



THE ADECCO GROUP

AD HOC ANNOUNCEMENT pursuant to Art. 53 Listing Rules of SIX Swiss Exchange
Group press release, Zurich, Switzerland, November 2, 2021

Q3 2021 RESULTS

Profitable growth and record gross margin

- Revenues up 9% organic TDA¹, led by US Professional Recruitment +26%, Global Professional Recruitment +28%, Adecco Southern Europe & EEMENA +21% and Modis +14%
- Gross profit up 16%²; led by Professional Recruitment up ~50% and Adecco +18%
- Record 20.8% gross profit margin, up 120 basis points, driven by portfolio, better mix, pricing
- EBITA excluding one-offs³ EUR 250 million; 4.8% margin, up 30 basis points
- Operating income EUR 196 million, up 75%
- Cash conversion 69%, reflecting normal working capital absorption due to improving revenue growth
- Strong strategic progress, including acquisition of QAPA and BPI Group and planned reorganisation of Talent Solutions/LHH operating model
- AKKA transaction financing completed, securing financing synergies of approximately EUR 10 million p.a. post-completion⁴; integration planning firmly on track

Alain Dehaze, Adecco Group CEO, commented: “Our three global business units – Adecco, LHH (Talent Solutions) and Modis – continue to progress our long-term Future@Work strategy, delivering growth, a record gross profit margin and sector-leading EBITA margin that reflects the strength of this portfolio and our focus on higher-value services.”

“Among our global business units, Adecco’s revenues are above 2019 levels in Southern Europe & EEMENA region, Latin America, Canada and APAC, led by Japan and Australia. LHH (Talent Solutions) saw excellent growth in Professional Recruitment, with permanent placement now ahead of 2019 levels.”

“Modis executed strongly and generated revenues above 2019 levels. I am pleased to see the integration plan for AKKA progressing at full speed. Financing for the transaction was completed in September and, subject to the regulatory approvals process, we anticipate acquiring a controlling stake in early 2022.”

KEY FIGURES

EUR millions, unless otherwise stated	Q3 21	Q3 20	CHANGE	
			Reported	Organic
Revenues	5,220	4,835	+8%	+9% ¹
Gross profit	1,086	949	+14%	+16%
EBITA excluding one-offs ³	250	220	+13%	+15%
Operating income	196	112	+75%	+76% ⁴
Net income attributable to Adecco Group shareholders	133	80	+67%	
Basic EPS	0.83	0.50	+67%	
Gross profit margin	20.8%	19.6%	+120 bps	+110 bps
EBITA margin excluding one-offs	4.8%	4.5%	+30 bps	+20 bps
Cash flow from operating activities	224	150	+74	
Cash conversion ratio ³	69%	153%		
Days sales outstanding	51	51		
Net debt / EBITDA excluding one-offs ⁵	0.2x	0.5x	-0.3x	

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 On an organic basis. ³ 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. ⁴ Post-completion, subject to customary approvals. ⁵ In constant currency terms.

Group results

Revenues

Third quarter revenues of EUR 5,220 million were up 9 percent organic and TDA (8 percent reported). Currency translation effects had a net negative impact of 50 basis points and M&A activities a net negative impact of 100 basis points. The number of working days had a positive impact of 50 basis points.

At the Business Unit level, organically and TDA, Adecco's revenues were up 8 percent (8 percent reported), LHH (Talent Solutions) revenues rose 9 percent (10 percent reported), while Modis' revenues grew by 14 percent (7 percent reported).

In terms of service lines, Permanent Placement revenues were a highlight, up 74 percent organically (72 percent reported) at EUR 153 million. The counter-cyclical Career Transition service line was 32 percent lower (32 percent reported). Flexible placement rose by 8 percent (7 percent reported), Outsourcing, Consulting & Other Services grew by 15 percent (13 percent reported) and Training, Upskilling and Reskilling increased by 27 percent (27 percent reported). All compared to the prior year and on an organic basis.

Q3 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	+9%	Adecco	+8%	+8%	Flexible Placement	+7%	+8%
TDA	+0.5%	LHH (Talent Solutions)	+10%	+9%	Permanent Placement	+72%	+74%
Currency	-0.5%	Modis	+7%	+14%	Career Transition	-32%	-32%
M&A	-1.0%				Outsourcing, Consulting & Other Services	+13%	+15%
					Training, Upskilling & Reskilling	+27%	+27%
Group	+8%	Group	+8%	+9%	Group	+8%	+9%

Gross profit

Gross profit was EUR 1,086 million in the third quarter, up 16 percent organically (14 percent reported). Gross margin was 20.8 percent, up 110 basis points organically (120 basis points reported), driven by portfolio, better mix and pricing.

