THE ADECCO GROUP

Q2 2023 report

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3 August 2023

Disclaimer & note on terminology

Forward-looking statements

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 the 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); 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; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Non-US GAAP measures used

'Organic growth' excludes the impact of currency, acquisitions and divestitures. This presentation refers to revenue growth yoy on an organic, trading days adjusted basis, unless otherwise stated.

This presentation refers to gross margin development yoy on an organic basis, unless otherwise stated.

'EBITA' refers to operating income before amortisation and impairment of goodwill and intangible assets. This presentation refers to EBITA, EBITA margin and yoy margin development excluding one-offs, unless otherwise stated.

'Net debt' comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

'Free cash flow' comprises cash flows from operating activities less capital expenditures.

'Cash conversion' is calculated as last 4 quarters of free cash flow before interest and tax paid (FCFBIT) divided by last 4 quarters of EBITA excluding one-offs.

'Conversion ratio' is calculated as EBITA excluding one-offs divided by gross profit.

'Net debt to EBITDA' is calculated as net debt at period end divided by last 4 quarters of EBITA excluding one-offs plus depreciation.

Q2 highlights

THE ADECCO GROUP

Strong revenue growth, further market share gain

Executing G&A savings plan

New CDIO appointed

Adecco

Relative revenue growth +800 bps in Q2

Revenues +5%, growth across all regions

AKKODIS

Consulting revenues +12%

Tech staffing challenged

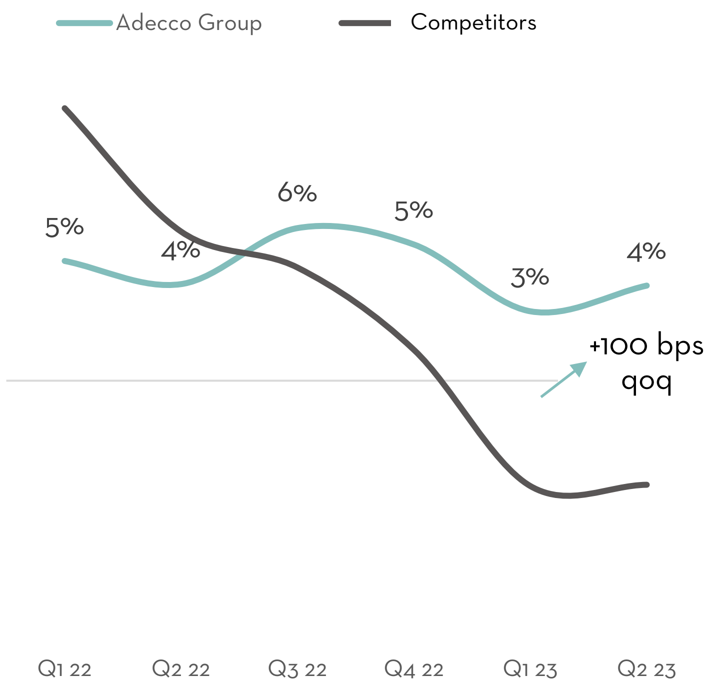
LHH

Stellar performance in Career Transition

Margin returned to target corridor

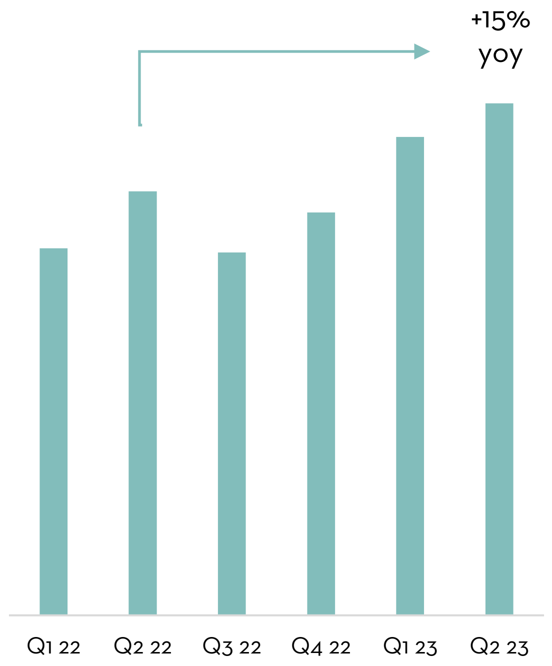
Reinforcing leadership in a mixed market environment

