 16 lease liabilities	-	-	33,623	-	-	-
Trade payables	-	-	125,373	-	-	-
Current earn-out liabilities	-	11,588	-	-	-	11,588
Other current liabilities	-	-	27,650	-	-	-
LIABILITIES	**-**	**22,427**	**946,943**	**-**	**-**	**22,427**

[1] *Designated upon initial recognition*

(in thousands of euros)	December 31, 2019					
	Book value			Fair value		
	Hedge accounting	Fair value through the income statement	Amortized cost	Level 1	Level 2	Level 3
Securities held for sale	-	366	-	366	-	-
Other non-current assets	-	-	44,513	-	-	-
Trade receivables and contract assets	-	-	224,806	-	-	-
Other current assets related to operating activities	-	-	28,078	-	-	-
Marketable securities and other current financial assets	-	1,276	-	1,276	-	-
Cash and cash equivalents	-	467,955	-	467,955	-	-
ASSETS	**-**	**469,598**	**297,396**	**469,598**	**-**	**-**
Non-current borrowings and derivatives	-	-	463,511	-	-	-
Non-current liabilities on finance leases	-	-	4,201	-	-	-
Non-current IFRS 16 lease liabilities	-	-	123,415	-	-	-
Current borrowings and derivatives	-	-	74,247	-	-	-
Current liabilities on finance leases	-	-	522	-	-	-
Current IFRS 16 lease liabilities	-	-	29,721	-	-	-
Trade payables	-	-	114,560	-	-	-
Current liabilities on company acquisitions	-	2,314	-	-	-	2,314
Other current liabilities		-	17,792	-	-	-
LIABILITIES		**2,314**	**827,969**	**-**	**-**	**2,314**

[1] *Designated upon initial recognition*

The Group's assets are mainly Level 1 (term deposits) and Level 2 (quoted market price in an active market). Level 2 (fair value determined by reference to observable data) relates to derivative contracts. Level 3 (fair value determined by reference to data not observable on a market) is applicable only for earn-out debt.

5. NOTES TO THE CONSOLIDATED CASH FLOWS STATEMENT

5.1. Net cash position at year-end

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Cash	467,970	467,955
Cash equivalents	(0)	1,276
Cash and cash equivalents	**467,970**	**469,231**

Cash includes funds made available by the factor but not utilized for an amount of €21,481 thousand as at December 31, 2020 and €50,264 thousand as at December 31, 2019.

5.2. Change in working capital

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2019
Inventories	3,591	3,214
Trade receivables and contract assets	82,763	46,429
Other receivables	14,543	(14,991)
Other non-current assets	(2,831)	13,307
Trade payables	(25,732)	(10,860)
Tax and social security liabilities	145,685	(20,364)
Other liabilities (excluding liabilities related to the acquisition of fixed assets)	6,361	2,395
Change in net working capital	**224,380**	**19,131**

5.3. Impact of changes in the scope of consolidation

The effect of changes in the scope of consolidation corresponds to earn-out and acquisition price paid net of cash contributed by the acquired companies.

5.4. Dividends paid to shareholders of the parent company

	in 2020	in 2019
Amount of dividend paid (in thousands of euros)	-	14,026
Dividend per share (in euros)	-	0.70
Adjusted dividend per share (in euros) (*)	-	0.64

* *after taking into account the allocation of one free share per every 10 after distribution*

Due to the COVID-19 pandemic, the Board of Directors decided that no dividend would be paid for the 2020 financial year.

6. FEES PAID TO AUDITORS

The following table provides information about the fees paid by AKKA Technologies SE, its fully consolidated subsidiaries and its joint activities to each of the statutory auditors, responsible for auditing the annual and consolidated financial statements of the AKKA Group.

Amounts in thousands of euros	**2020** **EY**	2019 EY
Statutory audit		
AKKA Technologies SE	**102**	97
Fully consolidated subsidiaries	**694**	498
Statutory audit - Total	**796**	**595**
% of total fees	**61.8%**	54.2%
Non-audit services	**492**	**502**
% of total fees	**38.2%**	45.8%
TOTAL	**1.288**	**1.097**
% of total fees	*100.0%*	*100.0%*

7. SUBSEQUENT EVENTS

None.

8. RELATED PARTY DISCLOSURES

8.1. Transactions between the Group and related parties

Transactions between the Group and its fully consolidated subsidiaries are eliminated in the financial statements and are not detailed in the Notes.

The Ricci Family Group held 38.9% of the shares and 51.3% of the voting rights as at December 31, 2020.

With the exception of remuneration transactions shown in paragraph 8.2, the effects on the consolidated accounts of the main transactions between the Group and the companies controlled by the main shareholder were as follows:

(in thousands of euros)	2020	2019
Consolidated income statement		
Amortization of IFRS 16 rights of use	6.3	6.3
IFRS 16 interest expenses	1.3	1.4
Consolidated balance sheet		
IFRS 16 rights of use	50.2	54.1
Security deposit on leases	2.8	1.1
Loans given	12.0	-
IFRS 16 lease liabilities	51.4	54.6

8.2. Directors' and executive officers' Compensation

(in thousands of euros)	2020	2019
Fixed remuneration	5,529	5,545
Variable remuneration	-	-
Exceptional remuneration (*)	947	-
Directors' fees (**)	160	145
Benefits in kind	-	-
Supplementary pension plans	Néant	Néant
TOTAL COST TO THE COMPANY	**6,636**	**5,690**

(*) *Contract termination indemnity*
(**) *In 2020, 25% of the amount indicated was paid in the form of company shares*

With the exception of shares allocated as Directors' fees in 2020 and 2019 (see above), no free shares were granted to the Directors' and Executive officers' of AKKA Technologies, and no options were exercised as part of a stock option plan.

9. OTHER INFORMATION

9.1. Financial instruments

There was no reclassification between the different classes of financial instruments as at December 31, 2020.

9.2. Information relating to risk management

In the course of their operations, some companies within the Group are subject to audit by tax and social security authorities. The Group is subject to regular audits of all its accounting, tax (income tax, subsidies, research tax credits, VAT, etc.) and social security (social security contributions and wages-based taxes) reporting obligations, for subsidiaries operating both in France and abroad.

Ongoing disputes with the tax administration relate mainly to research tax credits ("CIR") and, in particular, to the manner in which expenses incurred by approved subcontracting companies for the determination of their own research tax credit are taken into account.

The Group has reassessed the value of research tax credit receivables recoverable as at December 31, 2020 to take account of the developments of ongoing disputes and of law case.

As a reminder, €13.3 million of additional receivable was recorded in 2019 related to the litigation from 2008 to 2009, in accordance to the decision of the Paris administrative court of Appeal (CAA) in December 2019.

Recent favorable developments of jurisprudence (Cap Gemini / Altran decision of Versailles administrative court of January 2019, the AKKA decision of December 2019, Takima judgment by the Council of State of September 2020) enabled the Group to recognize in 2020 additional receivables of €2.3 million related to the years 2008 to 2009, and of €7.7 million related to the years 2010 to 2013. Having consulted its advisors, the Group estimated that the unfavorable decision of Versailles administrative court of March 17, 2021 related to years 2010-2011 doesn't call into question recoverable amount of receivables recognized as of December 31, 2020. The Group believes it has solid grounds to obtain cancellation of the above judgment by the Council of State and a positive outcome at the end of the legal procedure.

The effects above are included in the subsidies' amounts mentioned in Note 3.3.

In addition, net research tax credit receivables recognized in the 2020 accounts amount to €29.9 million (recognized in Non-current other assets) compared with €44.2 million as at December 31, 2019 (€27.2 million of which was included in Non-current other assets and €17 million in Other receivables).

07

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This report is a free translation of the French original

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF AKKA TECHNOLOGIES SE FOR THE YEAR ENDED 31 DECEMBER 2020

As required by law and the Company's articles of association, we report to you as statutory auditor of AKKA Technologies SE (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in consolidated equity for the year ended 31 December 2020 and the notes (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 3 May 2018, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2020. We performed the audit of the Consolidated Financial Statements of the Group during 3 consecutive years.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the Consolidated Financial Statements of AKKA Technologies SE, that comprise of the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in consolidated equity of the year and the disclosures, which show a consolidated balance sheet total of € 1.975.152 thousand and of which the consolidated income statement shows a loss for the year of € 167.907 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2020, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Revenue recognition on fixed-price contracts

Description of the key audit matter

The Group executes amongst others fixed-price contracts and the contribution of those contracts to the total consolidated revenues for the year ended 31 December 2020 is significant.

As indicated in note 2.1 of the Consolidated Financial Statements, the revenues and the margins of such contracts are recognized based on the basis of work completed.

For fixed-price contracts, the services are recognised on the basis of work completed, taking into account an estimate of the amount remaining to complete the contract. For fixed-price contracts, where the work completed plus what remains to be done to fulfil the contract exceeds the total revenue from the contract, the excess amount is recognised as "provision for losses on completion" in liabilities, under the heading "current provisions".

The recognition of the revenues and margin of fixed-price contracts was considered to be a key audit matter due to their volume and significance on the Consolidated Financial Statements and due to the inherently judgmental estimations used on the determination of the progress et the expected costs to complete the contract, as indicated in note 1.3 of the Consolidated Financial Statements.

Summary of the procedures performed

- We have examined the internal control system, including management review controls, relating to the process of contract follow up, the revenue and margin recognition, and, when applicable, the provisions for losses on completion. We have performed tests, on a sample basis, on the key internal controls implemented in the main companies of the Group.
- We have tested, on a sample basis, the consistency between the accounting data and the analytical and management data on which contract management and follow-up are performed.
- For a selection of contracts, we have determined on the basis of multiple criteria deemed relevant in relation to the risks incurred, corroborated the main assumptions used for their recognition at the reporting date (percentage of completion, costs already incurred and costs yet to be incurred) with the information obtained during interviews with the teams in charge of contract management and follow-up, as well

as with the information and the technical and commercial documentation collected.

- We have also assessed the adequacy and completeness of the information disclosed in notes 2.1, 1.3 et 3.1 of the Consolidated Financial Statements.

Impairment test on goodwill

Description of the key audit matter Goodwill resulting from the Group's acquisitions was recognised as an asset in the consolidated balance sheet for a total amount of € 691,4 million, or 35% of total assets as of 31 December 2020.

It is allocated to 10 cash-generating units (CGU) corresponding to geographical areas. In conformity with IAS 36 "Impairment of Assets", the Group carries out impairment tests at least once a year, in accordance with the methods described in notes 2.9 and 4.2 of the Consolidated Financial Statements.

These tests are performed by CGU or group of CGUs, based on a 5 year projection of free cash flows related to the activity (operating cash flows, movements in working capital and investments) when applicable increased with related Research & Development grants. This projection is determined using the CGU's budget data and taking into account past experience and future prospects, considering the effect of Covid-19 on the budgets. Beyond this horizon, the Group calculates a terminal value of the CGU corresponding to the discounting of the net cash flows linked to the activity to infinity.

The discount rate is determined in accordance with IFRS and calculated taking into account a risk-free rate, a risk premium linked to the equity market and a sector beta. Based on the localization of CGUs or groupings of CGUs presenting goodwill, a country risk premium has been taken into account.

The determination of the recoverable amount of the CGUs is based on significant estimates and assumptions made by Management, relating in particular to the discount rate, 5-year projections and the perpetual growth rate, to which the valuation is sensitive.

These various factors led us to consider the valuation of goodwill as a key audit matter.

Summary of the procedures performed

- We examined the internal control environment and the compliance with prevailing accounting standards of the methods used by management to measure goodwill.
- We have compared the cash flow projections with the budgets and medium-term plans drawn up by management, and analysed their consistency with the Group's past performance and the economic environment in which it operates, considering the impacts of Covid-19 on the budgets;
- We have critically examined the methods and parameters used to determine the discount rates applied to projected cash flows, by recalculating them, comparing them with those used by leading financial analysts and comparing them with our internal databases, with the support of our valuation specialists;
- We have assessed the relevance of the sensitivity scenarios used by management and the relative information presented in the note 4.2 of the Consolidated Financial Statements.
- We also have assessed the adequacy and completeness of the information included in notes 2.9, 4.1 et 4.2 of the Consolidated Financial Statements.

Accounting for restructuring provisions

Description of the key audit matter

The Group's performance was strongly impacted by the Covid-19 pandemic and led the Group to initiate restructuring plans. As of 31 December 2020, a provision for restructuring is recognized for an amount of € 80 million. As described in Note 4.12 of the Consolidated Financial Statements, this provision mainly concerns restructuring actions undertaken in France and Germany.

As described in Note 2.18, obligations towards third parties resulting from past events, whether legal, regulatory, contractual or constructive, are subject to the recognition of a provision when the Group has a current obligation, legal or constructive, resulting from past events, existing independently of future actions of the Group, and that it is probable that they will give rise to an outflow of economic resources.

The measurement and disclosure of these restructuring plans are a key audit matter since they include significant judgment from management and because it has a significant impact on the Consolidated Financial Statements.

Summary of the procedures performed

- We obtained an understanding of the conditions and timetables of the restructuring plans,
- We assessed whether the recognition criteria for the recognition of provisions as defined by IAS 37 were met at 31 December 2020,
- We reviewed the assumptions used by management to determine the provisions,
- We tested the accuracy of the calculations of the provisions and compared the base salary data used in the calculations with average annual salaries of the applicable categories of workers.
- We also have assessed the adequacy and completeness of the information included in notes 4.12 et 2.18 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements and the non-financial information attached to the Board of Directors' report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiative. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiative.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, 26 April 2021

EY Bedrijfsrevisoren BV Statutory auditor Represented by

Eric Van Hoof *

Partner

*Acting on behalf of a BV/SRL

08

Annex

1. CHAIRMAN'S STATEMENT

I, the undersigned, Mauro Ricci, Chairman of the Board of Directors and Chief Executive Officer, hereby declare that, to the best of my knowledge:

a) The financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), give a true and fair view of the assets, liabilities, financial position and earnings of the issuer and the entities included in the consolidation;

b) The management report includes an accurate review of the business developments, earnings and financial position of the issuer and of the entities included in the consolidation, as well as a description of the main risks and uncertainties faced by these entities.

Mauro Ricci

Chairman and Chief Executive Officer

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PASSION FOR
TECHNOLOGIES

10.3.2 Half year financial report as of 30 June 2021

2021 HALF-YEARLY FINANCIAL REPORT

AKKA

PASSION FOR TECHNOLOGIES

This document is an English translation of the RAPPORT FINANCIER SEMESTRIEL 2021 that was issued in French and drafted in accordance with Belgian law. This document is provided solely for the convenience of English readers and in case of any discrepancies with the French version, the French version prevails.

2021 HALF-YEARLY FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in thousands of euro	Note No.	June 30, 2021	June 30, 2020
Revenue	2.1	769,574	777,969
Purchased services and goods	2.2	(187,070)	(192,607)
Taxes and duties		(5,290)	(5,623)
Personnel expenses	2.3	(595,333)	(596,042)
Net depreciation and provisions	2.4	3,754	(58,923)
Other current expenses		(5,009)	(1,611)
Other current income		3,743	11,754
Income from equity affiliates		1,332	143
Free shares and stock options	3.11	84	(1,155)
OPERATING PROFIT		**(14,216)**	**(66,096)**
Income from cash and cash equivalents	2.5	68	976
Cost of gross financial debt	2.5	(9,074)	(10,308)
COST OF NET FINANCIAL DEBT		**(9,005)**	**(9,332)**
Other financial income and expenses	2.5	(399)	(3,474)
PROFIT BEFORE TAX		**(23,620)**	**(78,902)**
Income tax expense	2.6	(5,542)	22,119
CONSOLIDATED NET INCOME		**(29,162)**	**(56,783)**
Non-controlling interests		(331)	(583)
GROUP SHARE OF NET PROFIT		**(29,494)**	**(57,366)**
Earnings per share		(0.96) €	(1.92) €
Diluted earnings per share		(0.96) €	(1.92) €
Weighted average number of ordinary shares outstanding		30,565,959	29,868,241
Weighted average number of ordinary shares plus potential dilutive shares		33,288,605	32,610,887

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of euro	Note No.	June 30, 2021	June 30, 2020
CONSOLIDATED NET INCOME		**(29,162)**	**(56,783)**
Actuarial gains and losses on pension obligations	3.10	950	-
Tax effect of items not to be recycled to income in subsequent periods		(291)	-
Items not to be recycled to income in subsequent periods		**659**	**-**
Gains and losses on hedging instruments	3.11	54	(43)
Change in translation adjustments		3,102	(22)
Tax effect of items to be recycled to income in subsequent periods		(13)	14
Items to be recycled to income in subsequent periods		**3,144**	**(52)**
Items to be recycled to income and those not to be recycled		**3,803**	**(52)**
CONSOLIDATED COMPREHENSIVE INCOME		**(25,359)**	**(56,835)**
Non-controlling interests		(482)	610
Group share		(24,877)	(57,444)

CONSOLIDATED BALANCE SHEET

ASSETS in thousands of euro	Note No.	June 30, 2021	Dec. 31, 2020
Goodwill	3.1	713,627	691,390
Intangible assets	3.3	117,995	112,471
Tangible assets	3.3	68,414	75,669
Rights of use - IFRS 16	3.4	144,104	141,807
Non-current financial assets		48,337	49,868
Securities of affiliated companies and joint ventures	3.5	48,485	48,190
Other non-current assets	3.6	37,328	30,078
Deferred tax assets		80,346	80,034
Non-current assets		**1,258,636**	**1,229,507**
Inventories and work in progress		8,570	9,515
Trade receivables and contract assets	3.7	203,674	191,985
Other receivables	3.8	82,033	76,173
Cash and cash equivalents	5.1	324,525	467,970
Current assets		**618,802**	**745,643**
TOTAL ASSETS		**1,877,440**	**1,975,152**

LIABILIITIES in thousands of euro	Note No.	June 30, 2021	Dec. 31, 2020
Share capital	3.9	47,751	47,751
Share premiums	3.9	184,024	183,724
Consolidation reserves		83,703	251,437
ODIRNANE bonds (1)	3.9	176,282	176,037
Group share of net profit		(29,494)	(168,761)
Group share of equity		**462,266**	**490,188**
Non-controlling interests		1,948	2,430
Shareholders' equity		**464,215**	**492,618**
Non-current provisions	3.10	23,522	36,906
Non-current financial liabilities	3.11	538,109	635,523
Non-current IFRS 16 lease liabilities	3.11	118,746	114,671
Non-current earn-out liabilities	3.14	11,652	10,839
Non-current tax and social security liabilities		82,423	67,049
Deferred tax liabilities		33,413	31,553
Non-current liabilities		**807,864**	**896,542**
Current provisions	3.10	46,103	65,085
Current financial liabilities	3.11	79,399	10,102
Current IFRS 16 lease liabilities		32,245	33,623
Trade payables		128,853	125,373
Income taxes payable		5,393	6,529
Tax and social security liabilities excluding income tax	3.14	266,745	279,145
Current earn-out liabilities	3.12	12,549	11,588
Other liabilities		34,072	54,546
Current liabilities		**605,361**	**585,992**
TOTAL LIABILITIES		**1,877,440**	**1,975,152**