The main contributors to the improved gross profit margin on an organic basis were Flexible Placement, up 100 basis points and Permanent Placement, also up 100 basis points. Career Transition and Other Services (Outsourcing, Consulting and Training, Upskilling & Reskilling) had a combined 90 basis points negative impact. Currency effects were neutral while M&A activities were 10 basis points positive.

Selling, General & Administrative expenses (SG&A)

SG&A excluding one-offs was EUR 842 million, 16 percent higher organically (15 percent reported).

The Group continued to invest in its digital transformation and in sales capacity to capture the growing demand for talent as economies recover. The Group's number of full-time employees was 32,952, up 12 percent organically, with additional headcount in the majority of segments. The number of branches reduced by 6 percent organically to 4,353.

EBITA

EBITA excluding one-offs was EUR 250 million, up 15 percent on an organic basis.

The EBITA margin excluding one-offs was 4.8 percent, up 30 basis points. The conversion ratio (gross profit into EBITA excluding one-offs) was 23.0 percent, with strength in Adecco and a solid delivery from Modis outweighed by LHH (Talent Solutions), which performed well despite an adverse mix reflecting subdued demand in career transition.

One-off charges were EUR 9 million, significantly below the EUR 89 million recorded in the prior year period mainly from COVID-related restructuring. The contribution from the Group's FESCO Adecco JV in China was EUR 4 million.

Amortisation of Intangibles

Amortisation of intangible assets was EUR 14 million in the quarter, compared to EUR 19 million in the prior year period. As announced on August 5, 2021, an impairment charge of EUR 31 million was recorded this quarter due to planned brand discontinuation in LHH (Talent Solutions).

Operating income

The Group generated an operating income of EUR 196 million, up 75 percent compared to the prior year period, reflecting an absence of one-off COVID-related charges, partially mitigated by the impairment charge.

Net income and EPS

Net income attributable to Adecco Group shareholders was EUR 133 million. The third quarter result reflects net interest expense of EUR 9 million, inclusive of one-time financial costs incurred as part of the financing package for the planned acquisition of AKKA Technologies. Income taxes were EUR 55 million, with an effective tax rate of 29 percent.

Basic EPS was EUR 0.83, up substantially compared to the prior year period's EUR 0.50.

Cash flow and net debt

Cash flow from operating activities was EUR 224 million in the quarter, compared to EUR 150 million in the prior year period. DSO was 51 days, flat year-on-year. The cash conversion ratio was 69 percent, compared to 64 percent in the second quarter 2021 and 153 percent in the third quarter 2020, reflecting normal working capital increase to support the Group's growth.

Net debt was EUR 238 million at end September 2021, compared to EUR 462 million at end September 2020. Net debt to EBITDA excluding one-offs was 0.2x, compared to 0.5x at end September 2020.

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	
	Q3 21	Q3 20	CHANGE (yoy)		Q3 21	CHANGE (bps, yoy)
			Reported	Organic, TDA		
Adecco	4,208	3,898	+8%	+8%	5.4%	+90
France	1,193	1,079	+10%	+10%	7.0%	+150
Northern Europe	602	606	-1%	-1%	4.3%	+100
DACH	359	328	+9%	+10%	5.6%	+340
Southern Europe & EEMENA	975	814	+20%	+21%	6.0%	+100
Americas	592	614	-3%	-3%	1.4%	(220)
APAC	487	457	+6%	+9%	6.2%	+50

Revenues advanced strongly in the majority of regions in Europe and in APAC, led by Southern Europe & EEMENA. Sequential recovery momentum in flexible placement was impacted in the automotive and electronics sectors by pandemic-related supply chain issues. A mismatch in labour demand versus supply was also apparent in much of Europe and in the US, concentrated in sectors such as hospitality and transport. These select sectors aside, demand was broad based and strong, led by logistics, manufacturing, and services. Further, Adecco rebound in permanent placement and other services including outsourcing and training. Adecco's gross profit rose by 18% organically.

Gross profit margin developed strongly, supported by favourable services and country mix and pricing actions. EBITA margin expanded 90 basis points, reflecting positive gross margin developments. The business added sales capacity for the second quarter in a row to capture further recovery potential while maintaining strong operating discipline.