Continued relative revenue growth outperformance



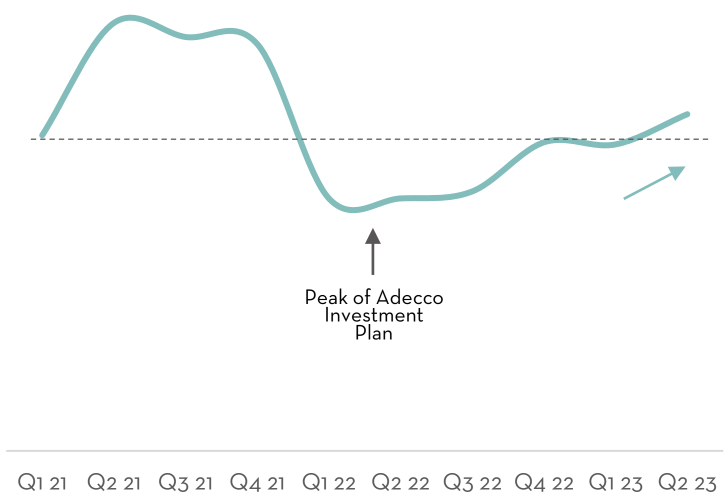
Improved focus on customer activity

Adecco GBU, sales intensity



Improved productivity, more to come

Adecco Group, GP/FTE



Grow
our market share

Q2 Client wins

AKKODIS

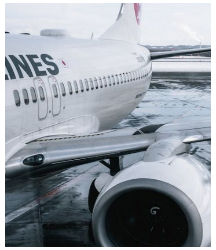
Major 5 year North American consulting win, defence sector. Delivering project and software engineering expertise

LHH
Adecco
AKKODIS

European-wide EV battery tech up- and re-skilling programme, autos sector. Extending LHH/Adecco partnership, adding Akkodis expertise

LHH
EZRA

Significant coaching win, Fortune 100 company. Delivering coaching and key skills training to ~3,000 leaders



AKKODIS

Revenue synergy

Cross-sell win, aerospace sector. Delivering +100 engineering consulting experts with specific tech skills. Academy to train engineers pre/post deployment

added value for our clients

- **Depth of consulting and software engineering expertise,** incl. latest AI / machine-learning
- Skills complementary to JV partners

- **Ability to deliver multiple services with deep domain know-how**
- First training centre in Europe for battery-related professionals

- **Scalability of Ezra's coaching service**; 50 countries, 10 languages
- Goal-oriented approach with measurable results

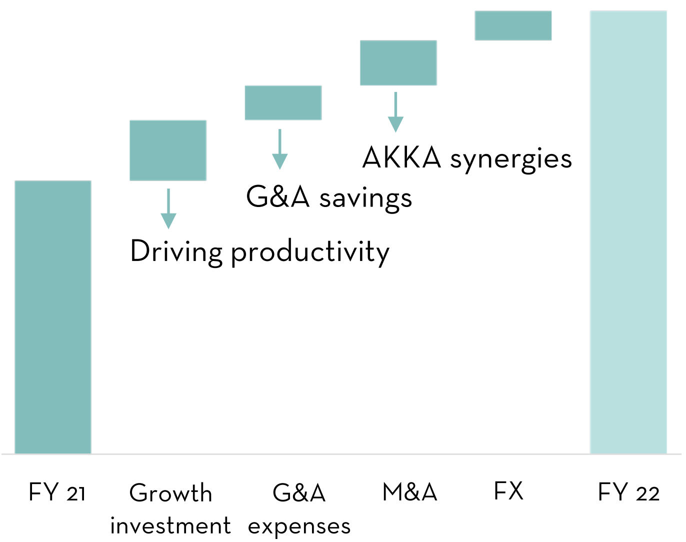
- **Staffing plus consulting engineering expertise**
- Subject Matter Experts (SME) in Germany, India, US