(1) *ODIRNANE bonds net of issuance costs*

CONSOLIDATED STATEMENT OF CASH FLOWS

in thousands of euro	Note No.	June 30, 2021	June 30, 2020
Consolidated net income		(29 162)	(56 783)
Add-backs (+) or deductions (-) for depreciation and impairment (excluding working capital)		3 178	39 119
Deduction of income from equity affiliates		(1 332)	(143)
Dividends received by equity affiliates		1 036	-
Add-backs (+) or deductions (-) for tax		5 496	(22 046)
Add-backs (+) or deductions (-) calculated under IFRS [1]		977	5 765
Add-backs (+) or deductions (-) for net disposals		3 852	(8 876)
Add-backs (+) or deductions (-) for net financial debt	2.6	9 005	9 332
Cash flow before net interest borrowing costs and tax		**(6 949)**	**(33 632)**
Income Tax paid		(5 703)	(5 209)
Change in net working capital	4.1	(42 003)	95 618
Net cash flow from operating activities		**(54 655)**	**56 777**
Acquisitions of fixed assets	3.3	(7 707)	(12 826)
Disposals of fixed assets		281	2 448
Change in financial assets		1 667	(5 996)
Effect of changes in the scope of consolidation	4.2	(23 211)	(365 740)
Net cash flow from investment activities		**(28 971)**	**(382 114)**
Purchase of treasury shares	4.3	-	-
Proceeds from new borrowings	-	-	(2 357)
Repayment of borrowings	3.11	34	202 437
Repayment of IFRS 16 lease liabilities	3.11	(30 173)	(1 546)
Net interest received		(17 629)	(16 531)
Net interest paid		68	976
Net cash flow from financing activities		(12 079)	(8 903)
Effect of changes in foreign currency exchange rates		**(59 778)**	**174 076**
CHANGE IN CASH AND CASH EQUIVALENTS		(42)	(900)
Cash and cash equivalents at beginning of the year		**(143 445)**	**(152 162)**
Cash and cash equivalent at year end		467 970	469 231
CHANGE IN CASH AND CASH EQUIVALENTS		324 525	317 069
VARIATION DE TRÉSORERIE		**(143 445)**	**(152 162)**

[1] *Expenses calculated on the basis of IFRS consist of the valuation of stock options and free shares (IFRS 2) and the effect of the integration of borrowing costs into the EIR.*

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Amounts in thousands of euro	Number of shares			Share capital	Share premiums	Consolidated reserves	ODIRNANE bonds	Income for the period	Translation adjustments	Group share of equity	Non-controlling interests	Consolidated shareholders' equity
	Issued	Treasury shares	Outstanding									
Shareholders' equity as at January 1, 2020	**20,291,990**	**443,524**	**19,848,466**	**31,047**	**656**	**373,093**	**-**	**73,041**	**(241)**	**477,597**	**641**	**478,239**
Income for the period	-	-	-	-	-	-	-	(57,366)	-	(57,366)	583	(56,783)
Other comprehensive income [1]	-	-	-	-	-	(29)	-	-	(49)	(78)	26	(52)
Consolidated comprehensive income	**-**	**-**	**-**	**-**	**-**	**(29)**	**-**	**(57,366)**	**(49)**	**(57,444)**	**610**	**(56,835)**
Change in the share capital of the parent company	2,029,199	59,460	1,969,739	3,104	-	(3,104)	-	-	-	-	-	-
Increase in capital through the incorporation of reserves (1 for 10)	-	-	-	-	-	-	-	-	-	-	-	-
Buy-back of own shares	-	143,190	(143,190)	-	-	(2,374)	-	-	-	(2,374)	-	(2,374)
Change in the scope of consolidation	-	-	-	-	-	(1,596)	-	-	-	(1,596)	1,595	(1)
Allocation of earnings	-	-	-	-	-	73,041	-	(73,041)	-	-	-	-
Dividends (2)	-	-	-	-	-	-	-	-	-	-	(641)	(641)
Effect of free shares and stock options	-	-	-	-	-	1,070	-	-	-	1,070	-	1,070
Interest on ODIRNANE bonds	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of ODIRNANE issuance costs (3)	-	-	-	-	-	254	-	-	-	254	-	254
Other changes	-	6 291	(6 291)	-	-	44	-	-	-	44	74	118
Shareholders' equity as at June 30, 2020	**22,321,189**	**652,465**	**21,668,724**	**34,151**	**656**	**440,400**	**172,911**	**(57,366)**	**(290)**	**417,551**	**2,279**	**419,831**
Shareholders' equity as at January 1, 2021	**31,210,078**	**642,685**	**30,567,393**	**47,751**	**183,724**	**260,528**	**176,037**	**(168,761)**	**(9,092)**	**490,188**	**2,430**	**492,619**
Income for the period	-	-	-	-	-	-	-	(29,494)	-	(29,494)	331	(29,162)
Other comprehensive income [1]	-	-	-	-	-	701	-	-	3,915	4,616	(813)	3,803
Consolidated comprehensive income	**-**	**-**	**-**	**-**	**-**	**701**	**-**	**(29,494)**	**3,915**	**(24,877)**	**(482)**	**(25,359)**
Change in the share capital of the parent company	-	-	-	-	-	-	-	-	-	-	-	-
Increase in capital through the incorporation of reserves (1 for 10)	-	-	-	-	-	-	-	-	-	-	-	-
Buy-back of own shares	-	-	-	-	-	(12)	-	-	-	(12)	-	(12)
Change in the scope of consolidation	-	-	-	-	-	(0)	-	-	-	(0)	-	(0)
Allocation of earnings	-	-	-	-	-	(168,761)	0	168,761	-	0	-	0
Dividends [2]	-	-	-	-	-	-	-	-	-	-	-	-
Effect of free shares and stock options	-	-	-	-	-	(69)	-	-	-	(69)	-	(69)
Interest on ODIRNANE bonds	-	-	-	-	-	(3,062)	(9)	-	-	(3,071)	-	(3,071)
Amortization of ODIRNANE issuance costs (3)	-	-	-	-	-	(254)	254	-	-	-	-	-
Other changes	-	1,434	(1,434)	-	-	108	-	-	-	108	-	108
Shareholders' equity as at June 30, 2021	**31,210, 078**	**644,119**	**30,565, 959**	**47,751**	**183,724**	**89,178**	**176,282**	**(29,494)**	**(5,177)**	**462,266**	**1,948**	**464,216**

[1] As at June 30, 2021, the amount of actuarial losses was €(3, 403) thousand, and the amount of hedging reserve losses was €(46) thousand.

[2] The amount of dividends in respect of 2020 payable in 2021 is disclosed in Note 5.4
[3] ODIRNANE : the Group issued a bond with a par value of €175 million. In compliance with IFRS 9, the issue amount offset by the issue costs has been recorded as equity, these issue costs being amortized over the lifetime of the instrument.

Contents

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

This appendix includes additional information on the consolidated balance sheet, which totals €1,877.4 million, and on the consolidated income statement, which shows a consolidated net loss (Group share) of €29.5 million and a consolidated comprehensive loss (Group share) of €24.9 million.

Such information is only included when its importance is material to the results.

Unless otherwise indicated, all figures are expressed in thousands of euros.

The financial statements were approved by the Board of Directors of the AKKA TECHNOLOGIES Group at its meeting on 6 September 2021.

COMPANY'S ACTIVITY:

AKKA is the European leader in engineering consulting and R&D services in the mobility sectors. AKKA supports manufacturers in the automotive, aeronautics, rail and life sciences sectors throughout the life cycle of their products. Gas pedal for its clients, AKKA puts its expertise in cutting-edge digital technologies (AI, ADAS, IoT, Big data, robotics, embedded computing, machine learning, etc.).

Founded in 1984, the Group is distinguished by its strong entrepreneurial culture and continues its accelerated growth and internationalization.

With more than 19,000 employees who put their passion at the service of tomorrow's industry every day, the Group recorded revenues of €1.5 billion in 2020.

Following the acquisition of Data Respons in 2020, AKKA has the broadest and deepest portfolio of digital offerings in Europe to address the fast-growing mobility market.

The company is headquartered at 235 Avenue Louise, 1050 Brussels, Belgium.

AKKA Technologies (AKA) is listed on Euronext Paris and Brussels – segment B – ISIN code: FR0004180537.

Significant events and transactions during the half-year and events after the closing date:

During the first half of the year, the Group continued to recover from the economic crisis triggered by the Covid-19 global health crisis in 2020. This recovery is characterized by sequential growth quarter after quarter, as described in the Half-Yearly Activity Report, with no major event occurring during the half.

However, events occurring after the balance sheet date with no impact on the financial statements for the six months ended June 30, 2021, but with major consequences for the Group's perspectives, occurred in July 2021:

The acquisition by the Adecco Group of the majority stakes of the Ricci family and CNP (59.92% of the capital) at €49 per share

On July 27, 2021, the Ricci family and Swilux S.A., a wholly-owned subsidiary of Compagnie Nationale à Portefeuille SA ("CNP"), who collectively hold approximately 60% of AKKA's capital and approximately 68% of the voting rights, have irrevocably agreed to sell their stake to the Adecco Group's subsidiary Modis. The closing of this first step is expected to take place at the beginning of the first quarter of 2022, subject to a number of conditions, in particular the obtaining of all regulatory authorizations.

Following the closing of the first step of the transaction, whereby the Adecco Group will have acquired a controlling interest in AKKA, the Adecco Group will launch a mandatory takeover bid in Belgium and France for the remaining AKKA shares at the same price of €49 per share (the "Mandatory Takeover Bid"). The Mandatory Takeover Bid will be unconditional. Holders of AKKA shares will therefore have the possibility to offer their shares for €49 per share in cash, or an equivalent price in cash per subscription right or per convertible bond/ODIRNANE. Subject to obtaining the necessary authorizations, the Takeover Bid is expected to be launched towards the end of the first quarter of 2022 and to be completed in the second quarter of 2022. Communications on the Mandatory Takeover Bid will be made in accordance with the rules applicable to takeover bids.

The acquisition of AKKA by the Adecco Group's subsidiary Modis with a view to combining it with its engineering business will create the world's number 2 in smart industry. Since its creation, AKKA has always focused on accelerating innovation for its clients. By taking this next step with Modis, AKKA is even better positioned to do so, strengthening its capabilities as a valuable long-term partner. The addition of cutting-edge digital engineering skills, combined with our deep expertise in full product lifecycle engineering will create value for all the Group's stakeholders.

The simultaneous acquisition of real estate assets by AKKA

The Board of Directors, which met on the 27th of July 2021, approved the acquisition of 100% of Valentine Finance SARL, which indirectly owns, through real estate companies in France, Belgium, Germany and Morocco, part of the office buildings that AKKA leases as part of its business. This acquisition, made for €70 million from related parties, was concluded on 28 July 2021.

This acquisition will have the following main impacts:

- on the one hand, the elimination from the consolidated balance sheet of the rights of use, lease liabilities, depreciation charges and interest expenses presented in the note 6.2 to the financial statements
- on the other hand, the recognition of the value of the real estate assets acquired and of the financial debt of Valentine Finance in the balance sheet, as well as of the depreciation charges on the assets and interest in the income statement.

The acquisition of Valentine Finance will have a slightly positive recurring impact on AKKA's operating income. The impact on net debt will be an increase of around €117 million.

The reinforcement of the group's liquidity position achieved through July 20, 2021 through:

- the granting of a €104.3 million French government guaranteed loan (PGE) to its French subsidiary AKKA Services, with four major banks and Bpifrance, to be repaid over four years starting in 2022 (until July 2026);
- the signature of an agreement with a leading European bank for an additional revolving credit facility of €75 million for a period of two years, with three extension options (3X1 year), potentially bringing the maturity to 2026. The covenants associated with this new RCF are aligned with the RCF contracts already in place (covenant ratio defined as net debt divided by adjusted EBITDA less than 4.5x taking into account IFRS16 debt).

These transactions do not have a significant impact on the Group's average cost of financing, the net debt and covenant ratios are not affected by these transactions.

1. 1. SCOPE AND CONSOLIDATION METHODS

1.1 Reporting standards

The condensed financial statements of the AKKA Technologies Group have been prepared in accordance with the standards, amendments and interpretations published by the IASB (International Accounting Standards Board) and adopted by the European Union on the closing date.

This standard is available on the European Commission's website at the following address

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr

The condensed consolidated financial statements of the AKKA Technologies Group have been prepared in accordance with IAS 34 "Interim Financial Reporting", an IFRS standard, as adopted in the European Union, relating to intermediary financial information.

These consolidated financial statements have been prepared and presented in summary. The notes to the consolidated financial statements cover the significant items of the half-year and should be read in conjunction with the consolidated financial statements as of December 31, 2020 included in the Integrated Report registered with the Belgian Financial Markets Authority (FSMA) and available on the company's website in the investor's area under the heading "All financial reports":

https://www.akka-technologies.com/document/

1.2 New IFRS standards and interpretations

The changes in standards, applicable on January 1, 2021 did not have a material impact on the Group's financial statements:

- Amendment to IFRS 4: Application of IFRS 9 and IFRS 4;
- Annual improvements to IFRS, 2018-2020 cycle. Reform Change of interest rates: modifications of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Group has chosen not to early apply the standards, interpretations and amendments adopted by the European Union before June 30, 2021, but for which early application would have been possible, and that come into force after this date. These are mainly the following standards:

- Amendment to IAS 1 on the classification of liabilities as current and non-current;
- Amendments to IAS 1 and IAS 8: modification of the definition of "significant
- Amendment to IAS 16: revenue generated by an asset before its intended use;
- Amendment to IAS 37: onerous contracts - costs to fulfill the contract;
- Annual improvements to IFRSs 2018-2020 cycle;
- Amendment to IFRS 16: rent relief related to covid-19 beyond June 30, 2021;
- IFRS 17: Insurance Contracts;
- IFRS 9 Fees in the 10% derecognition test of financial liabilities;
- Amendment to IAS 12: deferred tax on assets/liabilities arising from the same transaction.

1.3 Management estimates

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that have an impact on the financial statements. These estimates are made on the basis of the information available at the time of preparation. Estimates may be revised if the circumstances on which they were based change. Actual results may differ from those originally estimated.

The consolidated financial statements for the year were prepared taking into account the current macroeconomic context and on the basis of financial market parameters available at the closing date, in particular taking into account the situation of COVID-19, and on the basis of financial market parameters available at the closing date, for the following estimates.

The use of estimates affects in particular the following data:

- the assumptions used for asset impairment tests,
- the calculation of deferred tax assets,
- the measurement of income based on the stage of completion of business,
- the estimation of projects eligible for research tax credits,
- the estimation of provisions for restructuring.

1.4 Consolidation methods

Companies over which the Group exercises exclusive control, directly or indirectly, are fully consolidated.

The analysis of the exclusive control is carried out according to the criteria defined by IFRS 10 (power over the relevant activities, exposure to variable returns and ability to use its power to influence returns). Such control is presumed to exist in companies in which the Group directly or indirectly holds at least 50% of the voting rights. To evaluate this control, potential voting rights that are immediately exercisable are taken into account, including those held by another entity.

The analysis of partnerships carried out in accordance with the criteria defined by IFRS 11 led to the identification of only joint ventures, and no joint activities. Joint ventures are accounted for by the equity method.

Goodwill on companies accounted for by the equity method is tested only if there is an indication of impairment, which is not the case on June 30, 2021.

At June 30, 2021, as at June 30, 2020, only one company is accounted for by the equity method (notes 1.6 and 2.5).