Segment results

Adecco France

- Revenues were up 10 percent, reflecting strength in logistics. Growth momentum was hindered by the automotive sector and talent scarcity in hotel, catering, and tourism sectors. This said, on a sequential basis, recovery momentum remained positive relative to 2019 levels and permanent placement activities were very strong.
- The EBITA margin expanded 150 basis points, including some benefit from items that may not repeat, as well as higher volumes, partially mitigated by investments in growth.

Adecco Northern Europe

- Revenues performance varied across the region. Revenues in Benelux and the Nordics rose by 5 percent and 16 percent respectively, with improved activity levels in financial services, manufacturing, and food & beverage. Revenues from the UK were 12 percent lower, in light of a tough comparison period from exceptional contract wins in the prior period. Across the region, permanent placement growth was a highlight.
- EBITA margin improved 100 basis points, driven by better mix and productivity gains.

Adecco DACH

- Revenues in Germany rose 13 percent and Switzerland & Austria grew 4 percent, with strength in healthcare. Recovery in permanent placement was excellent.
- EBITA margin expanded 340 basis points, supported by positive mix and better productivity.

Adecco Southern Europe & EEMENA

- In Italy, revenues increased 30 percent, while Iberia was up 18 percent and EEMENA 3 percent. Growth was driven by strong demand in manufacturing and logistics. Revenues for the region are now strongly above pre-crisis levels.
- The EBITA margin was 100 basis points higher, reflecting better mix, pricing actions and cost discipline.

Adecco Americas

- Americas revenues were 3 percent lower.
- In Latin America, revenues were up 13 percent. Legislative changes in Mexico that prohibited temporary staffing had a significant negative impact on the result.
- In North America, revenues moved 9 percent lower, with the US challenged. Legacy issues in Adecco's US business, such as adverse sector mix, were further affected by candidate scarcity in flexible placement and disruption stemming from the pace of business turnaround.
- The EBITA margin was 220 basis points lower. Gross margin expansion was fully offset by incremental investment in digital and sales capacity as part of the turnaround plan that will drive improved performance in future quarters.

Adecco APAC

- Growth was strong in Australia & New Zealand, with revenues up 25 percent, and in Asia, where revenues rose 8 percent. Revenues growth in Japan was solid, up 6 percent, supported by healthcare. In India, revenues grew 12 percent, driven by strategic focus on expansion in higher-value services.
- Margin were 50 basis points higher, supported by improved mix and cost efficiencies.

LHH (TALENT SOLUTIONS)

<i>EUR millions, unless otherwise stated</i>	Revenues				EBITA margin excl. one-offs	
	Q3 21	Q3 20	CHANGE (yoy)		Q3 21	CHANGE (bps, yoy)
			Reported	Organic, TDA		
LHH (Talent Solutions)	449	409	+10%	+9%	8.7%	(150)

Revenues benefited from excellent growth in Global Professional Recruitment, up 28 percent, and US Professional Recruitment, up 26 percent, with both segments leveraging strong market demand for permanent placement. Gross Profits in the Professional Recruitment segments combined rose around 50 percent. Pontoon's revenues grew by 9 percent, led by MSP and RXO. LHH Career Transition and Talent Development revenues were 19 percent lower, as the strength of the US economic recovery curtailed demand for its career transition services. Revenues in General Assembly were 12 percent lower. Lower demand for B2C courses outweighed higher demand in B2B and B2G. The business' two key digital platforms, Hired and Ezra, are developing well.

The EBITA margin was 150 basis points lower, mainly reflecting a shift in business mix away from career transition and including investments in digital.

MODIS

<i>EUR millions, unless otherwise stated</i>	Revenues				EBITA margin excl. one-offs	
	Q3 21	Q3 20	CHANGE (yoy)		Q3 21	CHANGE (bps, yoy)
			Reported	Organic, TDA		
Modis	563	528	+7%	+14%	6.3%	+20

Revenue growth was broad-based, and Modis' revenues have now surpassed 2019 levels. The Americas were up 22 percent, EMEA up 13 percent and APAC up 5 percent. The Americas saw strongest growth in the financial services and mobility sectors. Growth in EMEA was led by Tech Talent services. Overall, Technology Consulting activities grew well, up 11 percent, in line with strategy, while Tech Talent Services were +14%. Tech Academy continued to expand substantially.