Simplify the way we work

On track to deliver G&A savings plan

SG&A development 2021-22

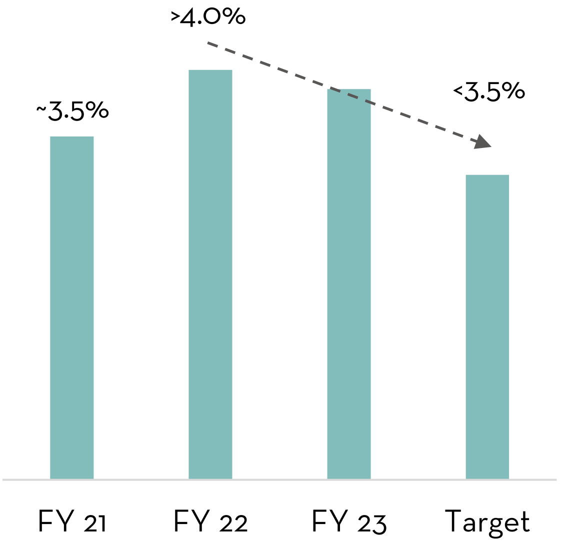
SG&A (EUR mn)



- Granular management of sales FTEs, GP/FTE
- Taskforce supports de-layering, improves speed
- Focus on driving revenue synergies

G&A expenses ambition

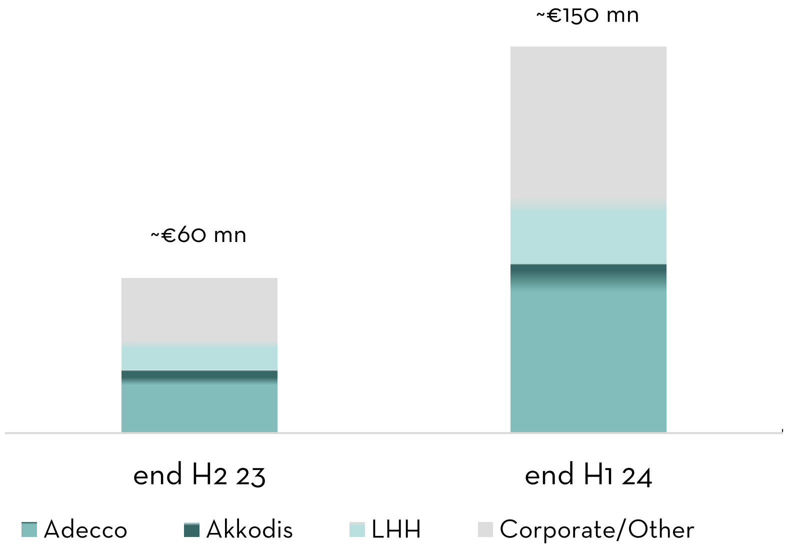
G&A as % of revenues



- Rigorous GBU, country and function reviews
- Executing plans across US, France, Japan, UK, Germany, Spain and corporate functions

Sources of savings and timing

G&A savings run-rate in EBITA terms (EUR mn)



- Streamlined operating model ~75% of savings
- Remainder from optimisation of shared functions (e.g. near/offshoring) and expense rationalisation (e.g. T&E)

Execute
better than ever

How Adecco Group is innovating with generative AI

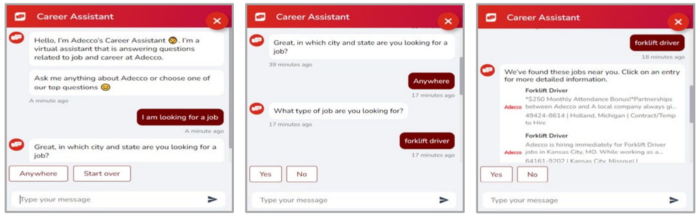
Significant potential to improve candidate experience, reduce time to market

Leveraging AI

- Highly experienced AI / data science team inhouse
- Exploring viable technical designs, prototyping use cases for latest generative AI models
- Select proprietary development, integrating Adecco Group data, combined with 3rd party solutions
- Rules issued group-wide to ensure data privacy & security, content verification

Use case at scale: **Adecco Career Assistant**

Career Assistant, current app



Overview

AI-powered Chatbot giving recruiters the ability to engage with thousands of candidates simultaneously. It learns from interactions with the target audience and takes the next steps.

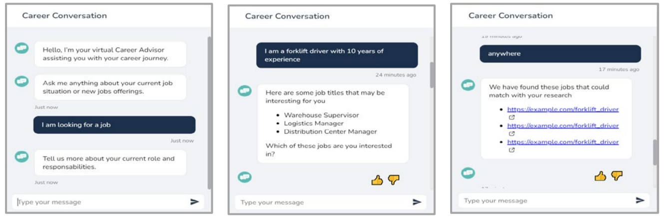
Scale

- Countries Live: **36 countries**
- # of Outreach: **21 mn messages sent***

User Feedback

NPS +46 Recruiters Q1
NPS +28 Candidates Q1

Prototype, with latest generative AI



More relevant 'human' conversations, within a risk-controlled environment.