1.5 Scope of consolidation

Companies	% control	% interest	Consolidation methods [1]	Country in which the company is based
AKKA TECHNOLOGIES SE	-	-	CE	Belgium
AEROCONSEIL SASU	100%	100%	FC	France
DATARESPONS SAS (ex-AKKA Digital solution SAS)	100%	100%	FC	France
GLOBAL SUPPORT SUPPLIER SAS	72%	72%	FC	France
AKKA I&S SASU	100%	100%	FC	France
AKKA INGENIERIE PRODUIT SAS	100%	100%	FC	France
AKKA SERVICES SAS	100%	100%	FC	France
EKIS FRANCE SASU	100%	100%	FC	France
EKIS SASU	100%	100%	FC	France
AKKA HIGH TECH SAS	100%	100%	FC	France
MODELISATION ASSISTANCE TECHNIQUE INFORMATIQUE SCIENTIFIQUE (MATIS) SAS	100%	100%	FC	France
AKKA DCE GmbH	100%	100%	FC	Germany
AKKA DEUTSCHLAND GmbH	100%	100%	FC	Germany
AKKA EMV GmbH	100%	100%	FC	Germany
AKKA GERMANY GmbH	100%	100%	FC	Germany
AKKA EXPERTS GmbH (ex-AKKA SERVICES GmbH)	100%	100%	FC	Germany
ATP AUTOMOTIVE TESTING PAPENBURG GmbH	100%	100%	FC	Germany
ELEKTRONISCHE FAHRWERKSYSTEME GmbH	51%	51%	EM	Germany
AKKA Industry Consulting GmbH (ex-AKKA DSO GmbH)	100%	100%	FC	Germany
AKKA EMC GmbH	100%	100%	FC	Germany
AKKA GmbH & Co. KGaA	100%	100%	FC	Germany
AKKA Verwaltungs GmbH	100%	100%	FC	Germany
AKKA CONCEPT GmbH	100%	100%	FC	Germany

[1] *CE = Consolidating Entity; FC = Full Consolidation; EM = Equity Method*

Companies	% control	% interest	Consolidation methods [1]	Country in which the company is based
AKKA Austria GmbH	100%	100%	FC	Austria
AKKA BELGIUM SA	100%	100%	FC	Belgium
AKKA FINANCE SPRL	100%	100%	FC	Belgium
AKKA INTERNATIONAL SA	100%	100%	FC	Belgium
AKKA GROUPE AMERIQUE DU NORD INC	100%	100%	FC	Canada
AKKA TECHNOLOGIES BEIJING Ltd.	100%	100%	FC	China
ERLKONIG MANAGEMENT CONSULTING BEIJING Ltd.	100%	100%	FC	China
MB SIM TECHNOLOGY Co. Ltd.	100%	100%	FC	China
AKKA CONGO SA	70%	70%	FC	Congo
AKKA MIDDLE EAST DMCC	100%	100%	FC	UAE
AKKA MIDDLE EAST LLC	100%	100%	FC	Qatar
AKKA TECHNOLOGIES SPAIN SL	100%	100%	FC	Spain
AKKA DEVELOPMENT UK LTD	100%	100%	FC	Great Britain
AKKA HUNGARY Kft (ex-MBTECH Hungary)	100%	100%	FC	Hungary
BERTONE DIGITAL MOBILITY SRL	100%	100%	FC	Italy
AKKA ITALIA SRL	100%	100%	FC	Italy
AKKA JAPAN K.K	100%	100%	FC	Japan
AKKA DEVELOPMENT SARL	100%	100%	FC	Luxembourg
AKKA DOCUMENTTAIRE MAROC SARL	100%	100%	FC	Maroc
AKKA GESTION MAROC SARL	100%	100%	FC	Maroc
AKKA IS MAROC SARLAU	100%	100%	FC	Maroc
AKKA TRANSAFRICA SARL	100%	100%	FC	Maroc
AKKA NETHERLANDS BV	100%	100%	FC	Netherlands
AKKA Czech Republic s.r.o	100%	100%	FC	Czech Republic
AKKA ROMSERV SRL	100%	100%	FC	Romania
AKKA TECHNOLOGIES SINGAPORE LTD	100%	100%	FC	Singapore
AKKA GEC SINGAPORE LTD	100%	100%	FC	Singapore
AKKA SLOVAKIA S.r.o.	100%	100%	FC	Slovakia
AKKA SWITZERLAND SA	100%	100%	FC	Switzerland
THE AKKADEMY SWITZERLAND SA	100%	100%	FC	Switzerland
AKKA TECHNOLOGIES MUHENDISLIK VE DANISMANLIK Limited Sirketi LLC	100%	100%	FC	Turkey
MBTECH MUHENDISLIK VE DANISMANLIK Limited Sirketi LLC	100%	100%	FC	Turkey
AKKA DEV US INC	100%	100%	FC	USA
AKKA GROUP NORTH AMERICA Inc.	100%	100%	FC	USA
AKKA Group USA Inc.	100%	100%	FC	USA
AKKA USA LLC.	100%	100%	FC	USA
PDS TECH Inc.	100%	100%	FC	USA

[1] *CE = Consolidating Entity; FC = Full Consolidation; EM = Equity Method*

Companies	% control	% interest	Consolidation methods [1]	Country in which the company is based
Data Respons AS	100%	100%	FC	Norway
Data Respons Asia AS	100%	100%	FC	Norway
Data Respons Solutions Norge AS	100%	100%	FC	Norway
Data Respons R&D Services AS	100%	100%	FC	Norway
Data Respons Solutions AB	100%	100%	FC	Sweden
inContext AB	100%	100%	FC	Sweden
Sylog Sverige AB	83%	83%	FC	Sweden
Atero AB	100%	83%	FC	Sweden
iWise AB	75%	62%	FC	Sweden
Sylog Epic AB	80%	66%	FC	Sweden
Sylog Jasper AB	80%	66%	FC	Sweden
Sylog Öst AB	80%	66%	FC	Sweden
Sylog Systems AB	80%	66%	FC	Sweden
Sylog Väst AB	100%	83%	FC	Sweden
YABS AB	100%	83%	FC	Sweden
Data Respons Solutions AS	100%	100%	FC	Denmark
Tech People AS	100%	100%	FC	Denmark
Data Respons GmbH	100%	100%	FC	Germany
Data Respons Solutions GmbH	100%	100%	FC	Germany
MicroDoc Computersysteme GmbH	100%	100%	FC	Germany
MicroDoc Software GmbH	100%	100%	FC	Germany
EPOS CAT GmbH	100%	100%	FC	Germany
IT Sonix Custom Development GmbH	100%	100%	FC	Germany
XPURE GmbH	100%	100%	FC	Germany
DONAT Group GmbH	100%	100%	FC	Germany
DONAT IT GmbH	100%	100%	FC	Germany
Softvision GmbH	100%	100%	FC	Germany
Frobese GmbH	100%	100%	FC	Germany

[1] CE = Consolidating Entity; FC = Full Consolidation; EM = Equity Method

1.6 Comparability of accounts

1.6.1 Changes in the scope of consolidation in the first half of 2021

Data Respons has acquired the company Frobese, which has a strong presence with clients in the financial sector, in order to strengthen its position in this area. This company is included in the scope of consolidation starting the 1rst of January 2021.

In accordance with IFRS standards, AKKA Technologies Group has a deadline of one year to evaluate the assets and liabilities acquired at their fair value as well as the goodwill, determined by the difference between the acquisition price and the Group's share of the fair value of these assets and liabilities. The preliminary opening balance sheet is detailed below, prior to the finalization of the purchase price allocation exercise which is currently in progress:

Balance sheet (in thousands of euros)	**01 january, 2021**
Customer relationship and order backlog	8,744
Tangible assets	362
Rights of use - IFRS 16	485
Non-current assets	**9,591**
Trade receivables and related accounts	1,698
Other receivables	14
Cash and cash equivalents	3,272
Current assets	**4,984**
Deferred taxes – liability	2,623
Non-current liabilities	**2,623**
Current IFRS 16 lease liabilities	485
Trade payables	395
State - income taxes	212
Tax and social security liabilities excluding income tax - current	155
Other liabilities	4,175
Current liabilities	**5,422**
Net assets	**6,530**
Acquisition price	**26,657**
Net assets	**(6,530)**
Goodwill	**20,127**

This company generated revenues of €7,880 thousand in the first half of 2021.

1.6.2 Changes in percentage interests

There was no significant change in percentage interests held in the first half of 2021.

1.6.3 Other events affecting the scope of consolidation

The rationalization of the number of legal entities continued in 2021, with mergers in Germany, France and Italy. These operations had no impact on the consolidated data.

Shares in non-consolidated companies are presented under “Non-current financial assets”; their contribution to the consolidated financial statements was considered immaterial.

1.7 Significant accounting policies

1.7.1 Impairment of non-current non-financial assets

Impairment tests are carried out at the end of the financial year, as described in note 2.9 to the consolidated financial statements until December 31, 2020 included in the 2020 integrated report.

Impairment tests are carried out at June 30 only when there is an indication of impairment at the previous year-end or during the past six months.

No CGU showed any indication of impairment as of June 30, 2021, as the performance of the various CGUs in the first half of 2021 was in line with the forecasts used for the 2020 annual impairment tests and their future prospects were not affected.

1.7.2 Tax expense

In accordance with IAS 34, the income tax expense is recognized in the interim consolidated financial statements on the basis of the best estimate of the weighted average annual tax rate expected for the full year. Deferred tax assets are recognized only when their recovery is probable.

1.7.3 Subsidies

In accordance with IAS 20, grants (including research tax credits) are presented as a deduction from the expense to which they relate.

The amount recognized on June 30, 2021 is calculated on the basis of estimated eligible expenses.

1.7.4 Leases

IFRS 16 “Leases” is mandatory for annual periods beginning on or after January 1, 2019.

Leaseholders are required to recognize, for contracts that are not subject to an exemption under the standard:

- under Assets, a depreciable right of use;
- on the liabilities side, a lease liability corresponding to the present value of future payments;
- on the income statement, amortization of the right of use, as well as interest calculated on the lease liability.

The Group rents its offices in most of its locations, and property leases represent the bulk of the contracts within the scope of IFRS 16. Leases governed by this standard also include vehicles and certain IT equipment.

2. NOTES TO THE INCOME STATEMENT

2.1 Segment information

Segment reporting is presented in accordance with IFRS 8. The information given in the segment breakdown is based on internal reporting used by the chief operating decision maker (Group Executive Committee) to assess the performance of the various segments.

At the end of June 2021, the Group has identified five segments within the meaning of IFRS 8 on segment reporting, representing geographical areas for the historical activities as well as the Data Respons group acquired at the beginning of 2020: France, Germany, North America, Data Respons and International (representing the remaining countries not covered).

No other segment meets the 10% limit (in terms of revenues and results) described in IFRS 8.

June 2021 in thousands of euro	**France**	**Germany**	**North America**	**International**	**Data Respons**	**Other**	**TOTAL**
INCOME STATEMENT							
External revenue	246,847	168,480	119,282	129,847	105,116	1	769,574
% of revenue	32.1%	21.9%	15.5%	16.9%	13.7%	0.0%	100.0%
Inter-segment revenue	5,696	4,187	474	11,523	-	19,695	41,575
Revenue	252,543	172,667	119,755	141,371	105,116	19,696	811,149
Operating income and expenses	(260,338)	(185,615)	(117,347)	(116,956)	(95,846)	(7,771)	(783,873)
Free shares and stock operations	-	-	-	-	-	84	84
Operating profit	**(13,490)**	**(17,135)**	**1,935**	**12,891**	**9,270**	**(7,686)**	**(14,216)**
Cost of net financial debt							(9,005)
Other financial income and expenses							(399)
Tax expense							(5,542)
Net income							**(29,162)**

June 2020 in thousands of euro	**France**	**Germany**	**North America**	**International**	**Data Respons**	**Other**	**TOTAL**
INCOME STATEMENT	-	-	-	-	-	-	-
External revenue	264,166	181,328	138,096	130,406	63,972	-	777,969
% of revenue	34.0%	23.3%	17.8%	16.8%	8.2%	0.0%	100.0%
Inter-segment revenue	7,459	4,304	1,002	12,197	-	21,851	46,813
Revenue	271,625	185,632	139,099	142,603	63,972	21,851	824,782
Operating income and expenses	(298,952)	(214,789)	(135,250)	(123,019)	(57,031)	(13,868)	(842,910)
Free shares and stock operations	-	-	-	-	-	(1,155)	(1,155)
Operating profit	**(34,786)**	**(33,461)**	**2,847**	**7,387**	**6,940**	**(15,023)**	**(66,096)**
Cost of net financial debt							(9,331)
Other financial income and expenses							(3,474)
Tax expense							22,119
Net income							**(56,782)**

June 2021 in thousands of euro	France	Germany	North America	International	Data Respons	Other	TOTAL
REVENUE BY SECTOR							
Mobility	164,168	161,493	95,135	66,150	43,253	-	**530,199**
Other	82,679	6,987	24,147	63,697	61,863	-	**239,373**
External revenue	**246,847**	**168,480**	**119,282**	**129,847**	**105,116**	**-**	**769,572**

June 2020 in thousands of euro	France	Germany	North America	International	Data Respons	Other	TOTAL
REVENUE BY SECTOR							
Mobility	186,104	176,130	119,332	69,153	31,304	-	**578,453**
Other	78,063	5,198	18,764	61,253	32,669	-	**199,516**
External revenue	**264,166**	**181,328**	**138,096**	**130,406**	**63,972**	**-**	**777,969**

June 2021 in thousands of euro	France	Germany	North America	International	Data Respons	Other	TOTAL
BALANCE SHEET							
Segment assets [1]	192,951	268,225	71,915	92,980	447,027	56,924	**1,130,023**
Segment financial liabilities [2]	44,640	74,118	9,797	16,675	11,145	612,126	**768,500**

June 2020 in thousands of euro	France	Germany	North America	International	Data Respons	Other	TOTAL
BALANCE SHEET							
Segment assets [1]	201,629	266,161	69,967	94,139	419,013	48,765	**1,099,674**
Segment financial liabilities [2]	49,039	67,381	11,339	17,283	21,238	627,640	**793,920**

[1] Goodwill, tangible and intangible assets, other non-current assets
[2] Financial liabilities

2.2 Purchased services and goods

Amounts in thousands of euro	June 30, 2021	June 30, 2020
Subcontracting	(84,041)	(84,380)
Other purchased services and goods	(103,030)	(108,227)
Purchased services and goods	**(187,070)**	**(192,607)**

2.3 Personnel

2.3.1 Headcount of consolidated companies

	Headcount at end of period		Average headcount	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
France	6,726	7,594	6,919	7,771
Germany	3,841	4,868	4,132	4,928
International	3,702	3,812	3,650	3,903
North America	3,423	3,968	3,827	3,960
Data Respons	1,493	1,349	1,496	926
Other	52	105	50	109
TOTAL	**19,237**	**21,696**	**20,074**	**21,597**

The average headcount of companies acquired during the year is calculated on a prorated basis.

2.3.2 Personnel expenses

Amounts in thousands of euro	**June 30, 2021**	June 30, 2020
Salaries and wages	(474,631)	(473,371)
Social security contributions	(120,702)	(122,671)
Personnel expenses	**(595,333)**	**(596,042)**

Subventions are recorded as a deduction from personnel expenses in the amount of €8,334 thousand on June 30, 2021 compared to €13,475 thousand on June 30, 2020.

2.4 Depreciation and provisions

Amounts in thousands of euro	**June 30, 2021**	June 30, 2020
Net depreciation, amortization and impairment of assets	(10,888)	(14,187)
Amortization of customer relationship	(4,838)	(1,032)
Amortization and impairment of rights of use - IFRS 16	(18,870)	(17,511)
Net depreciation of current assets	5,526	(20,762)
Provisions for risks and expenses	32,823	(5,431)
Net depreciation, amortization and provisions	**3,754**	**(58,923)**

2.5 Financial results

2.5.1 Cost of net financial debt

Amounts in thousands of euro	**June 30, 2021**	June 30, 2020
Income from cash and cash equivalents	**68**	**976**
Interest expenses	(7,494)	(8,662)
Interest expenses - IFRS 16	(1,579)	(1,646)
Cost of gross financial debt	**(9,074)**	**(10,308)**
COST OF NET FINANCIAL DEBT	**(9,005)**	**(9,332)**

2.5.2 Other financial income and expenses

Amounts in thousands of euro	June 30, 2021	June 30, 2020
Foreign exchange gains and losses	1,072	(1,383)
Other items	(1,470)	(2,091)
Other financial income and expenses	**(399)**	**(3,474)**

2.6 Income tax

Amounts in thousands of euro	June 30, 2021	June 30, 2020
Current income taxes	(3,884)	24,637
CVAE (Business tax on added value)	(1,658)	(2,518)
Income tax expense	**(5,542)**	**22,119**

In the context of the COVID-19 health crisis, year-end landings were re-estimated by country. On this basis and in accordance with IAS 34, the current tax charge for the half-year has been estimated using an average effective rate for the year 2021. The counterpart of this income in the balance sheet has been recorded under the balance sheet line “Income tax payable”.

As indicated in notes 2.4 and 3.7.3 to the 2020 financial statements, deferred tax assets are not recognized when there is low probability that they will be offset against future taxable profits. Accordingly, loss-making areas for which recognition of deferred tax assets was limited at December 31, 2020, have been excluded from the calculation of the annual charge. The application of this principle has led to the non-activation of deferred taxes of €13.9 million.

3. NOTES TO THE BALANCE SHEET

3.1 Goodwill

Cash-generating unit	June 30, 2021	Changes in the scope of consolidation	Translation adjustments	Other adjustments and reclassifications	Dec. 31, 2020
Data Respons	321,756	20,127	(0)	-	301,629
France	136,667	-	-	-	136,666
Germany	123,813	-	-	-	123,814
USA	67,525	-	2,130	-	65,396
Italy	32,011	-	-	-	32,011
Benelux	14,117	-	-	-	14,117
Spain	10,610	-	-	-	10,610
Switzerland	5,228	-	(19)	-	5,247
Austria	1,802	-	-	-	1,802
Romania	96	-	(1)	-	99
Total goodwill	**713,626**	**20,127**	**2,110**	**-**	**691,392**

The change in goodwill is mainly related to the acquisition described in note 1.6.1.

3.2 Intangible and tangible assets

Amounts in thousands of euro	Development costs	Customer relationship	Other intangible assets	Total
Total gross value	**4,818**	**-**	**72,968**	**77,786**
Total depreciation and amortization	**(1,980)**	**-**	**(51,077)**	**(53,057)**
Net book value, Jan. 1, 2020	**2,838**	**-**	**21,891**	**24,729**
Changes in the scope of consolidation	-	88,490	45	88,535
Acquisitions	12,238	-	5,190	17,428
Transfers	-	-	(59)	(59)
Depreciation and amortization	(702)	(9,028)	(7,291)	(17,022)
Translation differences	-	(1,027)	(66)	(1,093)
Other changes	170	-	(218)	(48)
Total gross value	**17,340**	**87,801**	**75,453**	**180,594**
Total depreciation and amortization	**(2,796)**	**(9,367)**	**(55,960)**	**(68,123)**
Net book value, Dec. 31, 2020	**14,544**	**78,435**	**19,493**	**112,471**
Changes in the scope of consolidation	-	-	2	2
Acquisitions	1,500	8,738	1,205	11,442
Transfers	-	-	(877)	(877)
Depreciation and amortization	(293)	(4,838)	(2,488)	(7,618)
Translation differences	-	2,305	(4)	2,301
Other changes	-	-	273	273
Total gross value	**19,506**	**99,123**	**75,854**	**194,483**
Total depreciation and amortization	**(3,755)**	**(14,483)**	**(58,250)**	**(76,488)**
Net book value, June 30, 2021	**15,751**	**84,640**	**17,604**	**117,995**

Amounts in thousands of euro	Land and buildings	Plant, equipment and industrial tooling	Other tangible assets	**Total**
Total gross value	**39,896**	**32,017**	**154,385**	**226,298**
Total depreciation and amortization	**(11,787)**	**(21,942)**	**(100,623)**	**(134,351)**
Net book value, Jan. 1, 2020	**28,109**	**10,076**	**53,762**	**91,946**
Changes in the scope of consolidation	-	1,343	307	1,651
Acquisitions	65	1,137	10,472	11,675
Transfers	(127)	(17)	(4,815)	(4,959)
Depreciation and amortization	(1,450)	(2,736)	(15,273)	(19,459)
Translation differences	(240)	(33)	(148)	(420)
Other changes	(4,329)	385	(819)	(4,763)
Total gross value	**30,481**	**41,472**	**149,308**	**221,260**
Total depreciation and amortization	**(8,453)**	**(31,315)**	**(105,822)**	**(145,590)**
Net book value, Dec. 31, 2020	**22,028**	**10,156**	**43,486**	**75,670**
Changes in the scope of consolidation	-	343	23	366
Acquisitions	185	858	2,628	3,671
Transfers	(30)	(681)	(2,545)	(3,257)
Depreciation and amortization	(705)	(1,357)	(6,044)	(8,107)
Translation differences	206	103	54	363
Other changes	623	638	(1,553)	(292)
Total gross value	**30,681**	**41,337**	**141,787**	**213,805**
Total depreciation and amortization	**(8,375)**	**(31,277)**	**(105,738)**	**(145,390)**
Net book value, June 30, 2021	**22,306**	**10,060**	**36,049**	**68,415**

3.3 Rights of use (IFRS16)

Analysis of usage rights by underlying asset category:

Amounts in thousands of euro	Rights of use - real estate	Rights of use - vehicles	Rights of use - other assets	**Total**
Jan. 1st, 2020	**139,759**	**9,566**	**379**	**149,704**
Change in the scope of consolidation	9,127	40	-	9,167
Increases	28,446	3,088	2	31,536
Reductions	(11,460)	(317)	-	(11,778)
Depreciation and amortization	(30,515)	(5,572)	(263)	(36,349)
Translation differences	(462)	(8)	(2)	(473)
Other changes	-	(1)	-	-
Dec. 31, 2020	**134,895**	**6,796**	**116**	**141,807**
Changes in the scope of consolidation	486	-	-	486
Increases	23,180	2,205	217	25,602
Reductions	(5,329)	(52)	-	(5,381)
Depreciation and amortization	(16,424)	(2,319)	(127)	(18,869)
Translation differences	460	(0)	1	460
Other changes	-	1	-	-
June 30, 2021	**137,267**	**6,631**	**207**	**144,104**

3.4 Investments in associates

The company Elektronische Fahrwerksysteme GmbH (EFS) is co-owned 51% by AKKA DSO GmbH and 49% by AEV GmbH (a subsidiary of the Audi Group); it is accounted for using the equity method at 51%.