EBITA margins rose 20 basis points, benefiting from positive pricing and mix, and reflecting continued investment in sales and global resources.

Strategic update

The Group has made strong progress with Future@work in each of its three businesses including through inorganic activity, with several significant announcements made through the July to September 2021 period.

First, Adecco Group announced an agreement to acquire AKKA Technologies and merge AKKA with Modis on July 28. This business combination will create a leader in Smart Industry, with c.50,000 engineers and digital experts.

Financing for the transaction was completed in September. The Group raised EUR 232 million equity and successfully issued EUR 1 billion of senior bonds and a EUR 500 million perpetual hybrid (or subordinated) bond, securing financing synergies of approximately EUR 10 million per annum, post-completion.

Integration plans are progressing at speed. The integration team have a clear view on the day one operating model and a number of projects are underway to actively mitigate key risks, for example talent retention measures. Further, the team are developing good line of sight on the actions to be taken that will deliver 2022 cost savings.

Regulatory and anti-trust approval processes are ongoing. Subject to these customary approvals, the Group expects to acquire control of AKKA Technologies in early 2022.

Additionally, the Group announced the acquisition of QAPA, a zero-touch digital platform to complement Adecco France's existing omni-channel model and value-added services offering, and of BPI Group, an HR Advisory specialist that will boost LHH France's capabilities.

On an organic basis, Adecco has prioritised its efficiency and productivity. To this end, it has, to date, opened career centres, which provide centralised services to large customers to drive improved efficiency, in the UK, US, France and Germany, and continues to roll-out of digital tools, with the latest, upgraded version of the Group's front office productivity tool, InFO, launched in Adecco France this September. Further, on August 5, the Group announced plans to re-organise Talent Solutions, leveraging LHH as the Global Lead Brand. In Modis, expansion in its Academies continued, with revenues up over 150 percent year-on-year this Q3.

In combination these actions increase the Group's exposure to structural growth and higher-value, tech-led activities and improve earnings quality, to the benefit of all stakeholders.

Outlook

The Group expects Q4 revenues to grow modestly on a sequential basis and continues to target a full-year drop-down ratio of approximately 50 percent (conversion of incremental gross profit into incremental EBITA).

Healthy demand is currently being impacted by issues created by the global pandemic, including supply chain shortages and talent scarcity. This makes the path to recovery somewhat uneven in the months ahead. At the same time, Management has clearly targeted priorities and actions underway to drive profitable growth in all business units. The Group remains confident in its outlook as these headwinds diminish.

More information

The Q3 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

- Q4 2021 results 24 February 2022
- Capital Markets Day 29 March 2022
- Q1 2022 results 3 May 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 57 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, November 2, 2021

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Revenues by segment

Revenues by segment EUR millions	Q3		Variance % 21 vs 20				% of revenues Q3 2021	9M		Variance % 21 vs 20				% of revenues 9M 2021
	2021	2020	EUR	Constant currency	Organic	Organic TDA		2021	2020	EUR	Constant currency	Organic	Organic TDA	
Adecco France	1,193	1,079	10%	10%	10%	10%	23%	3,422	2,870	19%	19%	19%	20%	22%
Adecco Northern Europe	602	606	-1%	-3%	-1%	-1%	12%	1,888	1,786	6%	5%	6%	6%	12%
Adecco DACH	359	328	9%	10%	10%	10%	7%	1,064	953	12%	12%	12%	13%	7%
Adecco Southern Europe & EEMENA	975	814	20%	20%	22%	21%	19%	2,869	2,344	22%	23%	24%	24%	19%
Adecco Americas	592	614	-3%	-3%	-3%	-3%	11%	1,817	1,856	-2%	4%	4%	4%	12%
Adecco APAC	487	457	6%	10%	10%	9%	9%	1,419	1,416	0%	5%	5%	4%	9%
Adecco	4,208	3,898	8%	8%	9%	8%	81%	12,479	11,225	11%	13%	13%	13%	81%
Talent Solutions	449	409	10%	10%	10%	9%	8%	1,351	1,274	6%	10%	10%	10%	9%
Modis	563	528	7%	8%	14%	14%	11%	1,624	1,656	-2%	1%	7%	7%	10%
Adecco Group	5,220	4,835	8%	8%	9%	9%	100%	15,454	14,155	9%	11%	12%	12%	100%