+5% increase in completed conversations

+10% candidate applications

80% less time taken for recruiter to screen candidates

*From Jan 21 – May 23

Q2 23 financial overview

Revenues

€5,998 mn

+4% yoy

+1% reported

Gross profit

€1,240 mn

+1% yoy

20.7% margin

(50) bps yoy

EBITA excl. one-offs

€184 mn

3.1% margin

(40) bps yoy

Adj. EPS

€0.67

-21% yoy

Balance Sheet

Net debt / EBITDA 3.2x

Cash Flow

Op FCF €80 mn

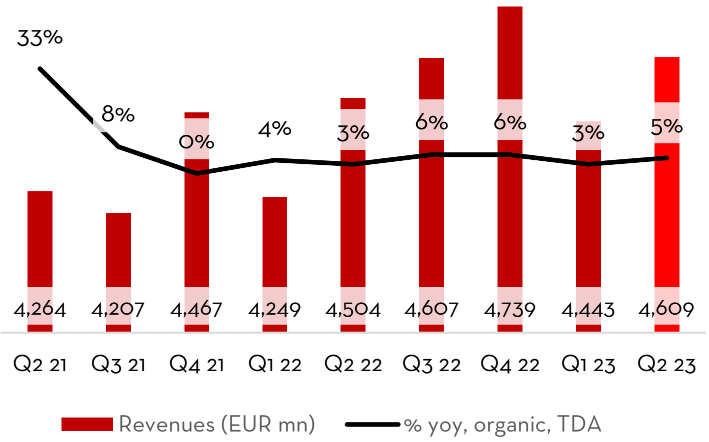
+€161 mn yoy

Cash conversion 66%

Adecco: strong growth, robust margin

Revenues €4.6 bn, +5% yoy

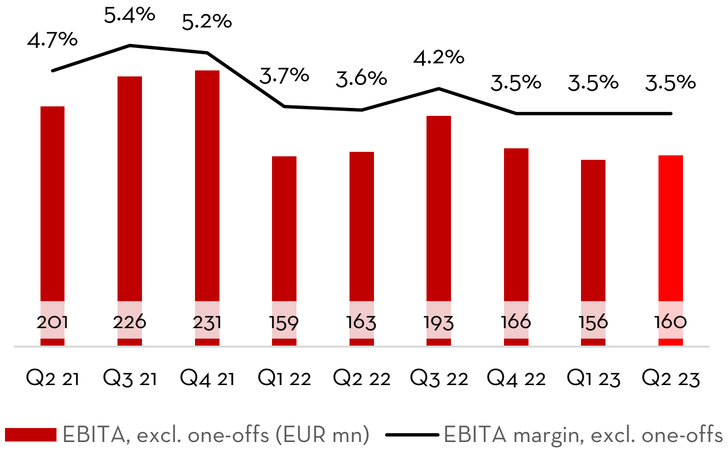
Share of Group 77%



Strong growth in APAC, Southern Europe & EEMENA, DACH

Moderate growth in Northern Europe, France, Americas

EBITA €160 mn, 3.5% margin



EBITA margin -10 bps yoy

Timing of FESCO JV income -15 bps yoy

- Relative revenue growth +800 bps in Q2
- Flex +4%, Perm +8%, Outsourcing +6%. Growth led by global customers
- Strength in autos, healthcare. Manufacturing robust, logistics stabilised
- Current business and solutions mix weigh on gross margin; pricing good
- EBITA margin excl. FESCO timing improved yoy, supported by agile cost management
- Focus on productivity: GP/FTE +4% yoy and +3% qoq; FTEs -3% yoy and -2% qoq

Quarterly revenue and EBITA excl. one-offs for 2022 are restated to reflect the transfer of part of AKKA US to Adecco US effective Jan 1, 2023
Please refer to the Appendix for further information