Amounts in thousands of euro	**EFS**	
	June 30, 2021	**June 30, 2020**
January 1	**48,190**	47,901
Share of net income of equity associates	1,331	1,564
Dividends received from associated companies	(1,036)	(1,275)
June 30	**48,485**	48,190

3.5 Other non-current assets

This item mainly includes amounts receivable from R&D subventions for an amount of €37,328 thousand (compared to €30,078 thousand on December 31, 2020).

The credit risk exposure for these receivables is not significant.

3.6 Trade receivables and related accounts

Amounts in thousands of euro	June 30, 2021	Dec. 31, 2020
Trade receivables	122,951	134,106
Unbilled revenue	103,767	87,186
Trade receivables and contract assets, gross amount	**226,718**	**221,292**
Depreciation	(23,044)	(29,308)
Trade receivables and contract assets	**203,674**	**191,984**

Receivables transferred to the factor and deconsolidated, reached €229,108 thousand (of which €20,409 thousand were not due) on June 30, 2021, compared to €230,295 thousand (of which €195,518 thousand were not due) on December 31, 2020.

3.7 Other receivables

Other net receivables amounted to €82,033 thousand at June 30, 2021; this item mainly concerns receivables from the Treasury for €35,999 thousand (of which €27,663 thousand for VAT and €3,534 thousand for compensation for partial activity), prepaid expenses for €19,832 thousand and advance payments to suppliers for €10,746 thousand.

At December 31, 2020, other net receivables amounted to €76,173 thousand; this item mainly concerned receivables from the Treasury for €44,244 thousand (of which €31,603 thousand for VAT and €9,653 thousand for compensation for partial activity), prepaid expenses for €12,332 thousand and advance payments to suppliers for €5,221 thousand.

In both 2021 and 2020, following an analysis of the maturity of other receivables, the portion due in more than one year has been reclassified as "other non-current assets" (see note 3.5). In view of the very low interest rates, no discounting has been carried out, as it is not material.

As the other assets are mainly held with public bodies, the exposure to credit risk of these assets is not significant.

3.8 Cash and cash equivalents

Cash and cash equivalents include funds made available by the factor but not used for €63,765 thousand at June 30, 2021 (€21,481 thousand at December 31, 2020).

3.9 Share capital and share premium

At 30 June 2021, AKKA Technologies' share capital was made up of 31,210,078 shares with a par value of €1.53, i.e., €47,751 thousand, with a share premium of €183,724 thousand. These items have varied as follows over the first half of 2021:

Amounts in thousands of euro	Number of shares	Par value	Amount of share capital	Share premium	Comments
December 31, 2019	**20,291,990**	**1.53**	**31,047**	**656**	
Capital increase	2,029,199	1.53	3,104	-	Incorporation of reserves - allocation of one share for every 10 held
Capital increase	8,888,889	1.53	13,600	183,068	Capital increase of €200M
December 31, 2020	**31,210, 078**	**1.53**	**47,751**	**183,724**	
Capital increase	-	-	-	-	
June 30, 2021	**31,210, 078**	**1,53**	**47,751**	**183,724**	

The amount of the share premium was net of issuance costs of €3.6 million.

Potentially dilutive instruments:

The Shareholders' Meeting of June 15, 2017 approved the principle of stock option plans, a decision then confirmed by the Shareholders' Meeting of February 22, 2018; in this regard, 3 plans are in progress as of June 30, 2021:

	Stock options	Share purchase options	Share purchase options
Grant date	Oct. 02, 2019	Apr. 07, 2020	May 28, 2020
Number of remaining options	110 000	88 000	21 000
Potential number of corresponding shares	110 000	88 000	21 000
First possible exercise date	Jan. 01, 2023	Jan. 01, 2024/25/26/27	Jan. 01, 2024
Last possible exercise date	June 01, 2024	June 01, 2025/26/27/28	June 01, 2025
First possible disposal date	Jan. 01, 2023	Jan. 01, 2024/25/26/27	Jan. 01, 2024
Strike price in euro (per option)	**€54.64**	**€23.64**	**€26.60**

On June 15, 2021, the Board of Directors decided to set up a performance share plan for the benefit of an employee of the Company. The vesting period for the shares is three years. The corresponding expense has been estimated on the basis of the share price at the grant date (€22.38) and has been spread over the vesting period (3 years) in accordance with IFRS 2.

ODIRNANE bonds:

On December 4, 2019, the Group issued an undated bond with the option of redemption in cash and/or in new and/or existing shares ("ODIRNANE").

The method of accounting for the instrument and its main characteristics are set out in note 2.13 to the 2020 consolidated financial statements. The table below describes the main financial characteristics of the instrument, including the increase in the interest rate from January 1, 2025:

	Amount issued	Quantity issued	Original term	Annual nominal coupon from 12/04/2019 to 12/31/2024	Annual nominal coupon from 01/01/2025	Issue expenses charged to the instrument	Value in consolidated reserves
ODIRNANE bonds	**175,000 K€**	**1,750**	**Perpetual**	**3.5%**	**Euribor 6 months + 9%**	**-1,780 K€**	**176, 282 K€**

The Group has no specific capital management policy. The choice between debt financing and capital increases is made on the basis of the transactions carried out. The equity monitored by the Group includes the same components as the consolidated equity.

The total number of dilutive instruments in relation to capital as of June 30, 2021 is 8.91% compared with 12.82% as of December 31, 2020.

3.10 Current and non-current provisions

Amounts in thousands of euro	Current		Non-current	
Maturity	**June 30, 2021**	**Dec. 31, 2020**	**June 30, 2021**	**Dec. 31, 2020**
Provisions for litigation and risks	37,953	62,470	2,470	13,872
Provisions for pensions	-	-	19,397	19, 966
Provisions for other expenses	8,150	2,615	1,654	3,068
Total	**46,103**	65,085	**23,522**	36,906

Changes in provisions for risks and charges are mainly related to provisions for restructuring.

The plans initiated in France and Germany continued into 2021. The execution of the plan in Germany is almost completed at the end of the half-year. The residual provision for the two plans amounts to €36.4 million at June 30, 2021.

Changes in provisions

Amounts in thousands of euro	Litigation and risks	Other provisions	**Total**
January 1, 2020	**10,511**	**1,359**	**11,870**
Changes in the scope of consolidation	75	-	75
Allowances	77,134	4,790	81,924
Utilization	(10,875)	(448)	(11,323)
Reversals of unused provisions	-	-	-
Translation adjustments	(7)	-	(7)
Reclassifications and other	(495)	(18)	(513)
December 31, 2020	**76,342**	**5,683**	**82,025**
Changes in the scope of consolidation	-	-	-
Allowances	1,917	5,340	7,257
Utilization	(37,555)	(1,376)	(38,931)
Reversals of unused provisions	(136)	-	(136)
Translation adjustments	11	-	11
Reclassifications and other	(157)	157	-
June 30, 2021	**40,423**	**9,804**	**50,227**

In addition, provisions for pension commitments have been updated to take account of the change in the iBoxx AA10+ (0.50% at the end of December 2020, and 0.79% at the end of June 2021) and are now €19,397 thousand compared to €19,966 thousand at the end of December 2020.)

3.11 Financial liabilities

The financial liabilities presented below do not include debts related to external growth operations presented separately in the balance sheet.

Amounts in thousands of euro	Borrowings and other financial liabilities		Leases		Total financial liabilities	
Maturity	**June 30, 2021**	**Dec. 31, 2020**	**June 30, 2021**	**Dec. 31, 2020**	**June 30, 2021**	**Dec. 31, 2020**
Current (less than one year)	79,399	10,102	32,245	33,623	111,645	43,725
1 to 5 years	533,109	630,523	78,355	77,863	611,464	708,386
More than 5 years	5,000	5,000	40,391	36,808	45,391	41,808
Total	**617,509**	**645,625**	**150,991**	**148,295**	**768,500**	**793,920**

The change in financial liabilities between December 31, 2020 and June 30, 2021 is analyzed as follows:

Amounts in thousands of euro	Jan. 1, 2020	Cash changes		Non-cash changes					30 juin 2021
		Increase	Reduction	Changes in the scope of consolidation	Translation adjustment	Change in fair value	Change in method	Other non-cash changes	
Loans from credit institutions	645, 506	-	(29, 405)	-	541	(73)	-	819	617, 388
Restatement of leasing contracts	-	-	-	-	-	-	-	-	-
Debenture loans	-	-	-	-	-	-	-	-	-
Other financial liabilities	118	1	-	(1)	1	-	-	(1)	119
Bank overdrafts	-	-	-	-	-	-	-	-	-
Financial liabilities	**645, 624**	**1**	**(29, 405)**	**(1)**	**542**	**(73)**	**-**	**819**	**617, 507**
Cash equivalents	16	-	(1)	-	-	-	-	-	15
Cash	(467, 987)	-	143, 446	-	-	-	-	-	(324, 540)
Cash and cash equivalents	**(467, 970)**	**-**	**143, 445**	**-**	**-**	**-**	**-**	**-**	**(324, 525)**
Net debt excluding IFRS 16 lease liabilities	**177, 653**	**1**	**114, 040**	**(1)**	**542**	**(73)**	**-**	**819**	**292, 981**
IFRS 16 lease liabilities	148, 295	-	(18, 394)	484	426	-	-	20,180	150, 991
Net debt	**325, 948**	**1**	**95, 646**	**484**	**968**	**(73)**	**-**	**20,999**	**443, 972**

On October 30, 2014, the Group put in place a Schuldscheindarlehen loan (a placement under German law). This financing was initially for an amount of €140 million with a maturity of 5-7 years, including a fixed and a variable portion (fully covered by a SWAP contract). At the end of December 2017, partial repayments had been made for the entire variable portion, i.e., €67.0 million on the 5th year and €13.5 million on the 7th year; as of June 30, 2021, €7.5 million remained due in October 2021.

On October 31, 2017, the Group placed a new Schuldscheindarlehen loan for €450 million, consisting of 5 fixed and variable tranches with maturities of 5, 7 and 10 years, with an average financing cost slightly below 1.5%.

Regarding short-term financing lines:

- On June 30, 2016, AKKA Technologies subscribed to a revolving contract for an amount of €200M for a term of 5 years, replacing the 2014 contract. The 2 extension options (2x1 year) have been exercised, bringing the maturity to 7 years;
- AKKA Technologies also put in place during the first quarter of 2017 a NEU CP (Negotiable European Commercial Paper) program for a maximum envelope of €300 million at closing;
- On August 1, 2019, AKKA Technologies took out an additional revolving contract for an amount of €355 million and a term of 5 years. The first extension option (1 year) was exercised in August 2020 bringing the maturity to 6 years. A second extension option was authorized by the banks and exercised in August 2021;
- On September 30, 2019, AKKA Technologies took out an additional revolving contract for an amount of €15 million and a term of 5 years. The first extension option (1 year) was exercised in September 2020 bringing the maturity to 6 years. A second extension option will be exercisable in September 2021;
- AKKA Technologies is also a co-borrower with its subsidiary PDS Tech in a revolving contract for an amount of USD50 million maturing in 2022;
- In July 2021, AKKA Technologies obtained a €104.3 million loan guaranteed by the French government through its French subsidiary AKKA Services, from four major banking institutions and Bpifrance, to be repaid over four years from 2022 to July 2026;
- On July 20, AKKA Technologies subscribed to an additional revolving credit facility of €75 million for a period of two years, with three extension options (3X1 year), potentially bringing the maturity to 2026. The conditions associated with this new RCF are in line with the RCF agreements already in place.
- On June 30, 2021, drawings on these short-term financing facilities reached €154.9 million, including the entire €15 million RCF, €65 million on the €355 million RCF, €5.9 million on the USD50 million RCF and €69.0 million on the NEUCP program.

On June 30, 2021, drawings on these short-term financing facilities reached €154.9 million, including the entire €15 million RCF, €65 million on the €355 million RCF, €5.9 million on the USD50 million RCF and €69.0 million on the NEUCP program.

Pledges and guarantees amount to €0 K at June 30, 2021 against €0 K at December 31, 2020. On the other hand:

- In the context of acquisition transactions, no seller's guarantees or asset and liability guarantee clauses covered by pledges were outstanding at June 30, 2021;
- With the application of IFRS 16, off-balance sheet commitments related to guarantees on real estate leases are no longer relevant, as these commitments are included in the liabilities side of the balance sheet.

At June 30, 2021, the covenants negotiated with the Group's banks are as follows:

- For the two Schuldscheindarlehen loans:
  - Leverage Ratio (definition excluding IFRS 16 impact): Net Financial Debt/EBITDA < 4.0x at December 31 of each year;
  - Gearing Ratio (definition excluding IFRS 16 impact): Net Financial Debt / Equity < 1.75x at December 31 of each year.
- For revolving credit facilities:
  - Leverage Ratio (IFRS definition): Consolidated Net Financial Debt / Consolidated EBITDA < 4.5x (< 5.0x in case of acquisition) at 30 June and 31 December of each financial year. AKKA has negotiated with its lenders a repositioning to 6x for the Leverage Ratio which was tested on 30 June 2021.

The calculation of the financial aggregates used to determine the above ratios is defined contractually with the investors and adjustments are made to the aggregates derived from the accounts according to the contractual rules.

At June 30, 2021, the Group was in compliance with the half-yearly leverage ratio for revolving credit facilities.

3.12 Fiscal and social liabilities

Amounts in thousands of euro	June 30, 2021	Dec. 31, 2020
Current social security liabilities	178,463	170,064
Non-current social security liabilities	79,230	66,415
Total social security liabilities	**257,693**	**236,479**
Current tax liabilities excluding income tax	88,283	109,081
Non current tax liabilities excluding income tax	3,193	634
Total tax liabilities excluding income tax	**91,476**	**109,715**
Total tax and social security liabilities excluding income tax	**349,168**	**346,194**

Debts with a maturity of less than one-year reach €266,746 thousand.

3.13 Other liabilities

Amounts in thousands of euro	June 30, 2021	Dec. 31, 2020
Deferred revenue	15,847	26,895
Advances received from customers	7,731	13,431
Other items	10,494	14,219
Total other liabilities	**34,072**	54,545

3.14 Earn-out liabilities

Amount in thousands of euro	Current	Non current	TOTAL
January 1, 2021	**11,588**	**10,839**	**22,427**
Changes in the scope of consolidation	2,547	12,139	14,686
Payments	(11,850)	-	(11,850)
Changes related to operating parameters	(1,423)	-	(1,423)
Changes related to financial parameters	668	-	668
Translation adjustments	(172)	(134)	(306)
Reclassifications	11,192	(11,192)	-
Other	-	-	-
June 30, 2021	**12,549**	**11,652**	**2,401**

4. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

4.1 Net Working Capital

Amounts in thousands of euro	**30 June 2021**	30 June 2020
Inventories	1,004	93
Trade receivables and contract assets	(4,334)	34,860
Other receivables	(30,256)	(5,246)
Trade payables	(5,129)	(8,615)
Tax and social security liabilities	1,446	70,260
Other liabilities (excluding liabilities related to the acquisition of fixed assets)	(4,734)	4,266
Change in net working capital	**(42,003)**	**95,618**

4.2 Impact of changes in the scope of consolidation

The effect of changes in the scope of consolidation corresponds to earn-out and acquisition price paid net of cash contributed by the acquired companies.

4.3 Dividends

Given the context of the COVID-19 pandemic, the Board of Directors has decided not to pay a dividend for fiscal year 2020. The objective is to concentrate all of the Group's resources on securing the jobs of its employees and to focus all of its investment capacity on managing this crisis, and then on the Group's ability to support its clients when they once again accelerate their R&D investments.

In 2021, the Group has not distributed any dividends on its results, same as in 2020.

5. SUBSEQUENT EVENTS

Post-balance sheet events have been described in the introductory paragraph of these notes in view of their significance for the Group's prospects.

6. OTHER INFORMATION

6.1 Financial instruments

As of June 30, 2021, there were no reclassifications between the various categories of financial instruments.

6.2 Information on related parties

Transactions between the Group and its subsidiaries included in the scope of consolidation are eliminated in the financial statements and are not presented in the notes.

The Ricci family group held 38.9% of the capital and 51.3% of the voting rights at June 30, 2021.

The impacts on the consolidated financial statements of the main transactions between the Group and the companies controlled by the reference shareholder are presented below:

In millions of euro	June 30, 2021	June 30, 2020
Consolidated income statement		
Amortization of IFRS 16 rights of use	3.1	3.2
IFRS 16 interest expenses	0.6	0,7

	June 30, 2021	December 31, 2020
Consolidated balance sheet	-	-
IFRS 16 rights of use	47.0	50.2
Security deposit on leases	2.8	2.8
Loans given	12.0	12.0
IFRS 16 lease liabilities	48.3	51.4

In addition, compensation allocated to directors and executive officers in the first half of 2021 reached €2.7 million, compared with €2.9 million in the first half of 2020.

6.3 Information relating to risk management

In the course of their business, some Group companies are subject to audits by tax authorities and social security bodies. The Group is regularly audited with regard to all its accounting, tax (in particular corporate income tax, subsidies, research tax credit, VAT, etc.) and social security obligations (social security contributions and payroll taxes for both its French and foreign subsidiaries.