Revenues by service line

Revenues by service line EUR millions	Q3		Variance % 21 vs 20			9M		Variance % 21 vs 20		
	2021	2020 ¹⁾	EUR	Constant currency	Organic	2021	2020 ¹⁾	EUR	Constant currency	Organic
Flexible Placement	4,303	4,037	7%	7%	8%	12,743	11,732	9%	11%	12%
Permanent Placement	153	89	72%	72%	74%	421	310	36%	40%	40%
Career Transition	68	100	-32%	-32%	-32%	242	284	-15%	-12%	-12%
Outsourcing, Consulting & Other Services	623	552	13%	15%	15%	1,812	1,658	9%	13%	13%
Training, Upskilling & Reskilling	73	57	27%	27%	27%	236	171	38%	42%	42%
Adecco Group	5,220	4,835	8%	8%	9%	15,454	14,155	9%	11%	12%

1) 2020 Flexible Placement and Outsourcing, Consulting & Other Services have been restated to conform with current period presentation.

EBITA¹⁾ and EBITA margin by segment

EBITA	Q3		Variance % 21 vs 20		% of EBITA ²⁾	9M		Variance % 21 vs 20		% of EBITA ²⁾
	2021	2020	EUR	Constant currency		2021	2020	EUR	Constant currency	
EUR millions					Q3 2021					9M 2021
Adecco France	82	58	39%	39%	27%	196	115	69%	69%	24%
Adecco Northern Europe	26	18	38%	37%	9%	57	19	199%	202%	7%
Adecco DACH	24	(44)	n.m.	n.m.	8%	41	(72)	n.m.	n.m.	5%
Adecco Southern Europe & EEMENA	58	40	49%	49%	19%	167	103	63%	64%	20%
Adecco Americas	6	16	-61%	-61%	2%	45	31	43%	51%	6%
Adecco APAC	30	26	16%	21%	10%	88	84	5%	12%	11%
Adecco	226	114	97%	99%	75%	594	280	112%	118%	73%
Talent Solutions	36	26	40%	42%	12%	114	78	47%	56%	14%
Modis	38	20	86%	92%	13%	103	70	47%	55%	13%
Corporate	(59)	(29)	103%	109%	-	(141)	(11)	27%	30%	-
Adecco Group	241	131	84%	85%	100%	670	317	111%	121%	100%

EBITA margin	Q3		Variance bps	9M		Variance bps
	2021	2020		2021	2020	
Adecco France	6.9%	5.4%	150	5.7%	4.0%	170
Adecco Northern Europe	4.2%	3.0%	120	3.0%	1.1%	190
Adecco DACH	6.7%	-13.5%	2,020	3.9%	-7.6%	1,150
Adecco Southern Europe & EEMENA	6.0%	4.9%	110	5.8%	4.4%	140
Adecco Americas	1.1%	2.7%	(160)	2.5%	1.7%	80
Adecco APAC	6.2%	5.7%	50	6.2%	5.9%	30
Adecco	5.4%	2.9%	250	4.8%	2.5%	230
Talent Solutions	8.0%	6.3%	170	8.4%	6.1%	230
Modis	6.6%	3.8%	280	6.3%	4.2%	210
Adecco Group	4.6%	2.7%	190	4.3%	2.2%	210

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

EBITA¹⁾ and EBITA margin excluding one-offs by segment

EBITA	Q3		Variance % 21 vs 20		% of EBITA ²⁾	9M		Variance % 21 vs 20		% of EBITA ²⁾
	2021	2020	EUR	Constant currency		2021	2020	EUR	Constant currency	
EUR millions					Q3 2021					9M 2021
Adecco France	84	59	41%	41%	27%	201	117	72%	72%	24%
Adecco Northern Europe	26	20	30%	29%	9%	62	27	123%	123%	8%
Adecco DACH	20	7	177%	178%	7%	37	(12)	n.m.	n.m.	4%
Adecco Southern Europe & EEMENA	58	41	45%	46%	19%	167	104	61%	62%	20%
Adecco Americas	8	22	-63%	-62%	3%	48	44	9%	15%	6%
Adecco APAC	30	26	16%	21%	10%	88	84	5%	12%	11%
Adecco	226	175	30%	31%	75%	603	364	66%	70%	73%
Talent Solutions	39	42	-7%	-6%	13%	122	106	16%	22%	15%
Modis	36	32	11%	13%	12%	102	90	13%	18%	12%
Corporate	(51)	(29)	77%	82%	-	(133)	(11)	20%	23%	-
Adecco Group	250	220	13%	14%	100%	694	449	54%	60%	100%