Adecco: all regions advance, further share gain delivered

By Segment	Revenues: Share of Group	Revenues: Q2 23 € mn	Revenues: **Change, TDA yoy**	Market share: Q2 23	EBITA and EBITA margin excl. one-offs: Q2 23 € mn	EBITA and EBITA margin excl. one-offs: **Q2 23 mgn**	EBITA and EBITA margin excl. one-offs: Change, yoy bps
France	21%	1,271	**+1%**	↗	58	**4.6%**	(20)
Northern Europe	10%	591	**+3%**	↑	9	**1.4%**	(60)
DACH	7%	405	**+8%**	↑	-3	**-0.8%**	(100)
Southern Europe & EEMENA (SEE)	19%	1,112	**+9%**	↑	65	**5.8%**	+40
Americas	11%	677	**+1%**	↑	7	**1.1%**	+70
APAC	9%	552	**+10%**	↑	24	**4.5%**	(150)
Adecco	**77%**	**4,608**	**+5%**	↑	**160**	**3.5%**	(10)

- **France:** moderate growth led by autos, healthcare; logistics, construction, retail soft
- **Northern Europe:** UK&I +7%, Benelux -1%, Nordics -1%. Autos, public sector strong
- **DACH:** Germany +11%. Autos, logistics, prof. services strong. Margin weighed by fewer working days
- **SEE:** Italy +6%, Iberia +11%, EEMENA +19%. Growth led by autos, retail, logistics; manufacturing robust
- **Americas:** LatAm +22%, NAM -7%. US turnaround progresses despite weak market backdrop, revenues +2% qoq
- **APAC:** Japan +12%, Asia +10%, India +20%. Australia & NZ flat, due to end of government contract. Timing of FESCO JV, social costs in Japan impact margin

Quarterly revenue and EBITA excl. one-offs for 2022 are restated to reflect the transfer of part of AKKA US to Adecco US effective Jan 1, 2023
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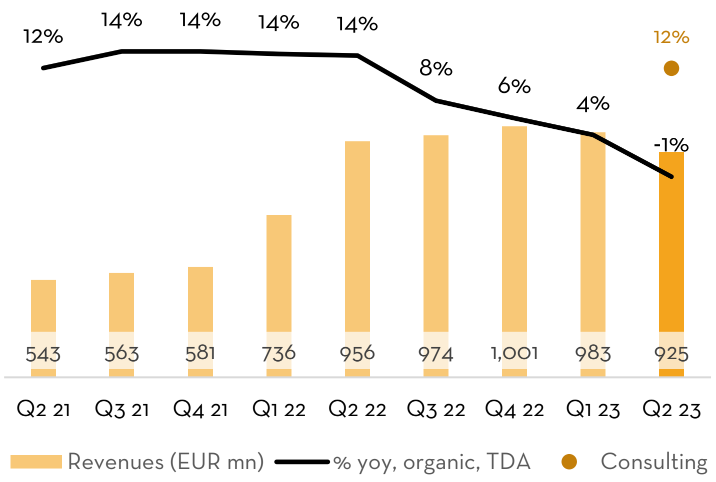
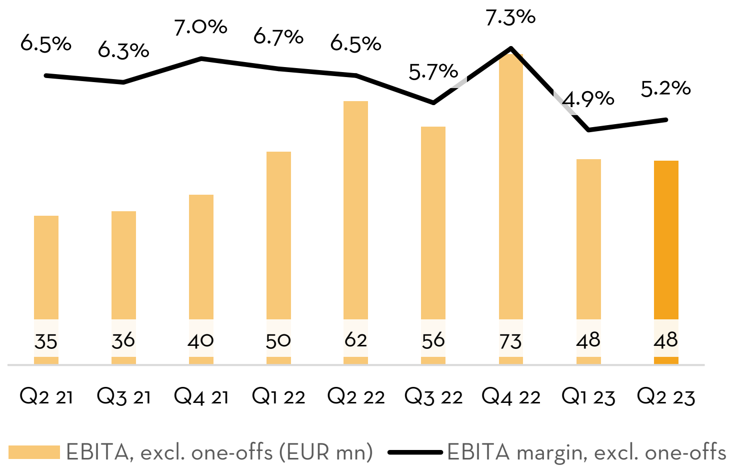
Akkodis: challenged by tech talent downturn, strength in consulting