Ongoing disputes with the tax authorities relate mainly to the Research Tax Credit ("RTC"), and in particular to the methods for taking into account expenses incurred by approved subcontractors in determining their own RTC.

The recoverable amount of CIR receivables affected by these disputes has been updated and remains unchanged from December 31, 2020.

As a reminder, favorable developments in case law (Cap Gemini/Altran ruling by the Versailles CAA in January 2019, AKKA ruling in December 2019, Takima ruling by the French Conseil d'Etat in September 2020) have enabled the Group to recognize in 2020 an additional receivable of €2.3 million in respect of the 2008 to 2009 proceedings, and €7.7 million in respect of the 2010 to 2013 proceedings. Having consulted its advisors, the Group believes that the unfavorable ruling of the Versailles administrative court of March 17, 2021 on the 2010-2011, which it has appealed, does not call into question the recoverable value of the receivables recognized at December 31, 2020. The Group believes it has solid grounds to obtain cancellation of the above judgment by the Council of State and a positive outcome at the end of the legal procedure.

In addition, net research tax credit receivables recorded in the 2021 financial statements reached €37.3 million (recorded under Other non-current assets), compared with €29.9 million at December 31, 2020.

HALF-YEARLY ACTIVITY REPORT

Significant events over the last six months

It is important to note that the business environment in the first half of 2021 was not fully comparable to that of last year. As the COVID situation emerged towards the end of the first quarter in 2020, only one of the H1 2020 quarters suffered from this new business context compared to the full first half of 2021. Therefore, H1 2020 represented a challenging base of comparison.

As a reminder, the Group publishes an operating profit (adjusted) which highlights the performance of operations independently of certain events that may occur during a specific year. The calculation of the operating profit (adjusted) is detailed below.

The first half of 2021 was marked by the following:

1. Revenue and margins

AKKA recorded revenue of €769.6M in H1 2021, down only -1.1% reported and -4.7% organically basis. The business improvement that has been noticeable for several quarters continued in Q2, in line with our expectations, with all Business Units recording positive organic growth this quarter.

- The France BU recorded revenues of €246.8 million in the first half of 2021, showing an organic decline of -6.6% compared to the first half of 2020. Although growth materialized in most sectors compared to last year, revenues remain impacted by the persistent weakness of aeronautics, despite the completion of a few small projects. The operating margin was -5.5% in H1 2021 (-13.1% in H1 2020) and on an adjusted basis the operating margin was 5.6% in H1 2021 (-3.3% in H1 2020).
- Revenues for the Germany BU amounted to €168.5 million in the first half of 2021, representing a decline of 7.1% compared with the first half of 2020, which was only partially affected by the COVID situation. Mobility has continued its recovery since 2020, with a very solid order book. The BU's operating margin was -10.2% in the first half (-18.5% in H1 2020). On an adjusted basis the operating margin was 2.3% in H1 2021 (-7.4% in H1 2020).
- The North America BU recorded revenues of €119.3 million, showing a 5.7% organic decrease compared to H1 2020, reflecting the repositioning of the business towards the sale of higher value-added engineering and digital solutions. The -13.6% decline in revenues resulted from a significant negative currency effect. The BU's profitability in H1 was 1.6% (2.1% in H1 2020). On an adjusted basis, the operating margin was 3.2% in H1 2021 (1.5% in H1 2020).
- The International BU recorded first-half revenues of €129.8 million, a decline of 0.4%, but organic growth of 0.8% at constant exchange rates, despite a difficult basis for comparison. The dynamic remains strong in all sectors. The BU's operating margin was 9.9% in the first half (5.7% in H1 2020), a higher level than before the crisis. On an adjusted basis, the operating margin was 11.8% in H1 2021 (9.1% in H1 2020).
- Data Respons achieved a very satisfactory performance in the first half, in line with the Group's pre-crisis expectations. Data Respons achieved revenues of €105.1 million in the first half of 2021, representing organic growth of +1.0%. As Data Respons has only been consolidated since March 1, 2020, and due to the acquisition of a small digital solutions company in the finance sector acquired in the first quarter of this year, reported growth was +64.2% in H1 2021 compared to H1 2020. The "Computer solutions' activity remains under pressure due to the global chip shortage while growth in digital engineering solutions continues. The BU's operating margin was 8.8% in H1 (10.8% in H1 2020). On an adjusted basis the operating margin was 13.4% in H1 2021.

2. Operating profit

The Operating profit for the first half of the year was €14.2 million (€66.1 million in H1 2020), reflecting the improved environment. The North America, International and Data Respons BUs recorded positive operating profit, with margins in line or close to pre-crisis levels. The operating margin for the first half of the year was -1.8%, compared with -8.5% in the first half of 2020. On an adjusted basis, the operating margin was 5.3% in H1 2021 (-1.6% in H1 2020).

3. Financial results

The cost of net financial debt reached €9.0 million at June 30, 2021 (€9.3 million at June 30, 2020). This includes €6.7 million for interest on borrowings, stable compared to 2020 on constant basis.

Other financial income and expenses improved by €3.1 million, mainly due to the fluctuation in foreign exchange gains/losses, essentially linked to the negative impact of the Data Respons acquisition in 2020

4. Net income

The Group's share of consolidated net income was negative €29.5 million in the first half of 2021, compared with negative €57.4 million in the first half of 2020.

Main transactions with related parties

See note 6.2 to the condensed half-yearly financial statements presented above.

Significant events since 30 June 2021

See note 5 to the condensed half-yearly financial statements presented above.

Outlook

On the back of a business momentum that continues to get stronger, AKKA now expects low to mid single-digit revenue growth for the full year of 2021. In line with the usual seasonality pattern, the fourth quarter of the year should be stronger than the third. All the business units, but North America where the business repositioning continues, are expected to grow organically year-on-year.

AKKA confirms that the additional cost reductions derived from the Fit-2-Clear transformation plan, together with the first savings linked to the implementation of the restructuring plans to adapt our capacities to the foreseen demand in the Group's largest BUs should allow for a year-on-year reduction in the Group's cost base of about €70 to €75 million.

The continuation of the Group's transformation will lead to additional €75 million costs below Operating profit (adjusted) for the full year of 2021 (excluding the amortization of the intangibles arising from the allocation of Data Respons purchase price), as already communicated.

In light of the recovery materializing across BUs, and due to the operating excellence, the Group is focused on, AKKA expects its H2 2021 net profit to be back into positive territory.

Despite the strong performance on cash management in the first half of the year, Free Cash Flow should remain negative for the full year due to the one-off cash outflows arising from the restructuring plans and Fit2Clear implementation costs accrued in 2020 and 2021.

Risks and uncertainties in the seond half

See note 6.3 to the condensed half-yearly financial statements presented above.

Since the publication of the Integrated Report for fiscal year 2020, no new risks have been identified that could significantly affect the second half of 2021, other than those discussed in the previous paragraph "Outlook".

Alternative performance measures

Definition of alternative performance measures and reconciliation with IFRS. The Group uses alternative performance measures (APM) aimed to provide a broader view of the Group financial performance which is complementary to IFRS aggregates. These APM are not audited, and their calculations are based on both IFRS and non IFRS figures.

Detail of calculations

OPERATING PROFIT (ADJUSTED)

	H1 2021			S1 2020		
(€M)	PUBLISH ED	COMPARABILITY ADJUSTMENTS	DJUSTED	PUBLISH ED	COMPARABILITY ADJUSTMENTS	DJUSTED
REVENUE	**769.6**		**769.6**	**778.0**		**778.0**
OPERATING EXPENSES BEFORE NET DEPRECIATION AND PROVISIONS	(789.0)	87.0	(701.9)	(784.1)	25.9	(758.2)
NET DEPRECIATION AND PROVISIONS	3.8	(32.2)	(28.5)	(58.9)	26.4	(32.5)
INCOME FROM EQUITY METHOD	1.3		1.3	0.1		0.1
FREE SHARES AND STOCK OPTIONS	0.1	(0.1)	0.0	(1.2)	1.2	0.0
OPERATING PROFIT	**(14.2)**	**54.7**	**40.5**	**(66.1)**	**53.5**	**(12.6)**

COMPARABILITY ADJUSTMENTS

(€M)	H1 2021	H1 2020
OPERATING PROFIT	**(14.2)**	**(66.1)**
COVID RELATED EXPENSES	7.7	46.2
FIT 2 CLEAR IMPLEMENTATION COSTS	35.9	6.8
DATA RESPONS PPA INTANGIBLES AMORTIZATION	4.8	1.0
FREE SHARES & STOCK OPTIONS	(0.1)	1.1
ACQUISITION & INTEGRATION COSTS	2.7	0.1
OTHER INCOME & EXPENSE	3.5	(1.6)
ADJUSTED OPERATING PROFIT	**40.5**	**(12.6)**

OPERATING PROFIT BY BU

	REVENUE		OPERATING PROFIT		OPERATING PROFIT (ADJUSTED)[1]	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
FRANCE	**246.8**	264.2	**(13.5)**	(34.7)	**13.9**	(8.6)
MARGIN (%)					5.6%	-3.3%
GERMANY	**168.5**	181.3	**(17.1)**	(33.5)	**3.9**	(13.4)
MARGIN (%)					2.3%	-7.4%
NORTH AMERICA	**119.3**	138.1	**1.9**	2.8	**3.8**	2.1
MARGIN (%)					3.2%	1.5%
INTERNATIONAL	**129.8**	130.4	**12.9**	7.4	**15.3**	11.9
MARGIN (%)					11.8%	9.1%
DATA RESPONS	**105.1**	64.0	**9.3**	6.9	**14.1**	7.9
MARGIN (%)					13.4%	12.3%
OTHERS	**-**	-	**(7.8)**	(15.0)	**(10.6)**	(12.5)
GROUP	**769.6**	778.0	**(14.2)**	(66.1)	**40.5**	(12.6)
MARGIN (%)					5.3%	-1.6%

[1] Adjusted operating income is calculated by removing comparability adjustments and allocating the income from the research tax credit of each Business Unit to the original BU.

EBITDA ADJUSTED

(€M)	**H1 2021**	H1 2020
Operating Profit (Adjusted)	**40.5**	**(12.6)**
Adjusted Net depreciation and provisions	28.5	32.5
EBITDA (Adjusted)	**69.0**	**19.9**

ADJUSTED EBITDA ROLLING 12 MONTHS

(€M)	**H1 2021**	H1 2020
Adjusted EBITDA H1 N	**69.0**	**19.9**
Adjusted EBITDA H2 N-1	66.0	115.2
Proforma adjustment	1.5	18.3
Adjusted EBITDA rolling 12 months	**136.5**	**153.4**

NET DEBT

	June 30, 2021		June 30, 2020	
(€M)	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Non-current financial liabilities	656.9	538.1	867.3	747.3
Current financial liabilities	111.6	79.4	41.0	8.7
Cash and cash equivalents	(324.5)	(324.5)	(317.1)	(317.1)
Net debt	**444.0**	**293.0**	**595.0**	**442.7**

NET DEBT COVENANT

	June 30, 2021		June 30, 2020	
(€M)	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Net debt	444.0	293.0	595.0	442.7
Own shares	(15.2)	(15.2)	(18.6)	(18.6)
Net debt for covenants	**428.8**	**277.8**	**576.4**	**424.1**

LEVERAGE

	June 30, 2021	June 30, 2020
(€M)	Published	Published
Covenants net debt	428.8	576.4
Adjusted EBITDA	136.9	153.4
Leverage	**3.14**	**3.76**

GEARING

	June 30, 2021	June 30, 2020
(€M)	**Published**	**Published**
Covenants net debt	428.8	576.4
Equity	464.2	419.8
Gearing	**0.92**	**1.37**

FREE CASH FLOW

(€M)	June 30, 2021	June 30, 2020
Net income	**(29.2)**	**(56.8)**
Non cash and non operational items	22.2	23.2
Cash flow before net interest borrowing costs and tax	**(6.9)**	**(33.6)**
Tax paid	(5.7)	(5.2)
Change in net working capital	(42.0)	95.6
Aquisitions of fixed assets net of disposals	(7.4)	(10.4)
Free cash flow	**(62.1)**	**46.4**

STATEMENT
BY THE PERSON RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

The undersigned, Mauro RICCI, Chairman and CEO of the AKKA Technologies Group, declares that to the best of his knowledge:

- The consolidated financial statements for the financial year ending 30 June 2021 have been prepared in accordance with IFRS and give a true and fair view of the consolidated financial position and results of the AKKA Technologies Group and its subsidiaries included in the scope of consolidation;

- The management report for the financial year ending 30 June 2021 gives a true and fair view of the development of the activities, results and situation of the AKKA Technologies Group and its subsidiaries included in the scope of consolidation, as well as a description of the main risks and uncertainties that the AKKA Technologies Group is facing.

Brussels, the 6th of September 2021

Mauro RICCI

Chairman and Chief Executive Officer

REPORT STATUTORY

AUDITOR TO THE SHAREHOLDERS OF AKKA TECHNOLOGIES SE ON THE REVIEW
OF THE HALF YEARLY INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2021 AND FOR THE SIX MONTHS PERIOD THEN ENDED

Introduction

We have reviewed the consolidated balance sheet of AKKA Technologies SE as of June 30, 2021 and the related consolidated statement of income, statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows for the six-month period ended, as well as the explanatory notes ("the condensed consolidated interim financial information"). The board of directors of the company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with ISRE 2410, "A limited review of Financial Information by the Entity's Independent Auditor. A limited review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information for the six-month period ended June 30, 2021 is not prepared, in all material respects, in accordance with IAS 34 " Intermediate Financial Reporting " as adopted by the European Union.

Diegem, the 7th of September 2021

EY Réviseurs d'Entreprises SRL
Auditor
represented by

Eric Van Hoof*
Partner
*Acting on behalf of a SRL

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10.3.3 FULL YEAR FINANCIAL RESULTS AS OF 31 DECEMBER 2021

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Brussels, Belgium
10 March 2022 at 5:45pm
Inside information/regulated information

PRESS RELEASE

FY 2021 RESULTS

SOLID RECOVERY IN PROFITABILITY[1] AND STRICT CASH MONITORING

FY 2021 PERFORMANCE	• Growth acceleration in Q4 especially in diversified and digital BUs in line with expectations • Full-year revenue of €1,553.4M, up 3.3% vs 2020 • Operating profit up to €17.5 M, confirming recovery • FY operating profit (adjusted)[1]: €99.1M, a 6.4% margin • Tight cash management • Solid balance sheet
ADECCO TO COMBINE AKKA WITH MODIS	• First phase of the transaction closed on February 23rd • Adecco group now owns 64.72% of AKKA securities, Mandatory Tender Offer to be launched in Belgium and France for the remaining AKKA Technologies securities, at the same cash price of €49 per share • Intention to proceed to a simplified squeeze-out
OUTLOOK FOR 2022	• Revenue expected to grow mid to high single-digit with all BUs contributing to growth • Operating margin (adjusted) expected to be close to 2019 rate • One-off costs expected to normalize to 1% of revenue • H1 Free Cash Flow expected to be negatively impacted by early repayment of social & fiscal charges deferred

2021 RESULTS SUMMARY

The AKKA Group's Board of Directors met on March 9th, 2022 and approved the financial statements for 2021. The business environment has continuously improved during the year, yielding into a solid recovery in profitability.

€M	FY 2021	FY 2020	% CHANGE
REVENUE	**1,553.4**	**1,503.5**	**3.3%**
PURCHASED SERVICES & GOODS	(378.3)	(365.4)	3.5%
PERSONNEL EXPENSES	(1,143.9)	(1,134.0)	0.9%
NET DEPRECIATION & PROVISION	(3.2)	(172.8)	ns
FREE SHARES & STOCK OPTIONS	(0.6)	(1.0)	-41.6%
OTHER OPERATING EXPENSES & INCOME	(9.9)	(0.8)	ns
OPERATING PROFIT	**17.5**	**(170.5)**	**ns**
% REVENUE	*1.1%*	*-11.3%*	*ns*
OPERATING PROFIT (ADJUSTED)	**99.1**	**19.5**	**408.2%**
% REVENUE	*6.4%*	*1.3%*	*+510 bps*

[1] Definition and calculation of all Alternative Performance Measures (APM) are provided in the Appendix

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FINANCIAL RESULT	(21.5)	(27.4)	-21.5%
PRE-TAX INCOME	**(4.0)**	**(197.9)**	**ns**
TAX EXPENSE	(6.1)	30.0	ns
CONSOLIDATED NET INCOME	**(10.1)**	**(167.9)**	**ns**
MINORITY INTEREST	(1.2)	(0.9)	ns
GROUP NET INCOME	**(11.4)**	**(168.8)**	**ns**

**The details of adjustments on the operating profit are provided in the Appendix*

Q4 2021 REVENUE: GROWTH ACCELERATION IN THE LAST QUARTER

€M	Q4 2021	Q4 2020	REPORTED GROWTH (%)	ORGANIC GROWTH (%)
FRANCE	139.9	115.7	+20.9%	+20.8%
GERMANY	87.5	83.3	+5.0%	+5.0%
NORTH AMERICA	60.1	65.9	-8.8%	-12.4%
INTERNATIONAL	67.0	61.5	+8.9%	+7.9%
DATA RESPONS	57.6	48.0	+19.9%	+8.9%
TOTAL GROUP	**412.0**	**374.4**	**+10.0%**	**+7.7%**

- **AKKA recorded revenue of €412.0M in Q4 2021**, up +10.0% compared to Q4 2020, or 7.7% on an organic basis. The recovery recorded since the beginning of the year continued and accelerated in the last quarter, especially in the most diversified and digital BUs. AKKA's mobility sectors confirmed their continuous rebound, and Aeronautics sector shows clear sign of restart. AKKA's diversification sectors continue their expansion, and most of them grew double-digit in the last quarter of the year compared to the same quarter in 2020.
- By BU:
    - In Q4 2021, **France BU** revenue increased by 20.9%, to €139.9M. The growth in this BU is fueled by a good momentum across sectors, but it benefited particularly from the noticeable restart in Aeronautics, which posted revenue increase of c. 80% compared to Q4 2020.
    - In Q4 2021 the **German BU** revenue increased by +5.0%, to €87.5M, showing first signs of business improvement despite December being impacted by a high sickness rate due to the COVID situation.

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- **AKKA North America** revenue declined by -8.8% in Q4 2021 or -12.4% organically, to €60.1M. This reduction in business results from the business repositioning strategy towards higher margin businesses.