EBITA margin	Q3		Variance bps	9M		Variance bps
	2021	2020		2021	2020	
Adecco France	7.0%	5.5%	150	5.9%	4.1%	180
Adecco Northern Europe	4.3%	3.3%	100	3.3%	1.5%	180
Adecco DACH	5.6%	2.2%	340	3.5%	-1.2%	470
Adecco Southern Europe & EEMENA	6.0%	5.0%	100	5.8%	4.4%	140
Adecco Americas	1.4%	3.6%	(220)	2.6%	2.4%	20
Adecco APAC	6.2%	5.7%	50	6.2%	5.9%	30
Adecco	5.4%	4.5%	90	4.8%	3.2%	160
Talent Solutions	8.7%	10.2%	(150)	9.0%	8.3%	70
Modis	6.3%	6.1%	20	6.3%	5.4%	90
Adecco Group	4.8%	4.5%	30	4.5%	3.2%	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

Reconciliation of EBITA to EBITA excluding one-offs

EBITA	EBITA excluding one-offs		One-offs		EBITA		EBITA excluding one-offs		One-offs		EBITA	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	9M 2021	9M 2020	9M 2021	9M 2020	9M 2021	9M 2020
EUR millions												
Adecco France	84	59	(2)	(1)	82	58	201	117	(5)	(2)	196	115
Adecco Northern Europe	26	20	-	(2)	26	18	62	27	(5)	(8)	57	19
Adecco DACH ¹⁾	20	7	4	(5)	24	(44)	37	(12)	4	(60)	41	(72)
Adecco Southern Europe & EEMENA	58	41	-	(1)	58	40	167	104	-	(1)	167	103
Adecco Americas	8	22	(2)	(6)	6	16	48	44	(3)	(13)	45	31
Adecco APAC	30	26	-	-	30	26	88	84	-	-	88	84
Adecco	226	175	-	(6)	226	114	603	364	(9)	(84)	594	280
Talent Solutions	39	42	(3)	(16)	36	26	122	106	(8)	(28)	114	78
Modis¹⁾	36	32	2	(12)	38	20	102	90	1	(20)	103	70
Corporate	(51)	(29)	(8)	-	(59)	(29)	(133)	(11)	(8)	-	(141)	(11)
Adecco Group	250	220	(9)	(89)	241	131	694	449	(24)	(132)	670	317

1) In Q3 2021, the release of restructuring accruals in Germany, driven by lower-than-expected severance costs relating to prior year restructuring, reduced one-offs in Adecco DACH by 4M and Modis by 2M.

Consolidated statements of operations

EUR millions except share and per share information	Q3		Variance %		9M		Variance %	
	2021	2020	EUR	Constant currency	2021	2020	EUR	Constant currency
Revenues	5,220	4,835	8%	8%	15,454	14,155	9%	11%
Direct costs of services	(4,134)	(3,886)			(12,313)	(11,426)		
Gross profit	1,086	949	14%	15%	3,141	2,729	15%	18%
Selling, general, and administrative expenses	(849)	(822)	3%	4%	(2,488)	(2,430)	2%	5%
Proportionate net income of equity method investment FESCO Adecco	4	4	13%	15%	17	18	-4%	3%
EBITA¹⁾	241	131	84%	85%	670	317	111%	121%
Amortisation of intangible assets	(14)	(19)			(50)	(61)		
Impairment of goodwill						(362)		
Impairment of intangible assets	(31)				(31)			
Operating income/(loss)	196	112	75%	76%	589	(106)	n.m.	n.m.
Interest expense	(9)	(8)			(22)	(23)		
Other income/(expenses), net	2	2			1	(3)		
Income/(loss) before income taxes	189	106	79%		568	(132)	n.m.	
Provision for income taxes	(55)	(26)			(164)	(114)		
Net income/(loss)	134	80	68%		404	(246)	n.m.	
Net income attributable to noncontrolling interests	(1)				(2)	(1)		
Net income/(loss) attributable to Adecco Group shareholders	133	80	67%		402	(247)	n.m.	
Basic earnings/(loss) per share²⁾	0.83	0.50	67%		2.50	(1.53)	n.m.	
Diluted earnings/(loss) per share³⁾	0.82	0.49	67%		2.49	(1.52)	n.m.	
<i>Gross margin</i>	<i>20.8%</i>	<i>19.6%</i>			<i>20.3%</i>	<i>19.3%</i>		
<i>SG&A as a percentage of revenues</i>	<i>16.3%</i>	<i>17.0%</i>			<i>16.1%</i>	<i>17.2%</i>		
<i>EBITA margin</i>	<i>4.6%</i>	<i>2.7%</i>			<i>4.3%</i>	<i>2.2%</i>		
<i>Operating income/(loss) margin</i>	<i>3.7%</i>	<i>2.3%</i>			<i>3.8%</i>	<i>-0.8%</i>		
<i>Net income/(loss) margin attributable to Adecco Group shareholders</i>	<i>2.6%</i>	<i>1.7%</i>			<i>2.6%</i>	<i>-1.7%</i>		