Revenues **€925 mn**, -1% yoy

Share of Group 15%



EBITA **€48 mn**, 5.2% margin



North EMEA +7% yoy

South EMEA -3% yoy

North America -8% yoy

APAC +3% yoy

EBITA margin -130 bps yoy

Lower staffing volumes

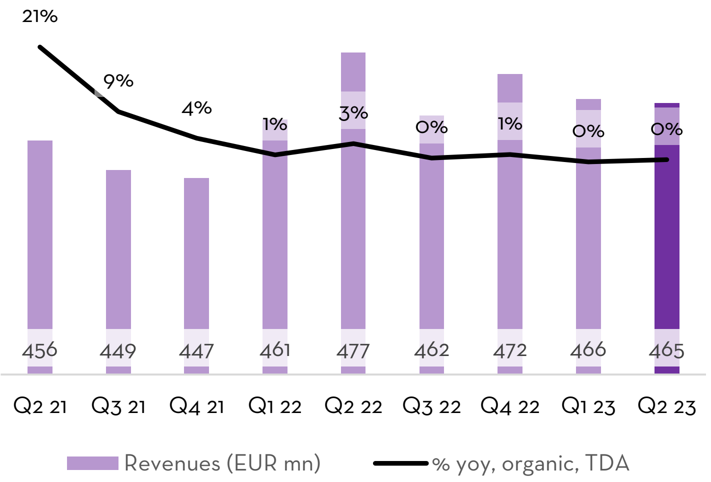
- Revenues weighed by tech talent downturn; staffing -25%, consulting +12%
- Germany strong, +8%. Data Respons +6%, at record level despite less working days. Growth in France held back by talent scarcity
- North America impacted by sharply reduced demand for tech talent. Consulting revenues >+70%
- Japan strong, +10%. Australia -13% driven by headwinds in staffing
- EBITA margin mainly reflects lower tech staffing volumes
- Expect to deliver ~€57 mn FY23 synergies (in EBITA terms), vs. €50-55 mn target

Quarterly revenue and EBITA figures for 2021 are for Modis only. In 2022, AKKA was consolidated 24 Feb; quarterly revenue and EBITA figures include AKKA's contribution, while the organic growth rates yoy are for Modis only. In addition, quarterly revenue and EBITA excl. one-offs for 2022 have now been restated to reflect the transfer of part of AKKA US to Adecco US effective Jan 1, 2023. Please refer to the Appendix for further information