- The **International BU** Q4 2021 revenue increased by +8.9% or +7.9% on an organic basis, to €67.0M. This BU benefits from its diversification, as the business momentum remained strong in most of the countries and sectors, in line with previous quarters.

- **Data Respons** revenue increased by 19.9% or 8.9% organically, to €57.6M. The Computer Solutions business recovered in Q4, with a positive growth, while the R&D business continued to grow double digit.

FY2021 REVENUE BY BU

€M	FY 2021	FY 2020	REPORTED GROWTH (%)	ORGANIC GROWTH (%)
FRANCE	502.7	488.1	+3.0%	+3.0%
GERMANY	342.8	349.2	-1.8%	-1.8%
NORTH AMERICA	239.0	264.8	-9.7%	-6.6%
INTERNATIONAL	260.8	248.3	+5.0%	+5.3%
DATA RESPONS	208.2	153.1	+36.0%	+3.7%
TOTAL GROUP	**1,553.4**	**1,503.5**	**+3.3%**	**+0.7%**

- After a first quarter that was still pretty impacted by the downturn in demand, business recovery has been confirmed quarter after quarter, translated in **a 3.3% revenue increase for the full year of 2021, to €1,553.4M, in line with expectations.**

- The **mobility sectors** were flattish year on year as the restart in Aeronautics only materialized in the last quarter of the year. **The traction in the non-mobility sectors has been strong**, with a double-digit growth year on year.

- In FY 2021, **AKKA's French BU** revenue increased by 3.0% to €502.7M, reflecting the steady improvement of business environment during the year across sectors, including Aeronautics in the last quarter. **The German BU** revenue decreased by -1.8%, to €342.8M, impacted by a slow start in 2021. The order book has been building up quarter after quarter but its conversion into revenue takes time to materialize. AKKA **North America's** revenue decreased by -6.6% organically, to €239.0M as a result of the deliberate strategy to repositioning the business towards higher margin activities in the region. The **International BU** performance has been strong in FY 2021, delivering a +5.3% organic growth, to €260.8M, benefiting from a very balanced business mix. **Data Respons** growth was +3.7% (organic), posting revenue of €208.2M. While its computer solution business has been under pressure until the end of Q3, it has been offset by the strength of its digital R&D business.

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PRESS RELEASE

FY2021 OPERATING PROFIT BACK TO POSITIVE TERRITORY, RECOVERY CONFIRMED

- **AKKA's operating profit strongly improved, from € (170.5) M in 2020 to €17.5M in 2021,** thanks to the business improvement described above and bearing the fruits from the Group's transformation. As a reminder, the Group publishes an Operating profit (adjusted) which underlines the performance from operations irrespective of some events that can occur during a specific year. The calculation of the Operating profit (adjusted) is provided in the Appendix.

- The adjustments for the full year of 2021 amount to €81.5M, and comprise mostly €58.0M of costs related to the implementation of the Group's transformation program, residual COVID related expenses (€8.6M), the amortization of the intangibles arising from the allocation of Data Respons' purchase price (€9.7M). These costs amounted to €190.0M in 2020.

- After taking into account these comparability adjustments, **the Group's adjusted operating profit was €99.1M in 2021, a figure multiplied by 5 compared to the €19.5M realized in 2020, which confirms the strong recovery.** Sequentially, the adjusted profit increased from €40.5M in H1 2021 to €58.6M in H2 2021, a +44.7% growth. **The margin rate (adjusted) stood at 7.5% in H2 2021, from 5.3% in H1 2021, and to 6.4% for the full year.**

- **All of the Group's BUs were profitable in 2021, and some of them are already back to pre-COVID margin rate.** Data Respons continues to deliver on the pre-acquisition expectations, with a margin in excess of 13%. All the others Business Units are showing continuous improvement, with a margin rate stronger in the second half of the year than in the first half.

- The financial result increased from € (27.4) M in 2020 to € (21.5) M in 2021, mainly impacted by positive FOREX impacts. The €6.1M tax expense in 2021 compares to a credit amount of €30.0M in 2020, in line with the recovery in profit. **Therefore, the Group's consolidated net loss was limited to € (11.4) M in 2021** compared to a net loss of € (168.8) M in 2020. **Sequentially, the Group achieved a positive net profit of €18.1M in H2 2021, a strong improvement on the € (29.5) M loss in H1 2021.**

A TIGHT CASH MANAGEMENT

- The protection of AKKA's financial health that had been a key priority throughout the COVID crisis, continued in 2021. Therefore, and despite the restructuring costs related to the Group's transformation, **the Free Cash Flow was negative but limited to € (23.2) M in 2021, compared to €141.7M in 2020** when c. €150M of charges had been deferred.

- **The cash position at year-end 2021 was €367.9M, compared €468.0M by year-end 2020, including the acquisition of the real estate business for c. €70M.**

A SOLID BALANCE SHEET STRUCTURE

- **AKKA's balance sheet structure remains solid.** Covenant net debt post IFRS16 stood at €512M, corresponding to a leverage of 3.24 times (net debt / EBITDA), well below covenants. This net debt position does not consider the €175M ODIRNANE bonds, which are accounted for in equity.
  For more information on the definition and details of the calculation of the net debt, leverage and gearing, refer to the Appendix.

AKKA AND MODIS TO UNITE TO BUILD A GLOBAL SMART INDUSTRY LEADER

The first stage of the transaction announced on July 28th, 2021 closed on February 23rd as The Adecco Group announced that the acquisition of a controlling stake in AKKA Technologies had been completed through the purchase of all holdings from the Ricci family and SWILUX S.A., the fully-owned subsidiary of Compagnie Nationale à Portefeuille SA.

The Adecco Group intends to combine AKKA and Modis. Through this landmark step, the new business will generate around €4 billion of revenues and be the global number two in the ER&D services market with 50,000 engineers and digital experts.

The Adecco Group now owns 64.72 percent of the shares issued by AKKA Technologies. As a result, the Group will launch a Mandatory Tender Offer in Belgium and France for the remaining AKKA Technologies securities, at the same cash price of €49 per share, and €100,000 plus accrued interest per convertible bond. The Mandatory Tender Offer will be unconditional. AKKA Technologies security holders will thus have the option to tender their holdings, thus benefiting from an immediate access to liquidity. The publication of the offer document, the response memorandum of the Board of Directors of AKKA Technologies and further information on the acceptance procedure will follow in due course.

After the closing of the Mandatory Tender Offer, the Adecco Group intends to proceed to a simplified squeeze-out if the conditions for such a squeeze-out bid are met, with a view to acquiring all securities of AKKA Technologies as well as delisting its equity from Euronext Brussels and Euronext Paris. The Group expects such process to be completed by end H1 2022.

The offer price per share represents a premium of 99% to the share price of €24.60 on July 26th, 2021, and a 108% premium over the last three months' volume weighted average price.

The transaction consideration of €2.0 billion in Enterprise Value, reflects an offer price of €49 per share, or Equity Value of €1.5 billion for 100% of outstanding share capital, and accounts for AKKA's net financial debt as of end June 2021[2]. The agreed purchase price represents an EV/EBITDA multiple of 10.6x 2022e[3].

[2] Excluding the ODIRNANE, equity accounted under IFRS (€175 mn, first call in 2025).
[3] Multiple based on consensus estimates.

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PRESS RELEASE

AGREEMENTS SIGNED BETWEEN AKKA AND THE ADECCO GROUP

As part of the closing announcement on February 24th, 2022, AKKA announced, as required by rules on related party transactions that the Board of Directors decided on February 23rd, 2022 to approve the following agreements between the Company (or its subsidiaries) and The Adecco Group AG ("Adecco") and its subsidiaries:

(i) Intercompany Loan Agreement between Modis International AG, as 'Lender', and the Company, as 'Borrower';
(ii) Cash Pooling Agreement between Adecco Liquidity Services AG, as 'Pool Leader', and the Company, as the 'Participating Company';
(iii) Cash Pool Agreement between Adecco Liquidity Services AG, as 'Pool Leader', and AKKA Finance SRL, as the 'Participating Company';
(iv) Trademark License Agreement between Adecco, as 'Licensee', and the Company, as 'Licensor';
(v) Trademark License Agreement between Adecco, as 'Licensor', and the Company, as 'Licensee'; and
(vi) Synergies Allocation and Cooperation Agreement between Adecco and the Company.

Therefore, AKKA will cancel and prepay the bulk of its existing financial indebtedness, due *inter alia* to the change of control triggered by the Closing. In that context, Adecco has, via its subsidiary Modis International AG, entered into an **Intercompany loan agreement** with AKKA immediately following Closing to provide it with sufficient liquidity and to allow the Company to cancel and prepay part of its existing debt. The Intercompany Loan Agreement is entered into on arm's length terms and allows the Company to make drawdowns for a period from the date of the Intercompany Loan Agreement up to and including 31 December 2022 for an aggregate amount not exceeding EUR 800,000,000. Each loan made under the Intercompany Loan Agreement will have an interest rate of 1.167% per annum, a term of two years with the ability to extend for renewable terms of two years and the possibility to prepay with five days prior notice.

TERMINATION OF THE LIQUIDITY CONTRACT

The company confirms that it has terminated the liquidity contract relating to the company's shares. The execution of this contract had already been suspended in the context of the mandatory takeover bid.

OUTLOOK

On the back of the current business momentum - and excluding any major deterioration to the current geopolitical environment, notably in Europe - AKKA currently expects revenue for the full-year of 2022 to grow mid to high single-digit.

All the Business Units are expected to contribute to Group's growth and to achieve an operating margin rate (adjusted) close to the 2019 margin rate.

As the Group's transformation has been finalized, the one-offs costs are expected to normalize to c. 1% of Group's revenue.

The Free Cash Flow is expected to be negatively impacted in the first half of the year by the early repayment of c. €100M of social and fiscal charges that had been deferred.

AUDITORS REPORT

The statutory auditor, EY Réviseurs d'Entreprises SRL, has confirmed that their audit procedures, which are substantially complete, have not revealed material correction which would have to be made to the accounting information presented in the condensed income statement, condensed balance sheet and condensed cash flow statement included in appendix of this press release.

Upcoming events:

Q1 2022 revenue: Thursday, 5th May 2022

Annual General Meeting: Tuesday, 21st June 2022

H1 2022 results: Tuesday, 6th September 2022

In case of discrepancies between the French and English versions of the press release, only the English version shall be deemed valid.

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About AKKA

AKKA is a European leader in engineering consulting and R&D services. Our comprehensive portfolio of digital solutions combined with our expertise in engineering, uniquely positions us to support our clients by leveraging the power of connected data to accelerate innovation and drive the future of smart industry. AKKA accompanies leading industry players across a wide range of sectors throughout the life cycle of their products with cutting edge digital technologies (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.) to help them rethink their products and business processes. Founded in 1984, AKKA has a strong entrepreneurial culture and a wide global footprint. Our 20,000 employees around the world are all passionate about technology and share the AKKA values of respect, courage and ambition. The Group recorded revenues of €1.5 billion in 2020. AKKA Technologies (AKA) is listed on Euronext Paris and Brussels – segment A – ISIN code: FR0004180537. AKKA is now part of The Adecco Group.
For more information, please visit: https://www.akka-technologies.com/

About the Adecco Group

The Adecco Group is the world's leading talent advisory and solutions company. We believe in making the future work for everyone, and every day enable more than 3.5 million careers. We skill, develop and hire talent in around 60 countries, enabling organisations to embrace the future of work. As a Fortune Global 500 company, we lead by example, creating shared value that fuels economies and builds better societies. Our culture of inclusivity, entrepreneurship and teamwork empowers our 33,000 employees. The Group is headquartered in Zurich, Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).

Further information to the holders of AKKA securities

The Adecco Group intends to file a formal notification of the Mandatory Tender Offer, which shall include a draft offer document, with the FSMA (the Belgian supervisory market authority) in the next few days (in accordance with article 5 of the Belgian Takeover Decree of 27 April 2007). The Board of Directors of AKKA Technologies will examine the offer document and will further explain its position towards the Mandatory Tender Offer in a Board memorandum of response. The offer document and the Board memorandum of response will be made available to the AKKA Technologies security holders on the websites of AKKA Technologies and the Adecco Group.

Disclaimer

This press release does not constitute or form a part of an offer or solicitation to acquire, purchase, subscribe for, sell or exchange the securities of AKKA Technologies in any jurisdiction.

The public tender offer will and can only be made on the basis of an offer document that will be approved by the FSMA. No steps will be taken to enable a public tender offer in any jurisdiction other than in Belgium and France. Any securities to be offered have not been and will not be registered under the United States Securities Act of 1933, as amended, or with any securities regulatory authority of any state of the United States and may not be offered or sold in the United States absent registration or an applicable exemption from registration thereunder. There may be no public offering of securities in the United States.

Neither this press release nor any other information relating to the matters contained herein may be published, broadcasted, disseminated or distributed, directly or indirectly, in any jurisdiction where a registration,

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qualification or any other legal or regulatory obligation or restriction is in force or would be with regard to the content hereof or thereof, including the United States of America, its territories and possessions. Any failure to comply with these restrictions may constitute a violation of the financial laws and regulations of such jurisdiction. Therefore, persons located in countries where this press release is published, broadcasted or distributed must inform themselves about and comply with such restrictions. Akka Technologies and its affiliated persons explicitly decline any liability for any failure of any person to comply with these restrictions.

Important notice about forward-looking information

Information in this press release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to AKKA as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our 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; the impact of the global outbreak of novel coronavirus disease (Covid-19); changes in regulation of 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; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

CONTACT

Stéphanie Bia - Group Director for Communications & Investor Relations

Tel. +33 6 4785 9878

Stephanie.bia@akka.eu

CONFERENCE CALL

Nathalie Bühnemann, Chief Financial officer, and

Stéphanie Bia, Group Communications and Investor Relations Director,

are pleased to invite you to a conference call

on Thursday, March 10th, 2022 at 18:30 PM (CET)

Click here to join the meeting

GLOSSARY

ECONOMIC GROWTH:
Growth at constant scope, exchange rate and number of working days.

ORGANIC GROWTH:
Growth at constant scope and exchange rate.

PRO FORMA CONSTANT GROWTH:
Organic growth based on proforma figures as if Data Respons had been consolidated from 1st January 2019.

COMPARABILITY ADJUSTMENTS:
Expenses and income related to significant acquisitions, reorganizations, litigations, transformation, amortization of intangibles identified as part of business combinations,
stock options and free shares, costs related to COVID crisis.

OPERATING PROFIT ADJUSTED:
Operating profit increased by comparability adjustments.

OPERATING MARGIN ADJUSTED:
Rate of adjusted operating profit in proportion of Revenue.

EBITDA ADJUSTED:
Operating profit (adjusted) increased by net adjusted depreciation and provisions.

NET DEBT:
Financial liabilities reduced by Cash and cash equivalents. It does not include the ODIRNANE, equity accounted under IFRS (€175m first call in 2025).

NET DEBT FOR COVENANTS:
Net debt reduced by value of own shares at year-closing market price. It does not include the ODIRNANE, equity accounted under IFRS (€175m first call in 2025).

LEVERAGE:
Net debt divided by EBITDA adjusted.

GEARING:
Net debt divided by Shareholders' equity.

FREE CASH FLOW:
Net cash flow from operating activities decreased by acquisitions of fixed assets and increased by disposal of fixed assets.

* Unless defined in this section, financial aggregates used in the current press-release are directly derived from the Group consolidated financial statements

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APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

Definition of alternative performance measures and reconciliation with IFRS

The Group uses alternative performance measures (APM) aimed to provide a broader view of the Group financial performance which is complementary to IFRS aggregates. These APM are not audited, and their calculations are based on both IFRS and non IFRS figures.

DETAIL OF CALCULATIONS

- **OPERATING PROFIT (Adjusted)**

	FY 2021			FY 2020		
In M€	PUBLISHED	COMPARABILITY ADJUSTMENTS	ADJUSTED	PUBLISHED	COMPARABILITY ADJUSTMENTS	ADJUSTED
REVENUE	**1 553,4**		**1 553,4**	**1 503,5**		**1 503,5**
OPERATING EXPENSES BEFORE NET DEPRECIATION AND PROVISIONS	(1 534,4)	136,5	(1 397,9)	(1 501,8)	82,7	(1 419,1)
NET DEPRECIATION AND PROVISIONS	(3,2)	(55,5)	(58,7)	(172,8)	106,3	(66,4)
INCOME FROM EQUITY METHOD	2,3		2,3	1,6		1,6
FREE SHARES AND STOCK OPTIONS	(0,6)	0,6	0,0	(1,0)	1,0	0,0
OPERATING PROFIT	**17,5**	**81,5**	**99,1**	**(170,5)**	**190,0**	**19,5**

- **COMPARABILITY ADJUSTMENTS**

€M	FY 2021	FY 2020
OPERATING PROFIT	**17,5**	**(170,5)**
COVID RELATED EXPENSES	8,6	59,2
FIT 2 CLEAR IMPLEMENTATION COSTS	58,0	121,5
DATA RESPONS PPA INTANGIBLES AMORTIZATION	9,7	9,0
FREE SHARES & STOCK OPTIONS	0,6	1,0
OTHER	4,6	(0,7)
ADJUSTED OPERATING PROFIT	**99,1**	**19,5**

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- **OPERATING PROFIT BY BU**

(€M)	REVENUE		OPERATING PROFIT		OPERATING PROFIT **(ADJUSTED)**[1]	
	FY 2021	FY 2020	**FY 2021**	FY 2020	**FY 2021**	FY 2020
FRANCE	**502,6**	488,1	**(6,9)**	(98,8)	**35,5**	(3,8)
				MARGIN (%)	***7,1%***	*-0,8%*
GERMANY	***342,7***	349,2	**(13,6)**	(74,0)	***16,4***	(5,8)
				MARGIN (%)	***4,8%***	*-1,7%*
NORTH AMERICA	**239,1**	264,8	**6,3**	6,3	**8,4**	6,5
				MARGIN (%)	***3,5%***	*2,5%*
INTERNATIONAL	**260,8**	248,3	**26,3**	16,5	**32,3**	25,6
				MARGIN (%)	***12,4%***	*10,3%*
DATA RESPONS	**208,2**	153,1	**17,3**	9,8	**27,3**	19,3
				MARGIN (%)	***13,1%***	*12,6%*
OTHERS	**-**	-	**(11,8)**	(30,3)	**(20,7)**	(22,3)
GROUP	**1 553,4**	**1 503,5**	**17,5**	**(170,5)**	**99,1**	**19,5**
				MARGIN (%)	***6,4%***	*1,3%*

[1]The Operating Profit (Adjusted) results from the comparability adjustments for each BU with R&D tax credits allocated to the originating BU.