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 160,977,581 in Q3 2021 and 161,092,536 in 9M 2021 (161,126,484 in Q3 2020 and 161,522,797 in 9M 2020).

3) Diluted weighted-average shares were 161,576,353 in Q3 2021 and 161,780,186 in 9M 2021 (161,727,205 in Q3 2020 and 162,018,425 in 9M 2020).

Consolidated balance sheets

EUR millions	30 September 2021	31 December 2020
Assets		
Current assets:		
- Cash and cash equivalents	3,104	1,485
- Trade accounts receivable, net	3,962	3,870
- Other current assets	599	399
Total current assets	7,665	5,754
Property, equipment, and leasehold improvements, net	296	305
Operating lease right-of-use assets	342	395
Equity method investments	106	109
Other assets	552	645
Intangible assets, net	166	245
Goodwill	2,503	2,339
Total assets	11,630	9,792
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
- Accounts payable and accrued expenses	4,061	3,990
- Current operating lease liabilities	157	178
- Short-term debt and current maturities of long-term debt	299	294
Total current liabilities	4,517	4,462
Operating lease liabilities	217	251
Long-term debt, less current maturities	3,043	1,567
Other liabilities	338	294
Total liabilities	8,115	6,574
Shareholders' equity		
Adecco Group shareholders' equity:		
- Common shares	11	10
- Additional paid-in capital	801	582
- Treasury shares, at cost	(160)	(89)
- Retained earnings	3,177	3,139
- Accumulated other comprehensive income/(loss), net	(324)	(433)
Total Adecco Group shareholders' equity	3,505	3,209
Noncontrolling interests	10	9
Total shareholders' equity	3,515	3,218
Total liabilities and shareholders' equity	11,630	9,792

Consolidated statements of cash flows

EUR millions	Q3		9M	
	2021	2020	2021	2020
Cash flows from operating activities				
Net income/(loss)	134	80	404	(246)
Adjustments to reconcile net income/(loss) to cash flows from operating activities:				
- Depreciation and amortisation	45	50	138	153
- Impairment of goodwill				362
- Impairment of intangible assets	31		31	
- Other charges	45	(1)	30	66
Changes in operating assets and liabilities, net of acquisitions and divestitures:				
- Trade accounts receivable	26	(307)	(62)	556
- Accounts payable and accrued expenses	(19)	247	15	(221)
- Other assets and liabilities	(38)	81	(106)	(109)
Cash flows from operating activities	224	150	450	561
Cash flows from investing activities				
Capital expenditures	(27)	(40)	(80)	(110)
Acquisition of QAPA, net of cash and restricted cash acquired	(52)		(52)	
Cash settlements on derivative instruments	(11)	8	(9)	10
Other acquisition, divestiture and investing activities, net	2	(6)	(1)	(25)
Cash used in investing activities	(88)	(38)	(142)	(125)
Cash flows from financing activities				
Net decrease in short-term debt	(8)	(26)	(12)	(20)
Borrowings of long-term debt, net of issuance costs	1,484		1,484	259
Repayment of long-term debt	(1)		(1)	(2)
Dividends paid to shareholders			(365)	(381)
Purchase of treasury shares	(46)		(93)	(46)
Share capital increase, net of issuance costs	229		229	
Other financing activities, net	(6)		(6)	(2)
Cash flows from/(used in) financing activities	1,652	(26)	1,236	(192)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	44	(54)	71	(67)
Net increase in cash, cash equivalents and restricted cash	1,832	32	1,615	177
Cash, cash equivalents and restricted cash:				
- Beginning of period	1,351	1,561	1,568	1,416
- End of period	3,183	1,593	3,183	1,593