LHH: margin returned to target corridor

Revenues €465 mn, 0% yoy

Share of Group 8%



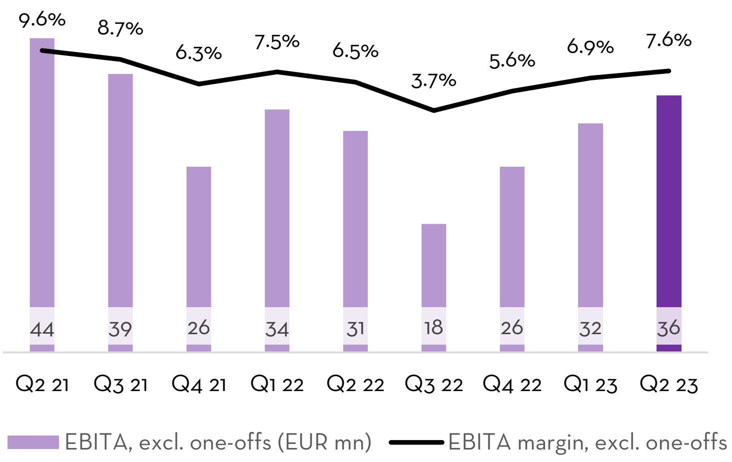
Recruitment Solutions (RS) -20% yoy

Career Transition & Mobility (CT&M) +101% yoy

Learning & Development (L&D) -21% yoy

Pontoon & Other -5% yoy

EBITA €36 mn, 7.6% margin



EBITA margin +110 bps yoy

Positive mix

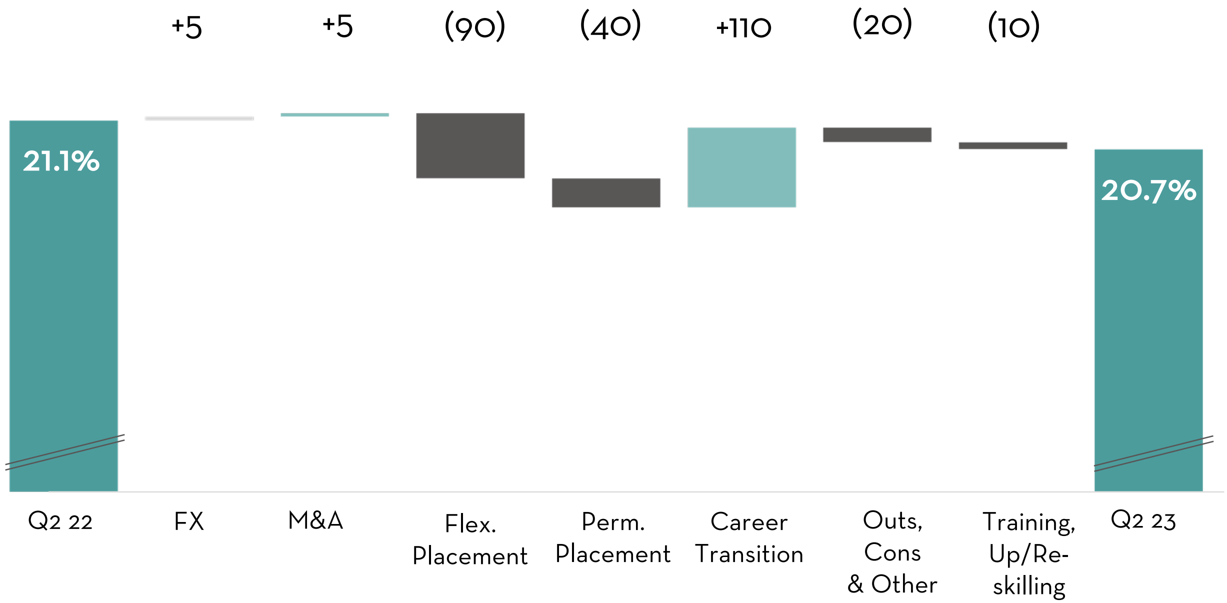
Digital investment

- RS: perm/flex prof. placement activity subdued, esp. US, UK. Gross profit -23%, excl. US -14%. Perm fees -25% yoy, flat qoq
- CT&M: positive momentum globally, across multiple sectors. Continued share gain and record revenue level. Pipeline solid
- L&D: Ezra +36%, pipeline strong. General Assembly, Talent Development subdued
- Pontoon & Other: US tech talent downturn impacts. Hired subdued, Pontoon flat yoy
- Margin driven by segment mix, mainly CT&M, partly mitigated by continued investment in Ezra

Healthy gross margin; robust EBITA margin

Gross profit bridge

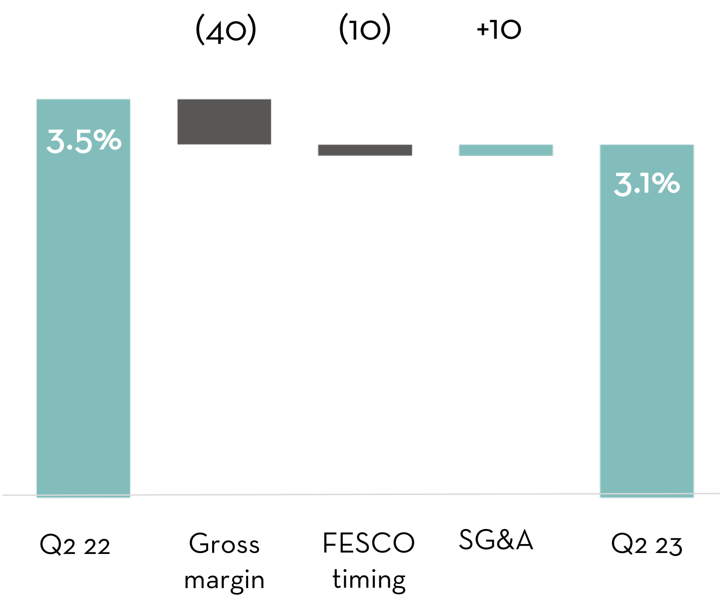
(As % of revenues yoy, in bps)



	Flex. Placement	Perm. Placement	Career Transition	Outs, Cons & Other	Training, Up/Re-skilling
Gross Profit (% yoy, organic)	-5%	-10%	+105%	+1%	-9%
As % of Group (approx.)	50%	15%	10%	20%	5%