- **EBITDA (Adjusted)**

In M€	FY 2021	FY 2020
Operating Profit (Adjusted)	**99,1**	**19,5**
Adjusted Net depreciation and provisions	58,7	66,4
Proforma adjustment	0,0	4,1
EBITDA (Adjusted)	**157,8**	**90,0**

- **NET DEBT**

	FY 2021		FY 2020	
In M€	**Published**	**Pre-IFRS 16**	**Published**	**Pre-IFRS 16**
Non-current financial liabilities	673,0	590,4	750,2	635,5
Current financial liabilities	242,7	214,3	43,7	10,1
Cash and cash equivalents	(367,9)	(367,9)	(468,0)	(468,0)
Net debt, IFRS	**547,8**	**436,7**	**325,9**	**177,7**

It does not include the ODIRNANE, equity accounted under IFRS (€175m first call in 2025).

- **NET DEBT COVENANT**

	FY 2021		FY 2020	
In M€	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Net debt	**547,8**	**436,7**	**325,9**	**177,7**
Own shares	(36,1)	(36,1)	(16,5)	(16,5)
Net debt for covenants	**511,7**	**400,6**	**309,4**	**161,2**

It does not include the ODIRNANE, equity accounted under IFRS (€175m first call in 2025).

- **LEVERAGE**

	FY 2021		FY 2020	
In M€	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Covenants net debt	511,7	400,6	309,4	161,2
Adjusted EBITDA	157,8	120,4	90,0	51,9
Leverage	**3,24**	**3,33**	**3,44**	**3,11**

- **GEARING COVENANT**

	FY 2021		FY 2020	
In M€	Published	Pre-IFRS 16	Published	Pre-IFRS 16
Covenants net debt	511,7	400,6	309,4	161,2
Equity	477,6	474,0	492,6	498,1
Gearing	**1,07**	**0,85**	**0,63**	**0,32**

- **FREE CASH FLOW**

In M€	FY 2021	FY 2020
Net income	**(10,1)**	**(167,9)**
Non cash and non operational items	36,3	128,0
Cash flow before net interest borrowing costs and tax	**26,2**	**(39,9)**
Tax paid	(18,6)	(14,9)
Change in net working capital	(1,3)	224,4
Aquisitions of fixed assets net of disposals	(29,5)	(27,9)
Free cash flow	**(23,2)**	**141,7**

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CONDENSED INCOME STATEMENT

In million euros	31/12/2021	31/12/2020	Fluctuation, M€	Fluctuation, %
Revenue	1 553,4	1 503,5	49,9	3,3%
Purschased services and goods	-378,3	-365,4	-12,9	3,5%
Taxes and duties	-12,7	-10,9	-1,8	16,3%
Personnel expenses	-1 143,9	-1 134,0	-10,0	0,9%
Net depreciation and provisions	-3,2	-172,8	169,5	ns
Other current expenses	-15,5	-10,7	-4,8	45,2%
Other current income	16,0	19,2	-3,2	-16,6%
Income from equity affiliates	2,3	1,6	0,7	47,5%
Free shares and stock options	-0,6	-1,0	0,4	-41,7%
OPERATING PROFIT	**17,5**	**-170,5**	**188,0**	**-110,3%**
Income from cash and cash equivalents	0,4	1,3	-1,0	-72,6%
Cost of gross financial debt	-18,8	-20,4	1,6	-8,0%
COST OF NET FINANCIAL DEBT	**-18,4**	**-19,1**	**0,7**	**-3,5%**
Other financial income and expenses	-3,1	-8,3	5,2	ns
PROFIT BEFORE TAX	**-4,0**	**-197,9**	**193,9**	**ns**
Tax expenses	-6,1	30,0	-36,1	ns
CONSOLIDATED NET INCOME	**-10,1**	**-167,9**	**157,8**	**ns**
Non-controlling interests	-1,2	-0,9	-0,4	ns
GROUP SHARE OF NET INCOME	**-11,4**	**-168,8**	**157,4**	**ns**

Earnings per share	-0,57	-5,72
Diluited earnings per share	-0,57	-5,72
Weighted average number of shares outstanding	30 462 824	30 567 393
Weighted average number of ordinary shares plus potential dilutive shares	33 095 470	33 310 039

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CONDENSED BALANCE SHEET

In million euros	31/12/2021	31/12/2020	Fluctuation, in M€	Fluctuation, %
Goodwill	717,0	691,4	25,6	4%
Intangible assets	110,7	112,5	-1,8	-2%
Tangible assets	233,5	75,7	157,8	209%
Rights of use - IFRS 16	114,7	141,8	-27,1	-19%
Non-current financial assets	49,7	49,9	-0,2	0%
Securities of affiliated companies and joint ventures	49,5	48,2	1,3	3%
Deferred tax assets	75,9	80,0	-4,1	-5%
Other non current assets	30,3	30,1	0,3	1%
Total Non Current Assets	**1 381,4**	**1 229,5**	**151,8**	**12%**
Trade receivables	170,8	192,0	-21,1	-11%
Other current assets	88,6	85,7	2,9	3%
Cash and cash equivalents	367,9	468,0	-100,0	-21%
Total Current Assets	**627,3**	**745,6**	**-118,3**	**-16%**
TOTAL ASSETS	**2 008,7**	**1 975,2**	**33,5**	**2%**
Group Share of Equity before equity instruments	299,0	314,2	-15,1	-5%
Odirnane bonds	176,5	176,0	0,5	0%
Non controlling interests	2,0	2,4	-0,4	-18%
Shareholders' equity	**477,6**	**492,6**	**-15,0**	**-3%**
Non-current provisions	25,1	36,9	-11,9	-32%
Non-current financial liabilities	590,4	635,5	-45,2	-7%
Non-current IFRS 16 lease liabilities	82,6	114,7	-32,1	-28%
Non-current earn-out liabilities	10,5	10,8	-0,3	ns
Deferred tax liabilities	21,3	31,6	-10,3	-33%
Non-current tax and social security liabilities	56,3	67,0	-10,7	ns
Total Non current Liabilities	**786,1**	**896,5**	**-110,4**	**-12%**
Current provisions	30,3	65,1	-34,8	-53%
Current financial liabilities	214,3	10,1	204,2	2021%
Current IFRS 16 lease liabilities	28,5	33,6	-5,1	-15%
Trade payables	135,6	125,4	10,2	8%
Tax and social security liabilities -current	290,9	285,7	5,2	2%
Current earn-out liabilities	6,9	11,6	-4,7	-41%
Other current liabilities	38,6	54,5	-16,0	-29%
Total Current Liabilties	**745,0**	**586,0**	**159,0**	**27%**
TOTAL LIABILITIES	**2 008,7**	**1 975,2**	**33,5**	**2%**

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CONDENSED CASH FLOW STATEMENT

In million euros	31/12/2021	31/12/2020
Net income	**-10,1**	**-167,9**
Adjustements for non cash and non operating items	36,3	128,0
Cash flow before net interest borrowing costs and tax	**26,2**	**-39,9**
Tax paid	-18,6	-14,9
Change in net working capital	-1,3	224,4
Net cash flow from operating activities	**6,3**	**169,7**
Acquisition of fixed assets net of disposals	-29,5	-27,9
Change in financial assets	-0,1	-6,4
Impact of changes in the scope of consolidation	-92,1	-369,8
Net cash flow from investing activities	**-121,7**	**-404,1**
Dividends paid to shareholders of the parent company and NCI	-0,8	0,0
Issuance of Odirnane bonds	0,0	0,0
Increase in Capital	0,0	196,7
Purchase of treasury shares	0,0	-2,4
Proceeds from new borrowings net of repayments	74,3	96,2
Repayment of IFRS 16 lease liabilities	-34,2	-34,8
Net interest disbursed	-25,0	-21,4
Net cash from financing activities	**14,4**	**234,3**
Impact of changes in foreign currency exchange rates	0,9	-1,1
Change in cash position	**-100,1**	**-1,2**

10.4 BOARD MEMORANDUM

MANDATORY PUBLIC TAKEOVER BID IN CASH,

possibly followed by a simplified squeeze-out

by

MODIS INTERNATIONAL AG

for

all shares and convertible bonds that are not yet directly or indirectly held by the Bidder or its Affiliates

issued by

AKKA TECHNOLOGIES SE

RESPONSE MEMORANDUM OF THE BOARD OF DIRECTORS OF AKKA TECHNOLOGIES SE

15 MARCH 2022

This document is a translation of the French original of the Response Memorandum. The FSMA has approved such French version only.

The Target, represented by its Board of Directors, is responsible for this translation.

The French original of this Response Memorandum can be obtained as indicated under section 6.4 below.

1 Introduction

1.1 Definitions

Capitalised terms used in this Response Memorandum have the meaning set forth below or elsewhere in this Response Memorandum. If they are not defined in this Response Memorandum, capitalised terms shall have the meaning given to them in the Prospectus.

"**Adecco**" means Adecco Group AG, an *Aktiengesellschaft* organised and existing under the laws of Switzerland, with registered office at Bellerivestrasse 30, 8008 Zurich, Switzerland, and registered with the commercial register under number CHE-107.031.232.

"**Adecco Group**" means Adecco and its affiliates.

"**Affiliate**" means an affiliate within the meaning of Article 1:20 of the Companies and Associations Code.

"**Bid**" means the mandatory takeover bid in cash issued by the Bidder for the Securities, the terms of which are set out in the Prospectus.

"**Bidder**" or "**Modis International**" means Modis International, an *Aktiengesellschaft* organised and existing under the laws of Switzerland, with registered office at Gotthardstrasse 20, 6300 Zug, Switzerland and registered with the commercial register under number CHE-197.415.440.

"**Bid Price**" means the cash consideration offered by the Bidder for all outstanding Securities not already held, directly or indirectly, by the Bidder or its Affiliates, as the case may be, as described in section 8.1.3 of the Prospectus.

"**Board of Directors**" means the board of directors of the Target.

"Convertible Bond" means any of the 1,750 currently outstanding perpetual subordinated convertible bonds issued by the Target on 4 December 2019 in the denomination of EUR 100,000 per bond.

"**FSMA**" means the Belgian Financial Services and Markets Authority.

"**Prospectus**" means the prospectus of the Bidder setting out the terms and conditions of the Bid, including its annexes and any supplement thereto as approved by the FSMA on 15 March 2022.

"**Response Memorandum**" means this response memorandum.

"**Security**" means a Share or a Convertible Bond.

"**Security Holder**" means a holder of one or more Securities.

"**Share**" means any of the 10,264,002 shares in the Target to which the Bid relates (*i.e*. all shares in the Target excluding the shares already held by the Bidder or its Affiliates (including the Target)) and any additional shares issued by the Target which would be issued following the conversion of the Convertible Bonds.

"**Share Purchase Agreement**" means the share purchase agreement dated 27 July 2021 between the Ricci family and Swilux S.A. (as sellers) and Modis International and Modis Investment BV (as purchasers) regarding the transfer of 18,698,822 shares (59.91%) issued by the Target.

"**Subscription Right**" means any of the 110,000 subscription rights which had been issued by the Target and which lapsed on 23 February 2022.

"**Takeover Decree**" means the Royal Decree of 27 April 2007 on public takeover offers, as amended.

"**Takeover Act**" means the Law of 1 April 2007 on public takeover offers, as amended.

"**Target**" means AKKA Technologies, a European company (‘*Societas Europaea*’) organised and existing under the laws of Belgium, with registered office at Avenue Louise 235, 1050 Brussels, Belgium and registered with the Belgian Crossroads Bank of Enterprises under number 0538.473.031 (RLP Brussels, French-speaking division).

"**Tender Offer Agreement**" means the tender offer agreement of 27 July 2021 between the Bidder and the Target, pursuant to which the Target agreed to support and recommend the Bid.

1.2 Description of the Bid

1.2.1 Introduction

On 27 July 2021, the Bidder and Modis Investment BV acquired 18,698,822 shares in the Target pursuant to the Share Purchase Agreement. The closing of the Share Purchase Agreement took place on 23 February 2022.

Pursuant to Article 5 of the Takeover Act, when a person directly holds, as a result of an acquisition made by them, more than 30% of the securities carrying voting rights of a company which has its registered office in Belgium and of which at least some of the securities carrying voting rights are admitted to trading on a regulated market, it is obliged to launch a public takeover bid on all securities carrying voting rights and securities granting access to voting rights issued by that company.

On 24 February 2022, the Bidder communicated to the FSMA the notice announcing the mandatory public takeover bid in cash for all shares and convertible bonds issued by the Target that are not already held by the Bidder or its Affiliates.

In accordance with Article 7 of the Takeover Decree, the FSMA made this opinion public on 24 February 2022.

The Board of Directors considers that the terms and conditions of the Bid are favourable to all Security Holders and other stakeholders and unanimously recommends that the Security Holders tender their Shares and Convertible Bonds to the Bidder.

On this basis, on 27 July 2021, the Board of Directors unanimously decided to support the Bid and, together with the Bidder, entered into the Tender Offer Agreement which sets out the terms and conditions of such support.

In accordance with Article 26 of the Takeover Decree, the FSMA has communicated the Bidder's draft Prospectus to the Board of Directors of the Target on 24 February 2022.

This Response Memorandum has been prepared on the basis of and in response to the Prospectus. It has been unanimously approved by the Board of Directors.

On 15 March 2022, the FSMA approved the Prospectus and the Response Memorandum.

1.2.2 Securities and Bid Price

The Bid relates to the 10,264,002 Shares issued by the Target that are not yet held by the Bidder and the Affiliates to the Bidder (including the Target).

The Bid Price per Share amounts to EUR 49, payable in cash, which represents the gross amount that will accrue to the shareholders of the Target if the Bid is successful. The justification for the Bid Price per Share is set out in section 8.2 of the Prospectus. Reference is also made to Section 3.1 of this Response Memorandum.

The Bid Price per Share is identical to the price per share paid by the Bidder under the Share Purchase Agreement.

The Bid also covers the 1,750 Convertible Bonds currently outstanding issued by the Target. The Bid Price per Convertible Bond amounts to EUR 101,816.58. This price is detailed in Section 3.1 of this Response Memorandum.

1.3 Responsible persons

The Target, represented by its Board of Directors, is responsible for the information included in this Response Memorandum. The composition of the Board of Directors is set out in Section 2 of this Response Memorandum.

The Target, represented by its Board of Directors, declares that, to its knowledge, the information in this Response Memorandum is in accordance with the facts and makes no omission likely to affect its content.

1.4 Approval by the FSMA

The French version of the Response Memorandum was approved by the FSMA on 15 March 2022, in accordance with the third paragraph of Article 28 of the Takeover Act.

This approval does not imply any assessment or judgment by the FSMA on the merits and the quality of the Bid.

Reference is made to Section 6.2 of this Response Memorandum for other languages in which the Response Memorandum is available.

1.5 Forward-looking statements

The Response Memorandum contains forward-looking statements, prospects and estimates, relating to the expected future performance of the Target, its subsidiaries or related entities and the markets in which they are active. Some of these forward-looking statements, prospects and estimates are characterised by the use of terms such as (non-exhaustive list): “believes", "thinks", "expects", "anticipates", "seeks", "would", "plans", "envisages", "calculates", "may", "will", "remains", "wishes", "understands", "would like", "intends to", "relies on", "attempts", "estimates", "believes that" and similar expressions, the future and the conditional tense.

Such statements, prospects and estimates are based on a number of assumptions and assessments of known and unknown risks, uncertainties and other factors that may be reasonable and acceptable at the time they are made, but which may not prove to be correct in the future. Actual events are difficult to predict and may depend on factors beyond the Target's control.

Consequently, it is possible that the results, financial position, performance or achievements of the Target or the results of the industry differ, in reality, materially from the future results, performance or achievements described or suggested in such forward-looking statements, prospects or estimates.

The statements, prospects and estimates are only valid as of the date of this Response Memorandum and the Target does not undertake to update such statements, prospects and estimates to take into account possible changes in its expectations in this respect or changes in the events, conditions or circumstances on which such statements, prospects or estimates are based, except where such adaptation is required by Article 30 of the Takeover Act.

In view of these uncertainties, Security Holders may follow such forward-looking statements, prospects and estimates only to a reasonable extent.

1.6 Disclaimer

Nothing in this Response Memorandum should be interpreted as investment, tax, legal, financial, accounting or any other advice. This Response Memorandum is not intended for use by or distribution to persons if making the information available to such persons is prohibited by any law or jurisdiction. The Security Holders must make their own assessment of the Bid before making any investment decision and are invited to seek advice from professional advisors in order to assist them in making such decision.

2 Composition of the Board of Directors

2.1 Composition of the Board of Directors at the date of this Response Memorandum

Name	Function	Expiry of the mandate
Jan Gupta	Executive director	Until the ordinary general meeting of 2022
Nathalie Buhnemann	Executive director	Until the ordinary general meeting of 2022
Veronique Rodoni	Executive director	Until the ordinary general meeting of 2022
Coram Williams	Non-executive director	Until the ordinary general meeting of 2022
Gordana Landen	Non-executive director	Until the ordinary general meeting of 2022
Charles Champion	Non-executive director	Until the ordinary general meeting of 2022
Jean-Luc Perodeau	Non-executive director (employee representative)	Until the ordinary general meeting of 2022

Name	Function	Expiry of the mandate
Muriel Barnéoud	Non-executive director; independent director	Until the ordinary general meeting of 2022
Valérie Magloire	Non-executive director; independent director	Until the ordinary general meeting of 2022
Nadine Leclair	Non-executive director; independent director	Until the ordinary general meeting of 2022

2.2 Impact of the Bid on the governance of the Target

The composition of the Board of Directors, as indicated above, has been adapted at the time of the closing of the Share Purchase Agreement and thus already includes representatives of the Bidder.

In the event of a delisting of the Target's shares, it is expected that the Target's Articles of Association, as well as the governance of the Target and the composition of the Board of Directors, will be amended to bring them into line with the regime for non-listed companies.

3 Assessment of the Bid

3.1 Effect on the Security Holders' interests

3.1.1 Bidder's statements

(i) Price per Share

The Bidder is offering EUR 49 for each Share. As mentioned above, the Bidder's calculation of the Bid Price per Share is described in section 8.2.1 of the Prospectus.

The main advantage for the shareholders of the Target is the Bid Price per Share and the immediate liquidity that they will be able to benefit from as a result of the Bid.

Indeed, the Bid Price per Share represents a premium of 99% over the closing price of the Share on 26 July 2021, which is the last price prior to the Announcement Date. In addition, the Bid Price per Share represents a premium of 116%, 108%, 105%, 128% and 84%, respectively, over the one-month, three-month, six-month, 12-month and 24-month volume weighted average prices prior to the Announcement Date.