EBITA bridge, excl. one-offs

As % of revenues



Improved cash conversion, solid financing structure

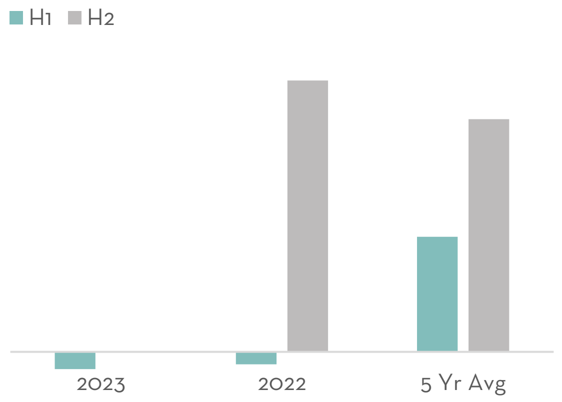
Cash generation

- Q2 23 Cash Conversion 66%, improved from 47% in Q1
- Q2 23 Operating Cash Flow €80 mn, + €161 mn yoy
- DSO 53 days in Q2, flat yoy
- Cashflow benefiting from NWC developments, on a year-on-year basis:
  - *Positive customer collections and payables*
  - *Normal activity in AKKA vs. disruption from Q2 22's cyber-incident*

Cashflow generation is H2 weighted

Cashflow from operating activities

(EUR mn)



Good cash generation expected for 2023

Balance sheet & financing metrics

- End H1 net debt €3,078 mn vs end H1 22 €2,829 mn
- 3.2x ND/EBITDA ratio, reflecting Q2 dividend distribution
- Interest rate sensitivity +/- 1% = ~€7 mn; 75% fixed
- No covenants on any outstanding debt; €750 mn undrawn RCF
- No debts maturing in 2023

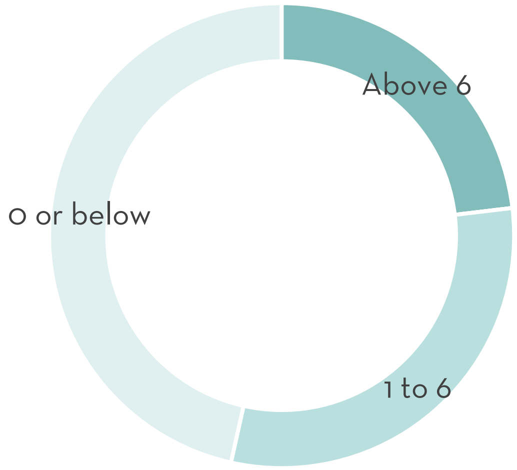
Firm commitment to de-lever

Note: 5 year average, from 2017 and excluding 2020 which was a counter-cyclical period due to the COVID pandemic

Near-term outlook

END Q2 MOMENTUM

Growth rate (% yoy)
As % of Group revenues



Q3 23 FINANCIAL FRAMEWORK

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

Outperforming the market: strengthened GBUs, driving cost savings & group-wide synergies

Market share gains in all GBUs

- Focus on profitable growth, improved productivity
- Continuous improvement of underperforming units
- Accelerate momentum in digital, AI
- Deliver year 2 AKKA synergies

Advance the Simplify, Execute, Grow agenda

- Implement simplified organisational structure
- Relentless focus on performance
- Year-end run-rate G&A savings approx. €60 mn

Q&A

Appendix

Additional financial framework

EUR mn, unless otherwise stated	FY 2023 Est.	H1 2023	Q3 2023 Est.
AKKA integration and related costs	~ (35)	(11.3)	~ (10)
One-off costs	~ (100)	(39.5)	~ (30)
Depreciation	~ (140)	(76)	~ (30)
Amortisation	~ (105)	(56)	~ (25)
Interest expense	~ (70)	(37)	~ (15)
Other income / expenses	n.a.	(10)	n.a.
Effective tax rate	~ 27%	26.8%	~ 27%
Capital expenditure	~ (200)	(101)	~ (50)

	FY 2023 Est.	Q2 2023	Q3 2023 Est.
Foreign exchange impact on revenues *(at current rates, yoy)*	~ (1.7)%	(2.0)%	~ (2.2)%
Trading Days Adjustment *(difference in trading hours, yoy)*	(0.1)%	(0.5)%	(1.1)%

New / changed full year guidance

2022 results – Adecco and Akkodis restated

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

EUR mn, unless otherwise stated	2022 Reported Revenues				2022 Reported EBITA excl. one-offs				2022 Restated Revenues				2022 Restated EBITA excl. one-offs			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Adecco	4,226	4,443	4,543	4,673	157	161	190	163	4,249	4,504	4,607	4,739	159	163	193	166
Akkodis	759	1,018	1,039	1,067	51	64	59	76	736	956	974	999	50	62	56	73