To the extent necessary and appropriate, the Bidder has obtained a waiver from the FSMA for the calculation period of the weighted average prices so as to end the calculation period on 26 July 2021, which is the day prior to the date on which the Bidder entered into the Share Purchase Agreement, and not on 23 February 2022, which is the day prior to the date on which the Bidder's obligation to launch the Bid arose.

This waiver was granted because of the risk of speculative purchases being made to artificially increase the price of the Shares and, consequently, the Bid Price, pending completion of the Share Purchase Agreement which would trigger the obligation to launch a takeover bid. In line with the exemptions granted by the FSMA in the past for transactions with the same risk, the FSMA has agreed that the end of the calculation period is set at the day before the date on which the Bidder has entered into the Share Purchase Agreement.

(ii) Price per Convertible Bond

In accordance with section 8.1.3 of the Prospectus, the Conversion Price and the Change of Control Conversion Price are significantly higher than the Bid Price per Share, so that the hypothetical conversion value of each Convertible Bond is significantly lower than its principal amount (see section 6.4.4.2 of the Prospectus).

The Bid Price per Convertible Bond has been set at EUR 101,816.58, which is equal to the principal amount per Convertible Bond plus accrued interest from 1 January 2022 until the scheduled Optional Settlement Date (not included), *i.e.* 8 July 2022. The Bid Price per Convertible Bond may need to be revised if the Target were to pay out accrued interest prior to the relevant Settlement Date. The principal amount per Convertible Bond is EUR 100,000. The Convertible Bonds bear interest in cash at a fixed rate of 3.5% per annum (payable semi-annually) until 1 January 2025.

3.1.2 Board of Director’s opinion

(i) Bid Price for the Shares

The Bid comes after a period strongly impacted by the Covid-19 crisis, especially in the mobility sector, a key sector for the Target. The forecasts given by the Target in February 2020 and extending over 24 months have therefore been significantly impacted by this situation. The Target's stock price was rapidly divided by approximately 2.5 between mid-February 2020 and mid-March 2020.

The Board of Directors undertook several initiatives, including the search for a new investor to strengthen the Target's capital. After intensive work by the Target, these initiatives resulted in Swilux S.A. (a wholly owned subsidiary of Compagnie Nationale à Portefeuille SA) acquiring a stake in the Target's capital, as announced on 6 October 2020 and completed on 30 December 2020, at an issue price of EUR 22.50 per share. This price represented a premium of 43% over the last quoted price on 5 October 2020, the date on which the subscription agreement for the capital increase was concluded. In addition, the issue price of EUR 22.50 represented a premium of 33% over the weighted average price over the last 30 trading days.

This capital increase helped to stabilise the Share price. However, given the prolonged impact of the Covid-19 crisis on the mobility sector, the stock price did not recover in the same way as seen in other companies active in other sectors. On the contrary, the low stock price persisted without any sign of significant recovery until the announcement of the transaction with the Adecco Group.

Following discussions between the reference shareholders and industrial players, an important opportunity from a strategic and business point of view arose in June 2021. This opportunity arose in the context of a consolidation of the engineering and information technology sectors. In this context, the Adecco Group and the Target's reference shareholders agreed, following negotiations between independent parties, on a price per Share which represented a very substantial premium.

As indicated above, this price, which corresponds to the Bid Price, represents a premium of 99% over the closing price of the Share on 26 July 2021, which is the last price prior to the Announcement Date (see also the other premium levels expressed above). In addition, the Bid Price represents a premium of 118% over the price at which Swilux S.A. acquired its shares in October 2020.

Taking into account the above considerations, the Board of Directors considers that the Bid Price per Share fully respects the interests of all shareholders.

(ii) Bid Price for the Convertible Bonds

Pursuant to the terms and conditions of the Convertible Bonds, in the case of a Change of Control the Conversion Price applicable to any exercise of the Conversion Right during the Change of Control Period is equal to the Change of Control Conversion Price, which shall be determined as set out in the terms and conditions of the Convertible Bonds. As indicated in the Prospectus, the Change of Control Conversion Price would be higher than the Bid Price of EUR 49 per Share offered by the Bidder. As a consequence, the hypothetical conversion value of each Convertible Bond is below the principal amount per Convertible Bond of EUR 100,000.

Upon the occurrence of a Change of Control, the terms and conditions of the Convertible Bonds furthermore provide that the Target has the right (which it intends to use) to redeem all the Convertible Bonds at their principal amount, together with accrued but unpaid interest up to (but excluding) the relevant Optional Redemption Date. The hypothetical value of each Convertible Bond upon such redemption by the Target would therefore be equal to the Bid Price per Convertible Bond offered by the Bidder, assuming that the redemption would occur on the same date.

The Prospectus also provides the theoretical value of the Convertible Bonds, showing that the conversion option embedded in the Convertible Bonds is currently "out of the money" as the Conversion Price is higher than the Bid Price for the Convertible Bonds. The Board of Directors refers to the Prospectus in this respect.

The Board of Directors therefore notes that the Bid Price per Convertible Bond provides an investor with the best outcome in the current circumstances. The Board of Directors furthermore notes that the Convertible Bonds are currently trading on an over-the-counter basis on the

Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange. The market liquidity of the Convertible Bonds is, however, deemed limited. If the Bidder decides to delist the Convertible Bonds, the remaining holders of the Convertible Bonds would hold illiquid financial instruments (as discussed further below).

(iii) Implications of not accepting the Bid

The Board of Directors has further considered the risks for shareholders if they do not accept the Bid.

(a) Delisting

The Bidder intends and reserves the right to delist the shares of the Target that are admitted to trading on the regulated market of Euronext Brussels and Euronext Paris. Such delisting would automatically take place in the event that the conditions of a simplified squeeze-out pursuant to Article 43, paragraph 4 of the Takeover Decree are met.

Even if the conditions for a squeeze-out are not met, the Bidder reserves the right to request the delisting of the shares issued by the Target admitted to trading on the regulated markets of Euronext Brussels and Euronext Paris, as well as of the Convertible Bonds admitted to trading on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange. In the event of a delisting of the shares issued by the Target and the Convertible Bonds, the remaining Security Holders shall hold illiquid financial instruments. Euronext Brussels must inform the FSMA of any proposed delisting of the shares. The FSMA may, in consultation with Euronext Brussels, oppose a proposed delisting in the interest of investor protection. The FSMA has indicated in the past that it will not oppose the delisting if it is preceded by a successful accompanying measure in favour of the minority shareholders. On the other hand, the FSMA will oppose the delisting if no successful accompanying measure has been taken.

(b) Squeeze-out

The Bidder has announced its intention to follow the Bid with a squeeze-out to the remaining Security Holders at the Bid Price, if the legal requirements for such a squeeze-out are met. In accordance with Articles 42 and 43 of the Takeover Decree, the squeeze-out must take place within three months after the Acceptance Period. According to these provisions, a simplified squeeze-out bid can only take place if, following the Bid (or its reopening), the Bidder and its Affiliates jointly hold 95% or more of the capital and the securities carrying voting rights. In addition, pursuant to Article 57 of the Takeover Decree, Article 42 of the Takeover Decree applies irrespective of whether the Bidder has acquired, through acceptance of the Bid, securities representing at least 90% of the capital carrying voting rights subject to the Bid. In accordance with Article 7:82, §1 of the Companies and Associations Code, if, after the final closing of the Bid, the Bidder and its Affiliates hold 95% of the securities carrying voting rights of the Target, the Bidder may make a squeeze-out bid to acquire all voting securities of the Target.

If a squeeze-out is carried out, then, upon completion thereof, all Securities which have not been tendered to the squeeze-out will be deemed transferred to the Bidder by operation of law with consignation of the funds necessary for the payment of their price to the Deposit and Consignation Office (‘*Caisse des Dépôts et Consignations*’/‘*Deposito- en Consignatiekas*’) not later than 10 Business Days following the announcement of the results of the squeeze-out.

If a squeeze-out bid is launched, the shares issued by the Target shall be automatically delisted from the regulated market of Euronext Brussels upon the close of the squeeze-out. The Bidder will ensure that (i) the shares issued by the Target shall be delisted from the regulated market of Euronext Paris and (ii) the Convertible Bonds shall be delisted from the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange at the same time.

The Bidder and persons acting in concert with the Bidder are prohibited from directly or indirectly acquiring, for a period of one year after the end of the Bid period, securities that were the subject of the takeover bid on terms more favourable to the sellers than those provided for in the relevant takeover bid, unless the difference in price is paid to all Security Holders who responded to the Bid.

3.2 Effect on the creditors' interests

3.2.1 Bidder’s statements

The Prospectus does not contain any elaboration on any potential impact on the creditors of the Target.

3.2.2 Board of Director’s opinion

Taking into account the identity of the Bidder, the Target's financial position and the intention of the Bidder for the Target as described in the Prospectus and mentioned in Section 3.4 of this Response Memorandum, the Board of Directors is of the opinion that the Target's solvency will not be negatively affected.

3.3 Effect on the employees' interests, including consequences for employment

3.3.1 Bidder’s statements

As indicated in section 7.3.4 of the Prospectus, the Bidder attaches great importance to the skills and experience of the Target's personnel. The Bidder believes that the engineers and consultants of the business will benefit from the increased opportunities as the combination would create a new leader in its market with a reinforced and diversified positioning. The Bidder's and the Adecco Group's objective for the Target's employees is to create new employment opportunities through the further development of the Target's business, the expansion of its offer and the acceleration of revenues growth. The Adecco Group intends to ensure that the Target continues to provide an environment for its employees within which they will be well placed to flourish. In order to streamline the employment conditions and structure across the combined entity, it will be investigated how the current terms and conditions of employment within the Target’s group can be brought in line with the Adecco Group’s existing best practices.

The Bidder recognises that there is limited overlap in support functions and leadership roles, and the Bidder expects that these duplicate roles will be adapted where needed. Where specific risks have been identified, the Adecco Group will implement a targeted retention plan to, on the one hand, support the transition process and, on the other hand, provide compensation for the additional effort and uncertainty created as a result of this integration process.

3.3.2 The Bidder has taken note of the restructuring plans in France and Germany announced by the Target previously. The plans relating to Germany have been completed since 30 June 2021. The plans relating to France were approved by all French labour authorities, and are in the process of being implemented, in view of completion during the second half of 2022. As per the date of this Prospectus, the Bidder does not expect any changes to the announced plans.

3.3.3 Board of Directors' opinion

Based on the statements made by the Bidder in the Prospectus, the Board notes that the employment and interests of the employees are not expected to be negatively affected by the Bid. The Bidder's strategic plans mentioned in Section 3.4 of this Response Memorandum show a strong ambition for growth and the employees will be essential to achieve these objectives.

The Target does not have a works council in Belgium. The Board of Directors has therefore communicated the Prospectus to the employees of the Target in accordance with Article 43 of the Takeover Act. The Board of Directors has also communicated the Response Memorandum to the employees of the Target in accordance with Article 44, paragraph 1 of the Takeover Act. In the absence of a works council, there is no works council position on the Bid within the meaning of Article 44, paragraph 2 of the Takeover Act.

3.4 Objectives of the Bid

3.4.1 Bidder's statements

The Bidder intends to combine the Target into the Adecco Group. This combined new business will be the global number two in the engineering R&D (ER&D) market.

According to the Bidder, as stated in section 7.3.2 of the Prospectus, "*the Bidder intents to maintain the Target's status as a European leader in engineering consulting and R&D services. The Target's comprehensive portfolio of digital solutions combined with expertise in engineering, positions the Target to support its clients by leveraging the power of connected data to accelerate innovation and drive the future of Smart Industry*".

"The limited customer overlap and complementary footprint between the Bidder and the Target are set to drive strong synergies. The Adecco Group has further identified over EUR 200 million in revenue synergies, on a recurring run-rate, pre-tax basis, driven mainly by cross-selling. The Target, the Bidder and the Adecco Group will benefit from each other's extensive customer network, while in combining the Target and the Bidder, it is expected that the new business will be able to capture a larger share of project value. While the Adecco Group will continue to invest in growth and talent across the combined business, it has identified EUR 65 million in cost synergies, on a recurring run-rate, pre-tax basis, mainly through the optimisation of

real estate, reduced duplication in general and administrative costs, as well as operational efficiencies. Expected synergies have been valued at over EUR 15 per share and justify paying a premium on the Target's intrinsic standalone value."

More specifically, the Bidder highlights the following aspects in the Prospectus regarding the expected benefits of the integration of the Target into its scope of business:

- enhanced customer positioning, leveraging the Target's long-standing relationships with global OEMs and a complementary footprint across more than 30 countries;
- the combined business generating 50% of its revenues from the EMEA region, 30% from North America and 20% from APAC, led by Japan and Australia;
- the Bidder's presence in the APAC region and its positioning in North America will provide incremental opportunities for the Target;
- together, the Target and the Bidder will have scale, with 50,000 engineering and digital experts with deep cross-industry expertise, a global footprint, a balanced industry profile and strong positions in high-growth sectors such as mobility and software & technology services;
- the Bidder's deep cross-sector expertise and existing technology and digital engineering capabilities will be complemented by the Target. The Target offers best-in-class ER&D services working alongside customers through the full life cycle of their products, from design to prototyping and testing. Furthermore, the Target has deep domain expertise across multiple industries, especially in mobility domains such as autonomous driving and infotainment. The combined business will enjoy extensive capabilities in cutting-edge technologies, such as digital twin, IoT, cloud, cyber-security, data analytics, artificial intelligence, connectivity and mobile services;
- by uniting, the Target and the Bidder will be able to provide a wider range of services, and, under its highly experienced leadership team, will be well-placed to become a strategic partner of choice; and
- the combined business will also be differentiated by its end-to-end services, including on-, near- and off-shore capabilities, and, through Tech Academy, up- and re-skilling services. Further, through the wider Adecco Group ecosystem, the Target and the Bidder will be able to offer workforce and talent solutions to customers who want more holistic solutions, to drive further growth.

In order to achieve these objectives, the Bidder intends to simplify and rationalise the structure of the Adecco Group. Such simplification and rationalisation could take the form of a legal merger between the Bidder and the Target (or any of their respective Affiliates), or such other form of combination as the Bidder deems appropriate, irrespective of whether the Bidder will be able to effect a delisting of the Target.

3.4.2 Board of Directors' opinion

Given the intention of the Bidder as mentioned above and described in more detail in the Prospectus, the Board of Directors is of the opinion that the Target will be able to pursue its strategy by increasing its development capabilities, in order to grow its customers and its business volume. The Bid should also enable the Target to strengthen its alliances with key partners and to benefit from the Bidder's global brand.

The Board of Directors therefore believes that the Bid is an excellent way to develop the Target's business and the flourishing of its employees. The Bid is perfectly in line with the evolution of the market and the consolidation of the engineering and information technology sectors. The Board of Directors is therefore of the opinion that the Bid is fully in the interest of the Target.

3.5 Overall assessment of the Bid

Taking into account the considerations set forth above in Section 3 of this Response Memorandum, the Board of Directors unanimously resolved to recommend to its Security Holders to tender their Securities to the Bidder under the Bid.

The Board of Directors considers that the strategic plans of the Bidder, as described in the Prospectus, are fully in line with the interests of the Target.

4 Declaration of intent for Securities held by the directors

4.1 Securities held by directors

As at the date of this Response Memorandum, the following directors of the Target own the Shares shown in the following table:

Name	Actions
Nathalie Buhnemann	2,200
Charles Champion	4,283
Muriel Barnéoud	283
Valérie Magloire	994
Jean-Luc Perodeau	331
Jan Gupta	0
Veronique Rodoni	0
Coram Williams	0
Gordana Landen	0
Nadine Leclair	0

4.2 Intentions of the directors

Ms. Nathalie Buhnemann has undertaken to tender all of her Shares in the Bid.

The Board of Directors has, prior to the Bid, waived the non-transferability of the shares granted to the non-executive directors in 2020 and 2021, in order to allow them to tender their Shares in the Bid.

All directors will tender all Shares held by them as at the date of this Response Memorandum.

4.3 Former Subscription Rights

The Ricci sellers (under the Share Purchase Agreement) undertook not to exercise, not to tender to the Bid and, more generally, not to transfer in any way whatsoever and, subject to the completion of the Share Purchase Agreement, to waive and agree to cancel the Subscription Rights they held, given that their exercise price was higher than the Bid Prices. For the same reason, the Board of Directors acknowledged and, insofar as needed, declared the Subscription Rights null and void on 23 February 2022.

4.4 Own shares

Due to the control exercised by the Bidder over the Target, the Target is already an Affiliate of the Bidder. The Target holds 642,119 own shares and the subsidiaries of the Target within the meaning of Article 1:15, 2° of the Companies and Associations Code hold 105,135 shares. These own shares of the Target are not included in the Bid. As a result, the Bidder and the Affiliates of the Bidder (*i.e.* the Target (to the extent that it holds own shares) and its subsidiaries) together own 20,946,076 shares (*i.e.* 67.11% of the issued shares) of the Target, which are not included in the Bid.

5 Enforcement of approval clauses and pre-emption rights

The Articles of Association of the Target do not contain any approval clauses or pre-emption rights with respect to the transfer of Shares to which the Bid relates.

6 Miscellaneous

6.1 Supplement

The information contained in this Response Memorandum refers to the status as of the date of the Response Memorandum. Any new significant fact, or material error or inaccuracy concerning the information contained in the Response Memorandum, that can influence the assessment of the Bid and which arises or becomes known to the Board of Directors between the date of the approval of the Response Memorandum and the end of the Acceptance Period will be made public in Belgium by means of a supplement to the Response Memorandum in accordance with Article 30 of the Takeover Act.

6.2 Languages

A translation of the Response Memorandum in Dutch and in English is available as indicated below. The Target has verified and is responsible for the consistency between the language versions. In case of differences between the French, Dutch and English versions, the French version shall prevail.

6.3 Legal advisors of the Target

Linklaters LLP has advised the Target in respect of certain legal aspects in connection with the Bid. These services have been provided exclusively to the Target and cannot be relied upon by any other party. Linklaters LLP does not assume any responsibility for the information contained in the Response Memorandum.

6.4 Availability of the Response Memorandum

This Response Memorandum is available electronically on the following websites: https://www.akka-technologies.com and https://www.modis.com.

Hard copies of the Response Memorandum can be obtained, free of charge, at the counters of the centralising agents (ING Bank N.V. and BNP Paribas Fortis SA) or by telephone with ING Bank N.V. on +31 20 563 66 19 and BNP Paribas Fortis SA on +32 2 433 41 13 or by sending an email request to shareholders@akka.eu.

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